

China! China! China!

Ross Welcome to Renegade Inc. There is just one word that causes everyone in Washington to convulse.

Video clip (Donald Trump) China, China. Look at what China is doing.

Video clip (Joe Biden) We'll also take on directly the challenges posed by our prosperity, security and democratic values by our most serious competitor, China. We'll confront China's economic abuses, counter its aggressive course of action to push back on China's attack on human rights, intellectual property and global governance.

Ross Paul Frijters, welcome to Renegade Inc. Great to have you.

Paul Frijters Great to see you, Ross.

Ross Paul, tell us, why do you think there's so much consternation in Washington about the rise of China? It was hardly a surprise, was it, that China was going to go through massive economic development and now people in the Beltway in Washington jumping up and down saying, what can we do about this?

Paul Frijters Well, I think, to be honest, Ross, this has been a long time coming. And the surprise is indeed more than it's taken them so long to start to see China as their main rival for sort of supremacy in the world, a rivalry which they will undoubtedly one on one lose. But I think in a way, China has been lucky with the war on terror. I think basically the war between particularly the West and the Islamic fanaticism has sort of derailed the natural rivalry with China for a long time, which allowed China to grow, as it were, buffeted by the international crisis.

Ross When you say the war on terror has derailed, you mean that the Americans have become distracted and therefore splintered so they haven't taken the Chinese head on?

Paul Frijters Roughly speaking, yes. I think that they were preoccupied with sort of trying to fight Islamic terrorism, but that meant that they had no real mental headspace to focus on other enemies. And also, the way that these kind of things work is that if you have a very large army, if it's got something to do, it's already got a reason to ask for resources from society. But when that stopped, when basically ISIS got defeated and the threats didn't seem so large anymore, the armies started to need another enemy and hence, you know, ramped up the amount of orientation towards China.

Ross You've written that the Chinese have spent lots of money on what you call bad allies, and the Americans actually have more competent allies. Just expand on that a little bit. What does that mean? What are bad allies?

Paul Frijters With bad allies and China. I'm particularly thinking of countries like North Korea and Pakistan, which they have supported in very many ways. They might have even

given Pakistan or helped them with a nuclear bomb. They've supported Kim Jong-un and his band of coterie in North Korea. And the problem with those kind of allies is that they cost a lot and they don't give you much. So they are at war in large parts with their own population that are extremely corrupt places. They are places that are in constant need of more attention. And they don't help you much. They don't, as it were, have lots of economic relationships to offer. They're not very connected with other countries. And so in a way, these are not the friends you want, whereas America, of course, has got great allies. It's got to us, the Europeans, the Australians. It's got real allies throughout the world. And those are allies that themselves are rich, that themselves are innovating that sort of come, as it were, with real development opportunities. And so, in a way, the Americans have so far had the better friends.

Ross When you start thinking about the next three, five, seven years through a Chinese filter, if you like, how do you start to see them developing with other allies? Do you see them developing partnerships and things like the One Belt, One Road Initiative, economic partnerships which brings prosperity to areas? Just tell us from your perspective, the next three, five, seven years, what China might look like.

Paul Frijters I have seen how China operates in various countries, including in Tajikistan, which I visited something like seven years ago. And I think that they're gradually learning the model of how to make friends and how to make alliances. So a couple of years ago, what they did was still come in with masses of Chinese workers, to build vast roads in countries and try to get access to large access points. But I think now they're going to take a different tack. I think they're going to count on the fact that they can offer a very appealing economic and political package to many of their allies. And they're going to look more for, as it were, regular trade ties. I think that you see this in South Korea. I think you see the coming neutrality of Japan in that way. And I think they are going to count on the fact that because they now have the biggest economy, which will soon dwarf that of the Americans, that as it were, people will come to them rather than they have to come begging too much. So they will continue doing what they've done the last 10 years in various African countries and maybe also Latin American countries, which is buy up minerals and other goods that they want. But I think you should see it more as the spreading of an oil spill, if you like. I think there's a huge wealth of economically viable and appealing ties to other countries to tie into, they're going to slowly let, as it were, former enemies become more mellow and really sort of engage with them and become their partners. And I think this will happen first in their region. They'll be looking at places like Vietnam, South Korea, as I said, but also the Central Asian economies, Russia. I think that that will gradually spread and we'll see how far that goes.

