

Insane Reports Blame U.S. Economy on—China

by Mary Burdman

Within a few days of each other in mid-July, the Pentagon and the “U.S.-China Security Review Commission” issued two ponderous reports on China, both variations on the Clash of Civilizations doctrine now driving Washington policymaking. The reports are dangerous miscalculations, whose implications were certainly not lost on policymakers in China, Russia, or Europe.

While right now, political and military attacks on Muslim nations are at the forefront of the strategy of the U.S. “utopian” planners, there is a broader reach of the policy for which Harvard Prof. Samuel Huntington is most notorious. The Clash of Civilizations formula also attacks “Confucian” cultures—i.e., China—as an inherent threat to the very survival of “the West.” Huntington—whose ideas have gained influence since Sept. 11, 2001—wrote, insanely, that the “economic development of China and other Asian societies,” and “population growth in Muslim countries,” *in and of themselves*, are “having, and will continue to have into the 21st Century, a highly destabilizing effect on global politics.”

In reality, the “destabilizing effect” is coming from the ongoing financial crash, the outcome of decades of the “Washington Consensus”—the post-industrial regime.

These two reports—issued at a critical time of political change in China—are breathtaking in their dying-empire arrogance. As the Review Commission’s Vice-Chairman, self-proclaimed “universal fascist” Michael Ledeen, intoned darkly while presenting the report July 15: “China . . . could well become the dominant national security issue for this country in the very near future.”

‘Self-Fulfilling Paranoia’

William A. Reinsch, the sole dissenter on the Commission, stated in his separate view that the report “attempts to blame China for virtually every economic problem the U.S. has,” and is an exercise in self-fulfilling paranoia. The economic/financial measures it demands, will only strangle the U.S. supply of capital and consumer imports, “at a particularly critical time for our economy.” Reinsch had been Undersecretary of Commerce in the Clinton Administration, which had, under the leadership of the late Commerce Secretary Ron Brown, advocated a policy of state-to-state economic initiatives between the United States and China, and other nations.

These two reports—the official Secretary of Defense’s “Annual Report on the Military Power of the People’s Repub-

lic of China,” and the first-ever “Report to Congress of the U.S.-China Security Review Commission”—score a direct hit against vital American interests. This is hardly surprising, considering their pedigree. The whole Clash of Civilizations fraud is nothing more than a popularized version of “geopolitics” given a “religious/cultural” rinse. Geopolitics, it should be remembered, was launched at the end of the 19th Century by British imperialist Halford Mackinder, to motivate the “maritime powers” (the British Empire and United States) to gain control of the “Eurasian heartland,” as the alleged way to control the world. Mackinder’s writings were adopted by the German geopolitician Karl Haushofer, who helped to write Adolf Hitler’s *Mein Kampf*; geopolitics was also policy of the 1930s-40s fascist-militarist regime in Japan. One influence on Huntington was the 19th-Century U.S. Mackinderite, Adm. Alfred Thayer Mahan, who proclaimed China to be the United States’ main strategic enemy.

Both reports unabashedly proclaim that China is *inherently* an opponent to the United States. The Pentagon report goes so far as to assert that China’s “grand strategy,” based on peace and development, non-use of force against other nations, and other such ideas, is itself a grand deception! Such “principled themes,” the Pentagon wrote, “should not obscure the ambitious nature of China’s national development program and the nature of China’s approach to the use of force, which is contingent, rather than inherently passive or defensive, as Chinese commentators often vigorously assert. In particular, Beijing *probably* calculates that ambiguity in international discourse helps to buy China time in developing its national power” (emphasis added).

Military History

China has indeed been striving, especially since the George H.W. Bush Administration’s 1991 war against Iraq, to modernize its military capabilities. There is also, among certain younger-generation military circles, a fascination with “high-tech warfare,” and, indeed, the whole “high-tech economy.” This could lead to a tendency to overestimate China’s own military capabilities, just as their focus on the now-crashing, non-productive “new economy” is only hindering China’s real economic development.

