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The following is a KSCO commentary. Here is Kay Zwerling:

More about China –

In 1979, my husband and I were fortunate enough to be in China exactly when our two governments agreed to trade with each other. The Chinese people were dancing in the streets. I wondered how all this would play out. The agrarian country was now becoming a world trader. Let's fast forward to 2011.

In our eagerness to trade with China, it became – and still is – lopsided. It is called free trade where only one side benefits.

Along the way, somehow we seduced ourselves into giving up our own industries which had kept us independent. We thought perhaps that being a service-oriented society would be alright.

The U.S. has really been living in a fools' paradise on a phony economy. Now we are world dependent. We have helped China to become so wealthy that she owns us, because most of her profits are in billions and are invested in our nation.

A long time ago I read in Barron's, the financial periodical, something that is very compelling. Listen… We have not been through anything like what we are going through now – probably for more than 20 years – we have been able to convince the world lately to lend us and to provide us with goods that we do not produce anymore and that we cannot afford to pay for. And now the problem is big, especially since the real estate bubble.

We borrowed so much money from abroad that our trade deficits are now enormous, and our industrial base has been allowed to decay for so long that we can only survive in this economy thanks to the charity of the rest of the world.

Perhaps we must resurrect what worked for us before – that is, our own industries and reject our debt dependency on other nations. That is the path our Forefathers vigorously admonished us to take when our nation was created. We must, however, factor in that the world has changed. Once the world had workers in the millions. Now, with China and India in the world market, the global workforce is in the billions (with a B), so the inflation of workers creates resentment and competition. The stage is set for the inevitable confrontation of China and India vs. the U.S. and Europe, and how that situation will play out remains to be seen.

For KSCO, this is Kay Zwerling.

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