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## *China, the U.S., and the Idea of National Competition*

The idea of competition between nations that elected officials invoke to explain why trade agreements must be passed, certain industries must be supported, the largest military-industrial complex in world history must be sustained, and the living standards of working people can't be raised, points to the imperialist nature of capitalism. Capitalist competition— or economic competition between and amongst capitalists, is distinct from national competition. Where these merge is through national competition undertaken to benefit particular capitalists. In fact, competition between nations is often a screen to hide capitalist imperialism.

The motive for this screed was the non-sequitur with a purpose in Joe Biden's State of the Union address. Mr. Biden offered his social welfare proposals in terms of 'competing with China.' The implication— that China provides social welfare, therefore, to compete with China the U.S. must offer social welfare, suggests skin-deep understanding of both the need for social welfare programs in the U.S. and the nature of the Chinese economy. The Chinese government lifted hundreds of millions of Chinese out of deep poverty by building out the Chinese economy with the purpose of doing so. It didn't send them checks for a few months and then 'let the market take over.'

This problem of interpretation is profound. Mr. Biden is old enough to remember a time when the Federal government was capable of more than just bombing another nation back to the stone-age. And possibly the Chinese government doesn't see the U.S. as a competitor in the way that Mr. Biden means. Possibly it sees the U.S. as a backwater menace. Either way, the economic and political problems that plague the U.S. are entirely

home-grown. The use of the framework of national competition— for whatever reason, is nationalistic. Implied is that special dispensations must be made, or ‘our’ capitalist class will suffer. Lest this come as a shock, the entire point of NAFTA was to lower working class wages in the U.S.

The alliances of the World Wars instantiated the idea of ideological differences. The so-called free world was allied against the unfree world. That the Cold War was a gift to hide predatory and exploitative economic relationships behind a veil of ideological difference was left unspoken. From the early twentieth century forward, the U.S. began organizing American life around the conceit that imitation of the most feared traits of foreign adversaries was the best defense against them. The answer to authoritarianism was to purge ideological opponents from public life, limit the range of acceptable discourse, and establish rituals of fealty to an imagined national purpose.

The ‘rise of China,’ whereby Chinese leaders took a look around the world to find what worked and what didn’t, and proceeded to build out what worked, created a conundrum for American ‘leaders.’ Through their ideological commitment to the neoliberal iteration of capitalism, American leaders were stuck with what doesn’t work. Phrased more precisely, American leaders committed to political economy that made a few people really rich and a whole lot of people not-rich. From that point forward, Americans were stuck with capitalists running capitalism, a state of affairs that FDR had understood by 1933 to be both unworkable and politically destabilizing.

By 2021, and following the ‘age of Trump,’ the powers-that-be in the U.S. had correctly concluded that better talking points were needed. They dispatched earnest thirty-somethings to explain to aging commies like yours truly that ‘neoliberalism is dead.’ The talking point of ‘austerity’ would no longer be deployed. Lip service would be paid to union organizing and a living wage. The only people they neglected to tell were the capitalist class who, as the occasionally inconvenient facts have it, still run the place. For neoliberalism to be dead, power would have needed to have been redistributed. It wasn’t. What changed were the talking points.

What American ‘leaders’ appear to see when they consider China is an industrial powerhouse that functions through concentrated political control. What they appear to miss is that the communist / socialist ethos of having the government serve the people, as opposed to having working people serve the rich as in the U.S., is that the Chinese government has managed to raise living standards for more Chinese than exist in the U.S. In other words, over the decades in which neoliberalism has been used to make a small

number of people in the U.S. extraordinarily rich, and the vast majority not-rich, the lives of Chinese workers were materially improved.

The two axes of interest here are governmental versus economic authoritarianism and the direction of official economic interests. Economist Michael Hudson made the point that the U.S. has Central Planning. Large financial interests, a.k.a. Wall Street, determine economic investment in the U.S., versus the CCP (Chinese Communist Party) in China. The 'self-evidence' that the American model is superior lies in a few people having been made fabulously rich while not very much works for the rest of us. Most working people haven't gotten a real (inflation-adjusted) raise in their working lives. The gains that have been made come from two people per household working rather than one.