But an assessment like the Pentagon’s ignores both the reality of China’s economic and military development, and its recent military history. China spent much of the 20th Century in conflict, including the gruesome 15-year war against the invasion by militarist Japan. Chinese losses in that war were some *30 million* people, amidst massive economic destruction. After five more years of civil war, the Korean War broke out. The Chinese saw the American forces’ approach to the Korean border in Autumn 1950 as a threat to their industrial Northeast, and entered that conflict, in which China lost another 450-500,000 veterans. In China’s 1962 conflict with India, over a disputed British-colonial border, it did not display expansionism: Chinese forces defeated the Indian



The latest report out of Secretary Donald Rumsfeld's Pentagon is an incendiary attempt to define China as America's permanent, "inherent" enemy; it's signed by "permanent war" faction leader, Deputy Defense Secretary Paul Wolfowitz, and represents a serious strategic miscalculation for the United States.

army in the Himalayas, but then unilaterally declared a cease-fire, and China withdrew behind its claimed border, ending hostilities.

Xie Feng, spokesman of the Chinese Embassy in Washington, noted at a news conference on July 22, that the map of China today is very similar to that during the Han dynasty, 2,000 years ago—not the sign of an expansionist culture. "China," Xie said, "has a history of peace-loving. If you have studied Chinese culture, you will find that the essence of Chinese philosophy lies in peace and harmony." The country's leaders repeat that it must have decades of peace, in order to achieve economic construction. Deng Xiaoping said in June 1990, that stability "is of overwhelming importance for China," and that the country's stability is vital for the whole world. If China is in chaos, "Who could stop it?" he asked.

Despite real economic progress since then, the global economic crisis is having serious repercussions on China's economy. The task of bringing 1.27 billion people, of whom 800 million still live in the countryside, into a developed, urban economy, is staggering—a crucial factor which the United States should consider in its strategic assessments.

The Pentagon's minutely detailed report of Chinese military acquisitions might be technically accurate, but the overall assessment of China's national strategy—full of "coulds" and

"apparently," is bent. The report's professed ideology is that China is the United States' potential rival, and every evaluation is twisted to that view.

The September 2001 Quadrennial Defense Review, reflecting the same Clash of Civilizations faction, baldly states that Pentagon policy is to assess who America's enemies are, simply on the *capability* of any nation to "attack" the United States (see box). Genuine national interests are of no import; any nation can be a potential enemy. In such a world view, a nation's assertion that "peace and development" are its national priorities, can be dismissed as "strategic denial and deception."

China's Economic Reality

The real "strategic denial" is this powerful faction's misassessment of the financial and economic reality of the United States and the rest of the world. Therefore, it is also willfully blinded to the real development challenges China faces. The Pentagon assessment is based on the assumption that there are no obstacles to China's rapid militarization. Beijing, however, is not so blind to its own economic reality.

Defense analysts outside the United States emphasize that while China is acquiring new weapons, especially from Russia, the application is "very limited" to a few new systems in some areas. The challenges of education, training, and maintenance, in dealing with absolutely new weapons, is very great for China.

The Pentagon report is also unbalanced in its fixation on China's "threat" to Taiwan. This question is a key issue in domestic U.S. politics, as it has been from the era of the Truman-McCarthy lunacy. Washington's assumption is that China will focus all its new military capabilities on Taiwan, and it therefore greatly exaggerates the impact of the new systems. Neither Beijing nor Taipei has any interest in military conflict; their relations have been developing along economic lines, especially since the crash of the high-tech bubble has shrunk the U.S. market for Taiwan. The real damage to cross-strait relations, was done by the "two states" provocations of former Taiwan President Lee Teng-hui in 1999.

Prof. Ellis Joffe of Jerusalem's Hebrew University wrote in the *International Herald Tribune* on July 16, "There is no way the [Chinese People's Liberation] Army will soon be able to reach a level of war-fighting proficiency that will qualify China as a military superpower." For China's leaders, "it makes no sense, therefore, to accelerate large-scale military modernization for the sake of unattainable global ambitions at the expense of economic development and at the risk of social instability." China is well aware, that it cannot "dislodge America from the [Asia-Pacific] region, and there is no indication that military preparations are in any way directed toward that objective."

