

# Colonial History, Gunboat Diplomacy and China Bashing

By [Nora Fernandez](#)

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Region: [Asia](#), [Europe](#), [USA](#)

Theme: [History](#)

*I remember a sociology professor that was Maoist, a girl who belonged to a Maoist group and another one who studied Mandarin. A colorful magazine from China sold everywhere, picturing in glossy paper, clean, good looking youth of both sexes dressed Mao style waving gigantic red flags in squares with traditional Chinese buildings. Since then we all witnessed huge changes in the world and in China. At some point in the 1980s China adopted a form of capitalism managed by its Communist Party; the model, open to western corporations eager to produce goods at low cost, expanded over the years. Low salaries and having no unionized labour is the holy grail of money making in manufacturing, Western powers loved it. Soon China moved with the world into the realm of "Neoliberalism" -a push by the very rich to return to their "gilded age" -to obnoxious wealth made ignoring people's rights and ecological limits. More recently China's ongoing growth lowered its pace, it was expected, but China plans to move up the capitalist ladder and planned for changes. In many ways China remains elusive and contradictory; but now, China is no longer a friend of the West.*

Breaking the Celestial Empire...

European powers approached America, Africa and Asia with gunboat diplomacy and colonialism, trafficking people, assaulting and pillaging the world, and using whatever means to ensure profit and domination. Non-Europeans have faced a common historical thread of subjugation, slavery, racism, misery, abuse and death, even if they are not always aware. Original peoples were driven to extinction in many places by mere contact with old world germs, but the ones who survived suffered and succumbed to European abuse. European victors wrote history ignoring truth, but modern revision shows victors total disregard for human life, truth and limits. I guess colonizing minds pay no attention to feelings distracting from empire building and wealth accumulation. Still, in fairness to Europeans, hunger for more seems to be a dominant human flaw, a construct that imperialism and capitalism express with total brutality. Sadly for us, both persists and dominate the world today, implemented by descendants of our colonial-neocolonial ancestors, like the US.

In 1793 the British Empire encountered China at the height of its development, by then the British had colonized India in Asia. China was a prosperous empire with silk, tea, porcelain, gunpowder, kites and it showed no interest in commerce with Britain. The Chinese Emperor Qianlong expressed his views in a letter to King George:

...As your Ambassador can see for himself, we possess all things. I set no value on objects strange or ingenious, and have no use for your country's manufactures...Our Celestial Empire possesses all things in prolific abundance and lacks no product within its own borders. There was therefore no need to

import the manufactures of outside barbarians in exchange for our own produce. But as the tea, silk and porcelain which the Celestial Empire produces, are absolute necessities to European nations and to yourselves, we have permitted, as a signal mark of favour, that foreign hong[s] [merchant firms] should be established at Canton, so that your wants might be supplied and your country thus participate in our beneficence (1).

Eager to access China, the British accepted buying Chinese goods as they were valued in Europe and easy to sell, but soon, they found themselves in a trade imbalance. Gold and silver went to China paying for imports but did not return to Europe as China wanted nothing. It does sound familiar, doesn't it? For years the British studied ways to "penetrate the Chinese market" until they found a wedge in opium. The Chinese knew opium as a medicine, but had no idea of the effects of addiction. The British produced cheap opium in India and sold it in China as a recreational drug. The East Indian Company (EIC) the first corporation ever was behind this. The EIC started in the 1600s "*created by men who controlled capital to finance voyages for colonization;*" a colonization tool causing much damage (2).

Vandana Shiva, discussing the emergence of corporations, explains how the East Indian Company controlled India and used it as a base to move into China. In the 1600s India produced rice, wheat, sugar and raw cotton for Asia and for the world, she says, but when in 1717 the EIC obtained a grant from Emperor Farrukhsujar in Delhi to trade custom-free throughout imperial territories, India's flourishing ended. Bengal itself collapsed by 1757. By then the EIC traders were no longer simple merchants in India, they were its rulers. Some argue this was due to technology, but it was tariffs and prohibitions what led to the industrial growth of England and to India's industrial demise. England produced no cotton at all in 1771 but by 1845 it dominated the textile trade, while India had disappeared from production. It is what many call now "free trade and globalization," says Shiva, but she calls it differently, for her the practice is the "ultimate enclosure" of the commons. Any protective measure a country takes against such penetration, she argues, becomes an issue and can be understood as a declaration of war and followed by sanctions, and even indirect or direct war. (2)

