



War With China



Stirling Larkin, CIO

Mulloway fish (*Argyrosomus Japonicus*) are unremarkable except during the very narrow window of the day when dusk draws out the upper tidal limits along river mouths, rocky foreshores and coastal beaches – during this very sparse ten to fifteen minutes, frenetic undercurrents spontaneously shift the imperturbation to outright bedlam.

And this is when the unremarkable Mulloway shifts into an **apex predator**, scavenging confused smaller fish, squid, octopi, prawns, marine worms and crabs during murky, aerated and low light conditions.

Mulloway simulate what in military stratagem is known as, “*hammer and anvil*” tactics; a manoeuvre that engages in a surprise frontal assault, with others in the school (of fish) manoeuvring around the targets and attacking from behind, sandwiching them into the awaiting alpha Mulloway predators.

American author, Bill Bonner taught us that, “*when it comes to science and technology, man learns, but when it comes to love, war and finance, he makes the same mistakes over and over again.*”

Of course, the extraordinary medical and scientific **Ides of March** this year **confront us all**, notwithstanding, society has **learned from the past** and has **our brightest and best standing vanguard and readied for us all**.

Bonner’s sageness recognises what we hold close to our hearts, what draws us to bloodlust and or belligerence and the intersecting tradecraft that forgives no errors – finance.

The **mistake made before** and now again entwines love, war and finance – the international political and investor underestimation of the Totalitarian rise of the Great Chinese Middle Kingdom.

Theoretical speculation surrounding the ominous, “**Thucydides Trap**”, are banal, or as Warren Buffett put it, “*if history was deemed to always repeat itself, then librarians would be the wealthiest among us.*”

The love the Han people – the world’s largest ethnic group, constituting eighteen percent of the entire global population – have for Formosa, or what we *anglicise* as Taiwan, is paramount and is perennially underestimated by us, outsiders.

For global investors, the realisation that the reunification of the continent with this near-sacred estranged enclave is nearing immanency, come belligerence, realpolitik imperiousness or any other means viable for the Tiananmen Mandarins (pun half intended) must again present as the

What Goes On While Global Focus Is Directed Elsewhere

primary, clear and most present danger to global harmony and financial stability.

In no uncertain terms, war with China remains a greater challenge to Australia and Indo-Pacific economic sustainability than does the current **serious bio-medical pandemic**.

This author takes no pride in turning dark upon the impressive Sinosphere but as custodians of our client’s life savings and the serious responsibility this bears upon us, assessment of what China has become must remain objective, measured and tactical.

The Nineteenth Plenary affirmed, in no uncertain terms, that the *Sinosphere* is now **Totalitarian** and has but one remaining ascendance – first pronounced by Chairman Mao and verbatim repeated by Xi at the Nineteenth Plenary, to reunite the Han – which means “reunification” with Taiwan, come hell or **high water (and likely both)**.

The devil has the best tunes and to echo Bonner, mistakes remain and repeat in the realms of *Sino-Western* finance, with immediate liabilities for Australians and Australian domiciled investors.

Via Soviet taught **salami tactics** or outright **Total War**, the Tiananmen clique are the **apex predator** challenging global hegemony and Twenty First Century accord and when this Ides Of March do finally pass – and they will – recentre focus on what presents today as unremarkable but will soon become arrestingly extraordinary.

Our third Key Portfolio Management Principle at Australian Standfirst is to “Secure Your Base” and in almost every consideration surrounding global investing from Australia outwards intertwines the People’s Republic of China (and its satellites, Hong Kong, Macau and pseudo-tributary, Singapore).

To conclude, we will allow the below citations on public record to speak to the complex dynamics involved when considering whether China can be trusted with Australian’s life savings and commercial considerations and we wish all, including our friends in China, safe passage and good health during this globally vexed time. ■

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