War with China? The Dangers of a Global Conflagration

Rising and Declining Economic Powers: The Sino-US Conflict Deepens

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Global Research, April 29, 2010
29 April 2010

Region: Asia, USA
Theme: US NATO War Agenda

Introduction

Will the intensified conflicts between the US and China inevitably lead to a global conflagration? If recent past history is any indication the answer is a resounding yes. The most destructive wars of the 20th century were the result of confrontations between established (EIP) and rising (RIP) imperial powers. The practices and policies of the former serve as guides to the latter.

England's colonial exploitation of India, its markets, treasury, raw materials and labor served as a model for Germany's war and attempted conquest of Russia[1]. The enmity between Churchill and Hitler had as much to do with their common imperial visions, as it did their conflicting views of politics. Likewise, European and US colonial plunder of Southeast Asia and China's coastal cities served as a model for Japan's drive to colonize and exploit Manchuria, Korea and mainland China.

In each instant the conflict between early established, but stagnant, imperial powers and late developing dynamic empires led to world wars in which only the intervention of another rising imperial power, the United States (as well as the unanticipated military prowess of the Soviet Union), secured the defeat of the RIP. The US emerged from the war as the dominant imperial power, displacing the established European imperial powers, subordinating the RIP of Germany and Japan and confronting the Sino-Soviet bloc[2]. With the demise of the USSR and the conversion of China into a dynamic capitalist country, the stage was set for a new confrontation between an established imperial power (EIP) the US and its European allies and China, the newly emerging world power.

The US empire covers the world with nearly 800 military bases[3], multi-lateral (NATO) and bi-lateral military alliances, a dominant position in the self-styled international financial institutions (World Bank, International Monetary Fund) and with multi-national banks, investment houses and industries in Asia, Latin America, Europe and elsewhere.

China did not challenge or borrow the US model of military driven empire building. Even less does it look at the previous Japanese or German approach to challenging established empires. Its dynamic growth is driven by economic competitiveness, market relations guided by a developmental state and a willingness to borrow, learn, innovate and expand internally and overseas displacing US market supremacy in regions and countries in Latin America, the Middle East and Asia, as well as inside the US and the European Union[4].

Established Imperial States

World and regional wars, insofar as they involved EIS (and most wars directly and via proxies engaged the imperial states) resulted from efforts to retain privileged positions in established markets, accessing raw materials, exploiting labor via mercantile, colonial, bilateral and multilateral agreements. Frequently trading zones linked the imperial and dependent country and region and excluded potential competitors. Military bases were "super-imposed' over imperial controlled economic zones. Networks of political clients favored imperial countries.

Given the privileged and early establishment of their imperial domains, EIS portrayed later emerging imperial powers as "aggressors" who threatened "peace", namely, their hegemonic position. Like the EIS the later states followed a pattern of military conquests of colonial and non-colonial client states of the established imperial states followed by plunder[5]. Lacking the networks, satraps and clients of the EIS, they relied on military power, separatist movements and "fifth columnists" (local movements whose primary loyalty was to the rising imperial power). The RIP claimed that its "legitimate" quest for a share of world power was blocked by illegal economic boycotts of access to raw materials and colonial style mercantile systems which closed potential markets[6]. The EIS defeat of the RIP (Germany and Japan) with the essential backing of the USSR and the USA established the bases for a new set of empires which competed and conflicted on a new bases. The USSR established a military-ideological group of satellite states confined to Eastern Europe in which the imperial center economically subsidized its clients in exchange for political control. The US replaced the European colonial powers via a worldwide network of military treaties and the forceful penetration of former colonial states with a system of neo-colonial dependencies[7].

The collapse of the Soviet empire and the implosion of the USSR briefly opened new vistas in Washington, for a unipolar empire without competitors or challengers, a 'pax Americana'[8]. This 'vision' based on a superficial one dimensional analysis of US imperial military supremacy ignored several crucial weaknesses.

The relative decline of US economic power faced with stiff competition from the EU, Japan, the newly industrializing countries and beginning in the early nineties from China.

The fragile foundations of US imperial power in the Third World based on highly vulnerable client collaborators whose economies, subject to pillage, were not sustainable.

The de-industrialization and financialization of the US economy leading to a decline of merchandise trade and an increasing dependence on income from financial services. The almost complete specularization of the financial sector led to great volatility and the pillage of productive assets as collateral for the mounting debt overhang.

In other words, the 'external edifice' of a unipolar empire obfuscated the deepening internal rot and deep contradiction between greater external expansion and domestic deterioration. The rapid military expansion of the US, replacing the USSR's Warsaw pact with the incorporation of the Eastern European countries into NATO created the image of an irrepressible dynamic empire. The pillage and transfer of wealth from Russia, Eastern Europe and the former Soviet Republic gave the appearance of a dynamic economic empire.

There were several problems with this viewpoint insofar as the pillage was a one-shot windfall; the plunder, mostly enriched Russian gangster oligarchs; and the privatized public firms passed mostly into the hands of Germany and the countries of the European Union. The US Empire which bore the cost of promoting the downfall of the USSR was not the prime economic beneficiary – its gains were mostly military, ideological and symbolic.

The fateful long term consequences of the post Soviet, US military victories occurred during the Bush senior and Clinton regimes of the early and mid 1990's. The US invasion of Iraq and rapid fire smash-up of Yugoslavia gave an enormous impetus to US military driven empire building. The rapid military victories, the subsequent de facto colonization of Northern Iraq and control over its trade and budget revived the idea that imperial rule via colonization was a viable historical project. Likewise, the establishment of the Kosova entity (subsequent to the bombing of Belgrade) and its conversion into a massive NATO military base reinforced the idea that military driven global expansion was the 'wave of the future'[9]. Even more disastrous, the military primacy over economic directed empire building, led to the ascendancy of hard line militarist ideologues deeply embedded in the Israeli-Zionist military metaphysic of unending colonial wars[10]. As a result by the beginning of the new millennium all the political, military and ideological pieces were in place for the launching of a series of imperial-zionist driven wars, which would further sap the US economy, profoundly deepen its budget and trade deficits and open the way for the rise of new dynamic economic-market driven empires[11].

Unlike earlier RIP, China has relied from the beginning on developing the domestic productive forces, building on the fundamental achievements of the Chinese social revolution. The social revolution created a unified country, ousted colonial enclaves, created a healthy educated labor force, basic infrastructure and industry. The new capitalist leaderships turned the economy outward and invited foreign capital to provide technology, open overseas markets and capitalist managerial skills, while retaining control over the financial system and strategic industries. Most important its semi-privatized agriculture, created a multi-million surplus work force of low paid wage workers for intense exploitation in labor intensive coastal assembly plants. The new capitalist rulers eliminated the social safety net of free health and basic education forcing high rates of savings to cover medical bills and tuition and increasing the rates of investments to astronomical levels. Initially at least , China, in contrast to earlier RIP, intensified the exploitation of domestic labor and resources, instead of engaging in overseas military conquests and the pillage of resources and exploitation of "forced labor'.

