

# PAVING A CONCRETE PATH TO GLOBALIZATION WITH CHINA'S BELT AND ROAD INITIATIVE THROUGH THE MIDDLE EAST

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**Abstract:** This article discusses China's economic development and political influence in the Middle East, and the construction of China's Belt and Road Initiative (BRI). It also discusses Xi Jinping's vision for relationships with the Middle East states as its natural partners, the China-Arab States Cooperation Forum (CASCF), the law of value, and the antagonistic contradictions China will encounter in its path to accumulation with US hegemony in the region.

**Keywords:** Belt and Road Initiative, China-Arab States Cooperation Forum (CASCF), law of value, accumulation, natural partners, hegemony

On July 10, 2018, the 8th Ministerial meeting for the China-Arab States Cooperation Forum (CASCF) took place at the Great Hall of the People in Beijing. During his keynote speech, Xi Jinping, President of China, illuminated China's grand designs for globalization with a concrete path to capital accumulation stretching through the Middle East (Jinping, 2018, July 10). There were nearly 300 in attendance with Chinese and Arab League participation from 22 Arab countries.

At China's Two Sessions held in March of 2018 Xi Jinping put forth his vision for China's place in the world. In his speech to the National People's Congress in Beijing Xi said that the Chinese were a people of justice and compassion and that their destiny and future were linked to other people in the world. He continued that China stands ready to lend selfless support to other countries and people suffering from war, poverty and hunger and that China would not seek development at the expense of other countries, and that "China will never seek hegemony and expansionism" (Campbell and Ratner, 2018, 66). Xi maintains that China's aspirations, sincerity, and actions to contribute to peace and development should not be distorted and misinterpreted<sup>1</sup>: "[J]ustice will finally prevail" (Jinping, 2018, March 5).

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## CASCF

At the 8th Ministerial Meeting of the CASCF on July 10, 2018, Xi Jinping followed through with these proclamations by announcing a US\$20 billion loan for reconstruction of Lebanon, Syria and Jordan, transportation infrastructure help, energy cooperation with oil and gas and low-carbon, a financial cooperation platform and high-tech industrial cooperation. He enriched the integration of the China–Arab markets with a credit line of US\$3 billion: digital technology cooperation, e-commerce, and cloud, as well as satellite technology development. Xi pointed out that renewable energy would be a key pillar for stronger ties and that clean energy and economic diversification would enhance their ties. A joint investment fund (i.e. GE-Silk Road Fund) and a joint financial platform would allow the China–Arab development interests to tap into a global financing fund. He was also committed to infrastructure and energy partnerships to deepen financial ties and pointed out that in 2017 China had US\$33 billion in construction contracts and US\$191 billion in trade with the Arab world which was four times as much as when they first started the CASCF in 2004 (Jinping, 2018, July 10).

Xi Jinping invited all Arab countries to more joint discussions in November of 2018 and announced that in the next 3 years they would be inviting hundreds of young Arab innovators to China and providing 10,000 training opportunities. He said that peace, reform, and development were the path to a “full rejuvenation” of the Middle East (Jinping, 2018, July 10) and that solving the Palestinian issue was fundamental to peace. He supports the restoration of Palestine under a two-state solution<sup>2</sup> and believes that justice and empathy for the Palestinian people is a must. He committed China to provide a 100 million renminbi (RMB), also known as the Yuan, grant (US\$17 million) to the Palestinians.<sup>3</sup> Xi emphasized China’s “shared future” and “shared interests” in the Middle East and the importance of focusing on developing clean energy that is sustainable with economic initiatives and cooperation (Jinping, 2018, July 10).

In an article in the *Gulf Times* (2018) by Wang Yi, State Councilor and Foreign Minister of the People’s Republic of China, Wang points out that in the past 4 years China and the Arab states have increased diplomatic and economic exchanges and worked in concert to cement what they call the “1+2+3 cooperation framework” (an official policy paper published in 2016)<sup>4</sup> and their 4 Action Plans.<sup>5</sup> Chinese companies like ZTE and Huawei agreed to establish branches in the Middle East and committed to increased investments in the future. The 1+2+3 cooperation framework, or what they also refer to as the “three breakthroughs,” is a combination of (1) energy cooperation, (2) infrastructure and trade investment facilitation (what they refer to as “the two wings”), and (3) high-tech, nuclear, aviation/satellite/space, and new energy facilitation. China’s Four Action Plan is a commitment to cooperation in (1) promoting stability, (2) identifying new forms of cooperation, (3) production capacity cooperation, and (4) deepening friendship.

A good example of China's 1+2+3 cooperation framework is in Oman where a consortium of six Chinese private firms are building a US\$10.7 billion industrial city in the fishing village of Duqm which is 550 kilometers south of the capital city of Muscat. This new Sino-Oman industrial city will now have an oil refinery that can process up to 235,000 barrels of oil a day, a methanol plant, a solar energy project, an auto assembly plant, and steel pipe production plants. Saudi Arabia and the UAE are also developing strategic relations with China that include investments in energy projects and are in a stronger position than Oman in the 1+2+3 framework (Molavi, 2018). In a project titled, "Industrial Park-Port Interconnection Two-Wheel and Two-Wing Approach," China would develop industrial parks in Oman, Saudi Arabia, Egypt, and the UAE to connect with regional ports in Egypt, the UAE, and Djibouti. This cooperation layout would build better business connections and increase trade flow. "Two Wheels" refers to their cooperation in oil and gas and low-carbon energy, and "Two Wings" refers to China-Arab enhanced cooperation in science, technology, and finance. These projects are a blueprint for financial integration, facilities connectivity, and deeper trade relations (Fulton, 2018). China has signed Belt and Road Initiative (BRI) Memorandums of Understanding with nine Arab states and production capacity cooperation agreements with five Arab states. The Silk Road Fund and the Asian Infrastructure Investment Bank are also investing in Arab countries. In 2017 direct Chinese investment in Arab countries was up to US\$1.26 billion (Yi, 2018).

In March of 2017, King Salman of Saudi Arabia negotiated US\$65 billion in bilateral agreements in oil, technological, petrochemical, space, and renewable energy on his visit to China (Kliman and Grace, 2018). China helped Jordan build the Attarat oil shale power generation plant and it helped Dubai build the Hassyan clean coal power plant with "world leading ultra-super critical technology" (Kliman and Grace, 2018). There are also large Chinese-sponsored infrastructure projects underway taking China-Arab cooperation to a higher level like the train project in Ramadan City in Egypt, Phase II of the Khalifa Port in UAE, and the China-Egypt Suez Economic and Trade Cooperation Zone where Chinese enterprises opened their first overseas fiberglass production base which created over 2,000 jobs and made Egypt the largest fiberglass producer in Africa and the third largest in the world. China State Construction and Engineering Company (CSCEC) is now building a US\$3 billion business and administrative district fifty miles east of Cairo, financed primarily by Chinese banks with a projected completion for 2019. This new capital city in Egypt will be larger than Singapore with estimated project over-runs that may approach US\$20 billion. Cairo's city population is over 20 million and it is in crucial need of infrastructure repair and development. The "smart city" designed for sustainable growth will have the tallest skyscraper in Africa and in partnership with the Egyptian Housing Ministry and the military, it will house six million people (Molavi, 2018).

