

my. Their new mill in Shoudong, which will be the largest in China, was previously a working mill in California. The Pittsburgh *Post-Gazette* recently reported that several major USX plants in the area have been packed up and shipped to China. While this may appear to be a boon to China's economy, in the long run, such asset stripping from the advanced sector physical plant and skilled labor force is precisely the policy which is locking the world economy into a systemic depression depression breakdown—which will, of course, include China. Shougang's president foolishly bragged to the *Asian Wall Street Journal* that the company will survive in a collapsing world steel market because of cheap labor. "Labor constitutes only about 4% of our costs, compared to over 40% for Japanese steel workers," he said.

Worse, Shougang Steel has become one of the leading state sector firms to become massively involved in Hongkong real estate and similar speculative operations. Chairman Shou Guanwu deployed his son, along with the son of Deng Xiaoping and several other "princelings," to work with Hongkong's Li Ka Shing, the "Dope, Inc." tycoon who represents the interests of the Anglo-American financial elite in the Crown Colony. Like USX, which "diversified" out of steel production into real estate speculation, leading the collapse of U.S. steel production during the 1980s, Shougang now runs a series of shell companies listed on the Hongkong Exchange which are heavily involved in the speculative China bubble.

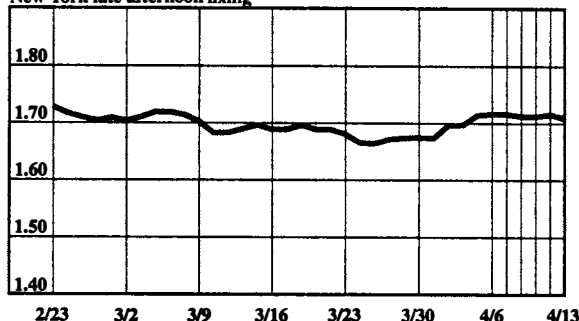
- **Energy.** The head of the energy program at the East-West Center in Hawaii, Fereidan Fesharaki, said that China's energy sector was out of control. "The whole structure is unravelling," he told Reuter news service on March 13. Besides the notorious inability to transport coal, which already ties up about 50% of the national rail capacity, a similar crisis has developed in oil. The booming southern provinces have turned to imported oil, despite the fact that China's oil industry is one of the world's largest. Beijing imposed a temporary ban on all oil imports in an effort to "better coordinate domestic oil sales with imports," according to a government official. Fesharaki, however, said, "This is not a sign of a plan, but a sign of anarchy."

- **Education.** China's expenditures per capita on education (about \$11.50 per year per elementary student) are among the lowest in the world. The *China Daily* reported that 91% of Beijing's teachers are trying to find other work. Both government studies and foreign observers have reported that school-age children are increasingly dropping out of school in the countryside. In one horrifying report from Hebei province, where an explosion in a fireworks factory injured 73 peasants, 34 of those burned were 11- to 13-year-old schoolgirls who had been forced by their school to work in the factory. Officials told Reuter that an estimated 50,000 such illegal plants were believed to be operating in Hebei alone. Those who refused to work were expelled from school.

Currency Rates

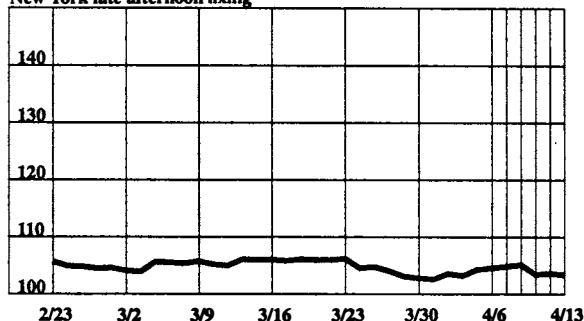
The dollar in deutschemarks

New York late afternoon fixing



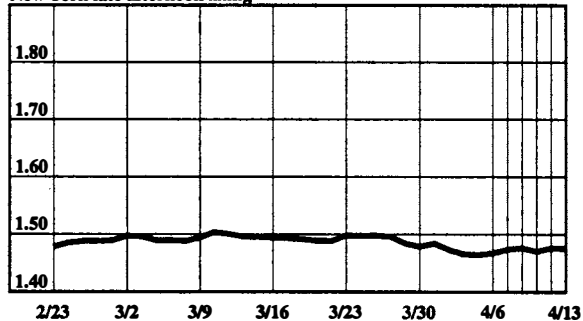
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The British pound in dollars

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