

The Capitalist Dynamics of China and the US

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Relatively young capitalist regimes as in China have the spirit and vision of youths entering maturity – the ambition to do things better than their seniors. America’s capitalist predecessors had high maintenance colonies – the US conquered primarily with their vast resources, sometimes assisted by a mere show of force. But now the country has gone to seed. It’s once movers and shakers have become fat and lazy – drunk on financial wealth rather than creative industrial enterprises. China on the other hand has its share of obscenely wealthy capitalists, both in the private sector and those barely hidden behind the state apparatus, but it still controls the drive toward material advancement in all sectors.

Biden following Obama has proposed a plan to bring home more of the critical goods now being imported. The US has come to dominate the world more by its 800 bases and military show of force rather than its once formidable industrial might. But even the Pentagon has to import 75% of its 38 of its critical minerals used in its war making apparatus – China is the top supplier for 18 of them. China has the latest in infrastructure while efforts to rebuild America’s shabby systems is resisted by the now dominant financial sector because, though essential, it’s not something that immediately enhances their profit margins.

America will have to experience a crisis of such magnitude that an FDR-like leadership can force capitalists to pay their fair share of taxes and not the 3.4% rate paid by the top billionaires. Cut waste like the bloated military budget which more than the top 8 beneath them combined.

China experienced the mildest of the Covid crisis and had its economy up and running while the rest of the world was in the dumps yet its Shanghai market barely noticed. In the past 12 months it traded in the 3200 to 3700 range and has been stuck in the 3500’s most recently. Meanwhile American markets repeatedly hit new highs and recently showed that it reflects none of the reality of American conditions. When Congress was invaded and occupied for the second time in 207

years the Dow Jones Industrial Average hit an intra-day high and closed up 437.80. The markets are a cancer that is killing the real economy, and unlike in China, it's banking regulatory system is wholly owned by the banks themselves.

The combining of investment banking the retail banking, and then the merging of those banking entities precipitated the Great Depression. Glass-Steagall was enacted to stop such dangerous mergers. It was abolished by the Clinton administration. Now we have another dangerous concentration of banking resources. There are 4,978 federally insured banks with total assets of \$22.56 trillion. Four of them (JP Morgan Chase, Citibank, Bank of America, Wells Fargo) own \$9 trillion of that total). Isn't this a risky concentration? Is the Fed concern? From 2006 to 2020 the Fed evaluated the proposed mergers of 3,576 banks and approved every single one of them.

Still, it's not so much as China winning, rather it's America losing. China's economy is skating on the same thin ice as are all capitalist states. It had to integrate with the capitalist world in order to achieve its rapid growth. It will now go through the crises and slumps with the rest of the. It's 18.3% growth in the first quarter shrunk to 7.9% in the second quarter. It has its many mini crises that require immediate state intervention. Hopefully both will cease to exist simultaneously along with their lesser kind so that its successor free society of producers will not have to deal with more than benign trace of what came before.

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