

Trilateral Commission targets China

The infamous Trilateral Commission has published a report putting China in the crosshairs for looting and destruction. Michael O. Billington reports.

The Trilateral Commission in May 1994 released a report called "An Emerging China in a World of Interdependence," prepared by Trilateral Commission members Michel Oksenberg, president of the East-West Center in Hawaii and ex-China desk officer for the U.S. National Security Council; Yoichi Funabachi of the Japanese newspaper *Asahi Shimbun*; and Heinrich Weiss, the German industrialist who chairs the China Committee of the East Committee of German Industry.

The Trilateral Commission has served, since its founding in the early 1970s by David Rockefeller and others, as one of the leading institutions of the Anglo-American financial elite, shaping policy in Europe, Japan, and the United States in the direction of free trade and the "post-industrial society." The commission's China report is an overt declaration of intent to impose upon China—as with the entirety of the developing sector—a new colonialism, through the auspices of the U.N., the International Monetary Fund (IMF), the General Agreement on Tariffs and Trade (GATT), and similar global institutions generally under their control. The report demands that China be forced to accept policies which will assure that it remains largely an impoverished nation, lacking real industrialization, and sustained as a source of cheap labor for export-oriented process industries.

The report also contains vicious insults against Chinese history and culture, such that anyone even slightly familiar with China should recognize the duplicitous and evil intent of the Trilateral authors.

The circulation of this report coincides with the dramatic developments in Europe over the past months, which threaten the ambitions of the utopian "world government" advocates at the Trilateral Commission. President Clinton, in announcing a special relationship between the United States and Germany (and overturning the old "special relationship" with England), during his visit to Europe in July, opened up the potential for vast rail and other infrastructure development projects covering all of Europe and extending to the east, as the basis for a future of peace. Chinese Prime Minister Li Peng and a team of 160 Chinese industrialists and specialists visited Germany in the same period, signing agreements for collaboration in transportation, energy development, space travel, and other areas of heavy industry and infrastructure. What is emerging is a potential for rebuilding

the old Silk Routes as the basis for the continent-wide development of the Eurasian land mass, which represents the only policy which could be successfully put in place when the current bubble in the world financial markets collapses, taking the "China bubble" with it.

It is precisely such a Eurasian development perspective, potentially supported by the United States, which the Trilateral Commission views as the greatest danger for its interests. Twice before in history such a policy was implemented, and both times the Venetian and British mentors of today's Trilateral Commission moved to crush it. In the late 17th century, G.W. Leibniz coordinated the efforts of Jesuit missionaries in China who were working closely with the great Ch'ing Emperor Kang Hsi, together with European and Russian leaders, to implement his "Grand Design," uniting East and West in development and cultural collaboration.

Only many decades of subversive Venetian operations against the Vatican and against Leibniz and his circles succeeded in breaking the alliance between the "Renaissance faction" in Europe and its co-thinkers in China, leaving China isolated and (ultimately) vulnerable to the British opium dealers and gunboats of the 19th century.

In the beginning of the 20th century, plans for Eurasian development reemerged in Europe, centered on the East-West rail development policies of Russia's Count Sergei Witte and his French and German allies, with support from the Vatican. This current was picked up by Dr. Sun Yat-sen in China, who led the Republican revolution in 1911 on a program for the international development of China centered on multiple rail connections with Europe and the Near East. The British orchestrated World War I to destroy this potential, and deployed Bertrand Russell and other intelligence operatives to disrupt Sun Yat-sen's work and foster a Jacobin opposition in the form of a Communist Party of China.

The 1994 Trilateral report on China should serve as a warning that equally deadly means are being prepared today to prevent any real development of the Eurasian landmass.

The U.N. utopians

The report adopts the now standard battle cries of those committed to imposing U.N./IMF world government: "sustainable" development (a euphemism for various forms of

anti-industrial policies); population control; limits on "greenhouse gases" and other anti-industrial policies premised on fraudulent environmental arguments; and restrictions on military technology and arms sales. The Trilateral intent is captured in their statements ridiculing China as having an "obsession with economic development above all else," and references to "irresponsible industrialization." The report heaps praise on the southern coastal trade zone policy of "export-led growth strategies," which has in fact created a speculative bubble economy based on low-skill, low-technology coolie labor, real estate speculation, drugs, crime, and corruption. The problem with the rest of the country, they contend, is that there is a real industrial base which Beijing has stubbornly refused to shut down.

