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Bridging China's past with humanity's future – Part 2

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This will be presented in 3 parts and in 3 different blog posts

[PART – 1 can be found here](#)

PART – 2

5. POST-DENG CHINA

Post-Deng China witnessed three variants of socio-economic trajectories associated with three different Leaders. Even though the economic programme of reform initiated by Deng went on unhindered, there were significantly different style of implementation of the same. A brief recapitulation is noted below:

A. Jiang Zemin (till 2003)

In 1997, after Deng's departure Jiang Zemin became the paramount leader of China. Both – the economic reforms and the deep-rooted problems of economy – accentuated during Jiang's stewardship. There was marked increase in political corruption, inter-regional imbalance and inter-class imbalance in growth, rural migration into urban areas, unemployment, inequality and wealth gap, and crime rates across China. During 1998 and 1999, many SOE were privatized with massive lay-offs and asset transfer to private businessmen, many others were restructured to make them profitable. The employee welfare and social welfare system which were embedded in SOE (since the Mao era) were completely dissolved – this also created a low-income urban working class. The government followed a policy of retaining the crucial sectors within state-owned enterprises while small and medium SOW were either privatised or closed down. Crucial sectors or 'commanding heights' were:

- Nation-wide service networks like railways, aviation, telecommunication, electricity etc.
- Mining and exploration coal, oil, and natural gas
- Basic metal processing like steel, and aluminium
- Basic hydrocarbon processing like refinery and petrochemicals
- Heavy industrial machinery such as machine tools, power generation equipment, rolling stock
- Infrastructure engineering and construction – roads, railways, ports, dams
- Significant consumer durables like automobiles
- Military machinery

Apart from reducing the number of SOE (from 262,000 units employing 113 million in 1995-1997 period to 110,000 units employing 64 million in 2007-2008) and restructuring bigger SOEs, the government reduced tariffs, trade barriers, regulations; reformed banking system. The average return on assets in SOEs soared from 0.2% in 1998 to 5% in 2007. In the same period, the SOEs' profits rose from 0.3% to 6.6% of GDP. Funds continued to be poured into SEZ and export-oriented manufacturing industry. As per Chinese National Bureau of Statistics, Hong Kong-Taiwan-Japan-South Korea-Singapore contributed about 71% of the FDI that flowed into China between 1990 and 2004. To sum it up cogently, it can be said that government of China pursued neoliberal economic agenda along with consulting advice from USA bankers and capitalists. China joined World Trade Organization in December'2001. During the period 1990–2004, China's economy grew at an average rate of 10% per year.

A very interesting observation can be made related to the foreign relations during Jiang era – all foreign trips by the leadership and communication with foreign media were consciously made to revolve around China's (the then) economic growth model and the imperatives. Incidents like USA bombing of China embassy in Belgrade, and collision with USA aircraft near Hainan Island were played down after some exchange of documents. Apparently, the top leadership aimed only at maintaining the stability of the government and the economy.

Very significant transformation took place in the CPC itself – from being a party of predominantly peasants and workers, CPC converted itself to a party with large number of middle-class petty bourgeois. This class evolved during the industrial restructuring of 1990s, who came out as the main beneficiary due to their entrepreneurship and connection with the then local and central leadership of CPC, and more importantly this class acted as a robust base of CPC in the urban regions of China.

B. Hu Jintao (2003 to 2012)

Hu Jintao had to continuously swim against the tide of domino effect from the (capitalist) economic reform and opening which was primarily initiated by Deng in 1979. During October'2003 Third Plenum, amendments to the constitution were discussed – an overarching government economic policy would be introduced to reduce unemployment rate, to re-balance income distribution, and to protect the environment. Also private property rights would be protected. Due to widespread poverty, inequality, and discontent the Chinese Government was forced to seek a balanced society above all. Using the concept of “*socialist harmonious society*”, balanced wealth distribution, improved education, and improved healthcare were assigned high priority.

During 1995, exports from East Asian countries to China were not very significant percentage of their total exports (Japan exported 4.95%, South Korea exported 7.0%, Taiwan exported 0.3%, Singapore exported 2.3%). In 1995, Chinese total exports were worth about 149 billion USD. However, by 2013 there was an explosive growth in exports from East Asian countries to China as a percentage of their total exports – (Japan exported 18.1%, South Korea exported 26.1%, Taiwan exported 26.8%, Singapore exported 11.8%). And, in 2013, Chinese exports to the world were worth about 2210 billion USD (a little over 30% of the value were exported by wholly foreign-owned enterprises, and 12% of the value were exported by joint ventures between foreign-owned and China-owned enterprises). **Apparently, during this period China evolved as ‘core’ and East Asia as ‘periphery’ in a new sub-system within the overall world-system (with USA and west Europe as ‘core’ and rest of the world as ‘periphery’).**

