

Hot Topics**Welcome to Covid-19 Era**

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**China in the Context of Covid-19**

To create an image of the upcoming covid-19 era one needs to understand the less known sides of the importance of the influence of language, psychology, creativity, the management of stress on a human as a part of the biosphere. The advocated 3E approach - ecology, efficiency and economy in thinking, speaking and acting involves also the process of human self-reflection: the ability to take a break, exercise introspection and the willingness to learn more about the fundamentals, purpose and essence. It's obvious that it cannot be separated from studies of the philosophy of consciousness, awareness and the mind, to name just a few.

By being able to integrate science, education, business and politics the solving of the main economic challenges in the world would become realistic as it could or even would lead to a dialogue between the quantum development in technologies, the preservation of life and science-driven economy. Solving the two opposing notions of individual interests, and the opposite sublime would enable the design of a new monetary - financial, political and social – cultural order. This could / would lead to the appearance of process comprising holistic knowledge and understanding the Planet as a cosmic ship. Such a ship cannot be managed and maintained by corrupted people. Last but not least new management processes would appear in which properly defined historical methods, peculiarities of individual and public life would be assimilated. Unfortunately all this would not happen any time soon. Why?

The attached document - Something to think about deals with issues related to China and allows to answer the question - Why? The document stands for a part of an extensive introduction dealing with some aspects of consequences caused by the loss of trust, linear technical and technological developments in the world and challenges which the key competing powers USA, PRC and RF face in the context of measures taken by states in connection with covid-19. It seems that the resulting changes lead to a new interim technical – technological society governed by technocrats, selected scientists and bureaucrats, in which the solidarity, social policy, justice and empathy would represent secondary values only.

No doubt, the covid-19 opened a totally new-built road to the need of understanding better what has been really happening with us, with our globalized society, with our technical and technological ambitions including the wide use of AI. Already at the beginning of the road to covid-19 era we can see some of the malign effects of the technological developments, of the vulnerability of human civilization, of the globalization and the barbarism within it. Last but not least, also the unpredictability of the future of the current system and the human being.

As we cannot predict the future but can only imagine it, it is worth to return to philosophy, arts and science – fictions with its language, phantasy and inspirations usually taken from utopian and dystopian romans. They explore social and political structures. Some works combine both genres, utopian and dystopian, often as a metaphor for the different directions humanity can take depending on its choices. This introduction offers for consideration and further study the attached document

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and following four examples: Story from China, Vernadsky's concept, English science fiction and Annual report BIS 2019/20 from the Bank for International Settlements which celebrates this year its 90th anniversary since it was established on 30 January 1930.

### **The World Crisis and The Cat Country**

On the example of the collapse of a fictitious Cat Country the famous Chinese writer Lao She (1899–1966) showed the apathy and decline of China. Some of the analogies of the satirical dystopia Cat Country (猫城 published in 1932) are surprisingly clear, contemporary, and even supra-temporal proven by historical events. Therefore they can be used in looking for trends of consequences and the desirable bloodless way out of the present crisis in all countries that have adopted the doctrine of neoliberalism and are at a crossroad.

At one such a crossroad one can meet three thirsty monks who have nothing to drink (Sán gé héshang méi shuǐ hé: 三个和尚没水喝). In other words a few people have a need and are interested in solving it, but everybody expects others to do it. Nobody wants to make a decision and be its initiator. In our political – economic situation no politician is willing and able to declare the bankruptcy of the current system. Not even one of the official mass media raises the issue seriously. Everywhere are obstructions. Currently more for those in the West, who are looking at the Chinese direction and expect some prompts or even advice what to do next and how to get out of the crisis as a winner.

Three major civilizations - the Euro-Atlantic, Eurasian and Asian, three generations – elderly, middle and young age, two recent traditions – socialism, capitalism (including neoliberalism as an alien ideology with their own culture and values) meet at the crossroads of history, reading tables and choose a direction where and how to go further. In one article written already in 2010 and reprinted 2016 in a book *Consent not needed* (ISBN 978-3-00-052470-7) the author of this paper presents a comparison between cycles, diagnosis and treatment of the global crisis and the function of cells and banks.

