

opment, the most important thing is infrastructure. Second, how to improve the farmer's income, and to improve the farming. That is very important. Industrial development seems to me to take third place.

If you improve the infrastructure you can help a lot of farmers through the improvement of transportation and power. Therefore, when you make recommendations to governments and institutions, the most important thing is to get them to develop infrastructure.

EIR: What are your thoughts about *EIR's* great infrastructure development proposals for the Eurasian heartland and for the Pacific Basin?

Chao: If we have economic development from Asia to Europe, the whole world will become peaceful. Everybody will enjoy it. After all, we do not want war. If Mainland China is unstable, it increases the danger of war, not just for the Mainland itself, but it will spill over. If you help the Mainland, you help the whole world, because—my goodness—you are talking about 2 billion people. That is a big amount!

EIR: LaRouche pointed out that we must do this so that Asia becomes the center for industrial and economic growth in the next century.

Chao: I agree. Some years ago, in 1986, before I resigned I proposed to the [Taiwan] government to give a \$20 billion loan through the World Bank to Mainland China, earmarked for the development of infrastructure. I am sorry to say, it was not accepted by our government. You see, the future of Taiwan's economy depends on the Mainland market.

EIR: Two billion people being able to get an education and a proper living standard using their skills means a tremendous increase in wealth will be unleashed for the world. The way I see it is that this whole great project for Eurasian infrastructure development would be the way in which we could develop Africa, which could become very rich. But we need some free energy.

Chao: That's right. Most important right now, I told the European countries, is for you to make investments in Europe, in the world, in Mainland China—invest in infrastructure. Of primary importance, more important than anything else to solve for Mainland China, is to build infrastructure. If you have no infrastructure, you have no future, both concerning agriculture, industry, and concerning mutual understanding. The country is big, the differences are huge. There is a different culture from the seacoast to the mountains. We must build infrastructure for greater understanding for the farmers, for the city-dwellers, for the country people. Everybody will enjoy the benefit. That is most fundamental.

EIR: Also, in developing the Eurasian heartland, we can lay the foundation for a new renaissance.

Chao: I agree 100%.

Interview: K.T. Li

How we built up Taiwan's industry and infrastructure

K.T. Li is known as the father of Taiwan's industrial development. He was born in Nanking in 1910 and received an education as a nuclear physicist and engineer. He was responsible for drafting the first four-year economic development plan of Taiwan (1953-56) and for the overall programming and allocation of U.S. aid as well as for building the



industrial sector of the economy (1958-63). Mr. Li believed that Taiwan's only resource was manpower; he therefore started a manpower development program in 1964, in which he forged close collaboration among industrialists, educators, and government officials. To that end, he also

invited a German expert in vocational training of skilled workers to come to Taiwan to help.

In this period, Mr. Li was also in charge of the shipbuilding industry and served as president of the Shipbuilding Corp. In 1965-69 he was minister of economic affairs, in 1969-76 minister of financial affairs, and in 1976-88 minister of state as well as chairman of the Science and Technology Committee set up to coordinate relevant ministries and departments for the promotion of science and technology. During 1977-88, he served on the Council for Economic Planning and Development.

Leni Rubinstein interviewed Mr. Li in Taipei on June 9, from which we excerpt here.

EIR: What do you think about the idea of the economic development of the Eurasian land mass and the Pacific Basin, with emphasis on the construction of railroads and basic infrastructure?

Li: I think it would be an honor to participate in such a great project. There must be some kind of arrangement by the international agencies to think and work on such a cross-

country program. They must think about a way of financing it, how to share the cost, and in which stages it should be built so that the program can get started. I think it must be built step by step, and that it is important to be able to see the benefits of such a program quickly, because then it will be easier to push further. Also you have to talk with people that are more internationally minded and who see the world as a whole. And today, when the Cold War is over, it is important that we do more reconstructive work. It is also important to single out projects of such a nature that will bring people closer and get people to accept this idea conceptually.

EIR: Sun Yat-sen emphasized in his program *The International Development of China* what importance the economic development of China would have for the rest of the world, and he designed maps of projected railways reaching the Middle East, Europe, and even Africa.

Li: He was a far-sighted statesman. Although he never served as the executive head of China, he was the spiritual head. His founding ideas are very good. Some people think that he is too idealistic, but if steps were taken toward that end, some of these ideas could be realized. Insight and understanding are most important and are what I think contributed the most to my government's, to our community's, successful development. Therefore, in 1961, I arranged an exhibition to get people to understand the importance of investment, both domestic and foreign investment, so that we could depend less on help from the United States.

We Chinese have the basic philosophy that we have to work hard to try to become self-sufficient, to have the least dependency on foreign help. Here the U.S. aid was phased out in 1965, but the original schedule was 1968. Our decisions at that time were even more aggressive than the U.S. expected.

EIR: In the buildup of Taiwan's economy, were the guidelines put forward by Dr. Sun Yat-sen followed consciously?

Li: Yes. His three principles of the people—*San Ming Chu I*—concerning the sovereignty of the nation-state, the sovereignty of the individual, and people's livelihood. And since the improvement of people's livelihood is the easiest thing to apply in the economic field, in the 1950s we began with the development of those industries that were related to the daily requirements of the people—food, clothing, housing, and transportation.

EIR: So you had Dr. Sun's lectures on these three principles and tried to apply them.

Li: That is right. We made them practical. We used the U.S. aid program to support and invest in the industries that conformed to these requirements. Immediately we started a textile industry. In the beginning we had to import \$30 million worth of cloth; we developed the industry, and then we just imported the cotton. We built a lot of factories, with

more than 180,000 spindles. Secondly, we focused on improving the production of food and made investments into irrigation systems. With good irrigation and good water reservoirs, we doubled the production of rice, having two crops instead of one. Later, Thailand learned from us to have double-crop production.

EIR: And Taiwan focused on the building of basic infrastructure.

Li: Both. Improving the livelihood of the people and infrastructure are general guiding economic principles. You have to provide the basis of an economy to enable people to live better and to make investments. In the first decade, in the '50s, we had an import-substitution economy, to save our exchange to be invested. Our philosophy was, as quickly as possible, not to depend on foreign aid. You see, it was very costly to buy American products and have those products transported on American vessels. Some of those products we could make ourselves. So we became an exporting nation.

EIR: Lyndon LaRouche recently pointed out that the infrastructure of Taiwan could carry more industry than is currently the case.

Li: I think that is true. And unfortunately today the administrators and the planners do not have the necessary economic knowledge, so they make many silly decisions. For example, today we find a lack of land for industries, but actually there is plenty of land for agriculture and for industry. We used to produce 2.3 million tons of rice on 870,000 hectares, but as our livelihoods have improved, we can produce more vegetables and protein on less land. The agriculture people only focus on agriculture, without considering the overall system. It is very important to have leaders with an overall view and understanding, so you can get the best out of the national resources. Today we have very few economists, but a lot of technocrats and business people.

EIR: A very high percentage of Taiwan's youth go on to a higher education.

Li: The problem is that I find that the population now is more or less over-educated.

EIR: What do you mean by that?

Li: We have declined in economic activity, so there are fewer high-technology skilled jobs being created. There are at least 5,000 foreign graduates and 5,000 graduates from here in surplus. Another problem is all the students who have studied social sciences. It is very difficult to find jobs for them.

Fortunately, when we got the results of the joint entrance examination to the university, 75% of students now want to go into the practical fields: science, science and engineering, air force, and medicine. That ratio is very high, and the universities cannot accept all of these students.