



Dr. Evil "The Squirrel Edition"



"Mighty oaks from little acorns grow." The squirrel edition? Acorns? Has Dr. Evil gone nuts? Dr. Evil, in constant contact with Evil Teams of Evil™ across the fruited plain of beige office space that is the USG has come to a conclusion as regards great power

competition... **We suck at it.** Yea, sorry to break the news. The American ethos is "do it big, do it now and go home afterwards for a beer." Also sorry to break the news inside the beltway but Crimea still belongs to Russia, Iraq is an Iranian protectorate and the first island chain is firmly in the hands of the PRC.



So, what do we do? ..One word "Plastics" "contingent liabilities" What, you ask, is how can it help us win great power

liabilities are obligations that arise from that may or may not occur. They can be clear? Right? Yea....like a mud bath. Let you. Every crime committed is a criminal. The potential, the risk, of being over their heads like **the sword of Damocles** which was the original continent liability. Mostly our competitors in great power competitions are doing maleficent ("evil" ...minions...please, get a dictionary) things just below the radar. (just...not...fair) DoD, retreating to its safe space, wants to put warheads on foreheads. Not a good idea when your adversary has nukes. State wants to issue a strongly worded statement (see **Neville Chamberlain**). USAID wants to hug somebody....**they're lonely**. Treasury wants to get a job at Goldman Sachs (such an nice executive dining room!). So, how do we weaponize the sword of Damocles? Wait a minute! It's a sword. It's already weaponized. So how do we weaponize contingent liabilities? While there are many ways, Dr. Evil recommends his patented Cascade of Evil™ (catchy, huh!) and Fractal Tree of Pain™. That is, look for a contingent liability and start with one small action against it. That action and the antagonist's reaction will unveil additional 'active paths'. (Koller and Friedman, Probabilistic Graphical Models ...math headache anyone?) These paths, if you look hard enough, can expand geometrically. Contingent liabilities aren't just a single entity. Mostly, they're composed of multiple, exploitable component liabilities. The effects of actions accumulate like...pick your metaphor..."an avalanche" or perhaps "death by a thousand cuts." How do you do it? Pick active paths: 1) by your ability to reach them; 2) magnitude of effect; and 3) probability of achieving

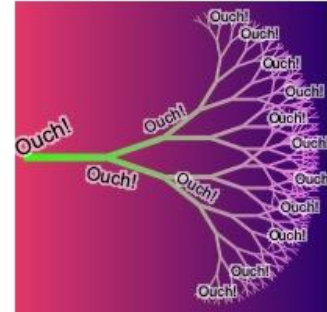


that effect. Then, **poke** the active path contingent liability. Watch. Find the next proximate nerve ending. **Poke.** Wash – Rinse – Repeat. (talk about job satisfaction)

In the end, it kinda looks like this



meets this



The Cascade of Evil™ meets the Fractal Tree of Pain™

He always gets so excited when we take him to the dog park!



UIGHUR Update!

Newsflash - it still sucks to be a Uighur in Han-land.

[China Uighurs: A model's video gives a rare glimpse inside internment](#) :BBC

News: John Sudworth: 4 August 2020

“As a model for the massive Chinese online retailer Taobao, the 31-year-old was well paid to flaunt his good looks in slick promotional videos for clothing brands.

But one video of Mr Ghappar is different. Instead of a glitzy studio or fashionable city street, the backdrop is a bare room with grubby walls and steel mesh on the window. And in place of the posing, Mr Ghappar sits silently with an anxious expression on his face.

Holding the camera with his right hand, he reveals his dirty clothes, his swollen ankles, and a set of handcuffs fixing his left wrist to the metal frame of the bed - the only piece of furniture in the room.”

(Made the mistake of being born a Uighur. Bad choice Comrade!)

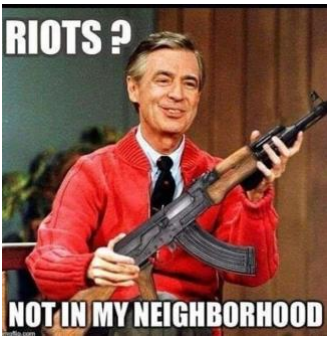
["China Watches minorities in their homes" by Sharri Markson with The Australian](#)”: Internet 2.0: Sharri Markson: 16 AUG 2020