According to the *Middle East Monitor* (2017), the significance of the Middle East in the world economy is the “main reason” for China being the largest investor in the region. According to the 2017 Investment Climate Report, of the over US\$92 billion of foreign investment in the Middle East, one third comes from China (US\$29.5 billion). This surpasses both the USA and UAE. The UAE had 16.4 percent of investment in the Middle East (US\$ 15.1 billion) and the USA only had US\$6.9 billion of investment (*Middle East Monitor*, 2017). China holds nearly a third of foreign direct investment stock in the Arab world (Arab Investment Export Credit Guarantee Corporation), is a major importer of Middle East oil, and is the largest exporter of manufactured goods to the Middle East. Trade with the region exceeds US\$200 billion. In 2016, China surpassed India as Dubai’s largest trading partner, and it is the largest trading partner for several other Middle East countries including Saudi Arabia (Molavi, 2018).

China also helped Algeria put its first communications satellite into orbit and established the China-Arab States Research Center on Reform and Development and the China-Arab States Forums on Research and Development. China has already trained over 6,000 people in different professions for Arab countries. Nine Arab countries give visa-free or visa upon landing privileges for Chinese citizens. There are 150 passenger flights and 45 cargo flights every week between China and Arab countries demonstrating that China–Arab development is becoming more aligned and complementary. Wang says these China–Arab collaborations demonstrate practical cooperation and win–win outcomes while following principles of extensive consultation, joint contributions and shared benefits. These activities enhance mutual understanding and friendship, make China and the Arab States partners in promoting peace and stability and “contribute to the progress of human civilization” and to bring about a world of prosperity and stability (Yi, 2018).

China initiated the CASCF in 2004 in an attempt to strengthen economic, political, and cultural ties with the Middle East. At that time China was importing 45.4 percent of its oil from the Middle East. Then Chinese President Hu Jintao met with the 22 Arab League members to develop a new partnership to increase oil shipments and bilateral trade (Zweig and Jianhai, 2005, 28). China then had just begun to develop from a regional power to a superpower. It had to expand and safeguard its oil imports to secure its expansion and fuel its economic engine. The CASCF have been meeting every 2 years to renew and solidify these relations. Xi Jinping attended the sixth CASCF in 2014 and he also visited Saudi Arabia, Egypt, and the Arab League Headquarters in 2016. These ministerial meetings have been providing an opportunity for China and the Arab States to map out a blueprint for China–Arab relations with practical discussions on cooperation and how to advance the BRI in the Middle East (Yi, 2018).

## BRI

The BRI, Xi's "signature piece of economic statecraft" (Kliman and Grace, 2018), will undoubtedly challenge the old triad of collective imperialism (USA, Europe, and Japan). As Xi Jinping proclaimed in his keynote speech at the Eighth Session of the CASCF, "the global economy is the ocean you cannot escape." Modern imperialism and the contemporary capitalist system is a generalized, globalized, and financialized system of oligopolies and the "basis for the crystallization of a collective imperialism" (Amin, 2018, 29–30). In the twenty-first century, Xi is destabilizing and derailing the old triad (USA, Europe, and Japan) with a concrete proposal to Asia, Eurasia, Arabia, and the northern African Continent—a BRI and the RMB<sup>6</sup> (Tsui, Jiansheng, Xiaohui, Wong, and Tiejun, 2018). This will ensure its capital accumulation and avert the "accumulation crisis" (capitalist cyclical crisis) for decades to come. With the BRI, Xi will secure his legacy and China will be able to shift the course of international trade and investment. The parallel institutions China is putting into place to facilitate the BRI (Sullivan, 2018) are already replacing the traditional trade and investment entities that fund such capitalist ventures.

The BRI is a multinational project spearheaded by China to develop a Silk Road Economic Belt and a twenty-first-century Maritime Silk Road that will enhance connectivity and cooperation and provide for integrated and coordinated regional development among the countries involved. Xi introduced the BRI in 2013 in speeches in Astana (Kazakhstan) and Jakarta (Indonesia) and announced that China would be putting up to US\$1 trillion of investment to build roads, ports, railways, and other infrastructure connectivity across Asia, the Eurasian continent, into the Middle East, and Africa (Molavi, 2018). Eighty countries and organizations are involved with the BRI, which plans to reach 68 nations. The BRI has been described as "arguably the most ambitious development plan ever conceived" (Miller, 2017, 30). It is a "game changer" for countries throughout Asia, Eurasia, Europe, the Middle East, and Africa (Molavi, 2018). Xi maintains that the BRI is a path to peaceful development ("high standard liberalization") for the "greater benefit of the global community" (Jinping, 2018, April 10).

At the 2018 CASCF meeting, Xi emphasized the importance of stability in the Middle East if the BRI were to achieve its goals. The Arab world is located in the middle of the land and maritime BRI routes. About 60 percent of China's trade with Europe and Africa pass through the UAE (Daniels, 2018). Instability in the Middle East could easily derail China's plans for Eurasian connectivity (Fulton, 2018). Reconstruction in Syria offers significant economic opportunities for China. However, Syrian reconstruction goes beyond dollars and cents. As Kamal Alam, Syrian military analyst points out, "Syria can be a key logistics hub for China. Its history is the key to bringing stability to the Levant, meaning it has to be

incorporated into China's plan in the region" (in Dorsey, 2018). China has kept diplomatic relations with Syria's President Assad and has already deployed Special Forces to advise Assad in its operations against Jihadists and Uyghurs. If Syria is not secure, China's investments in the BRI are also threatened (Dorsey, 2018).

In a 2014 interview with Al Jazeera, China's Foreign Minister Wang Yi said, China's position is that development is the key and "serves as the foundation for solving all problems." China believes that the solution to "hot spot" and political problems hinge on economic growth and a better life for its people. Wang went on to say, "[a]s far as Arab countries are concerned, the most crucial task facing them is national development and economic revitalization" (Fulton, 2018). Ambassador Li Chengwen, China's representative to the 2018 CASCF echoed that sentiment when he said, "[t]he root problems in the Middle East lie in development and the only solution is also development." Wu Bingbing of Peking University also clarifies China's Middle East strategy by pointing out, "[w]e focus on economy, trade and development which help these countries to solve domestic and regional problems on their own. But Western countries mainly care about political and security interests" (Fulton, 2018).

China claims its interests in the Middle East are primarily economic. Consequently, it has attempted to carry out an even-handed approach in its dealings with other major actors in the region (Israel and Iran). During Xi's January 2016 diplomatic visit to Egypt, Saudi Arabia, and Iran, he extended invitations to both King Salman of Saudi Arabia and Benjamin Netanyahu of Israel for official visits to Beijing. During his keynote speech at the CASCF meeting in Beijing, Xi announced China's intention of expanding diplomatic, cultural, and educational exchanges between Israel and the Palestinian people and hosting Israelis and Palestinians for Peace Symposiums in Beijing. China is investing in Israel's ports, railways, and high-tech sector. China is also Iran's primary trading partner and this relationship will likely increase with the secondary sanctions that went into effect by the USA in November 2018. The RMB or yuan (China's currency)<sup>7</sup> is not pegged to the dollar and therefore it would not be as affected by US sanctions as European and other countries that have not yet delinked from the US currency standard.<sup>8</sup> Trade between China and Iran exceeded US\$37 billion in 2017 and China has already extended Iran a US\$10 billion credit line with its state-owned CITIC Group (Kliman and Grace, 2018). In early 2018, China provided Iran with US\$8.5 billion in loans from the Export-Import Bank of China.

