

# **China and the US: Rational Planning and ‘Lumpen’ Capitalism<sup>1</sup>**

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## **Introduction**

US journalists and commentators, politicians and Sinologists spend considerable time and space speculating on the personality of China’s President Xi Jinping and his appointments to the leading bodies of the Chinese government, as if these were the most important aspects of the entire 19<sup>th</sup> National Congress of the Communist Party of China (October 18-24, 2017)<sup>2</sup>.

Mired down in gossip, idle speculation and petty denigration of its leaders, the Western press has once again failed to take account of the world-historical changes which are currently taking place in China and throughout the world.

World historical changes, as articulated by Chinese President Xi Jinping, are present in the vision, strategy and program of the Congress. These are based on a rigorous survey of China’s past, present and future accomplishments.

The serious purpose, projections and the presence of China’s President stand in stark contrast to the chaos, rabble-rousing demagogy and slanders characterizing the multi-billion dollar US Presidential campaign and its shameful aftermath.

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1 *Lumpen* Capitalism refers to an economic system in which the financial and military sector exploits the state treasury and productive economy for the 1% of the population.

2 The 19<sup>th</sup> National Congress was attended by 2,280 delegates representing 89 million members.

The clarity and coherence of a deep strategic thinker like President Xi Jinping contrasts to the improvised, contradictory and incoherent utterances from the US President and Congress. This is not a matter of mere style but of substantive content.

We will proceed in the essay by contrasting the context, content and direction of the two political systems.

### **China: Strategic Thinking and Positive Outcomes**

China, first and foremost, has established well-defined strategic guidelines that emphasize macro-socio-economic and military priorities over the next five, ten and twenty years.

China is committed to reducing pollution in all of its manifestations via the transformation of the economy from heavy industry to a high-tech service economy, moving from quantitative to qualitative indicators.

Secondly, China will increase the relative importance of the domestic market and reduce its dependence on exports. China will increase investments in health, education, public services, pensions and family allowances.

Thirdly, China plans to invest heavily in ten economic priority sectors. These include computerized machinery, robotics, energy saving vehicles, medical devices, aerospace technology, and maritime and rail transport. It targets three billion (US) dollars to upgrade technology in key industries, including electrical vehicles, energy saving technology,

numerical control (digitalization) and several other areas. China plans to increase investment in research and development from .95% to 2% of GDP.

Moreover, China has already taken steps to launch the ‘petro-Yuan’, and end US global financial dominance.

China has emerged as the world’s leader in advancing global infrastructure networks with its One Belt One Road (Silk Road) across Eurasia. Chinese-built ports, airports and railroads already connect twenty Chinese cities to Central Asia, West Asia, South-East Asia, Africa and Europe. China has established a multi-lateral *Asian Infrastructure Investment Bank* (with over 60 member nations) contributing 100 billion dollars for initial financing.

China has combined its revolution in data collection and analysis with central planning to conquer corruption and improve the efficiency in credit allocation. Beijing’s digital economy is now at the center of the global digital economy. According to one expert, “*China is the world leader in payments made by mobile devices*”, (11 times the US). One in three of the world’s start-ups, valued at more than \$1 billion, take place in China (FT 10/28/17, p. 7). Digital technology has been harnessed to state-owned banks in order to evaluate credit risks and sharply reduce bad debt. This will ensure that financing is creating a new dynamic flexible model combining rational planning with entrepreneurial vigor (ibid).

As a result, the US/EU-controlled World Bank has lost its centrality in global financing. China is already Germany’s largest trading partner and is on its way to becoming Russia’s leading trade partner and sanctions-busting ally.

China has widened and expanded its trade missions throughout the globe, replacing the role of the US in Iran, Venezuela and Russia and wherever Washington has imposed belligerent sanctions.

While China has modernized its military defense programs and increased military spending, almost all of the focus is on 'home defense' and protection of maritime trade routes. China has not engaged in a single war in decades.

China's system of central planning allows the government to allocate resources to the productive economy and to its high priority sectors. Under President Xi Jinping, China has created an investigation and judicial system leading to the arrest and prosecution of over a million corrupt officials in the public and private sector. High status is no protection from the government's anti-corruption campaign: Over 150 Central Committee members and billionaire plutocrats have fallen. Equally important, China's central control over capital flows (outward and inward) allows for the allocation of financial resources to high tech productive sectors while limiting the flight of capital or its diversion into the speculative economy.