China's GDP grew 10.1%, in 2004, and 10.4% in 2005 in spite of attempts by the government to cool the economy. And, in 2006 trade crossed USD 1760 billion, making China third-largest trading nation in the world. Again, in 2007 China registered 13% growth in GDP (USD 3552 billion) becoming world's third largest economy by GDP. According to UN estimates in 2007, around 130 million people in rural areas of the backward inland provinces still lived in poverty, on consumption

of less than \$1 a day, while about 35% of the Chinese population lived under \$2 a day. Chinese government's official Gini index peaked at 0.49 in 2008–2009 and thereafter declined only marginally, to 0.47 in 2014. The Global Financial Crisis in 2008 revealed the innate weakness of Chinese economy – export-oriented economy depends upon economic conditions in foreign countries much more than internal consumption. Government of China took highly effective policy decisions about economic stimulus and implemented those effectively (however, it also increased the already high debt burden). The stimulus (about US\$600 billion at the then-current exchange rate) involved state investments into physical infrastructure like railway network, roads, bridges and ports, urban housing complex, easing credit restrictions and lowering tax on real estate. As per National Bureau of Statistics of China, in 2010, GDP of China was Yuan 40850 billion, which can be broken down into following expenditure categories:

1. Household Consumption Expenditure – Yuan 14146.55 billion (34.63% of GDP)
2. Government Consumption Expenditure – Yuan 6011.59 billion (14.71% of GDP)
3. Gross (Fixed) capital formation – Yuan 19186.69 billion (46.96% of GDP)
4. Net Exports of Goods and Services – Yuan 1505.71 billion (3.68% of GDP)

Household consumption has not increased substantially with economic growth – may be one of the reasons were wages and salaries of working class didn't move upwards with same pace. Even though the reforms helped to improve the socio-economic indicators, taking into consideration the difference between coastal region and inland regions as well as between urban and rural regions, China could hardly overcome the poverty and inequality predominantly in the inland and rural regions.

By 2011, there were less than 10 out of 40 major industrial sectors in which SOE accounted for more than 20 percent of output. Another significant statistics of 2012 on industrial enterprises (as per National Bureau of Statistics, China) shows:

	State-owned Enterprises	Private-owned Enterprises	Private-owned FDI Enterprises
Total Asset (billion Yuan)	31,209	15,255	17,232
Profit (billion Yuan)	1,518	2,019	1,397

The above statistics might suggest at the first glance that, state-owned enterprises are laggard in profitability. However, such conclusion will be clearly wrong if it is noted that there exist wide difference of asset ownership across various sectors – in mining and extraction of coal, petroleum, natural gas etc. SOE commands 93% of sector-specific assets, while in textiles sector Private enterprises commands 90% of sector-specific assets. Different sectors of industry have different profit-capital asset employed ratio.

C. Xi Jinping (2013 onwards)

Since around 2010, Chinese government and CPC has been busy implementing economic policies that will pursue 'economic growth based on domestic consumption' while maintaining the decades old export-oriented economy. With Xi Jinping at the top chair, a long pending but top priority task was undertaken – war against corruption and nepotism. CPC took strong measures so that corrupt among ruling party cadres and government officials were identified and punished, Marxist principles were enforced as guideline for CPC so that the society and economy can be steered towards equality and justice. CPC has also become proactive in taking actions to enhance its geopolitical and geo-economic base throughout the world. Simultaneously, Chinese government has taken concrete measures to modernize all wings of military through research and development of 5th generation stealth military aircrafts, naval ships, nuclear submarines, hypersonic missiles, anti-satellite missiles, as well as procuring most lethal S400 air defence system and electronic warfare systems from Russia.

However, China has performed extremely well in reduction of poverty. In 2015, World Bank Group estimated that only 0.7% of Chinese citizens live below extreme poverty line of \$1.9 (2011 PPP) per day, while 7.0% of Chinese population live below lower-middle poverty line of \$3.2 (2011 PPP) per day. Such rapid poverty-reduction is an unparalleled achievement in the history of mankind.

As per National Bureau of Statistics of China, in 2019, GDP of China was Yuan 99492.74 billion (by expenditure approach), which can be broken down into following categories:

1. Household Consumption Expenditure – Yuan 38589.56 billion (38.78% of GDP)
2. Government Consumption Expenditure – Yuan 16559.90 billion (16.64% of GDP)

3. Gross (Fixed) capital formation – Yuan 42862.78 billion (43.08% of GDP)
4. Net Exports of Goods and Services – Yuan 1480.50 billion (1.49% of GDP)

Compared to 2010 statistics, in 2019 the household consumption has moved upwards at almost 39% of GDP. **However, the 2019 figures of household consumption below 50% of GDP can't be considered as healthy neither gross capital formation more than 30% of GDP can be termed as balanced growth.** This is not to say that, the period of 1970-1975 was better because household consumption component was around 60 – 65% of GDP (GDP itself was very low).

