

The New World Order. Trade and Power: The Economies of China, India and the US

Reports of US Economic Decline Are Overstated as China and India Face Severe Challenges

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China and India have made a name for themselves in the world of trade and power and speculations are that both the countries will surpass the US in a short time but experts neglect some basic things while making the assumptions. Both countries have problems of their own that give the US an edge over both countries.

Media accounts highlighting China's impressive economic figures have created a number of ongoing illusions. It is being reported that years or even months from now, China and also India will [surpass America](#) "as the **world's largest economy**".

These accounts deal largely in terms of Gross Domestic Product (GDP), which in the manner so often used is an ideologically-driven format relating to "production", "goods", with living conditions in a nation's populace overlooked or avoided. The reality is that, although hundreds of millions in China have been relieved of extreme poverty since the 1970s, it remains a decidedly poor country.

The proof of this lies in figures revealed by Gross National Income (GNI) per capita (per person), which is seldom ever reported. Gross National Income relates mainly to a country's population, unlike GDP. As GNI numbers demonstrate, the mean annual wage for a citizen in China (\$15,270) is below a third that of a typical American (\$54,941).

The average Chinese yearly salary is also much smaller by comparison to other [major countries](#) like Japan (\$38,986), the United Kingdom (\$39,116), France (\$39,254) and Canada (\$43,433).

The mean yearly income in India consists of \$6,353, less than an eighth of what an American can expect to take home. Yet the World Economic Forum, based in Switzerland, outlines in [serious tones that](#) "India will overtake the US economy by 2030" which heralds "**A new world economic order**" - with India possessing an economy which is like "an elephant starting to run", as the IMF insisted.

The World Economic Forum, an elitist corporate-centered organization, almost inevitably lists GDP statistics to support its argument. By dispelling these myths, we can see that India is, of course, a poverty-stricken nation, as revealed by its lowly position of 130th on the UN Human Development Index (HDI). India is moreover dogged by inequality rates making it "one of the most unequal countries" in the world, according to [Oxfam](#).

Inequity in India “has been rising sharply for the last three decades”, as [Oxfam](#) reports note, and the country’s richest “have cornered a huge part of the wealth created through crony capitalism and inheritance” while “the **poor** are still struggling to earn a minimum wage”. In 2017, the wealthiest 1% among the 1.3 billion people in India [took home a staggering](#) 73% of total national income.

Herein lies much of the reality behind India’s “booming economy”. It is really booming for the top 1% in its society, with growing numbers now present in India of billionaires (over 100) and millionaires (over 700,000). India’s populace also suffers under the country’s dismal health and education systems. The average life expectancy in India is 69 years, over a decade less than the lifespan in Cuba (80 years).

A person from India also has a shorter life expectancy rate than those residing in Guatemala (73 years), Honduras (73 years), Tajikistan (71 years) and Iraq (70 years). In the field of education, an average youngster in India has just over six “mean years of schooling” before them, almost half that of a Cuban child, who enjoys nearly 12 years of average schooling.

A decade from now, China’s GDP will reportedly be twice that of the United States, with India also moving past the US. Further illusions are cast here. The respective populations in China and India will continue earning salaries, and experience living conditions, far below the US along with other wealthy countries.

India is confronted too with other huge challenges, from environmental issues and water shortages to potential nuclear conflict with neighboring Pakistan. On its present course, India has an uphill battle merely to survive this century, and it is hardly the only nation facing such struggles.

Regarding China, in per capita terms a Chinese citizen earns slightly less than the average person residing in other poor nations like Turkmenistan, Botswana, Thailand, and Panama. Little of this receives passing comment (or is even known) in news stories forecasting that China will soon oust America as the planet’s “top economy”.

The economy in the way it is reported has little to do with 90% of the population. This we can assume is an ingrained ideological factor, steeped in the neoliberal doctrine which took off about 40 years ago. The battered terms “economy” and “GDP” relate largely to the amount of money accumulated in the top 10% of a country’s society, or increasingly the top 1% - that is, the centers of power and its wealthy business communities.

In China, the bottom 50% of her society earns around 15% of the entire income amassed by the state; which is [just slightly more](#) by comparison to the top 1% of Chinese earners, who take home about 14% of national income. This is explained by the number of millionaires in China: over four million of them altogether now, and it is rising. There are also close to 500 billionaires in the country. China ceased being a communist or socialist state long ago.

By the end of Mao Zedong’s reign in the mid-1970s, the bottom 50% of Chinese earners had the same income share as the top 10%. This did not constitute a communist system even then, but China has marched closer towards capitalism during the past four decades; borne out by rising inequality rates, privatization, and so on. Inequality levels in China are greater than in Europe and approaching that of the United States.

There has been much debate on China’s rise, and its supposed threat to America’s place as

the world's dominant power. Gleeful forecasts heralding “the end of the American empire” are much overstated, as too are predictions that China will somehow usurp America's position.

