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AMERICA'S ACUPUNCTURE POINTS PART 1: Striking the US where it hurts

By Victor N Corpus

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A noted Chinese theorist on modern warfare, Chang Mengxiang, compared China's form of fighting to "a Chinese boxer with a keen knowledge of vital body points who can bring an opponent to his

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knees with a minimum of movements". It is like key acupuncture points in ancient Chinese medicine. Puncture one vital point and the whole anatomy is affected. If America ever goes to war with China, say, over Taiwan, then America should be prepared for the following "acupuncture points" in its anatomy to be "punctured". Each of the vital points can bring America to its knees with a minimum of effort.

I Electro-magnetic Pulse (EMP) attack

China and Russia are two potential US adversaries that have the capability for this kind of attack. An EMP attack can either come from an intercontinental ballistic missile (ICBM), a submarine-launched ballistic missile (SLBM), a long-range cruise missile, or an orbiting satellite armed with a nuclear or non-nuclear EMP warhead. A nuclear burst of one (or more) megaton some 400 kilometers over central United States (Omaha, Nebraska) can blanket the whole continental US with electro-magnetic pulse in less than one second.

An EMP attack will damage all electrical grids on the US mainland. It will disable computers and other similar electronic devices with microchips. Most businesses and industries will shut down. The entire US economy will practically grind to a halt. Satellites within line of sight of the EMP burst will also be damaged, adversely affecting military command, control, communications, computers, intelligence, surveillance and

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reconnaissance (C4ISR). Land-based intercontinental ballistic missiles will be rendered unserviceable in their silos. Anti-ballistic missile defenses will suffer the same fate. In short – *total blackout*. And American society as we know it will be thrown back to the Dark Ages.

Of course, the US may decide to strike first, but China and Russia now have the means of striking back with submarine-launched ballistic missiles with the same or even more devastating results. But knowing China's strategy of "active defense", when war with the US becomes imminent, China will surely not allow itself to be targeted first. It will seize the initiative as mandated by its doctrine by striking first.

China has repeatedly announced that it will not be the first to use nuclear weapons. But as an old Chinese saying goes: "There can never be too much deception in war." If it means the survival of the whole Chinese nation that is at stake, China will surely not allow a public statement to tie its hands and prevent it from seizing the initiative. As another saying goes: "All is fair in love and war."

2 Cyber attack

America is the most advanced country in the world in the field of information technology (IT). Practically all of its industries, manufacturing, business and finance, telecommunications, key government services and defense establishment rely heavily on computers and computer networks.

But this heavy dependence on computers is a double-edged sword. It has thrust the US economy and defense establishment ahead of all other countries; but it has also created an Achilles' heel that can potentially bring the superpower to its knees with a few keystrokes on a dozen or so laptops.

China's new concept of a "people's war" includes IT warriors coming, not only from its military more than 2-million strong, but from the general citizenry of some 1.3 billion people. If we add the hackers and information warriors from Russia, Iran, North Korea, Venezuela, Cuba, Syria and other countries sympathetic to China, the cyber attack on the US would be formidable indeed.

So, if a major conflict erupts between China and America, more than a few dozen laptops will be engaged to hack America's military establishment; banking system; stock exchange; defense industries; telecommunication system; power grids; water system; oil and gas pipeline system; air traffic and train traffic control systems; C4ISR system, ballistic missile system, and other systems that prop up the American way of life.

America, on the whole, has not adequately prepared itself for this kind of attack. Neither has it prepared itself for a possible EMP attack. Such attacks can bring a superpower like America to its knees with a minimum of movement.

3 Interdiction of US foreign oil supply

America is now 75% dependent on foreign imported oil. About 23.5% of America's imported oil supply comes from the Persian Gulf. To cut off this oil supply, Iran can simply mine the Strait of Hormuz, using bottom-rising sea mines. It is worthwhile to note that Iran has the world's fourth-largest inventory of sea mines, after China, Russia and the US.

Combined with sea mines, Iran can also block the narrow strait with supersonic cruise missiles such as Yakhonts, Moskits, Granits and Brahmos deployed on Abu Musa Island and all along the rugged and mountainous coastline of Iran fronting the Persian Gulf. This single action can bring America to its knees. Not only America but Japan (which derives 90% of its oil supply) and Europe (which derives about 60% of its oil supply from the Persian Gulf) will be adversely affected.

In the event of a major conflict involving superpower America and

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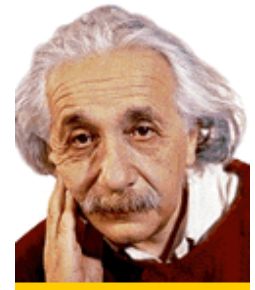
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its allies (primarily Japan and Britain) on the one hand and China and its allies (primarily Russia and Iran) on the other, Iran's role will become strategically crucial. Iran can totally stop the flow of oil coming from the Persian Gulf. This is the main reason why China and Russia are carefully nurturing intimate economic, cultural, political, diplomatic and military ties with Iran, which at one time was condemned by US President George W Bush as belonging to that "axis of evil", along with Iraq and North Korea.

