

(the early base of the Chairman Mao) where there were 52 strikes and demonstrations. Other sources report that there were 100 peasant demonstrations in the last half of 1992, in nine provinces. On June 20, the *Farmer's Daily* published an order from the Public Security Ministry banning local police from extorting money and imposing arbitrary fines, saying the "ill wind" of police corruption "is severely affecting public security reputation and damaging relations between police and the people."

Most ominous for the Chinese leadership were the demonstrations in Lhasa, Tibet on May 25-26, the first since 1989. A group of at least 1,000 demonstrators began a march to protest inflation and rising food prices, which quickly turned into attacks on Chinese rule and the mass migration of Han Chinese into Tibet. Although the demonstrations were quickly suppressed, it must be remembered that the mass protests of 1989 began in Tibet; martial law was imposed on Lhasa in March 1989, two months before the Beijing Spring and Tiananmen Square.

This is exactly what the Chinese CP fears, wrote the leading German daily *Frankfurter Allgemeine Zeitung* on June 22. Just months ago, the CP was basking in the sunshine of the "economic miracle," but no longer. The peasant protests this spring could presage great outrage in the countryside. The peasants are discontented. In a country with a history of great peasant revolts, this is not something the government can take lightly, the paper wrote. It will be dangerous for the government if political demands grow out of the economic unrest, as happened in Tibet in May.

The communists know the dangers: They themselves used peasant revolts as their main weapon to take power in 1949.

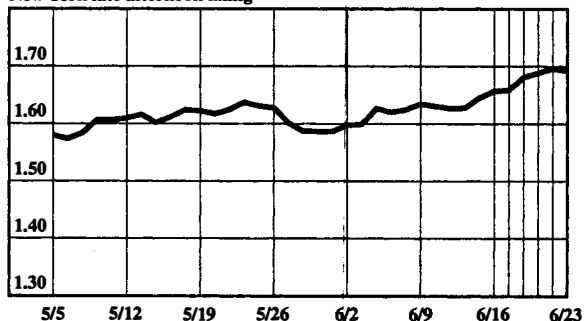
The worried Chinese State Council held a national "telephone conference" on June 21, to announce (once again) that 37 local taxes were to be abolished. Senior State Councillor Chen Jungsheng warned of trouble in the countryside. "Protecting the legal interest of farmers and their enthusiasm in farming and actually helping to alleviate burdens of farmers are an urgent political task," Chen was quoted by Xinhua, the official news agency. As of July 10, local governments will be prohibited from independently taxing the peasants; only the Ministries of Finance and Agriculture and the State Planning Commission will be authorized to do so.

As of mid-June, senior Chinese officials were told not to leave Beijing pending a series of top-level discussions on the economy. There will be a full meeting of the Communist Party Central Committee by the end of June or early July, to discuss the economy's problems and how to correct them, according to Hong Kong press reports. Traditionally, the entire Beijing leadership goes to the seaside for vacations this time of year. The leaders will not only be discussing the unrest among China's 800 million peasants, but also the reports that inflation and credit and money supplies are running out of control in the cities.

Currency Rates

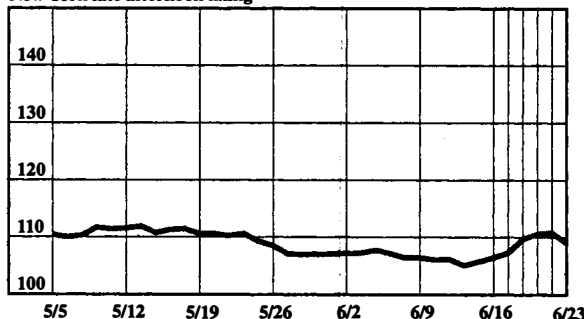
The dollar in deutschmarks

New York late afternoon fixing



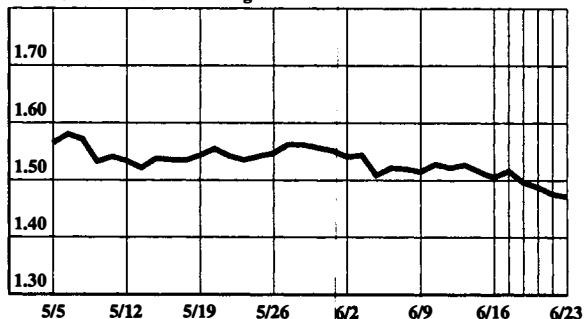
The dollar in yen

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

