

# **The Beast's Final Gamble: Gold, Capitalism and China's Threat to World Liberalism**

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There is no getting out of the present American Depression. Private sector debt is fast approaching \$20 trillion, not including the massive interest to be added over the foreseeable future. Given that war with either Russia or China would be suicidal for the US – let alone both together – the only rational reading of the Regime's provocation on both fronts is to unify the country for the sake of economic recovery. FDR did the same in 1941 against a stubborn Depression. Unfortunately, FDR had a unified nation, a basically moral people and a national, civic will. The national leadership was overwhelmingly seen as legitimate. Yes, it was abused and manipulated, ultimately destroying it, but it is something that the US today has none of.

The US has no interest in a war with anyone, and certainly should not have any military presence in south Asia or the Baltics. These countries are more than willing to trade with the US, so the purpose can only be for exploitation – to protect the massive investments ultimately destroying the US economy. This is corporate welfare of the worst kind.

The Americans, further, have no interest in who controls the South China Sea in the same way as she has no interest in the Japanese Co-Prosperity Sphere. Japan's rise to power after 1900 made her the natural leader of East Asia. China is in the same position now. There's no moral issue one way or another with a regional hegemon.

Recently, The Philippines took China to the International Tribunal on the Law of the Sea over the issue. Any college sophomore should know that Manila would never take such a provocative action. Sure enough, it was the US masquerading as the Philippines, suing China through the agency of Paul Reichler of the Boston law firm of Foley Hoag. Of course, the American press took the State Department at its word as always. Since China sits on the Security Council, the “Philippine” victory was of no interest to them. The UN has no authority in the area or anywhere else, so the “legal” defeat was ignored. More recently, American arrogance towards President Duterte forced a rapprochement between China and the Philippines, showing yet against the irrationality of American foreign policy.

The Council on Foreign relations opined:

Because the American effort to ‘integrate’ China into the liberal international order has now generated new threats to U.S. primacy in Asia—and could result in a consequential challenge to American power globally—Washington needs a new grand strategy toward China that centers on balancing the rise of Chinese power rather than continuing to assist its ascendancy (quoted from Cartalucci, 2016).

Its difficult to decide which absurdity to tackle first. It is, as Cartalucci says, “an open, modern proclamation of imperialism.” This sort of domination is not about protecting sea lanes and ensuring open trade. That was and will never be an issue. It is about exploiting the region directly. The problem is that China is not Iraq. China is a first world power more than willing and able to defeat a demoralized, broke and military overstretched US.

To put it crudely, China is becoming, along with Russia, a huge part of the resistance

against western imperialism in the area. They seek to negotiate with the US and western banks as equals, not suppliants. The US responds with greater threats. Today, the heroic President Duterte of The Philippines has won his drug war. China has sought an alliance with him, one that he has granted. The mask was off when the US violently condemned his victory against a war that US has never sought to win. Like ISIS, the west supports the drug trade while pretending to (very poorly) fight it. Very rapidly, the China-Filipino alliance has taken the moral high ground on these issues.

More concretely, China's power and economic might make her claim to the sea a matter of de facto right. She is already in the process of developing the islands at issue, already granting her sovereignty over the Paracel and Spratley chains. Doing so is no threat to the US or anyone else, unless of course, the agenda is to maintain a colonial empire there.

Suddenly, the US allies with Vietnam – who China had fought in the region twice in the 1970s and 1980s – and engages in naval drills with Japan. The Philippines were a willing participant of these just last year, but Duterte has learned his lesson. The majority of the American navy is now engaged in the South China Sea. It is highly doubtful that Australia and the Philippines want war with the Chinese. Vietnam is no longer in any position to challenge Peking as it was in the 1980s. For no clear US interest, the regime is demanding war with Peking. Identically with 1940 and most of 1941 against Japan, the US is in the process of cutting off China's raw materials shipments. Yet, the foe they will face is not a small regional hegemon facing a unified industrial giant. It is a world power facing a dying empire.