The Trilateral strategy is to force Beijing to impose a variant of the shock therapy policy which destroyed the eastern European economies over the past five years. The primary means for this task is to bring China into GATT and the new World Trade Organization (WTO), but not on China's terms. "The most pressing issue," the report says, is "getting China into the fold of the WTO . . . as rapidly as possible, by agreeing to GATT rules." The problem for the Trilateral Commission is that, under GATT rules, developing countries are permitted to join GATT without meeting all the free-trade requirements. The report states: "China's insistence that it be characterized as a 'developing country' is another potential problem. This would allow China to maintain tariff protection for 'infant industries,' such as automobiles, machinery, and electronics." These domestic industries, and others, are slated by the Trilateral bankers to be eliminated, to be replaced by either foreign-owned production or imports.

The Trilateral Commission has a solution to this impediment: Purchasing Power Parities (PPP), an accounting method adopted by the World Bank last year (see box). According to this magician's sleight-of-hand, the Chinese economy virtually tripled in size overnight. Suddenly, the financial press in the West began reporting China as the third-largest economy in the world, and many began proclaiming that China is no longer a developing country. The Trilateral report introduces PPP accounting on page one, and claims that the remarkable growth of China's economy is "further blurring the distinction between developed and developing nations." (To appreciate how repulsive this statement is, one need only consider the 150-200 million unemployed Chinese peasants who are recycled in and out of the trade zone sweatshops, or the genocidal collapse of much of Africa, in relation to the fact that PPP methods also accredit the African economies with an "overnight tripling" in size!) The report concludes that China must be held to advanced sector rather than developing sector standards: "We favor insisting that China make firm commitments to meet GATT/WTO standards."

The use of Purchasing Power Parities covers for the fact

that the "New Great Leap" of the past 15 years has not been based on developing the real economy, but on looting the resources and the population in a downward process leading to disaster. If the Chinese economy is measured in real terms, there has been a falling rate of agricultural production per capita since 1984, and as well as a falling rate of rail construction. The production of certain consumer goods has boomed as a spinoff of the cheap-labor export industries, but this does not affect the critical crisis in infrastructure. Even in those areas where gross output has increased significantly (if not adequately), such as steel and energy production, the output has been utilized primarily in the trade zones rather than in the development of necessary national infrastructure.

The result is that the potential population density in China is literally decreasing. The current "redundant labor" in the countryside is somewhere between 150 and 200 million. The government acknowledges that if current policy projections are maintained, another 10 million will be added to this total every year at least through the year 2000. The Trilateral solution, of course, is not to launch great infrastructure projects or nuclear-powered city building, but to do away with the people.

The commission is particularly incensed at the bad publicity and adverse actions taken against China for its bestial forced population-reduction policies. The report insists that the West must end the "unconstructive ideological barriers, [such as] U.S. withholding of funds . . . to protest China's population control methods." After all, they argue, "Its coercive tactics to control population growth, while widely condemned in the international community, have been effective." Although they are glad to see the continuing, virtually unlimited supply of cheap labor flowing into the coastal trade zones, the report's authors reflect the recurring fear of the oligarchy that "a mass exodus of Chinese would surely overwhelm the world . . . in a world already awash in migrants."

A related concern of the Trilateral Commission is that the massive unemployment, together with the economic crises in agriculture and in the state sector industries, may feed political unrest. The report warns against any moral response from the West in such a situation, but insists the well-known methods of violent suppression used by Beijing must be understood as acceptable in the "Chinese context": "When confronted with disorder, the challenge for both China's rulers and the outside world will be not to panic, not to conclude the regime's survival is at stake, but to place the unrest in its Chinese context and to respond accordingly." This is not surprising, since author Michel Oksenberg, together with his friend Henry Kissinger, were the two most visible figures on worldwide television in the hours following the military operations at Tiananmen Square in 1989, arguing for full support for Deng Xiaoping's bloody tactics against the student demonstrations.

The Trilateralists do not overtly endorse communism, but they are hopeful that the Communist Party of China can “transform itself into a corporatist party, incorporating the natural elites of the various sectors of society and thereby playing an invaluable integrative role.” “Corporatism,” of course, is generally associated with fascism, of the Mussolini variety, a model in high favor among the utopians of the Trilateral Commission.

