## LaRouche interviewed in Chinese journal

As a sign of the awakening to the scope of the current global economic and financial crisis among Chinese intellectuals who are searching for solutions for their country's development, a bimonthly journal, *Strategy and Management,* in its last issue of 1994, printed an extensive interview with *EIR* Founding Editor Lyndon LaRouche.

The interview, conducted by a Chinese economist, was headlined "The General Crisis of the International Financial Capital System and China's Reform." In it, LaRouche discussed the emerging global financial explosion and, using examples from world and Chinese history, outlined the physical-economy alternatives that China could adopt to reverse the current economic crisis.

"Mr. LaRouche promotes a new renaissance of industrial civilization and the European Classic cultural heritage, which needs to be combined with infrastructure development and high-technology advancement. And he ridicules the free market theory in the West and other academic theories represented by the Harvard and Oxford schools," the editor of the semi-official journal wrote in the preface to the interview.

The journal ran the interview next to another with Harvard professor Jeffrey Sachs, the architect of the International Monetary Fund's "shock therapy" policies, which a growing number of Chinese recognize as the cause of the current economic disaster in Russia.

of Foreign Trade Wu Yi repeatedly warned the West that China "will neither sacrifice its fundamental interests for the GATT re-entry nor trade away its principles." The official *China Daily* reported on Dec. 29, 1994 that it was obvious that the West was aware that China was an underdeveloped nation, since "otherwise they would not have pledged over $10 billion in the Chinese market to take advantage of one of the cheapest labor forces." The article continued: "Just make an excursion into China's vast interior, and one can well reason with those contracting parties which insist on labeling China as a developing nation." Ironically, it has been China's willingness to offer up a desperate, impoverished peasantry to the globalization (i.e., search for the cheapest labor supply) of the depressed economies of the West during Deng Xiaoping's "reform era" that has brought on the current crisis in the Chinese economy.

### Trade war or development?

Much of the GATT attack was publicly orchestrated by U.S. Trade Representative Kantor, whose thug tactics have threatened to undermine President Clinton's efforts to dramatically upgrade trade relations between the United States and China. Last summer, after Kantor aide Charlene Barshefsky announced to the Chinese the new demand that China be considered a developed country for GATT entry, President Clinton sent Commerce Secretary Ron Brown on a special mission with a different message, aimed at the establishment of massive infrastructure development agreements between the United States and China. Brown announced that Clinton had "junked a 12-year tradition of laissez-faire government." Other officials told *EIR* that the administration intended to change the policy of "using China for sourcing" (using the impoverished, cheap labor for the production of goods shipped back to the United States), in favor of investments in major infrastructure and the promotion of high-technology exports into China, helping both the Chinese economy and U.S. industry.

Kantor has renewed his sabotage of the President's efforts by manipulating the conflict over Intellectual Property Rights (IPR), referring to the copyrights of computer software, videos, pharmaceuticals, and so forth. Kantor's aide Lee Sands, who was handling the negotiations, suddenly walked out of the meetings in a huff, in an obvious effort to insult the Chinese. He claimed that Beijing had not made any serious efforts to solve the problem, especially concerning the pirating of Hollywood videos and music compact discs (obviously of great concern to Kantor, who is infamous as the representative of the Hollywood mafia). Kantor admitted that he was using the IPR talks as a lever to force the Chinese to accept the GATT conditions, and has now set Feb. 4 as the deadline for China to meet U.S. demands or face punitive tariffs of 100% on imports worth up to $2.8 billion. China promptly announced its own set of retaliatory measures, including the suspension of negotiations with U.S. auto companies, and imposition of tariffs on videos, CDs, cigarettes, and cosmetics.

China is keeping the door open for further talks to avoid trade war. Beijing is aware of the different contradictory policies of the Clinton administration. *China Daily* pointed out that "even U.S. Department of Commerce General Counsel Ginger Lew has recognized the progress" in regard to IPR matters, and points to the upcoming return visit of Commerce Secretary Ron Brown in April as a promising sign for bilateral trade relations.

At the same time, as *EIR* has reported over the past weeks, Beijing has publicly challenged several western banks over the introduction of highly speculative derivatives trading into the fragile emerging markets in China, refusing to honor derivatives contracts which they contend were obtained by unscrupulous means, and warning that they did not want to be caught in any potential financial crash in the West.