

The U.S. Is Not “Overtaking China”: “Industrialization isn’t coming back big-time for the USA”.

The US will never get out of its import-dependency

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Heavy subsidies and government-money created a few chips factories (still struggling to start) and saved some automobile jobs to make electric vehicles. But these few bright spots won’t help the majority of US industry to blossom again. There simply aren’t government-billions enough – not even in the US deficit-economy – to create enough subsidies to reindustrialize the US. A broad US path of “industry-for-subsidies” would be a kind of state-capitalism in a country with no apparatus, levers, tradition, experience, theories, insights – or even funds – to run such a beast. Such a path, dreamed up by Jake Sullivan and Joe Biden would never be economically sustainable for US society.

During Biden’s time, the US sees a sharp decline in productivity – precisely the kind of development which *destroys* industry, not builds it.

The US will never get out of its import-dependency. Yeah, it may shift some imports from China to Vietnam or Mexico (with Chinese sub-suppliers still running much of the show), but the US will never get out of its addiction to imports of “stuff” it cannot produce itself anymore.

And no, India won’t replace China as “factory-of-the-World”. India is doing well, thankfully, but India is far too bureaucratic and self-enclosed to play the global production-role which China plays.

And hardly has the US automobile industry once again been resuscitated from the brain-dead with billions from, government and we see the union problem starting up again. Writes the Wall Street Journal today 2 September 2023 in its daily newsletter summary (forwarded

below):

In the five months since Shawn Fain narrowly won a runoff election to become the president of the United Auto Workers, the 54-year-old has [tossed out the typical union playbook](#). Fain is negotiating new labor contracts for about 146,000 hourly workers at General Motors, Ford Motor and Stellantis. He has said he's ready to strike if a deal isn't reached when contracts expire later this month—potentially with not just one automaker, but all three.

A strike against ALL three major US automakers – Bon Appetit!

US automobiles are so bad for the money that no one will buy them outside of the USA.

The automobile workers union is only part of the problem, however. The managements and owners of US car industries are simply doing a consistently lousy job and have done so for the past half a century. But speaking of US unions, the union of US port workers is also infamous for creating inefficiency in America. The biggest US ports are not conduits for an efficient society, but chokepoints slowing down the whole US Inc.

This is not boding well for US economic competition with China – even is China is slowing down.

US media are salivating for every bit of news that can put a blot on China, but US workers are not doing too fine. Yes – consumption in general is up, but living standards for ordinary Americans have been severely hit by Bidenomics.

The New York Times (NYT) is at great pains to explain that Bidenomics “isn't so bad after all” and that voters just don't get how “good” things *really* are. But at the end of the NYT piece about the blessings of Bidenomics, The NYT suddenly cannot hide the ugly truth anymore – like a Freudian slip of the tongue, even the NYT itself reveals that:

Now he said it was difficult for the Biden administration to take victory laps over slowing inflation because wages haven't kept pace, leaving a typical worker about \$2,000 behind compared with before the pandemic. See [this](#).

Big outburst of inflation created by Biden has hollowed out US real incomes by no less than \$2,000! That's a lot of money for nearly all Americans, and especially for those on low or fixed incomes which used to vote for the Democrats. Obviously, the most recent 1-2 months of a-little-better-than-lower-wage-adjustments aren't going to reverse that. Biden takes \$2,000 from Americans and maybe gives back 50 bucks – how nice is that?

The prospect that a US recession might not happen after all may be celebrated, but truly, the absence of a meltdown doesn't *really* show anything great about US economics.

These views on US economy are vital to understanding the whole picture of China-US strategic competition. China has had an enormous export – now Chinese exports are just big, not enormous. China has got a youth unemployment problem. China has got some overheated construction projects and entities. But all this does not mean that China's growth rate is going to go below that of the US. China is still having a decent growth and look set to continue that. Moreover, China has a lot of unused economic levers and buttons to push.

The US is simply not overtaking China in growth.

The latest World Economic Outlook July 2023 from [IMF](#) says that US will in 2023 have a growth of 1.8% against a growth in China of 5.2%. In 2024 the US will be even worse off with a growth of meagre 1.0% in 2024 and China will grow at 4.5% in 2024. In both years, we see China growing by around 3½ % faster than the US.

China will continue for many years to do a *lot* better than the US.

That puts the gleefulness by which US media describe China's economic challenges into a more correct perspective.

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