China's overseas expansion was market driven based on a triple alliance of state, foreign and national capital, in which over time, the role of each actor varied according to political and economic circumstances and the realignment of internal capitalist forces.

From the beginning the internal market was sacrificed in the pursuit of external markets. Mass consumption was postponed in favor of state and private elite investment, profits and wealth. Rapid and massive accumulation widened inequalities and concentrated power at the top of the new state-capitalist hybrid class system[12].

In contrast to the EIP of the past and the US today, China as a RIP, subordinated banks to financing industry-manufacturing especially the export sectors. Unlike EIP like the US, China abjured big military spending on overseas bases, colonial wars and costly military occupations. Instead its goods penetrated markets, including that of the EIP. In a sui generis situation of borrowing technology and marketing expertise from imperial based multi nationals and then turning around and using the acquired skills to rise up the production cycle from assembly plant to manufacture, to design and innovative high value products[13].

The RIP increased its merchandise exports while sharply limiting the penetration of financial services, the new driving force of the EIP. The result overt ime was a ballooning of a merchandise trade deficit not only with China but with nearly 100 other countries around the world. The pre-eminence of the financial military driven imperial elite inhibited the development of higher tech merchandise development capable of penetrating the market of the RIP and reducing the trade deficit. Instead the backward under developed and uncompetitive manufacturing sector were not able to compete with lower wage Chinese products and together with a backward looking overpaid bureaucratic trade union elite complained of unfair competition and "undervalued Chinese currency". They overlooked the fact that the US deficit was a product of domestic economic configurations and gross imbalances between finance and manufacturers and producers. An army of financial writers, economists, pundits, experts and other ideological experts linked to dominant financial capital provided the ideological gloss to the confrontational campaign against China's economic driven rising imperial power[14].

In the past EIP powers organized a "division of labor". In the colonial model the dependencies of colonial produced raw materials and imported finished manufactured goods from the EIP. In the early post-colonial period the division of labor was the production of labor intensive goods in the newly independent countries in exchange for more technologically advanced goods from the EIP. A "third stage" division of labor was propagated by the ideologies of finance capital in which the EIP would export services (financial, technological, entertainment, etc.) for both labor intensive and more advanced manufactured goods. The ideologies of the third phase division of labor assumed that the invisible earning resulting from repatriated earnings of finance capital would "balance" the external accounts of the deficits in merchandise trade. The financial monopoly of Wall Street and the City in London would ensure returns to retain a balance of payments surplus. This mistaken assumption was based on the earlier colonial and post-colonial model in which the agro-mineral and manufacturing countries did not control their own financing, insuring and transportation of international and domestic commodities. Today that is not the case. Unable to dominate financial markets in merchandise trading countries like China, finance capital intensified its internal and intra-imperial speculative activity. This led to a spiraling of the fictitious economy, its inevitable collapse and the accumulation of external debt and trade deficits.

In contrast China expands its industrial sector balancing imports of semi-finished commodities for assembly, technology to set-up its own manufacturing production and capital linked to majority nationally owned plants with sales of finished goods to the US, EU and the rest of the world. Through state banks it retains control over the financial sector hence it lowers the outflow of 'invisible earnings' paid out to the EIP.

EIP engages in vast non-productive and inefficient (with billion dollar cost overruns) military expenditures and high cost colonial wars without 'imperial returns'[15]. In contrast a RIP like China pours hundreds of billions, building up its domestic economy as a springboard for conquering external markets. The brutal imperial-colonial wars of the EIP savage millions of conquered peoples but at the cost of the disaccumulation of capital. In contrast the RIP, like China, harshly exploits hundreds of millions of migrant workers, in the process of accumulating capital for extended reproduction in the home and overseas markets. Unlike the past, it is the EIP which resort to military aggression to retain markets while the RIP expands overseas via market competitiveness.

The ‘economic disease’ of the EIP is their tendency to overextend their financial sector and shift their policies from promoting industry and trade to speculative and other malignant activity that feeds on itself and self-destructs. In contrast the RIP shift bank capital from financing domestic manufacturing to securing overseas raw materials for industry.

Differences Between Imperial Centers and “Diasporas”

There are important differences between past and present Imperial countries and various overseas Diasporas. In the past the imperial centers generally dictated policy to their overseas dependencies, securing mercenaries, conscripts and volunteers for their imperial wars, as well as profitable returns on investments and favorable trade relations. In some cases, settler colonies via their representatives in parliaments did influence imperial policy, in some cases up to and including devolution of power. Moreover, in some cases repatriated colonists did receive political support from the imperial center in securing financial compensation for expropriated properties. However, the imperial center always overrode the resistance of overseas settlers when it came to fashioning a pact with the ex-colonies which preserved larger economic and political interests[16].

In contrast the US imperial state pays a multi billion dollar tribute and submits to war policies dictated by its apparent “dependency” Israel as a result of the Zionist power configurations pervasive penetration of strategic policy making. We have the extra-ordinary circumstances of the “Diaspora” (ZPC) of a foreign state (Israel) trumping the interests of strategic economic interests (oil industry) and top imperial field commanders and intelligence agencies of the imperial center in setting Middle Eastern policy[17]. Unlike any previous EIP, in the US the entire mass media propaganda apparatus, most academic centers, the majority of heavily funded think tanks churn out thousands of programs, publications and policy papers annually reflecting an Israeli-Zionist centric view of the Middle East, censoring black-listing and purging any dissidents or forcing them into a groveling recantation.

The new rising imperial powers like China have no such “hegemonic” dependency. In contrast to the disloyal role of ZPC which serves as a political-military instrument of Israel, the Chinese Diaspora serves as an economic ally of he Chinese state. Overseas Chinese facilitate market opportunities for mainland business groups, engage in joint ventures inside and outside of China, but do not shape the foreign policy of the state in which they reside. The Chinese Diaspora do not act as a “fifth column” against the national interest of their countries of residence, unlike American Zionists whose mass organization put all of their efforts into the singular goal of subordinating US policy to maximize Israel’s colonial policies.

The differences in the relations between past and present imperial centers and their external and internal diasporas’ have enormous, multifaceted consequences in the competitive context for global power. Let us enumerate them ‘telegraphically’.

The European EIP, by sacrificing colonial diaspora demands for the continuance of racial-colonial forms of imperialism in favor of a negotiated transition to independence, retained and then expanded long term, large scale lucrative investment, trade and financial links and in some cases even military bases. The settlers were sacrificed to promote a new type of imperialism.

The RIP today, China, is not shackled by overseas racist colonial settlers.They are free to advance their economic interests anywhere in the world, particularly in regions and countries and among peoples targeted by the fifth column, ZPC, embedded in its rival EIP (USA)[18].

