
Helga Zepp-LaRouche

Eurasian Land-Bridge: a new, historic opportunity for Europe

I believe that, in light of the fast-moving developments which were addressed here this morning, hardly anyone will remember that it was really only 10 years ago, that many politicians, historians, and journalists were saying that we here in Germany and Europe would experience the great historic opportunity of Europe—but that is how it was. With the fall of the Wall in November 1989, there was the possibility, theoretically, but also practically, for a short time, of putting the East-West relationship among western Europe, eastern Europe, Russia, and China on a totally new footing, in order, for the first time in this century (basically since Versailles and Yalta), to achieve a truly peaceful order in Europe. Seventy years of the Soviet Union had come to an end; the Pope at that time spoke about “structures of sin” in the East and West. There was a big outcry: How could the Pope speak that way? Had it not been proven that capitalism was fully victorious, and that Marxism on the Soviet model had lost? But if the Western “free market economy” system was really so superior, why, then, was it not possible to fulfill the hopes of the people in the East—the Poles, Russians, and the Hungarians—who all wanted to become part of the First World? And where are we today, ten years later?

Despite the phenomenon of mass hysteria over the euphoria of ever rising stock markets—the Dow Jones, which will soon reach the 1 million mark, with still more profits maybe on the way—in reality, we have a systemic financial crisis. This systemic financial crisis began in October 1997 in Asia, as the regional expression of a global crisis. Then it took hold in Russia and Latin America, and now it is in the process of pulling the so-called industrial nations—Japan, Europe, the U.S.A.—into a deep depression, a depression of the real economy.

If one considers the economic destruction of large parts of the world, it becomes clear that, despite all the euphoria and mass hysterical excesses on the world’s stock markets, the world has already gone very far toward collapsing into a “new dark age.”

I only want to briefly touch upon some of the most severe situations. Ten years after the beginning of the collapse of the Soviet Union, or eight years after the disintegration of the Soviet Union, Russia finds itself in a demographic catastro-



The founder of the Schiller Institute, Helga Zepp-LaRouche, gives an overview of the current world economic and political crisis—and what must be done.

phe; as a consequence of the IMF reform policies, the country is losing 1 million people annually (**Figures 1 and 2**). Epidemic diseases, which had been all but eradicated, such as tuberculosis and others, have proliferated exponentially (**Figure 3**). From 1991 to today, between 70-80% of the industrial capacities of the former Soviet Union have fallen victim to the IMF. Russia has been degraded from the status of the second world power, to a raw materials supplier—but one with a strategic nuclear potential that indeed functions quite well.

The ‘throes of a dying system’

Let us turn our eyes to Africa: We were talking about genocide this morning. In 10 years, 30 million people in Africa south of the Sahara have lost their lives, as a result of a combination of wars, disease, and starvation. In some countries of Africa, HIV infection, which has spread to 25% of the population in this period, has become one of the most significant negative factors in the economy, because the disease is killing an increasing number of people of working age (**Figure 4**). In the 1990s, life expectancy in Africa has dropped by 15 years. One can, in fact, say that Africa is a dying continent.

Another telling example: Indonesia (**Figures 5 and 6**). This country, the fourth largest in the world from the standpoint of population, has collapsed into chaos since the out-

FIGURE 1
Russian Federation: total population

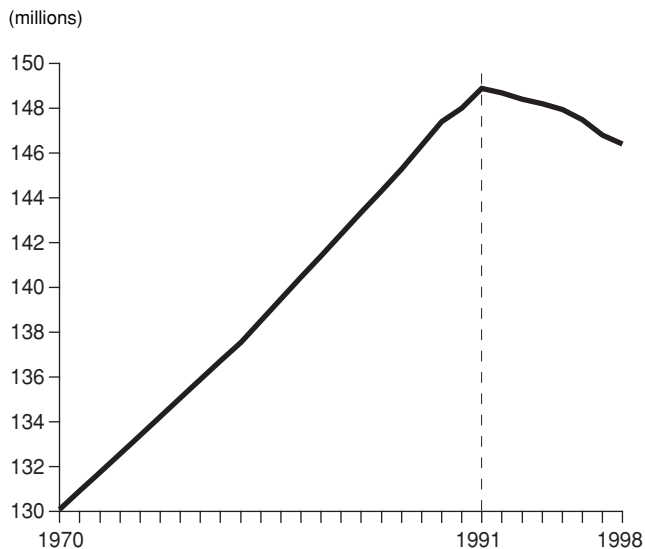


FIGURE 2
Russian Federation: rate of population increase/decrease

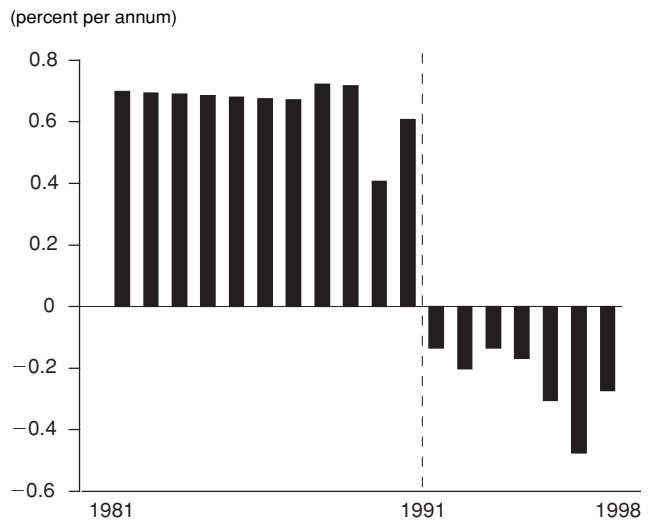
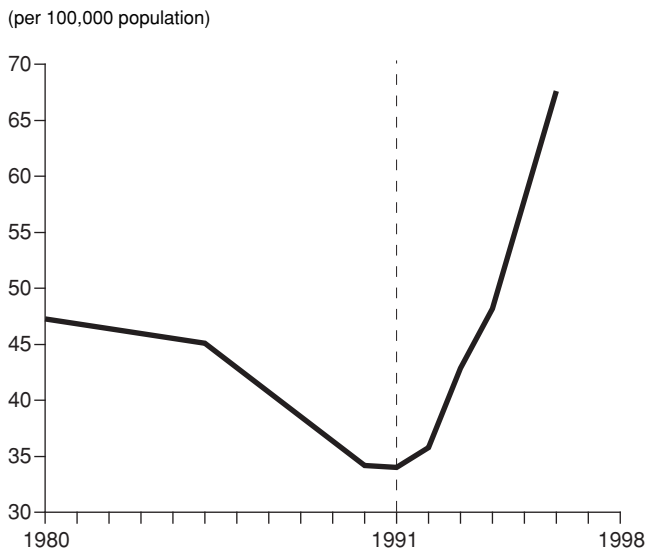


FIGURE 3
Russian Federation: tuberculosis cases



break of the so-called Asia crisis, as a consequence of currency speculation and the austerity packages of the IMF. Two hundred and four million people are economically destroyed. By 1997, the number of poor people in Indonesia had dropped to 11% of the population; now it is 67%. Thirty years of

progress was destroyed in the space of a single year.

Mexico: another so-called “IMF success story” (Figures 7 and 8). Today, the country produces only one-third of the consumer goods that it produced in 1981. As a consequence of IMF policies, almost 50% of the Mexican population are unemployed.

Another development that I would like to touch upon briefly: There are 2 million refugees in the Balkans; there is a reduction of the population in the Ukraine by 2 million people.

In North Korea, from 1997-99, 2 million people died of starvation. In Iraq, between 1991-99, 1 million children died, as a consequence of the war and the scarcity resulting from the destruction of infrastructure.