This is also the reason why Iran is so brave in daring the US to attack it on the nuclear proliferation issue. Iran knows that it has the power to hurt the US. Without oil from the Gulf, the war machines of the US and its principal allies will literally run out of gas.

A single blow from Iran or China or Russia, or a combination of the three at the Strait of Hormuz can paralyze America. In addition, Chinese and Russian submarines can stop the flow of oil to the US and Japan by interdicting oil tanker traffic coming from the Middle East, Africa and Latin America. On the other hand, US naval supremacy will have minimal effect on China's oil supply because it is already connected to Kazakhstan with a pipeline and will soon be connected to Russia and Iran as well.

One wonders: what will be the price of oil if Iran blocks the Strait of Hormuz. It will surely drive oil prices sky high. Prolonged high oil prices can, in turn, trigger inflation in the US and a sharp decline of the dollar, possibly even a dollar free-fall. The collapse of the dollar will have a serious impact on the entire US economy.

This brings us to the next "acupuncture point" in the US anatomy: dollar vulnerability.

4 Attack on the US dollar

One of the pillars propping up US superpower status and worldwide economic dominance is the dollar being accepted as the predominant reserve currency. Central banks of various countries have to stock up dollar reserves because they can only buy their oil requirements and other major commodities in US dollars.

This US economic strength, however, is a double-edged sword and can turn out to be America's economic Achilles' heel. A run on the US dollar, for instance, which would cause a dollar free-fall, can bring the entire US economy toppling down.

What is frightening for the US is the fact that China, Russia and Iran possess the power to cause a run on the US dollar and force its collapse.

China is now the biggest holder of foreign exchange reserves in the world, accumulating \$941 billion as of June 30 and expected to exceed a trillion dollars by the end of 2006 - a first in world history. A decision by China to shift a major portion of its reserve to the euro or the yen or gold could trigger other central banks to follow suit. Nobody would want to be left behind holding a bagfull of dollars rapidly turning worthless. The herd psychology would be very difficult to control in this case because national economic survival would be at stake.

This global herd psychology motivated by the survival instinct will be strongly reinforced by the latent anger of many countries in the Middle East, Eurasia, Southeast Asia, Africa and Latin America that silently abhor the pugnacious arrogance displayed by the lone Superpower in the exercise of its unilateral and militaristic foreign policies. They will just be too happy to dump the dollar and watch the lone Superpower squirm and collapse.

The danger of the dollar collapsing is reinforced by the mounting US current account deficit, which sky-rocketed to \$900 billion at an annual rate in the fourth quarter of 2005. This figure is 7% of US gross domestic product (GDP), the largest in US history. The

current account deficit reflects the imbalance of US imports to its exports. The large imbalance shows that the US economy is losing its competitiveness, with US jobs and incomes suffering as a result.

These record deficits in external trade and current accounts mean that the US has to borrow from foreign lenders (mostly Japan and China) \$900 billion annually or nearly \$2.5 billion every single day to finance the gap between payments and receipts from the rest of the world. In financial year 2005, \$352 billion was spent on interest payment of national debt alone - a national debt that has ballooned to \$8.5 trillion as of August 24.

The International Monetary Fund has warned: "The US is on course to increase its net external liabilities to around 40% of its GDP within the next few years - an unprecedented level of external debt for a large industrial country."

The picture of the US federal budget deficit is equally grim. Dennis Cauchon, writing for USA Today said:

The federal government keeps two sets of books. The set the government promotes to the public has a healthier bottom line: a \$318 billion deficit in 2005. The set the government doesn't talk about is the audited financial statement produced by the government's accountants following standard accounting rules. It reports a more ominous financial picture: a \$760 billion deficit for 2005. If social security and medicare were included - as the board that sets accounting rules is considering - the federal deficit would have been \$3.5 trillion. Congress has written its own accounting rules - which would be illegal for a corporation to use because they ignore important costs such as the growing expense of retirement benefits for civil servants and military personnel. Last year, the audited statement produced by the accountants said the government ran a deficit equal to \$6,700 for every American household. The number given to the public put the deficit at \$2,800 per household ... The audited financial statement - prepared by the Treasury Department - reveals a federal government in far worse financial shape than official budget reports indicate, a USA Today analysis found. The government has run a deficit of \$2.9 trillion since 1997, according to the audited number. The official deficit since then is just \$729 billion. The difference is equal to an entire year's worth of federal spending.

The huge US current account and trade deficits, the mounting external debt and the ever-increasing federal budget deficits are clear signs of an economy on the edge. They have dragged the dollar to the brink of the precipice. Such a state of economic affairs cannot be sustained for long, and the stability of the dollar is put in grave danger. One push and the dollar will plunge into free-fall. And that push can come from China, Russia or Iran, whom superpower America has been pushing and bullying all along.

