



THE MASTERPLAN
WITH CHINESE
CHARACTERISTICS

China's Neo-Imperial Strategy and
The End of America's Illusions

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The Masterplan With Chinese Characteristics

主要计划

China's Neo-Imperial Strategy And The End of America's Illusions

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Foreword.

It only takes a walk through the side streets of Detroit, for example, for you to start noticing that something isn't right.

You begin to notice that many roads and sidewalks are in disrepair, full of potholes and cracks. Walk a little farther away from the main thoroughfare, and the sight of numerous abandoned, crumbling houses and apartment buildings with boarded-up windows becomes commonplace.

You realize it is difficult to call this prosperity, try as you might. Stagnation comes to mind, or even an outright economic decline.

It strikes you odd because you remember the old 'Motor City' used to be full of economic activity, with up-to-date infrastructure, modern housing and recreational facilities. Workers had decent salaries and a sense of economic security. That prosperity gave rise to numerous service industries and a raucous nightlife to go along with, not so long ago.

It was probably like that, because the cars you saw all around you had been made by American workers with substantial spending power, along with various

corresponding employment benefits, right here, in Detroit.

But that was then.

Now, many of those cars are still 'American', but in the name only. (30) Many are made in China, by Chinese workers, then shipped back to the US as finished products. But it is the Chinese workers who get both the salaries, the benefits, and the spending power, instead of the American ones. Kind of hard to swallow because they told you that globalization would make America more prosperous. While GM claims it has not transferred any manufacturing to China, it has basically built most of the new plants there, instead of America. And as far as the American workers are concerned, that is tantamount to transferring production. Shutting down five plants in North America, including in Detroit, while focusing its growth on China, means the remaining US-based production has been substantially reduced. (31)

Meanwhile, the ex-American workers are wandering the streets of Detroit, many unemployed and some even homeless.

Because of the lost revenue for the local government, caused by the plant shutdown, the subsequent loss of local parts manufacturing companies and all the service industries which flourished along with it, a staggering

44% of all major roads and 53% of minor arterials in Detroit are now in poor condition or in disrepair. (29) There simply aren't sufficient resources to patch things up, anymore.

This type of situation is a direct result of globalization and outsourcing, mostly to China.

This same bleak scenario is not limited to Detroit, either. A similar situation exists in many other cities, such as Seattle, Los Angeles, San Jose, San Diego, or Cleveland, just to name a few.

Take a walk in San Francisco or Oakland, CA, the home of the famous 'Silicon Valley. As in Detroit, the roads are falling apart. A whopping 71% of all major roads and 88% of minor arterials are in bad condition. (29) The homeless are taking over one neighborhood after another, living out of tents and cardboard boxes.

Even though iPhones and various chips are still designed there, nearly all of their production has been outsourced. You guessed it, mostly to China. Needless to say, the production plants generate a lot more revenue, jobs, and side businesses than the design bureaus ever could.

Apple let China learn from producing their phones there, and now a number of Chinese mobile phone makers dominate the world market. Xiaomi now even outsells iPhone and not only in China, but globally!

While we are proud of our 'American' iPhones, what benefits do American workers have from them? Most of the benefits go to the Chinese workers, Chinese companies, and the Chinese state.

And this same story goes for hundreds of other American and Western companies which either relocated or simply built up new factories overseas, mostly in China.

Under our naive, ultra-liberal economic policies, exploited by a number of unscrupulous trading partners, more and more American cities are meeting the fate of Detroit, Oakland, Cleveland, Los Angeles, and others.

Crumbling bridges, bad roads, collapsing buildings, abandoned shopping malls. The sight of the homeless, unemployed, and destitute people wandering aimlessly through the run-down neighborhoods, living out of tents and cardboard boxes, is becoming more common by the day, across America.

It should be obvious by now, to all concerned, that we no longer have the luxury to have our companies' products made overseas by foreign workers, especially in China. To add insult to injury, then have many of them even shipped back to America as finished products, robbing our own people of livelihoods. Americans now need those jobs and the spending power that comes with them, more than ever.

Not all can be blamed on China, however.

Excessive affirmative action, equality drives, and benefit demands by our workers are at least some of the reasons our companies either transfer production overseas or start building new factories there, instead of home.

Furthermore, the American government needs better oversight and regulation of large multinational companies, in order to give small and medium-sized businesses a better fighting chance. For it is they which traditionally create jobs in inner cities for the lower-skilled workers.

Chinese workers do not get the kind of benefits American workers demand and their government does a better job of regulating large multinational companies, enabling small and midsize businesses to flourish. This disparity in regulations and incomes enables China to lure Western companies there. Unfortunately, they also inevitably end up transferring crucial technology, with which the Chinese companies eventually outcompete all competition.

Clearly, globalization is a double-edged sword and it tends to benefit the poorer countries over the richer ones.

So why do it?

From what I have seen around cities like Detroit, the only beneficiaries of globalization are the companies themselves. The governments of the countries they originate from only receive reduced income tax revenue, compared with home-based companies.

What has globalization brought to cities in China?

It appears, surprise surprise, that the exact opposite scenario is playing out there. Take a walk through almost any midsize city there, and you will see gleaming skyscrapers, amazing new bridges, newly asphalted roads, and meticulously kept sidewalks. City centers are full of greenery, teeming with small businesses and hardly a single rough sleeper to be seen around. New, state-of-the-art, super-fast bullet trains are connecting almost all the big and most midsize cities. 5G internet connectivity is widespread. Some of the longest suspension bridges in the world can be found there, connecting various islands with the mainland. Huge new shopping malls are sprouting up and a modern, multi-lane highway network, crisscrossing the whole country, is complementing the picture.

Immediately, it becomes clear that China's infrastructure is far more modern and advanced than America's. It looks almost futuristic, when compared with cities like Detroit, Cleveland, or Philadelphia.

