Critical Materials: A Root Cause of the Decline of American Manufacturing Pre-eminence

written by Jack Lifton | July 19, 2021

Why has China become the dominant player in manufactured goods requiring non-fuel natural resources? Has the American governing class set up China as a straw man for its own failure to secure the American economic dominance gifted to the country by World War II? I think the answer to the second question is "yes," and the answer to the first one is that China's economic planners think of the long term both for goals and what is physically necessary to achieve them.

The root cause, aka "the reason for…", the decline of American manufacturing pre-eminence is short-term thinking and planning by management. American OEM CEO's in the increasingly long-ago pre-Sinocentric world delegated day-to-day management details to subordinates and looked at the "big picture," aka, the long-term view. Today's Chinese, and I think, many European, OEM CEO's still do manage in this fashion.

Case-in-point: Securing long-term supplies of critical raw materials. In America, this has now become a crisis to be managed as are all American crises as if it were only a political problem not as a problem of blind self-interest and stupidy to be rectified by opening the eyes and the mind to reality and taking action. Americans need someone to blame. Enter the Chinese, who using the attitude of wartime Americans have lifted their nation from poverty to near-preeminence in just a little more than a generation! The current fashion in

America to blame “racism” as the root cause of all evil and failure doesn’t work with the Chinese who see their own race as the superior one and who point to their economic miracle as the proof of the superiority of their nation and their economic system, Socialism (Capitalism?) with Chinese Characteristics.

China is now embarked officially on its “New Economy” program shifting emphasis from manufactured goods for export to domestic consumption and actively promoting domestic innovative technological development for the purpose of making China’s economy independent of the rest of the world and domestically self-sufficient. In other words, their new economy is the opposite of Capitalism with Global Characteristics, the current American system.

I am describing the American industrial economy as Capitalism with Global Characteristics to contrast it with China’s self-described overall economy as “Socialism with Chinese Characteristics” with its corollary, “Capitalism with Chinese Characteristics” used within China to describe its own industrial economy.

China has developed the world’s pre-eminent domestic manufacturing economy with state overseen control of the production of domestic natural resources and the acquisition of a secure supply of necessary imported critical materials. Unlike America and Europe, though, it has cemented, rather than abandoned, its self-sufficient domestic manufacturing economy with secure supplies of the critical raw materials it needs and the domestic processing capability and capacity to maintain it.

China has outsourced some low-level consumer production to other countries, but these are countries that are economically dominated by China, such as Vietnam. China’s importation of critical raw materials is more sophisticated. Its African

suppliers are economically enthralled, and its American, Australian, and Canadian raw material suppliers are economically entangled by China's position as the world's largest importer of mineral ores. Without Chinese demand, the global mining industry would be an order of magnitude smaller.

With a secure self-sufficient manufacturing economy firmly in place, China is embarking the last stage of using Capitalism with Chinese characteristics to achieve Socialism with Chinese Characteristics, the development of an independent technology based economy consisting of semiconductor, computer manufacturing and programming, artificial intelligence, robotics, electrified transportation, space exploration, nuclear engineering, and chemical engineering all to achieve total independence and superiority and maintain both.

The Chinese Communist Party seems to have learned from the failure of Nazi Germany, Soviet Communism, and Maoism that industrial policy can be made to work without total control of industry by the state (fascism and Soviet communism). The United States seems not to have learned how to compete with China, and in the United States, only the Defense Department exercises a loose form of industrial policy. If there is to be only one dominant industrial (and military[?])power in the world the game isn't over, but I think we're in the final quarter of that game.