Examples of the modern relations between the (Chinese) business and art, the legitimacy of Chinese socialism based on the dynamics of (Chinese) capitalism, and examples of comparing the history of Europe and China for the last 500 years indicate the possibility of synthesis and integration of science, education, politics, business and the fundamental elements of trinities mentioned above. At the same time they give an advice: On the way to more humane society and fair world should not be the cat tracks.

### **Vernadsky's Concept**

Reform of the political system should be fundamental and decisive: it demands further existence of the state – *salus rei publicae* (Latin - Blessing of the state) – both in its domestic fundamentals – national self-knowledge, and in its external position – in the conditions of the world life... Public morals of a single state, even socialist one, in its current form cannot satisfy the critical free thought of a modern scholar and his moral consciousness, because it does not provide the right forms for this (V.I. Vernadsky, 1863-1945).

The citation invites to consider openness of the mind as the key not only to cognition, but above all to the complex perception of our environment and also the perception of ourselves. A comparison of functions of a healthy and unhealthy cell in a body with the function of world economic system demonstrates the ways of diagnostics, treatment and consequences. The organism and the cell are

united. The internal separation of the organism and the cell with the diaphragm ensures only the fulfilment of its main functions: metabolism, growth, maturity, reproduction, regeneration and others. When a cell isolates itself from the organism it turns into benign, potentially malignant, or malignant neoplasm, in other word, the tumor. The malignant neoplasm lives in the body thanks to healthy cells and without them it causes the weakness of organism and leads to the death of both. The same process takes place in the complex world economic system. Its main function should ensure the life ability of the society in the globalized world. If the economic system isolates itself from the society as we can observe it daily in the deregulated banking - financial sector, in the labour sphere and how the success is defined by economy of time the system gradually turns into malign tumor killing the human society and itself.

### **English Science Fiction**

The writer John Wyndham (1903 – 1969) is known for his works set in post-apocalyptic landscapes. His best-known work seems to be *The Day of the Triffids* (1951). In this post-apocalyptic novel influenced by H. G. Wells' *The War of the Worlds* (1897), Wyndham describes a world in which most people are blinded by an apparent meteor shower, an aggressive species of plant starts killing people. Already the introductory sentence - If you wake up in the day, of which you know by chance that it is Wednesday and all around reminds you on Sunday, you begin guessing that there is something wrong - describes well the morning of the arrival of covid-19. Further reading leads the reader understand better all the limitations of the human being, its false ambitions linked to the control of scientific, financial and political processes, including those in the nature and of the individual and the society.

Reading the novel during the covid-19-based restrictions one could realize the vulnerability and the complexity of our civilization, its unpredictability and impossibility to predict its future. One could observe how fast the social reality has overtaken the imagination of sociologists. And why we have to turn back to pre-scientific descriptions and explanations of our existence, time and environment. And last but not least, what does it mean home in a positive and negative sense (as a symbol of security and shelter versus potential prison). Italian readers may turn to a version of the 1983 *Advanced Dungeons & Dragons Shambling Mound Fantasy Adventure Figure* by TSR, which named the creature *Il Trifido dinoccolato*.

### **BIS Annual Report 2019/20**

Capitalism is one of the most mysterious, if not the most mysterious system in the human history. It is even much more interesting than the Maya civilization or civilizations of Ancient China and Egypt. Capitalism is a constantly changing system, non-identical itself and un-perceptible (A. J. Fursov, 1951).

According to the logic the capitalism had to destroy all the pre-capitalisms. In the reality everything turned out on the contrary. At the end of the 19th century in the world there were more pre-capitalist ways of life than in the 19th century. In fact, they were created by the capitalism itself. Some of them disappeared by the end of the 19th century, others are still remained. The resulting current capitalism produces pre-capitalisms and simultaneously creates its antipodes: the systemic anti-capitalism. When considering anti-capitalism, one should know that it was born on the basis of three important phenomena, which didn't exist earlier: 1) National state in the sense of *lo stato*. 2) Policy, which sometimes is called European civilization. 3) Civil society, including ideology,

propaganda, science and institutions of mass educations. Many Marxists and (neo) liberals believe that capitalism is exactly the wilfulness of the capital. This seems to be wrong, because the capital began its existence long before the capitalism and it will exist even after its replacement. Why?