## **Globalization with Chinese Characteristics**

In October 2017, at the Nineteenth National Congress of the Communist Party of China, Xi Jinping announced that China will be playing a more substantial role internationally (Jinping, 2017, October 18). After 40 years of "opening up,"

starting with the reform policies of Deng Xiaoping (1978–1992),<sup>9</sup> Xi said that China is now moving to the center of the world stage with increasing responsibility and mutual cooperation. Xi said China’s model of economic engagement and trade facilitation is different from that of the West. It is here where he introduced to the world the term, “socialism with Chinese characteristics.” This term was a noteworthy proclamation since it was the first time since Mao Zedong that a living Chinese leader had an ideology named after him in the Chinese Constitution. “Socialism with Chinese Characteristics for a New Era” is intended to be a new guiding ideology for Chinese state capital accumulation with the intent of utilizing surplus value for the greater good of the Chinese and other countries that China does business with, especially with its BRI enterprise. With this ideological guidepost, Xi emphasized strengthening socialist rule of law, party building, setting concrete timelines for achieving development goals, and building a moderately prosperous society with socialist modernization.

China’s “Socialism with Chinese Characteristics for a New Era” is a blueprint and a pragmatic economic strategy that the Chinese government can employ to keep a handle on foreign investment that may endanger the state capitalist homeostasis that China is entrusted with as it liberalizes and opens China to the West. In Xi’s keynote speech on April 10, 2018, at the seventeenth annual Boao Forum for Asia (BFA) held between April 8 and 11 in Hainan, China, where leaders in government, business, and academia in Asia and other continents gathered for high-level discussions about their most salient issues on development, Xi utilized the opportunity to re-launch his economic vision for China and reiterate his commitment to liberalization reforms for the next Five Year Plans. He announced that China would promote import growth, open up its service sector to more foreign investment and achieve a greater balance for financial liberalization and other market reforms (Babones, 2018). Xi said that China is pushing ahead with globalization<sup>10</sup> and reducing the trade deficit with the USA through “high standard liberalization<sup>11</sup>” that will set a new stage for the future.<sup>12</sup> He pointed out that China today is the “new Silicon Valley” and the leading investor in artificial intelligence (AI). In his vision for the future, Xi said they would be adopting an open door policy to move economic globalization forward by broadening market access, easing foreign equity restrictions in the manufacturing sector of the economy, expanding imports, and significantly lowering tariffs for vehicles. China will put into place stronger intellectual property protections,<sup>13</sup> encourage competition, and oppose monopolies. Xi says there will be no “forced sales and buying” and that China will be opening up the insurance, banking, and capital market sectors of the economy. He emphasized green energy, the importance of prioritizing green technology and sustainable development saying that China is taking a leading role for a green future.<sup>14</sup> He pointed out that China was taking on more global

responsibility with pragmatic projects like the BRI, which was providing greater benefit for the global community, contributing 30 percent of global growth while its new open door policy will reform the global trading system with “fair trade, multilateralism and inclusiveness.” Xi noted that we must all treat each other with respect and refrain from seeking dominance. He rejected the notion of the “strong ruling the weak” and the Zero Sum game and believes that in this current context, the cold war is “out of place” (Jinping, 2018, April 10).

China is providing pragmatic steps for development, cooperation and peace with the BRI, and the strength of a far-reaching “guiding vision” (that is not blocked by “floating clouds”). Xi says that it is evident that China has successfully pursued a path of socialism with Chinese characteristics and this is demonstrated in the high quality of infrastructure development achieved in the last 5 years, the 700 million people lifted out of poverty, a 9.5 GDP in 2017 and the highest GDP in the world on average over the last three decades (Long and Herrera, 2018, 52), as well as an increase in per capita income from 3,000 RMB in 2004 to 30,000 in 2017. China is now the largest economy in the world. It is 25 percent bigger than the US economy and within a decade, it will be twice the size of the US economy (Weisbrot, 2018). Xi strongly upholds the socialist system for its humanitarianism and says that China’s apparent success proves that there is more than one path to modernization. On the fortieth anniversary of China’s reform and “opening up” strategy,<sup>15</sup> Xi is promoting a vision of “community” and a “shared future” with universal and common security for the prosperity of the world (Lind, 2018, 72) and the future of mankind and where we can have “harmony without uniformity,” healthy ecosystems, and where we treat nature with respect and treasure our planet (Weisbrot, 2018).

## **Reconciling Capital Accumulation with Chinese Socialism for a New Era**

One can imagine a Chinese society, once committed to communism, opening up to the West, in an effort to modernize its economy while struggling ideologically to rationalize its liberalization and still hold on to its socialist ideals. It would be most proper to come up with a justifiable ideology for these efforts. “Socialism with Chinese Characteristics” is an imaginative and as Xi Jinping would put forth, a more compassionate form of state capitalism that can uplift China and the developing world as it modernizes its sphere of influence in the capitalist world economy, albeit while continuing to proceed with capital accumulation but in the interest of a “shared future” with universal and common security for the prosperity of the world. Naturally, an open door policy to foreign investment is going to be a challenge when China is trying to stabilize its reproduction of surplus value. Trump has a valid reason to complain about being blocked in this accumulation game. But China can



put its foot down and force a time out, much to Trump's chagrin. In 1980 the USA was the world's largest economy. But it is 2019 and China is now one of the two economic superpowers in the world, and the top dog of the world's four largest economies in PPT terms—#1 China, #2 USA, #3 India, and #4 Japan (Mahbubani, 2018). The USA cannot impose trade tariffs on China without itself sustaining major injuries. It would be prudent for the USA to back off and negotiate in the interest of US producers and consumers instead of the US economy with a trade war.<sup>16</sup>

China joined the World Trade Organization (WTO) in 2001, which is presumably a rules-based order among transnational capitalists that aims to maintain a level playing field for trade interests in the world economy. China has said on several occasions that it was willing to address and resolve those concerns in the WTO. In fact Xi even announced in his keynote speech at the Two Sessions in March 2018 and at the nineteenth National Congress of the People's Republic of China in October 2017 that China had already taken concrete steps to open up China's economy to foreign investment and to protect intellectual property rights. But Trump, being one of the most unilateral and uninformed presidents in US history, is maintaining a petulant, confrontational, and myopic position that is alienating the USA on the world stage (the Paris Agreement, the Iran sanctions, and NAFTA) and destabilizing the USA economy. Unlike China that has now become the leader in solar and clean energy production,<sup>17</sup> Trump has been a disaster for the USA with his smokestack ideology and his dirty coal and anti-climate change appointments to the EPA and other government agencies entrusted with safeguarding and protecting natural resources.<sup>18</sup> When asked at a press conference about his own administration's climate report (The National Climate Assessment) put out by the National Oceanic Atmospheric Administration (NOAA), NASA, and the Pentagon that portended the ominous consequences of climate change, he said, remarkably, "I don't believe it" (NRDC, 2018).