As a result, China's GNP has been growing between 6.5% - 6.9% a year - four times the rate of the EU and three times the US.

As far as demand is concerned, China is the world's biggest market and growing. Income is growing - especially for wage and salaried workers. President Xi Jinping has identified social inequalities as a major area to rectify over the next five years.

### **The US: Chaos, Retreat and Reaction**

In contrast, the United States President and Congress have not fashioned a strategic vision for the country, least of all one linked to concrete proposals and socio-economic priorities, which might benefit the citizenry.

The US has 240,000 active and reserve armed forces stationed in 172 countries. China has less than 5,000 in one country – Djibouti. The US stations 40,000 troops in Japan, 23,000 in South Korea, 36,000 in Germany, 8,000 in the UK and over 1,000 in Turkey. What China has is an equivalent number of highly skilled civilian personnel engaged in productive activity around the world. China’s overseas missions and its experts have worked to benefit both global and Chinese economic growth.

The United States’ open-ended, multiple military conflicts in Afghanistan, Iraq, Syria, Libya, Yemen, Niger, Somalia, Jordan and elsewhere have absorbed and diverted hundreds of billions of dollars away from productive investments in the domestic economy. In only a few cases, military spending has built useful roads and infrastructure, which could be counted a ‘dual use’, but overwhelmingly US military activities abroad have been brutally destructive, as shown by the deliberate dismemberment of Yugoslavia, Iraq and Libya.

The US lacks the coherence of China’s policy making and strategic leadership. While chaos has been inherent in the politics of the US ‘free market’ financial system, it is especially widespread and dangerous during the Trump regime.

Congressional Democrats and Republicans, united and divided, actively confront President Trump on every issue no matter how important or petty. Trump improvises and

alters his policies by the hour or, at most, by the day. The US possesses a party system where one party officially rules in the Administration with two militarist big business wings.

US has been spending over 700 billion dollars a year to pursue seven wars and foment 'regime changes' or coups d'état on four continents and eight regions over the past two decades. This has only caused disinvestment in the domestic economy with deterioration of critical infrastructure, loss of markets, widespread socioeconomic decline and a reduction of spending on research and development for goods and services.

The top 500 US corporations invest overseas, mainly to take advantage of low tax region and sources of cheap labor, while shunning American workers and avoiding US taxes. At the same time, these corporations share US technology and markets with the Chinese.

Today, US capitalism is largely directed by and for financial institutions, which absorb and divert capital from productive investments, generating an unbalanced crisis-prone economy. In contrast, China determines the timing and location of investments as well as bank interest rates, targeting priority investments, especially in advanced high-tech sectors.

Washington has spent billions on costly and unproductive military-centered infrastructure (military bases, naval ports, air stations etc.) in order to buttress stagnant and corrupt allied regimes. As a result, the US has nothing comparable to China's hundred-billion-dollar 'One Belt-One Road' (Silk Road) infrastructure project linking continents and major regional markets and generating millions of productive jobs.

The US has broken global linkages with dynamic growth centers. Washington resorts to self-defecating, mindless chauvinistic rhetoric to impose trade policy, while China

promotes global networks via joint ventures. China incorporates international supply linkages by securing high tech in the West and low cost labor in the East.

Big US industrial groups' earnings and rising stock in construction and aerospace are products of their strong ties with China. Caterpillar, United Technologies 3M and US car companies reported double-digit growth on sales to China.

In contrast, the Trump regime has allocated (and spent) billions in military procurement to threaten wars against China's peripheral neighbors and interfere with its maritime commerce.

### **US Decline and Media Frenzy**

The retreat and decline of US economic power has driven the mass media into a frenzy of idiotic ad hominem assaults on China's political leader President Xi Jinping. Among the nose pickers in print, the scribes of the *Financial Times* take the prize for mindless vitriol. Mercenaries and holy men in Tibet are described as paragons of democracy and 'victims' of a ...flourishing modernizing Chinese state lacking the 'western values' (sic) of floundering Anglo-American warmongers!

To denigrate China's system of national planning and its consequential efforts to link its high tech economy with improving the standard of living for the population, the FT journalists castigate President Xi Jinping for the following faults:

- 1.) For not being as dedicated a Communist as Mao Zedong or Deng Xiaopeng

- 2.) For being too ‘authoritarian’ (or too successful) in his campaign to root out corrupt officials.
- 3.) For setting serious long-term goals while confronting and overcoming economic problems by addressing the ‘dangerous’ level of debt.