China has over $24 billion in lucrative investments in Iran and is its principle oil importer. The US has zero investments and trade. China has displaced the US as the principle importer of Saudi oil, as well as a major trading partner in Syria, Sudan and other Muslim countries where the Zionist promoted sanctions policy minimize or eliminate US economic activity[19]. While China's nationally and market determined policies have been the motor force for enhancing Chinese global economic position, the US harnessed to the needs of a tributary colonial power is a huge economic loser. Equally significant while China's diaspora is strictly interested in expanding economic ties, the Israeli diaspora – the ZPC – is strictly tied to militarizing US policy, engaging in extraordinarily costly prolonged wars and antagonizing almost every major Islamic population with blatant Islamophobic rhetoric and hate propaganda.

The turn to a totally "unbalanced" militarized foreign policy, promoted on behalf of Israel, has completely unhinged the link between US military policy from its overseas economic interests. Paradoxically Israel's fifth column has been an important factor facilitating China's displacement of the US in major world markets. What had been historically a "stateless" people (citizens of secular non-Jewish states) primarily defined by their entrepreneurial capacities, has in present day America, been redefined by its mainstream leaders as the principle upholders of a doctrine of offensive wars ("preventive wars") linked to Israel, the most militarized country in the world[20]. As a result of their influence and in alliance with rightwing extremists, Washington has forsaken important economic opportunities in favor of projections of military power.

How Empires React to Decline: Past and Present

Like the US today, declining empires in the past have adopted various strategies to minimize losses, some more successful than others. In general the least successful and costliest policy was the attempt to roll back mass anti-imperialist movements to restore colonial domination. In a period of declining global economic power, colonial restorationist polices have always failed. The non-military strategy was the least costly and most successful, in at least securing some semblance of imperial presence. Success was based on negotiated transitions to independence in which market supremacy ensured continued imperial hegemony in partnership with an emerging colonial bourgeoisie.

Historically, declining imperial powers resorted to five strategies or a combination of them.

Attempting to recover colonies or neo-colonies by renewed military offensives. After World War II, France in Indo-China and Algeria, England in Kenya paid a severe economic and political price in trying to restore colonial rule and ultimately they failed.

Negotiating a neo-colonial settlement. England severely weakened by its losses during World War II and facing a multi-million independence movement, thought it the better part of wisdom to negotiate and grant independence to India in order to retain a semblance of imperial trade and investment ties as well as indirect political influence via British trained (Anglicized) military and civil service officials.

Cede the leading position to a superior rising imperial power. By becoming a junior partner, this approach seeks to at least secure a reduced share of economic benefits and political influence. England faced with the massive anti-fascist communist led resistance movement in Greece slipped back and played second fiddle as the US assumed the role of political gendarme and took control of the emerging client state. Britain retained a reduced sphere of influence in the Balkans and Mediterranean. Likewise, Belgium attempted to subvert the new nationalist government in the Congo, led by President Patrice Lumumba only to give pride of place to the US backed puppet regime of Mobutu.

Ceding political rule to indigenous rulers amenable to protecting the colonial era economic and financial levers. The retirement of the British colonial regime from the Caribbean actually lessened the administrative and police costs of protecting and promoting 'sterlings' privileged trading position and investments in the early post colonial period. Imperial 'preference' was promoted via the "old boy" networks of Anglicized – British educated and indoctrinated officials, who were duly impressed by the pomp and ceremony of an elite dominated society. However, over time market dominance via 'free trade doctrines' replaced the old boy networks of the post colonial past and opened the door to US hegemony.

The rapid collapse of a competing empire can give new life to an empire experiencing a slower more prolonged decline. The sudden and total collapse of the Communist satellite system and the break-up of the USSR provided an exceptional opportunity for the US to extend its empire of military bases and to recruit mercenaries to fight its imperial wars. The major European powers experienced a revival of imperial fortunes by seizing the strategic industrial, service, transport media, real estate and financial sectors, in Eastern Europe, the Baltic states and the Balkans, replacing 'direct' Russian rule with market and ideological dominance.

Recent experiences of how imperial ruling classes handled their decline have direct relevance to the responses of US imperial rulers.

US Responses to Imperial Decline: Saving the Empire Sacrificing the Nation

Washington has pursued at least six responses to its decline.

1. The long term, large scale response of Washington to its declining position in the world economy and its declining political influence in several regions is to extend and reinforce its global military base networks[21]. Beginning in the 1990's it converted the former Warsaw pact countries – Poland, Hungary, Czech Republic, etc. – into NATO members under US military leadership. It then extended its military reach by incorporating the Ukraine and George as "associate" members of NATO. This was followed by establishing bases in Kyrgystan, Kosova and other statelets of the ex Yugoslavian republic.

The new millennium witnessed a series of prolonged wars and military invasions in Iraq and Afghanistan culminating in massive base building and recruitment of local mercenary armies and police: Further abroad the White House secured seven military bases in Colombia, expanded its military presence in Paraguay, Honduras and signed bilateral military treaties with Peru, Chile and Brazil, even as the US was expelled from its military base in Manta, Ecuador[22]. While the US was expanding its global military presence in Asia and Latin America, China replaced the US as Brazil, Argentina, Peru and Chile's major trading partner[23]. While the US financed a vast mercenary army in Iraq, China became Saudi's main petroleum export market. The US global military expansion did not lead to a parallel or commensurate increase or recovery of global economic power. On the contrary as the military expanded, its economic reach further declined.

2. The White House's second response to its global economic decline has been a very active, well funded campaign to create client regimes. Most of this effort involves financing local elites, NGO's, malleable opposition politicians and ex-patriots residing in the US with ties to Washington and its intelligence agencies. The so-called "color revolutions" in the Ukraine and George, the tulip rebellion in Kyrgystan, the ethnic breakup of Yugoslavia, the de facto partition of Iraq and the establishment of a Kurdish "republic", the promotion of Tibetan and Uigher separatists in China oligarchs in eastern Bolivia and the military build up of Taiwan can been as part of this effort to extend political domination in the face of global economic decline.

Yet global client building has been a failure on two counts. The clients have pillaged the economy, running down the public treasury, and immiserating the population, leading in some cases to their overthrow by force or ballots[24]. Secondly, the clients are more of a cost drawing on loans and handouts from the US Treasury rather than contributing to US global economic aspirations. Costly client building, supporting local satraps, undermines economic empire building. Meanwhile, Chinese investments in manufacturers and its concomitant demand for new materials and foodstuffs has led to a larger and more profitable presence even in the US client-states. While US backed client states rise and fall in quick succession, China's market based presence experiences steady growth.

3. Under the direction of a highly militarized elite, including influential Zionist policymakers, Washington has moved inextricably into multi—trillion dollar wars of colonial occupation in the Middle East and South Asia, under the mistaken assumption that "shows of strength" will intimidate nationalist and independent states and buttress the US economic presence. On the contrary, the wars have decreased US influence, increased local nationalist and pan-Moslem rejection especially in light of Zionized Washington's unconditional backing of Israeli colonialism. More than any other move to bolster the empire, the prolonged colonial wars have massively mis-directed economic resources which, theoretically, could have revitalized the US global economic presence and increased its competitive position via China, into non-productive military expenditures.