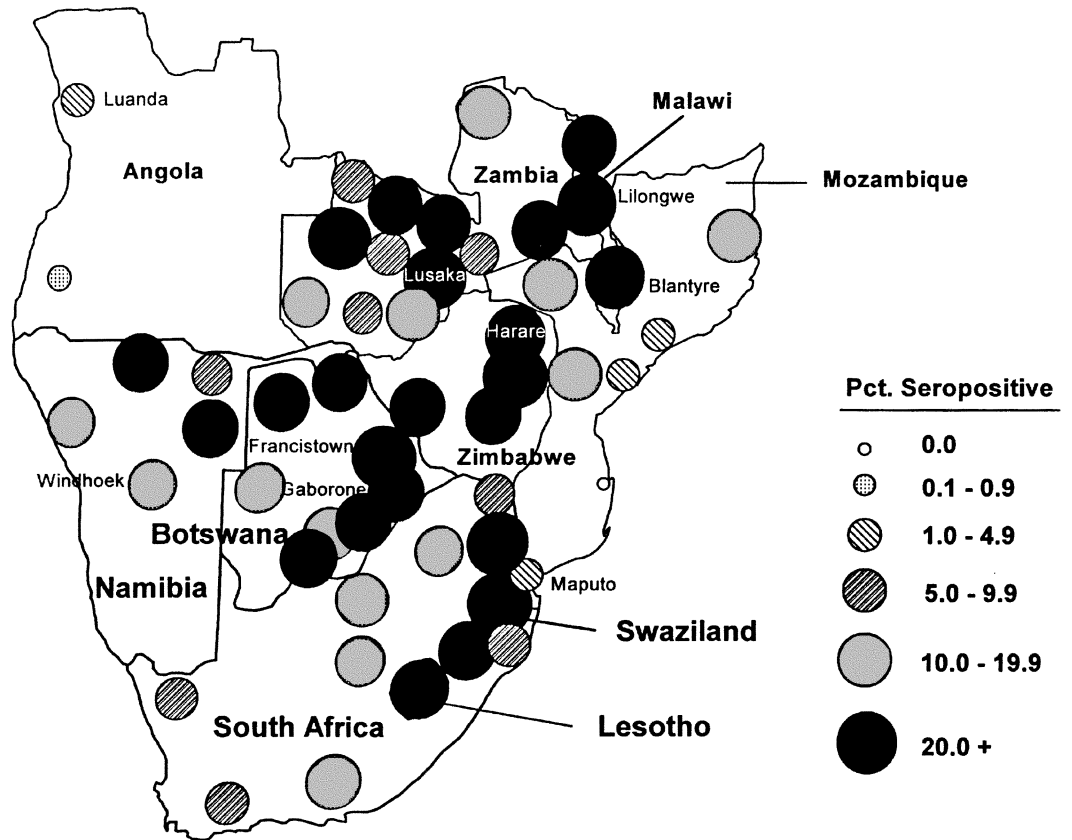
If you look at this situation in the world—and I could add examples from Paraguay, Uruguay, and all of Latin America—it is quite clear that we are in an existential crisis of all humanity. It is no exaggeration to say that the “free market economy” is as bankrupt today as the Soviet Union was in 1991. We are in the throes of a dying system.

Now, a nominalist might argue that all of these examples are only particular cases. What does Kosovo have to do with Africa, or what does North Korea have to do with Peru? These problems were all home-made, the nominalist might say. But, in reality—and this can be proven—all of these crises are the expression and the result of the paradigm shift of the last 30 years.

The main problem, which has emerged in the last 30 years, and as LaRouche represents in his “typical collapse function” (Figure 9), is this: The real production of industry and agriculture has dropped ever farther on a world scale. The total pro-

FIGURE 4

Seroprevalence of HIV-1 for low-risk populations in Southern Africa



Source: U.S. Bureau of the Census.

duction of goods has fallen during this time period, while monetary aggregates have been completely decoupled from real economic processes; that is, the financial side of the economy, and the physical side, have increasingly less and less to do with one another. The financial aggregates represent the speculative bubble in the financial system, and these have obviously moved farther and farther away from the real economy.

Now, one could say, if a number of people are only interested in making quick financial profits, and they can never get enough, and they can continue to play Monopoly and always increase their profits—if this group has nothing to do with those who do serious work, then it would not be so bad. The catastrophe is that this speculative bubble of financial aggregates needs an income-flow from the real economy in order to survive. And that is why this process has led to the destruction of real, industrial capacities. The growth of monetary aggregates is only possible by means of a process of “primitive accumulation” against the real economy. And on a world scale, that definitely does have an effect on population-density, that is, on the question of how many people the economy can feed.

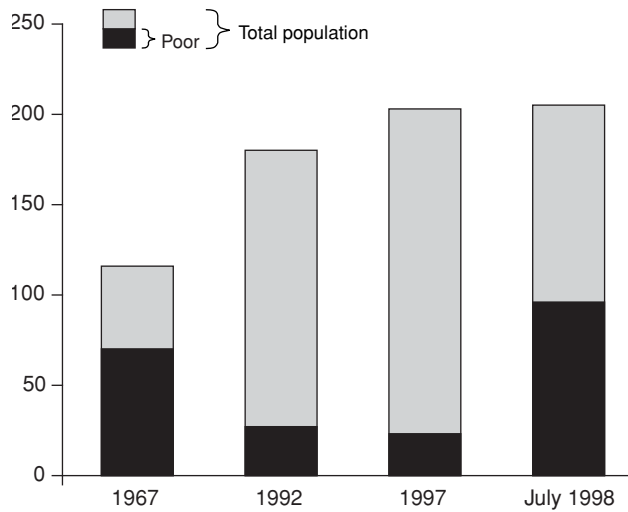
One of the crucial conceptions of economic theory devel-

oped by LaRouche, is the concept of *potential relative population-density*, which represents a measure of the capacity of an economy to sustain not only the present generation, but also future generations. By means of scientific and technological progress, an economy must lay the foundation for a margin of growth for future generations as well. Through an entire chain of developments in the last 30 years, we have come to the point that the world economy today no longer produces enough to sustain the currently living population. We hear from the repertoire of the “free market economy” that there is supposedly “over-production,” or that we should drive farmers to their ruin with “Agenda 2000,” because there is too much food—but the contrary is the case. What we have today is a huge deficit of real production. This is made clear by the fact that, among other things, even before the outbreak of the international crisis in 1997, according to reports of the FAO (UN Food and Agriculture Organization), only one-third of the world’s population had enough to eat; another one-third did have enough to eat, but the food was of deficient quality; and one-third lived in starvation. Every day 50,000 children die, because there is too little to eat. Only an immoral proponent of the “free market economy” can speak about over-production.

FIGURE 5

Indonesia: population below the poverty line

(millions)

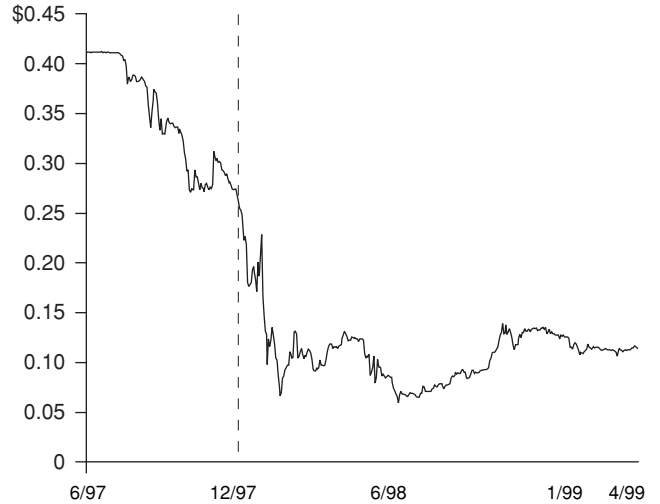


Sources: Republic of Indonesia, National Development Information Office; International Labor Organization.

FIGURE 6

Indonesia: rupiah against the dollar

(dollars per thousand rupiah)



Source: *Wall Street Journal*.

The paradigm shift

Let us look more closely at the paradigm shift which led to this situation. In the immediate post-war period in Germany, the economy manifested characteristics which are typical of a healthy economy. The Kreditanstalt für Wiederaufbau contributed to organizing the reconstruction of Germany out of the rubble fields. Guarantees were provided for investments which were in the common interest; it was a dirigist, state-directed policy. It was self-evident that scientific and economic progress and economic growth were desirable things. Belief in scientific and technological progress was the basis for the economic miracle which made Germany so famous. At that time, there did exist remains of the Humboldt system of education, which emphasized the development of character, and not the development of specialized idiots. Although the Marshall Plan did have its geopolitical dimension, it was a decision against the Morgenthau Plan and, so, against the idea of a “greened” Germany, which would have consisted only of farms and cows.

All of this was a phase, which, as you remember, made Germany into a model; “Made in Germany” was something to be proud of. Then came the Cuba Missiles Crisis, and with it the paradigm shift, where clearly definable parts of the international oligarchic elite said, “We are going to break off this entire development, and we are going to go in a completely different direction. With arms control and disarmament, we can undermine the proliferation of scientific and technological progress, and gradually make it superfluous, especially in the civilian realm. It is now possible to chase

after the utopia of the post-industrial service economy, because, as a result of our disarmament negotiations, the great war will never happen.”