While China has broadened its cultural horizon, the Anglo-Saxon global elite increases possibility of nuclear warfare. China’s cultural and economic outreach throughout the world is dismissed by the Financial Times as ‘subversive soft power’. Police-state minds and media in the West see China’s outreach as a plot or conspiracy. Any serious writer, thinker or policymaker who has studied and praised China’s success is dismissed as a dupe or agent of the sly President Xi Jinping. Without substance or reflection, the FT (10/27/17) warns its readers and police officials to be vigilant and avoid being seduced by China’s success stories!

China’s growing leadership in automobile production is evident in its advance towards dominating the market for electric vehicles. Every major US and EU auto company has ignored the warnings of the Western media ideologues and rushed to form joint ventures with China.

China has an industrial policy. The US has a war policy. China plans to surpass the US and Germany in artificial intelligence, robotics, semi-conductors and electric vehicles by 2025. And it will ---because those are its carefully pronounced scientific and economic priorities.

Shamelessly and insanely, the US press pursues the expanding stories of raging Hollywood rapists like the powerful movie mogul, Harvey Weinstein, and the hundreds of victims, while ignoring the world historic news of China's rapid economic advances.

The US business elites are busy pushing their President and the US Congress to lower taxes for the billionaire elite, while 100 million US citizens remain without health care and register decreased life expectancy! Washington seems committed to in State-planned regression.

As US bombs fall on Yemen and the American taxpayers finance the giant Israeli concentration camp once known as 'Palestine', while China builds systems of roads and rail linking the Himalayas and Central Asia with Europe.

While Sherlock Holmes applies the science of observation and deduction, the US media and politicians perfect the art of obfuscation and deception.

In China, scientists and innovators play a central role in producing and increasing goods and services for the burgeoning middle and working class. In the US, the economic elite play the central role in exacerbating inequalities, increasing profits by lowering taxes and transforming the American worker into poorly-paid temp-labor – destined to die prematurely of preventable conditions.

While Chinese President Xi Jinping works in concert with the nation's best technocrats to subordinate the military to civilian goals, President Trump and his Administration subordinate their economic decisions to a military-industrial-financial-Israeli complex.

Beijing invests in global networks of scientists, researchers and scholars. The US ‘opposition’ Democrats and disgruntled Republicans work with the giant corporate media (including the respectable Financial Times) to fund and fabricate conspiracies and plots under Trump’s Presidential bed.

### **Conclusion**

China fires and prosecutes corrupt officials while supporting innovators. Its economy grows through investments, joint ventures and a great capacity to learn from experience and powerful data collection. The US squanders its domestic resources in pursuing multiple wars, financial speculation and rampant Wall Street corruption.

China investigates and punishes its corrupt business and public officials while corruption seems to be the primary criteria for election or appointment to high office in the US. The US media worships its tax-dodging billionaires and thinks it can mesmerize the public with a dazzling display of bluster, incompetence and arrogance.

China directs its planned economy to address domestic priorities. It uses its financial resources to pursue historic global infrastructure programs, which will enhance global partnerships in mutually beneficial projects.

It is no wonder that China is seen as moving toward the future with great advances while the US is seen as a chaotic frightening threat to world peace and its publicists as willing accomplices.

China is not without shortcomings in the spheres of political expression and civil rights. Failure to rectify social inequalities and failure to stop the outflow of billions of dollars of illicit wealth, and the unresolved problems with regime corruption will continue to generate class conflicts.

But the important point to note is the direction China has chosen to take and its capacity and commitment to identify and correct the major problems it faces.

The US has abdicated its responsibilities. It is unwilling or unable to harness its banks to invest in domestic production to expand the domestic market. It is completely unwilling to identify and purge the manifestly incompetent and to incarcerate the grossly corrupt officials and politicians of both parties and the elites.

Today overwhelming majorities of US citizens despise, distrust and reject the political elite. Over 70% think that the inane factional political divisions are at their greatest level in over 50 years and have paralyzed the government.

80% recognize that the Congress is dysfunctional and 86% believe that Washington is dishonest.

Never has an empire of such limitless power crumbled and declined with so few accomplishments.

China is a rising economic empire, but it advances through its active engagement in the market of ideas and not through futile wars against successful competitors and adversaries.

As the US declines, its publicists degenerate.

The media's ceaseless denigration of China's challenges and its accomplishments is a poor substitute for analysis. The flawed political and policy making structures in the US and its incompetent free-market political leaders lacking any strategic vision crumble in contrast to China's advances.