

The China Challenge

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It's no secret to anyone that the United States is much diminished from its bygone robust times. Its once creative capitalists now largely rely on foreigners to do the work while they milk the markets for easy money while at the same time the largest military force with hundreds of bases around the world keep its inhabitants safely under America's giant thumb. Unfortunately, everything now seems to be going wrong. With its defeat in Vietnam (and even Afghanistan!), and with a larger disaster pending in Ukraine things seem grim, but the worst threat is the manifest degeneration of the ruling class at home.

A vivid example of that deterioration is that the Democrats are seriously planning to run their elderly, mentally and morally diminished president in 2024, while Trump, the most popular choice of Republicans, has been charged with a slew of serious crimes of the sort that have been commonly practiced by both sides for more than a hundred years. Stealing elections? Rutherford Hayes secretly promised the removal of federal forces from the South, there to protect newly freed Blacks from Jim Crow lynching, if they gave him their electoral college vote. They did and he became president by single vote and the South became a hell hole for Blacks.

As for the world capitalist economy; probably the best way to test its financial health is the success or failure of short selling. A short seller is a negative individual. In business great effort is made to make things seem better than they are. A short seller knows better and borrows the stock of a company and sells it expecting to be able to buy it back at a lower price to replace what he borrowed. A naked short seller (something close to being illegal) doesn't actually possess what he sells but expects to obtain it within the 2 days given for the completion of the transaction. Disregarding the morality behind this business model, it is a good way to determine the health of the economy, and right now it doesn't look good.

The recent failure of several American banks, and sudden demise of the large Swiss bank, Credit Suisse – all by short selling, can contribute to a general panic and further damage the economy. Since the failure of the American banks there has been a major decline in bank holdings. 25 of the large American banks have experienced the largest decline in deposits in 38 years. The banking crisis of 2008-2009 was caused by naked short selling of Bear

Stearns and Lehman Brothers stock. George Soros made a billion dollars by shorting the British Pound in 1992 'Black Wednesday.' The Asian Crisis of 1997 was the result of Thailand giving up on pegging its currency to the American dollar. JPM Chase is America's biggest bank with \$3.7 trillion in assets but like most American banks 80-90% of it is invested with the intention of bringing in more assets. With the recent deterioration of relations between the US and China there is speculation on whether China, with its huge accumulation of foreign reserves due to it being the manufacturer to the world, may make a play on JPM Chase like what happened to Credit Suisse. The reverse is not possible as almost all of its currency (yuan/reminbe) never leaves the country. It's capitalists convert their foreign cash from sales to yuan in the Central Bank.

The Chinese government and other Chinese entities have purchased a huge amount of Western assets. According to one mysterious expert (DeepThroatIPO) the Chinese have "*accomplished constructive control of approximately \$58.58 trillion of Western Financial Assets, stealthily hiding in Western Financial Markets, likely in plain sight. ... [T]hat \$58.58 trillion, focused directly on select targets ... is more than enough to sink our previously thought unsinkable fleet of battleship banks.*"

Jamie Dimon, CEO of JPM, would like to see the shorting of bank stock banned. As for China, it has done well and developed schemes to survive the reduction of wealth coming from other capitalist states, but it is a capitalist state in toto. The use of marxist or communist terms is just a smokescreen, a pretense, to skirt the economic chaos it will be subjected to along with its competitors. Capitalism is destined to fail everywhere.

Economic Snippets

– There are proposals to tax the disgusting practice of Stock Buybacks. That would be a good thing, but it should be much more than the measly 1%. At least 10% which would bring in \$740 billion at current purchase levels.

– Fareed Zakaria wrote in the Washington Post: "*China's economy is in bad shape. Economic growth last quarter came in at 0.8 percent, putting China at risk of missing the government's target for the year.*" If that is the shape of China, what is that of the US with a quarterly rate of 0.5%. Most countries report quarterly rates sensibly, but the US reports it at a yearly rate to buff up the not so good news.

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