

EIR on China Radio: Beware 'Liberalization'

by William Jones

Oct. 26—In a Sept. 30 [interview](#) in the Beijing studio of China Radio International, *EIR*'s Washington Bureau Chief Bill Jones was asked by Zheng Chenguang, host of the popular "People in the Know" talk show, about the economic crisis in the United States, and about U.S.-China relations.

Zheng, who interviews leading political figures and government officials from all over the world, as well as prominent Chinese figures, began by noting that Obama has bailed out Wall Street to the tune of billions of dollars. "We estimate that it may have been as high as 27 *trillion*," Jones said in the interview, which aired Oct. 21. Jones added that Obama has thereby placed the burden of that debt on the backs of the American people, the debt service for which he intends to gouge out from the savings and the pensions of American citizens.

"Obama came to power promising to help the American people, but he spent the first four years of his Presidency bailing out Wall Street," Jones said. "Most people will tell you that they are worse off today than they were a year ago, and definitely worse off today than when Barak Obama took office," Jones said.

'Detroit Is Just the Tip'

Jones then presented some of the figures, focusing on the insolvency of most of the states and major cities of the U.S. "Detroit is just the tip of the iceberg," Jones said. He refuted the media hype about a possible U.S. recovery, pointing to the fallacy of composition in the doctored unemployment figures, noting that these didn't include people who had stopped seeking jobs, which now encompasses perhaps hundreds of thousands of people, who have been thrown on the scrap heap.

Zheng expressed some surprise at the dire situation that Jones described. Jones said that there are some bright spots on the horizon—in particular, the moves in both houses of the U.S. Congress to reinstate the Glass-Steagall legislation. Jones then explained what the "firewall" of Glass-Steagall had provided, beginning in 1933 under President Franklin Roosevelt, until it was scrapped in 1999, in terms of protecting peo-

ple's savings from the Wall Street predators.

The second half of the show dealt with U.S.-China relations. Jones lauded the efforts of President Xi Jinping in initiating his Silk Road development policy, noting that China's economic policy is based on making advances in science and technology. But, he said, in the current international situation, this could only be something of a "holding action" to help stave off the effects of international financial collapse. What is required is a fundamental change in the international economic system, Jones said.

'People's Livelihood' Is Key

When Zheng asked about the domestic inflation and the creation of a bubble in the Chinese economy, Jones admitted that there are real problems, but that much of the Chinese stimulus has in fact gone into investment in infrastructure, and to improving "people's livelihood," which have strengthened the Chinese economy. He noted that the concept of the "people's livelihood" is an integral part of Chinese economic thinking. "Your people are your greatest resource," Jones said. "And China, as far as I see, has a very active and a very bright labor force. People are very enthusiastic, and they are learning, and they feel that there is a forward motion. That is a very important aspect. And you have to maintain that and maintain that closely," Jones added.

He warned against the dangers of further "liberalization" of the economy under the circumstances of the financial crisis. "One has to proceed with caution," Jones said. "The rapid influx of foreign capital into China could have devastating effects, in which the government could lose control of where the economy is going," he said. "The system has to change, and we have to place the world on a trajectory toward growth," Jones said, "instead of the crisis-ridden system we are now dealing with. And China can play an important role in doing that."

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