



## U.S. V RED CHINA, VERSION 3.0

"As a very important source of strength and security, cherish public credit...avoiding likewise the accumulation of debt...by shunning occasions of expense...not ungenerously throwing upon posterity the burthen which we ourselves ought to bear."  
George Washington

Hu Jintao, president of the People's Republic of China (as designated by the central politburo of the Chinese Communist Party, *not* the Chinese people), arrived in Washington this week for a lavish state soiree with Barack Hussein Obama and company. Hu and Obama will meet eight times, culminating with an extravagant state dinner underwritten by a loan from China.



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After China's Olympic [coming out party](#) in 2008, Obama kow-towed to Red China with a visit in November 2009. Obama expected Hu to reciprocate in 2010, but the Chinese dictator did not -- a clear signal that Jintao would come here on his own terms in his own time.

It was no small irony that Hu arrived in Washington on a China Air Boeing 747-400, a very large affirmation of U.S. trade relations with China.

Hu's primary objective on this visit is to promote the establishment of a "G-2" partnership, conferring the honor of the new world order upon the two most powerful economies in the world (assuming Europe is

not considered one economy, which would demote China to the number three position).

Obama will chatter about human rights, particularly the oppression in Tibet and the imprisonment of dissident Liu Xiaobo, who was awarded the 2010 Nobel Peace Prize in absentia because he was "otherwise detained." Expect to hear about the incarceration of human-rights attorney Gao Zhisheng, among countless others. But these concerns are tantamount to watching a few snowflakes in a blizzard. Complaining to Communists about human rights violations is a waste of air.

There will also be talk about the impending environmental catastrophes created by China's economic expansion, and, of course, China's impact on global climate change.

However, U.S. negotiators are rightly more concerned about bilateral trade, the valuation of U.S. and Chinese currencies, Chinese restrictions on export of its natural resources, re-establishment of military-to-military communications, China's substantial military buildup and Beijing's influence in North Korea, where the Chinese plan an economic consortium, undermining U.S. efforts to isolate Pyongyang's dictator, Kim Jong Il.

Hu, however, is more concerned about China's substantial investment in the U.S., a two-edged sword, which is the trillion-dollar gorilla hovering over every other discussions or negotiations between the two nations. The size and strength of that gorilla is a game-changer.

"We have an enormous stake in each other's success," Obama proclaimed in his press conference with Hu. "Nations, including our own, will be more prosperous and more secure when we work together," he said.

Hu concurred, saying, "We both stand to gain from a sound China-U.S. relationship, and lose from confrontation."

The evolution of U.S./China relations over the last 60 years can be characterized by three distinct eras.

In 1949, a Soviet-inspired Marxist/Stalinist revolution subordinated the Chinese people to the will of a Communist tyrant, Mao Tse-tung. Mao's 25-year reign of terror resulted in the deaths of some 30 million Chinese during his "Great Leap Forward" to centralize China's agricultural production. He also supervised the near-complete eradication of China's cultural and intellectual advances during the "Cultural Revolution" of the 1960s, when his Red Guard murdered more than a million Chinese academic and cultural leaders and exiled the rest to communal farms for "re-education." (Indeed, the Red on the Chinese flags flying in our nation's capital this week is symbolic of horrendous bloodshed.)

During this infamous era of tyranny, the U.S. and Red Chinese governments were Cold War adversaries of the first order.

A second era of U.S.-Sino relations began in 1972, when President Richard Nixon traveled to the People's Republic of China as a first step toward opening diplomatic channels and normalizing relations. This rapprochement was codified over the next three decades with accelerated trade agreements. The strategic aim of these trade arrangements in world markets was to create economic bonds that would deter China from expansionist mischief.

That strategy worked reasonably well until 2008, when Leftist economic policies helped bring about a [crisis of confidence](#) in the U.S. economy and a politically fortuitous collapse of the U.S. securities markets. Obama and his [socialist bourgeoisie](#) rode that crisis into office.

Subsequently, Red China has underwritten the largest share of Obama's socialist plan for economic recovery, and now holds more than \$1 *trillion* in

Treasury debt (about 7 percent of our total outstanding debt). Of course, Obama's plan has accomplished little other than saddling future generations with enormous amounts of debt.

China's U.S. debt holdings have, however, given rise to a new era of relations with China, replacing the Cold War's mutually assured destruction (MAD) nuclear standoff doctrine with a new version of MAD based on an economic standoff doctrine.

Hu says, "We should abandon the zero-sum Cold War mentality," but the growth of its military capabilities certainly does not support that suggestion.

The Chinese had no means of attacking North America with nuclear weapons during the Cold War, and they relied on the protective umbrella of the Soviet Union's offensive capabilities. But in this new era, the Chinese have the ability to manipulate their massive U.S. debt holdings; should they cut off their U.S. credit line and/or dump their U.S. securities, it could propel our economy into a tailspin.

The power of China's economic leverage can't be understated, and history provides no record of a Communist nation holding such leverage over a Capitalist nation. Red China is well aware of the cards they hold in this latest era.



Both parties know, however, that should China take any action that is detrimental to the U.S. economy, the result would have dire implications for the welfare of their own economy, given that Chinese exports depend on a healthy U.S. economy.

There are 1.3 billion Chinese, 800 million of whom are, in effect, slave-laborers in Chinese factories, and receive an economic benefit of about \$2,400 per year. Consequently, about one billion Chinese live in abject poverty. The potential for civil unrest is substantial.

If the Chinese Communists want to forestall a national revolution, they must make every effort to improve the standard of living of those laborers or risk widespread civil unrest. Such an improvement will require economic expansion in the range of 10 percent annually -- a daunting task that includes other risks, including runaway inflation. (In 2010, China's GDP grew 10.3 percent.)

However, recall if you will that Red China is still under the oppressive thumb of Hu's Communist regime, and they do not answer to "the People." Mao may be dead, but his iconic image is ubiquitous in both urban and rural China, even appearing on the face of every denomination of Chinese currency. The Russian people tore down statues of V.I. Lenin soon after the collapse of the Soviet empire. The prevalence of Mao's image is a good indication that the Red Chinese government is still alive and well, despite reports of its imminent demise.

Moreover, the Red Chinese government, like all tyrannical regimes, does not handle civil unrest politely, as aptly demonstrated at Tiananmen Square 22 years ago. A likely response to civil discord would

be the absorption of unemployed Chinese into the Red Army and service corps, bolstered by a resurgence of Communist nationalism. Predictably, that would be followed by some "creative activity" in the region to take the minds of the Chinese people off their empty stomachs.

Thus, China's rapid military expansion in the Pacific is a looming threat for Australia, Japan, Taiwan, South Korea, Indonesia and, of course, the U.S. and our critical national interests in the region.

It has been said that "as goes the U.S. economy, there goes the world." The same can now be said of China, and this demands the full and undivided attention of every Western nation.

In the end, however, amid all of the posturing and pretense, the most valuable natural resource that the United States has in limitless quantity is Essential Liberty. Though Obama and his Leftist cadres are doing all they can to constrain that resource, it is the export of Liberty to China that will best protect our own national interests.