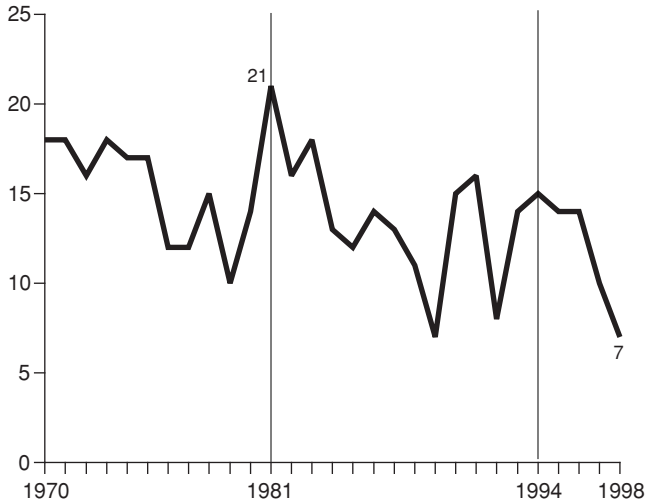
And then came what LaRouche already referred to as the ’68 revolution, which was directed against precisely those values which had led to the German economic miracle—the idea of performance orientation. Suddenly, performance-orientation was bad, even proto-fascist. At bottom, one can say that the ’68ers formed a mixture of the values represented in China by the “Gang of Four” during the Cultural Revolution: the excessive elements of Maoism—and the ideology of the Frankfurt School. The “march through the institutions” began, and that led to our having a Chancellor Schröder today, who comes from this generation, or a resigned Finance Minister, Lafontaine, or a Foreign Minister, Fischer, whose background everyone knows.

Other values were transplanted into society. At the same time, the Organization for Economic Cooperation and Development (OECD) set out to eliminate the vestiges of the Humboldt educational system. And the person who carried that out in Germany was Willy Brandt. The notorious “Brandt education reforms” meant that all of Humboldt’s ideas—for example, that the 2,500 years of European history should be taught in school—were erased from the curricula. At the same time, economic interests promoted the drug-sex-rock counterculture, and launched a frontal attack on the cognitive capacities of youth. For it is clear that for someone who, in the extreme case, pumps himself full of “Techno” [rock music] for 2 to 5 hours every day, and consumes designer drugs

FIGURE 7

Mexico: bean production

(kilograms per capita)

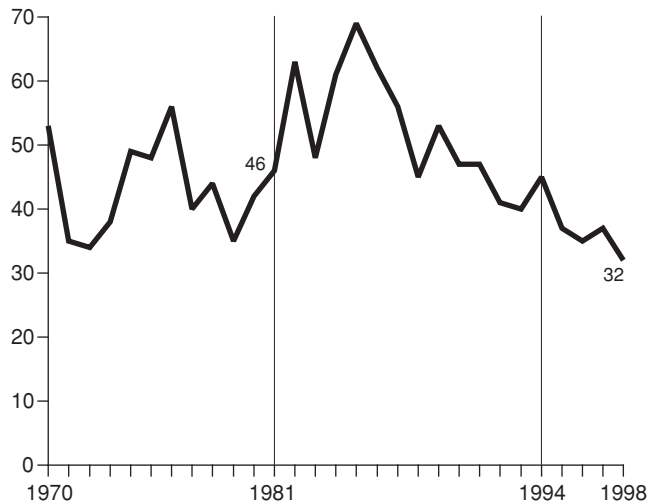


Sources: FAO; SARH, INEGI, Banxico (Mexico); *EIR*.

FIGURE 8

Mexico: wheat production

(kilograms per capita)



Sources: FAO; SARH, INEGI, Banxico (Mexico); *EIR*.

on top of it, it makes no sense to speak of any remaining cognitive capacities.

At the same time, New Age ideology was spread massively. If you go to a bookstore today and try to buy a classical book, something by Leibniz, for example, you will probably find nothing—but there will be three or four walls full of occult literature. Simultaneously, the thesis was spread by such financial-oligarchy institutions as the Club of Rome, that “the limits to growth” had been reached, and the ecology movement was built up on the basis of this nonsense, on this actually false notion. Limits to growth in fact only prevail at a given technological level, and that simply means that human beings always have the potential to develop new technologies and new scientific ideas, which overcome these limits.

This is basically the spectrum of the cultural changes in values, which went hand-in-hand with decisions in the area of financial policy. For example, probably the most severe step in this direction was the decoupling of the dollar from gold by President Nixon in 1971, which led to the emergence of the Eurodollar market. That opened the way for the creation of financial titles by private banking interests, which were no longer controlled by governments. A whole series of policies followed, which successively favored speculation in the 1970s, and increasingly strangled production. All of this was under way when the Soviet Union collapsed between 1989 and 1991. The so-called “free market economy” was already an erosion of industrial capitalism toward monetarism. And although this process had already manifested very negative

consequences, especially in the Third World, 1989 was a critical turning point. This especially applies to the decisions made with respect to the former Soviet Union, decisions which were camouflaged behind the propaganda campaign against a supposed “Fourth Reich.” This was chiefly responsible for the fact that Europe did not exploit the great opportunity of 1989, and that instead we now very likely have the first four weeks of a Third World War behind us—as we just heard this morning—which would take the form of a Thirty Years’ War, unless we turn the ship around.

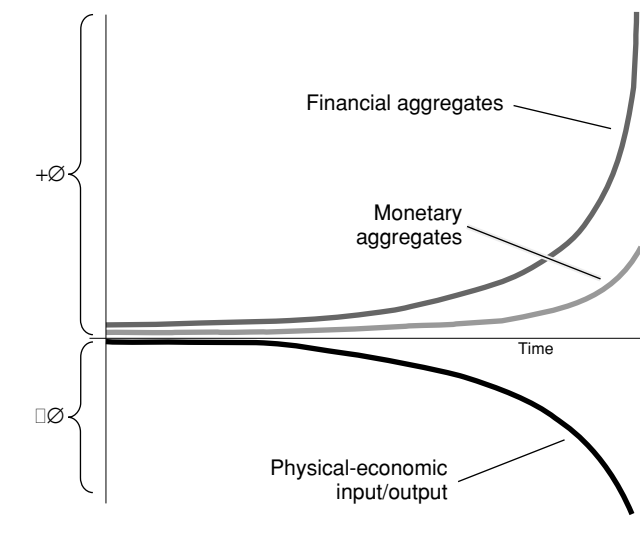
Britain’s ‘Fourth Reich’

It is very important that we understand the continuity of this policy, and the last ten years as a process of political battle between two completely contrary currents, which is, indeed, a form of real war. In November 1989, Nicholas Ridley, the Transport Minister under Thatcher, suddenly proclaimed that the demonstrators in Leipzig were a “fascist mob,” that the Monday demonstrations were being staged by “evil elements,” and that Germany was about to become a “Fourth Reich.” And, as a well-educated German, Federal Chancellor Kohl, and others, quickly pulled in their heads and hastily declared that Germany would not pursue a policy on its own, and that German policy in Europe would move only under a European roof.

The first single, small “baby-step” toward national sovereignty made since Versailles, as far as I know, occurred when Kohl published the 10 Point Program in November, which was about a confederation in Germany, not even about reuni-

FIGURE 9

A typical collapse function



fication. The French President at the time, Mitterrand, said immediately that German reunification would only be agreed to if Kohl agreed to surrender the German mark, at the summit meeting of the European Union on Dec. 8-9, just two weeks later, and if Germany agreed to the European Monetary Union—and thus, fundamentally, if it agreed to surrender German sovereignty. As we know, Alfred Herrhausen was assassinated three days later, the last banker to propose an independent German policy for the East. The answer to the question, “Cui bono?” leads to those forces which want to keep Germany weak.

The euro had no other purpose than to weaken the deutchemark and to economically contain Germany. That is precisely what the U.S. President at the time, George Bush, called the “self-containment” of the Germans. The idea was to rein in the Germans with their own fear of a “holocaust discussion.” The direct continuation of this policy was “Operation Desert Storm.” The Anglo-American-French combination (Thatcher-Bush-Mitterrand) thus pursued the aim of breaking the historic momentum of the reunification. German President Weizsäcker’s remark, that it was not military strength which was of decisive importance, but economic strength, as the collapse of the Soviet Union had proven, was referenced in that connection. This is the thinking which was to be driven out of Germans’ heads. A “splendid little war,” the colonial war where Saddam Hussein was lured into a trap, was intended to bring everyone back into line and into containment. The historic momentum was to be given a completely different direction.

