

# Development vs. Destruction: China and the U.S.

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*Escalating U.S. military confrontations, political threats, extreme tariffs and an ominous trade war against China are having global repercussions. These provocations impact the economy and the political alliances of every country, not only China.*

The emerging policies of China and the U.S. reveal, in the starkest light, a fundamental difference in the form of each state. The two countries are all too often lumped together as “superpowers.” This hides the underlying struggle.

The current threats against China are an extension of the U.S. military policy called the “Pivot to Asia.” This is an overarching strategy to rebalance and realign U.S. military power to focus on China as a rising power. It was initiated in the Obama administration in 2012 by Secretary of State Hillary Clinton.

It was recognition that, counter to the hopes of Wall Street, the People’s Republic of China had not collapsed in chaos under the weight of U.S. capitalist investment and political pressure.

Now 400 of the U.S.’s 800 overseas military bases encircle China. The goal, in the terminology of military planners, is to create a “ring of steel,” a “perfect noose” around the large developing country whose very existence is a threat to U.S. global domination.

Aircraft carriers, destroyers, nuclear submarines, jet aircraft, Terminal High Altitude Area Defense missile batteries and satellite surveillance infrastructures are being moved into place across the Pacific region. The U.S. military presence is, by its very nature, an assault on the sovereignty of the host countries.

On existing U.S. bases, building is underway for additional aircraft parking, hangars, fuel storage tanks and ammunition storage facilities.

Chokehold threat

The realignment of U.S. policy is more than a vast construction project. It also involves constant military operations to demonstrate U.S. power in so-called “freedom of navigation” (FON) operations by aggressively sailing warships, overflights by combat aircraft and positioning troops in China’s territorial waters in the South China Sea and Taiwan Strait.

U.S. imperialism has long used blatant and open military threats, economic destabilization and strangulation, along with sanctions and blockades, to impose concessions on targeted countries.

Along with high-tech equipment of death and destruction comes the media barrage of demonization and blatant propaganda. This, in turn, is picked up by politicians, think tanks,

social media and well-funded nongovernmental organizations.

A great deal of U.S. strategy is focused on how the Pentagon's vast military capacity can be used to strangle China by cutting off shipping routes for its export industries as well as blockading its access to needed imports of oil and raw materials.

More than 80 percent of the materials essential for China's economy come into the South China Sea through the Straits of Malacca, a narrow waterway running between Malaysia and Indonesia that also passes the strategic city-state of Singapore. One U.S. aircraft carrier battle group could choke the Straits closed.

Each FON operation by the U.S. Navy in the South China Sea is a threatening reminder to the Chinese government of its vulnerability.

In what was formerly an impoverished, semicolonized country with uneven development, the People's Republic of China is still in an intense struggle for survival. Its national sovereignty and continuing development are at stake.

In response to U.S. military threats, China is building its military capability and reinforcing islands it claims in the South China Sea.

But it is also doing something that the U.S. government and its corporate rulers are incapable of doing: conducting vast, unfolding construction and economic integration projects that benefit China as well as many other countries. This coordinated loan and aid program is known as the Belt and Road Project.

Cooperation, not competition

Following the U.S. Pivot to Asia, President Xi Jinping announced China's Belt and Road Initiative in 2013 as a plan to create an infrastructure corridor linking China to Central Asia and Europe through new rail and road networks as well as shipping routes.

Four years later, at the 2017 Belt and Road Forum for International Cooperation, Xi described its goal: to build "land, maritime, air and cyberspace connectivity" and create "networks of highways, railways and sea ports."

Securing sea lanes and developing ports and refueling stations will help China's exporters reach overseas markets and give China uninterrupted access to energy imports. Establishing overland connections, pipelines, warehouses and roads to the Indian Ocean through Pakistan, Thailand and Myanmar will make China less vulnerable to chokepoints.

This global project is an opportunity for China to put to more active use its large but vulnerable currency reserves, most of which are in U.S. Treasury notes.

Some of China's currency reserves have been used in the creation of the New Development Bank, which provides funds for the BRICS countries (Brazil, Russia, India, China and South Africa), as well as the Asian Infrastructure Investment Bank and the proposed Shanghai Cooperation Organization Bank.