4. Colonial wars to restore imperial power, we have noted, were tried and failed by the European powers shortly after World War II. The US, likewise, internally weakened by Wall Streets pillage of the productive economy and by its multinational corporations large scale transfer of capital overseas and outsourcing of work – mainly to China and India – is least able to restore and profit from overseas colonial empire building. The irony is that half a century ago the US opted for market dominance against the European colonial model of empire building. Now it is the other way around. Europeans and China pursue hegemony via the market, while the US adopts the failed military based colonial model of empire building.

5. Clandestine operations, namely "coup mongering", has become a method of choice for reverting nationalist populist regimes in Latin America, Iran, Lebanon and elsewhere. In each case, Washington failed to restore a client regime causing a boomerang effect: the targeted governments radicalized their politics, gained support and became further entrenched. For example, a US backed coup in Venezuela was reversed, President Chavez

was restored and proceeded to nationalize major multinationals, and spur Latin American opposition to free trade agreements and military bases[25]. Likewise, US backing for the Israeli invasion of Lebanon and the subsequent successful defense by Hezbollah strengthened its presence in the pro-US Harriri regime.

6. The US unconditional embrace of the racist colonial militarist state of Israel as its principal ally in buttering colonial wars in the Middle East, has in fact had the opposite effect: alienating 1.5 billion Islamic peoples, eroding support among former allies (Turkey and Lebanon) and strengthening Zionists policy influentials advocating a 'third military front' – a war with Iran, with its two million person armed forces.

US Strategies to Undermine, Weaken and Outcompete China as an Emerging Imperial Power

At the first signs of China's potential as a global competitor, Washington promoted a liberal economic strategy hoping to create a 'dependency' relationship. Subsequently, when liberalization failed to induce dependency, but rather accelerated China's growth, Washington resorted to more punitive policies.

During the eighties and nineties, Washington encouraged China to pursue an "open door" policy toward US multi-national corporations (MNC) and provided tax incentives to encourage MNC to 'colonize' strategic growth sectors of China. Washington successfully promoted China's entry into the World Trade Organization, with the idea that "free trade" would favor US MNC in capturing Chinese markets. The strategy failed: China harnessed the MNC to its own export strategy, capturing US markets; it forced the MNC into joint ventures which accelerated the transfer of technology and advanced China's industrial learning curve in the course of increasing its own productive capacity. The WTO agreement undermined barriers to US trade and facilitated the flow of US capital into Chinese productive sectors, while eroding the US productive base and undermining its competitiveness. Over time, Chinese enterprises, state and private, grew out from and overcame, in part, its "dependence" and assumed greater control over joint-ventures and developed their own centers of innovation, marketing and finance[26].

The liberal strategy of creating a dependency failed; it was China which accumulated trade surpluses and subsequently assumed the role of creditor while the US turned "debtor" state. Liberalization may have worked for the US in Latin America and Africa. There weak states run by corrupt rulers oversaw the pillage of their countries raw materials, the ruinous privatization and denationalization of strategic firms and the massive outflow of earnings. But in China, their rulers harnessed the MNC to their own national projects, ensuring control over the dynamic process of capital accumulation. They sacrificed short term excess profits to the MNC for the long term goal of gaining markets, know-how and the spread and deepening of new productive lines via 'content rules' and technology transfers. Liberalization favored Chinese merchandise export boom, while the economy gained autonomy, upgrading the product cycle.

China retained the reins of the financial sector, blocking a takeover by the US "leading sectors" in finance, media, real estate and insurance[27]. By limiting penetration, speculation and volatility, China avoided the periodic crises which affected the US in 1990 – 01, 2000 – 02, 2008 – 2010. China's version of the "open door" was not a repeat of the earlier version which led to the foreign dominance of coastal enclaves. Rather the foreign own MNC's became 'islands of growth' harnessed to furthering Chinese state controlled and directed overseas expansion.

By the early years of the new millennium, Washington realized that the liberal strategy had failed to block China's ascent to global power and increasingly turned toward a punitive strategy.

Strategies to Undermine and Weaken China as an Emerging Global Power

The US developed a detailed, complex and multi-prong strategy to undermine China's rise to global pre-eminence. The strategy involves economic, political and military moves designed to weaken China's dynamic growth and contain its outward expansion.

Economic Strategies

Washington, backed by the major financial press as well as most economists and 'experts', advocates intervening into China's domestic economic policy in pursuit of measures designed to disarticulate its dynamic growth model. The most widespread demand is that China overvalue its currency to erode its competitive edge and weaken its dynamic export industries[28].

In the past, between 2000 – 2008 Chinese revalued its exchange rate by 20% and still doubled its export surplus with the US[29]. They did this by increasing productivity, lowering rates of profit and improving quality control. Moreover, the problem of US negative trade balances is chronic and global – it has negative balances with over 90 countries, including Japan and the EU[30].

The anti-China coalition, led by the Washington-Wall Street complex, has been pressing Beijing hard to deregulate its financial sector to facilitate the takeover of China's financial markets, claiming 'trade and investment' violations. The White House sees the powerful financial sector as the only real lever to capture the commanding heights of China's economy, through mergers and acquisition. This campaign lost steam, in the face of the financial crises of 2008 -2010 induced by Wall Street's speculative activity. China's financial system was barely affected thanks to its public regulatory structure and constraints on the entry of US banks.

Washington has imposed protectionist measures, contrary to WTO rulers, in the form of tariffs on Chinese exports of steel and tires and Congress has threatened an across the board 40% tariff on all Chinese exports to the US – a call for a 'trade war'.

The US has blocked several large scale Chinese investments and buyouts of oil companies, technology firms and other enterprises. In contrast, China has allowed US MNC to invest tens of billions and to subcontract in the most diverse sectors of the Chinese economy. China as a rising world power is confident that its dynamic economy can harness US MNC to its continued growth while the US in the face of its deteriorating position is fearful of any acceleration of "Chinese takeovers", a fear borne of economic weakness, couched and disguised in the rhetoric of a "security threat".

Washington encouraged China's sovereign investment fund and overseas investors to link-up with US financial houses engaged in speculative activity, hoping to strengthen outflows to the US and creating a 'speculator culture' in China, to weaken the power of productive capital in the state planning apparatus.

Washington has escalated its threats of economic retaliation in order to undermine and exclude China's dynamic export sector and to secure concessions which will compromise the domestic political standing of its rulers, if and when they adopt Washington's dictates. Chinese political leaders who allow Washington to determine its domestic economic policies will provoke internal opposition from business and workers prejudiced by those policies. Once compromised and weakened and facing inflamed national opinion, China's leaders will face pressure from within and without – threatening China's stability.