Six months before “Desert Storm,” we wrote in an *EIR* study that Thatcher and Bush were planning this war, and that they also needed it, on the basis of their calculations. If that

analysis had been publicly picked up at that time, that war could have been prevented. The refusal of the Europeans to say what the real background of the Gulf War was, namely, its geopolitical motives, led directly to the Balkans War of 1991. The Serbs would never have waged this war of aggression against Slovenia if they had not received the “green light” for it from Bush, Mitterrand, Thatcher, and, naturally, at that time, also from Gorbachov. Bush then had his vision of a “new world order,” that is, the control by supranational institutions, which was then implemented.

We must see that, unfortunately, this Bush policy was foisted upon the Clinton administration as if by “autopilot.” “Desert Fox” and the idea of the “globalization of NATO” were the continuation of this geostrategic policy. Additionally, at the moment when President Clinton was induced, by means of a series of manipulations, to agree to the attack on Iraq in December 1998, a new phase was inaugurated: The 45-year-long attempt to achieve a kind of supranational world dictatorship through the UN Security Council, and supranational institutions such as the World Trade Organization (WTO), the IMF, and the World Bank, was suddenly thrown out the window. The UN Security Council was meeting to discuss the issue of the Iraq War and the Butler Report, when the attack was unilaterally launched by the Anglo-Americans, thereby throwing international law out the window; Anglo-American unilateralism was now on the agenda.

In general, it has been understood that the debate on the globalization of NATO means that NATO would no longer be a European-North Atlantic defensive alliance, but also a military force for “out-of-area deployments” or against so-called “rogue states.” It is clear who would decide such things. The globalization of NATO was obviously directed against Russia. I believe that it became clear this morning, that it is also understood that way in Russia and China.

About two months ago, the newspaper of the People’s Liberation Army of China published an article, which contained this very analysis. If leading representatives in Russia say today that it would be a serious misevaluation for the U.S.A. to think that Russia would not use its strategic nuclear weapons potential in a case of crisis, and that if it come to that in an escalation, the U.S.A. would go up in flames, then people had better listen much more carefully, because that is the sort of dynamic we’re in today.

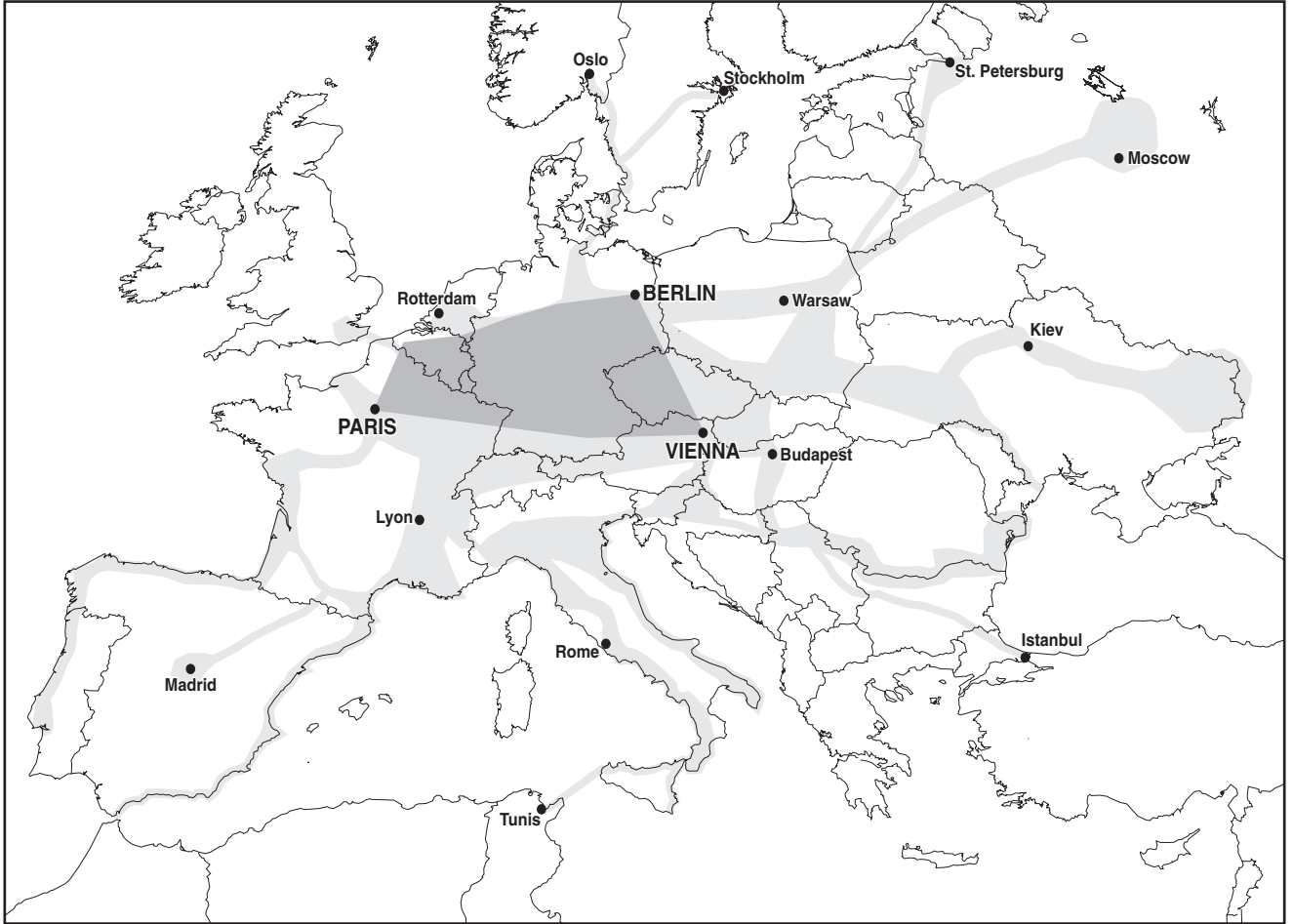
The way out of the crisis

That is a rough sketch of the development of the last 10 years. And we propose, as a way out of the crisis, a completely different concept. In our view, the economic and infrastructural integration of Eurasia must be the core of a global recovery of the world economy. LaRouche and the Schiller Institute had proposed such a conception back in November 1989, for how we should deal with the collapse of the Soviet Union.

Already in October 1988, LaRouche forecast, that, on account of the growing economic problems of the Soviet

FIGURE 10

The Paris-Berlin-Vienna Productive Triangle, and its spiral arms of development, from a 1990 EIR study



Union, the reunification of Germany would soon take place. A reunified Germany should then develop Poland with western methods. LaRouche presented this basic proposal in November 1989, which was then elaborated by the Schiller Institute and brought into the discussion.

The “Productive Triangle” comprises the region within the geographical triangle of Paris-Berlin-Vienna, and is approximately the size of Japan. At that time, and to a certain extent also today, this is the greatest concentration of modern industrial capacities worldwide. This triangle was to be brought into motion by the employment of advanced technologies, and then it would be extended through development corridors to Poland, St. Petersburg, Moscow, and Kiev, into the Balkans, southern Italy, and Gibraltar, and to Africa (**Figure 10**). This Productive Triangle was to be used as the motor for developing the east and the south—a kind of “Marshall Plan,” although I do not generally like to use that term, because Marshall was otherwise not such a great person, but the

concept is known, and I use it only as a pedagogical device.