The recent BIS Annual report 2019/20 which includes data as per 31st May 2020 and counts 206 pages and other official BIS documents, including Innovation BIS 2025 (88 pages) confirm what the general public may not wish to hear, political elites and official mass media therefore cannot spread around in an understandable language towards the electorate. For those not knowing a lot about the history and purpose of BIS: BIS was established ninety years ago (1930) by an international treaty (the Hague Conference). The Bank opened its doors for business in Basel, Switzerland, on 17 May 1930. With reparations cancelled (1932), promoting global monetary and financial stability through international cooperation became the Bank its unique mission...by providing banking and financial services to central banks. In other words: BIS serves as a Bank for Central banks! Therefore no one should ever ignore what BIS is (not) saying, (not) writing or (not) presenting.

Following extracts from the statement made by BIS GM, Mr. Agustín Carstens confirm the stated. 1) The spread of coronavirus has thrown the world into disarray. The pandemic is three shocks in one: a public health crisis, a hammer-blow to the real economy and a stress test for the global financial system... Monetary and fiscal policies had to cushion the economic blow. To lay the foundations for a balanced recovery, governments will need to build on these efforts by carrying out effective fiscal consolidation and growth-oriented structural reforms. 2) A global shock of this magnitude puts a premium on international cooperation. The BIS's role as a global forum for central banks has never been as crucial. 3) Although the profit for the financial year came in at SDR 166 million, SDR 295 million less than in the previous year, our total comprehensive income more than doubled, to SDR 1.6 billion, boosted by substantial unrealised valuation gains from the rising gold price and a fall in bond yields. 4) Notwithstanding the crisis environment, we have made good progress in putting our Innovation BIS 2025 strategy into effect. Our newly established Innovation Hub is exploring new technological trends, applying some of them to develop innovative central bank public goods. Now under way in Hong Kong SAR, Singapore and Switzerland, these efforts are complemented by our economic research on how fintech, regtech and supotech will influence the work of central banks, and how it is transforming the financial sector and the wider economy. Further one can read an important statement on page 12 of the report: Innovation BIS 2025 consists of a set of initiatives anchored by our mission: to serve central banks in their pursuit of monetary and financial stability, to foster international cooperation in those areas, and to act as a bank for central banks. On page 70: The central bank is the ultimate source of trust in the system... Moreover, the central bank acts as a catalyst for change and as an overseer, promoting safe and efficient payment arrangements. In the context of covid-19, BIS, the Annual report 2019/20 and other documents one should recognize and accept that decades long understanding of monetary policy as a technical and not a political issue in the light of the arrival of the double pandemic, the covid-19 and the psychological, was wrong and an illusion. Why?

The current capitalisation of US share market (at approx. 26 trillion USD) doesn't represent a serious obstacle for FED to print USD needed for the purchase of all shares on the market. It is therefore necessary to understand properly the number of applications for bankruptcy in USA. According to Epiq, in first half of 2020, 3 427 companies applied for bankruptcy. The state deficit in June 2020 was higher than 26 trillion USD (equal to 120% of GDP). It is also expected that

between 12 and 15 thousand large shops would close and more than 40 million people would look for a job by the end of 2020. In other words: As all issued USD have been held by banks for the day X (meaning a purchase at discounted price) there is a real possibility that owners of the printing machine of USD as the real owners of USD could easily become also the owners of the USA economy. This would allow to replace the current system with another one with a minimum attribute of democracy and transform the critical mass of politicians in USA to obedient uncritical servants. Afterwards the same would happen outside USA in all allied states with limited sovereignty including NATO.

Thesis included in the part of the report called promoting global monetary and financial stability and in other parts of the report allows to label the annual report as manifest of financial capital. It should convince the general public that the economy has been threatening the finance system and not vice versa. And that the time arrived to replace the current system and its elites. A new technological – scientific system offers itself. It will be principally different from any known democratic ones. It will be supported by obedient uncritical servants, selected scientists and modern slaves – bureaucrats. This is one from many important issues not explicitly mentioned in something to think about. The replacement of the system and the elites stands for one of the main reasons for criticizing PRC, Russian federation and other states which do not follow the recommendations of BIS, as well as for the sizeable variety of trade sanctions, technological, hybrid wars, accusations and covered actions.

