

Editorial

High stakes at the U.S.-China summit

Stanley Roth, the U.S. Assistant Secretary of State for East Asia and the Pacific, told the Senate Foreign Relations Committee on Sept. 17 that, were the United States to impose sanctions on China, as advocated by certain Republicans' "China Policy Act," "we could end up punishing ourselves."

Roth has hit the nail on the head, and the reasons why, are of the utmost strategic importance.

The summit meeting at the end of October between Presidents Bill Clinton and Jiang Zemin is the key strategic issue, apart from the financial crisis, which is defining the world situation today. As Lyndon LaRouche has emphasized over the past year, there are three major powers arrayed against the evil new British Empire: the United States, Russia, and China. Russia, although still a thermonuclear military power, is weak and lacks effective policy direction. That leaves the future of mankind in the hands of the United States and China—and that means, specifically, in the hands of their Presidents.

The so-called agenda items that are being discussed on the eve of the summit, are of no great importance. The question is, whether the United States and China will enter into principled cooperation, to deal with problems in Asia and the world. U.S. administration spokesmen are downplaying any expectations of substantive breakthroughs, but that is irrelevant. This is no time for ouija boards or crystal balls, but for political action to make sure that the necessary goals are achieved. Many are the times that statesmen have kicked over the political chessboard, rising above the expectations of their subordinates to strike out on a daring new course.

Today, the future of the world depends upon it. We require a new set of economic and financial relations on this planet. The present monetary system is bankrupt, and the physical economy of most of the world's nations is in much worse shape than it was during the Depression of the 1930s. If you look at the speculative bubble created by financial derivatives, you find that the nominal value of derivative debt outstanding inter-

nationally is the equivalent of about \$100 trillion! Outside the central bank of China, every central banking system of the world is hopelessly bankrupt at this time.

We need to liquidate the present system, and put into place a new monetary system. The United States and China must join with other nations, to create what may be called a New Bretton Woods agreement, which would use as its model the successful phase of the Bretton Woods agreement up until 1959: a gold reserve fixed parity system, with protectionist measures to protect the development of economies; regulation of foreign exchange, in order to facilitate long-term agreements on trade and loans in the international market. This arrangement must write off most of the unpayable speculative debt, which has been built up over the past 30 years. Further, we must foster the development of national banks in each country, to replace the bankrupt central banking systems. Governments will cooperate in providing credit, especially for international and national infrastructure development projects, to lay the foundation for economic growth.

By applying what LaRouche has called the Machine-Tool Principle, we shall achieve the high-technology growth of the economies of the world's nation-states. Where there is now poverty and despair, we shall foster education, science, and Classical culture.

The speech by Malaysia's Prime Minister Dr. Mahathir at the World Bank/IMF meeting in Hongkong, published in full in this issue, shows that there is an enormous constituency for such a program, among the populous nations of Asia. "We like to think big," Mahathir said. "We want to link up with the railways of China, Central Asia, and on to Europe."

China's magnificent project for the Eurasian Land-Bridge provides exactly the sort of Great Project that we require, to put the world back on a course of optimism and economic development. Many smaller powers have joined in, to the extent they can. But full U.S. support for this endeavor would not only put Americans to work at productive jobs: It would be a death-blow to the British Empire.