The ultimate purpose is to weaken the Shanghai Cooperation Organization. Before World War I, the British eyes Berlin and Petrograd with a jealous rage. They and they alone have the right to rule the world. In the 1930s, London had the temerity to condemn Japan's invasion of Manchuria as an attack on national sovereignty, a statement bordering on the insanely and outrageously funny. Joachim Hagopian writes presciently:

Empire's naked neocolonial aggression involves exploiting unlimited energy resources anywhere in the world while neutralizing key enemies as America's predatory, vested self-interest (or more accurately the parasitic ruling elite's self-interest only, clearly neither America's nor Americans' nor any Asian countries'). Because the world's only superpower has gotten away with raping and pillaging the planet at will for decades, Empire is banking on its retaining its global unipolar dominance for years to come by more of the same tactics (Hagopian,2016).

One of the more absurd and contemptible statements was made by Mark Morris of the US National War College. This plan to isolate and destroy China is at least as old as 2013. He writes long before these events: wrote in November 2013:

War starts and the United States and its allies begin offshore controlling. Chinese seaborne imports and exports are reduced drastically. Factory production drops and millions of workers are laid off; soon the numbers soar to tens of millions and perhaps a hundred million. . . When jobs are not found, they start protesting. . . Now the Chinese Communist Party is faced with tens of millions of unemployed protesters. It will try to blame some enemy that can't be seen. . . Not believing the party, discontent grows and protests increase. The Chinese Communist Party orders the People's Liberation Army to break the blockade, but

the People's Liberation Army-Navy replies that China doesn't have the right type of Navy for that and are unable to comply with the orders. Discontent grows and protests become more worrisome to party leaders. The Chinese Communist Party declares that it has taught the foreign dog a lesson and seeks a [peace] conference at Geneva. (Morris, 2013)

The level of sophomoric arrogance and simplified analysis is astounding, though not surprising. All Peking has to do is dump American dollars and refuse to finance American debt. Without cheap Chinese goods, WalMart is finished. That the Chinese population would not blame the west for instigating this war is not even mentioned. The above "analysis" is merely a fantasy, a world where everyone has the same assumptions; it is a world made up of minds as isolated from reality and opposition as his own. The problem is if this fantasy is mistaken for political analysis.

Ukraine has been taken from an industrial powerhouse and turned into a fourth-world backwater through the deliberate engineering of liberal western imperialism. Unfortunately for Washington, there are plenty of places quite unwilling to become minor, impoverished cog's in New York's great machine. As the west cannot sell its own industrial goods (and other commodities), such competition seems to it wasteful. It places more downward pressure on prices and greater competition for resources. Today, major capitalist enterprises have set up shop abroad and use cheaper labor to boost profits by "importing" those back into the US. This means the same mechanisms of protection the system offers domestically must be extended overseas.

Ismael Hossein-Zadeh writes that globalization

tend[s] to deprive the outsourcing countries of production and employment at home, they also bring the economic structure of host countries under the rules and regulations of neoliberal economics. Entrenchment of neoliberal economics on a global scale, however, requires more than the traditional armies or military forces of imperialism. Perhaps more importantly, it also requires new, metaphorical soldiers or armies such as WTO, the IMF, central banks, credit rating agencies, and the like—hence, the new imperialism: imperialism based on universal or generalized dispossession (Hossein-Zadeh, 2016).

The total globalization of production and distribution means that the highest possibly profits can be earned when all transaction costs have been minimized. Now, the assumptions of that statement are many, but it is the underlying axiom of globalization in general. It implies, however, that states must have their place in the new order and retain that place. One piece out of place can bring the edifice to crisis. That gets worse if that piece is the size of China.

More generally, he writes, this irrational sort of militarization derives from what he terms "parasitic imperialism." Its marks are that it

Redistributes national income or resources in favor of the wealthy; (2) undermines the formation of public capital (both physical and human); (3) weakens national defenses against natural disasters; (4) accumulates national debt and threatens economic/financial stability; (5) spoils external or foreign markets for non-military U.S. transnational capital; (6) undermines civil liberties and democratic values; and (7) fosters a dependence on or addiction to military spending and,

therefore, leads to an spiraling vicious circle of war and militarism (Hossein-Zadeh, 2007).