This willful ignorance, insolence, and recklessness on Trump's part is having not only a major detrimental impact on the environment and the world stage but also a financial impact on US producers who depend on the Chinese market. Although the trade tariffs have also affected China,<sup>19</sup> as it has affected agricultural and industrial producers in the USA,<sup>20</sup> China is resilient and resourceful. It was the biggest importer of US soybeans. The Chinese state has already allocated money and resources for its own farmers to pick up the slack in soybean production and is increasing imports from South American producers. With Xi in charge and with no term limits for the Chinese president,<sup>21</sup> China is rising and on a steadfast and deliberate path to dominate globalization.

"Socialism with Chinese Characteristics for a New Era" is a pragmatic economic strategy that China has employed to keep a handle on foreign investment that may endanger the state capitalist homeostasis that it is entrusted with as it

liberalizes and opens to the West.<sup>22</sup> China walks a fine line between socialism and modernization. Even with socialism with Chinese characteristics it will be difficult to sidestep the exigencies of capital accumulation. In its road to modernization, China realized earlier on that it faced what it described as “three big challenges” before it could be on a successful path: (1) Its lack of resources and dependency on foreign oil to fuel its economic progress. (2) Its pollution, waste problems and a low rate of recycling that presented obstacles to sustainable development. (3) Its lack of coordination between economic and social development (Bijian, 2005, 21–22). To address these concerns China came up with a grand strategy—what it called its “three transcendences.” To transcend its old model of industrialization of high pollution, high-energy consumption, and high investment, China embarked on a strategy of economic efficiency, green technology development, low environmental pollution, and optimal allocation of human resources. To transcend the old hostile path that emerging powers like the USA, Germany, and Japan pursued to plunder resources and carve out their hegemony, China would pursue a “peaceful path” through development and cooperation with other nations. To transcend their outdated model of social control, China would construct a “harmonious socialist society” with self-governance that would supplement state administration and strengthen its democratic institutions by building a stable society that is based on a “spiritual civilization” (Bijian, 2005).

China is committed to its socialist roots and has grappled before with the contradictions that present itself with modernization and the necessity of “opening” to the West to compete on the world stage. When Mao came to power in 1949, he was well aware of the necessity of developing China’s industrial base so as to lift the Chinese people out of destitution and poverty. His Five Year Plans and reliance on the Soviet Union (since the USA and Europe were intent on containing China and communism) for aid in developing the manufacturing sector of the economy were not without careful consideration and ideological debate. Because US capitalists tried to isolate China, it had to come up with its own strategies of development. Mao’s Great Leap Forward (1958–1963), i.e. his second Five Year Plan, was a concerted effort to modernize China’s economy and feed its workers, so that by 1988, China’s economy could rival the USA. To achieve these goals, by 1958, 700 million people had been put into 26,578 communes with the intention of providing productive social units that could uplift China’s economy. Major construction projects were built in record time and there were huge increases in the production of coal, steel, chemicals, timber, cement, etc. Communes provided all that was needed for the workers including entertainment and “houses of happiness” to look after the elderly (Trueman, 2015, 2018).

The development of industry and agriculture, however, could not be successful without the development of the forces of production to achieve an optimal allocation

of resources that could make socialist and communist ideals a palpable reality. To improve efficiency and achieve development goals, economic reform proposals put forward between 1962 and 1965 favored specialization, the division of labor, and the establishment of semi-autonomous corporations or trusts that would organize production and distribution on a cost-efficient basis within the individual sectors of the economy “without the constant interference of the Party and government” (Riskin, 1987, 164–165). Specialization and the division of labor required strictly enforced individual responsibility and material incentives. To implement these reforms would require coordination and that could take the form of stronger bureaucratic command planning or a stronger market role. The division of China into seven economic planning and coordination regions was also proposed. This plan was consistent with Mao’s preference for administrative decentralization. However, Mao viewed the notion of trusts, commodity production, and a stronger market role as problematic, as they deviated from communist principles. To Mao, these reforms represented “corporatist bureaucratization without the benefit of political principle, the economic glorification of profit and material incentive and the suppression by monopolistic, profit oriented, ‘bourgeois’ officials of local authorities” (Riskin, 1987, 165). The dissension between these two development ideologies culminated in the Cultural Revolution (1966–1976). Mao Zedong’s was intent on preserving true communist ideology and purging capitalist remnants.

Between 1961 and 1964, there were important debates among economists that went beyond the implementation of reforms, specifically, the reconciling, clarification, and rationalization of the “law of value” in commodity production under socialism. The law of value maintains that commodities will inevitably exchange by the amount of “socially necessary” abstract labor needed to produce the commodity given the development of the forces and relations of production at that point in time (Marx, 1967, 38–39). The law of value is a law of motion for capitalist commodity production (Leontiev, n.d., 76–77). This law illustrates the dynamic equilibrium within a “closed” (supply and demand as an internal condition) system of capitalist production (Amin, 1978, 29). These internal (law of value) and external structural constraints (public policy rules, regulations, tariffs, sanctions, competition, as well as geographic and hegemonic constraints) determine the survivability of all entrepreneurs within the market. They also push the economy in the direction of cyclical crisis, or what is commonly referred to as the “business cycle.” Any profit achieved over and above what is socially necessary labor to produce a commodity is referred to as “surplus value” (Marx, 1967). Surplus value is a vital part of the capitalist economic dynamic. The production of surplus value (profit) is commonly referred to as the “accumulation” prerequisite that reproduces capital (Wallerstein, Amin, Arrighi, and Frank, 1982, 12). Without profit and accumulation, the capitalist would not be able to reproduce himself or herself

as a capitalist and would end up bankrupt and out of business. This is why Wallerstein describes the capitalist system as a system built on a “peculiar illogic,” accumulation being the “motor force” and the defining characteristic of capitalism (Wallerstein et al., 1982, 9). Accumulation allows a capitalist to expand beyond simple reproduction and continue to develop the forces of production to higher and ever more complex levels as we have seen in the industrial, digital, and electronic revolutions. Accumulation is determined by the expansion of the forces of production relative to labor power, which occurs on the basis of the law of value where there is an ongoing progressive increase in constant capital (the means of production) in relation to variable capital (labor). For accumulation to occur, capitalists must continue to secure profit even as the rate of surplus value diminishes (due to the development of the forces of production) in relation to the progressive increase of constant capital. This is the “motor force” or what is also described as the “driving force” (Grossmann, 1992 [1929], 60–61) of capitalism and the impetus behind the rapid and expansive development of the forces of production and the logic driving globalization.

A socialist system with a planned economy (Five Year Plans, etc.) and government direction and support is in a better position than capitalism to direct economic growth. However, it is still subject to the law of value and the necessity of accumulation if it desires to develop and expand its forces of production to address the basic needs of its people and lift its economy to higher levels of development. The key here is how accumulation is appropriated and how it is directed and utilized in the interest of the people. A capitalist society is defined by wage labor and the private appropriation of surplus value (profit) by the capitalist. If capitalists do really well at extracting and appropriating surplus value from their workers, they could later become philanthropists and give away what they cannot possibly use provided they get credit and social capital for their generosity (since they seem to have a problem with sharing the wealth with the laborers that actually produce it). This is obviously why so much inequality exists in the USA and other capitalist countries where wealth that has been produced by workers over the years (historical materialism) is concentrated in the hands of a few people. According to a 2017 Credit Suisse report, the world’s richest 1 percent now owns nearly half of the world’s wealth (Frank, 2017). As Xi expressed in his keynote speeches, China’s aim was to construct a “harmonious socialist society” with self-governance that would supplement state administration and strengthen its democratic institutions by building a stable society based on a “spiritual civilization.”