The inequality between urban and rural remained too glaring even in 2019 – as we can note in the following data as per National Bureau of Statistics of China (2019 data),

1. Per Capita Disposable Income Nationwide – Yuan 30,733
2. Per Capita Disposable Income of Urban Households – Yuan 42,359
3. Per Capita Disposable Income of Rural Households – Yuan 16,021
4. Per Capita Expenditure Nationwide – Yuan 21,559
5. Per Capita Expenditure of Urban Households – Yuan 28,063
6. Per Capita Expenditure of Rural Households – Yuan 13,328

The growth model chosen by Deng and reinforced by Jiang has already run out of steam. It had its own utility to provide mass employment and to build the fixed capital for the national economy. Chinese government need to pivot economic growth on domestic consumption as soon as possible without damaging the export sector much. To boost consumption, 'demand' for goods and services will have to be enhanced – in China, 'purchasing power' is the key for boosting demand and hence, domestic consumption. Income of ordinary citizens should be increased through forced regulations whereby the surplus from industrial operation (that is pocketed by the capitalists for accumulation of capital) will be distributed to the working class. Similarly for the agricultural sector, government should provide much higher procurement prices for agricultural produces. Another key area that needs

government intervention is social security and welfare system, whereby housing-education-healthcare for all rural and urban people living with daily expenditure below USD 10 will be arranged by the government (against a token amount of annual insurance premium). Most of such people will be confident enough to spend instead of saving money for rainy day. The well-entrenched capitalist elites will resist because such steps would restrict their continuous capital accumulation process – however, China being a socialist peoples' democracy, it has to give priority to the common people.

BRI – Challenge to Current World-system?

Belt and Road Initiative (formerly One Belt One Road – OBOR programme) of China actually is a framework wherein investments amounting to anything between one to two trillion USD in different countries of Asia, Europe, Africa, South America will be done in primarily government-to-government projects. When successfully implemented, may be around 2035, BRI will completely transform the economy and comfort of peoples in more than 100 countries. Investments are mainly channelled into physical infrastructure, mining and exploration, power generation, industrial production hub, agricultural production hub, and communication network. BRI, instead of moving away from existing liberal capitalist economy, predicates on existing capitalist system with more inclusive agenda compared to Zionist Capitalist dominated financial system – thus BRI projects attempt to alleviate poverty and unemployment in participating states without bothering about the government ideology.

BRI benefits China in primarily four ways:

1. Corridors like CPEC (through Pakistan) and CMEC (through Myanmar), when fully established, will provide alternate trade routes for China-based companies to import energy and raw materials as well as export finished goods through Arabian Sea and Bay of Bengal respectively; the corridors will circumvent the '*choke point*' of Malacca Strait
2. China-Mongolia-Russia and China-Central Asia-West Asia corridors will be channel for further Chinese investments across Asia; in the long run exports and imports among these Eurasian states will experience quantum jump
3. 'State capitalism' will get a boost with most of the BRI projects being G-to-G kind; most of the participant governments will control the new projects thereby reproducing the production relations of capitalist society with the 'state' playing the role of capitalist who will make 'profit' and accumulate 'capital'

4. Enhance Chinese 'image' through socio-cultural exchange
5. Enhance Chinese 'influence' through government-to-government contacts

There are more BRI corridors as well as 'Maritime Silk Road' planned as part of BRI. I would not get into the details of such a mammoth programme (consisting of hundreds of gigantic projects) which itself is a separate subject. However, it will be very interesting to analyse if and how BRI will pose a challenge to the existing world-system coordinated by the Deep State.

BRI follows the traditional capitalist economic model of 'profit', but unlike the Zionist Capitalist propelled system, BRI system aim for nominal profit margins that will create a tremendous '*pull factor*' among the developing countries to seek BRI projects. Another key difference is: BRI system is radically different from existing capitalist system by shunning hegemony and force BRI promotes harmonious global integration. In all probability, BRI will create a 'benign core' and 'exultant periphery' in a global scale which uncannily resembles the Confucian concepts of family and state governance. The existing hegemonic world order and the Deep State will find it very hard to digest such decline of their stature and the formation of a new core-periphery. However, by no means will this new development threaten to upend the existing Zionist Capitalist world order – the new core-periphery will form a significant non-imperial sub-system within the existing world-system. USA, 5-Eyes, and Israel will have to share the hegemony with China being the BRI core and Russia as the semi-periphery (with low population count and hence limited domestic market, Russia can't play much bigger role).

In practice, post-WW II world order has seen the working of core-periphery system with USA (and NATO) enforcing their will on the weak countries on the 'periphery' whenever a threat to the primacy of 'accumulation capital' was perceived by the Deep State cabal. The Deep State capital, through control of the media and academia, ensure that such threat to capital gets portrayed as a threat to 'democracy and human rights' which in turn provides a moral high ground to the Hegemonic superpower to invade any country at will. In the BRI system such supremacy of capital is not expected simply because Chinese outlook on 'world-system' was built typically on Confucian praxis.