Despite the stagnation in American society, offshoring of production, along with her governments' disastrous foreign interventions, the United States remains the world's strongest country by far – and it will continue to be so into the foreseeable future. Unlike other nations, America enjoys largely unbroken access to vast areas of the globe, which dates to her victories gained against the Japanese and Nazi empires in World War II.

America retains a military apparatus that is much larger and more formidable than any rival state, including China. The US also enjoys strategic superiority over China, while Beijing is further faced with severe domestic issues. China's population is one of the most rapidly ageing on earth. By 2050, it is estimated that 330 million Chinese will be over 65, which can only have ramifications for a country with an already shrinking workforce.

Both alternative media and even mainstream outlets have for years been predicting the “fall of America's empire”. Foreign Affairs, a prestigious American establishment journal, [outlined recently that](#) “Sometime in the last two years, American hegemony died” and that “the beginning of the end was another collapse, that of Iraq in 2003, and the slow unraveling since”.

The “slow unraveling”, and beginning of **US decline** can actually be traced to over half a century before the invasion of Iraq: to the “loss” of China in October 1949. China's exit from the sphere of US power was perhaps the heaviest blow to strike postwar American domination – which reached its high point not following the Soviet Union's collapse, but in the mid-1940s when Washington possessed about 50% of the world's wealth.

US regression has been gradual since 1949; and the consequences of the Iraq invasion was merely a step in that decline, which has largely stabilized since the 1970s when the US share of world wealth had dropped to about 25%. It is inaccurate to suggest that American hegemony has “died”, or anything resembling it. Today, for example, China is almost encircled by over 400 US military bases, in what has constituted the largest build-up of forces seen since 1944.

By comparison, China has erected just one foreign military base, in Djibouti, east Africa. The United States has built at least 800 military bases around the world, which are located in approximately 80 countries. US warships regularly sail within a few miles off China's south-eastern coastline.

The US holds a significant stake in the island of Taiwan, situated a few hundred miles from the coast of Hong Kong. Further north and adjacent to China's eastern coast, America retains important allies in the form of South Korea and Japan, in which there are tens of thousands of American troops stationed, along with advanced arms equipment and bases.

Meanwhile, there are no foreign military vessels or bases within thousands of miles of American shorelines. China has been put in “a noose” by the US Armed Forces, and as the experienced journalist John Pilger outlines, [America has placed](#) “missiles, bombers, warships – all the way from Australia through the Pacific to Asia and beyond”, so as to “contain” China.

If the above cannot be classed as hegemony, then it may be difficult to know what does. The Pacific Ocean, which covers 30% of the planet's surface, continues to be held in dominion over by Washington - and so is living up to its old nickname of the "American lake". US naval fleets enjoy near unrestricted access over these high seas, much more so than any other nation on earth. US military outlay dwarfs all other countries, with China in a distant second place.

Despite its defeats in Iraq and Syria, America still comprises the strongest power in the Middle East, assisted by key ally Israel. The US has largely surrounded its nemesis, Iran, with dozens of military bases. There are tens of thousands of US soldiers permanently stationed in Persian Gulf states - such as Bahrain, Kuwait and the UAE - with Iran mostly in mind, areas in which also lie most of the world's oil reserves.

Washington maintains strong relations with the world's biggest oil producer, the Saudi Arabian dictatorship, a country described by America's State Department in 1945 as "one of the greatest material prizes in world history". This view prevails in the US capital, and tellingly Donald Trump's first trip abroad was to Saudi Arabia. Dire human rights abuses there, considerably worse than Iran, are of little consequence.

Since 1945, America has managed to tame Europe and prevent it from taking the much-feared independent path - mostly by the creation of US-led NATO in 1949, and also through Washington's financial organizations, like the IMF and World Bank. Control of Germany is crucial to control of Europe. West Germany acceded to NATO in May 1955, and the reunified Germany was absorbed by NATO, in breach of promises, following her reunification in 1990.

Though today a financially powerful and wealthy country, Germany is diminished and a pale shadow of the confident, swaggering nation which was the pre-eminent power in mainland Europe during the mid-to-late 19th century - under the durable leadership of Otto von Bismarck.

Later, following the Nazi defeat in 1945, much of Germany's previous territories, such as Danzig and East Prussia, were lost forever to states like Poland and Russia. US leaders, from George Bush Senior to Trump, have continually expanded Washington's reach all the way to the frontiers of Russia, with nations like Estonia and Latvia joining NATO in 2004.

Although earlier this century US control was weakening over its traditional "backyard", Latin America, the failure of left-leaning governments such as in Brazil and Ecuador - and the re-emergence of right-wing administrations - has allowed Washington to restore some of its hold over regions once taken for granted in the annals of US hegemony.

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