



Shhh...don't tell anyone, but China is Growing...

Posted by [Prof. Goose](#) on May 23, 2005 - 3:52pm

For true free-market/laissez-faire conservatives (of which there seem to be fewer and fewer these days), it truly seems that their watching of China's capitalistic naissance is comparable to watching a baby being born with 24k gold genitalia and platinum shoes.

Why? Flipping through the shows today, I ran into Larry Kudlow (a man with whom I agree with perhaps one percent of the time) saying (paraphrased) "at least in China, they are actually embracing capitalism, something I don't think America can do anymore...and it's exciting to see..."

What seems to get lost on everyone but the peak oil community is that, with the current set of world circumstances, the coming to an end of a centrally controlled economy with over one billion people clamoring to consume is obviously a very very scary thing in a time of limited resources. Why don't people like Kudlow get that?

Sure, China has been getting its coverage over the past few months, much of the detail of how much the Chinese economy is growing, which was around 9.5% last year. That number, when you compare it to the paltry 3.6% growth of the US, and the even more limited growth of the EU, is even more impressive.

But, more importantly, if you look under the hood of the Chinese economy, all of that growth was within a certain amount of Communist party government control last year. [This article from IHT brings to our attention two facts](#) (that I wasn't aware of...these just add to the trepidation for me), 1) the Chinese government has less control over investment in the economy now than last year, and 2) investment rates in property/real estate/investments are growing in the mid 20%'s. Yes, I said around 25%. That's a lot.

Then you throw in the politics of the potential re-valuation of the yuan...

Then you talk about the potential re-valuation of commodities like oil in other currencies...

Then you starting thinking about China's role geopolitically, especially with regard to North Korea...

Then you start looking more and more at the economic picture of this whole thing...and it just gets daunting.

Who out there is an economist? Am I far off on this? Where's some good sources to read on this? Has anyone integrated these ideas with peak oil?

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