

to Tokyo Thomas] Foley complaining to him afterwards, “What do you people think you are doing cooperating with the Chinese and the Koreans?”

Reason number three: South Korea and China have now joined Japan as sponsors, whereas in the past [former Japanese Vice Finance Minister Eisuke] Sakakibara and [Finance Minister Kiichi] Miyazawa were alone and therefore weak.

Reason number four: There is a growing realization in Asia that the Americans have deliberately kept East Asia without any regional organization, in order to enforce U.S. predominance in the area. Now we’re starting to reap the blowback against that old policy. The standard American excuse for the need of their presence in East Asia, is the lack of any multilateral regional organizations comparable to NATO or the EU. This is now being seen through as a ruse, just as British imperial policy was ultimately seen through. It’s a famous dictum that British imperial policy in East Asia “was often in charge of both the arson squad and the fire department,” as the professor of Chinese history, Joseph Levenson, used to put it. Their presence and their policies provoked the fires in the first place (e.g., forced sales of opium to China), and then the British were the only ones who had the equipment and troops to put the fires out. This is the same faulty rationale being given for why the U.S. should run Asia. The growing realization in East Asia is that Asia’s previous efforts at multilateral organization have failed precisely because of American interference, that the real reason for the lack of regional organization is that the U.S. has actively prevented it.

Reason number five: The Chinese are now so deeply disturbed by things like the TMD and NMD [theater and national missile defense], especially if the Bush coup goes ahead, that they are thoughtfully acting now to take leadership. They are moving past the stage of trying to figure out the Americans, which was legitimate with Clinton as President being pro-China, while the Congress was opposed. Now Clinton is gone, and whoever comes in, it appears the Americans will be the enemy of Asian economic development. Thus, China has to take leadership, and is showing an increased willingness to compromise with other nations in the region to accomplish greater unity.

Regardless of who is elected in Washington, I think that any rational person in East Asia would find it hard to accept indefinite U.S. dominance. It is long overdue for the East Asians to create their own institutions, and what’s impressive is from whence the new initiatives are coming.

Kim Dae-jung, for example. He told Clinton point blank at Brunei that Clinton should go to North Korea, in open contradiction to all the advice Clinton has received from the Pentagon and the U.S. bureaucracy. Kim Dae-jung told Clinton that Kim Jong-il is, in fact, the leader in Pyongyang, that he’s empowered to negotiate and wants to negotiate, and that Clinton should go speak to him. Kim Dae-jung generally contradicted all the “go slow, we can’t trust North Korea” nonsense spilling out of U.S. institutions. Clinton had received

uniform advice from the U.S. bureaucracy that nothing was prepared for his visit to North Korea, together with the U.S. press trashing Albright’s trip—and now Kim Dae-jung uses all his clout to put direct pressure the opposite way. “Don’t wait for a new North Korea administration, there won’t be one,” he said. “Don’t be swayed by all these negative ‘No Peace’ views of the Pentagon, please go ahead and take a chance, you’re not going to be President long anyway, please don’t leave it to the next administration, please help me lock in the peace policy now, hand over to whoever follows you, the *fait accompli* of a Presidential visit to Pyongyang.” Kim Dae-jung said this publicly; I read it in the Nov. 16 *Los Angeles Times*.

EIR: What’s your assessment on the timing of all this ASEAN-Plus-3 activity?

Dr. Johnson: The “bottom line” is that the Asians will go slow, but go slow the same way that Kim Dae-jung opened up to North Korea: slow, and steady. They will look to see if the Americans continue to drift, can’t put together a government. If we continue to throw our weight around on TMD, then the Asians will move faster. It’s like what happened to the U.S. representative to the UN Global Warming Conference in The Hague this past week, which was finally about to produce a treaty out of the Kyoto conference. As the chief U.S. delegate was making his speech finalizing the treaty, a young Dutch lady got up and hit him in the face with a pie. The U.S. press blacked it out, but the Europeans and Japanese made a big deal out of it. Correctly so.

LaRouche: Don’t Shut Down Korean Industries

On Nov. 23, Lyndon LaRouche answered questions submitted in writing following his Nov. 14 address by teleconference to an audience in Washington, D.C. and webcast to a live international audience. The questions were submitted by a correspondent from the South Korean daily Chosun Ilbo. The full text of the webcast, “Now Comes the Aftermath,” appears in EIR, Nov. 24 and Dec. 1.

Q: 1. How would you evaluate the performance of the IMF [International Monetary Fund] program in Korea for the past three years? Has it totally failed?