Washington has mounted a concerted international media campaign, mobilizing the IMF and the EU to weaken China's national industrial model, blaming the rising world power for its decline. From the leading columnist in the 'serious' financial press to the sensational mass circulation 'yellow press', from political leaders in Congress to senior executive officials, to leaders of uncompetitive manufacturers and trade union bureaucrats of a moribund labor movement, a campaign is orchestrated to 'confront' China over a host of crimes and sins, ranging from unfair competition, low wages, state subsidies, to shoddy quality and unsafe products.

US and English academics, economists, investment consultant experts and pundits embedded in the empire have encouraged their Chinese counterparts as well as overseas investors and policymakers to propagate policies in line with Washington's demands for policy changes. The goal is to facilitate greater US penetration and to limit China's dynamic overseas expansion.

From day to day US "experts" and economists discover reasons to preach an "imminent crises" in China: the economy is slowing down or growing too fast; a "bubble" in real estate is ready to burst[31]; the banks are overloaded with bad debts, putting the financial system in danger of collapse; inflation is growing out of control; overseas investments are following colonial patterns; the economy is unbalanced, too dependent on exports rather than domestic consumption; its export competitiveness is a prime factor in unbalancing world trade; its growing economic ties in Asia threatens their 'national security' etc. These and numerous other propaganda pieces packaged as serious economic analysis in the Financial Times, Wall Street Journal and The New York Times are designed to blame China for the weaknesses and decline of US economic competitiveness in the world. The purpose is to influence and pressure 'malleable' or 'accommodating' neoliberal Chinese officials to change policies. Equally important these 'critiques' are designed to unify the business, banking, political and military elite and justify aggressive moves against China. The basic problem with these expert diagnoses is that they have repeatedly been refuted by the reality of China's continuous dynamic growth; its ability to manage and regulate financial lending to avoid bubble busts; the growing positive reception by its African hosts to new investment deals due to their relatively generous loans and infrastructure projects which accompany investments in extractive sectors[32]. More recently Washington has influenced India and Brazil to join the chorus blaming China for trade imbalances, a most dangerous alliance in the making.

Political Offensive

Established empires in decline, like the US today, have a repertoire of levers designed to discredit, seduce, isolate and contain rising world powers like China and put it on the defensive.

One of the longest standing political ploys is Washington's human rights propaganda campaign, highlighting China's human rights violations, while ignoring its own massive offenses and downplaying those of its allies like the Jewish state of Israel. By discrediting

China internal politics, the State Department hopes to inflate US moral authority, deflect attention from its worldwide long term and large scale violation of human rights accompanying its global empire building and build an anti-China coalition.

While human rights propaganda serves as the stick to beat back China's economic advance, Washington also attempts to induce China's cooperation in slowing down its decline. US diplomats frame this approach by emphasizing "treating China as an equal", recognizing it as a "world power" which has to "share responsibilities"[33]. Behind this diplomatic rhetoric is an effort to harness China to a policy of collaborating and following US empire building strategies as a junior partner, at the expense of China's economic interests. For example, while China has invested billions in joint ventures with Iran and has developed a growing lucrative trading relation, Washington demands China support sanctions to weaken and degrade Iran to enhance US military power in the Gulf[34]. In other words, China should give up its market driven economic expansion to share "responsibility" in policing the world in which the US is supreme. Likewise, if we translate the meaning of the White House's demand for China to "assume responsibility" for "rebalancing the world economy" it boils down to telling Beijing to reduce its dynamic growth, to allow the US to gain trade advantages to reduce ("rebalance") its trade deficit.

Alternating between positive symbolic gestures, such as references to the US and China as the (G-2), the two determining powers in the world, the White House has promoted a "united front" with the EU against China's supposedly "protectionism", "currency manipulation" and other "unfair" economic practices[35].

At international gatherings like the recent Copenhagen Conference on climate warming, the GATT meeting on trade liberalization and the UN meeting on Iran, Washington attempts to satanize China as the main obstacle in reaching global accords, deflecting attention from the facts of Chinese compliance in setting standards superior to the US[36], on climate, opposing protectionism and seeking a negotiated settlement with Iran.

Over time this imperial offensive to slow its decline has provoked an increasingly aggressive response as China gains confidence in its capacity to project power.

Strategies to Counter Established Imperial Powers

A rising economic powers' most formidable and effective response to the established imperial powers' efforts to block its advance is… to keep on growing at double or triple the rate of growth of its declining adversary. Nothing challenges the "crises" propaganda emitted by US embedded experts as the reports that, for example, in the first quarter of 2010 China grew at 12%, six times the projected growth of the US[37]. China's policy toward US attacks and threats was reactive and defensive, rather than pro-active and offensive especially during the first decade of its advance toward global power status.

China affirmed that is exchange rate was an "internal matter" and even acceded to US demands and revalued its currency (2006 – 2008) by 20%. Later China responded by pointing out that the currency brouha had little to do with the US trade deficit, pointing to the structural weaknesses in the US economy, namely to its low level of savings, capital formation and loss of competitiveness.

Initially, China merely protested at US human rights attacks, either denying the charges or claiming they were internal affairs. By 2010, however, China went on the offensive, publishing its own documented inventory of US domestic human rights violations[38]. When Washington protested at China's violation of the human rights of Tibetan and Uigher separatists, China rebuked Washington's interference in China's internal affairs and threatened to take reprisals which led Washington to drop its crusade.

Beijing has encouraged the US MNC to invest in China and export back to the US. Given the overall growth of China, the corporate penetration does not enhance US power rather it provides China with a lobby in Washington opposing protectionist measures.

China does little to directly constrain US overseas expansion, (since Washington does a good job at self-destruction) rather it focuses on enhancing its own economic based strategy of increasing overseas investments, borrowing technology and upgrading its high tech industries. China, despite pressure from Washington, refuses to join its sanctions campaign against Iran and develops investment ties in Afghanistan while the US military occupation costs billions and alienates most Afghans including its client regime[39]. China refuses to lend support to Obama's military centered strategy to buttress the empire.While attending "summits" and bilateral conferences it refuses to make concessions which prejudice its overseas markets, without directly confronting the military mission promoted by Obama.

Most strikingly in Asia, the most dynamic countries, have ignored Washington's warnings of China as a "security threat" and expanded their trade and economic ties with their neighbor. Over time Asia is replacing the US as the fastest growing trading partner of Beijing. More recently in April 2010, India have voiced concern over its trade imbalances with China and entered in negotiations to increase its exports.

Overall the US imperial strategy to stem its decline and block China's growth as a world power has failed. White House policymakers and financial detractors of Beijing have ignored the formidable foundations of Chinese empire building and its capacity to rectify internal imbalances to sustain dynamic expansion.