The Chinese Communist Party has installed facial-recognition software in residential buildings that are home to members of the Tujia and Miao tribes in Yuping Dong Autonomous County near the city of Tongren in the southwest province of Guizhou. Similar to Uighurs and Tibetans, the Tujia and Miao tribes are designated ethnic minority groups, are disproportionately Christian and have a history of religious persecution by the Chinese government. The Chinese government’s facial-recognition database, called the **Tongren City Security Facial Recognition System for Building Controls**, (**Seriously, can I hire their marketer?**) was subject to a security breach by Chinese activists seeking to expose the invasive treatment of minorities. **Wow, ironic huh?!.. A security system whose security isn’t secure...**



But wait, there’s good news! We’re going to do it to everybody else

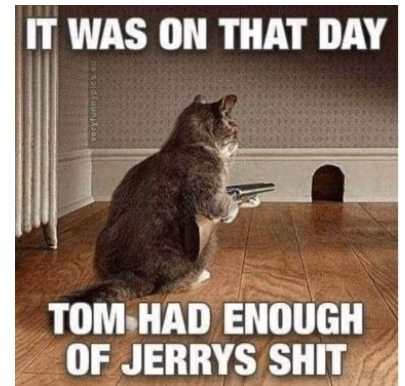
[Xi’s 2021 Political-Legal Rectification Campaign: The China Story: Ling Li: 18 AUG 2020](#)



“A new nation-wide rectification campaign targeting political-legal institutions, including courts, procuratorates, police, prisons, and administrative bodies for lawyers will begin in 2021 and run for one year. The campaign has four main tasks: removing the “herd-harming horses”, purging “two-faced” men who are disloyal and dishonest to the Party, thorough investigation on those providing protection to “black and evil influences”, and in-depth investigation into corruption in law enforcement and judicial agencies that have persisted after the 18th Party Congress. (Seriously, I’ve got to hire their marketers...herd harming horses...who’d ever think of that?!)

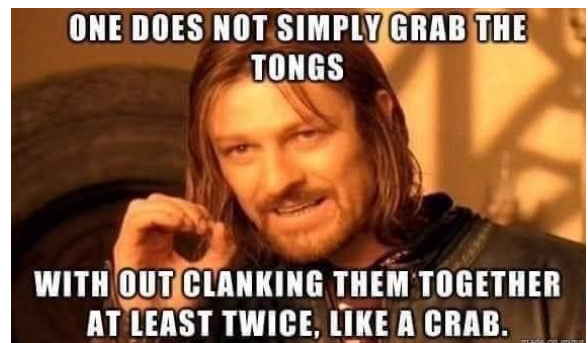
The last time a rectification campaign was organized by the highest level of the Party, targeting legal institutions, was the “judicial reform” campaign from 1952 to 1953. That campaign was launched to eradicate the “poison” of judicial practices under the nationalist KMT. This indicates that a pan-political-legal-apparatus rectification campaign is not a decision that the Party makes lightly.

This new campaign seems to focus on police misconduct, pivoting on Xi’s other signature campaign against “special criminal syndicates”. (Hey, what about the ‘not so special’ criminal syndicates? No love for them?) The police are considered the most important coercive apparatus among all political-legal institutions. Ensured loyalty from the police is critical for any Party General-Secretary. There have been rumours about an investigation against former police chief Meng Jianzhu for a while, although these have not been substantiated yet. Nevertheless, since the 19th Party Congress in 2017, a number of high-level leaders of the Ministry of Public Security have been replaced by “new blood” from Fujian and Shaanxi, who are Xi loyalists. But top-level replacement will not be enough. A more thorough shake-down of the entire public security system is expected to take place during this rectification campaign. (If everything was going swimmingly, Xi wouldn’t need to repeat his 2015 ‘corruption’ campaign that took out Jiang Zemin’s ‘Shanghai Clique’ and Bo Xilai’s ‘Eight Elders’ princelings. Dr. Evil expects Xi will assume the Chairmanship, first time since 1982 (Mao), and consolidate the Central Committee into a cult of personality over the next year or two. US Fortune Cookie: “Xi will be brittle, exploitable, an dangerous.”)



Exploitable?... That’s Dr. Evil’s favorite word. How do we exploit the exploitable? Couple points – the PRC is an export driven manufacturing economy. The Party gives lip service to transitioning to, or at least increasing, the consumer component of GDP. Isn’t. Going to. Happen. Why? Why do the swallows return to Capistrano? Because the Party will never willing surrender power. Consumers can choose. Tyrants don’t survive choice for very long. How can we make the Proletariat grumpy? How about attack some of the main points of division: Hukou divisions between the ‘haves’ and ‘have nots’ and middle class currency and pension fears.

