

boom of foreign investment and trade in China—which amounted to nearly \$200 billion net foreign investment between 1992 and 1996 alone, and a trade volume of about \$300 billion in 1996—has always been a two-edged sword.

On a fundamental level, as Lyndon LaRouche has emphasized in recent discussions, China, in order to remain stable, must maintain a *high rate of social capital formation*. That, in turn, ultimately depends on the continual injection of new technology in the form which LaRouche has identified as the “machine-tool-design principle.” The “machine-tool-design principle” means, roughly, a process which begins with a new hypothesis of experimental physics and the design of a new type of laboratory apparatus which demonstrates the new physical principle; and then proceeds through the transformation of such laboratory designs into new families of machine-tool and other industrial technologies. That process is most efficiently accomplished with the help of a large network of small and medium-sized high-technology companies, run by highly qualified scientists and engineers. Since China’s own capability in this domain remains very underdeveloped, China’s future depends crucially on trade and close scientific-technological cooperation with countries such as the United States, Germany, Japan, Russia, and a few others, which possess advanced machine-tool-design capabilities.

Unfortunately, although very significant infrastructural and industrial benefits have occurred, much of the foreign investment and export earnings which China has enjoyed in the context of the “globalization” of the world economy, has been applied in directions quite different from LaRouche’s “machine-tool-design principle.” Much industrial development has been based on the import of highly specialized machinery and complete production lines, without the transfer of the in-depth know-how and R&D capability to further develop such technology in China itself. Often, also, the inputs to production include key high-technology components which must be imported from the outside, so that a significant degree of dependency, typical of Third World countries generally, is hidden under the otherwise impressive sum of China’s imports and exports.

Another weakness, much decried by Chinese economists and leaders, has been a build-up of redundant production capacities in the rush for quick profits, resulting in mountains of unsellable products, especially textiles and low-quality consumer goods. China’s cities have meanwhile seen a dizzying boom of construction of luxury hotels and apartments, shopping malls, office buildings, and other non-productive facilities, out of proportion to the development of the physical economy. Added to this, China’s population and cadre, suddenly moving from a condition of extreme poverty into *relative* abundance, lack the education and science-oriented industrial culture which characterized the United States, Germany, and other industrial nations in their best periods of

development. Hence, there is a heightened susceptibility to shallow commercialism, corruption, and a climate of “getting rich quick.” The situation is aggravated by the massive efforts of the Ford Foundation and other Western foundations to promote a profound disorientation among Chinese economics students and entrepreneurs in the name of so-called “Western free-market economics.”

These problems, of which the Chinese leadership is more or less acutely aware, mean that any attempt to stimulate growth by “pure Keynesian” methods of increased spending alone, could easily produce the opposite of the desired effect. To ensure that increased infrastructure investment will not be squandered in poorly planned, wasteful projects and purely linear, scalar expansion of production which would have little or no positive effect on the real productivity of the economy as a whole, Zhu Rongji is rightly insisting on a dirigist approach, “1) To absolutely avoid blind haste, avoid build-up of excess inventories of products; 2) to absolutely avoid superfluous duplication of projects; 3) in accelerating infrastructure investment to observe . . . quality first. New projects must be rigorously evaluated and organized in accordance with the central government’s guidelines.”

The combination of the Asian financial collapse, the decline of Hong Kong, and now the disastrous floods, is delivering a painful, but hopefully healthy shock to China’s strategic thinkers. The question now is, whether the leadership will be able to mobilize the nation around the emerging new policies, while at the same time moving to secure the international conditions under which China and other developing nations will be able to access the machine-tool-design capabilities they need to survive.

Question called on policy toward Sudan

by Linda de Hoyos

The government of Sudan announced a unilateral cease-fire Aug. 3, on the eve of the opening of new talks between the government and the Sudanese People’s Liberation Army (SPLA) of John Garang, scheduled to begin on Aug. 4 in Addis Abeba, Ethiopia, under the auspices of the Inter-Governmental Authority on Development (IGAD). The purpose of the cease-fire, as the Sudan government release stated, is first to assure full access for the United Nations’ Operation Lifeline Sudan relief operations in southern Sudan, where 2.6 million people are in grave danger of starvation due to the displacements and destruction caused by the

war in southern Sudan over the last year. In addition, the government stated, "The Sudan government reaffirms that only a negotiated settlement can put an end, once and for all, to such suffering. Thus, the government is sending to these talks a high-level and fully mandated delegation to seek peace."