Socialist society is characterized as one where distribution is based on the premise, “from each according to their ability and to each according to their work.” It’s still ideologically a lower level of conscious development than a communist society where the logic is “from each according to their ability and to each

according to their need.” These dynamics in their purity do not exist in any society. It seems to be a mixed bag in both China and the USA, and most everywhere else. In the USA, there is already what some people characterize as communism—Social Security, Section 8 for housing assistance and welfare. However, the USA is not quite there yet since there is no free health care like most developed countries have, or free education, and there still is an exploitative capitalist system. Socialist countries like China have made remarkable improvements in their economy and society given socialism only came onto the world stage with the Bolshevik Revolution (1917) led by Lenin and the implementation of Joseph Stalin’s Five Year Plan (1928–1932).<sup>23</sup> Mao rose to power in China in 1949. Due to World War II, a history of imperialism by Britain and France, and Japan’s invasion of China, the country was devastated. China had to rebuild its forces of production to meet the challenges of the new era. Capitalism is driven by the accumulation imperative which fuels technology. For these reasons, Marx saw socialism and communism emanating out of a capitalist system that had developed its forces of production to such a level that it was then in a position that it could provide for the economic needs of society (Marx, 1967). Technological development lowers the cost of production and makes it more efficient, which in turn reduces the amount of socially necessary labor time to produce a commodity and which in turn increases a capitalist’s profit and his ability to accumulate to further develop the forces of production to compete with other capitalists. Within this environment of competition are built-in limitations to a capitalist’s process of renewal (Wallerstein et al., 1982, 22). The fundamental recuperative mechanisms that are available to capitalists also have built-in limits since capitalists must operate in a field of commodification where the free flow of factors of production (labor and the instruments of production) takes place. For this reason, in a capitalist mode of production, or in any mode of production that produces commodities, the law of value rules. Consequently, this economic reproduction dynamic would also be operant in a socialist economy. The only difference between modes of commodity production is the degree of surplus value appropriation that can be modulated by the state and the purpose and utilization of accumulation. Capitalists appropriate the surplus privately (profit) while socialist society utilizes that surplus for the common good. As Xi expressed in his keynote speeches, China’s aim was to construct a “harmonious socialist society” with self-governance that would supplement state administration and strengthen its democratic institutions by building a stable society based on a “spiritual civilization.” China, however, is still governed by the law of value as it produces its commodities and accumulates to further develop its forces of production and compete on the world market. Xi Jinping has managed to dodge for a while, the cyclical crises that are characteristic of capitalist production by embarking on the BRI that will continue China’s growth and expansion and help

it to avoid the contradictions of capital reproduction. But there is no way of dodging the law of value. Accumulation that is produced under socialism with Chinese characteristics however, may be better utilized to build healthy ecosystems, to treat nature with respect and to treasure our planet. This is all on Xi's agenda and he seems to be genuine in talking about and implementing this critical mission.

### **Transcending Accumulation Contradictions with Development and the BRI**

Capitalism can only maintain homeostasis and expand if it is able to sell the commodities it produces. Therein lies the contradiction of a capitalist economy as it is compelled to sell its products to realize profit (accumulation). This contradiction demonstrates the necessity of the capitalist system expanding from local to global to increase its market. When capital accumulation stalls, the capitalist system goes into crisis as witnessed by capital cyclical crises that occurred in the USA in the early 1930s, and in 1969, 1973, 1981, the Asian economic crisis in 1997 that also affected the USA, and the economic downturn in 2008. With these exigencies put on the reproduction of capital, capitalists are compelled to resort to accumulation maneuvers that supersede their competition. Besides the macro policies of liberalization and globalization, other accumulation resurrection strategies that capitalists have employed to maintain profit and compete, include deregulation, privatization, downsizing, streamlining, outsourcing, restructuring, and reengineering, all of course, at the expense of variable capital (labor). However, even these strategies sooner or later become insufficient. As discussed above, the glitches within capital reproductive dynamics that point the system in the direction of crisis are a consequence of inherent and systematic processes rooted in capitalism's basic laws of motion (Marx, 1967). In the absence of such a process, and as witnessed by China in the early years of its development, Mao argued that the law of value gives up its regulatory function to planning (Riskin, 1987, 166–167). One could argue that in the early stages of developing the forces of production, Five Year Plans have played an important role in lifting the economy and addressing the needs of its people. However, once it has transcended that plateau and transitions into a modern consumer society where commodities are bought and sold on the market, the law of value will inevitably kick in. Chinese society and its economy had to be refitted for global economic integration. Hence, Deng Xiaoping's pursuit of the "four modernizations" (agriculture, industry, science, and technology) in the 1970s (Mastro, 2019) and the "opening" to the West that he initiated at the Third Plenary Session of the Eleventh Central Committee of the CCP in December of 1978.

Whether capital accumulation is generated by private entrepreneurs or by a hybrid with state oversight as in China, the mechanics of capital reproduction remain the same. This means that in order to maintain homeostasis within a capitalist or a state

capitalist economy, growth, development, and markets for the commodities must remain constant. Xi is way ahead of his counterpart in the USA with his understanding of these exigencies. This is apparent in his keynote speeches at the Nineteenth National Congress of the Communist Party of China (October 2017), at the Two Sessions (March 2018), at the BFA in Hainan (April 2018), and at the CASC (July 2018). This is also apparent in the importance China has placed in the BRI when it enshrined in its constitution at the October 2017 National Congress, a commitment to the BRI as a “strategic impetus” (Xuetong, 2019). Xi is steadfast in his mission to create a clean economy and, in the process, uplift humankind. As remarked by Jamie Metzl on Amanpour and Company (Metzl, 2018), China is “firmly set on building the 21st century economy” as well as building those technologies of the future. With his vision, his Five Year Plans, and the BRI, Xi Jinping has placed China on a platform for a steady and continuous reproduction of surplus value for years to come.