Ross The Chinese diaspora is spread all over the world to far flung places. What effect does that have on the political decision making and the geo political decision making of the leaders?

Paul Frijters The Chinese diaspora is a fascinating phenomenon. There are about 50 million Chinese origin people living around the globe. A lot of them actually left China in the 19th century when there was a very different culture and they left because of huge Hans that were there. Also, Hong Kong Chinese came to Europe and Australia in that particular era. And particularly the most recent migrants out of China are politically interesting around the world. I do think that the ones who left China the last 20 years have become students and citizens,

particularly in places like Australia, but also in the US, they initially will form a little bit of a lubricant, but they might over time also become a reason to sort of have political fights with other countries, because the Chinese authorities will be very worried that those Chinese will, as it were, still have connections with family in China and will bring back ideas that are contrary to Communist Party doctrine and Communist Party interests. So they will be afraid that they will be a political worry. And I think that this is also the main thing that puts them in conflict in places like Australia that we've seen. But I think we have also seen this in other places in Europe and in America, that the Chinese authorities are very interested in keeping that very recent diaspora in the fold and making sure that they don't get to hear negative things about China or that they behave what they see as an anti Chinese way. And that means that they don't want to see demonstrations against Chinese policies regarding Hong Kong and Uyghurs operating in those countries. They will want the media of the country with that diaspora to behave in a certain way and they've poured huge resources into that kind of thing. They're not so busy with what we think, but they are busy with what the Chinese diaspora or recent Chinese immigrants in those places think because they still have ties to the motherland. And so it's a very interesting phenomenon that the group which in principle could help them, is also seen as a worry for potential strife. And Australia is the shining example of that where basically, that group has almost split the trade ties.

Ross Fascinating. The interesting bit then for me is where do you see, thinking about all the areas that you've covered, political leaders having to keep people happy, make trade deals, new partnerships, how do you see now China thriving over the next, let's say, decade? What are the real growth areas? What are the bits that are really exciting to you as somebody who has studied this so intensely? What are the bits that make you think, ha, this will be an exciting time?

Paul Frijters In terms of where Chinese internal growth will come from, that's easy. That's the expansion of the service sector. So Western economies are about 80 percent sector oriented. The Chinese economy is still only something like 60 percent, which means their economy can still double in size just on the service economy alone. And hence the internal growth in China is very easy to see, which is that they'll become more like our kind of economies. A manufacturing base is already that of the world's biggest superpower in the sense that the manufacturing base is easily twice the size of the Americans. Now, what I think is exciting is that, of course, the Chinese are very capable people who are investing an awful lot in engineer physics and lots of natural sciences. And I'm expecting them to come up with a lot of firsts in all kinds of technological areas and also in financial areas. And part of that will disrupt the way that Western societies have worked, and particularly the dominance of the Americans. So I expect the Chinese to challenge the American dominance in the area of finance, basically off the world, an alternative world currency certainly in their own economic region. I expect them to seriously challenge, as it were, prestige technical projects like the space race. I expect them to sort of start to dominate. They already do really in terms of supercomputers. Half of supercomputers are in China. I expect them to overtake the Americans even further in that regard. In terms of the field of artificial intelligence and robot technology, I expect them to totally dominate that field in the coming decade. And I think what will also be interesting is that one should expect, of course, the Chinese, like the Americans previously, to use whatever technological advantages they can come up with to try and get political leverage with their potential allies overseas. And that can be quite disruptive. So imagine the Chinese government offering the Vietnamese political leadership,

the possibility of basically replacing all the American big Internet companies with Chinese big Internet companies. With that package will come the ability to have a lot of internal control for the Vietnamese government so that they can stifle internal critique. Well, that's going to be an extremely appealing package. And imagine them offering that kind of package of actual control over your own Internet but within a larger Chinese sphere. Lots of other governments who have, as it were, internal opposition and who are not very happy with the difficulty of taxing American Internet.

