

‘China Youth Daily’ Circulates LaRouche’s Four-Power Proposal

by William Jones

July 28—*China Youth Daily*, the second-most widely read newspaper in China, reaching an audience of some 10 million people, ran a lead article July 24, on Lyndon LaRouche and his solution to the world economic crisis. Entitled, “The Present International Financial System Cannot Be Saved,” the article was the second in a series of interviews that are being conducted by the paper, with U.S. economic and China experts, who are asked to give their views on the U.S.-China relationship, as the Obama Administration goes into its first round of meetings in an enhanced Strategic Dialogue and Strategic Economic Dialogue mechanism.

The first such interview, published July 24, was with David Shambaugh, a well-known China scholar, based at George Washington University. LaRouche’s interview was conducted July 12, by Washington correspondent Bright Ju, at LaRouche’s home in Northern Virginia.

The article, from which the sections quoted here have been translated from Chinese for *EIR*, begins with a concise biography, including LaRouche’s early career; his debates with economists about Karl Marx; his adoption of the American System of political economy; and his eight Presidential bids, seven in the Democratic Party, which, although unsuccessful in gaining him the nomination, catapulted him into the public eye and, over time, transformed him into a “legendary figure.”

“Since LaRouche’s own rational ideas are often in-

compatible with the traditional viewpoints of Democrats,” the *Daily* writes, “he remains a controversial figure among U.S. political circles.” It then notes La-

Rouche’s role in the SDI, and his subsequent political troubles, leading to his incarceration on “suspicion of fraud,” a move which “La-Rouche and his supporters believe is the most unprecedented case of political persecution in U.S. history.”

Creating a New Renaissance

The article notes how LaRouche’s “area of study encompasses political affairs, economics, philosophy, history, as well as the natural sciences in all their aspects,” adding that he issues statements and papers, almost daily, of an “astounding” nature. LaRouche’s ideas have received a wide hearing

throughout the international community through the circulation of *Executive Intelligence Review*, Ju writes.

“While the political journey for LaRouche has often been a bumpy one,” Ju continues, “he long ago achieved fame in the area of economics.” He then outlines LaRouche’s nine successful economic forecasts, since the 1950s, pointing particularly to the forecasts of the 1973 oil crisis and the 1998 Asian financial crisis. “While most economists are busy studying their economic figures, LaRouche is examining the long-term trends, concentrating on developments in the accumulation of real



EIRNS/William Jones

Lyndon LaRouche’s interview with Bright Ju (left), for the widely read China Youth Daily, has been picked up by numerous wire services in China, where LaRouche is viewed as a “legendary figure.”

physical capital, and those decisions regarding material and cultural factors which affect the economy long-term,” Ju writes, noting especially LaRouche’s comments on the cultural decline of the United States, since the 1960s, from an economy of “producers” to an economy of “profit-seekers.”

“LaRouche points to the growing gap between the production of physical goods and the bloated expansion of the financial structure,” the article states. Ju then describes LaRouche’s “Triple Curve” (**Figure 1**): “The production of material goods is continually decreasing; while the amount of fictitious capital is increasing. The physical economy and the fictitious monetary expansion are placed on two curves, one heading upward and one heading downward. As the growth in the fictitious element more and more exceeds the physical economy, at a certain point, catastrophe strikes.

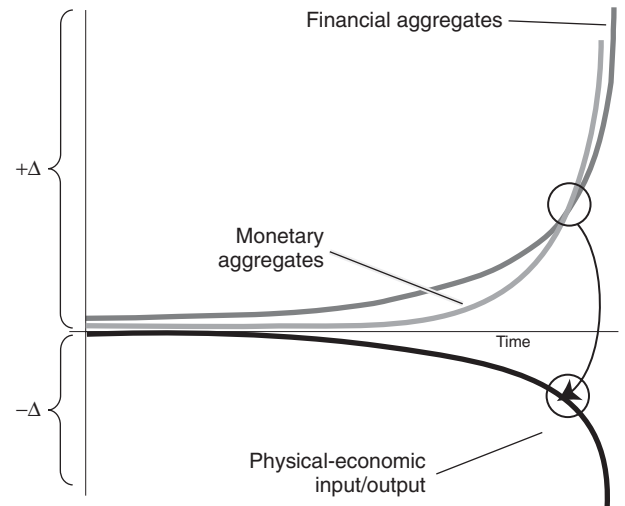
“In July 2007, LaRouche again issued the warning that, unless the U.S., China, Russia, and India were able to unite to reshape the international financial system, and thereby eliminate the control of the financial oligarchy, a major financial breakdown crisis would engulf the globe.” While the Wall Street crowd gave a “snort of contempt” to his proposal, Ju notes, “within the year, LaRouche was again proven correct.”