Significant observations on post-Deng China:

1. CPC central committee in a conference in 2015 formulated eight principles of 'socialist political economy with Chinese characteristics':

1. Sustainability Led by Science and Technology
2. Orienting Production to Improve the Livelihood of the People
3. Public Ownership Precedence in National Property Rights
4. The Primacy of Labour in the Distribution of Wealth
5. The Market Principle Steered by the State
6. Speedy Development with High Performance
7. Balanced Development with Structural Coordination
8. Economic Sovereignty and Openness

Undoubtedly the above eight principles (like Buddha's '*asta-marga*' teaching) are very sound principles – but these are not focussed to Marxist ideology in a sense that, any other liberal democratic capitalist political party can also follow such principles for an effective management of economy and society. CPC leadership should take into account the core ideology of Marx-Engels-Lenin-Mao to explore that, the owners of capital can never reconcile with the proletariat and petty-bourgeois (as petty-bourgeois, I'm meaning only the middle-income group of rural land-holding peasants and urban professionals and self-employed people who own very little capital to earn their livelihood) – the theory of historical materialism clearly and correctly predict that, **in the long-run, the capitalists will continue to accumulate capital with endless exploitation of 90% of the population, eventually they will overrun the CPC setup (as insider like CPSU in Soviet Union, or as outsider like Solidarity Movement in Poland) and create a state which will be 'liberal capitalist' in letter and spirit.** Mao and Deng differed only on strategy to achieve Marxist economy and classless society, they never differed in the end objective – successive CPC leaders shouldn't forget to take note of that.

Questions will be raised, '*why then Mao didn't create a classless society since 1950 or why Mao also tried for accumulation of capital to begin with*' or for that matter, even before Mao, '*why in 1921 Lenin was staking on new economic policy (NEP) to introduce free market and capitalism under state control*'?

To seek the answer, let's visit the greatest leader of transformation – Lenin. **Lenin**

considered the NEP as a strategic retreat from principles of socialism – Bolshevik party leaders had to create the “material basis” of economic development in Soviet Union before they could initiate the first stage of socialism to be followed by the second stage. This was exactly the situation for Mao and Deng in China who wanted to first create the basic building block for Chinese economy for which the forces of production were either outdated or non-existent. Interestingly, both CPSU and CPC tried to create ‘communes’ as an ideal communist construct for the rural regions and agricultural sector – primarily due to mismanagement among the party members and lack of indoctrination among the rural population, both the experiments failed. More valid question however remains, *‘why both CPSU and CPC got lost in the quagmire of ‘initial capitalistic development’ and never returned to their end objectives’ even after there was basic level of ‘fixed capital formation’ in Soviet Union by 1960 and in China by 2010!* May be because geopolitical events were unsurmountable. To best of my knowledge, this question remains unanswered till date.

2. Another issue related to very high exports and some trade surplus obscures two significant points:

(a) China (with a GDP of Yuan 99,492.74 billion i.e. USD 14,140 billion) in 2019 not only exported goods and services worth USD 2,486.69 billion, but the import was also huge at USD 2,135.74 billion (as per National Bureau of Statistics of China). Even if the overall export surplus is not substantial, when the values are grouped continent-wise, large imbalance due to export surplus can be noted for Oceanic and Pacific Islands (about USD 64 billion), Europe (about USD 95 billion), North America (about USD 330 billion), while marginal imbalance of USD 5 – 10 billion export/import surplus exists in case of Asia, Africa, Latin America. Moving deeper at a country-level, one would find more imbalances. The main reason is that, the sourcing requirements of China (energy, raw materials, manufacturing components, foodstuff, etc.) and sourcing countries are, most of the time different from the nature of exported item (manufactured finished goods), quantity and destination where export opportunity exist.

(b) More often than not, the economists forget to mention that the imports of China has multiple categories including import by foreign-owned export-oriented enterprises for value addition before exporting goods, import by Chinese-owned enterprises for value addition before dispatching for export as well as for domestic selling, import of plant and machinery etc. for capital formation, and import for direct household consumption. Contrary to that, export has almost single dimension – manufactured finished goods, primarily consumer goods with some industrial goods as well. There is overwhelming dependence on exports which jeopardise

Chinese economy to the extent that, without continuous growth in demand from foreign countries, Chinese economy will encounter slow growth. In future, there can be scenarios where trade partner countries (other than USA) may reduce good imports from China in order to produce within their country (to reduce unemployment).

3. Trade surplus resulting from the exports and high internal savings empowered the east Asian countries like Japan and China to accumulate largest forex reserves (together they account for more than USD 6 trillion) which were used to purchase USA Treasury bonds. USA Treasury bonds are issued by USA government to cover fiscal deficit – thus China and Japan are largest creditors of USA. With this arrangement of deficit financing successive USA government has been reckless to cut taxes (of oligarchy) and increase direct government expenditure to keep voters happy. The prices of east Asian exports into USA were kept low to keep it attractive in the USA market. Finally, more demand of east Asian goods increased trade surplus and more trade surplus meant more purchase of Treasury bonds. A two-way mutual relation between USA and China-Japan thus helped USA engage in end-less wars as well as keep inflation within USA low, hence, even if USA leaders take anti-import posture that will be only to please the constituency of nationalist voters. However, China will not only be at the receiving end if and when exports get restricted suddenly, China should be prepared for the worst scenario when, in future, USA will simply refuse to pay for their debt.

China will have to take a serious initiative on how US Dollar can be removed from world's reserve currency status. Along with Russia, China should look into the possibility of introducing a new international currency which will be backed by gold – this action will not lead to a socialist economy, but this action will certainly work towards curbing the USA government's undue advantage of printing as much fiat Dollar as possible using the global reserve currency *without gold-backing* status.