Real Estate: Dr. Evil can’t tell you how many bank loans are collateralized by real estate because the PRC, itself, doesn’t exactly know. But, it’s a lot. Borrowing off of real estate works well when prices are increasing. But when they fall?...”More collateral Comrade or we pull the loan”...”if the Chairman lets us”...if he doesn’t...well, the loans go non-performing (NPL) and the bank goes down. Pick your poison, real estate backed loans or banks. Dr. Evil suggests focusing on and financially attacking PRC commercial real estate development companies and their projects on a targeted, Provincial basis. Like Hong Kong SAR. Hong Kong real estate prices are due in no small part to Hong Kong’s status as a financial conduit to the West, and its money, which is now in jeopardy.



Atlas Shrugs? I think not. China housing market shrugs off pandemic fears: Financial Times (paywall): Thomas Hale Qianer Liu: 26 AUG: Shenzhen symbolizes urban resilience to virus risks as prices rise in 70 of the

The chances of getting killed by sheep are low



biggest cities. (But what fuels the demand? Humm.) Two years ago, Bill Li, a café owner in Shenzhen, received an unusual proposal. His friend, a real estate agent, introduced him to a woman who did not have a local hukou — a form of government identity that is essential for anyone hoping to buy a property in the city — and was willing to pay Rmb30,000 (\$4,300) to marry someone who did. “I started to realise that it can be so profitable to buy a house in Shenzhen that people even set up fake marriages,” he said. Mr Li went ahead with the marriage and, a year later, after borrowing from banks and finance companies, he bought a property of his own. “With the same money that it costs to open a café, maybe I could earn much more,” he said. “Prices were already high, but certainly hadn’t gone up enough.” (Most of China is putting its money in 1st tier city real estate. This is about currency and pension fears, and Hukou where coastal residents have a shot at the good life while interior provincials do not.)

Oops [For China's landlords, rent-to-riches dreams fade in red flag for fragile economy](#) : Reuters: Ryan Woo: 14 AUG 2020 Rental woes underline China’s economic fragility, with the landlord legions already cutting back on spending amid their gloom

On a related note: [Report finds \\$50 billion of cryptocurrency moved out of China hinting at capital flight against Beijing rules](#): CNBC: Arjun Kharpal: 21 AUG 2020

On a related, related note: [India-Japan-Australia supply chain in the works to counter China](#): The Economic Times: Pranab Dhal Samantra: 19 AUG 2020



This is Maya.

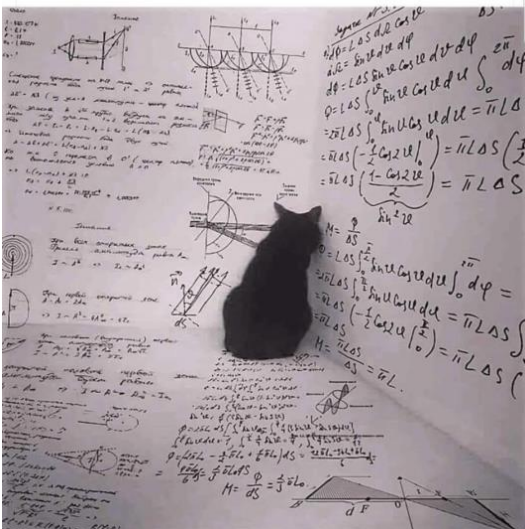
This is Aztec.

...and this is Oreo

A hungry Proletariat is a grumpy Proletariat.

Concern over lack of rainfall across US Midwest spurs corn price rises: paywall: Financial Times: Emiko Terazona: 27 AUG 2020 Worries about a lack of rainfall this month in the US Midwest have lifted corn prices with data from the US Department of Agriculture pointing to deteriorating crop conditions. Benchmark corn prices are up almost 4 per cent since the start of the week at \$3.39 a bushel and have gained 9 per cent over the past two weeks. (China’s Houston Embassy shutdown is about to get very expensive.)

Meanwhile, inside the box, Schrodinger's cat plans its revenge.



[We Used Blank Spots In China's Maps To Investigate Xinjiang's Camps](#): Buzzfeed News:

China's Baidu blanked out parts of its mapping platform. We used those locations to find a network of buildings bearing the hallmarks of prisons and internment camps in Xinjiang. Here's how we did it. (Sometimes, it’s what they don’t say that matters most.)

As always, if you want to be removed from the distro, please let me know. Tips, suggestions, news (OSINT only) are gratefully accepted.

Dr. Evil
Dave Katz
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SOCOM J35TNT