“Parasitic imperialism” is the result of a world that has, at least for now, made its peace with dependency. Local elites are required to promote the ideologies favored by finance capital, invariably liberal democracy with a strong focus on squashing non-liberal dissent. This is quite consistent with liberalism, as the French Revolution and all its bastard children have shown. Jacobinism is the mother of (modern) imperialism since it enshrines self-interest and ontological nominalism as the center of all things. Self-interest justifies the financial oligarchy's ability to outbid smaller rivals for near-zero interest rates. With this tremendous advantage, oligarchy is assured, since smaller borrowers now must borrow at much higher rates from those at the top of the pyramid. Buying assets, especially troubled ones, is much easier for oligarchy and, with the taxpayers forced to bail them out, rational decision-making is not important.

Irrationality aside, “free markets,” based on self-interest, have no ideological means to oppose the purchase of the government or monetary policy by private actors. Building a financial structure that uses debt to leverage more debt – that is, until the chances of repayment become quite thin – is also rational for those with the ability to profit from it. Over time, the bad loans and the assets to which they are attached become the property of the regime and those failing to make their payments are conveniently labeled as failures. More importantly, it represents short term profit unrelated to actual production. Most profits of the Regime's billionaires comes from debt and speculation, not on creation. It is, as Paul Craig Roberts terms it, the “looting phrase” of modern capitalism.

Beyond profit that derives from the expropriation of surplus labor, another, increasingly more important source of profit is the result of mass leveraging of assets. Americans are forced to borrow constantly to maintain even a basic standard of living. This means that a part of their income – possibly a substantial part – is then transferred to finance capital (Hossein-Zadeh, 2016a). But what does this have to do with the US navy in the South China Sea?

This analysis is really the foundation for imperial parasitism, overstretch and endless war. Ukraine was colonized as a means to a) ensure the transfer of her assets to the west as debt service; b) to encircle and threaten Russia and c) to deindustrialize the country, rendering Ukraine a raw materials producer for the regime.

As the US economy sinks deeper into Depression (despite the laughably phony statistics from Washington), war and imperial exploitation are the only means to create “value.” What the western bankers have done in Ukraine can, in theory, be done in the US. Combining public and private sector debt means that the entire American economic grid can be sold off and still not pay the principle. Soon, China's control over America's debt, her growing population, military sophistication and expansion into Central Asia and Africa will dethrone the US as the “world's only superpower.”

Russian gold reserves from early 2013 increased by almost 150%. By Fall of 2015, Russia owned 1352 tons of gold. China now owns nearly 2000 tons, radically increasing their holdings starting in early 2015. This is an important sign that de-dollarization is around the corner. Warfare, at present, is likely the only means for the Regime to stop this trend. The very existence of a drive to de-dollarization might be sufficient to cause a run on this weakened institution.

The New Silk Road project, as many have said recently, is a radical restructuring of the globe's economy. The Shanghai Cooperation Organization, the most significant political

organization in the east, is not mentioned in the mindless “presidential election debates” in the US because it is the organization of most of the world's population against US imperialism. China is building its own financial infrastructure, creating a new banking regime without western and Jewish interest. They are offering credit to Africa without the demands and political ideology of the west. Like a wounded animal, the US elite will lash out.

In a recent article by Prof. James Petras, he sees this “lashing out” taking the form of investment barriers against China. The land of “free trade” ideology will now stop at nothing to restrict China's freedom in international markets. The warmongering in the South China Sea, her traditionally significant trade routes, is just one of the more obnoxious and dangerous. He writes,

The Anglo-American and German empires are on the defensive. They increasingly cannot compete economically with China, even in defending their own innovative industries. In large part this is the result of their failed policies. Western economic elite have increasingly relied on short-term speculation in finance, real estate and insurance, while neglecting their industrial base. Led by the US, their reliance on military conquests (militaristic empire-building) absorb public resources, while China has directed its domestic resources toward innovative and advanced technology (Petras, 2016).

Few realize that the Trans Pacific Partnership excludes China from much of its North American investment plans. However, outside of war, no one will alter their reliance on Chinese markets and products. Walls will be ineffective. This might suggest the bellicose nature of the broke US empire in Asia.