We have seen what China can do. How can Russia or Iran, in turn, cause a dollar downfall? On September 2, 2003, Russia and Saudi Arabia signed an agreement on oil and gas cooperation. Russia and Saudi Arabia have agreed "to exercise joint control over the dynamics of prices for raw materials on foreign markets". The two biggest oil and gas producers, in cooperation, say, with Iran, could control oil production and sales to keep the price of oil relatively high. Sustained high oil prices, in turn, could trigger a high inflation rate in the US and put extreme pressure on the already weak dollar to trigger a more rapid decline.

Russia is now the world's biggest energy supplier, surpassing Saudi Arabia in energy exports measured in barrel oil equivalent or boe (13.3 million boe per day for Russia vs 10 million boe per day for Saudi Arabia). Russia has the biggest gas reserves in the world. Iran, on the other hand, runs second in the world to Russia in gas reserves, and also ranks among the top oil producers. If and when either Russia or Iran, or both, shift away from a rapidly declining dollar in energy transactions, many oil producers will follow suit. These include Venezuela, Indonesia, Norway, Sudan, Nigeria and the Central Asian Republics.

There is a good chance that even Saudi Arabia and the other oil-exporting countries in the Middle East may follow suit. They wouldn't want to be left with fast-shrinking dollars when the shift from petro-dollar to euro-dollar occurs. Again, the herd psychology will come into play, and the US will eventually be left with a dollar that is practically worthless. Considering the strong anti-American sentiments in the world caused by American unilateralism, especially in the Middle East, a concerted effort to dump the dollar in favor of the euro becomes even more plausible.

When the dollar was removed from the gold standard in August 1971, the dollar gained its strength through its use as the currency of choice in oil transactions. Once the dollar is rejected in favor of the euro or another currency for global oil transactions, the dollar will rapidly lose its value and central banks all over the world will be racing to diversify to other currencies. The shift from petro-dollar to petro-euro will have a devastating effect on the dollar. It could cause the dollar to collapse; and the whole US economy crushing down with it - a scene reminiscent of the collapse of the Twin Towers on September 11, 2001. But this one will be a thousand times more devastating.

A successful assault on the US dollar will make America crawl on its knees with a minimum of movements. And this assault can come from China, Russia or Iran - or a combination of the three - if they ever decide that they have had enough of US bullying.

5 Diplomatic isolation

In 1991, when the Soviet Union collapsed from its own weight, the US emerged as the sole superpower in the world. At that crucial period, it would have been a great opportunity for the US to establish its global leadership and dominance worldwide. With the world's biggest economy, its control of international financial institutions, its huge lead in science and technology (specially information technology) and its unequalled military might, America could have seized the moment to establish a truly American Century.

But in the critical years after 1991, America had to make a choice between two divergent approaches to the use of its almost unlimited power: soft power or hard power. The exercise of soft power would have seen America leading the world in the fight against poverty, disease, drugs, environmental degradation, global warming and other ills plaguing humankind.

It would have pushed America in leading the move to address the debt burden of poor, undeveloped or developing countries; promoting distance learning in remote rural areas to empower the poor economically by providing them access to quality education; and helped poor countries in Asia, Africa and Latin America build highways, railways, ports, airports, hospitals, schools and telecommunication systems.

Unfortunately, such was not to be. If there was any effort at the exercise of soft power at all, it was minimal. In fact, it is not America which is practicing soft power in diplomacy but a rising power in the East - China. China has been busy in the past decade or so exercising soft power in almost all countries in Africa, Latin America, Central Asia, Southeast Asia, South Asia and the Middle East, winning most of the countries in these regions to its side. Through the use of soft power, China has

created a de facto global united front under its silent, low-key leadership.

The US, on the other hand, decided to employ mainly hard power in the exercise of its global power. It adapted the policy of unilateralism and militarism in its foreign policy. It discarded the United Nations and even the advice of close allies. It unilaterally discarded signed international treaties (such as the Anti-Ballistic Missile Treaty). It adapted the policy of regime change and preventive war. It led the North Atlantic Treaty Organization in the 78-day bombing of Serbia purportedly for "humanitarian" reasons. It invaded Afghanistan and Iraq without UN sanctions and against the advice of key European allies like France and Germany.

The US-led war in Iraq was a tactical victory for the US initially, but has resulted in strategic defeat overall. The Iraq war caused the US to lose its principal allies in Europe and be isolated, despised and hated in many parts of the world. Without too many friends and allies, the US is likened to an "emperor with no clothes".

So in a major conflict between America and China, isolated America cannot possibly win against a global united front led by China and Russia.

This brings us to the question of alliances, another "acupuncture point" in the anatomy of the superpower, which will be addressed in the second part of this report.

Tomorrow, Part 2: Faced with a China-Russia-Iran triumvirate

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