Pillars of Global Power

China as most previous newly emerging global powers has sought – in this case successfully and without resorting to force and conquest – to lay the foundations for a sustainable economic empire. The strategy includes a complex mix of domestic and overseas measures.

1.Overseas investments to secure strategic resources, especially energy, metals and food[40].

2. High levels of domestic investments to build up manufacturing capacity, introducing advanced technology to upgrade value added and lessen its dependence on imports of manufactured parts. Sustained high levels of investment are perceived as necessary to sustain export competitiveness.

3. Big push to upgrade the education of the labor force to achieve industrial supremacy – with the emphasis on engineers, scientists and industrial managers over and against stock speculators, investment bankers and lawyers. However, China's efforts to upgrade its labor force will not succeed unless it recognizes and integrates its 200 – 300 million migrant workers whose children are currently excluded from advanced public education in the major metropolises[41].

4. Multi-billion dollar investments in infrastructure, including dozens of new airports, high speed railroads and improved waterways linking the coastal regions to the interior, enhancing the dynamic growth of industry As a result, there is less migration to the established coastal manufacturing centers resulting in some cases in labor scarcity, which in turn has led to a significant rise in wage levels and less geographic imbalances between old and new poles of development.

5. As skilled labor begins to replace unskilled labor and as dynamic growth proceeds up the ladder to higher value added production, so do wage levels and social consciousness, leading to pressure to diminish the gaping class inequalities.

6. As a result of class pressures from below evidenced in over 100,000 annual locally based protests, strikes and demonstrations, the government has slowly moved to lessen class tensions in part with investments in social welfare and greater social spending. China is shifting from buying US Treasury notes to investing in subsidizing public health and education in rural areas. By bringing the state back into social development instead of relying on the market which has proved highly inefficient, it is upgrading rural labor for modern production processes.

In summary the pillars of China's dynamic push for global power rest on the rebalancing the economy, upgrading its productive base, expanding its domestic market, pursuing growth and social stability while maximizing access to strategic materials essential for production.

China's Version of "Rebalancing" its Economy: The New Contradictions

China's rebalancing of its internal economy is accompanied by a relative shift in its economic relations with the US. Given the openly hostile posture adopted by Congressional leaders and the stagnant market in the US, China has increased its trade and investments with high growth Asia, to lessen its dependence on the US market and lower the risk of facing a protectionist squeeze[42]. China while still a "creditor" for the US is shifting toward using its trade surpluses in more productive (and lucrative) investments. Not all of China's new overseas ventures have been successful as some of its 'western educated' investment managers have lost several billion dollars investing in Blackstone and other investment houses.

China's dynamic 'rebalancing of growth' by strengthening the foundations for further external expansion faces greater dangers internally than from the outside. Within China, several changes in the internal class structure can endanger the stability of the system, as has been the case in other established empires. The big push for overseas expansion has created a powerful segment of the new public-private ruling class, which ignores the need for developing the internal market, especially investments in social development. Secondly, the entire ruling class and governing elite while paying lip service to the need for upgrading labor, building a social safety net in rural areas and extending social rights to health and education to migrant labor, refuse to increase their taxes to pay for it, resist any redistributive policies and defend their family privileges, creating conditions for heightened class tensions and conflict.

Equally deleterious to the future foundations of China's external expansion is the emergence of a powerful speculator class, especially in the real estate, banking and local regional political elite which creates tendencies to bubble economics, which threaten the financial system[43]. While the regime though its ultimate control over monetary policy and the financial system adopts policies to 'deflate' the bubble, it does nothing structurally which could undermine this sector of the ruling class. Moreover, speculation in real estate raises the cost of housing beyond the reach of most workers, while the inflated price of land leads to arbitrary dispossession of homeowners by local and regional officials linked to real estate speculators, fueling mass unrest and in some cases violent protests.

The growth in power of importers, financial speculators and real estate billionaires could provide an opening for the leading sector of the US Empire – the financial, real estate and insurance ruling class. Up to now the repeated instability and crises induced by these sectors in 1990 – 01, 2000 – 2002, 2007 – 2010, has undermined their ability to penetrate the Chinese economy.

Given China's continued growth, especially evident in the present, where it grew 9% in 2009 and 12% in 2010, while the US wallowed in and around zero growth, who has the most to lose if and when Washington decides to escalate into a trade war?

External Confrontation or Domestic Restructuring: Within the USA?

The US has a trade deficit with at least 91 other countries besides China, demonstrating that the problem is embedded in the structure of the US economy. Any punitive measure to restrict China's exports to the US will only increase Washington's deficit with other competitive exporters. A decline of US imports from China will not result in an increase for US manufacturers because of the under-capitalized nature of the latter, directly related to the pre-eminent position of finance capital in capturing and allocating savings. Moreover, "third countries" can re-export Chinese made products, putting the US in the unenviable position of starting trade wars across the board or accepting the fact that a finance –commercial led economy is not competitive in today's world economy.

China's decision to incrementally divert its trade surplus from the purchase of US Treasury notes to more productive investments in developing its "hinterland" and to strategic overseas ventures in raw materials and energy sectors will eventually force the US Treasury to raise interest rates to avoid large scale flight from the dollar. Rising interest rates may benefit currency traders, but could weaken any US recovery or plunge the country back into a depression. Nothing weakens a global empire more than having to repatriate overseas investments and constrain foreign lending to bolster a sliding domestic economy.

The pursuit of protectionist policies will have a major negative impact on US MNC in China since the bulk of their products are exported to the US market: Washington will cut its nose to spite its face. Moreover, a trade war could spill over and adversely affect US auto corporations producing for the Chinese market. GM and Ford are far more profitable in China than the US where they are running in the red[44]. A US trade war will have an initial negative impact on China until it adjusts and takes advantage of the potential 400 million consumers in the vast interior of the country. Moreover, Chinese economic policymakers are rapidly diversifying their trade toward Asia, Latin America, Africa, the Middle East, Russia and even in the EU. Trade protectionism may create a few jobs in some uncompetitive manufacturing sectors in the US but it may cost more jobs in the commercial sector (Wal-Mart) which depends on low priced items to low income consumers.

The bellicose trade rhetoric on Capitol Hill and confrontational policies adopted by the White

House are dangerous posturing, designed to deflect attention from the profound structural weaknesses of the domestic foundations of the empire. The deeply entrenched financial sector and the equally dominant military metaphysic which directs foreign policy have led the US down the steep slope of chronic economic crises, endless costly wars, deepening class and ethno-racial inequalities as well as declining living standards.

In the new competitive multi-polar world order, the US cannot successfully follow the earlier path of blocking a rising imperial power's access to strategic resources via colonial dictated boycotts. Not even in countries under US occupation, such as Iraq and Afghanistan, can the White House block China from signing lucrative investment and trade deals. With countries in the US sphere of influence, like Taiwan, South Korea and Japan, the rate of growth of trade and investment with China far exceeds that of the US. Short of a full scale unilateral military blockade, the US cannot contain China's rise as a world economic actor, a newly emerging imperial power.