4. Indisputably China achieved incredible feats in economic growth and socio-economic indicators during past few decades. But such achievements to a large extent depended also on credit policy (apart from FDI and export). As a result, China's total debt burden including households, government (central, regional, local), non-financial industry sector (including real estate), and financial sector has been rising over the decades albeit slowly. Apparently, in 2019 beginning, Household debt rose to more than 50% of GDP, Government debt crossed 50% of GDP, Financial sector debt rose to more than 40%, non-financial Industry sector breached 150% of GDP. As a whole, Chinese government is in a precarious position to control such huge debt (total crossing 40 trillion USD) – with strict control economic growth will be at stake. Even though the government of China have been periodically trying to deleverage the economy with control measures, economic

growth trounced all such attempts till date.

The problem of bad debt first hit the Jiang government in late 1990s. The non-performing loans (NPL) caught the leadership's eyes back then. And to address the burning issue, in 1999 asset management company was created, which absorbed Yuan 2 trillion bad loans from state-owned banks leaving the banks normal and healthy. For Chinese government NPL issue will continue to be a thorn in the flesh.

5. Maritime border disputes in South China Sea and East China Sea have historical roots when Japan displaced European powers from these two sea regions. It is also true that, after WW II most of the littoral countries (except Vietnam and North Korea) were/are backed by the Deep State and were/are armed to the teeth. However, it will be a monumental milestone for Chinese diplomacy and indeed, image, if China can resolve the maritime border issues without conflict, and if required, sharing the under-sea resources with the littoral states.

On the land border disputes, China resolved all but the dispute with India. The land border was drawn by the British colonial power who ruled most of south Asia till 1947, but Chinese government never accepted the border. Chinese government should keep no stone unturned to bring India-Pakistan-China on the same discussion table with UNO as observer. It will be beneficial for all three countries if they settle the dispute once for all through mutual concessions using give-and-take policy. A border war for a land with little economic value (but high geopolitical strategic value) makes no sense.

6. During 1700 to 1840 China was world's biggest economy and second largest land empire. However that position didn't deter the European powers from rampaging at their will inside Chinese territory. Chinese empire lost the edge because of inability to keep track with global technological changes. For the European powers, advancements in few industrial and military technology proved decisive. Keeping such watershed moments in view, government of China should make extraordinary arrangements (like special task force etc.) to bridge manufacturing technology gaps which have been pointed out by McKinsey Global Institute in "China and the world" report published in July 2019, some of which are:

1. Electronic Components

1.
 1. Display
 2. Integrated circuits
2. Pharmaceuticals
 1. Small-molecule drugs
 2. Biomolecule drugs
3. Genomics
 1. Gene sequencing
 2. Gene editing

The above mentioned elements are not necessarily of military in nature – the backwardness in military technology are well-known which are being addressed by Chinese government since past two decades, jet engines with thrust-vectoring control technology among the most significant ones.

6. GEOPOLITICS 1930 ONWARDS

With the setting up of Bank for International Settlements (BIS) in Switzerland in 1930, the disputes and tussle among the most prominent Jewish and Anglo banker families (like Rothschild, Rockefeller, Morgan, Warburg, Lazard, et al.) over type of business, geographical region of influence, and share of banking sector operations got resolved. The Zionist Capitalist elites were fully united in words and deeds notwithstanding the occasional rivalry and difference of opinion between followers of two camps: Rothschild and Rockefeller. **The long-term objective of the Zionist Capitalist Deep State clique (representing primarily the Jewish, Anglo, Dutch, French, German oligarch and aristocrat families who had accumulated wealth and have been engaged in business in banking-**

land-industry-trading) after WW I has been to establish a hegemonic world order which would:

1. own 'political process and power' in every society/country on the earth
2. own 'economic process and wealth' in every landmass/country/ocean on the earth
3. control 'socio-cultural process and population' in every region/country on the earth

I find it difficult to consider that, 'winning' political power anywhere in the world, has ever been an objective of the Deep State – they want to 'own' the process through which any political party may be made to 'win' or 'lose' power depending on short-term and long-term interest of the Deep State.

The Zionist Capitalist Deep State crystallized in its existing form when WW II started in 1936 (with signing of anti-communist pact between Germany, Italy, and Japan). Expectations of the Zionist Capitalist Deep State were **destruction of powerful societies (non- Anglo/Jewish/Dutch/French)** who had potential to develop advanced economy, **and expansion of Zionist Capitalist empire:**

1. combatants Fascist Germany and Communist Soviet Union decimating each other's (i) military forces, (ii) physical infrastructure, and (iii) population across entire Eurasia;
2. combatants Fascist Japan and Nationalist China decimating each other's (i) military forces, (ii) physical infrastructure, and (iii) population across entire East Asia;
3. stages (a) and (b) would be followed by occupation of whole Europe and Asia by the 'benevolent' Anglo-American military who would claim that they have 'liberated' these ancient civilizations from the 'authoritarian dictatorships' of fascism and communism;
4. stage (c) would be followed by establishment of 'liberal democratic capitalism' version of empire (as against 'colonial extractive capitalism' version) in whole Europe and Asia to continue plunder of wealth in maximum possible way;

Unfortunately half of the objectives remained unfulfilled in the WW II that was over

by 1945 – because of two political parties: Communist Party of Soviet Union (CPSU) and Communist Party of China (CPC) whose top leadership mobilised their countrymen in collective patriotic spirit, Soviet Union and China didn't capitulate but their direct adversaries (Germany and Japan) were trounced. Phase II became a necessity for the Deep State.

