



IMF: Chinese Economy To Surpass U.S. By 2016

The International Monetary Fund (IMF) now predicts that the size of China's economy will surpass America's by 2016, far earlier than most mainstream economists have been forecasting. Some analysts ridiculed the Fund's prediction, but others warned that it could happen even sooner.

The IMF forecast calculated that in five years, using GDP figures based on "purchasing power parity," the Chinese economy would represent just over 18 percent of the world total, up from around 14 percent right now. According to the Fund's projections, China's adjusted GDP will rise from about \$11.2 trillion in 2011 to \$19 trillion by 2016.



The \$15 trillion U.S. economy, which currently accounts for almost 20 percent of global GDP, would decrease to about 17.7 percent of the international total by 2016. During the next five years, according to the IMF forecast, it will grow by a mere \$3.5 trillion.

The figures were posted on the Fund's website two weeks ago with little fanfare, but began making headlines in recent days after being [discovered](#) by a reporter. According to news reports, the forecast represents the first time that the IMF has officially put a date on the expected shift in global economic power.

Ten years ago, the U.S. economy was about three times larger than China's, despite the fact that China has more than four times as many people. But over the last decade, the gap has been closing quickly.

The Chinese economy has been growing fast as the communist dictatorship started to allow some semblance of capitalism and markets to emerge. The regime has been engaged in a [massive campaign of industrial espionage](#) that allowed it to steal untold amounts of valuable technology and secrets from Western companies, too.

Some economists also argue that China's policy of undervaluing its currency has helped it gain a significant competitive edge in exports, at least in the short-term. And the Chinese dictatorship, instead of waging foreign wars and doling out foreign aid, has been aggressively buying up resources, companies and raw materials around the world.

Meanwhile, the U.S. economy has become increasingly less competitive over the last decade. Burdened with growing, unsustainable government borrowing and spending; multiple undeclared foreign wars; an economy-destroying regulatory regime; never-ending bailouts; and a monetary policy that serves to [transfer the people's wealth](#) into the hands of well-connected insiders; growth in America is lagging behind. And that trend is only accelerating.

Of course, Chinese GDP per capita still pales in comparison with American figures — the average economic output of a person in China was less than a tenth of an average American's in 2009. And for



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right now, at least, the U.S. dollar and American capital markets still reign supreme in the world economy. On top of that, despite the obvious troubles plaguing the U.S. economy, China's may be facing big problems, too.

A wide spectrum of analysts and economists believe that the Chinese economy is rushing toward disaster after an unsustainable - largely centrally planned - expansion over the last decade. Malinvestment in everything from "high-speed rail" to empty shopping malls and ghost cities is becoming increasingly apparent despite the communist regime's efforts to hide it.

But some analysts and media outlets are still taking the IMF forecast very seriously. Brett Arends of *MarketWatch*, apparently the first to pick up the story, [urged](#) readers to heed the date 2016. "Put that in your calendar," he wrote. "It is the end of the Age of America." He called the IMF forecast a "bombshell."

"It raises enormous questions about what the international security system is going to look like in just a handful of years," Arends noted. "And it casts a deepening cloud over both the U.S. dollar and the giant Treasury market."

He suggested the IMF's new method of calculating the figures - using purchasing power parity instead of the "largely meaningless comparison" using exchange rates - was a better way to do it. "Exchange rates change quickly. And China's exchange rates are phony," he [wrote](#), pointing to the communist regime's market manipulation to deliberately undervalue its currency.

And the changes to come will be dramatic, Arends predicted. While the U.S. and Great Britain - the last hegemonic world power before America - theoretically live under constitutional government with respect for civil liberties and property rights, China does not. "The Age of China will feel very different," he warned.

And most mainstream media outlets that picked up the story, including [some](#) run by the Chinese dictatorship, took a similar stance. The *Economic Times*, for example, [called](#) the IMF prediction a "warning shot across America's bow." The Asian News International wire service [stated](#): "The rise of the Chinese market will end the 'Age of America' a decade before most analysts had expected." An anchor with *Russia Today* [wondered](#) if the announcement meant "free-market capitalism" was a failure.

In the U.K., the *Daily Mail* [warned](#) that "[t]he ramifications for the U.S. - and indeed any country that has allied itself politically and monetarily to the superpower - are unsettling." The British paper even claimed with apparent certainty that whoever was elected president in 2012 "will have the dubious honour of presiding over the fall of the United States."

But not everyone was quite as pessimistic. The *International Business Times*, for example, [claimed](#) the IMF forecast and a related prediction by the World Bank "shouldn't be trusted at all." The piece said the institutions' economists "have little imagination and assume that current conditions will continue indefinitely."

Analysts at the liberty-oriented *Daily Bell* [said](#) the IMF prediction was "perhaps a bit premature," suggesting that a future China may even be even smaller than it is today following a much-anticipated downturn. "We're not sure the IMF believes its own projections," the report stated, noting that the economic crisis was not confined to Western nations.

"Central banking and fiat money has created a mess not just in the West but around the world, and the Chinese are struggling in that trap just as much as the West is," the analysts pointed out. "The result in



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our view will be continued pressure by the elites for a one-world government and a [one-world currency](#).”

Of course, as *MarketWatch*'s Arends noted, sudden changes or unforeseen events could alter the future economic outlook significantly. If, for example, China were to suddenly dump all or even [some of its estimated \\$3 trillion in U.S. dollar holdings](#), both countries would suffer huge losses. But while the American economy and the U.S. dollar could be damaged beyond repair, a Chinese recovery could, theoretically at least, rely more on its domestic market and other countries.

The seriousness and urgency of the IMF forecast is hard to discern. Analysts' opinions are all over the map. If reasonably accurate, a “New World Order” led by a cabal including communist China's regime — as billionaire socialist George Soros [advocates](#) — could be here very soon. And considering the [brutality exhibited](#) by the Chinese dictatorship even in [recent weeks](#), the prospect is frightening to critics.

On the other hand, the IMF is run by a [self-described socialist](#) who regularly promotes stronger world government and even a [global currency](#) managed by an [international central bank](#). And IMF economists — instead of offering real solutions such as sound money and respect for the Constitution — [urged](#) the American government in a recent report to drastically increase taxes to alleviate obvious problems.

Analysts will continue to debate the merits of the forecast and the IMF's methodology. But no matter when exactly the Chinese economy overtakes America's, the communist dictatorship — probably even more than the current anti-constitutional administration in Washington waging at least three publicly acknowledged wars — represents a serious threat to freedom around the world. Communism, obviously, did not fall with the Berlin Wall.

Photo: Plenary session of International Monetary and Financial Committee during 2011 IMF-World Bank Spring Meetings in Washington: Stephen Jaffe/IMF



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