“LaRouche sees his mission as that of reviving the healthy tradition of Western culture, of rescuing the seminal ideas of the Renaissance from its distortions; of reviving in philosophy the great initiative of Plato, to explore in the humanist spirit, the fundamental laws of nature; in the realm of theory, to revive the work of the German scientist Riemann as the basis for the study of “physical economy”; and, in the area of political thought, to rekindle the tradition of Franklin Roosevelt, to gain control over finance capital in order to provide industry with low-interest-rate loans, and thereby, revive the creative spirit of the American people.”

While the interview was of a wide-ranging character, the primary thrust of LaRouche’s comments dealt with the global financial crisis and LaRouche’s unique solution to resolving it. “LaRouche emphasized that the world financial crisis has already arrived at a breaking point,” Ju writes, “and that any efforts to try to save the old system would be fruitless. ‘The only feasible solution is to conduct bankruptcy reorganization, and return to a national credit system,’ LaRouche says, pointing to U.S. bankruptcy laws, which are tailored to put bankrupt firms back on a stable footing, and assist them in overcoming their difficulties. ‘What is now needed is to

FIGURE 1

The Collapse Reaches a Critical Point of Instability



utilize bankruptcy proceedings that would permit a country as quickly as overcome the troubles created by the financial crisis.”

The Case of China

China’s “opening up,” beginning in the 1970s, was premised on the Western nations using China as a cheap source of imported goods, thus “fleecing” the Chinese economy, LaRouche explains. “China was given the opportunity of having an export market in the United States and Europe, largely, on the basis of China producing things much more cheaply than they could be produced in the United States,” LaRouche told *China Youth Daily*.

“But that meant that the whole process of China’s expansion was dependent on export, and we now have a crisis because of this policy. Because the national income was not sufficient to pay for all of China, the minute that the export bubble collapsed, you did not have sufficient income to maintain China as an entity, under the present financial system. That 30-year period, beginning in the ’70s, has now reached its end,” LaRouche told the *Daily*.

“China will never have, again, an export market like the one it just lost,” he explained. “But, China can have an internal market, if its partners agree to use their credit to support China in creating an internal credit system, for external sources of development of China. Now,

instead of exporting to the outside world, China will shift to exporting much of its product to the inside world of China, which largely needs capital improvements—physical capital improvements, conditions of life of the people, new cities, this kind of thing.”

Four Nations Are Key

“LaRouche proposes that the U.S. put the present financial system through bankruptcy proceedings and return to the system set up by Alexander Hamilton, and through the establishment of a national bank begin to issue credit for reviving U.S. industry,” Ju writes. “On the international level, this principle can then be extended to the world economy by means of treaty agreements among sovereign nations. Establishing an international system of fixed exchange rates among currencies would determine the price of commodities, and the treaty arrangements would provide the needed credit,” the article continues.

Ju writes: “LaRouche believes that if the United States, China, Russia, and India, as sovereign nations which encompass the greatest area of the world, and contain the largest population in the world, were to come together around agreement on financial arrangements, this would provide immediately the basis of a new world financial system.

“LaRouche believes that the development of Asia will, in the future, take the lead in the development of humanity, and that China is the key to the Eurasian continent. LaRouche notes that China has experienced 30 years of rapid development, by leaps and bounds, but it can’t be denied that there is still a large portion of the population which is far from well-off. Therefore, it’s necessary to formulate a common policy, over three generations, to carry through water projects, develop energy resources, and infrastructure, in order to raise the productive capabilities of that portion of the population.



The July 24 China Youth Daily interview with Lyndon LaRouche leads the front page

“China certainly must transform its form of economic growth from an export-orientation, to one driven by internal demand, since China possesses, potentially, a huge internal market. But it can hardly rely on its own capital, which is far from enough to sustain it. It would require other countries to furnish much of the capital needed to support that development. Russia possesses abundant mineral resources, and, through agreements, could help provide a large quantity of high quality mineral resources. Japan could export advanced technology; South Korea and Beijing would bring into play each of their strong points. In this way, Asia and the Pacific Rim could become the largest and fastest growing area of the world economy, thus permitting the world finally to emerge from the global economic crisis,” the article concludes.

Reverberations Throughout China

The LaRouche interview has achieved wide circulation, having been picked in full up by numerous Chinese wire services, especially, leading financial wires. Recognition of the interview was also widespread among the Chinese media attending the U.S.-China Strategic Dialogue meeting in Washington on July 27-28. No doubt, the reverberations are being felt far and wide throughout China, where the question of the direction China should take, in the face of this crisis, is still an issue of much debate, and where LaRouche is generally regarded as a folk hero.

In this debate, LaRouche’s views will weigh heavily in the scales. And, hopefully, soon, very soon, for their own survival and for the survival of the nation, wiser elements in the Obama Administration will prevail to jettison the President’s fascist agenda, and begin crafting a policy in which the U.S.-China strategic relationship might become the springboard to that Four-Power Agreement that could replace the rotten hulk of the present international monetary system.