

China's Long Profitable Digital March

by Pepe Escobar via gus - Asia Times *Thursday, Feb 1 2018, 1:32am*

international / prose / post

China's strongest weapon is business, pure and simple. It's a winner as any half-brain could determine. But for American quarter-brains it needs to be explained. Business is mutually beneficial the way China plays it with foreign nations everyone wins/benefits though of course China ensures it comes out on top, which is not begrudged by the nations it does business with. Why? Simply due to the fact that other nations profit in many ways, infrastructure programs and economic development. Now compare to America's foreign policies/relations which reduces to lies, war, exploitation and self-interest and you have a losing formula, plain to see.

America is a parasitic nation, pure and simple, what it can't have it steals by military force and makes millions of enemies in the process. So which nation is likely to succeed internationally? A rhetorical question as who needs millions of innocent deaths, ruined cities and infrastructure with a despotic overlord sucking its life blood, NO-ONE!

America has lost its way completely. It now has the second highest ranking in the world as a tax haven, now who is attracted by that, organised crime, TAX-avoiding mega-corporations and the filthy rich, does the nation/people benefit? Not a chance, no development or any sharing just pigs feeding at the trough. So while the hidden money makes spread sheets look good the reality is deplorable, as roads education essential services deteriorate; the rich care little for anything but tax-avoidance and increased profit. That formula is clearly destructive for nations, hence China's allure today, which grows by the minute. So which nation would win economically in the long term, clearly China and America would have contributed to its own downfall?

Article from Asia Times follows:

The unsung star of the World Economic Forum in Davos last week was not a head of state, but the Chinese Politburo member Liu He. The 66-year-old is a trusted confidant of President Xi Jinping and will soon be [appointed](#) vice-premier to oversee the Chinese economy.

Last year in the Swiss ski resort, Xi stole the show with his keynote speech which outlined globalization with Beijing at the forefront. Now, his trusted chief economic adviser has taken the plaudits.

Liu emphasized, like his 'boss', that Beijing is against protectionism and that China is committed to sustainable growth. He also stressed the importance of economic reforms, which would "exceed the expectations of the international community."

On an array of aspects, the dragon is on fire. Chinese debt is mostly internal, and in yuan, while the economy is fast becoming more productive through high-tech solutions such as big data. The transition from an export-fueled business model to a knowledge and innovation economy has been hyper-fast and relatively successful.

Still, red flags remain. Lou Jiwei, the chairman of the National Social Security Fund Council, has [warned](#) that China's financial system is "severely distorted" and has "systematic financial risks."

On a macro level, [concerns](#) persist about how long Beijing's campaign to "de-leverage the financial sector" will take. There are also worries about the willingness to reduce "off-balance-sheet exposure" in the banking sector. Finally, there are fears that a "squeeze on local government funding could also hit infrastructure spending."

Against this backdrop, the People's Bank of China deputy governor, Yi Gang, has been hinting that 'shadow banking' and online finance operations will merit special attention in the central bank's "macro-prudential framework."

Yet for many, China's [digital ecosystem](#) has been billed as one of the wonders of the 'new' world. A detailed [report](#) revealed how it is responsible for 7% of China's gross domestic product and worth more than the GDP of France or the United Kingdom.

The all-powerful BATX, of Baidu, Alibaba, Tencent and Xiaomi, alongside Didi Chuxing, the Chinese Uber, and tech giants JD.com and Huawei, are practically a state within a state.

Major breakthroughs in voice and face recognition have helped transform business life in rural China. According to the Boston Consulting Group, there are at least 751 million internet users in China, which is more than the United States and India combined.

Coupled with that, expansion is virtually unlimited as only 54% of the population is connected compared to 77% in the US and nearly 90% in Japan and South Korea. And it certainly helps that Google, Facebook, Instagram and Twitter are not present in the Chinese market.

The inevitable trend is for China's digital ecosystem to keep driving internal growth while, in parallel, the New Silk Road, officially known as the Belt and Road Initiative, generates external growth.

Wang Yi, the Chinese Foreign Minister, recently set out plans to expand the Belt and Road's reach to Latin America. He outlined the blueprint in Santiago, Chile, during the second ministerial meeting of the China and the Community of Latin American and Caribbean States Forum.

So, the new 'Silk Road' infrastructure push now takes in Eurasia, Africa and Latin America. The West sees it differently, of course, tending to lump "hard and soft power" as the "China threat", according to the Chinese state-owned [Global Times](#).

The US National Security Strategy took it one step further, defining China, alongside Russia, as a "strategic competitor." In American 'think tankland,' opinion used to be split between the so-called 'panda-huggers', who favored engagement, and the 'dragon-slayers', who favored confrontation and sanctions.

A case can be made that the dragon slayers are in the ascendancy. This evokes the familiar specter of a trade war, with US attitudes hardening against China as a geopolitical and geoeconomic rival, mixed with a charm offensive to seduce fellow BRICS

member India.

A concerted Washington attack on Chinese trade policies may be all but inevitable. Complex global supply chains will suffer, while prices inflate. Naturally, Beijing will move key pieces in its global asset chessboard, which could affect US bonds and equities.

No one will profit from a trade war between two huge, interconnected economies accounting for nearly 25% of global trade, 20% of global services, and more than a third of global output.

Yet even if that was to happen, it would not be enough to halt the long profitable march of digital China.

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