Ross No wonder there's so much consternation in Washington.

Paul Frijters Yes, indeed. They've got something to fear, but I think the Americans haven't quite yet realised how much they need friends and hence how much smaller they are than the Chinese. The Americans still have this idea in their mind that they've got the biggest army and they're the ones with the military bases. But the fact that their economy is within 20 years going to be only maybe a third of the Chinese has really not yet come home to them. What that means is how they must adapt, how they must play the ally.

Ross Why is it that the Americans are so pig headed when it comes to meeting somebody halfway and actually building an alliance, a partnership? Why has it got to be their way or the highway?

Paul Frijters Well, I'm afraid that we've wielded that. And when I say 'we', I sort of mean the former colonial imperial powers. The Netherlands was like that in its heyday. The U.K. was like that in its heyday. The French were like that in its heyday. And we also remember that the Germans were like that in its heyday. So it is a little bit the nature of a sort of a dominant military machine inside a nation state that it builds this kind of we are fantastic, we're the top of the world and we are the natural masters of the universe. And it basically takes sort of a clear defeat in a way to get out of that a bit. And even then, populations keep pining for this long after the glory of empire is gone. Just look at Brexit if you want to see that.

Ross Which is a perfect note to end it. Paul. Thank you very much for your time.

Paul Frijters No worries.

Video clip (Donald Trump) China. You go over to China, China. China, I have to have my China, China. China, because China I know China very well. China, China now. China. China. China. China. You want to buy from China, that's great. Buy from China. China, China, China, China, China, China, China all the time.

Ross Matthew Ehret, welcome back to Renegade Inc.

Matthew Ehret Thanks for having me back.

Ross Reading a lot of your writing and locating us where we are at the moment, let me just say it, the Cold War 2.0 throughout Donald Trump's presidency, China, China, China, Biden,

I'm sure, will carry that on. The left in many ways, have been told that it's the Kremlin who are putting reds under the bed. The conservative right, well, they're grazing on a diet of anti-China rhetoric. How new is all this and give us the historical context between both sides of this coin, if you like?

Matthew Ehret Yes, as I'm sure your viewers are aware, this is not a new game. This is the same formula that was unhatched right after World War Two. Many people think that the Iron Curtain speech was the thing that ushered in the Cold War of 1946 in Missouri. That's actually not true. When you dig a little bit deeper, you find that the precedent for that was set when a similar media scandal was cooked up, run out of British intelligence operations here in Canada when a certain type of clerk in the Russian embassy, Igor Gouzenko left one evening in September 5th, 1945, with an apparent list of proofs of Russian collusion with certain agents within the Canadian, American and British establishment to overthrow Western democracy. This created a media scandal. There were secret hearings, royal commissions, that were set up to investigate who these people were. They were dragged, tortured, psychologically taking down, rights of habeas corpus were removed from these people who were apparently Russian spies. Many of these figures were leading members of the Progressive Party of Canada who were allied with Henry Wallace and other allies of Franklin Delano Roosevelt, who had a vision for US-Russia-China alliance after World War Two had ended. These are people who had called out the fascist support that was being given by many of the Western financial networks and industrialists, including Canada for Hitler, for Mussolini. So these were very loud voices and they were slandered, called commies and put in jail and given jail time for things that they had nothing to do with. And as we discovered 40 years later when these files that were used in the trial were declassified in 1985 and journalists finally got a chance to look through the microfilm to see what was this proof, what were these these 108 documents with all of the secret names of these agents? There was nothing there. There was really just telephone books, resumes of shopping lists. So it was all a complete psyop and none of it was real. And of course, that created and turned the pro-Russian sympathies because obviously Russia had just fought World War Two alongside the the allies of the West. And we had very strong sympathies. So that really turned the tide against that and was channelled against the greatest patriotic people like Paul Robeson, like Henry Wallace and others who really had a very strong vision that would not have allowed the Cold War to happen. But instead, what we saw was McCarthyism, the House un-American activities, the FBI take over the USA. And that really tainted much of modern history, which could have gone a very beautiful and different direction had FDR not died and had this not been created out of thin air. So, as you said, there is a definite replay of that same game plan today with, on the one hand, the people who have been more left sympathetic, had been led to believe that the Russians are behind all the problems of the world, that they put their puppet Trump into power 2016. And then on the more conservative minded people, whether it's here in Canada, Britain, Australia, USA big time, they're now being led to believe China is the natural enemy of the USA and of the West. In both cases, they're equally wrong.