The East Indian Company introduced opium into China in 1825; soon after the Chinese addiction to opium expanded (to 4-12 million people). The Emperor prohibited its use, possession and trade. But, prohibition did not work. Profits were huge and tempting so a strong illegal trade developed. In 1839, desperate, the Emperor sent Commissioner Lin Tse-Hsu to put an end to the opium trade. Lin, aware of the British involvement, wrote to Queen Victoria hoping for her support:

We have heard that in your own country opium is prohibited with the utmost strictness and severity: this is a strong proof that you know full well how hurtful it is to mankind. Since then you do not permit it to injure your own country, you ought not to have the injurious drug transferred to another country...Of the products which China exports to your foreign countries, there is not one which is not beneficial to mankind in some shape or other. There are those which serve for food, those which are useful, and those which are calculated for resale; but all are beneficial. Has China (we should like to ask) ever yet sent forth a noxious article from its soil?

The Queen did not respond. Lin implemented his Emperor's command and destroyed a large

supply of opium stored on Chinese soil. Outraged, the British started the first Opium War and easily defeated China with British industrial weaponry. China had to accept a settlement of war which forced the Emperor to agree to open up new ports for trade, surrender the island of Hong Kong and pay millions in compensation for the opium destroyed. Later, in 1856, wanting more concessions, the British launched a second Opium War. China was humiliated, forced to stop holding foreigners accountable under Chinese law for crimes committed in China; it lost its ability to control trade and foreign nationals within its own borders (1).

The East Indian Company is a front runner of global capitalism, an agent of Empire. Corporations and CEOs ensure capital accumulation without any accountability for unethical conduct. A crucial picture of an agent of globalization emerges from Frank Holt's writings about Alexander the Great, the West "greatest conqueror" and most beloved empire builder. It is normal for most scholars today to acknowledge Alexander the Great as a "reckless alcoholic, a vicious psychopath and a destructive barbarian" Holtz says. And still, some praise in him "*an economist who knew what he was aiming at*" arguing that Alexander's way of dealing with the booty he seized from Persia (turning it into coined money) "*stimulated markets and created a sound and lasting monetary policy.*" Some even say Alexander was a "*rare genius*" who introduced capitalism into Asia overnight. (3)

Steve Forbes, editor-in-chief of Forbes magazine, imagine Alexander as a (Neoliberal) Chief Executive Officer of today, one relentlessly pushing capitalism forward. This is what he says:

"As a CEO, Alexander would have been effective, successful and comfortable in today's multinational business world. He would have been sure to make headlines in business journals, dazzle Wall Street with his hostile takeovers, and instill a combination of admiration and fear in the heads of his investors, managers, allies, and adversaries with his tolerance to risk and in-your-face management style." (3)

The cat that catches mice...

China, after moving through its first revolutionary war (1925-1927) and its second revolutionary war (1949) was facing challenges. After the great famine of the 1950s, and the Cultural Revolution of the 60-70s, China changed direction (1970s-1990s) under the influence of Deng Xiaoping. Considered a pragmatic, he argued in favor of what "worked" and was not fully convinced of the benefits of egalitarianism. He convinced Chinese people of his approach using an interesting image: it doesn't matter whether a cat is white or black, he argued, as long as it catches mice. He started by imposing admission exams to school and favoring the brightest. China's transformation continued from there, eventually joining the global economy and the dominant focus on industrialization and growth. The capitalist world had room for China; and, Chinese government gambled on their capacity to control capitalism and use it to China's advantage. (4)

China the "powerhouse" created wealth but it did not distributed it in an egalitarian manner. By 2014 the top 1% of China's population owned 1/3 of the country's wealth. Today, in the world, the top 1% owns 45% of global wealth while the top 10% owns 82% of it. According to the Forbes List (2020) China has five billionaires among the top 40 billionaires of the world 1% (with fortunes of USD 20 to 38 billions). The first of the Chinese five is Jack Ma, in e-commerce. China also has almost 100 million members of the global 10% and 4.4 million

millionaires. In terms of ultra-high net worth individuals China is second only to the US. (5)

