

## **What Happened to Hu Jintao?**

**11 18 2022**

The reports coming from the 20<sup>th</sup> National Congress of the Chinese CCP should have soothed western concerns. Xi's comments on Taiwan were judged as being 'balanced and non combative' despite the threats and all around bad behavior (Pelosi's personal visit which not only aggravated the Chinese but was not that well received by Taiwan) and one can envision a form of unity that is a more advanced version of Hong Kong under British rule. An independence in the form of an understanding that a non assertive unity is best for both states. Xi also spoke of extensive plans on China's part in the battle against Global Warming. Instead the assistance given to Xi predecessor on leaving the congress before its official conclusion was treated as kind of coup – that Hu was led out of the meeting in a 'humiliating' manner with the world watching because Xi wanted to the world to know who bosses the leadership.

The NYT printed a a 9 photo series depicting the 'public humiliation' of the former leader. Actually Hu is 79 years of age, is thought to have Parkinson's Disease, is out of politics, and has not expressed any criticism of Xi's programs. But somehow the media and 'China experts' dug up their old Chinese racism and treated it as if it were something like Chinese white slavers in Thoroughly Modern Millie kidnapping white women in Vienna for transport to China bordellos.

But there is and applicable humiliation in the form of western nations not protecting the health of their people in the Covid crisis as extensively as China cared for their own. Whole cities were quarantined to halt the spread of the disease. What especially irritated the US was that factories making iPhones and Teslas were included in the program. China's willingness to place people before profit amounted to a public shaming of the US indifference toward its own citizens during the pandemic. The most expensive and the worst medical system managed account for more than 1 million of the world's 6 million Covid deaths.

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--- The Chinese state announced a program to partially bail out private firms, mostly builders, after previously announcing that they were on their own except for advice. But large scale capitalist private failure means the stigma applies to the Chinese capitalist state. The National Association of Financial Market Institutional Investors will expand its program by adding \$34.5 billion to it. This outfit will directly purchase bonds of troubled companies. Bond issuance was down in the three quarters by roughly 48, 35 and 23 per cent respectably.

-- The annual Hurun China Rich List of billionaires fell to 1,305 and the overall wealth total fell 18% to \$3.5 trillion. The net loss between billionaires added and lost was 160 billionaires, and 11% drop and the biggest since 2024.

### **The Economy This Week**

Another week of endless effort to lower inflation by knocking the non-existent steam out of the economy by having the Fed raise interest rates. Eventually they will declare success after creating a recession which is kind of like curing a cold by killing the patient.

With all the attention being paid to the stock exchanges it's easy to forget that far more money is invested in bonds and this week they matched a 40 year inversion record dating back to 1982 when Volcker was fighting stagflation much like Powell is today. This week the yield on a 10 year Treasury note fell to 3.774 while for a 2 year note it was 4.514. The two were inverted, normally the more costly securities have higher yields. An increase in funds investing in and larger denominated securities is a sign of investor concern. Such concern for investor safety usually signals a recession or worse. Hopefully this downturn won't be as bad as the early 80's mini-depression.

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