LaRouche: From the standpoint of the human race, IMF policy throughout East and Southeast Asia will be judged a failure at the point the observer recognizes either, that the IMF system has collapsed world-wide, as it will, soon, or, that the observer recognizes the inevitability of that collapse. However, IMF policy has been a success insofar as it accom-

plished its purpose, which was to ruin those nations, including Korea, as it has done in varying degree from case to case since the crisis of 1997.

Q: 2. How do you see the recent corporate and financial restructuring in Korea? Isn't it so crucial for the government to speed up in sweeping the non-profitable business sector?

LaRouche: I weep. From the standpoint of real economy, each of the conditionalities imposed upon Korea by foreign authorities and private "carpetbaggers," has lowered the chances of economic recovery and growth throughout the region, and also the world. The alleged "unprofitability" of targeted Korean industries, was nothing but a short-term to medium-term financial problem caused by Korea's participation in the practices dictated by the G-7 group, especially the U.S.A. The more complete answer to the question is obtained by looking at Korea's economy in physical, rather than financial terms. The collapse of Korea's physical-goods-producing industries, is a process of lowering the net physical output of Korea below the physical-economic break-even point. Closing down industries is the worst possible response to what is merely a financial, rather than a physical-economic crisis in the Korean economy. What is eliminated is not "unprofitable businesses," but the possibility of organizing a national economic recovery from the looting of Korea during the recent three years.

The question to be asked, is: What happens when the U.S. market for Asia exports collapses catastrophically, as it will soon? Imagine that the U.S. imports collapse by as much or more than \$600 billions annually, and that very suddenly. That amount is approximately the size of the U.S. Current Account Deficit rate. This will cause an economic and political earthquake in China, which will discover that it has relied too much on its exports-dependency on the U.S. market. Similar effects will strike other nations of the region. This means that a sudden shift of Asia, away from exports to the U.S., to a program of long-term investment in basic economic infrastructure and capital-intensive modern technologies, must occur, and quickly. What Korea must save, as a matter of priorities, is the physical-goods-producing capacity needed to serve the requirements of East and Southeast Asia, chiefly. It is those relative high-technology capacities for production of physical capital goods which will determine whether or not Korea is organized to recover from the recent, externally imposed financial catastrophe.

Q: 3. What is the best way that Korea should go to prevent the next possible crisis? You criticized the IMF's recipe.

LaRouche: That is the \$600 trillions question to be answered, in concert, by some combination of most of the world's governments. We are at the verge of the greatest financial collapse in history. All nations will be caught up in the chain-reaction collapse. All of the world's central banking systems, with the possible exception of China's, will be bank-

rupt at that juncture. This includes the leading U.S. banks and Alan Greenspan's Federal Reserve System as a whole. At that juncture, the only workable response will be measures which echo the policies of U.S. President Franklin D. Roosevelt from the 1933-1945 interval, and also modelled on the relations of cooperation between the U.S.A. and western Europe during the 1945-1965 interval. This means that the IMF is taken into receivership for bankruptcy reorganization, by authority of the sovereign nation-state governments of the relevant nations.

Otherwise, the presently onrushing crisis is now inevitable. It can no longer be prevented. Were I President of the U.S.A., the situation would be different; but I do not occupy that position. Therefore, the wish to prevent the next crisis is a hopeless wish; there is no way, under present governments, by means of which a world-wide financial collapse, the greatest in history, can be prevented now. Instead, we must accept the crash itself as inevitable, and instead of wasting efforts trying to prevent the inevitable, we should mobilize resources and policies for early and rapid recovery from the policies which have caused this inevitable crisis. What must be eradicated is the policies of the IMF during the past thirty years, since the 1971 introduction of a "floating-exchange-rate" monetary system.

Q: 4. And I welcome any other comments on the Korean economy.

LaRouche: The Korea economy, as it existed prior to the 1997 crisis, was among the best in the world. It should be restored as it was, excepting for the wild-eyed financial policies, which should never be allowed to be resumed.

It must be recognized, from looking at the condition of the governments and leading political parties of western Europe and the Americas, that the ruin of the world economy is chiefly an inevitable outcome of the change in policy-making trends introduced thirty-five years ago, changes which reversed those policies which had led North America and western Europe to a great economic recovery from the previous Depression and War, the recovery of the 1945-1965 interval.

Thus, although we can, and must examine the specific economic policies which have caused this terrible financial and economic crisis of today, we must also recognize that the deeper cause for that crisis is moral and cultural, rather than merely economic. In western Europe and the Americas, we have transformed the world's most successful economies into nations and their populations which have, for the moment, lost the moral fitness to make the decisions upon which their nations' continued survival now depends absolutely. Recovery from the presently inevitable world-wide financial collapse, will require a return to saner economic policies; however, those needed changes in economic policy will not be made until we uproot the kind of moral rot exhibited by such developments as the continuing moral depravity of the current U.S. election-crisis.