Ross For people who have to uphold this Cold War 2.0, what's the upside for them? Who are they and what's the upside?

Matthew Ehret Well, I think it's always useful to create a bogeyman where there is none. I mean, obviously, it's easier to control people when they're afraid and ignorant of their

neighbours. On the other hand, when people today are angry with China or Russia for interfering in Western governments, they often miss the fact that the colour revolutionary regime change process that's been underway now for many decades, really, I mean, it got underway in the modern form in the Philippines in 1986 when Lord Mark Malloch-Brown, as well as George Soros played a very key role in overthrowing the government of Ferdinand Marcos and creating a completely fraudulent perception management combo that used a form of colour revolution at the time to install a series of puppet governments after Marcos, a nationalist leader of the Philippines, was ousted. And this was replicated throughout the 90s in post-Soviet space and really got under way in a new fashion after 9/11. We've seen it in Libya. We've seen it across more recently in Venezuela, in Ukraine. It's the same operation with a lot of the same actors from Project Marqusee, organisations that are CIA affiliated, Open Society organisations that are tied to Soros. So people they don't really look at the pedigree of what's happening. So it's ironic that people say, oh, China is obviously behind all of this, but look at what China's had to deal with, both in Hong Kong, which was also a target for these operations. And Russia had the same thing on its perimeter as well as inside of its own country now with Navalny. So you look at where the actual causal hand is located and it's not Russia and China who are doing these things. It's located more at home, more around the five eyes community and what's controlling that. And that's where you're going to start seeing the real arsonist lighting fires all over the village.

Ross Is it not the case that continuing to do these things, whether it be Venezuela, whether it be Syria, whether it be Libya, that the public are looking on now and thinking, you know, this looks incredibly like the last one. Is it the case that the neocon strategy is showing now, but they haven't got another playbook, so they just have to double down on these failures?

Matthew Ehret No, absolutely. There's a lack of creativity for sure and it's certain, I think, overconfidence when one tries to play God. Sometimes one makes the mistake of believing that they are God and can get away with whatever they want. And I think that over the years, anything that the powers that be were running these nasty operations, whatever they wanted, they've been able to get without too much to do, whether it was taking the dollar off the gold standard, overhauling the Bretton Woods system, creating wars in Iraq, in Libya. They wanted a regime change in Ukraine, they got that too. If they wanted an assassination, they would get that, too. And then it was really only in 2013, 2014/15 that you really start seeing their script not working anymore. But they kept on just doing their script. And I think that the Russia-China alliance, which took really a new form of evolution with the announcement of the Belt and Road initiative by Xi Jinping and then the increasing merger of the Eurasian Economic Union into the framework of the Belt and Road Initiative and the extension of the Belt and Road increasing the Polar Silk Road as 2018 and just an increasing bond of survival, as well as a new financial architecture set up largely by China to help fund these large scale projects, whether it's in Eurasia or Africa or South America. This has been able to create a power bloc that's been capable of resisting and overthrowing a lot of the elements on the script.

Ross As this multipolarity increases, as more partnerships are born, what happens to the so-called West? Do they look on and are just not invited to that party? Do they try and disrupt? Do they go to war? What do they do to try and hinder the development, the progress and the economic capacity in Russia-China?