Yet, China is a country that likes to call itself 'developing', in order to reap all the trade benefits which come with this definition. And America, along with the rest of the West, gives it all the concessions and preferential treatment developing countries are entitled to, under current WTO regulations, despite the fact the reality on the ground looks entirely different. In fact, almost the opposite!

Three things come to mind:

Firstly,

China seems to have no sense of shame, and will mercilessly exploit any loophole in existing rules. It considers goodwill by the West as a sign of weaknesses and will use it to its maximum advantage.

Secondly,

The West has completely misread China's motives, goals, and tactics.

Thirdly,

The WTO had not been designed to deal with manipulators and needs an urgent reform.

And this is where the problem with China begins.

China thinks it deserves and can get away with preferential treatment to remedy its past colonial experience with the West and also because it believes its 'superior' cultural heritage warrants it.

Unfortunately, it is wrong on both counts.

Every country has the right to follow its own philosophies, traditions, theories, and tactics. China's long history has produced many profound thinkers, strategists, and philosophers. It has created rich traditions, full of wisdom and vision, beautiful architecture.

I admire and respect it.

However, it appears, that some of the ancient philosophies and strategies are followed by the Chinese leadership today, and are completely incompatible with contemporary Western liberal market capitalism, on which current trade rules are based. China's way of thinking, its strategies, and tactics pose a threat to the liberal Western market economies and the West's geopolitical interests.

Engaging and trading with a country of such different social, cultural, historical, and philosophical backgrounds was never going to be easy or simple.

While it has been possible with a number of non-Western countries, in the case of China, it has not worked.

Unwilling to adopt the democratic values upon which the trading and economic systems are based, uninterested in introducing full accountability and transparent economic policies based on the market mechanism, China has become a problem for the West and its allies to deal with.

It is not embarrassed to steal technological secrets and copy foreign designs, with which it then drives foreign competition out of business, using cheaper labor.

Unfortunately, it appears the Chinese leadership has been more intent on following ancient Chinese philosophies and tactics, designed to crush all opposition, rather than adapting to the liberal market mechanisms it operates in.

Apparently, China has not been able to abandon archaic viewpoints, the 'us against them' mentality, which perceives the world strictly in terms of the strong and the weak or the winners and the vanquished.

It seems intent on dominating all technologies, all manufacturing, in all types of business and eager to displace everyone else. It wants to generate a huge trade surplus with as many trade partners as possible.

The similarities between the methods of the current Chinese leadership and the old tactics devised by their ancient philosophers are inescapable.

No one is trying to force China to abandon its traditions. But if it is unwilling to adapt to the rules-based liberal trading system, which it so skillfully manipulates and benefits from, then the West simply cannot accept Chinese participation in it, any longer.

The modern trading system is supposed to be a two-way street arrangement. If one party only seeks to exploit it for its own benefits and interests, then it is not a suitable partner for this project.

So, what happens when liberal market economies, based on democratic values and transparency, accept and engage with a country based on an entirely different set of political and economic rules? Engage with an economy directed and supported by the government?

Chances are, the liberal, open and transparent economies will suffer great damage.

Trading with China has resulted in crushing trade deficits, unemployment, and lethargic growth for the West. That, in turn, has drained resources for infrastructure upgrades, capacity for innovation, and decreased manufacturing output.

This has been the outcome in almost all Western countries, while China's economy keeps growing from strength to strength, its technological capability expands, and by now in many cases even exceeds Western levels!

All too often, quality Western products have been replaced by cheaper, but usually unreliable Chinese ones. I have personally experienced having bought such cheap, low-quality products, in the absence of quality alternatives, only to have to throw them away after a couple of months and buy new ones. This quality assessment no longer applies to Chinese mobile phones though, but it still applies to many of their product categories.

You only need to venture into any shopping mall. Most items, from clothes to electronics, are probably made in China.

You'll struggle to find a western made mobile phone, as nearly all are imported from China. A similar pattern repeats itself with clothes, fabrics, shoes, furniture, home appliances, etc... Even the last two remaining Western mobile phone makers, the American iPhone and the Finnish Nokia (HMD Global) have their phones manufactured in China.

Our engagement with, acceptance of, and trading with China, has resulted in this outcome. This same outcome is evident in most countries around the world.

But is this the outcome we desired or expected? Do we really want to depend on China like this? Is it good for our economic health, national security, and general well-being?

Certainly not! On the contrary.

Unemployment, lower economic growth, and falling behind technologically is what we got from our acceptance of and engagement with China.

Outsourcing manufacturing to China, passing on Western and Japanese technology, and then importing products made that way tariff-free, or with low tariffs, has decimated many Western and even Japanese companies

Furthermore, the political conduct of the Chinese government, the trampling on human rights both at home and in Hong Kong, its military adventures in The South China Sea, its political as well as military intimidation of its neighbors paint a picture of a country based more on their old imperial philosophers' theories than on any modern liberal democratic values. True, China never claimed to be capitalist, nor democratic.

The West, together with Japan, merely assumed it would become so, but it hasn't.

On the other hand, China claimed to be communist, but it wasn't, either.

The Soviet Union assumed it would become so, but it hasn't.

China, with its relatively large, even though government-controlled private sector could not be considered communist. That would run counter to all of Marx's and Engels's theories.

And it could not be called capitalist either, with its centrally controlled economy, non-transparent ways, and market protectionism.

So what is it then?

Similar to an old Chinese saying, 'be like water', China is neither truly capitalist nor communist.

It has not properly fit into any modern political, ideological, or economical grouping, nor any trading system.

It has remained fluid instead, 'like water'.....

Everywhere and nowhere, right and left, friend and foe, ally and adversary. All and nothing, at the same time.