Beijing's technocrats say observers should not be concerned by the overall picture. "A lot of countries always worry about the slowing down of the Chinese economy and they worry about a lack of policy stimulus in China," said "a senior Chinese policy official familiar with the planning" to the Financial Times. "This worry is unwarranted because fiscal and monetary policy—and other policies—will still be quite accommodative compared to the other major economies."

There are two principal things wrong with the statement from the insider official. First, only reform offers China sustainable growth, but Beijing is opting for stimulus instead. Accordingly, China is about to embark on another debt binge. As Chen Long of Gavekal Dragonomics told the Financial Times, the central government will take on larger fiscal deficits and permit lower-tier governments to dive even deeper into bonds. At the same time, said Long, local government finance vehicles "will be allowed to borrow at full speed."

Stimulus, at this late stage, will go into unproductive investment just as it did after the last credit splurge, which then-premier Wen Jiabao authorized at the end of 2008. And the problem has grown worse over time. In 2007, each dollar of new credit added 83 cents of output. By 2013, that figure had dropped to 17 cents, and now it is probably even less.

The efficiency of investment is important because new obligations must eventually be paid back. So Beijing, in effect, is buying growth by making its critical debt problem even worse. Yes, building another "ghost city" creates gross domestic product during construction, but such a project just drags down the economy from the moment the workers pack up their tools.

Second, Beijing's stimulus has not been working for more than a year. For instance, six reductions in benchmark interest rates since November of last year and five reductions of the bank reserve-requirement ratio since February have had no noticeable effect. This monetary stimulus has been unproductive because there has been a lack of demand for money. Central government technocrats have been busy creating cash—M2, the broad gauge of money supply, was up 13.5 percent in October and a 17-month high of 13.7 percent last month—but few see a need for it. So creating money this year has not in fact resulted in growth.

And the same can also be said for fiscal stimulus. Fiscal spending, a good measure of the government's overall stimulative efforts, has accelerated as the year has progressed, now reaching fantastic numbers, up 25.9 percent in August, 26.9 percent in September, 36.1 percent in October and 25.9 percent last month. For the first eleven months, such spending rose 18.9 percent while revenue increased only 8 percent.

Chinese officials can promise more fiscal and monetary stimulus, but it's hard to see how any of the pump priming will change the downward momentum.

The Chinese people have not been buying what their government has been saying about the economy. How do we know this? They have been taking their money out of the country as fast as they can. In Q3, there was $460.6 billion of net capital outflow.

The outflow in October was $62 billion. Beijing was able to slow the flood that month by imposing informal capital controls on top of its official array of barriers. Last month, however, the outflow appears to have picked up from October as foreign exchange reserves fell by an officially reported $87.2 billionThe Chinese

economy has never made sense, but confidence, both inside and outside the country, held it together. Now, the confidence is disappearing fast, and Beijing does not know how to get it back, except by repackaging solutions that have not worked. China's technocratic leaders cannot change the downward direction of their economy. The most they can do now is slow the rate of descent with policies that will likely make the ultimate reckoning even worse.

And it is no secret why Beijing is opting for short-term fixes. China's economy is now too fragile to withstand the wrenching change that would result from the structural reforms that are necessary for long-term expansion.

And that brings us to the world's most fundamental misconception. China, most analysts think, will dominate the international system for the rest of this century. Yet whether the economy's downturn is a crash or a long period of decline, Beijing's diplomats soon will not be able to afford to make promised investments abroad, fulfill aid commitments or write-off debts, all things that buy geopolitical influence for a regime that cannot export its ideals. Chinese generals and admirals will not have the cash to build or buy the aircraft carriers, submarines, satellites, and moon bases they now contemplate. Civilian officials will not be in the position to provide needed services at home.

China's rise, in short, will be cut off, and Chinese dominance of the region and the international system, something analysts say is inevitable, will have to wait at least decades.

The economy, as all know, has been central to China's rise. After all, it allowed telecom entrepreneur Wang Jing to announce the building of a canal three times longer than the one in Panama, across Nicaragua. He also planned two deep-water ports, an

airport, an artificial lake, a tourist area, a free-trade zone, roads and factories. His closely held vehicle already received an initial 50-year concession from Daniel Ortega's government and had planned to start construction sometime during the next calendar quarter.

That grand project, however, is now on hold because China's stock market crash, beginning in mid-June, resulted in the loss of most of Wang's net worth. Wang may still harbor grand ambitions, but now he has no means to achieve them.

China's brassy leaders also think big, but soon their dreams will be beyond their grasp as well. In all likelihood, the fate of their plans tomorrow will mirror Wang's today.