

## **East-West-Capitalism: Shared Paths to Crises**

**July 22, 2022**

The more the economic conditions of the Gang of 27 (plus a few others) worsens, the more its chief BS-ers try to make things seem even worse in China. They say it's all the fault of its state entity interfering with the norms of private capitalism's free-wheeling dynamics. In the west the state serves the interest of private capitalism, and that's it, it doesn't do capitalism itself, that is, make and sell things and services for its own profit while also performing the duties of a traditional state entity.

China is more binary than traditional capitalism with both state and private units exploiting its working class for the benefit of their respective state and private capitalists, and incidentally for the Chinese people. But the state oversees the entire economy where it sometimes has to rein in private conduct that it judges as being harmful to the economy as a whole.

China's main domestic goal is to build a modern, smooth functioning, capitalist society. To do that it needs housing at western levels for its middle class (the working class must wait while shifting for itself). Private developers were allowed to collect payments for the purchase of homes in advance of their being constructed. Like a Ponzi scheme (in this case, one that actually does something) it depends on a steady inflow of sufficient funding. But China's capitalism is part of world capitalism, when the latter had one of its increasingly frequent downturns, incoming mortgage payments slowed and some 20 giant development companies couldn't pay off their bank and bond debt.

Evergrande was the biggest development company with the greatest problem. It had 800 unfinished projects that were intended for 1.2 million soon to be home owners without sufficient funds to complete them, and now with the would be home buyers now a mortgage payment strike.

Western capitalists blame it all on Chinese communism interfering with capitalist dynamics when it is clearly the fault of dumb ex-Stalinists not leaving private capital to fend for itself while the state built and rented homes for the people. They have demonstrated their ability for such a project in the completion of massive infrastructure

projects. What is required are the skilled workers and materials.  
Giving the project to private capitalists is both redundant and stupid.

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Latest news on China's home financing disaster is that the CEO and finance chief of Evergrande group have been removed for misappropriating funds. It seems that deposits, almost \$2 billion, to be used as collateral for pledge guarantees was diverted by a third party and returned to the company for general use.

### **Herbert Diess Dismissed**

The VW CEO will depart the company Sept. 1<sup>st</sup> 3 years before the terms of his contract. He was a strong supporter of company's move to electric vehicles, but he will perhaps be praised or blamed for his novel emphasis on developing software. CARIAD, the software unit, has been slow to demonstrate its value. It will be up to his replacement, Porsche chief Oliver Blume, known as a 'car man' to streamline its operation.

Diess got into a bit of hot water in 2019 when in an attempt to sum up VW's earning potential used a version of the old Nazi slogan above the gates of Auschwitz in *EBIT macht Frei*. EBIT – *Earnings Before Interest and Taxes*. Completely inappropriate because capitalists don't personally have anything to do with ARBEIT (work), and they are unconcerned about freedom because they have unlimited license.

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