Manufacturing continues to be in China's mind the key to prosperity. China, aware that its manufacturing base is large but not strong, has gaps, faces challenges, wants to make changes. With this in mind China launched in 2015 "Made in China 2025" (MIC 2025). The goal is independence through leadership in innovation, advanced technology and industrial systems in specific areas (aerospace, AI, pharmaceuticals, telecommunications...). China has leading companies in the areas selected; Huawei is one of them. The US, aware of China's strategy and concerned about its own hegemony worked at blocking China and soon accusations about China's disloyalty and "suspect" motives invaded the media.

Friend or Foe?

In truth, China is merely following its development path. Its goal to advance from producing low-cost machinery and equipment to higher quality, more advanced products of recognized brands is to be expected in a capitalist world. But, for China it may mean war with the US and its allies. The vitriol against China is loud and ongoing and although this may not be an "ideological war" (although nasty references to "Communists" are made) US threats of "decoupling" with China cannot be trifled with. Like all wars, market wars are about power. A relentless propaganda machine keeps dressing China as enemy number one. Attacks are diverse and, probably because of Huawei's ready to go 5G technology, Huawei is a target. The 5 eyes' intelligence (Australia, Canada, New Zealand, UK, US) met in Nova Scotia to brief Canada's Prime Minister and plan on Huawei's CEO extradition to the US. Meng Wanzhou, who at some point even had Canadian landed status, owns two properties and lives with her family in Vancouver, was taken. Her case is in Court. Canada's good relations with China are at risk but China cannot be surprised.

Animosity against China is also clear in the case of Hong Kong, site of ongoing and violent protest waving British flags, asking for a return to its colonial master (the British seized it during the First Opium War), waving pictures of President Trump asking him for intervention. It sounded obviously staged from outside. But as a result of these and other attacks China approved a new national security law that includes Hong Kong. As a response the US decides removing Hong Kong's preferential status -it can no longer see it as a separate trade jurisdiction. Tariffs could apply to Hong Kong, passports and visas be affected and there may even be sanctions. Australia, Canada, UK may follow the US in this. Hong Kong manufacturing could be affected, trade can favor Shanghai and Shenzhen's rise, foreign investors may decide to invest in Singapore (6).

COVID-19 complicates matters too. The Trump Administration made loud and public accusations against China and the World Health Organization for "conspiring" to harm the US. Such climate favoured non-sense lawsuits and much talk. The truth is obvious, Western countries have been challenged by the COVID-19 pandemic, in particular the US. China, however, has managed it quiet effectively. Numbers talk: China had 4624 deaths while the US has reached 120 000 and counting (see [this](#)).

The ongoing cold war climate has to be clear to China because it is recommending to functionaries and journalists at home to keep quiet about MIC 2025 and avoid further wrath. But, can the West stop or are we beyond sanity.

Do unto others...

Fentanyl, a synthetic opiate made by illegal labs, in China and other places, is damaging the Western world. In Canada there were 2946 deaths in 2016 because of Fentanyl overdose, it is easy to OD with a drug so powerful than a few grains of it can stop your breathing. In the US Fentanyl is epidemic killing 30 000 in 2018, its Atlantic coast particularly vulnerable. Like opium, in the past, Fentanyl today is proving difficult to stop. It is easy to make in illegal labs and cheap -a kilogram of pure Fentanyl sells for US \$ 2000 while the same amount and potency of heroin costs 50 times more. (7)

Katherine Pfaff, spokesperson for the US Drug Enforcement Agency, told BBC in 2017 that interceptions from the US postal system, information from people on the ground, and tracking cyber footprints, lead them to believe a significant amount of Fentanyl comes from China. A European drug monitoring agency agreed that most shipments of new Fentanyl into Europe originated in China but some illegal production was from labs in Europe. China acknowledged the issue, its fast growing pharmaceutical industry is challenging to regulate, but China promised to work towards ending illegal traffic by increasing control over materials required in the illegal production of Fentanyl. (8) China did not behave like Britain did after prying open the Chinese market with opium. Britain care nothing about destroying Chinese society, or about the pain of millions of lives ruined.

