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 Sinologist 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.