WW II – Phase II:

Phase II of WW II was initiated as soon as phase I was over. '**Operation Unthinkable**' was planned by most ardent imperialist Churchill in order to launch a surprise attack on Soviet Union to achieve the original objectives that Hitler failed to achieve, but dropped. Realising that a military block consisting of all societies that join together as Zionist Capitalist Deep State would be more effective to demolish: (a) morally and militarily supreme power like Soviet Union which recuperated economically,

(b) new power like Communist China (where by January'1949, Peoples Liberation Army already won three major campaigns in last strongholds of Kuo Mintang party in east and south regions of China), NATO was formed in April'1949.

To achieve the long-term objective of hegemonic world order as well as the four WW II objectives, the Deep State displayed creativity in designing and deploying diplomatic, political, economic, cultural tools and methods that proved to be highly durable and extremely effective:

1. UNO and its key sister organizations were established to control the international political incidents in all regions across the globe
2. Through WBG, IMF, ADB global banking and financial companies spread its tentacles to every region of the world to control natural resources and economy
3. US Dollar as the foreign currency exchange basis across the globe – not only the gold backing was withdrawn from Dollar in 1971 by USA government, but the hegemon also manipulated the Arab rulers to use Dollar as currency for most crucial commodity trading (of petroleum)
4. Trade pacts like GATT, WTO, and similar other pacts driven by USA-West Europe-Japan were implemented so that the hegemonic power maintains their hold over global trade

5. Promotion of 'periodic election' *plus* 'market economy' *plus* 'private ownership' masquerading as 'Democracy' across the globe
6. Promotion of literature-cinema-fine arts that revolves around sex-drug-commercial duplicity in all major languages across the globe
7. Promotion of mainstream media for broadcasting and publishing round-the-clock propaganda on the above mentioned tools (i) to (vi) in all major languages across the globe
8. Promotion of academic institutions and intellectual for propagating curriculum on the above mentioned tools (i) to (vi) in all major languages across the globe
9. Promotion of religious fundamentalist groups (male chauvinists with belief in illusory past glory from society which profess religious faiths like Sunni Islam, in Catholic Christianity, in Puritan Christianity, Brahminical Hinduism etc.) as well as ethnic fundamentalist groups (believing superiority of his/her ethnicity) in all regions across the globe
10. Development of highly complex computerised system and other industrial technology to replace human labour in every sphere of productive work as much as possible

During the ensuing four and a half decades- from 1945 to 1990- major tasks accomplished by Deep State were:

1. The Zionist Capitalist elites located primarily on either side of the Atlantic (who were driving force for aristocratic groups like Bilderberg Club, Club of Rome, Trilateral Commission as well as think-tanks like Council for Foreign Relations) were immensely successful in mobilising most of the academic institutions and media entities across world to spread propaganda among the people world-wide about 'failure' of socialism/ communism/ Marxist principles in Soviet Union and east European countries as well as China. While it was true that these countries which were devastated during WW II couldn't provide the standard of living as west European imperialist/ colonialist countries could offer to their citizens, these socialist countries provided all basic amenities of life to all its citizens.
2. In most unfortunate turn of history, in the second half of 1950s CPSU led by

Khrushchev (a closet Zionist) denounced Stalin's leadership in Soviet Union that not only defeated the most cruel war machinery ever built on earth but became the second superpower of the world by 1945 (in 22 years after Stalin got the top leader's position). This created an unbridgeable ideological gap between CPSU and CPC that divided the entire socialist/communist movement across the globe. After removal of Khrushchev from the position of top leader in Soviet Union political situation was salvaged internally, however, China became completely blind about the changing landscape of Soviet Union. The lack of trust of Chinese leadership in Soviet leadership was utilised by the Deep State elites in the 1980s to bleed Soviet Union in Afghanistan and Angola.

3. By 1960 most of the Asian, and African countries got freedom from the west European imperialist/ colonialist powers like UK, France, and Belgium etc. Most of these countries were ruled by nationalist party who heavily mixed socialist ideological tenets with their nationalist creed. Most of these countries, backed by Soviet Union, had highly corrupt ruling party. Such leaders easily became prey for the global capitalist-imperialist elites, and simultaneously those semi-literate societies came under the spell of 'Hollywood'-promoted illusion and 'drug-sex-violence' kind of culture. The significant block led by Soviet Union and relatively small islands of Chinese sphere came to a crossroads – they were falling behind in harnessing technological progress in economic growth, which resulted in relatively low standard of living of majority population while government officials and ruling party leaders led much better life.
4. Deep State tried hard to manipulate the policy of government and bureaucracy as well as to co-opt the key political parties across all countries so that they can create pro-USA, pro-5 Eyes, pro-Israel policies as well as anti-Soviet Union anti-China policies. Simultaneously, oligarch-aristocrat families and elite individuals with servility towards Zionist Capitalist ideology (i.e. capitalist enterprises, private ownership, European 'liberal imperialism') were promoted in political leadership-bureaucracy-judiciary in those countries so that they can convert the policies into actions to advance interests of global oligarchy.
5. In many large countries across the world, the Zionist Capitalist Deep State manipulated domestic politics to overthrow patriotic and incorruptible leaders who couldn't be co-opted by them – Congo, Iran, Indonesia, Chile, Guatemala, Afghanistan, Bangladesh, etc. The Deep State mainly mobilised the country's military forces to grab state power by killing the top leader(s) and by creating a repressive environment. Sometimes that would include mass murder of leaders and members of socialist party/communist party – in Indonesia, in the 2nd half of 1960s, between one to two million members of communist party

