

Maybe U.S. needs yard sale

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Russia could buy back Alaska or perhaps Canada could pick up sunny Florida

At the end of Second World War the British Empire still ruled nearly a quarter of the globe. But the war bankrupted Britain. Its once mighty empire quickly collapsed and the United States inherited much of the British Imperium. Six decades later the United States is close to bankruptcy thanks to a national orgy of borrowing, the replacement of manufacturing by financial manipulation, ruinous foreign wars and a government whose stunning incompetence and arrant stupidity was exceeded only by its reckless imperial arrogance.

The financial panic now gripping the planet, and the ignominious collapse of Wall Street, showed the American colossus had feet of clay. Washington's furious printing of untold billions of new dollars to prop up its sinking economy, finance this year's \$1 trillion deficit and pay debts may unleash a storm of dangerous inflation.

The world balance of power is already shifting. For example, Pakistan's new president, Asif Zardari, went cap in hand this week to China, seeking up to \$6 billion US in emergency loans. Pakistan is on the verge of bankruptcy and may shortly default on its debt.

But Pakistan's patron, the United States, which has been renting that nation's politicians and army for \$1.2 billion per annum to support the occupation of Afghanistan, can't spare any cash for Pakistan. So Pakistan is turning to China, which has \$19 billion in foreign exchange reserves -- the world's largest. The U.S.-led occupation of Afghanistan is likely to be adversely affected by Washington's new pauper status.

Bankrupt people, companies and nations have to sell assets to meet their debt obligations. China and Japan alone hold over \$1.5 trillion of U.S. government securities (IOUs).

Their nervous central bankers now want real assets rather than more paper.

So there is talk of America's Asian creditors converting their IOUs into shares in U.S. corporations and property.

Sovereign wealth funds from the Arab oil states and Singapore may soon demand chunks of such assets.

In the 19th century European imperial powers used to force loans on China and local rulers in the Mideast and Latin America. When the locals could not pay off their debts, parts of their territory were seized. Russia was forced to sell Alaska to the U.S. for next to nothing when it could not repay its debts.

China's coast was carved up by the British, French, Germans, Russians, Americans and Japanese. These imperial foreclosures created the trading "concessions" of Hong Kong, Shanghai, Tsingtao, Tianjin, and Port Arthur.

Now, it's payback time for China. How ironic that the Chinese Communists have ended up with a so far sound financial system while the Wall Street bandit capitalists have gone bust.

To help pay its monster debts, I suggest Washington consider selling Louisiana back to France. Canada, whose banking system remains solid thanks to being what Americans called "boring and stodgy," ought to pick up Florida for a song. Canadians have a manifest destiny for sunshine.

Mexico will want to buy Texas, Arizona and New Mexico. Russia, of course, will buy back Alaska and Washington State. China will purchase California; San Francisco will become "New Beijing."

Japan will buy up Washington State, Oregon, Montana, and Hawaii. Holland will repossess New York State, and Germany will buy Pennsylvania and Minnesota.

Just like Britain

Pakistan's move into China's financial embrace is a harbinger of things to come. Unless the U.S. quickly repairs its economy, its world power could slip away as quickly as post-war Britain's, leaving China, Japan, Russia, the EU and India as the world's new super powers.

This may not be so awful. All power, as Lord Acton famously said, corrupts; and absolute power corrupts absolutely. As the world's sole superpower, the U.S. under the Bush administration became totally corrupted by imperial hubris, financial fraud, lust for resources and greed.

A world with more balanced, diffused power may be preferable. But what if cash-rich China steps into America's imperial boots much sooner than anyone expected?

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