Meanwhile, it is the United States and its "anti-terror" coalition, that has expanded its military presence into Central Asia and Southeast Asia.

Sour Grapes

The “U.S.-China Security Review Commission” was set up to look at the “national security implications of the economic relationship between the United States and China”—an anxiety growing daily as the dollar and stock markets spiral down, and the U.S. trade deficit soars to “new historic highs” every month.

The U.S. relationship with China “can cause significant economic and security problems for our country,” the commission complains. It has especially sour grapes about the ever-soaring U.S. trade deficit with China—which results directly from the addiction of the American “consumer economy” to low-cost imports of textiles, food, and electronic items for its very survival.

There are other gripes. Under the thinking prevailing during the “roaring 1990s,” U.S. promotion of a “free-market economy” was supposed to lead to more U.S. influence on China’s political policies, the report whines. Now, it is becoming clear even to this crew, that “the burgeoning trade deficit with China will worsen despite China’s entry into the World Trade Organization (WTO).” Now, “many leading experts” are calling the “policy of engagement . . . a mistake.” China has not been brought sufficiently to heel. The commissioners are incensed that Chinese leaders stress that they

“have no desire to repeat in China the political and economic collapse that took place in the former Soviet Union.”

This is most aggravating. The “mad eminence” of the Clash of Civilizations, former U.S. National Security Adviser Zbigniew Brzezinski, wrote in his 1999 book *The Grand Chessboard*: “The defeat and collapse of the Soviet Union was the final step in the rapid ascendance of a Western Hemispheric power, the United States, as the sole and, indeed, the first truly global power. . . . For America” after the Cold War, “the chief prize is Eurasia.” China is supposed to fall next.

But the crux of the matter is U.S. economic vulnerability. “We are China’s largest export market and a key investor in its economy. . . . The U.S. trade deficit with China has grown at a furious pace—from \$11.5 billion in 1990 to \$85 billion in 2000. The U.S. trade deficit with China is not only our largest deficit in absolute terms but also the most unbalanced trading relationship the U.S. maintains,” complains the Review Commission. As if to avenge this, the Commission demands—at a time when foreign capital is fleeing the shaky U.S. markets—that Washington “implement economic and other sanctions against offending countries, including quantitative and qualitative export and import restrictions, restricting access to U.S. capital markets.”

The commissioners would seem suicidal. On July 30,

Review Reflects Brzezinski Lunacy

The foreword to the U.S. Defense Department “Quadrennial Defense Review Report” of Sept. 30, 2001, in which Defense Secretary Donald Rumsfeld declared the United States at war, expressed the impact of the attacks on Sept. 11. But the policies in the Review, formulated before Sept. 11, cohere with the post-Sept. 11 actions of the U.S. government.

Rumsfeld wrote before Sept. 11, “The senior leaders of the Defense Department set out to establish a new strategy for America’s defense . . . deploying forward”—a term that goes back to the old “forward school” of the British Empire. The Quadrennial Review states that U.S. strategy must be “peacetime forward deterrence in critical areas of the world” and “enhancing the future capability of forward deployed and stationed forces,” with “information assets.” The Defense Department’s “new planning construct” calls for maintaining regionally tailored forces forward stationed and deployed in Europe, Northeast Asia, the East Asian littoral, and the Middle East/Southwest Asia. These forces will be “tailored increasingly to main-

tain favorable regional balances in concert with U.S. allies and friends.” The Pentagon intends to “develop a basing system that provides greater flexibility for U.S. forces in critical areas of the world . . . beyond Western Europe and Northeast Asia.” This makes the bases in Central and South Asia, for example, established during the war on Afghanistan, look quite permanent.