were killed by military junta. In all the above mentioned cases, soon after coming to power the military junta would create economic policies that would favour the MNC from USA, 5 Eyes, west European countries, and simultaneously reduce contacts with Soviet Union and China.

6. Developing conventional, nuclear, biological, chemical, and other special weapons and building a military force based on land, marine, air, and space that will be able to dominate every other country in every region, and if necessary, the military force can take punitive actions against any country including carrying out 'first strike' against other nuclear powers like Soviet Union and China without any possibility of retaliatory strike. USA built over 700 military bases all over the world.

The Deep State operatives were very successful in their original plan of wrecking Soviet Union from within. In the beginning of 1980s two leaders got into powerful political positions in the Soviet block – Yuri Andropov became top leader of CPSU and Lech Walesa became top trade union leader in Poland, Such high-ranking anti-socialist leaders quickly made inroads into state structure and policies in Soviet Union and Poland. After Andropov handpicked Gorbachev to lead CPSU, it was only a matter of time for the Deep State to wrap-up the socialist experiment what was known as USSR. Gorbachev and his so-called reformist clique systematically incapacitated Soviet economy, and also actively promoted downfall of governments in every east European country which were led by socialist party aligned with CPSU. This clique was helped by professionals from USA and west Europe. They also pinned hope that CPC leader Zhao Ziyang will become the 'Gorbachev of China' to bring down the government ruled by CPC – however this was a complete failure as Zhao himself confided with Gorbachev that 'Deng was the top leader' in a meeting when Tiananmen Square protest was raging in Beijing in 1989. **Without a single gun-shot being fired by the military wings of Zionist Capitalist cabal, the Soviet Union dissolved itself between 1990 to 1991 CE – the phase II of WW II came to an end.** Instead of serious introspection and course correction among ruling party officials and government departments to design policies keeping pace with socio-economic changes and technological changes, all these 'reformist' leaders decided that the best way to (personal?) growth was to join hands with Zionist-Capitalist world order after bringing down the governments ruled by their own party communist/socialist party.

By 2020 whole Europe and half of Asia had been occupied by the 'benevolent' Anglo-American NATO military who claimed that they guarantee 'independence' of those 'liberated countries' from the clutch of 'authoritarian' communism, and they also ensure that 'liberal democratic capitalism' version of empire will suck the land and citizens dry. No wonder, Soviet WW II war memorials and monuments have

been systematically destroyed in east Europe – how long the Deep State would tolerate anti-zionist anti-capitalist flag hoisted by Soviet Red Army in Europe with immense sacrifices and sufferings by Soviet leaders, soldiers and people?

Concomitant with the complete control of all political parties (across the wide spectrum of their professed ideology) on both sides of the Atlantic: North America, South America, Europe, the discerning Zionist Capitalist cabal maintains a complex cobweb connecting all key members and rotating them from one role to another. Thus a retired Director of intelligence department of USA will occupy the chair of Chairman of a big financial investment firm as well as the role of a university Professor! The cabal maintains a carefully constructed façade where professionals from different spheres of society jointly appear as a highly educated, experienced and intelligent wing – industrialists, bankers, politicians, bureaucrats, military officials, business managers, legal and media professionals, academicians, NGO managers, cinema directors and artists all walks of life are present.

[Link: <https://www.zerohedge.com/news/2016-06-10/does-bilderberg-really-run-world-one-chart-help-you-decide>]

Interlude?

After Soviet Union was pulled down, the corrupt and treacherous Soviet leaders and their lackeys backed by the Zionist Capitalist oligarchy and elites ripped apart the socio-economic fabric of Russian society. The state exchequer was looted blatantly, the natural resources were divided among the Soviet elites-turned-businessmen, the industrial capital largely destroyed or privatised without any meaningful payment to state, workers were retrenched or pauperised without regular wages, and peasants were left without proper means of cultivation. Not only peoples tried to earn livelihood offering sex-drug-smuggling etc., but steep drop in birth rates across all splinter provinces of USSR made it to appear like entire Eurasian landmass will get depopulated within two generations. The Deep State also tried to split Russia (which, after the USSR dissolution, became largest state in Eurasia) into 4 – 5 regions through creating and aiding regional separatist movements with help of the 5th column elites and oligarchy within Russia. Without funding, military capabilities of Russia went into oblivion. Technological research and development as well as manufacturing of defence machinery came to a dead end. Demoralised troops and open corruption became symbolic of Russian military.

