

China Braces for Further Economic Shockwaves

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Region: [Asia](#)

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For the past 40 years, China achieved sustained high-level economic growth, experiencing short-term bumps along the way.

On a purchase price basis, what a basket of goods costs compared to the US, China already is the world's largest economy, though not so far on a GDP basis.

Economic analysts call China's growth from 1979 to 2019 one of the greatest economic success achievements in modern times.

Initiated by Deng Xiaoping, he called the process "crossing the river by touching the stones" — aided by large-scale domestic and foreign investment, productivity gains, significant economic stimulus and expansive monetary policy.

Last August, Ellen Brown explained that "neoliberalism met its match in China (by subsidiz(ing) worker costs (and) the costs of its businesses," adding:

Around 80% of banks are nationalized. "The government owns 80% of the banks, which make loans on favorable terms to domestic businesses, especially state-owned businesses."

"Typically, if the businesses cannot repay the loans, neither the banks nor the businesses are put into bankruptcy, since that would mean losing jobs and factories."

"(N)on-performing loans are...written off. No private creditors are hurt, since the creditor is the government."

Corporations "are largely state-owned." China's economic/financial model focuses on longterm considerations, not "short-term profits for private shareholders."

Instead of pressuring China to adopt a flawed US neoliberal system, Washington should move toward reworking the US economy to operate like China's.

Brown put it this way:

"The Chinese have proven the effectiveness of their public banking system in supporting their industries and their workers."

"Rather than seeing it as an existential threat, we could thank them for test-driving the model and take a spin in it ourselves."

Noted market analyst Jeremy Grantham earlier compared (Wall Street run) Fed policy to beating a donkey, saying:

“We’ve been conned.” We’re manipulated to believe that “debt is everything.” Mounting exponentially, it’s unsustainable.

The Fed “keeps beating (the economy) until it either turns into a horse or drops dead from too much beating.”

Fed policy has nothing to do with longterm growth, everything to do with helping bankers, other corporate favorites, and large investors — at the expense of sustainable growth since the 1990s.

Grantham stressed that the “real world is the quantity and quality of your people, and the quality and quantity of capital spending.”

“Are you building new machines? Are you being inventive?” Are you educating a new generation properly?

“We’re in this death grip that only paper things matter.”

David Stockman called money printing madness and bailouts the “most shameful chapter in American financial history” — grand theft by any standard by wrecking economies to benefit Wall Street and other corporate favorites while waging war on social justice.

Michael Hudson explained that debts too high to be repaid won’t be.

Money power in private hands created unsustainable consumer and corporate debt, record budget and trade deficits, out-of-control national debt, an unprecedented wealth gap, along with Depression-level unemployment, poverty, homelessness, food insecurity and hunger — at a time when things are heading toward getting much worse.

The US is waging war on China by other means, wanting its economic, financial, industrial, technological, and military development undermined.

Was COVID-19 introduced in China by the US as part of its strategy to try achieving the above aims?

Throughout the post-WW II period, the US waged war by hot and other means on numerous countries to smash their infrastructure, massacre their people, crush their economies, and immiserate their population — aiming to transform them into vassal states.

Bottom line: The policy hugely benefitted military, industrial, security, media, and other corporate interests.

It failed to achieve imperial objectives. The US hasn’t won a hot war since WW II ended.

Its wars by other means on Russia, China, Iran, Venezuela, Cuba, and other countries fared no better.

China’s resilient economy will likely rebound ahead from its February 2020 slump.

Its manufacturing index plunged from 50.0 in January to below the November 2008 38.8 low in February.

Its service and construction sectors fell from 54.1 in January to 29.6.

On Monday, the South China Morning Post (SCMP) reported that the nation is “braced for a second economic shock wave as COVID-19 controls kill demand.”

Closure of overseas markets will greatly curtail exports that will dramatically affect China’s economy adversely.

SCMP quoted a Chinese manufacturer, saying it “returned to 100% capacity for overseas demand, but sadly the market is either shutting, or about to shut.”

Orders are either delayed or cancelled because of conditions in the US and other countries.

Things are similar to 2008-09, possibly much worse if what’s going on continues through 2020 or longer.

In January and February, Chinese exports fell over 17%, economists projecting greater declines ahead at least short-term.

Global COVID-19 outbreaks aren’t remotely near epidemic and pandemic levels, but there’s risk that things could reach them in countries hit hardest or globally.

As of Monday, 340,000 cases were reported worldwide, less than 15,000 deaths.

US Centers for Disease Control and Prevention (CDC) estimated at least 38 million US flu illnesses, 390,000 hospitalizations, and 23,000 deaths this flu season (beginning last October) through mid-March — the season lasting until end of May.

Worldwide the number of seasonal flu/influenza cases is many times the above numbers with no fear-mongering headlines scaring people to death.

The difference between seasonal flu and COVID-19 is the latter is highly contagious and only experimental cures exist.

Clearly the disease is cause for concern, but proper actions by ruling authorities can control it.

In China, the rate of transmission keeps falling, though it’s unknown whether a new wave could erupt.

Beijing took draconian measures to achieve dramatic results.

No nations are out of the woods, things highly likely to worsen ahead before improving.

Responsible government actions and personal efforts to stay safe are needed to defeat COVID-19.

Like other times of public angst, this too shall pass.

Of much greater concern is whether the public welfare will be gravely harmed in the US and elsewhere on the phony pretext of providing greater security.

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