The Trilateral report lends its authority to the potential splitting of China into several parts, a favorite project among British intelligence China hands, especially Gerald Segal of the International Institute for Strategic Studies, who is listed as a “consultant” by the report’s authors. They follow Segal in defining Guangdong and Fujian provinces as constituting a separate entity from the rest of China: “A trans-state economic zone exists in South China, with the Hongkong dollar circulating in Guangdong and the Taiwan dollar in Fujian.” Hongkong, the authors muse, has “extended its economic

system into southern China, moving outward and fuzzing the boundary between Hongkong and the rest of China.”

Cultural assault

The most disgusting aspect of the Trilateral report is its fraudulent and insulting profile of Chinese culture and historiography. The fact that the authors felt compelled to degrade the Chinese people in a public report about their country is symptomatic of the colonial mentality guiding the Trilateral Commission ideologues.

Despite the general chaos which has characterized China in the 150 years since the first British Opium War, the nearly 5,000-year recorded history of China is one of recurring periods of dramatic developments in science and culture. Nowhere in the world was this history as carefully and extensively recorded for posterity than in China, beginning with the histories of antiquity prepared by Confucius and his collaborators in the 5th century B.C. This scholarly tradition of

The magical ‘purchasing power parity’ of the IMF

In the spring of 1993 the International Monetary Fund (IMF) released its annual “World Economic Outlook,” announcing a change in procedure for measuring and comparing a nation’s aggregate output of goods and services. Overnight, most Third World nations’ economies doubled or tripled in size, according to these IMF wizards. As demonstrated in the accompanying article on the Trilateral Commission’s China policy, this accountant’s trick has been used both to justify the disastrous policies of the IMF over the past 25 years and to force the developing nations to be treated as developed nations in relations with international trade and financial institutions.

The IMF’s “Purchasing Power Parity” (PPP) approach is presented as a more accurate measure of the relative size of each nation’s economy, due to distortions which exist in the currency exchange ratios. The IMF’s “World Economic Outlook” explains these distortions as follows: “In the case of developing countries, market exchange rates may deviate from their PPP values because of differences in the relative price of traded versus non-trade output. For example, the price of services in developing countries is typically very low in foreign currency terms, and this implies a negative bias in exchange-rate-based estimates of living standards.”

Using the PPP method, the IMF claims to have established a “universal value” for each item of production and

each service. Their method ignores the level of technology and the quality of the workforce which is invested in the production of such goods and services, considering instead only the final product. This method, therefore, ignores the actual cost to the national economy in producing such goods. For example, the price of a ton of rice in an advanced economy reflects a stored-up value in the infrastructure of the economy, the technologically advanced machinery, and the educational level of the farmer, which makes it possible to produce a greater relative quantity of rice with a smaller relative expenditure of the national energy resources (although there is a greater gross energy utilization), and a smaller number of man-hours employed. Thus, the higher monetary value of this rice over a ton of rice produced in China reflects a cheaper cost to the national economy of the advanced sector nation than the lower-priced Chinese rice actually costs the Chinese economy. Although the Chinese rice is produced and distributed with a smaller total energy expenditure for such things as farm machinery, irrigation, storage, and transportation, this nonetheless represents a relatively high proportion of the nation’s available energy resources. This deficit in technology and skill level is made up through a gross waste of manpower, deployed as unskilled labor to do work better done mechanically.

In regard to services, the IMF’s PPP method is even more ludicrous. For example, the severe crisis in Chinese education and health services, aggravated by the massive deficit of professionals due to the 15 years without any college graduates during the Cultural Revolution and its aftermath, can in no way be placed on a parity price level with the advanced sector.

historiography becomes the subject of ridicule to Mr. Oksenberg and his co-authors.

Referencing the view of Harvard's recently deceased Sino-ologist John Fairbanks, the report states that "the Chinese awareness of their own past is as much myth as reality." It proceeds to list four "distortions" which "recent scholarship" has exposed—each of the four being vacuous and pedantic points that are, in any case, debatable at best. The report concludes: "These four distortions that the Chinese have perpetuated about their history . . . were crucial in promoting imperial bureaucratic rule and facilitating the unity of the country. . . . Since time immemorial, Chinese leaders have instructed intellectuals to write history not for accuracy but to make moral judgments and draw lessons for the present." It is understandable that the Trilateraloids would object to making moral judgments and drawing lessons from history, since, if the citizens of the western nations would utilize such criteria, they would immediately remove anyone advocating

the policies of the Trilateral Commission from any positions of influence.