The Western world criticizes China and its “state-run system” and balks at the interference of the state in the business of the personal accumulation of surplus value. This is a misperception of the role of the state since capitalism is not just a mode of production. More importantly, it is a “social system” of production and cannot work without a “collective authority representing capital as a whole” (Amin, 1995, 13). Even in a so-called democracy, capital reproduction is a process the state permits, and “permits what exists to go on existing” (Aglietta, 1979 [1976], 12). Capitalists are divided by the changing and ever more complex forms of competition, as we can see with Trump in his tariff foot stomping on behalf of US capitalist interests. US capitalists are compelled to seek unity, protection, and support within the framework of the state. This leads to economic, ideological, and political practices of state intervention through tariffs, regulations, trade agreements, sanctions, and arrests of people like Huawei’s CFO, Meng Wanzhou,<sup>24</sup> on December 1, 2018, which Trump said he would intervene in the matter “if it would serve national security interests or help close a trade deal with China” (Mason and Holland, 2018). This illustrates that regulation of capital is, as Aglietta (1979 [1976], 19) points out, “a social creation” that assures its own integrity and cohesion. The laws of exchange alone cannot regulate antagonisms of the wage relation and the competition between capitals. An organization of the capitalist class, the development of its structural forms in the state, and the supranational apparatuses that have come into existence with globalization “are indispensable for the expanded reproduction of capital” (Aglietta, 1979 [1976], 22). In the age of globalization, the transnational bourgeoisie use national state apparatuses to create the conditions for global capital accumulation, to negotiate the rules and spaces of competition, and “to set the mechanisms of security, codify the rules, secure markets and facilitate the free flow of capital” (Burbach and Robinson, 1999, 29–35). Whether the economy is a state-run system or a state run by capitalist interests, or socialism with “Chinese characteristics,” the

agenda for successful development and expansion and the quest for markets are parallel. The role of the state is absolutely critical for the global integration of transnational capital as well as the local implementation of policies that facilitate infrastructure projects and to develop local and international markets that will be in a position to buy the products being produced. Globalization and the high level of development of the means of production necessitate global economic integration. The political superstructure (the state) has the political power and means, and is the only mechanism, that can carry out that enormous task on the world stage (*Rally Comrades*, 2011). China, being an openly “state-run system,” is in a better position to regulate, control, and reproduce surplus value in the interest of its people and state. It is also in a better position to control and regulate capitalist cyclical crisis through Green development and the BRI.

### **Socialism with Chinese Characteristics Vs. US Hegemony**

There is already talk about China being the “savior” of globalization (*Bloomberg News*, 2018). The destructive Western approach to accumulation that has been characterized by wars and proxy wars throughout the Middle East to maintain hegemony on markets and appropriate oil and gas resources that fuel this global economic engine is in direct competition with China’s peaceful approach of a “shared future” for humankind, a “community” with “universal and common security for the prosperity of the world” (Xi’s keynote speech at the BOAO, March 2018). This tension between two competing ideologies (*laissez-faire*<sup>25</sup> with liberalization<sup>26</sup> and socialism with Chinese characteristics) is being played out on the world stage with Trump’s belligerent rhetoric and the looming trade wars between the USA and China. Besides the endogenous contradictions that rule capital accumulation, there are also external/exogenous contradictions (competition) that exert pressure on capitalists and compel them to utilize the state to protect their interests. It’s a fierce game. Wars are initiated to control these markets and resources (oil and gas). In the last seven decades, humanity has witnessed this in Vietnam, Afghanistan, Desert Storm and the destruction of Iraq, the Gulf Wars,<sup>27</sup> the destruction of Syria through a US proxy war carried out by Israel and its trained and supported Al Qaeda and Daesh mercenaries, the destruction of Libya when Gaddafi was making moves to delink his economy and oil resources from the dollar, and the proxy war carried out by Saudi Arabia in Yemen, supplied and armed by the USA to control the Strait of Hormuz, the Red Sea, and contain Iran.<sup>28</sup>

China may be sincere in its belief that the root problems in the Middle East lie in development and “the only solution is also development” (Ambassador Li Chengwen). But the tensions in the Middle East go beyond underdevelopment. A ruthless apartheid Israeli Zionist regime exists that is intent on its designs for a



Greater Israel that includes at least all of Palestine and parts of Syria and Lebanon. There is also the USA in the area that has no qualms about obliterating a country and its people to protect its domination and hegemony in the region. Trump's bellicose rhetoric directed at China and his liberalization demands in the trade war could very easily escalate when US capital finds China's benevolent gestures a threat to US capital accumulation. Already Japan that relinquished a military agenda after World War II is preparing an order for 100 F-35 stealth fighter jets in a deal that could upend the balance of power in Asia (*Huffpost*, 2018, November 30). Now what else would Japan need 100 F-35 stealth fighter jets for? Could it be to conduct a proxy war on China? This is a curious move on Japan's part, especially when in October 2018 Japanese Prime Minister, Shinzo Abe, on a visit to Beijing, signed over 50 economic cooperation agreements with China (Xuetong, 2019). There are also disgruntled rebels out there who have attacked the Chinese embassy in Karachi, Pakistan (Ahmad and Masood, 2018) saying that the benefits of the BRI are not filtering to them and that China was "exploiting their resources." Recently, Saudi-backed Arab separatists bombed oil facilities at two oil fields in Iran's Khuzestan Province (Jaffe, 2018, 84). Trump is also grouping regional allies (Australia, Japan, and New Zealand) in a bloc that they are referring to as the "Quad" to shore up the USA's geopolitical position to counter China in the Indo-Pacific region (Smith, 2018). Invoking national security concerns, Trump is putting into place a Five Eyes Intelligence Alliance (USA, Australia, Canada, New Zealand, and Britain) to bar Huawei from building 5G communication structures in their countries (Smith, 2018). Bill Priestap of the FBI says China's cyber warfare is "the most severe counter intelligence threat facing our country today" (Smith, 2018) and FBI Director, Christopher Wray, recently echoed this sentiment when he declared on the PBS News Hour (2018), "No country poses a broader, more severe, long time threat to our nation's economy and cyber network infrastructure than China."

It is also believed that Trump is abandoning the Intermediate-Range Nuclear Forces Treaty with Russia because China is not a signatory to that agreement and has been stockpiling these weapons that may give it an advantage in a confrontation with the USA (Smith, 2018). On December 19, 2018, Trump declared in a tweet that the Islamic State Group had been vanquished and that he was pulling all 2,000 US troops out of Syria (Karam and El Deeb, 2018). The next day he ordered the military to start withdrawing 7,000 US troops out of Afghanistan (Gibson-Neff and Mashal, 2018). He may be planning to use these troops to bolster the US military presence in the Indo-Pacific region and most probably continue the wars to protect US interests in the Middle East and Afghanistan using drones<sup>29</sup> as Obama did when he dropped 26,000 bombs in those areas during the last term of his presidency (Mahbubani, 2018). The USA had hoped/expected China to shoulder some of the burden of maintaining stability in Afghanistan after the US troop pullout.

However, China has shown no interest in that idea (Xuetong, 2019). To replace the US troops' presence, Trump would probably step up the use of Special Operation Forces (Gibson-Neff and Schmitt, 2018), counterinsurgency outsourcing (Shorrock, 2018), and privatize the war with military mercenary operations through companies like the Academi (former Blackwater and XE), Dyncorp International Triple Canopy, Blackbird Technologies, Glevum Associates, and K2 Solutions (*The Economist*, 2013). The USA has at its disposal two attack dogs (Israel and Saudi Arabia) to look after American interests in the region. The day after Trump announced victory over the Islamic State and the decision to withdraw, Israeli Prime Minister Benjamin Netanyahu said that Israel would intensify activity in Syria "to prevent Iranian entrenchment" after the withdrawal of US troops (Karam and El Deeb, 2018).