The severity of the famine, combined with the lack of military progress on the part of the SPLA and the falling-out of its key allies against Khartoum—Eritrea and Ethiopia—is forcing a reassessment of the policy put forward since October by Washington for war "to bring down the Khartoum government." The war policy, strenuously pushed by various circles in London led by Deputy Speaker of the House of Lords Caroline Cox, had been rammed through as U.S. policy by Roger Winter, executive director of the U.S. Committee on Refugees, and Assistant Secretary of State for African Affairs Susan Rice, flanked by Rep. Donald Payne (D-N.J.) and his cohorts on Capitol Hill.

In hearings on July 29 of the House Subcommittee on Africa and the Subcommittee on International Operations and Human Rights, Tony Hall (D-Ohio) reiterated his and Frank Wolf's (R-Va.) call for President Clinton to appoint a high-level special envoy to bring about a negotiated settlement to end the 15-year-long war in southern Sudan. "Humanitarian aid cannot continue to be a substitute for a political solution to Sudan's war," said Hall in his opening remarks. "Without such a push for peace by the U.S. and other Western powers, Sudan's people almost surely will be condemned to another turn in the cycle of war, famine, and dependence on external aid."

In the hearings, Hall's call for a peace process was challenged weakly by star witness Susan Rice, who claimed that a special envoy would deflect from the IGAD process. However, when challenged on the fact that the United States itself ignored the IGAD process, Rice reported that the United States would send a "high-level diplomat" to the latest round in Addis Ababa. Amb. Richard Begosian is accordingly now on the scene, but with his long record of fronting for the designs of London, carried out through Ugandan President Yoweri Museveni, in the Great Lakes region, Begosian is not expected to pose a threat to war.

Payne's predictions

Along with Cynthia McKinney (D-Ga.), Payne was the most vociferous opponent of any peace process. It is impossible to talk to the Khartoum government, he averred, and impossible also to negotiate with the Lord's Resistance Army, which has been waging a 12-year war in northern Uganda—a war which, since 1994, has been bound up with the war in Sudan, as it has fought the SPLA along the Ugandan-Sudanese border and found refuge in camps south of the southern Sudanese city of Juba.

Instead of a political envoy, President Clinton should ap-

point a "humanitarian envoy," Payne said. The Aug. 3 *Philadelphia Inquirer* seconded Payne's call, stating that the mission of such a "humanitarian envoy" would be to focus the world on the evil of the Sudan government. Any political envoy will simply be "duped" by Khartoum, the *Inquirer* claimed, concluding that a special envoy "should not be bound by the neutrality of a mediator. His purpose should be to focus a global spotlight on the guilty in this crisis [presumably Khartoum]. . . . Only when the Khartoum regime falls will there be a chance to end the civil war." The fall of Khartoum, Payne claimed in the hearings, is only days away, since the SPLA is "for the first time in years" making headway, and "when they take out the Damazin Dam [which supplies Khartoum with its electricity], then it will be all over."

But, since this claim has been heard since at least 1995, when the Ugandan Army invaded Sudan full-throttle in October, Payne's predictions for victory do not hold much credibility.

In reality, the demands for a "humanitarian envoy" cover operations for more war—a war that can never bring peace, and can only plunge even southern Sudan into perpetual armed conflict, no matter what transpires in Khartoum. Payne's demands that "our government support the SPLA" were amplified at the hearing by an overwrought Daniel Eiffe of the Norwegian Peoples Aid (NPA). NPA had been "fired" by the Norwegian Foreign Ministry in May, once it was discovered that the NPA was channelling Norwegian government funds for food aid, to the top echelons of Garang's SPLA. Eiffe essentially pleaded guilty to all charges, testifying that "NPA's mandate goes beyond neutrality." Although fired by the Norwegian Foreign Ministry, Eiffe crowed that "NPA receives considerable support from USAID [U.S. Agency for International Development] for its operations."

Along with the U.S. Committee on Refugees' Winter, Eiffe made clear that they are seeking a mandate for funds to establish Garang's SPLA as a government, or, as Winter said, "to help establish at least rudimentary systems of justice, health, education, and development in rural-held areas of southern Sudan." In this case, the SPLA would be enabled by the United States, to act in direct conflict with the Coordinating Council for the Southern States of Sudan, headed by Riak Machar. This is the recipe for unending war in southern Sudan, the fragmentation of this region not only into two warring parties, but far more likely a multitude of warring factions in a huge land area in which "every man has at least two or three guns." It is a call for the extension of the Somalian morass into southern Sudan, wreaking havoc throughout the region.

The dire famine in southern Sudan and northern Uganda, in both cases caused directly by war, has called the question on such shenanigans as represented by Winter et al. Either the United States gets behind the effort for peace, or it will be, in the eyes of Africans, directly complicit in the deaths of millions.