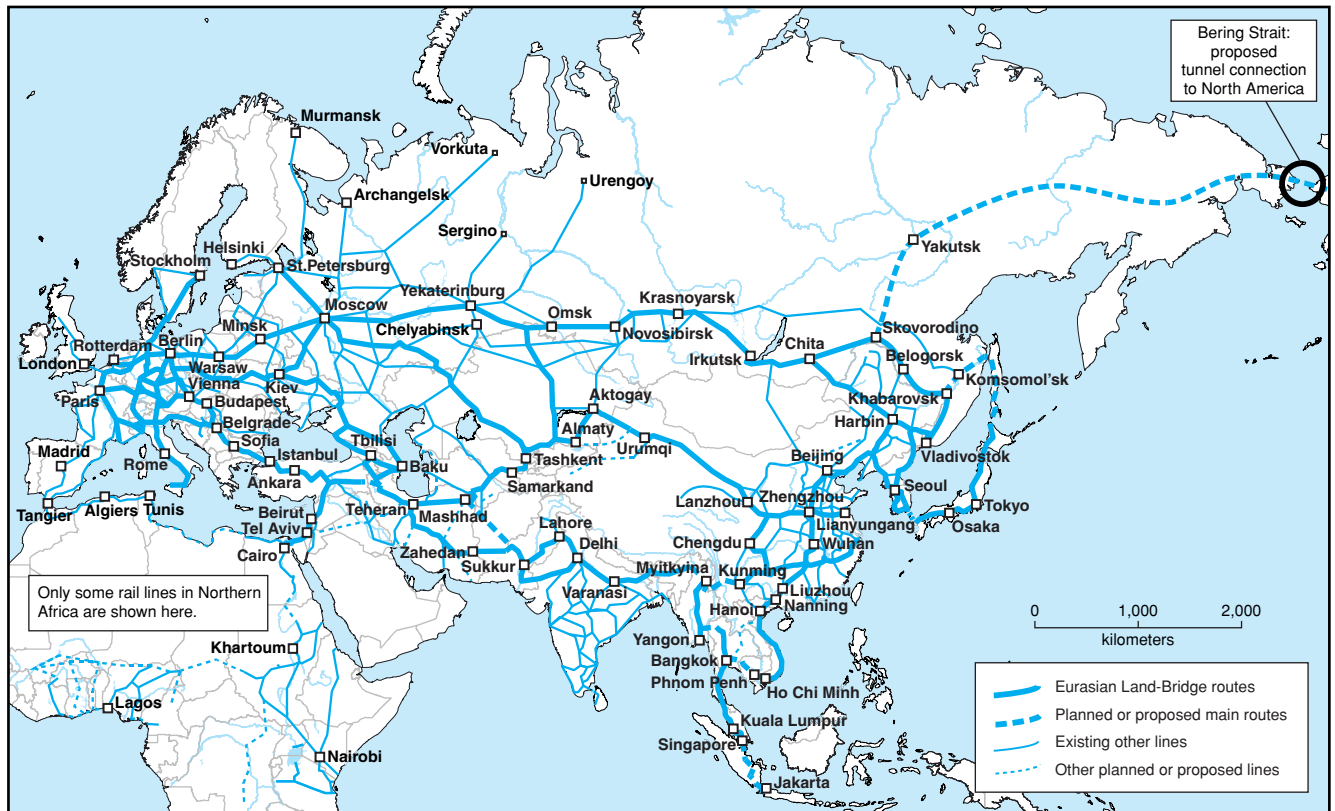
The idea behind this plan was that we would take the obsolete industries of the Warsaw Pact—which, from the standpoint of the world market, were of course no longer competitive—and not simply dismantle them, but rather use them to develop infrastructure, and thus create the economic conditions for new investments in developed technologies. In this way, the “Productive Triangle” could have been used as the locomotive for the development of the East.

Independently of this plan, the plan for the “Eurasian Land-Bridge” was developed, chiefly by China (**Figure 11**). In 1990, the connection of the Chinese port of Lianyungang was made at the Alataw Pass.

When the Soviet Union collapsed in 1991, the Delors Plan was presented by the EU, which in effect reflected our ideas. However, you also have to keep in mind that the Balkans War was already pre-programmed, because, for example, the railway stretch from Munich to Zagreb was missing.

FIGURE 11

Eurasia: main routes and selected secondary routes of the Eurasian Land-Bridge



When the Soviet Union disintegrated in 1991, we extended this Productive Triangle program to the idea of the “Eurasian Land-Bridge.” With this, the entire Eurasian region was to be developed by means of infrastructure corridors, and the population centers of Asia and Southeast Asia were to be connected with the industrial centers of Europe. This program absolutely could have been realized, and that would have established a higher level of reason as an order of peace.

But that is not what the Europeans decided to do. The Maastricht Treaty was another tool to destroy the European economy. And even the Delors Plan, which was supposed to fit into the Maastricht Treaty, was dumped by Bush, Thatcher, and Mitterrand. The Maastricht Treaty was in no way an idea for such a dirigist development of the East. On the contrary: It was an automatic mechanism of self-cannibalization under conditions of an intensified depression. If you look at Articles 106-110 of the Maastricht Treaty, you will see that these articles either forbid any state promotion or financing of such projects, or such projects are penalized to such an extent that anyone would be deterred from making the attempt.

As a consequence of the deterioration of the world economic situation, in 1994, LaRouche presented his famous “Ninth Forecast,” On the coming collapse of the financial

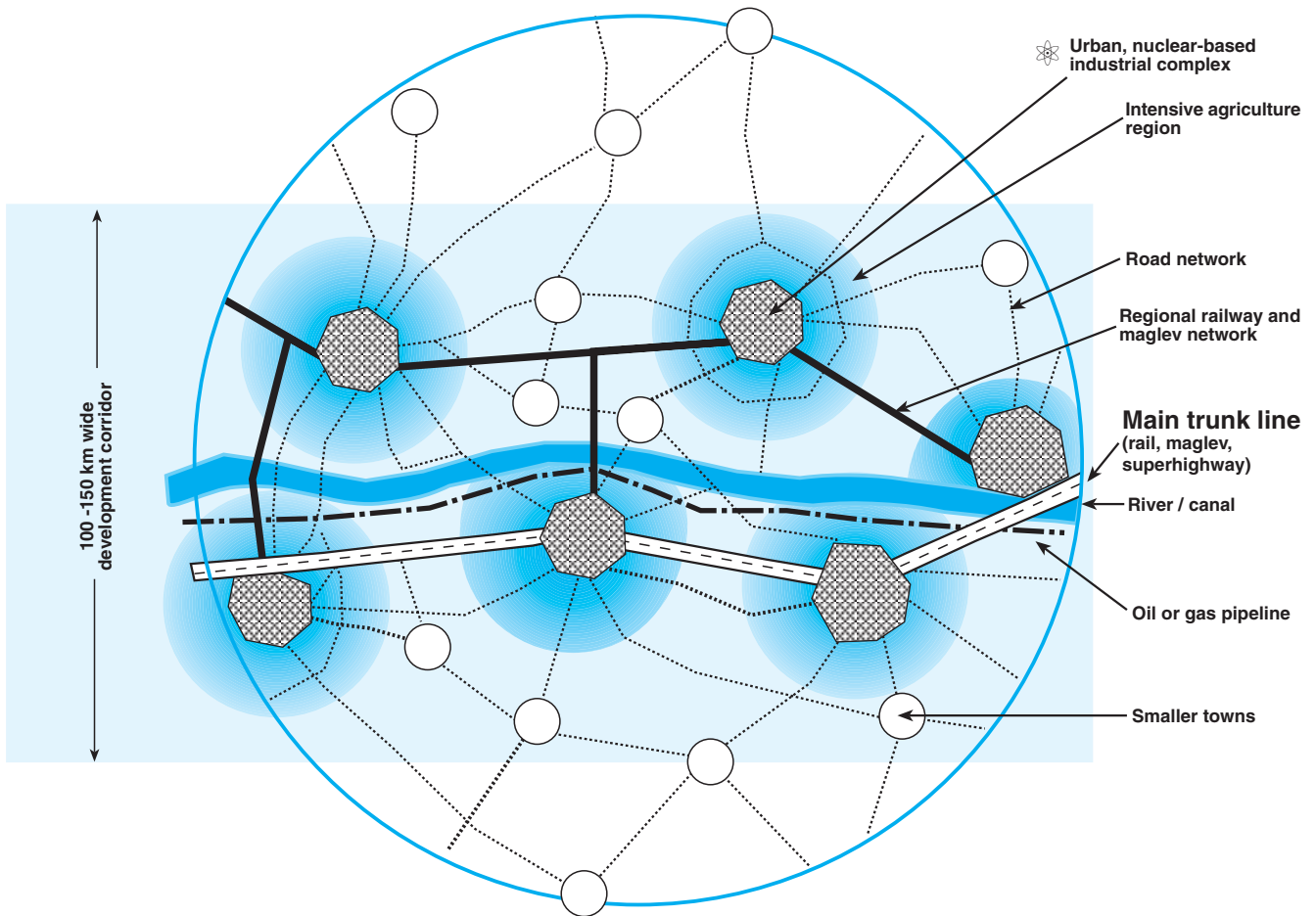
system. Also in 1994, LaRouche visited Moscow with a group from the Schiller Institute, and there he presented the concept for the only way to break out of this dynamic—an alliance in the tradition of Franklin D. Roosevelt. That means that the U.S.A., Russia, and China, together with other countries like Italy, and, hopefully, also Germany and others, should form an alliance for such a policy of the “Eurasian Land-Bridge.” This concept met with a great resonance in Russia.

