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## Better-Management Newsletter 27April 2015

**The USA is in trouble / Laissez-faire capitalism / The rich make the rules / Russia and China hold the trumps / All is not lost / First debase her currency / Greece et al - Still in trouble**

### **The USA is in trouble**

The USA is already in trouble and may be unable to defend its empire from any concerted action from the BRICS. This newsletter is about how the USA has been out-manoeuvred by China and Russia, acting in concert. I recall reading the book, “The Open Society and Its Enemies” by Karl Popper in 1966. At the time, I wondered if the democracies of the West could withstand the relentless conspiracies of the communist countries. But since that time we have seen the fall of the Berlin Wall and the commercial face of China. These have lulled us into a sense of false security. We have also seen Communists take on positions of power in the world – like the smiling face of Helen Clark, New Zealand’s prime minister and now the most powerful woman in the UN (who may or may not now be a communist – we simply do not know). We saw folk like Sen Joe McCarthy vilified – yet subsequent research has proven correct as it was Robert Oppenheimer with the assistance of Harry Hopkins who gave the Soviets both A and H bombs (*Editor's note: Hopkins was the president's right hand man and later proven to be a spy for Stalin - read Diane West's book, American Betrayal*). We have now no idea which people or business interests are really spies or fifth columnists.

### **Laissez-faire capitalism**

Laissez-faire capitalism has encouraged western businesses to buy cheap and thereby transfer wealth and resources to poor countries, usually the Chinese. It has allowed complacency to creep in so that formerly strategic resources of energy and key minerals are now held by Russia and China and their Shanghai Cooperation Organisation (“SCO”) now has formidable reach.

Our biggest threat within the OECD is the weaknesses of capitalism and our sense of fair play. Until the year 2000, capitalism’s strengths far outweighed its weaknesses. Now it is only the weaknesses that are on show. Authoritarian governments have an advantage in the current environment.

My recent posts have stressed the threats to our society from resource depletion, conflict and debt busts. There are plenty more we could finger like the Chilean volcano and the Napalese earthquake, because volcanoes and earthquakes tend to kill lots of people. In fact the worst of the lot were the six mass extinctions of millions of years ago. None of these are likely for a while but anyway, none are controllable by humanity. Meanwhile tectonic plates keep moving...

<http://www.bbc.com/news/science-environment-32462763>

But there are some things that we look to governments to control.

## **The rich make the rules**

The rich folks make sure they get the rules they want. In fact they tend to sponsor change via either sponsorship of innovation, or sponsorship of our political elite.

There is a strong lobby against “Big Oil” (which was once the most dominant of all lobby groups in the USA) who are said to torpedo clean energy initiatives. Sooner or later the big oil companies reserves will shrink. Most of the world’s oil is held by national oil companies and only about 10% is in listed stocks. So while oil will last a long time (but in diminishing quantities) the oil companies own assets will become “stranded” as a matter of inevitability. As this link sets out, there are even those who want all fossil fuels to be stranded by not producing them for various doctrinaire reasons.

<http://peakoil.com/alternative-energy/billionaires-versus-big-oil>

It seems sensible to look for alternatives to fossil fuels – but equally the attack on fossil fuels should wait until we have found them. How the proponents of leaving oil, coal and gas in the ground, can advocate so strongly, when these fuels have been the primary source of our industrial civilisation...is just beyond me.

<http://aeon.co/magazine/technology/could-we-reboot-civilisation-without-fossil-fuels/>

But included in that billionaires list are plenty of folks who share my views on the advent of peaking oil and other resources. To mention names, there are folk like Richard Branson, who uses fossil fuel in his planes; then there are guys like the billionaires at KPCB...Bill Joy and John Doerr who are into the mythological EESU; then there are guys like the Google billionaires that are heavily investing in energy storage. These guys all understand global over-population and resource depletion. But they are driven by their own vested interests.

## **Russia and China hold the trumps**

The balance of control of the world’s energy (much vaunted by an ignorant and ill-informed US puppet president) now rests with the Russians and Chinese. Russia is the world’s number 2 oil exporter and China controls the destiny of at least 2 million bbls of oil supply that they don’t presently use. The USA has yielded control of uranium supplies and processing...this is her own position...

<http://www.eia.gov/todayinenergy/detail.cfm?id=2150>

We need to remember that the SCO includes Kazakhstan....and this article below by Chris Martenson may fairly represent one of the ways that the US government shot itself in the foot...

<http://peaksurfer.blogspot.co.nz/2015/04/yellowcake-blues.html>

If you click on the chart of nuclear reactors you will see two key things of interest from it. The first is that it is dated 2011 so Japan will likely have little more than 40 reactors within the next ten years; and also that all building and planned (blue and green candles) reactors have Chinese or Russian control involved (but this is not stated). Australia and Canada are the only major uranium suppliers under Western control.

## **All is not lost**

All is not lost, the battle for the holy grail of energy storage is still under way. But we see the Russians, Chinese, Japanese and others doing intensive research into the use of BaTiO<sub>3</sub> as a high density storage dielectric. Perhaps the mythological EESU will one day tip the balance of energy power back...perhaps not.

Gold is a support for an alternative global currency to the US Dollar.