The trinity - the globalization, covid-19 and psychological pandemic and the BIS manual of financial capital drew a line under the process of expansion, the essence of capitalism. Practically, there is no more non - capitalist area that can be converted into the periphery of capitalism without a war. This stands for a serious challenge for a system based on expansion. Logically the capitalism should move from extensive development into intensive one. As this is not possible for objective reasons the intensive capitalism can be perceived as a historical nonsense. All the institutions of capitalist system function with the aim to exploit the external population. The own population acts as a monolith with respect to the exploited periphery in the form of a civil society with some attributes of democracy. This historically proven fact reminds the situation with the ancient polis and birth of transnational corporations. The earliest historical origins of transnational corporations can be traced to the major colonising and imperialist ventures from Western Europe, notably England and Holland. They began in the 16th century and proceeded for the next several hundred years. During this period, firms such as the British East India Trading Company were formed to promote the trading activities or territorial acquisitions of their home countries in the Far East, Africa, and the Americas. The transnational corporation as it is known today, however, did not really appear until the 19th century, with the advent of industrial capitalism and its consequences: the development of the factory system; larger, more capital-intensive manufacturing processes; better storage techniques; and faster means of transportation.

Critical analysis of what has been happening during the last half of the century or so proves that the key supporting structures of capitalism are not functional or already destroyed, that the civil society is constantly changing like the capitalism itself and the concept of the civil society is a foggy deal not only in politics, political science, media, but, first of all in the society itself. Therefore, we feel obstructions nearly everywhere, although ordinary people are beginning understand that their place is behind the fence. It may be fine once the majority realizes that the fences free it from the need to isolate the elites and oligarchs. Why? The elites and oligarchs isolate themselves and the

people continue to live without them. Their power has become a deaf-mute and they live somehow like the Jews in Venice at the beginning of banking transactions and later in Florence: everywhere are obstructions. They helped them to move, like the covid-19 to Vatican, Holland, Great Britain thus influencing the development of the banking, business and the whole society. As far as the modern transnational companies (TNC) are concerned their intra-company trade in natural resource products has been a feature of them since before 1914, the trade in intermediate products and services is mainly a phenomenon of recent decades. The absolute level and value of intra-company trade has increased considerably. For example, 80% of international payments for technology royalties and fees are made on an intra-company basis! At the other end we can observe these days while working on this paper EU elites how they have been trying to overcome obstructions hindering them to allocate money they do not have to countries which do not function as they should or could.

The reminder on history of banking transactions in Venice and later in other states, the history of TNC and BIS and their actual position and power in the world demand the general public and first of all the ambitious young generation recognize that the real power was and never will be visible, that the fight is the father of all, that the elite education cannot be identified with Harvard or LSE and similar institutions and last but not least that any new system governed by capital and profit only would not have social lifts for the public running up, but only down. The real elites know well what a Jesuit upbringing and education stand for, how the invisible power and the secret services really work and function, and why the traditional educational curriculum still doesn't include lectures in history of TNC and the trinity of manifests – the communist, the BIS financial capital and the TNC one. The last mentioned manifest doesn't exist yet for good reasons:

1) Problems stemming from intra-company trade concern TNCs' ability to maximise profits by avoiding both market mechanisms and national laws with an instrument of internal costing and accounting known as transfer pricing.

2) TNCs' meddling in the political affairs of sovereign states. As an old example may serve the early 1970s, when International Telephone and Telegraph (ITT) offered the CIA 1 million USD to finance a campaign to defeat the candidacy of Salvador Allende in Chilean national elections. Though this offer was refused, and Allende democratically elected, ITT continued to lobby the US government which after copper mines in Chile owned by the firms Kennecott and Anaconda were nationalised, the US government took a series of steps based largely on the recommendations of ITT to subvert Allende.

3) TNC's growing political might. Perhaps the most striking example to date of organised corporate lobbying on the world stage represents TNCs' efforts at the 1992 UN Conference on Environment and Development (UNCED) in Rio de Janeiro. Well before the Summit took place TNC pressure had led to the removal from UNCED material proposals to regulate the practices of global corporations.

