

Korean peninsula faces war without a New Bretton Woods system

by Our Special Correspondent

As the war in the Persian Gulf explodes, tensions are rising rapidly on another front: the Korean peninsula. During the night of Dec. 17-18, Korean time, according to the South Korean Defense Ministry, the South Korean Navy encountered what they said was a North Korean submersible vessel just two kilometers off the coast of the southern port city of Yonsu. The vessel was driven off by 12 South Korean Navy ships and three naval fighter jets, and sunk after an exchange of fire, 100 kilometers south of Koje island. The South Korean Defense Ministry also asserted that the Navy had found the body of a North Korean frogman, armed with a grenade. There have been several such incidents over the past six months, but this was the most serious. It also occurred in a most dangerous international situation.

What is happening on the Korean peninsula closely reflects both the international financial crisis, and the insane fractional situation in Washington, D.C. While, in 1994, President Bill Clinton had overseen creation of an agreement to replace North Korea's existing nuclear reactor with one which could not be used to generate weapons-grade plutonium, which would both provide North Korea with a nuclear plant, and eliminate the issue of weapons-generation. But little—or rather, nothing positive—has happened in the intervening four years.

Instead, South Korea, previously the tenth-largest industrial economy in the world, has been struck hard by the world financial crisis, and Clinton administration policy has only perpetuated the devastating economic effects. North Korea has remained closed to the outside world, and the famine, which has ravaged that country for several years, has worsened.

In this context, a group of Republican members of the U.S. Congress are now moving to eliminate the 1994 agreement altogether, setting up another dangerous flashpoint, an *EIR* investigation has learned. Incoming House Speaker Robert Livingston (R-La.) inserted clauses in the Oct. 19 Omnibus Appropriations Act for Fiscal Year 1999, which will void the 1994 nuclear agreement by March 1, unless North Korea permits sweeping new military inspection demands not covered in the 1994 accord, a former official in the Pentagon under George Bush told a journalist on Dec. 8. The 1994 agreement is “the crown jewel of Clinton's foreign policy, and it has got to go,” he said, stating that some Pentagon

officials have leaked photos to Congressional Republicans showing what they allege is a large North Korean nuclear build-up at the town of Kumchang-ri. This construction was not covered by the 1994 accord, and Pyongyang will not allow foreign entry there.

The situation in North Korea must be verging on desperation. Between 1-3 million North Koreans may have already starved to death, as Rep. Tony Hall (D-Ohio) reported in Washington on Nov. 17. “I don't think anybody has an accurate assessment. North Korea admits to a million people dying,” he told the National Press Club. “I would say somewhere between 1.5 million and 3 million people have died.”

Hall said that people in rural areas where he visited are dying in large numbers, and he showed photographs of starving children. He said that one food center outside of Chongjin is distributing “substitute food,” bags of ground-up dried leaves and straw which, made into noodles, only make people sick. “People are hurting. . . . They're holding their stomachs.”

The South Korean economy, meanwhile, is sinking through the floor, with industrial production collapsing at a 7% annual rate. Unemployment is up to 9%, with more than 1 million workers laid off this year, and the number of children being sent to orphanages has risen 30%, because parents cannot feed their children. This is thanks to Seoul's International Monetary Fund (IMF) program; the children are known as “IMF orphans.” In these circumstances, South Korea is in no position to help North Korea.

During his tour of Asia in January 1998, U.S. Defense Secretary William Cohen had called Korea “one of the most dangerous places on earth,” and warned South Korea that, despite its economic crash, it should not cut its defense budget, because “that might very well send a signal to the North that now is the time to take advantage of the economic difficulties of the South.” But in the same policy speech, given in Singapore on Jan. 15, Cohen asserted that nations must adapt to “the discipline imposed by the markets”—the same markets which have devastated economies worldwide.

Kim Dae-jung awakes

There have been recent signs of life in Seoul, where until recently the IMF ran policy. South Korean Prime Minister



South Korean President Kim Dae-Jung. "I hope for normalization of relations between the United States and North Korea, and I think it's time to think about lifting economic sanctions against North Korea," a spokesman quoted the President as saying.