Matthew Ehret Well, as you you pointed out, war is a possibility. And it's not a desirable one for anyone. However, as some have been led to believe that it's better to rule in hell than serve in heaven. And I think that the idea of going to war, as we've seen from Admiral Richards, who runs Stratcom and his recent remarks, he's made it very clear that the US, the West as a whole, they don't have to be prepared to unleash a nuclear war with Russia and with China. So we do see that this is not going to continue indefinitely. There are two coexistent systems that are completely incompatible currently on the earth. One is founded on certain principles of win-win cooperation. The self-interest of all participants will benefit by large scale projects. Nord Stream is but one of many. And it's founded on not not the sort of banking activities that we have dominance in the West for many decades of speculating on fictitious commodities and assets and debts that will never be paid. It's a completely different way of thinking about political economy. So knowing that the current financial system that we live under is tanking like a Titanic, at some point we're going to get a blow out of that system. And that's scientifically validatable. It's just a question of when. When you look at what's holding together this 1.2 quadrillion dollar derivatives bubble, which is completely fictitious capital, very little of that has representation in the real physical part of the economy that supports life. So there is a race to control the new system that will be brought in line. And indeed, I think those trying to manage the show from the top in the unipolar perspective of things, they do recognise that nations are going to jump on board with the Belt and Road Initiative very quickly, faster than they already have been under the condition of that breakdown crisis, which is why they're trying everything on the books to destabilize and nothing short of nuclear war. So that is a gigantic risk, a massive risk, and it's something that people do need to think very seriously about.

Ross As we wind up, you rhetorically ask in one of your pieces, what is it about Putin and Xi which inspires such fear in the hearts of the Great Reset architects? In the simplest terms, the answer is open system economics. Just tell us what open system economics is and tell us why that is sending chills down the spines of these Great Reseters, as you call them.

Matthew Ehret Going back to the idea of an operating system that will manage the current fallout of the economic system that's melting down here, we have something that's come to be known as the Great Reset. What will be the framework of that new system? Russia and China have made it very clear, you can read the speeches as well as looking at the policy actions of both Xi Jinping and Putin, that the new system has to be founded on multilateralism, win-win cooperation, non zero sum geopolitics. That's very important because a closed system is zero sum. You have a concept of a finite amount of energy that has to be distributed to people as the population grows or diminishes. You have to have people managing the diminishing rates of returns of resources to the people. In an open system, there's no sense that there's an absolute finiteness of the human carrying capacity of the energy or the resources available for mankind to use for the benefit of our species, meaning that it's encouraging new creative discoveries, new technologies that are being brought online. New resources are being created and encouraged by the new discoveries into nuclear power, the atom fusion, space exploration. So you're always going beyond the limits of your boundary conditions and the open system paradigm. In the closed system paradigm you're sort of adapting to a fixed ecosystem, a fixed set of relationships. And you're being told that that's all we have to deal with. It is just managing the diminishing returns. So I think in that sense, when you just look at the large scale 20 to 50 year project, mega infrastructure, green desert's, water products of Africa, Asia and beyond, as well as space exploration to develop lunar bases which Russia

and China have in common, they have a joint mission keeping this together, which also involves resource extraction including free mining from the moon. These are things that are completely incompatible with the sort of more dominant Davos club of Klaus Schwab and his little network of technocrats and billionaires who are really giddy about just creating green energy grids, green new deals all around the world, which will impose restrictions that aren't even here yet onto what we can do as a species to support agro industrial development. All of the activities necessary to support life in the billions won't be there anymore, and that will be financially incentivised under green central bankers climate compact, as has been laid out by Mark Carney and others. And that's not something which is, like I said, in any way compatible with the open system paradigm.

Ross Billion dollar question. Ready? Open versus closed. Is it the giddy technocrats that win out or is it the people who genuinely want to serve their populations, embrace multipolarity and make everybody economically more autonomous than they are at the moment?

Matthew Ehret I don't have my crystal ball, but I think that you know where my heart sits. And I hope most of your viewers feel the same way. But it will be a very interesting time in the coming weeks and months ahead.

Ross Matthew, always great to have you. Thanks for being back.

Matthew Ehret Thanks for having me back.