The USA had remained pretty much silent about China and China's BRI. However recently at the Hudson Institute in October 2018, at the 2018 Asia Pacific Economic Conference (APEC) in Papua New Guinea, and at the 2018 G20 Summit in Argentina, US Vice President Pence (2018, November 17) took the opportunity to do some Cold War saber rattling. It was obvious that Pence, "standing in" for President Trump was on a mission to blunt the Chinese influence not only in the Middle East but also in the Indo-Pacific region. At the APEC, which represents 21 Pacific Rim countries and territories with 60 percent of the world economy, Pence said, "We do not offer a constricting belt or a one-way road. When you partner with us, we partner with you and we all prosper." He also outlined a new economic and financial strategy to support the Indo-Pacific region that the Trump administration is embarking on by reforming development financing institutions and doubling the US's financing capacity to US\$60 billion. To ensure "shared security" the USA is funding foreign military investment in the Indo-Pacific region that is "more than the last three years combined." Then he highlighted the US\$61 billion of new investment the USA has poured into the Indo-Pacific region in the last 2 years, the 1,500 new projects that US businesses have announced and the more than US\$1.4 trillion total US investment in the region (as a competing reference, no doubt, to the US\$1.4+ trillion China is investing in the BRI), touting the USA as the "most competitive economy in the world" and proclaiming that American growth is "driving global prosperity." He also announced that the USA was partnering with Australia to build a naval base in Papua New Guinea (Kurtenbach, 2018, A26), and said, "[o]ur vision for a free and open Indo-Pacific will prevail." Pence proclaimed that the USA would not back down on flying over or sailing into China's territorial claims to the South China Sea, as China has demanded, "[w]e will continue to fly and sail wherever international law allows and our national interests demands. Harassment will only strengthen our resolve. We will not change course" (2018, November 17).

## Conclusion

Xi Jinping is miles ahead of Trump on the road to capital accumulation. The Chinese leadership seems to have a theoretical understanding of the exigencies of capital reproduction and is systematically paving the necessary infrastructure that can secure China's homeostasis on the rocky road of globalization. However, the provocative steps and belligerent rhetoric outlined above illustrate the lengths US capitalist interests are already prepared to venture into in the interest of protecting its hegemony. Xi, who had given his speech at APEC before Pence, already anticipated the form that US criticism would take. In his speech he said,

[m]ankind has once again reached a crossroads . . . which direction should we choose? Cooperation or confrontation? Openness or closing doors? Win-win progress or a zero sum game? The rules made should not be followed or bent as one sees fit and they should not be applied with double standards for selfish agendas. (Gomez and Wright, 2018)

Xi's vision of "community" and a "shared future" with universal and common security for the prosperity of the world and the future of mankind and where we can have "harmony without uniformity," healthy ecosystems, and where we treat nature with respect and treasure our planet (his keynote speech at the BFA on April 10, 2018), will meet with fierce resistance when its objective reality is constructed in the BRI. Besides contending with disgruntled rebels fired up by local corruption, sabotage initiated by Saudi-backed Arab separatists targeting Chinese national oil companies as they did with Sinopec and China National Petroleum Corporation, the ideological ambitions for a Greater Israel and the hegemonic imperatives of US capital in the Middle East and the Indo-Pacific, it's going to be a difficult and perilous journey. My hope is that the USA will come to the realization that it should partner with China for a Green New Deal to secure the future of humanity and the planet. My fear is that Xi's noble vision and China's BRI are on a collision course with the exigencies of US capital accumulation. There will be some very difficult road blocks along the way that will take a lot more than "two wings," "two wheels" and a grand strategy of "three transcendencies" to overcome.

## Notes

1. This philosophical position is in line with China's notion of *wangdao*, "humane authority," enlightened and benevolent leadership (Xuetong, 2019).
2. This proffered solution is now a logistical impossibility with the Zionist state's appropriation and compartmentalization of most of the indigenous Palestinian land. A "democratic secular state" in all of Palestine, "where Jews, Muslims and Christians can live in peace with full rights as citizens

- and equal protection under the law” (Odeh, 1985, 208), is the only proper, logical, and fair solution to the so-called Palestinian “problem.”
3. Baker and Davis (2016) reported that the USA finalized a deal under the Obama administration to give Israel over the next 10 years an average of US\$3.8 billion in military and economic aid. According to Susan E. Rice, National Security Advisor to President Obama, that deal was the single largest pledge that the USA has given to any country in American history (Cameron, 2016).
  4. The China-Arab Policy Paper details the long-term plans for the strategic cooperation between China and the Middle East. In the policy agreement China will export labor and technology, and strengthen educational and people-to-people exchanges.
  5. Xi Jinping highlighted this 1+2+3 Framework and the Four Action Plan in his keynote speech at the CASC on July 10, 2018.
  6. China’s monetary standard has been gaining momentum with the BRI. There is a strong movement today to de-dollarize the world because of all the willy-nilly sanctions the USA is imposing upon key trading partners of international capitalist interests and the “arrogance with which we implement them” (Wilkerson, 2018).
  7. China is now the global investment bank of the world (Liu, 2018, The Point with Liu Xin on CGTN).
  8. Europe has already proclaimed that it will not abide by these sanctions (*Russia Today*, 2018). The USA has already showed its muscle on this when it arrested Meng Wanzhou, the CFO of Huawei Technologies (December 1, 2018) for violating US sanctions against Iran. It is the opinion of Colonel Larry Wilkerson, former Chief of Staff to US Secretary of State Colin Powell that it is the USA that is violating the law, not Wanzhou, by imposing sanctions that were never agreed to on an international level. Trump’s executive order sanctioning Iran was not a United Nations (UN) Security Council approved sanction and executive orders do not supersede treaty law, which the US Constitution gives it the power of domestic law (Wilkerson, 2018).
  9. In 1978, Deng Xiaoping, Mao’s successor, decided to embrace modernization by “opening up” China to the West and transforming the Chinese bureaucracy into “a driver of economic growth” (Yuen Ang, 2018, 41). On the world stage, the late 1970s saw an electronics revolution, which made globalization possible. So China “blazed a new strategic path” that suited its national conditions while still “conforming to the tides of history,” or what they referred to as “the development path to a peaceful rise.” This approach distinguished China from other emerging powers in modern history that have plundered other countries’ resources with colonization, invasions, and expansionism (Bijian, 2005, 18).
  10. The term “globalization” came into prominence during the 1990s and is described as an “epochal shift” in the world capitalist system (Burbach and Robinson, 1999). Globalization decentralizes and fragments the production process to areas and countries where production costs are cheaper. Globalization redefined the accumulation of capital and the integration of national productive structures on a supranational level (Petranek, 2001, 27).
  11. The USA and other capitalist nations impose liberalization (under the guise of “freedom” and “democracy”) since it is an avenue for capitalist ventures to penetrate and/or exploit a country’s resources and markets without the pesky constraints of rules and regulations that sovereign countries put into place to protect their own economic development. Liberalization is dependent upon financial openness and the free flow of capital (Petranek, 2001, 21). Xi is distinguishing China from other capitalist countries that do not pursue development with fairness and inclusiveness that will also uplift other countries in the process.
  12. Xi is not surrendering China’s monetary sovereignty as other nations doing business with the USA have done with the dollar. Holding fast to the renminbi (RMB) allows China to regulate its