Kim Jong-pil, in talks on Nov. 28 with Japanese Prime Minister Keizo Obuchi in Kagoshima, Japan, "proposed that Japan and South Korea initiate a \$300 billion Asian monetary fund in cooperation with other Asian countries," Tokyo's *Nihon Keizai Shimbun* reported on Nov. 30. "The proposed regional fund appears to have been inspired by Japan's proposal last year of an Asian version of the International Monetary Fund. . . . Seoul apparently hopes to use the fund to stabilize the northeast Asian economy in general and the economy of North Korea in particular." This proposal was put forth immediately following Chinese President Jiang Zemin's Nov. 26-29 trip to Japan, which was a breakthrough for China-Japan relations and for potential cooperation on the Eurasian Land-Bridge (see *EIR*, Dec. 11, pp. 4-11).

Prime Ministers Kim and Obuchi "also agreed to start talks on a bilateral investment accord and study an East Asian free trade zone, intended to provide businesses from both nations with the same treatment as domestic firms, as well as abolishing export restrictions and requirements limiting technological transfers to foreign investors," the Japanese newspaper article said.

While South Korean President Kim Dae-jung has bowed low to the IMF dictators thus far, rapprochement with the North is his dearest personal goal, and the war cries on Capitol Hill have forced him into action. President Kim proposed to U.S. emissary William Perry in Seoul on Dec. 7 that the United States, rather than opt for confrontation, should provide economic and diplomatic benefits to North Korea in exchange for access to Kumchang-ri, the site on which the Republicans have focussed their nuclear inspection demands.

"I think all problems related to North Korea should be tackled in a package deal," Presidential spokesman Park Ji-

won quoted Kim as telling Perry. "I hope for normalization of relations between the United States and North Korea, and I think it's time to think about lifting economic sanctions against North Korea. . . . The policy of engagement with North Korea should not be abandoned. I believe it will succeed. North Korea will eventually cooperate, because they know they will lose if they start war," the spokesman quoted Kim as saying.

"North Korea is currently at a crossroads. One [way] is to risk war through military provocations, or [the other] to open up," Kim reportedly told Perry. "But the two are equally difficult for North Korea. If we approach them wisely by means of giving hopes and warnings, and because North Korea knows it would lose if they engage in a war, they will respond cooperatively," he said.

Kim's proposal bears a striking resemblance to a Nov. 22 *Washington Post* commentary by Clinton adviser Selig Harrison, who said that the root of the trouble is the United States' failure to normalize trade relations with Pyongyang. This virtual embargo, which has been in place since the Korean War, plus the failure to deliver on new peaceful nuclear power plants promised in the 1994 accords, have led North Korea to conclude it has nothing to gain by freezing its nuclear program, Harrison said.

In "The Korean Showdown That Shouldn't Happen," Harrison wrote that elements in "Congress, the Pentagon, and the intelligence community" are deliberately provoking the current conflict over nuclear inspections in North Korea. Defense Intelligence Agency chief Lt. Gen. Patrick Hughes began the current ruckus, Harrison alleged, by leaking to Representative Livingston's aides, satellite images showing a large North Korean construction project at Kumchang-ri, 25 miles north of Pyongyang's Yongbyon plutonium reactor. Such critics of Clinton's 1994 nuclear agreement with North Korea (which specifically froze the Yongbyon reactor) "who never liked the pact in the first place, [and] now see an opportunity to kill it and move to a confrontational policy," he wrote.

Another Iraq?

While the former Pentagon official denied Harrison's specific allegations about General Hughes, he waxed eloquent on Congressional GOP plans to turn North Korea into another Iraq-style confrontation zone. The difference is that North Korea has never been defeated in war, so there are no legal grounds for the West to demand that the country simply give up its national sovereignty, he noted. "North Korea is and will be totally committed to acquiring a nuclear-weapons capability," he said. "It's their national security objective like any other country. The logic is that they are committed to it, just like Pakistan and India, so the 1994 Clinton accord can never change that."

The GOP believes North Korea is "developing ICBMs capable of reaching the U.S.," he stated. "You don't produce

fissile material at only one site such as Yongbyon—and you don't produce it unless you intend to deliver it. I used to produce and store it for delivery, and I know."