China’s political model is generally social nationalist. It has outperformed all others over the last generation. China's recent heavy investment in robotics and nanotechnology almost guarantee the bankrupt USA will be forced to rely on warfare. This, in itself, as Petras suggests, shows exactly why Peking wins while Washington drowns.

One of the most outlandish admissions as to American ill-will in the area is the Council on Foreign Relations' Revising U.S. Grand Strategy Toward China. One of its complaints is that the Chinese seek to “cast doubt on the US economic model” as part of their agenda. Here is a key passage:

The fundamental conclusion for the United States, therefore, is that China does not see its interests served by becoming just another “trading state,” no matter how constructive an outcome that might be for resolving the larger tensions between its economic and geopolitical strategies. Instead, China will continue along the path to becoming a conventional great power with the full panoply of political and military capabilities, all oriented toward realizing the goal of recovering from the United States the primacy it once enjoyed in Asia as a prelude to exerting global influence in the future (Blackwill and Tellis, 2015)

The assumption throughout is that the US has an inherent right to dominate the globe. And other power that seeks to supplant this dominance is an enemy. China does nothing that the US has not already done. The reality is that the US has no business at all in Asia and China certainly has no desire to harm the United States economically. They are quite dependent on the American market for now, though that is changing as American consumer debt will continue to

suppress any recovery. As American companies rely on foreign sales for profitability, economic recovery is clearly not happening.

Since the CFR has for its members the elite in economics, finance, industry, government and academia, it is the “ruling class.” Therefore, its publications can be considered the official doctrine of this class. Therefore, this report's recommendations of “[intensifying] a consistent U.S. naval and air presence in the South and East China Seas” are now American policy. The report, in many places, speaks of increasing US military capabilities on China's doorstep and using these as threats to force China out of the world stage in any way that “casts doubt on the US economic model.” Japan's military forces are also to be expanded greatly and the famous Constitutional provision preventing her projection abroad should be abandoned. The US wrote their Constitution and forced it upon them, they certainly can rewrite it now.

World War II began when FDR restricted Japan's access to its critical supplies of steel and oil. Japan never threatened the US and only wanted positive trade relations as she did to Asia what the US did to North America. This policy of restriction forced Tokyo to eventually take a hostile posture towards Washington. We read in this official report:

The United States should encourage these countries to develop a coordinated approach to constrict China's access to all technologies, including dual use, that can inflict “high leverage strategic harm.” To establish a new technology regime toward China, Washington should enter into an immediate discussion with allies and friends with the aim of tightening restrictions on the sales of militarily critical technologies to China, including dual use technologies. This will obviously not be easy to accomplish, but the effort should get under way immediately (25).

So much of this is fantasy since so many nations are dependent on China. The same nations see the US as too indebted to have much freedom of action. There is no future in the west as the EU continues to sink into poverty and oligarchy. The CFR here, unsurprisingly, states that the TPP is essential to their goals. The demand of the ruling class is to force the Chinese to abandon all hopes of great power status and to admit the US as the only legitimate arbiter of important political decisions in the region. Apart from the rationale behind this, Peking, believing its long earned its rise to power, will certainly not accept it – nor should they.

Ideology also plays a role. Fighting the US is to fight the “liberal international system.” They write, “China has sought to integrate both its Brazil, Russia, India, China, and South Africa (BRICS) partners and its regional neighbors into economic ventures that rival those of the liberal international system. . . .” (16). To “cast doubt on the US economy model” is seen by the ruling class as identical with casting doubt on international financial liberalism. That China's meteoric rise to power was done without a liberal order does not impress the authors. Perhaps, that's the root of the problem.

What the ruling class is presently doing is attacking China in every way but open war. China has no interests according to the regime, only the US empire does (or “financial liberalism”). The US is in no position to get itself into a war of attrition with a nuclear armed power. There is no support for any war in the US, nor is there money. In the report cited above, no mention is made of the billions and billions of dollars owned by the Chinese or the results of their flooding the market with them. This might suggest why the Rothschilds and Rockefellers are buying so much gold. China is being encircled and threatened, they have every moral right to rectify this situation militarily if necessary.

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