The construction projects and trade being financed are especially helpful in furthering China's predominance of state-owned industries. This makes China less dependent on

precarious Western investments.

The scale and scope of these initiatives are staggering. Estimates vary, but more than \$300 billion has already been spent, and China plans to spend \$1 trillion more in the next decade or so.

The vast network of new road, rail and pipeline projects is also a huge boon to development throughout a vast region.

In addition to infrastructure development, the initiative now includes efforts at “financial integration,” “cooperation in science and technology,” “cultural and academic exchanges” and the establishment of trade “cooperation mechanisms.”

Larger than the World Bank

Many developing countries in Africa, Central Asia and Latin America are embracing conscious planning for connective infrastructure as a way to stimulate economic activity in their most remote and rural areas.

Within a few decades, China has gone from being an aid recipient to a donor, following its emergence as the world’s second-largest economy. In the 1980s and 1990s, China was the world’s largest recipient of World Bank and Asian Development Bank loans. Now it makes more loans to developing countries than does the World Bank.

This undermines the ability of U.S. and European banks to impose onerous conditions on developing countries’ financial dealings. China’s loans and development plans are increasingly more popular, because they have fewer strings attached. This has become a growing source of contention with U.S. imperialism, which has had unrivaled dominance over the world’s financial system since World War II.

The top 10 recipients of official Chinese development aid are eight African countries, Cuba and Cambodia. Meanwhile, according to CIA figures, 92 countries counted China as their largest export or import partner in 2015 — far more than the 57 partnering with the U.S.

A fundamental struggle

What should be the attitude of the progressive and working-class movement to this growing confrontation? Is it just a rivalry between two superpowers? Or is there a more fundamental struggle at the root of the confrontation?

Compared to U.S. imperialism’s vast construction projects — which number hundreds of military bases — China’s response to U.S. military encirclement shows a fundamental difference in the character of the two states.

The U.S. capitalist economy is dominated by “defense” contractors and oil industries. These giant corporations have enjoyed the highest rates of profit for decades. They predominate in the U.S. economy.

Lockheed Martin, Boeing, General Dynamics, Raytheon, Northrop Grumman, United Technologies and the banks behind them are assured a guaranteed multibillion-dollar subsidy on military contracts. War is profitable. Arms sales and weapon transfers predominate in U.S. foreign aid.

Trump recently signed legislation establishing the International Development Finance Corporation, with \$60 billion in funds to finance investments in developing countries. That amounts to only 6 percent of China's \$1 trillion development project.

U.S. humanitarian aid for famine, earthquakes and other disasters is a meager 14 percent of total U.S. aid. That includes State Department and Defense Department disaster relief efforts, as well as purchases of U.S. agricultural goods and funding for the International Red Cross.

In fiscal year 2019, the total U.S. government spending for defense is budgeted at \$952 billion. It is clear what U.S. imperialism's priority is.

The big problem

U.S. aid is based on war. It generates war and military confrontations, which in turn lead to the sale of more U.S. weapons.

U.S. intelligence agencies and military contractors have a material interest in antagonizing relations with neighboring countries, creating terror threats, coups and civil wars. It's good for business.

Military aid, advisors and trainers further dislocate the economy and the social fabric of receiving countries. Military aid is designed to strengthen the military and police apparatus and all the most repressive institutions of the receiving country. It enriches the most corrupt individuals and ruling families.

The arms industry invests heavily in an army of well-paid lobbyists. Some 700 to 1,000 each year besiege Capitol Hill to keep the subsidized funds and contracts flowing. Most of the lobbyists are well-connected retired military officers and congressional staffers.

The U.S. infrastructure of bridges, roads, housing, sewage and sanitation is collapsing from neglect and lack of funding for the same reason that U.S. aid is not directed to development or planning infrastructure around the world.

In the U.S. 20 million people a year get sick from contaminated water. Life expectancy is declining. But it is more profitable to bomb sanitation, sewage and irrigation structures than it is to build or repair them, whether in the U.S. or around the world.