#### Safety, Equality, Income: the why of the Revolution

In Alberta, a Chinese state-owned company (SSEC Canada Ltd.) was ordered to pay \$ 1.5 million after pleading guilty to three workplace safety charges that caused the death of two Chinese temporary foreign workers in 2007. It happened at the Canadian Natural Resources' Horizon project near Fort McMurray (Canada). SSEC, a subsidiary of Sinopec Shanghai Engineering Company Ltd., tendered a contract including 132 Mandarin-speaking Chinese workers recruited by Canada to work on tanks built while they were inside them. SSEC obtained this contract undermining the price of unionized companies. Two workers were crushed by falling steel and five more were injured. SSEC was rushing workers who did not speak English and had limited safety training. Canadian workers witnessing the incident were shocked by SSEC lack of concern for its workers safety, particularly because SSEC is state-owned. (9)

Industrialization in China created a marked urban/rural divide as policies favoured cities and the reduction of rural investment to finance industrialization. The rural population suffered limited access to services and benefits. Inequality has increased nearly everywhere in the world but it increased particularly in North America, China, India and Russia. It is the end of post war egalitarian policies in many countries. In places like the Middle East, Sub-Saharan Africa and Brazil, however, inequality remained stable mainly because such policies never existed there: they are the "inequality frontier." In countries that were highly regulated before, like India or China and Russia inequality increased. In Russia it increased abruptly, in China more moderately and in India gradually. The balance between private and public wealth changed, this balance is a crucial determinant of inequality. China and Russia had an unusual increase in private wealth since the 1980s, in both public wealth decreased from 60-70% to 20-30% which affected government capacity to regulate the economy, redistribute income and mitigate rising inequality (10).

In 1988, Wang Jian from China Society of Macroeconomics, stated that China should take advantage of its cheap labour force to become a global manufacturing hub. Today, he thinks otherwise: *"It is time to expand at home, on domestic markets,"* he argues. Since Washington is pushing to fully decouple from China, China should accept this and focus on

turning country's rural and migrant worker population into urban consumers: *"From globalization-driven to domestic-led economy, self reliance and economic security...securing overseas resources rather than increasing sales."* He is also concerned about the gap between the nation's well off and the rest of its 1.4 billion people. (11)

Industrialization and growth has been China's motto -now encouraging innovation, better use of resources, new -environment friendly- energy, and full digitalization. China could question the Western model with its focus on unending growth which inevitably leads to the destruction of Nature. Besides growth has limits; in a planet with limited resources the effects of our activities are visibly killing our ecosystem. Innovation, substitution and efficiency, says Richard Heinberg, will not keep economies growing because absolute growth ended and we now have only competition and relative growth in a "finite world." For the Chinese economy to grow some other economy must shrink. Heinberg, who encourages us to abandon the futile pursuit of growth in consumption, wants us to focus instead on improving quality of life and achieving balance with Nature. (12)

China is aware of its ecological challenges but does China consider the possibility that its advanced development dream may be unattainable? Earth, a living system, may be huge but still finite, complex and interconnected. Is there room for China development of its aerospace industry, its internet of "things" a step towards its internet of "industry", its robotics? We will have to see. The cat that catches mice may have been "too efficient" exterminating them all. Maybe from this point on there are no more mice to catch.

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## Notes

(1) Opium: The Downfall of Imperial China. <http://www.historywiz.com/downfall.htm>:

(2) Earth Democracy, Justice, sustainability and peace (2005). Vandana Shiva, South End Press, Cambridge, Massachusetts.

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<https://www.credit-suisse.com/about-us/en/reports-research/global-wealth-report.html>

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(9) Firm linked to China ordered to pay \$ 1.5 million in deaths of workers in Alberta,

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(11) China's globalization pioneer says it is now time to look closer to home amid US decoupling move. Frank Tang, June 2020, South China Morning Post.

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