The report's authors then proceed to create their own distortions of Chinese history. They begin with a fraud-by-omission: They refer to "the continuity of the civilization and glory of [China's] accomplishments in the Han, Tang, Ming, and Qing dynasties." Missing is the Sung (960-1279 A.D.), which was the era of the Confucian Renaissance, the golden age of the Confucian school of Chu Hsi and his predecessors, of dramatic economic expansion, overseas exploration, rapid population growth, and a scientific revolution.

Perhaps the Sung was left out by an oversight. But further such omissions tend to demonstrate an intentionally selective presentation. In discussing Confucian philosophy, the report states: "In the Confucian lexicon, filial piety, loyalty, ritual or propriety were among the most esteemed virtues." This is true—but far more important are benevo-

Shadow play

In fact, the choice of the Purchasing Power Parities values is totally arbitrary. There were several different methods of PPP calculations made by different institutions, with wildly different results. The method chosen by the IMF for China was that of J.S. Taylor, published in 1991 by the Center for International Research in Washington under the title "Dollar GNP Estimates for China." Despite many charts and tables, comparing the values of goods in China and on the "world market," the entire exercise ultimately comes down to choosing a different exchange rate. Taylor, showing considerable *chutzpah*, says in his own report: "Fortunately, recent research by Taylor on shadow prices in China provides us with an alternative." This "shadow exchange rate," says Taylor, is 2.23 yuan/dollar, as opposed to the current real exchange rate of 8.64 yuan/dollar. Thus a unit of rice which costs 100 yuan, or \$11.50 under the real exchange rate, is instantaneously revalued at \$44.84, and the average peasant's consumption just went up fourfold!

Any claim that this "shadow exchange rate" is determined by scientific criteria must be rejected out of hand. The IMF admitted when they adopted the PPP system that they had a hard time choosing the Taylor system over other alternatives. One of the other methods would have made the Chinese economy seven times bigger than it really is, which they judged to be simply too much to be believed. Another would have only doubled the economy, which would not have been adequate to declare China to be no longer a developing country. Therefore, having decided upon the result they needed for their political purposes, they chose the "method" which provided

that result.

The IMF ignores the fact that the recurring devaluations of the Third World nations' currencies in every case are forced upon these nations by the IMF itself, as part of the "conditionalities" and "structural adjustment" demanded of them, under the threat (often carried out) of an organized cutoff of all credit and external aid. These nations are thus forced to export their raw materials and the products of their low-skilled workforce at a fraction of their previous value, while paying back previously contracted debt service severalfold without borrowing a cent. And, of course, imports become more expensive, holding back the import of desperately needed technology and contributing to inflation.

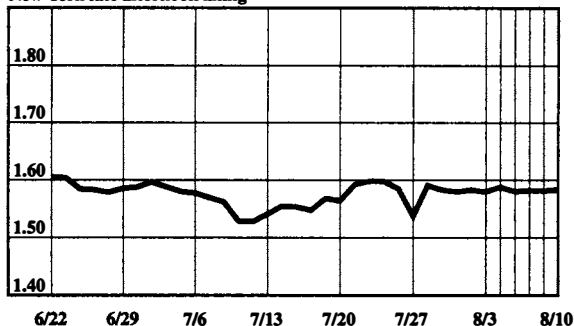
Although it is, in fact, necessary to find a more accurate measure for comparing economies than that defined by the artificially manipulated currency exchange rates, the IMF's monetarist sleight-of-hand is demonstrated by its "World Economic Outlook," which insists that, while non-traded items and services should be evaluated by their version of the PPP standard, export goods and debt payments—i.e., the source of loot for the international banking interests—must remain at the devalued real exchange rate: "It would not be appropriate . . . to use PPP-based weights to aggregate measures of international trade and capital movements, which are transacted at market exchange rates, or data for external debt and debt service."

Ironically, if the IMF were to utilize their fraudulent "shadow exchange rate" to evaluate debt service payments over the past 20 years, many Third World countries would be shown to have paid off their foreign debt many times over.