4) TNCs are collectively the world's most powerful economic force. No intergovernmental organisation is charged with regulating their behaviour. UN efforts to monitor and to some extent address TNCs' impacts have been decimated. In 1992 the CTC lost its independent status, in 1993 it was dismantled and a 17-year attempt to negotiate the Code of Conduct on TNCs was abandoned.

The TNC manifest should therefore begin with the history of TNC as a supra national system followed by the history of state as a political one and conclude with the history of capital and finance systems.

### **Chinese Foreign Direct Investment (FDI) into Europe – an Example**

Since China imposed regulations on capital outflows, which kicked into action around the time of a huge wave of European mergers and acquisitions in 2016 and 2017 following main deals and events initiated in USA and UK which recently decided against Huawei. Other EU states may follow soon in one or another way thus increasing tensions inside the United States and EU and in the relation between the United States, EU and the People's Republic of China (PRC).

Excluding real estate, 44 deals involving Chinese investors took place in the UK last year. The total value of deals was 3.6 billion GBP, and in 2017 it was 16.6 billion GBP. Major deals in 2019 included China-based steel maker Jiangsu Shagang Group acquiring a 24 % stake in UK data centre company Global Switch in a 1.8 billion GBP deal, and the acquisition of London-based payment company WorldFirst by Alibaba affiliated Ant Financial in a deal valued at 550 million GBP. Hillhouse Capital, an investment company founded by Chinese businessman Zhang Lei, purchased Scottish whisky company Loch Lomond Group for 315 million GBP. Chinese Zhejiang Silk Road Fund contributed to a 195 million GBP funding round for British robotic surgery company CMR Surgical. China's Bright Scholar acquired CATS Colleges, part of the Cambridge Education Group, in a deal valued at 150 million GBP. A mammoth deal in the manufacturing sector is yet to be finalized. Late last year, Chinese steel company Jingye Group announced that it would be investing 1.2 billion GBP in British Steel over the next 10 years. China-owned technology, media and telecommunications companies based in the UK grew rapidly last year: 800 largest Chinese enterprises in Britain increased revenue growth by 17% on 2018 and amassed combined revenue totalling 91 billion GBP according to a new report prepared by Grant Thornton.

Grant Thornton estimates that there are 13,000 China-owned businesses based in the UK. The 800 businesses included in the Tou Ying or Tik Tok tracker employ 71,000 people, up from 62,000 in 2018. While so-called mid-market companies — or those with revenues between 50 million GBP and 1 billion GBP— account for less than 100 of the businesses listed, they provide almost 2/3 of total employees. Almost half of the companies are based in London, and Chinese companies also have a strong presence in the North and the Midlands.

Simon Bevan, head of Grant Thornton's China Britain Services Group, said that strong bilateral relations and key political and economic developments over the past few years contributed to a favourable business environment for many of the listed companies. He also noted that recent trade friction between the United States and China had boosted the flow of goods and services between the UK and China. Total trade between the US and China contracted between 2018 and 2019, according to China customs data. In contrast, China-UK trade in goods reached USD 86.3 billion in 2019, an increase of 7.3% year-on-year, and double the figure from a decade ago, according to data from the Chinese embassy in London. Chinese investors completed 4.2 billion Euros in transactions in the UK in 2018, ahead of second-placed Germany at 2.1 billion Euros and France in third at 1.5 billion Euros.

The above examples indicate what losses may experience EU and its Member states if they would blindly follow USA and UK policy in regard to National Security Law for Hong Kong and suspicions based on fear, false ambitions of weak elites unwilling and not able to risk and learn by cooperating with others and ignoring the importance and quality of Zeitgeist. As we know there are already new sanctions on China based on National Security Law for Hong Kong, although the formulation and implementation of the law comply with relevant provisions of the Chinese Constitution and the HKSAR Basic Law. This means that it will provide institutional and legal

guarantees for the stability of “one country and two systems”. No doubt it will also help safeguard PRC national sovereignty, security and development interests and guarantee Hong Kong's long-term stability and prosperity.

Therefore China urges the USA to correct its mistakes, refrain from implementing the so-called act and stop any interference in Hong Kong affairs and other domestic affairs of China. Otherwise not only Europe can expect that China will firmly respond if the USA and its allies are bent on going down the evidently wrong path. The current state of relations between the PRC and EU, related aspects, including Taiwan and the imaginable developments describes briefly the attached document.