So, were the different factions of Zionist Capitalist cabal content with the successful closure of the WW II by 1991? What were they thinking about the glaring failure of destroying the CPC rule in China? Apparently, the Deep State was not only happy

with their performance in destroying the CPSU and Soviet Union, they were also very confident about China becoming a 'normal country' with full-scale liberal democratic capitalist system of economy and periodic elections to elect governments that will be run by the Zionist Capitalist world order staying behind the curtain (as it happened for all countries in the world in 1992 except China-Vietnam-North Korea-Iran-Zimbabwe-Angola-Cuba). We need to ask ourselves, how the Deep State was so confident that China will be on board with them.

1978 onwards the drive towards industrial capitalism in China using the global finance owned by the Zionist Capitalist bankers and industrialists was initiated by Deng and followed up by Jiang Zemin in such earnestness that, the Deep State representatives like Kissinger and Financial Institutions like JP Morgan had to conclude that Chinese acumen for business and trade will transform the society into a capitalist society. Japan was anyway part of the world order triad i.e. USA-West Europe-Japan, and with China's entry, the triad would have become USA-West Europe-East Asia. Chinese government went all-out to create a 'happy hunting ground' for global Zionist Capitalist interests which wanted more and more profits towards endless accumulation of capital, and hence were busy shifting their manufacturing base to China to harness low-cost labour and slack regulations. By 2008, i.e. after 30 years of reform, China became third largest economy in terms of GDP nominal (as per IMF estimates USD 4604 billion) and largest export base in the world (In 2007-2008, its Export-to-GDP ratio reached 32%, and its Exim-to-GDP ratio was 59%), but it also became a society where inequality was one of the highest in the world – China's Gini coefficient (a measure of inequality – '0' represents perfect equality, '1' represents perfect inequality) rose from about 0.3 in early 1980s to 0.49 in 2008. The media, academia, multilateral institutions funded by the Deep State went all-out to woo the CPC leaders towards ushering a new era of 'political reforms' after such a brilliant success of 'economic reforms' – **by 'political reforms' they meant introduction of multi-party election system and privatisation of the state-owned enterprises.** After one and a half decades of persuasion, by middle of 2000s the Deep State cabal understood that, CPC never ever had any such plan of changing their ideology of political economy.

And about the same time in 2007 Munich Security Conference, Putin as the leader of Russia, delivered his famous Munich speech. In no uncertain terms, **Putin criticized USA's hegemonic dominance and its "almost uncontained hyper use of force in international relations"**. That speech came as a shocker to the Zionist Capitalist clique – it was like waking up from a slumber. All these years they thought WW II was over with Soviet Union completely decimated – after 16 years they had the ignominy of attending a conference on European soil, where a Russian leader was chastising them about use of force in settling disputes!

Actually 2000 onwards, there had been relentless sole-searching among top leadership of Russia. It was about the overall decay of Russia within a span of just 10 years – between 1985 and 1995. As a result, the Russian government and a section of ruling party led by Putin has been pushing economic policies that created new consumer goods industry and improved agricultural production, enhanced the oil-gas extraction operation. Within few years' time Russia got on its feet and created an economy based on 'domestic consumption' and pushed export of oil-gas to earn foreign exchange. However, the Zionist Capitalist oligarchy led by powerful faction of the ruling party was deeply entrenched in the bureaucracy, academia and media who supported (and benefited from) their illegal amassing of wealth. Corruption, nepotism, extortion among ruling party cadres and government officials, mostly went unpunished. Outward flow of capital and tax breaks for rich businessmen were also happening albeit at a slow pace. But noticing the overall upswing in Russian society the Deep State got alarmed – 'filthy' Russian bear is again cooking up some curry that may prove difficult to digest in long run!

Part 1

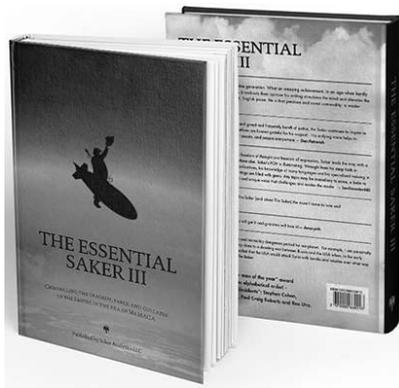
Part 3 – pending



By profession I'm an Engineer and Consultant, but my first love was and is History and Political Science. In retired life, I'm pursuing higher study in Economics.

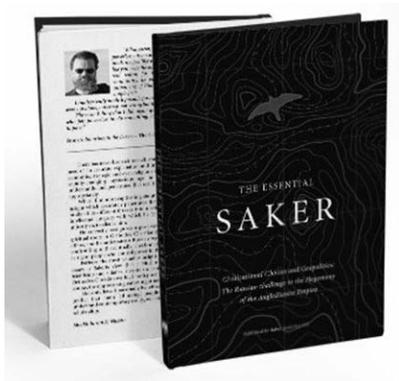
I'm one of the few decade-old members of The Saker blog-site. Hope that this website will continue to focus on truth and justice in public life and will support the struggle of common people across the world.

An Indian by nationality, I believe in humanity.



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