The Review directly expressed Zbigniew Brzezinski’s “Arc of Crisis” lunacy, 25 years later: “Asia is gradually emerging as a region susceptible to large-scale military competition. Along a broad arc of instability that stretches from the Middle East to Northeast Asia, the region contains a volatile mix of rising and declining regional powers.” Coyly declining, then, to mention China, the Review’s authors still made clear who their target was: “Maintaining a stable balance in Asia will be a complex task. The possibility exists that a military competitor with a formidable resource base will emerge in the region.”

The United States was presented as a hyperpower, whose interests encompass securing not only the U.S. “homeland,” but also “precluding hostile domination of critical areas, particularly Europe, Northeast Asia, the Middle East, and the East Asian littoral” (the last modestly defined as “the region stretching from south of Japan through Australia and into the Bay of Bengal” i.e., China, all of Southeast Asia, Australia, and eastern South Asia).

China reported that it has now, after Japan, become the second-biggest holder of U.S. securities, at \$82 billion worth. Hong Kong and Taiwan also both have substantial amounts of U.S. securities.

As Reinsch wryly notes, the report's negative approach "adds to the level of paranoia about China in this country, and contains recommendations that could make that paranoia a self-fulfilling prophecy. . . . It is ironic that the report implicitly criticizes the Chinese for viewing the U.S. as a hegemon, at the same time it presents a view of U.S. interests in Asia that can only be described as hegemonic." The report, Reinsch writes, "ignor[es] the fact our manufacturing base has been eroding; the trade deficit has been growing; and the dollar has been too strong for a long time for reasons that have little to do with China. . . . [A]dded disclosure requirements will politicize and thereby destabilize the capital markets, and by extension, the dollar, and encourage capital flight at a particularly critical time for our economy."

Eurasian Bugaboos

The Secretary of Defense's report is no better. It begins by cautioning "how little is known about the most significant aspects of Chinese military power." It recognizes that China wants to maintain national unity, stability, and sovereignty, and employs strategic and military thinking dating back millennia in its history. It is these very elements, however, which the Pentagon disparages as "deceptive."

However, there is much assertion from the Defense Department side, primarily on levels of Chinese defense spending. It expresses "concern" that in March 2002, China had increased its \$20 billion defense budget by 17.6%—a total of \$3 billion. Per capita, Chinese defense spending is among the lowest in the world. However, the Pentagon claimed "actual military spending . . . could total \$65 billion," and could increase three- to fourfold by 2020. All these "coulds," *could* then make China "the second-largest defense spender in the world after the United States and the largest defense spender in Asia."

By contrast, the Bush Administration in February demanded and got a 15%, or \$48 billion hike in defense spending—the biggest in 20 years—to a total of \$379 billion for fiscal 2003. In March, the White House demanded an additional \$14 billion "supplement" for 2002.

The Review also ignores Japan, which, despite its "self-defense" status and inclusion under the U.S. nuclear umbrella, spends over \$50 billion a year on defense. Japan maintains the largest surface Navy in the world, and has been under unrelenting pressure from the U.S. side to renounce its "peace" constitution and support U.S. military efforts throughout Asia.

Exercising "self-fulfilling paranoia" to the full, the Pentagon report then exclaims that "Beijing apparently believes that the United States poses a significant long-term challenge," seeking geostrategic dominance and wishing to con-

tain, divide, and Westernize China, and prevent a resurgence of Russian power. These would not be odd conclusions for any observer of the current Washington scene to reach.

China and Russia

The primary bugaboo, however, is defense cooperation between China and Russia and other nations of the "former Soviet Union," especially in advanced technologies and space programs. Any consolidation of Eurasian defense cooperation, is to be prevented in any way possible.

The Pentagon Review warns that "China's force modernization program is heavily reliant upon assistance from Russia and other states of the former Soviet Union. . . . Russian arms sales and technical assistance to China accelerate Beijing's force modernization, and likely will have a significant impact on its ability to use military force." Despite admitting that "China will probably require many years of training and doctrinal development to reap the full benefit of the equipment purchased thus far," this "robust" defense and security relationship—which also supports Russian research and development—is highly objectionable to the hegemon of Washington.

This latest barrage of provocative reports is yet another strategic miscalculation in U.S.-Chinese, and U.S.-Eurasian relations.

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