

China's Financial Crisis Erupts as US Pivots to South America

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Jack Rasmus takes a look at this past week's major event in the collapse of the China stock market, as well as the resurgence of Neoliberal policies in South America and the US pivot to that continent and destabilization of economies in Venezuela, Brazil and Argentine now underway. What's behind the most recent stock decline in China?

Jack explains its relationship to the slowing real economy there, and the pressure to devalue its currency, the Yuan, that is growing. Devaluation coming in China is reflected in investors attempting to take their money and run, thus the stock decline now underway. China government efforts to slow it via 'circuit breakers' is not working as well as before. The real economy-currency-stock nexus will continue. How this all has contagion effects on the rest of the global economy is explained.

Jack then looks at the US 'pivot' to South America, and specifically how the US destabilizes economies by wrecking its currency. Global oil and commodity crash, slowing China, and US interest rate hikes are all having major negative effects on South American economies. In this scenario, the US is now attempting to exacerbate Venezuela's currency collapse even further, while attacking it politically and legally. Venezuela is a model of how the US destabilizes a country's currency and therefore economy, as a prelude to re-establishing more friendly Neoliberal governments and policies.

For a comprehensive analysis of both China and Emerging Market economies, see chapters 3 and 6 of Jack's just published book, '[Systemic Fragility in the Global Economy](#)', Clarity Press, January 1, 2016, available from this blog (see icon) and Jack's website (book icon front webpage), purchasable by paypal, or now available on Amazon and at bookstores.

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