America, he said, has three choices: Accept reality, "as we do with India and Pakistan, whom no one is suggesting be bombed"; bomb North Korea, as Israel did the Iraqi Osirak reactor in 1981; or "demand a different set of negotiations to reach a totally new comprehensive agreement to completely defang them—demand something far beyond Clinton's 1994 Agreed Framework, which accomplishes nothing," he said. "Clinton was scared into the 1994 Framework in the first place, but now we can do better."

Now that North Korea is starving, the former Bush Pentagon official stated, "we finally have a real opportunity—because of their terrible internal situation. The famine and internal crisis is very, very good for us." Where Clinton negotiators failed to get North Korea to turn the whole country over to U.S. inspectors in 1994, he said, if Washington is brutal enough now, it can have its way. "Now North Korea is in much worse shape, and we can start taking things back. We can take back all our food and oil aid, and move more troops in. We should have a major force build-up in South Korea. We should try to force the Chinese to cut the umbilical cord [of food aid] which is keeping North Korea alive."

He stated that the GOP is now demanding "the threat of the use of total force" against North Korea—"then we may be able to construct terms where they really will give it all up." After ripping up the 1994 accord, which only freezes the Yongbyon nuclear reactor, he said, the GOP aim is to force North Korea not only to extend UN inspections to Kumchang-ri, but to shut down all its nuclear plants, peaceful and military, all its missile launch sites, and other weapons programs, as with Iraq.

"We are calling for a total reassessment of North Korean policy," the Bush official said. He said that the GOP had forced the November appointment of former Defense Secretary Perry as the Clinton administration's new policy coordinator on North Korea, with the aim of pushing such a top-down reassessment. Perry toured South Korea, China, and Japan on Dec. 6-9, but made little progress in negotiations to get into Kumchang-ri.

Meanwhile, Tamotsu Asami, of the Yomiuri Research Institute in Tokyo, in a commentary in the Dec. 2 *Yomiuri News*, tried to drag China into the parallel controversy over North Korea's rocket program. Japanese nerves were frayed by an August satellite launch by North Korea, originally reported by the Pentagon to be a weapons missile launch, and by new U.S. reports on Dec. 2 that a second launch may soon occur. China may be "involved in North Korea's missile program," Asami wrote. "An increasing number of experts do not rule out that possibility. 'If China is playing a part, whether officially or unofficially, it would mean that we have entered an entirely new phase,'" Asami quoted one "military expert" as saying. "It would also make China a strategic enemy of the United States."

Mexican press plays up Zepp-LaRouche visit

As EIR reported last week, Helga Zepp-LaRouche, the founder of the Schiller Institute and wife of American economist Lyndon H. LaRouche, Jr., visited Mexico from Nov. 28 to Dec. 7, organizing support for the Eurasian Land-Bridge, in opposition to the free trade monetarism that is destroying Ibero-America and the rest of the world. Her visit, including her joint appearance with former Mexican President José López Portillo, generated a great deal of political excitement and press coverage, as we reported.

Here are some further press reports, from Mexico and the Dominican Republic.

Monterrey television, Dec. 11-13:

Two lengthy and wide-ranging interviews, which had been taped during Mrs. Zepp-LaRouche's visit, reached a large audience in the north of Mexico and into the south of Texas.

The first interview, a half-hour long, was broadcast on Dec. 11 on Channel 28, which is run by the state of Nuevo León. It covered everything from the "good news" of the Eurasian Land-Bridge developments, to the fraud of British Prime Minister Tony Blair's "Third Way" (the British always jump in and try to divert a real opposition movement, she said, and this is just intended to keep the International Monetary Fund and World Bank alive). Mexico's potential, and urgent need, to develop into a modern industrial nation, how oil-for-technology deals can be used to confront the collapsing price of oil, and the importance of Mexico resolving its water shortage problems using nuclear energy for desalination, were among the themes she discussed.

On Dec. 13, Channel 2's "Cambios" program broadcast its interview. The host of the Cambios program, architect Héctor Benavides, is the most prominent television interviewer of the north of Mexico.

His first question was, "You have said that globalization and free trade have to be dumped into the trash bin. What, then, do we do?" Zepp-LaRouche replied with a briefing on the bankruptcy of the world financial system, and the need for a New Bretton Woods System to set things right. This led to the question, what can Mexico, a dependent country, do? She answered by discussing the critical role of infrastructure development, especially the impact of the Eurasian Land-Bridge, and the return to economic development driven by science and technology, as China's President Jiang