

general retrenchment of the economy, with many of the signs of the earlier Maoist reactions. Some 20% of the agricultural land is being recollectivized, reverting to government ownership, while self-sufficiency of the regions is being reemphasized, and movement of food and people is again being closely regulated. This must be seen in the light of the control over political and social freedoms since the massacre at Tiananmen Square, and a renewal of the hated Cultural Revolution-style campaigns against "bourgeois liberalism," "peaceful evolution," etc.

The World Bank solution

The World Bank released a special report on the grain situation in China in July, in which it is ecstatic about the push to remove government subsidies on grain. The Bank is demanding the complete elimination of all regulations and subsidies in the grain market. This is in keeping with their international policy against national protection of food production, aimed at placing food control in the hands of the Anglo-American food cartels.

The report states: "Since market prices for grain in China's free markets have fallen precipitously due to record production in 1989 and 1990, China should seize the moment to raise urban ration prices and reduce per capita allocations in order to reduce the subsidy burden without causing too much hardship for the urban poor."

Such concern for the poor does not extend to the situation "down the road" when the "free market" prices skyrocket due to some disaster, like a flood, intersecting the accumulated failure to develop infrastructure, as is evolving now. The report adds as a postscript that the government, within weeks of seeing the draft of the report, implemented precisely such policies.

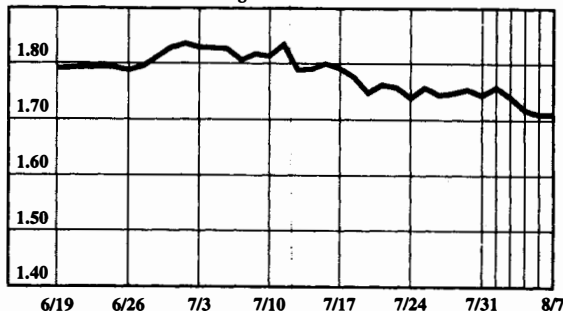
The Bank is quite aware that China is now the world's third-largest grain importer, importing primarily from the U.S. In a crisis, China will be entirely dependent on the U.S., which has demonstrated, in the cases of Iraq, the Sudan, and elsewhere, that it is more than willing to use the food weapon to impose its political will, up to and including causing the mass death of children.

Ironically, the *World Bank Economic Review* for May 1991, published just prior to the floods, points out how the free market policy decisions and China's brutal population reduction programs (both policies advocated and supported by the Bank) have combined to create a situation where "an unraveling of the established safety nets, an aging population, and the advent of high episodes of inflation" have undermined living standards for an increasing proportion of the population. Unmentioned by any of the Bank spokesmen is the vast "floating population" of 100-200 million who wander the nation in search of any means of survival, legal or otherwise. It is this army of unemployed that assures the continued low cost of labor to those investing in the free trade areas—about one-tenth of the average wage in Taiwan.

Currency Rates

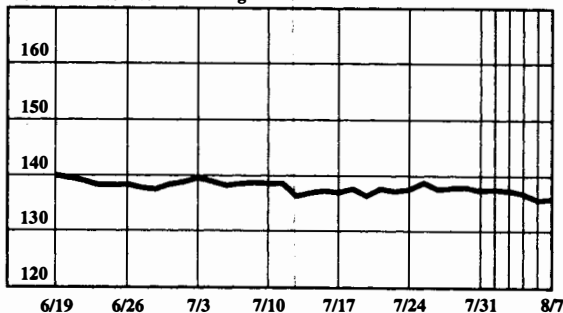
The dollar in deutschemarks

New York late afternoon fixing



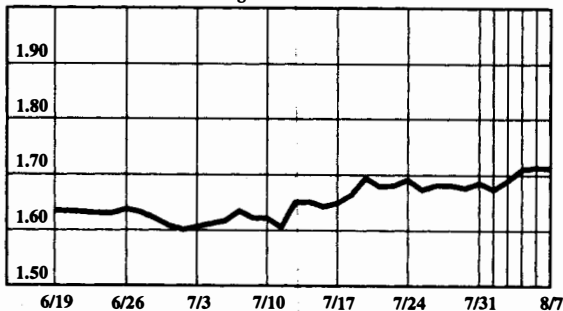
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