Think about the implications of this...while Russia is having a hard time due to sanctions, mother Russia is still heavily building her gold reserves in preparation for the battle of the US dollar....

[http://seekingalpha.com/article/3098246-russian-gold-reserves-jump-in-march-what-it-means-for-gold-investors?source=email\\_macro\\_view\\_gol\\_pre\\_met\\_1\\_20&ifp=0](http://seekingalpha.com/article/3098246-russian-gold-reserves-jump-in-march-what-it-means-for-gold-investors?source=email_macro_view_gol_pre_met_1_20&ifp=0)

We have known what Russia is up to now for a year or more because Russia and China's motivations have been transparent when one connects the dots between the pronouncements of their politicians and central bankers. So one must ask the question, if this has been so transparent to ignorant "oiks" like me, what are the moneyed folks with big research budgets doing about it?

## **First debase her currency**

Wasn't it a Communist who said, "If you want to destroy a country, you must first debase her currency?" at the beginning of the 20<sup>th</sup> century. Well, there are 8 trillion US dollars out there that already exist to do that with. China and Russia control half of them and are using it to buy resources and influence.

I know some of you rich guys have been buying gold and silver, haven't you?

If things go pear shaped many favour gold and silver, while others think about real assets that produce stuff – like farmland, booze, real estate etc., while others don't have a clue...here is one version of someone's thoughts...

<http://www.internationalman.com/articles/what-will-happen-to-you-when-the-dollar-collapses-1>

But seriously, the moves by the major banks like Deutschebank, HSBC and JP Morgan to depress gold and silver paper prices have had a purpose...even if we didn't always know what that was. They have attracted both gold and silver bullion into their exchange traded funds knowing that all they need to do is to take the precious metal and pay folk out in cash – which is their entitlement under the ETF terms and conditions. That is, we presume we know that. But now we are finding a more transparent purpose, courtesy of JP Morgan Chase...

[http://seekingalpha.com/article/3102776-why-is-jpmorgan-accumulating-the-biggest-stockpile-of-physical-silver-in-history?source=email\\_macro\\_view\\_gol\\_pre\\_met\\_2\\_9&ifp=0](http://seekingalpha.com/article/3102776-why-is-jpmorgan-accumulating-the-biggest-stockpile-of-physical-silver-in-history?source=email_macro_view_gol_pre_met_2_9&ifp=0)

Sure, you can just call that a conspiracy theory but it sure makes sense, given the spike in US Repos and the inability of the US Fed to normalise their interest rates.

If we add control over energy, to control over resource utilisation, to control over manufacturing, to control over global finance, what does that give us? Particularly when UK, EU, Japan and USA have cornered the global market on sovereign debt that they can never possibly repay!

Meantime, we have short term excesses to deal with, whether dairy, oil, iron ore or whatever...there are as many theories on that as there are problems with those theories, but I am sticking with my energy deficit causation argument...others have different opinions...like this...

<http://www.zerohedge.com/news/2015-04-26/when-qe-leads-deflation-look-confounding-global-supply-glut>

What happens in a tiny Western country when you offer citizenship to any foreign student as an incentive to enrol?

Tiny New Zealand's housing market continues to make the news internationally – not just from those Singaporean radio adverts...

[http://seekingalpha.com/article/3102006-just-how-big-of-a-threat-is-a-property-burst-to-new-zealand?source=email\\_macro\\_view\\_eco\\_0\\_19&ifp=0](http://seekingalpha.com/article/3102006-just-how-big-of-a-threat-is-a-property-burst-to-new-zealand?source=email_macro_view_eco_0_19&ifp=0)

They fail to see that it is the real demand from rising immigration that is driving prices up....in Auckland. But then Auckland is New Zealand...right?

Unfortunately students also import their parents in a silly arrangement that sets the country up to eventually have folk who have never paid any NZ tax received full retirement benefits...by the thousands.

What can possibly go wrong with that?

### **Greece et al - Still in trouble**

<http://www.telegraph.co.uk/finance/economics/11560323/Greece-inches-closer-to-Euro-exit-as-crucial-talks-stall.html>

But IMHO Greece must do what is best for Greece and let the ECB and others pick up the pieces.

What is to come...one scenario getting some air time...

<http://www.telegraph.co.uk/finance/economics/11554692/Greeces-grand-plan-default-and-stay-in-the-euro.html>

Has anyone been able to figure out yet whether the USA is arming Al Qaeda or not? Regardless of that, which side is getting the most help? This weird article suggests Yemen is now just a

“Buggers’ Muddle”. How on earth can the Saudis achieve any real objectives there? Or are they just playing with their military toys?

<http://www.empireslayer.org/2015/04/obama-urges-saudi-dictator-abdulaziz-to.html>

In the last ten years, America has remained the most desired place to emigrate to, but also and by far, the country that poses the greatest threat to world peace. Yup, this was voted on by Gallup! I suppose I could also ask, “Is the truth that dirty?”

One thing that did preclude the bombing of Yemen was the death of King Abdullah, who I always rated as a wise ruler. Since then the geopolitics of the Saudis have just gotten weirder and weirder with King Salman’s new defence minister ordering the bombing and another prince (Talwaleed) giving a new Bentley car to every pilot.