- own economy and puts it in a better position to respond to cyclical crisis and maintain macro-economic autonomy in the era of global financial capital (Tsui, Jiansheng, Xiaohui, Wong, and Tiejun, 2018, 37, 39).
13. Early in his administration, President Trump vehemently complained that China was “stealing” US intellectual property. China sees it the other way around; and as world leader in AI, it is taking steps to safeguard its own intellectual capital.
  14. After assuming office in 2012, Xi Jinping adopted a new energy strategy with a pivot to renewable energy. China now dominates the global solar-panel market and is expanding support for oil-saving technologies not only to decrease its dependence on foreign oil but also to make itself central to the clean energy universe and to help other countries avoid the environmental mistakes that it admits were part of its economic growth (Finamore, 2018, 1–7). China now generates 24 percent of its power from renewable sources (the USA only 15 percent) and is committed to a US\$6 trillion investment in low-carbon power generation and clean energy technologies by 2040. By taking the lead in renewable energy, China is replacing the USA “as the most important player in many regional alliances and trading relationships” and setting the stage for China to become “the renewable energy superpower of the future” (Jaffe, 2018, 83–88).
  15. Xi refers to reform and opening to the West as China’s Second Revolution.
  16. At the G20 Summit in Argentina in November 2018 Trump threatened to expand tariffs and raise the existing import tax on 5,745 Chinese goods from 10 percent to 25 percent if China would not come to agreement with the USA by January 1, 2019. During the spring of 2018, the USA imposed 250 billion of tariffs on Chinese goods. China responded with 110 billion in tariffs on US goods. China’s Vice Minister of Commerce said they want to work with the USA on their disagreements with “mutual respect, balance, honesty and mutual benefit” (Shouwen, 2018). In the *South China Morning Post* on November 30, 2018, the headlines read, “US ‘must abandon zero-sum mindset’ in its dealings with China.” At the dinner Trump and Xi had together after the G20 Summit to discuss the January 1, 2019 deadline Trump put out, they agreed to a truce after Trump agreed to hold off on new tariffs and Xi agreed to purchase more American products. Trump said if they do not come to an agreement within a 90-day deadline they both set, that the USA would raise the existing tariff rate on US\$200 billion of goods from China from 10 to 25 percent. Xi responded by saying, “Only with cooperation between us can we serve the interest of world peace and prosperity” (Landler, 2018, A3).
  17. China canceled plans for more than 100 coal plants at home. However, it still invests in coal plants abroad. Dr. Zhang Jianyu (2018), China’s Environmental Defense Fund’s managing director says, “[o]ur goal is to help China stay on a low-carbon path while at the same time growing its economy.” He acknowledges that climate pollution is the “environmental challenge of the century” (Griffin, 2018).
  18. In December 2018, Trump announced that his administration’s Environmental Protection Agency (EPA) would be rolling back clean water regulations put in place by the Obama and Bush administrations. The Clean Water Act protects habitats for aquatic wildlife and sources of drinking water for millions of Americans from dangerous toxic pollution dumped into waterways (*Natural Resources Defense Council*, 2018). Trump’s proposal would cut protections for more than 3,000 watersheds in the western USA and speed the extinction of more than 75 species (*Center for Biological Diversity*, 2018).
  19. China’s GDP growth for 2018 slowed to 5.9 percent, which is about half of what it has averaged over the last two decades (Smith, 2018). When the tariffs were put in place in the spring of 2018, China experienced its weakest manufacturing growth in 2 years (Shouwen, 2018).

20. General Motors' announcement in November 2018 that it was closing five North American factories and cutting almost 14,000 jobs indicates how US car manufacturers are being affected by Trump's trade war that raised the price of steel and aluminum (*The New York Times*, 2018). Huffpost reported on November 28, 2018, that in the upper Midwest more than 80 US farms filed for bankruptcy claiming that Trump's trade war with China was partially to blame.
21. In March of 2018, the Chinese Communist Party (CCP) amended its constitution to remove term limits, giving Xi Jinping the opportunity to oversee and follow through with the BRI and remain in power indefinitely (Chaibong, 2018).
22. Foreign businesses that currently operate in China must establish a joint venture with a Chinese company that holds a majority stake. This is one of the sticking points that Trump objects to since it restricts US company ownership in China. Xi also implemented a new law in January 2017 that requires nongovernmental organizations to register with the Ministry of Public Security and refrain from fundraising in China (Economy, 2018, 65).
23. Joseph Stalin implemented the Five Year Plans to quickly and effectively develop the Soviet economy concentrating on heavy industry and using agricultural collectives to increase production. There were many problems and resistance to the implementation of these plans. However, when The Five Year plans were put into place economic sectors like capital goods increased by 158 percent, consumer goods increased by 87 percent, and total industrial output increased by 118 percent. This allowed the Soviet Union to become an economic and industrial power in the early 1930s and defeat Nazi Germany in World War II.
24. Meng Wanzhou was arrested in Canada on the same day that Trump was having dinner with Xi Jinping to discuss tariffs and other liberalization proposals that the Trump administration is seeking for US capitalist interests. The USA accused Wanzhou of "misleading multinational banks about Iran-linked transactions, putting the banks at risk of violating US sanctions" (Mason and Holland, 2018). She is out on a US\$7 million bail but if extradited to the USA she could be facing charges of conspiracy to defraud several financial institutions with a maximum sentence of 30 years for each charge (therealnews.com December 10, 2018). On CNN World December 13, 2018, China's Vice Minister of Foreign Affairs said the arrest was "lawless, reasonless and ruthless." China retaliated with the detainment of two Canadian businessmen shortly after Meng's arrest (Berlinger, 2018).
25. The notion of laissez-faire is a misnomer since the implementation of the principle of nongovernment intervention requires the construction of forms of regulation (mechanisms and modes of state intervention), which act to facilitate natural regulation (Gordon, 1991, 19). It also requires the devising of security mechanisms that assure intrinsic and economic processes that become the basic objective of government rationality (Michel Foucault in Gordon op. cit.).
26. Liberalization is another doublespeak euphemism employed by transnational capitalists since it is a political practice and a problematic that exists within the unifying framework of legal regulations of a state. Liberalization pretends to be inaccessible to a centralized power. However, economic subjects operate in a "totalizing unity of legal-political sovereignty" (Burchell, 1991, 137, 141) within the state. See Note 11.
27. On a *Democracy Now* program (Clark, 2007), General Wesley Clark, Supreme Allied Commander and retired Four Star US Army General, said that 10 days after September 11, 2001, on about September 20, 2001, one of the generals at the Pentagon told him that the USA was going to take out seven countries in 5 years starting with Iran, then Syria, Lebanon, Libya, Somalia, Sudan, and finishing off Iran. The US wars against the Middle East were planned long before 9/11.
28. On Amanpour and Company on November 28, 2018, Yemeni Minister of Foreign Affairs, Hisham Sharaf Abdullah, said that the USA is fighting a proxy war in Yemen through Saudi Arabia to maintain hegemony over the Strait of Hormuz and contain Iran (Abdullah, 2018).

Besides the US\$450 billion in orders of goods from the USA including the US\$110 million in military aid (*Huffpost*, 2018, October 18), like Israel, Saudi Arabia is the USA's attack dog for US interests in the region.

29. During an interview on *Democracy Now* (Bennis, 2018), Phyllis Bennis, a Fellow at the Institute for Policy Studies warned that US warplanes and drones would continue to bomb Syria.

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