In 1995, the situation deteriorated further. At the G-7 summit in Halifax, it was completely clear that the international financial system was in a process of running out of control. Even Chirac, later to become French President, spoke at that time of “financial AIDS.” But there was no decision to establish a new economic and financial system, and the decisions went in the other direction: Pump more liquidity, as was done in Japan, where interest rates fell to almost zero.

The next step was the already mentioned conference on the Eurasian Land-Bridge in May 1996, in Beijing, where 34 nations participated. The Chinese government presented the concept there, that this idea of the Eurasian Land-Bridge would open a new era of mankind. The Land-Bridge was not only to be a system of transportation routes—just new transportation routes laid out along the old Trans-Siberian

FIGURE 12

Graphic representation of a 'development corridor'



Railway or the old Silk Road—but so-called development corridors would arise in a radius of 100 kilometers around these infrastructure routes, consisting of high-speed rail systems such as the Transrapid, and highways, linked with energy production and distribution. In these development corridors, new cities could be built and new industries established (Figure 12). Previously land-locked regions would, in the context of this concept, enjoy the same geographical advantages as those regions that had previously developed along rivers, or on ocean coasts. Desert regions and the central Asian countries could be perfectly developed by this means. And, according to the plans of the Chinese government, 300 new cities are supposed to rise up along these corridors by the year 2010. The assumption is that there will be an additional 300 million people in China by that time, and so these new cities, with a population of 1 million each, have to be built—a magnificent example of planning for the future.

The EU, which was among the sponsors of this confer-

ence, was represented by Sir Leon Brittan, who unfortunately expressed the insanity of the European Commission, declaring that this immense project should be financed through a kind of toll-system. That would never function: a toll-station every 5 kilometers over a distance of 11,000 kilometers. Brittan puffed himself up to threaten that the Eurasian Land-Bridge would not get off the ground in any case, because of political turmoil in the region.

The alternative had been laid on the table. Europe was invited to cooperate on this concept, but Europe made a contrary decision, namely, to continue speculation at the cost of development.

In December 1996, the chairman of the U.S. Federal Reserve, Greenspan, spoke of “irrational exuberance” of the stock markets. At that time, the Dow was at 6,000 points, nowhere near the 10,000 today.

At the beginning of 1997, it became clear to the financial oligarchy, which we also call the “British-American-Com-

monwealth power group”—the City of London, Wall Street, and the Federal Reserve System of the U.S.A.—that this decision of 1995, the attempt to save the speculative system, by pumping in increasing volumes of liquidity, could not be sustained. Therefore, the decision was made to derive profit from the collapse. That was the background for why people like George Soros began the attack on the Thai currency, the baht, in February 1997. Until May, the Thai government attempted to resist, and then it had to free-float the Thai currency on the exchange markets. These speculative attacks on Southeast Asia were in full swing when LaRouche forecast, in the summer of 1997, that the global systemic crisis would begin in October 1997. I presented this prognosis myself in September 1997 in various speeches in China, and I pointed out that the coming summit between Jiang Zemin and President Clinton, in October 1997, would be overshadowed by this global systemic crisis. And that is exactly what happened.

From October 1997 to January 1998, the international financial system was on the brink of a meltdown three times: the first time in South Korea, then in Indonesia—the Indonesian currency lost 80% of its value between July 1997 and January 1998—and, naturally, in Japan, which was sitting on a mountain of \$1.5 trillions in unpayable bank loans. At that time, we said that this was not an Asian crisis, but a global crisis of the financial system, which was irreversible, and also which could not be solved by reforms.

The ‘Survivors’ Club’

There were two fundamentally different reactions to this beginning of the crisis. The first reaction came from a combination of countries which LaRouche later called the “Survivors’ Club,” chiefly China, which, in its publications from November 1997 onward, no longer spoke of an Asian crisis, but of a global crisis. The Chinese leadership, the government, and other leading personalities, looked carefully at economic theory at weekend seminars in November 1997, in order to better understand the causes of the crisis. (I know of no example which shows that the German or the Italian government ever conceded that they did not know enough about economics, and so they would have to study the causes of the crisis.)

At the beginning of 1998 Chinese Prime Minister Zhu Rongji announced a so-called “New Deal” for China in the tradition of Franklin D. Roosevelt. As people recall, Roosevelt overcame the depression in the U.S.A. in the 1940s by means of a package of dirigist measures, which led to America becoming the leading economic power of the world at the end of World War II. China declared that it could do what Roosevelt could do: stimulate the economy. The conclusion which China drew from the collapse of exports for consumer goods, furthermore, was a shift of investments to the domestic market of China and, especially, for the development of infrastructure and of the internal regions of the country, in order to compensate for the loss of export markets.

On Aug. 1, 1998, Jiang Zemin declared that China would

henceforth consider economic issues as questions of national security, because the existence and the national sovereignty of China was at stake, that is, economic issues were treated with the same seriousness as war. The western side—the G-7, the British-American-Commonwealth group—reacted completely differently. Instead of saying, as China did, how can we consolidate our economies and protect them, they said: “How can we get Bill Clinton, the man holding the job from which a reform of the world financial system could well come, out of that job? We will do everything to chase him out of office and to prevent him from picking up this policy.” And that was the beginning, as you will recall, of the Monica Lewinsky affair, which had nothing at all to do with a sexual affair with some girl who flitted by, but was a British-Israeli secret intelligence operation, where nothing less was at stake than an attempted coup d’état against the office of the American Presidency and the American Constitution, with the aim of preventing President Clinton from organizing a new Bretton Woods System, a new world financial system.

In January, all of the financial media pronounced the crisis to be over; the IMF rescue packages had by then reached astronomical dimensions, and this had solved everything. Contrary to that line, LaRouche forecast that the second phase of the global crisis would engulf Russia and Latin America, and then, as a consequence, the U.S.A. and Europe. And that is what happened.

On Aug. 17, 1998, the Russian government under Kiriyenko introduced a series of measures, including a temporary moratorium on foreign debts, with which the government took account of the fact that the pyramid swindle—which is what the system of so-called GKO’s was—the increasingly high-interest government bonds, had come to an end, and Russia was practically at the brink of national bankruptcy. But this bankruptcy meant something else: In reality, it was the point in time when it had become clear that the IMF system of the “free market economy,” the IMF reforms, had totally failed. The most recent quarterly report of the Bank for International Settlements concedes that the world financial system was at the brink of meltdown at the time of the Russian state bankruptcy.

What happened on the other side? Kenneth Starr forced President Clinton to testify during these same days, when the events in Russia escalated, and you can imagine that Clinton was not able to think of anything else at that time than Monica Lewinsky, his defense, and so forth—a real coup.

At the same time, Hong Kong counter-attacked the speculators by causing losses in the billions to the hedge funds, which had speculated on a collapse of the dollar. On Sept. 1, Malaysia introduced capital controls and began to defend the Malaysian economy against the attacks of speculators like George Soros. Prime Minister Dr. Mahathir said that these people are actually criminals, who destroyed within a few weeks what had taken Malaysia 40 years to build up.

On Sept. 14, a very important date, President Clinton gave

a speech at the Council on Foreign Relations in New York and called for a new world financial system, saying that the immense speculative capital flows, which move around the globe daily uncontrolled, represent an immense danger for the world.

As a consequence of the collapse of the GKO pyramid, one the largest hedge funds of the world, the Long Term Credit Management fund (LTCM), collapsed on Sept. 23, with worldwide liabilities in the range of probably \$3 trillion. Sixteen of the largest banks came together to save this fund. They did not do it for humanitarian reasons, but because they knew very well that the financial system was on the brink of meltdown.

The G-7 again reacted by pumping liquidity into the system and lowering interest rates further. In these three autumn weeks alone, the Federal Reserve lowered interest rates three times. In Japan, interest rates fell to 0.25%. But this money, naturally, did not stay in Japan. International speculators took loans in Japan in order to speculate with this money internationally. This liquidity filtered out worldwide, and the bubble grew and grew.

Fortunately, the attempt of U.S. Vice President Al Gore to re-install Chernomyrdin as Prime Minister in Russia failed. With Primakov, for the first time in a long time, a Russian Prime Minister came into power who saw the well-being of the population as his priority. Jiang Zemin's visit to Russia in November was very important. He not only consolidated the strategic partnership between Russia and China, but also gave a speech in Novosibirsk, which is one of the best speeches given by any statesman in recent years. In this speech, he put forth a vision for the 21st century: the 5,000-year history of China, together with the immense scientific potential of Russia, should bring forth a new scientific and technological revolution for the next century.