Aid and development projects are based on maximizing profits for the largest U.S. corporations. As we have noted, these happen to be military corporations, military services and base support services.

In fiscal year 2016, the Pentagon issued \$304 billion in contract awards to corporations. The top five firms grabbed \$100 billion in government funds, or about one-third of all contracts. But military spending is also good for lots of other small capitalists. More than 600,000 private contractors receive funds from the military budget.

Korea: Bases or reunification?

Looking beyond the confrontation with China, U.S. imperialism is facing similar problems in Korea.

After 70 years of a state of war, the U.S. military occupation that divides Korea is now confronted by the enormous enthusiasm shown by Koreans, north and south, for trade, exchanges and mutual cooperation. Reunification is the aspiration of millions of Koreans. The last right-wing, pro-U.S. government in South Korea was literally overwhelmed by millions of Koreans who demonstrated every week for a year in order to bring it down and move the country in a new direction. An opening to the Democratic People's Republic of Korea in the north was unstoppable.

Despite the meeting between President Trump and President Kim Jong Un of the DPRK, the real response of the U.S. to the people of South Korea has been the construction of the largest overseas U.S. military base in the world — Camp Humphreys, just a few miles from Seoul.

The U.S. Army calls Camp Humphreys “the largest power projection platform in the Pacific.” It has the busiest U.S. Army airfield in Asia and a 8,124-foot runway.

More than 650 buildings are being built or renovated across a land area the size of Washington, D.C.

The decade-long expansion project is costing \$10.8 billion. When fully operational, the base is expected to house 45,000 troops, contractors and family members.

How to spend \$1 trillion

While China plans to spend \$1 trillion in the coming years on its Belt and Road development program, the Pentagon's plan is to spend more than \$1 trillion on a whole new generation of nuclear-armed bombers, submarines, and land- and air-based missiles.

The United States has more than 4,000 nuclear warheads in its active stockpile, with 1,700 deployed and ready to be launched at a moment's notice.

That is a danger to the whole planet.

U.S. imperialism can dump surplus agricultural products or equipment, or it can plunk down factories to take advantage of cheap labor if this is profitable for individual corporations. But the capitalist economy in the U.S. is not geared to developing economic competitors.

The United States today is the world's largest capitalist economy, but its predatory practices around the world are suddenly being challenged in a wholly unexpected way. New programs coming from China are radically different from the alliances and aid programs coming from the U.S.

In a capitalist economy investment money will overwhelmingly go into producing what will earn the highest rate of profit. This is an inexorable pull. The entire system is based on maximizing profit, not on producing what is needed by society.

While it justifies interventions and sanctions with claims of counterterrorism or just being at odds with the West, the U.S. ruling class will find it harder to impose its will. Because there is now a clear alternative.

State-owned enterprises

China has 150,000 state-owned enterprises, of which 50,000, or one third, are owned by the central government; the remainder are owned by local and state governments. They account for 30 to 40 percent of the gross domestic product, and that is growing.

Twelve of the largest Chinese firms listed on the Fortune 500 are state-owned industries. ("Top Ranks of China's Fortune 500 Still Dominated by State-Owned Enterprises," [chinabankingnews.com](http://chinabankingnews.com), Aug. 1, 2017)

Nevertheless, it is very obvious that the capitalist market has made enormous inroads into China. China has a mixed economy, which the government calls "market socialism." But central planning has been maintained under the leadership of the Chinese Communist Party. Based on this reality, such leadership is able to make far more rational and planned decisions. The state is able to consciously subsidize the state sector and plan development. This has dramatically improved the lives of hundreds of millions of working people.

China's foreign loans and infrastructure development are not mainly based on revolutionary solidarity, although Cuba is the largest recipient of Chinese aid. For the most part, economic decisions are pragmatic, spurred by the need to break out of the hostile imperialist encirclement and imposed isolation.

Nevertheless, the development of roads, industries, ports, telecommunications, sanitation and health as interconnected infrastructure across wide regions will enlarge and strengthen the working class in both China and the other countries. This will also break down competition and aid cooperation.

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