The major weakness in China is internal, rooted in class divisions and class exploitation, which the currently entrenched political elite profoundly linked through family and economic ties, might ameliorate but cannot eliminate[45]. Up to now China has been able to expand globally through a form of "social imperialism", distributing a portion of the wealth generated overseas to a growing urban middle class and to upwardly mobile managers, professionals, real estate speculators and regional party cadre.

In contrast the US, military directed overseas conquests have been costly with no economic returns and with long term damage to the civilian economy both in its internal and external manifestations. Iraq and Afghanistan do not reward the imperial treasury in anyway comparable to what England plundered from India, South Africa and Rhodesia (Zimbabwe). In a world increasingly based in market relations, colonial style wars have no economic future. Huge military budgets and hundreds of military bases and military based alliances with neo-colonial states are the least efficient means to compete successfully in a globalized market place. That is the reason why the US is a declining empire and China, with its market driven approach is a newly emerging empire of a 'new sort' (sui generis).

Transition from Empire to Republic?

In the face of the US's demonstrable economic decline, can the ruling elite recognize that its empire is not sustainable (let alone desirable)? The US can increase its exports to China and its share of world trade to balance its accounts, only if it carries out deep political and economic changes.

Nothing short of a political and economic revolution can reverse the decline of the US. The key is to rebalance the US economy from finance driven to industrial centered: but any such shift requires class warfare against entrenched power on Wall Street and in Washington[46]. What passes for the current US private manufacturing sector shows no appetite for such a historic change. Up to now manufacturers have bought into or been bought out by financial institutions: they have lost their distinct character as a productive sector.

Even assuming that there is a political shift toward re-industrializing the US, industry would have to lower its profits, increase its investments in applied research and development and vastly improve the quality of its products, to become competitive in domestic and overseas markets. Vast sums need to be re-allocated from wars, 'marketing' and speculation into social services like comprehensive national health plans high skill engineering and advanced industrial training to increase efficiency and competitiveness in the domestic market.

The transfer of a trillion dollars in military spending from colonial wars could easily finance the reconversion to a civilian economy producing quality goods for local and overseas consumption, including merchandise and commodities reducing toxic chemical and environmentally damaging sources of energy.

Substituting trade missions for military bases, could increase inflows to the US and reduce outflows abroad. Ending political links and billion dollar subsidies to militarized states like Israel and lifting sanctions on major economic markets like Iran will decrease outflows from the US treasury and enhance economic inflows and opportunities for productive sectors throughout the 1.5 billion muslim world.

Focusing investment on the growing market for clean energy and technology for domestic and overseas economies, will create new jobs and lower the cost of living while enhancing living standards. Confiscatory taxes on the millionaire/billionaires especially the entire 'Wall Street" ruling elite, and a cap on all income over one million dollars can finance social security and comprehensive public national health system, which would reduce charges to industry and state. The transition from empire to republic requires a profound rebalancing of social power and a deep restructuring of the US economy. Only then will the US be able to compete economically with China in the world economy.

The transition from a militarist imperialist power, corroded by a corrupt political elite beholden to a parasitic speculator economic elite, to a productive republic with a balanced economy and competitive sector requires fundamental political changes and a profound ideological revolution. To bring about this political and economic revolution requires a new configuration of the state which pursues public investments creating competitive industries, deepens the domestic market and expands social services.

To expand overseas markets, Washington must end boycotts and military subservience to Israel, pushed by the pro-Israel fifth column embedded in top financial and political institutions and in control of the legislature[47].

Ending military directed empire building will open the flow of public financing toward civilian technological innovations; ending restrictions on overseas technology sales can further reduce trade deficits, while upgrading local production to competitive levels.

To more forward requires a head-on confrontation with the ideologues of finance capital and a rejection of their efforts to deflect attention from their role in destroying America. The "blame" China campaign for what are in reality internally caused US structural imbalances must be confronted before it leads us into new, costly and self-destructive trade wars or worse.

China's internal "imbalances" are profound and pervasive and over time can weaken the pillars of external expansion. China's class, inequalities, uneven regional development, private wealth and public corruption and discriminatory treatment of migrants as second grade citizens (a dual citizenship system) will be resolved internally as the socio-economic divisions translate into class struggle. Fundamental changes in the privatized health system toward a comprehensive national public health system are essential, but these changes require a revival of the class struggle against state and private vested interests.[48]

Conclusion

As in the past, a declining imperial power faced with profound internal imbalances, a loss of competitiveness in merchandise trade and an overdependence on financial activities looks to political retribution, military alliances and trade restrictions to slow its demise.[49] Propaganda, whipping up chauvinist emotions by scapegoating the rising new imperial state and forging military alliances to "encircle" China have absolutely no impact. They have not stopped all of China's neighbors from expanding economic ties with it. There are no prospects that this will change in the near future. China will push ahead with double digit growth. The US Empire will continue to wallow in chronic stagnation, unending wars and increased reliance on the tools of political subversion, promoting separatist regimes which predictably collapse or are overthrown. The US unlike the established colonial powers of an earlier period cannot deny China access to strategic raw materials as was the case with Japan. We live in a post-colonial world where the vast majority of regimes will trade and invest with whoever pays the market price. China, unlike Japan, depends on securing markets via economic competitiveness – market power – not military conquest. Unlike Japan it has a vast multitude of workers; it need not conquer and exploit foreign colonized labor.

China's market driven empire building is attuned to modern times, driven by an elite free to engage the world on its own terms, unlike the US plagued by financial speculators who eat away and erode the economy, ravaging industrial centers and turning abandoned houses into parking lots.

If the US imperial elite at present is at a loss as to how it can contain China's rise to world power, the mass of the US working class is at a loss as to how it can move from a military driven empire toward a productive republic. The economic decay and the entrenched political and social elites have effectively depoliticized discontent; systemic economic crises have been converted into private individual maladies. Over the long run, something will have to break; militarism and Zionist power will so bleed and isolate the United States that necessity will induce a forceful response… The longer it takes the more violent the rebirth of the republic. Empires do not die peacefully; nor do financial elites embedded in extraordinary wealth and power surrender their privileged positions peacefully. Only time will tell how long the American people will endure the dispossession of homes, employer servitude, fifth column colonization and military driven empire building based on domestic decay.

Notes

[1] Ian Kershaw, Hitler: 1936-1945 Vol. 2 (London: 2008) According to the eminent scholar Frederick Clairmont "For Hitler, India was a model of a predatory colonial empire, 'The Soviet Union will be our India' he jubilantly declaimed". "Operation Sea Lion: Looking Back" letter to colleague at the Sorbonne, April 2010.

