

THE National Investor

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COMMENTARY

CHINA...AND THE NEW WORLD *DISORDER*



The recent troubles of the huge property developer-turned quasi-hedge fund Evergrande have raised questions anew over whether China is in for a major BUST. As I wrote to you all recently, there seem to be two general extremes as to the views of this:

* The “nothing to see here” one says that China will be able to paper over *this* problem just like so many others, on its way to being THE King of the Hill globally.

* The “Doomsday” crowd insists, *THIS IS IT!* China finally bit off more than it could chew and will soon end up like the last “yellow peril” that was poised to take over the world—Japan—a few decades ago. Japan’s run to be King of the Hill (in global markets, anyway) ended when *its* bubbles started bursting in 1989. *Today, Japan is all but irrelevant globally.*

In my commentary on Evergrande (primarily) from about a week ago (on my web site if you missed it, at <https://www.nationalinvestor.com/2980/evergrandes-marketized-default-and-the-consequences/>) I argued that the likely outcome(s) *won’t* be defined in those terms or by either of those black-and-white possible scenarios (though the risk of a bust IS ever-present, even if such is not the base case.)

Instead, that “marketized default” of Evergrande is going to serve as a catalyst for the biggest changes to the established global order of things than anything we have seen in many years. The move *away from* the inter-woven global supply chains for everything...the finance and investment—likewise global in nature—that lubricated all that...the general cooperation and consolidation of most everything under global umbrellas that provided the frameworks and oversight of the post-World War 2 environment...is going to ACCELERATE.

And with that will come *major* upheavals along the way in global financial and commodity markets that are not remotely prepared for the changes that are NOW UNDERWAY!

Digging *far deeper* into all of this following my above-linked article, I caught up this past week with my old friend, long-time Washington-area journalist Cliff Kincaid. Among other things a regular years ago on *CNN's Crossfire*, Cliff these days is President of *America's Survival*; you can check him out at <http://www.usasurvival.org/>.



In our nearly 40-minute discussion, Cliff (who likewise looks at things FAR differently than is either common practice *or allowable* in today's scripted "left" vs. "right" media world) and I REALLY break the mold in our discussion of **China's change of course/agenda**...and a whole lot more.

→I cannot urge you enough to make watching this video a PRIORITY!

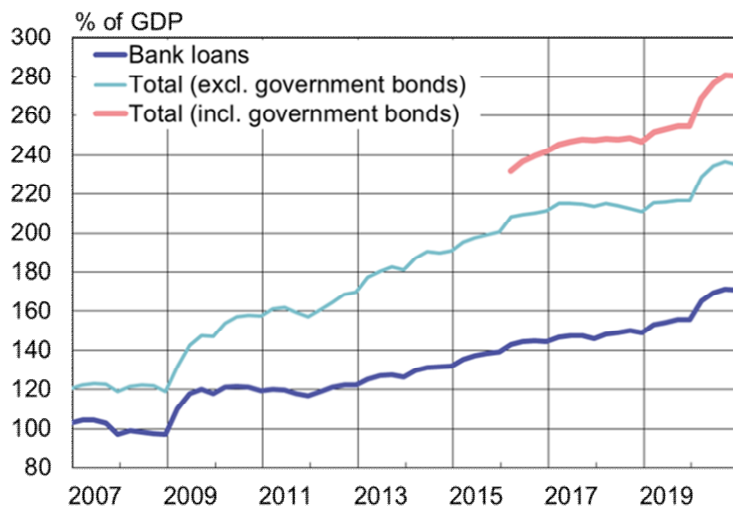
You'll find it at https://www.youtube.com/watch?v=IPb_VIV2III.

As you watch, keep in the back of your mind the fact that recent years have *already* seen a fraying of the globalization regimen that has governed the last several decades. And even if the "West," led by America, is still generally inclined to cling to *this* world order (for the most part RUN by the U.S. in the post-war era of course) **China is NOT if it is no longer in that country's best interests.**

And it isn't.

That's one of many things that will be driven home to you in my discussion with Cliff.

Of the MANY topics we cover both in depth as well as in our mold-breaking way, you'll hear about the following:



* Details as to how China is in considerably *greater* financial/monetary peril than is the U.S. (among other things, China's debt-to-GDP ratio is *more than double* that of the U.S.) By the end of 2020, China's total *acknowledged* public and private debt exceeded 300% of GDP; *and that likely does not include debt in the country's shadow banking system.*

* Exactly HOW China got into this mess, by going farther as a country (and allowing entities like Evergrande to do the same) in graft, greed, abuse of debt and oftentimes IDIOTY than anything ever done by either the extinct Enron...or the Federal Reserve.

* More on President Xi Jinping's decision to have China revert "back" to a more traditional communist state in order to consolidate/keep power.

* Implications of all this for globalization generally...as well as for China's role as IT sees things evolving in a **multi-polar world**.

* How and why all this means that the notion that China's currency can *still* rival the U.S. dollar as a *global* reserve is now done for (though DON'T expect to see an end to the many come-ons telling you that a new Chinese "petro-yuan" ...gold-backed renminbi...*or whatever* is about to "replace the dollar.")

* The KEY reason for China's recent crackdown on Bitcoin and other crypto currencies.

* How *both* President Xi and U.S. President Joe Biden have recently set the table a bit more for **military conflict** (which, among other things, will provide a convenient diversion for *both* leaders from looming/renewed economic and market problems.)

* Eerie—and DANGEROUS—similarities in the U.S. Deep State (which, lest you think otherwise, gives "China Joe" his marching orders) in its attitude toward China today with that of its approach to the now-extinct U.S.S.R. once upon a time.

* Why it should *not* seem so strange to anyone that China—now that it has gamed the "West" for nearly 50 years, acquiring renewed stature in the world in so many ways—now, under "Emperor" Xi, will be "looking out for Number One" a LOT more.

* The risks that China STILL faces even with its belated attempt to rein in its myriad financial problems and remain relevant—and a rising power—at *least somewhat*. **One that Cliff and I only briefly touched on is that China's vaunted new "Belt and Road" initiative is likewise starting to crumble as is Evergrande and a LOT more.** As Reuters reported just this week (at <https://www.reuters.com/world/china/chinas-belt-road-plans-losing-momentum-opposition-debt-mount-study-2021-09-29/>) the push-back against China trying to conquer countries and resources with DEBT is growing.

* That alone—and the other changes now underway *within* China—are going to **throw a cold, wet blanket on notions of an ongoing, broad new commodity "super cycle."** There are STILL great stories out there; as well as other factors outside of China that are going to lead to new/added investment opportunities. *But commodities generally may be soon taking a step or two backward, before taking new ones forward.*

I'll be discussing all that and more near-term in *The National Investor*.

In summation where China is concerned—and as I say along the way in our discussion:

"We're at a much more important inflection point for the markets and the global economy than the average person understands. There are implications (in China's withdrawal from the global order as it has existed for about half a century) for global growth, for commodity prices...for a lot of stuff."



Wrapping up our discussion, Cliff and I went on from China to discuss numerous other topics; among them:

- Debt and deficits in the U.S.
- The Green New Deal
- The early stages of a *new* energy crisis
- Inflation and the Fed
- Nuclear energy
- How and why the COVID *Plannedemic* materialized and has been used by governments and central bankers alike to justify ever-more unprecedented controls, Big Brotherism and more.
- The political scene in Cliff's back yard in Washington.

I'll be picking up on a lot of this anew in the coming days in *The National Investor*, as well as providing my own evolving guidance as to *how we need to manage our portfolios in light of all this*.

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