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# China paper urges new currency order after "financial tsunami"

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BEIJING (Reuters) - Threatened by a "financial tsunami," the world must consider building a financial order no longer dependent on the United States, a leading Chinese state newspaper said on Wednesday.

The commentary in the overseas edition of the People's Daily said the collapse of Lehman Brothers Holdings Inc (LEH.P: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) "may augur an even larger impending global 'financial tsunami'."

The People's Daily is the official newspaper of China's ruling Communist Party, and the overseas edition is a smaller circulation offshoot of the main paper.

Its pronouncements do not necessarily directly reflect leadership views, but this commentary by a professor at Shanghai's Tongji University suggested considerable official alarm at the strains buckling world financial markets.

China's central bank earlier this week cut its lending rate for the first time in six years, a move analysts said was aimed at bolstering the economy and the battered stock market.

"The eruption of the U.S. sub-prime crisis has exposed massive loopholes in the United States' financial oversight and supervision," writes the commentator, Shi Jianxun.

"The world urgently needs to create a diversified currency and financial system and fair and just financial order that is not dependent on the United States."

But Vice Premier Wang Qishan, on a visit to the United States, told U.S. trade officials in a meeting on Tuesday that China and the United States needed to maintain close economic ties with global markets going through such turbulence.

"The Chinese government is well aware of the fact that the United States, which is the world's largest developed country, and China, which is the world's largest developing country, should have constructive and cooperative economic and trade relations," he said.

China is a major buyer of U.S. Treasury bonds, and through its sovereign wealth fund it has taken stakes in two large U.S. financial institutions.

In July 2005, China revalued the yuan and freed it from a dollar peg to float within managed bands. But the yuan and China's trade remains tightly linked to the fortunes of the dollar.

The commentary suggested China must brace for grave economic fallout and look to alternatives, saying the crisis brings to mind the Great Depression of the 1930s.

"Lehman Brothers announced bankruptcy will not only have a domino effect on the global financial world, it will bring a shock to the world economy," the front-page comment stated.

(Reporting by Chris Buckley; Editing by Ken Wills)

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