Somewhat later, Primakov visited India and spoke there about a "Russia-China-India strategic triangle." That was basically another step in the direction of a Franklin D. Roosevelt-style coalition, which LaRouche had spoken about in Russia in 1994. And it is very important that Primakov, for example, and Jiang Zemin explicitly stated that this "strategic triangle" is not directed against any third countries, and certainly not against the U.S.A. Unfortunately, the forces of the international oligarchy succeeded in manipulating President Clinton at that point in time, against his will, to launch the attacks on Iraq in December. And that brought a tectonic shift in the situation. For Russia, China, and many other countries of the world, This destroyed a basis of confidence, which, in my view, has not been understood at all in the West. Here, people think that you can just bomb Iraq or Kosovo; they do not understand that these countries feel that their very existence is threatened, as they surely have not been threatened since World War II. There is immense damage to repair here, and not only with nice words.

But the "strategic triangle" exists, and it was consolidated

in February, and expanded, when the Indian Prime Minister, Vajpayee (who has just suffered a vote of no-confidence), visited Pakistan. Both heads of state, Nawaz Sharif and Vajpayee, declared that 50 years of post-colonial policy was at an end, and they would no longer let themselves be manipulated by third countries. These manipulations had only damaged the two countries; now they want to cooperate. That immensely improves the starting situation for the southern part of the Land-Bridge.

When Chinese Prime Minister Zhu Rongji visited Moscow in February, this strategic partnership was further consolidated, and when he travelled to the U.S. in April, although it did not solve the fundamental problem, President Clinton remained firm and held to his strategic partnership with China, despite the absolutely hysterical anti-Chinese campaign, which had broken out in the U.S. Senate and Congress.

In light of the conflict of these two tendencies, one must recognize the role played by the American NATO Supreme Commander in Europe, General Clark, as well as that of the British Prime Minister Blair, and U.S. Secretary of State Albright, in the negotiations in Rambouillet. There, they deliberately sabotaged an agreement which would have included Russia, and thus brought the tectonic shift of the strategic situation to the brink of a Third World War with the air war against Serbia.

The 'LaRouche Doctrine'

That is the situation. What is now radically necessary if we are to prevent a slide into a "dark age"? We need the "LaRouche Doctrine."

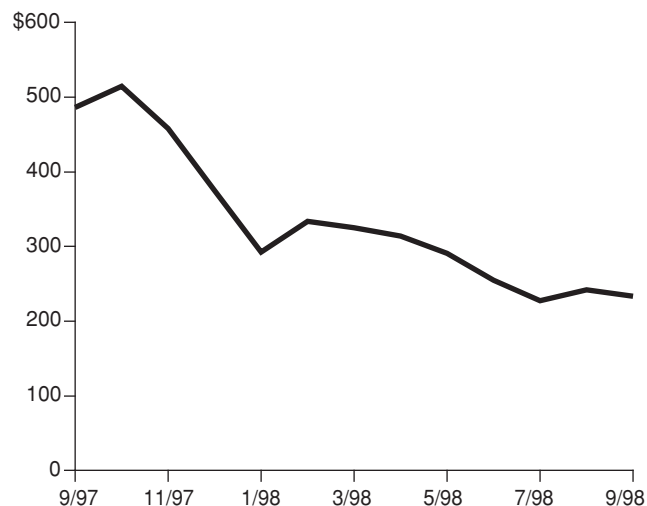
Something positive must come out of the horrible situation in the Balkans. We need a peace plan for the Balkans. We need a Marshall Plan, an economic development plan, which must become the beginning of the change in global politics. No partial solutions will be sufficient to solve the problem: The time for that is gone. The crisis has gone too far. We cannot look at local conflicts. We need a public admission on the part of the West, from America and from Europe, that the attack on Iraq was a mistake and should never have happened. And that the attack on Serbia was also a mistake, and that, instead, a political solution, which includes Russia and China, must be found.

In this connection, the idea of the globalization of NATO, the concept of deploying NATO against so-called "rogue states," has to be rejected and stopped. How is that possible? Russia—and, naturally, China and other nations, but especially Russia—must be convinced that it is not in the interest of the West to eliminate Russia as a nation from the world map. We have to get rid of the IMF reform policies immediately, and instead, as the only realistic, existing alternative, put the Eurasian Land-Bridge, the economic integration of western Europe, eastern Europe, Russia, and China, onto the agenda. In the West, we have to take up the same policy which the "Survivors' Club" has adopted; it is pursuing a healthy

FIGURE 13

South Korea: imports from Germany September 1997–September 1998

(millions \$)



Source: Bank of Korea

policy, in the sense of “mentally healthy.” We in the West, in Europe, must return to the idea that scientific and technological progress is positive, that industrial growth is positive, and that this is the only basis for the common welfare.

If we decided to change global policy, what would it yield for us? I want to give some pedagogical examples of what the industrialization of China and India would mean for an export boom in Europe. It can be demonstrated, that the higher the degree of industrialization in a country, the more such a country can import from Germany, from Europe, or from wherever. The more steel plants and power plants a country has, the more advanced equipment, machine tools, specialty steels, electronic products, and so forth, it will import, and the higher its population’s standard of living will grow, and the higher its demand for consumer goods.

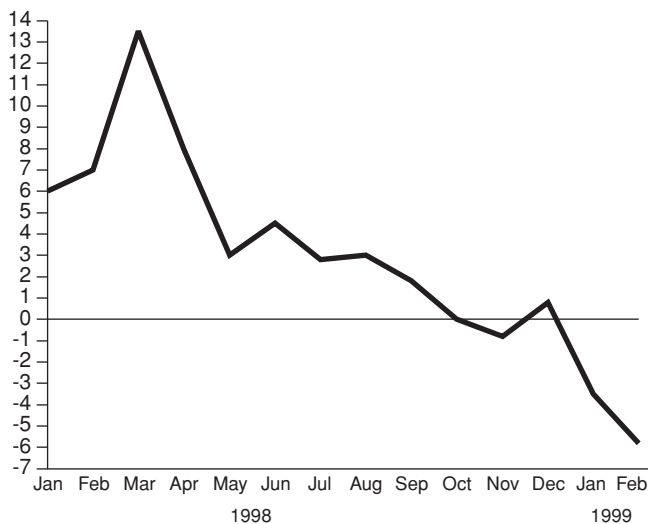
At the current time, China and India import goods from Germany at a rate less than 10 DM per capita. The so-called threshold countries, countries such as South Korea (**Figure 13**), South Africa, or Turkey, import goods valued at 100 DM per capita and per annum from Germany. But Germany’s neighbors in the European Union import, per capita and per annum, goods in the value of 1,000 DM. If China and India industrialized, at least to the degree of the middle-category nations, they could then import goods at 100 DM per capita and per annum. That would lead to the creation of 800,000 jobs in industry, and approximately 4 million jobs in the European Union (see **Figure 14**).

If, for example, the per-capita energy consumption in

FIGURE 14

Incoming orders to German industry

by comparison with the same month a year before (% change)



Source: Statistisches Bundesamt, *EIR*.

China and India were brought up to European levels, this would mean that some 1,000 new nuclear power plants of the Biblis type would be necessary in these two countries. One can imagine that the prospect of 300 new cities, each with a population of 1 million, along the Eurasian Land-Bridge, would mean a multiple of these requirements. If, for example, the primary development corridors were built, which connect the most important population centers with each other—just the already existing connection between Rotterdam and the Chinese port city of Lianyungang is 11,000 kilometers long—that would be 60,000 kilometers. If then there is a 100-kilometer-wide area along these major routes, this makes for an economic development surface-area of 6 million square kilometers, 1,500 times larger than the Ruhr area of Germany.

There is a study from the early 1950s by the Deutsche Versuchsanstalt für Luft- und Raumfahrt (DVL, German Experimental Institute for Aviation and Space Travel), which has a plan for a 5,300 kilometer Transrapid network, which would connect 26 large cities and 8 countries, and a total of 230 million people with each other. A more recent study by the Berlin Institute für Bahntechnik (Institute of Rail Technology) in 1991, developed a plan for a 450-kilometer Transrapid network. That would create jobs in the following magnitudes:

- Machinery, automobile, and steel production: 53,000 new jobs.
- Construction sector: 53,000
- Electrotechnology: 39,000
- Light industry: 18,000

- Transport and communications: 17,000
- Construction materials: 10,000
- Metals processing: 6000
- Other: 17,000

So, just 450 kilometers would result in 250,000 new jobs.