[2] Gabriel Kolko The Politics of War (New York: Pantheon 1990)

[3] Chalmers Johnson, Nemesis: The Last Days of the American Republic (New York: Metropolitan Books 2007)

[4] James Petras "The US and China: One Side is Losing, the Other is Winning" and "US and China: Provoking the Creditor, Hugging the Holyman" petras.lahaine.org

[5] Herbert Bix Hirohito and the Making of Modern Japan (New York: Harper Collins 2000)

[6] Edward Miller Bankrupting the Enemy: The US Financial Siege of Japan before Pearl Harbor (Annapolis MD: United States Naval Institute Press 2007) esp. Ch. 6 “Birth of the Embargo Strategy”, Ch. 7 “Export Controls”, Ch. 10 “Japan’s Vulnerabilities: Strategic Resources”.

[7] James Petras and Morris Morley “The Imperial State” in James Petras et al Class, State and Power in the Third World (Montclair: Allenheld and Osmun 1981)

[8] Defense Strategy for the 1990’s published later as Defense Planning Guidance (draft 1992)

[9] Diana Johnstone, Fools Crusade: Yugoslavia, NATO and Western Delusions (Monthly Review: NY 2002).

[10]The neo-conservative manifests is emblematic of this rising power elite see The Project for the New American Century (Information Clearance House) September 2000.

[11] On Israeli aligned US officials promoting the Iraq war see James Petras, The Power of Israel in the United States (Atlanta: Clarity Press 2006).

[12] China’s kin-class ruling class has produced several hundred billionaires and probably the worst inequalities in Asia. See the Financial Times (FT) March 30, 2010, p. 9.

[13] China’s promotion and the growth of new high tech industries has led to tighter controls on foreign tech multi-nationals, FT February 22, 2010, p. 2. China has replaced the US as the biggest manufacturer of wind turbines and producer of “clean coal”, FT Special Report on Energy March 29, 2010. On China’s increasing control of its economy see FT April 8, 2010, p. 9.

[14] Almost in every issue of the Financial Times there is at least one article blaming China for “global imbalances”. See FT March 31, 2010, p. 3, FT April 6, 2010, p. 3 and p. 8.

[15] The US military budget has more than doubled over the past ten years, reaching one trillion dollars of which 70% is current expenditures in ongoing wars and preparation for new wars, the rest for pensions and other payments for past wars.

[16] Both in the case of Kenya and what was previously called Rhodesia (Zimbabwe), British imperial officials facing prolonged resistance agreed to an independence which included generous compensation for property losses to settlers.

[17] See Petras Power of Israel in the United States op cit; Zionism, Militarism and the Decline of the US Power (Atlanta: Clarity Press 2008.)

[18] This is especially the case where the Zionist power configuration in the government has promoted sanctions against Iran, Syria and earlier against Iraq. China has moved in with a 5 billion dollar investment in Iranian gas fields, one among many new investments, Global Research, March 8, 2010.

[19] By 2010 China, as well as India to a growing extent, was replacing the US as the main importer of Saudi oil. FT February 22, 2010, p. 4.

[20] Per capita Israel has the biggest armed forces, the most fighter planes and nuclear bombs in the world. Next to the US it has invaded more countries than all the rest of the Middle East countries combined.

[21] Chalmers Johnson, The Sorrows of Empire (Owl Books, New York 2005).

[22] Beginning with President Clinton (2000) and continuing through to Obama, the US has poured over 6 billion dollars into Colombia, backing the military, secret police and death squads. The US has over a thousand military advisers and contract mercenaries operating in Colombia. The military agreements with Brazil and the rest of Latin America are on a vastly lesser scale of intrusion.

[23] China's displacement of the US as the dominant trading partner in major Latin American markets received only a tiny fraction of the attention that any visit by a prominent Israeli official.

[24] US clients were overthrown in Kyrgystan (2010), defeated electorally in the Ukraine (2009) and confronted by mass opposition after a disastrous military adventure in Georgia.

[25] James Petras, "US – Venezuela Relations: Imperialism and Revolution" petras.lahaine.org January 5, 2010.

[26] See "China Mobile Group axes Google" FT March 25, 2010, p. 1; FT February 22, 2010, p. 2.

[27] Congressional Research Services, "China's Holdings of US Securities: Implications for the US Economy" July 30, 2009.

[28] FT April 6, 2010, p. 8. Provides an account of the US Senate's blame China with charges of "currency manipulation".

[29] Yang Yao "Renmibi Adjusted will not cure trade imbalances" FT April 12, 2010.

[30] Stephan Roach "Blaming China will not solve America's Problems" FT March 30, 2010, p. 11.

[31] A typical report on "bubble fears" is in the FT February 22, 2010. Two months later China had "cooled off" the bubble by forcing bank lending down by 43% in the first quarter. Al Jazeera, April 15, 2010.

[32] Contrary to the charges of neglecting its domestic market, it is growing 15% over the past year. China's imports are growing faster than their exports. See Jim O'Neill "Tough Talk on China ignore Economic Reality", FT April 1, 2010, p. 9.

[33] FT April 12, 2010, p. 3.

[34] "Obama to press Hu on Teheran Sanctions", FT April 13, 2010, p. 3

[35] At a G20 meeting the US circulated a letter condemning China but only five countries signed it. (The FT headline was deceptive). "G20 attack China on exchange rate", FT March 31, 2010, p. 3.

[36] China is steaming ahead on clean energy, over taking the US during 2009 to become

the leading investor in renewable energy technologies, a 79% rise in installed capacity in 5 years. BBC News, March 26, 2010.

[37] FT April 12, 2010, p. 22. Growth projections based on first quarter of 2010.

[38] Al Jazeera, March 12, 2010.

[39] China Daily, March 24, 2010 for differences between US and Chinese approach to Afghanistan.

[40] The dynamic push to secure raw materials is illustrated by massive investments in iron mines in Russia and Africa, FT April 13, 2010, p. 17.

[41] Al Jazeera March 5, 2010.

[42] US-China trade now represents only 12% of total Chinese trade. FT March 30, 2010, p. 11.

[43] FT April 24/25 2010, p. 1. "Shanghai plans to equal New York as a global financial centre by 2020".

[44] FT April 13, 2010, p. 19.

[45] "China vows to tackle the social divide" Al Jazeera March 5, 2010.

[46] For a similar call to "rebalance" the British economy from finance to manufacturing see Ken Coults and Robert Rowthorne U.K.: Either a Large Trade Surplus or Grim Prospects for Profits and the Fiscal Deficit cited in the FT April 14, 2010, p. 11.

[47] By a margin of over 300 to 10 US Congress people signed a letter scripted by the pro Israel AIPAC backing Israel and demanding Obama retracts his "pressure" on Israel to desist from seizing Palestinian property. See FT April 24/25 2010, p. 3.

[48] Waikeung Tam, "Privatizing Health Care in China: Problems and Reforms." Journal of Contemporary Asia Vol 40(1), Feb. 2010, p. 63-81.

[49] "US tightens missile-shield encirclement of China and Russia." Global Research, March 4, 2010.

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