Mr. Biden's framing of his social welfare proposals in terms of national competition is an important 'tell.' Members of the American PMC (professional managerial class) have been working with the Chinese government to give it control over American technologies like internet search engines. While the initial reaction in the U.S. was liberal revulsion at the idea of state control over access to information, it is but a variant of the U.S. internet practice of delivering what internet companies want people to see rather than what they ask for. If someone searches for Flowers of Romance but gets 1-899-Flowerz because it is more profitable to the deliverer, who is to argue?

Those mystified by the hard-turn of the liberal class against civil liberties— real dissent and inconvenient history are being systematically eliminated from the internet, haven't been paying attention. Neoliberalism is the ideology of corporate control. The PMC is employed making commerce more insistent and impossible to avoid. Corporate consolidation is about eliminating competition and increasing corporate power. The capitalist paradox is that successful capitalists close the door to further competition behind them. This relationship of capitalism to power was well understood during the Progressive era and the Great Depression.

The recent pushback against extended unemployment benefits in the U.S. offers insight into the divided nature of the American response to the relative economic success of China. As both fact and metaphor, the American 'human capital' model of economic relations was developed through plantation management strategies to wrest more labor from slaves. The theory that capital accumulation is the foundation of the wealth generation process, versus labor in Marxist theory, has been the basis of efforts to cut the pay of workers for two-plus centuries. It is easy to understand why authoritarian

tendencies applied to cutting wages— as has been the American practice, are attractive to capitalists.

American-style financialization is conceived as the method by which the reorganization of society to facilitate capital accumulation operates. In fact, Western banks can finance capitalist investment by creating a virtually unlimited amount of money ‘out of thin air’ against promises to repay it. The so called ‘loanable funds,’ model is a fallacy that serves to legitimate capitalist accumulation. The Chinese government has spent the last three decades proving just this. State investment facilitated through state owned banks was used to build-out the Chinese economy.

The current divide in the U.S. is superficially between internationalist liberals who see the Chinese model as viable— and worthy of emulation, and economic nationalists who would rather continue the neoliberal beatings until morale improves. However, because the liberal model emerges from the neoliberal frame of how the world works, both views place serving the interests of oligarchs and corporate executives as key to any workable framework of political economy. Donald Trump tried to legitimate his tax cuts through the capital accumulation function that modern banking long ago rendered irrelevant. Liberals now see authoritarian control determined by concentrated wealth as the way forward.

An insight into this tension inside the U.S. can be found in Barack Obama’s continued effort to get the TPP (Trans-Pacific Partnership) passed even after Donald Trump had won the 2016 election, in part due to his critique of neoliberal trade deals. Mr. Trump wasn’t opposed to trade agreements. Conceptually, his economic nationalism contained the capital accumulation process within national borders much like the antique capitalist conception of ‘comparative advantage’ does. But again, as the Chinese government has demonstrated, state-sponsored banks can serve the investment process fine. And Mr. Obama’s capitalist internationalism was intended to serve an international capitalist class, not ‘the public interest.’

With the intention of understanding history, not whacking a hornet’s nest, 98% of the official resistance to Donald Trump came from the view that the American competition against China and Russia was being held back by his economic nationalism. The kerfuffle with Trump / Ukraine was over weapons sales foregone and Mr. Trump’s inability, and / or unwillingness, to shut down Russia’s Nord Stream Two pipeline to developed Europe. And all of the critique of Trump’s trade negotiations with China came from the neoliberal right. The alleged ‘competition between competing factions of the elite’ used to describe

the Trump years was actually between neoliberal internationalists and economic nationalists.

Both of these American schools are themselves bounded by American history and the capitalist ethos. When Joe Biden speaks of ‘competition with China’ there is an implied economic nationalism as well as an implied sense of what this competition means. What does it even mean that nations compete? The history of Western imperialism provides an answer: economic competition carried out using the resources of nation-states. The two imperial wars that American historians pinky-swear ‘weren’t about imperialism,’ WWs I and II, were fought between imperial powers over the control of resources. This is one version of international competition.

This is, in fact, what Mr. Biden means by ‘competition with China.’ China’s industrialization process required claiming resources used in industrial production from outside of China. Bolivian lithium and Venezuelan oil ‘are being stolen from right underneath our noses’ goes American imperial logic. But there is also no point denying that representatives of the Chinese government and Chinese industry are inking agreements to gather these resources for ‘Chinese’ industry. The difference in motives—the Chinese government has worked to raise the living standards of the Chinese people while the American government has spent the last five decades lowering them under the enthusiastically fallacious theory of ‘capital accumulation,’ is being brought to a head.