With a Transrapid network of 60,000 kilometers, some 16 million new jobs would be created in Europe. There is, of course, a large reservoir of manpower in eastern Europe, but if this labor-potential works at a level of western European productivity, at least another 10 million jobs will be necessary.

A real economic boom

Let us consider steel consumption in housing. The average per-capita home living space in Europe is currently 35 square meters. If we assume a requirement for an order of magnitude of 140 billion square meters in new housing, then that means we need 10 billion tons of steel for housing construction. That corresponds to the current world production of steel over 13 years. And housing is the smallest part of this program. We would have to make similar calculations for the areas of water management and energy. We are talking about an investment volume per kilometer of the Eurasian Land-Bridge of some 20 million DM for infrastructure alone. Considering the most important development corridors, with the already mentioned length of 60,000 kilometers, that gives us a volume of investments of 1,200 billion DM.

In order to be able to realize this plan for peace, against the threatened danger of war, it is necessary that Europe, the U.S.A., and, hopefully, Japan return to the policy axioms that prevailed before the paradigm shift. The main role is not played by money, but by the principles of physical economy. The geographical distribution of the world's population shows, that Russia, China, and India account for 22% of the land-mass of the Earth, and they constitute 42% of the world's population. China and India urgently need transfer of high technology in order to have stable economic development. China has a strong agricultural and food-processing industry; Russia, despite the Shock Therapy and "brain drain," has an immense scientific potential, particularly in the "military-industrial complex." So there is a wonderful complementarity here, which is the prerequisite for cooperation on the Eurasian Land-Bridge.

Germany has an export-dependency of 40%; every third job directly depends on exports. It is naturally Germany's and Europe's self-interest, that we return to the idea that an economy can only have a future if there are expanding export markets, which was the normal condition up to the mid-1970s. Bankers like Jürgen Ponto travelled at that time to Brazil, or South Africa, to sell German nuclear power plants. The chairman of the DIHT (German Chamber of Industry and Trade), Henkel, has said that the German government's prognosis of 2% growth is completely wrong, because the expectation actually is that exports will drop. Incoming orders for

German industry, especially in the machinery sector, have dropped dramatically. In September 1998 alone, the drop was 35%, and each month after that shows a drop of 20%.

Machinery is the area which is absolutely decisive for the Eurasian Land-Bridge, because machine-tool construction is the area in which scientific and technological progress lead to increases in the productivity of labor. Worldwide, there are only a very few countries that have developed machine-tool industries—Switzerland, China, Japan, U.S.A., Italy, and Germany, with very little in Africa.

Machine-tools are the key when you want to get an economy moving again, because it is here that the human mind makes an invention, which then translates into a technology, and leads to increases of labor productivity.

A global change of policy

That is why we need a global change of policy. First, we need a new Bretton Woods system, which consists of the following components:

- a comprehensive debt moratorium on foreign debts of developing countries, and also most industrial countries, because these debts cannot be repaid in any case;
- the speculative bubble, with a volume of some \$300,000 billions has to be written off in its entirety. We must return to fixed exchange rates, so that long-term investments—for example, in infrastructure—are possible. We need a system of national banks, or banks such as the Kreditanstalt für Wiederaufbau, in every country, so that credits for this program of the Eurasian Land-Bridge can be issued, which then flow into the development corridors, into new cities, into new technologies. We need a technological revolution, for example, supersonic aircraft, magnetically levitated railways, new manufacturing technologies using plasmas and lasers, and new and safer nuclear power plants, like the high temperature reactor, which was developed by Professor Schulten in Jülich.

We have to stop the nonsense talk about so-called "dual-use technologies." This notion says that only a few countries should have access to advanced technologies, and the majority of people (about four-fifths) should not have advanced technologies, because they might be able to produce weapons with them. I can use a knife to cut bread, or to stab my neighbor. "Dual use" is nonsense which can only arise in an oligarchic mind.

One of my favorite thinkers, Nicolaus of Cusa, already in the 15th century defended the idea that every idea is so precious, that, if a person invents something, this invention should immediately be put into a kind of international "pool," so that no nation's development is restrained. And this is actually not a problem. If we were to become "normal" again in Germany, which I hope we do, then there is no reason for us to fear technology transfer. If we recall our identity as a "people of poets and thinkers," then we will just invent the next technology, and the next after that, and again the next—

a sort of chain reaction theory which proliferates itself. At the moment in Germany, the physical sciences—engineers and other scientists—rank only in the middle, by international comparison.

If Germany wants to put itself into a position of being able to cooperate in such a program, we have to return to the Humboldt system of education, where classes are not directed at transmitting some Internet information, but rather toward the student's personal character; where classes communicate values which are not personal greed, designer clothing, the "I have to have that" mentality, but develop creativity as the center of a humanist society—and also as the center of any functioning economy.

That means that Europe will only be able to solve the strategic and economic crisis, if we recall, at the same time, the best traditions of our 2,500-year European history—the Greek classics, the great tragedies of Aeschylus and Sophocles, Plato, the ideas of the Italian Renaissance, which were echoed at the same time in Ukraine, Poland, Lithuania, and Holland, the German classics, the music of Bach to Brahms, the Weimar Classical period. We must also look to China, which is consciously orienting to its 2,500-year Confucian and neo-Confucian history, and where there are immense parallels between the Christian-Platonic and the neo-Confucian history. China has contributed richly to beauty in poetry and painting.

When Iranian Prime Minister Khatami visited the Pope recently in Rome, and both spoke about a dialogue of cultures—that is the idea: the Arab Renaissance, which, under the Abbassid dynasty in the seventh and eighth century, belonged to the most developed period of mankind. We must revive the contribution of Egypt to universal history, and naturally also that of Sudan and other nations.

We have to give some thought to the reason why Wilhelm von Humboldt said that Sanskrit was the most developed language in the world: What does that tell us about the high period of Indian culture? The Chinese language is especially suited to communicating ideas; there is the wonderful richness of the Russian poets, especially my favorite poet, Alexander Pushkin, whose 200th birthday we celebrate this year.

If we look at the world that way, not only to speak about a new, just world economic order, a Eurasian Land-Bridge, which should be extended to Africa and Latin America, the ideas of *Populorum Progressio*, the development of all people, but also to connect that to the idea of a cultural Renaissance of humanity, which awakens the best aspects of universal history and draws upon it to make a contribution for the 21st century—only if we approach problems that way, can we not only avert the acute threat of world war, but also, I am absolutely convinced, then it will be possible to overcome notions such as "oligarchy," the idea of empires and hegemonism, as we would overcome childhood illnesses, and turn to those tasks which are more appropriate to human dignity.

Devendra Kaushik

India-Russia-China cooperation in the Survivors' Club

Anno Hellenbroich: *Prof. Devendra Kaushik is Professor of Central Asian Studies at the School for International Studies, Jawaharlal Nehru University, in New Delhi. He is also Chairman of the Maulana-Adsat Institute for Asian Studies, in Calcutta. Over many years—I believe he said 40 years yesterday—he has studied the relations between India and the Soviet Union, and now, of course, with Russia. He has extended these studies to Russia, India, and China, and has made proposals for economic cooperation. Today, he will present us the Indian view of the cooperation of the Survivors' Club nations, China, India, and Russia. Professor Kaushik: [Subheads have been added.]*

As we deliberate here in Bonn on the world's present financial and economic crisis, and the way out of it, a full-scale war is being illegally waged by the NATO military forces against Serbia. "Humanitarian" reasons of stopping atrocities against the Albanian minority in the Kosovo province of Serbia and its "ethnic cleansing" by the "rogue" state of Yugoslavia, headed by dictator Milosevic, are advanced, to justify this war in the Balkans, which is fraught with the dangerous possibility of triggering a world conflagration.

In India, it is difficult for us to comprehend this sudden groundswell of sympathy and concern in London for the victims of "ethnic cleansing." It appears that Tony Blair, who is the most energetic champion of this war, and who has dragged the United States into it through his special relation with [U.S. Secretary of State] Madeleine Albright and [Defense Secretary William] Cohen, has forgotten the "ethnic cleansing" of minority communities in both parts of the Punjab, following the partition of India by the British in 1947, on a scale unheard of in the history of humankind. Blair and company would not like to be reminded about the forced migration of millions of refugees to India from the East Bengal province of Pakistan in 1971, on account of bloody repression by the military junta in Pakistan. It is obviously of no concern to them how, more recently, ethnic cleansing of the minority community took place in the Srinagar Valley of Kashmir, as a result of terrorist activities launched from across the border.

The fact of the matter is, that "prevention of ethnic cleansing" in Kosovo is not the real cause of the war.