Currency Rates

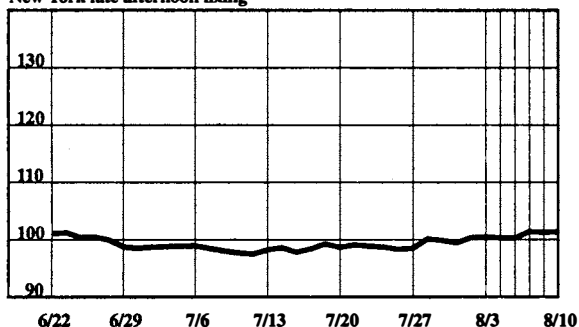
The dollar in deutschmarks

New York late afternoon fixing



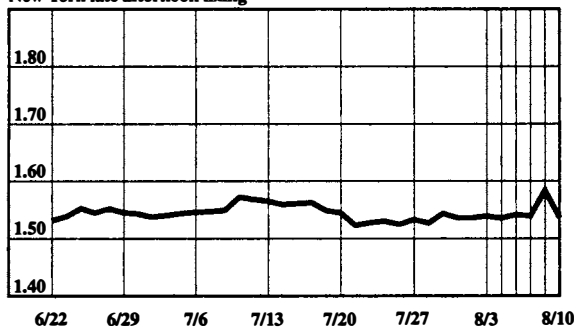
The dollar in yen

New York late afternoon fixing



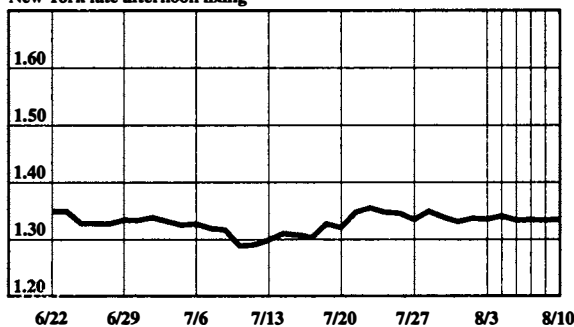
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



lence, or agapic love (*jen*), righteousness (*i*) and wisdom (*chi*). Why are these left out? The authors are attempting to justify their distorted and perverted characterization of the "Chinese character": "Certain powerful tendencies in thought and practice traceable to Confucius and his disciples are widespread: the dominant Chinese tradition asserts that human identity is derived from the network of social relations in which one is inevitably enmeshed. . . . Human beings, according to this view, do not have innate characteristics; they are malleable."

This degraded concept of man has nothing to do with Confucianism, which views man as being born fundamentally good by reason of the inborn virtues of agapic love (*jen*), granted by Heaven, which subsumes wisdom, righteousness and propriety, and which distinguishes man from the beast. The notion of man as a malleable tool of the state is associated not with Confucianism, but with its opposite, Legalism, the ideology of the infamous Qin dynasty of the third century B. C., which enslaved much of the population, burned the Confucian Classics, and buried alive the Confucian scholars who resisted. Not surprisingly, the Qin Emperor was the idol of Mao Zedong, who advised his subjects to conceive of themselves as screws in a machine. Since the Trilateral Commission so clearly expresses its preference for a docile Chinese workforce, along the lines of the Legalists and Mao Zedong, it is to be expected that they would falsify Confucianism to make it appear to be Legalist, its opposite.

The authors are undoubtedly also aware that the Anglo-American establishment which they represent contributed significantly to the destruction of the Confucian tradition and the creation of the Communist Party. Beginning in the 1920s, radical positivists such as Bertrand Russell, John Dewey, and, later, Joseph Needham, both directly and through institutions such as the United Nations which they created, filled China with a distorted view of "western science," while denigrating the Confucian tradition in favor of the Taoist and Legalist ideologies.

The oligarchical families who created the Trilateral Commission are just as intent today to prevent any renewal of the Confucian tradition which, they fear, could facilitate collaboration with the pro-growth enemies of the Trilateral Commission in the West, based on a shared commitment to the massive development projects needed throughout the Eurasian landmass. The final chapter of the Trilateral report on China states in blunt colonialist terms:

"Both China and the Trilateral nations must work together to build sustainable, rather than astronomical growth in China. . . . But the Trilateral countries must also recognize that a cooperative approach may not elicit a constructive Chinese response. . . . Such classic considerations as balance of power, realism, and a keen sense of the Trilateral interests must also govern western and Japanese thinking about China."