The axes of material contention, versus motives, might be environmental, military, and / or distributional. In environmental terms, all industrial production is environmentally destructive, resulting in the distribution of economic harms that are unrelated to the distribution of the alleged goods produced. Since WWI, civilians have constituted the overwhelming majority of the casualties of war. In broad terms, wars are analogous to environmental destruction in the sense that those who pay the price are at best tangentially related to their beneficiaries. In terms of economic distribution, the Chinese government acted to raise the living standards of the Chinese people and it has done so. The American government acted to enrich a tiny international capitalist class under the theory that doing so would benefit ‘us all.’ Only the rich have benefited.

The political problem in the U.S. is that neoliberal reforms have been used to empower the rich and build fortresses around their wealth and power that are virtually impenetrable outside of wholesale revolution. In framing his social welfare program in terms of global competition, Joe Biden indicated that he is working from the logic of the international capitalist class with a nod toward the Chinese model. The temporary nature of the social

welfare expenditures suggests that Mr. Biden is perceiving the Chinese model through neoliberal eyes. In other words, the American use to which the ‘lessons learned’ will be put will be to make the rich richer under the theory that ‘we all’ will benefit.

In the realm of economic distribution, FDR’s insight that leaving capitalists in charge was the surest way to end capitalism, is being put to the test. Whereas the Chinese government has retained economic power through the power of the purse— through controlling the distribution of the state resources that have fueled industrialization, the American model remains to hand connected capitalists vast social resources to do with as they will because ‘they know best.’ That the wealth of the rich increased by \$1 trillion over the course of the pandemic while public investment has gone nowhere is the predictable result. Furthermore, Mr. Biden’s support for the complaint that workers want to be paid to work is ominous.

The late twentieth – early twenty-first century imperial competition for economic resources is ominous as well. Granting straight-up that the goal of feeding and clothing the citizens of China is more virtuous than buying a seventeenth yacht for the American wastrel class, all industrial production requires industrial inputs. Even if one were to grant virtuous motives to the Chinese government, the U.S. is determined to control as many resources as possible by any means necessary. This leaves the resource rich, but powerless, to fend for themselves against competing imperial might.

To return to the ‘material’ axes of the environment, the military, and economic distribution, the political problem of equitable economic distribution works heavily in favor of China and the Chinese economic model. An economy by-and-for the people was crafted through a central planning model that de-centralized economic decision making within a trajectory determined by the Chinese government. According to American explanations of how economics ‘works,’ the Chinese model should have been an absolute and unequivocal failure. That it wasn’t is evidence of both the religious nature of capitalist economics and the cloistered nature of the American imperial worldview.

Current claims of victory or defeat represent a point-in-time in the larger process of imperial industrialism. With the U.S., through NATO, surrounding Russia with nuclear weapons as an example, this imperialism reads like the formula for mass annihilation. There is no doubt that an antique Cold War logic is being shat from the bowels of the American national security establishment. But it a mistake to imagine that pecuniary gain for the few isn’t the dominant motive for this game of nuclear chicken. The Russian state

built pipelines to deliver (sell) oil and natural gas to developed Europe. But particular Americans want to retain a stranglehold on the process for pecuniary and strategic reasons. From the perspective of the perpetuation of the species, both industrialism and imperialism are deeply problematic. To the extent that a socialist / communist ethos has informed the Chinese government as it relates to domestic Chinese political economy, the lives of the largest number of people in human history have been improved in a generation. For the Americans who can get past a century of anti-communist propaganda, I'm sure many wish that the American government were so inclined. However, the distribution of political power in the U.S. has already been made. Government social welfare proposals reflect the very least that the rich will give up— for their own good, and not political economy premised in economic democracy.

What appears to be meant in the U.S. by 'competing with China' can be inferred by the rising Pentagon budget, by the failure to raise the minimum wage, by hiring private corporations to get around restrictions on domestic spying, and by appointing a high-level administrator to shut-down inconvenient political opinions on the internet. The political parties are now balkanized to the point where their adherents trust members of their own party, but not the other. What this likely means is an iterative process between 'wealth of nations' style economic nationalism and neoliberal internationalism where the only constant is the consolidation of political control by oligarchs and corporate executives. I believe that Italians in the 1920s and 1930s had a name for this type of governance.

***Rob Urie** is an artist and political economist. His book [Zen Economics](#) is published by CounterPunch Books.*

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