

Eurasian Land-Bridge As an Alternative

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Since I am, unfortunately, not able to attend your very important conference, I send you my observations—how the economic and strategic situation looks from a European standpoint—in a written form.

In 1990, after the Berlin Wall had come down, and the issue of the unification of Germany was on the table, I communicated the warning of Mr. LaRouche in many conferences and various publications: Not to commit fundamental blunders in economic policy. [I said that] if people would simply superimpose the already bankrupt system of the free-market economy, on the then-just collapsed, bankrupt communist system in the former D.D.R. [East Germany]—and later the former Comecon—everyone would soon be hit by an even larger, global collapse.

As an alternative policy, I presented Mr. LaRouche’s proposal for the so-called “Productive Triangle Paris-Berlin-Vienna,” which essentially was a crash program to upgrade the East with modern productive technologies, through development corridors. The proposal, however, was not taken up, due to the geopolitical motives of Margaret Thatcher, François Mitterrand, and George Bush, Sr., who put pressure on Germany at the time to agree to the “shock therapy” of the International Monetary Fund (IMF) for Eastern Europe, and later for the states of the former Soviet Union.

System Now Is Full of Achilles’ Heels

Today, the prognosis which Mr. LaRouche made in 1990 has, unfortunately, come true. The global financial system has now entered the end-phase of its collapse. The failed system, which is associated with globalization and with the present, floating-exchange-rate form of the IMF, has essentially reached the same hopeless degree of bankruptcy, as the D.D.R. [East German communist regime] did in October 1989. This system has developed a very high density of Achilles’ heels, which each could trigger an uncontrollable meltdown. Among these are the foreign debt of countries such as Argentina, Brazil, Uruguay, and others.

The obvious danger of a new big war in the Middle East comes from this dynamic.

Some circles in the United States are obviously convinced, that it is possible to deflect from the financial and

economic crisis by starting a new war against Iraq. Contrary to such convictions, if such a war were to occur, it could be the last straw: For example, if the oil price would go up to double the present price or more. It would also set up the whole region, from the Maghreb to Indonesia, for religious war.

One thing is clear: If the present trends of world politics, the systemic crisis of the financial system, and the resulting war dynamic will just continue, a worldwide catastrophe is certain. It is therefore in the interest of the whole human community, to dramatically change the agenda of world politics. What is urgently needed, is a vision for the future of all of mankind and a true war avoidance policy.

We suggest that the Eurasian Land-Bridge is such a vision and policy. If preferably all, or a large number of the participating countries would pronounce the Eurasian Land-Bridge as their common strategic priority for the next 25 years, the whole world dynamic would change. Not only would the overcoming of the financial and economic crisis remove the cause for the war dynamic; but a higher level of reason, and the definition of a joined interest, would create the basis for overcoming all leading existing internal conflicts.

For Europe, and for Germany in particular, this program is in their fundamental self-interest. Europe is presently gripped by the slide into a depression. and Germany has already, in fact, a higher number of unemployed than in 1933, if one counts all categories of hidden unemployment. Germany is, like Japan, a country that has almost no raw materials and has been depending on its ability to export up to 40% of its production; and for this, Germany needs expanding markets and customers with a long-term growth in their buying power.

Land-Bridge To Integrate Eurasia

Since the very conception of the European Land-Bridge is explicitly not merely to build transport lines from A to B, but to integrate the entire Eurasian continent, infrastructurally and economically, through the so-called development corridors, we are really talking about a gigantic increase of the productivity of the population in the presently undeveloped regions.

The basic idea is, to build an integrated net of transport lines, of high-speed trains, highways, waterways, computerized stations, energy production and distribution, and communication, as arteries in these corridors. The corridors are supposed to be approximately 100 kilometers wide, and are now equipped to be the optimal location for the construction of new industries, new cities, and the development of modern agriculture. Contrary to the past practice of the colonialists, the building of the transport line is not to be a way of extracting wealth from the interior of a nation, but an instrument for *developing* the interior of the nation.

When I have presented the program of the Eurasian Land-Bridge as the way to overcome the world depression, the

Topographical Map of Eurasia, With Some Main Development Corridors of the Future



Recovery from the depression requires that the development corridors of the Eurasian Land-Bridge as a whole be built as “an integrated vision”; the method of generating credit for such great projects, is that of Franklin Delano Roosevelt, Wilhelm Lautenbach, and Germany’s post-war Kreditanstalt für Wiederaufbau.

question most often asked has been, “But who should finance all of this?” The answer is surprisingly simple: namely, over the medium- to long-term, this program costs essentially nothing; but one still gets something more than that in return!

This, however, will only be possible, if we say good-bye completely to the fantasies of the present, so-called “neo-liberal” form of the free-market system. We must free nations of such fantasies as the beliefs that money earns money; that it is more profitable to speculate than to produce; that society can survive as a so-called “post-industrial service economy”; that long-term investment can be sacrificed in favor of shareholder value; and that all that counts is to take as much profit out as quickly as possible.

We have to replace such shortsighted nonsense with the solid principles of physical economy. The key idea of physical economy is the concept, that the only source of wealth is the creativity of the cognitive mind of the individual. It is this cognitive ability which enables man again and again to dis-

cover new fundamental principles of the physical universe. When these scientific discoveries are transformed into technologies and applied in the production process, they lead to an increase in productivity.

The Financing Method of the KfW

It is therefore in the interest of all states to do the optimum to further the creative potential of the population. That means that in the Land-Bridge economy, we must think in terms of approximately 25 years, because that is the amount of time it takes to develop a newborn child into an educated, skilled laborer, engineer, or scientist. It is, therefore, essential that national credit institutions give out long-term credits with low interest rates of 1-2%, so that the maturation of these projects can occur, and the buying power can develop, so that the original credit eventually can be paid back.

This is, in principle, the method with which Germany’s Kreditanstalt für Wiederaufbau reconstructed Germany, after

1945. This is the method which transformed a war-wrecked Germany from a rubble field, into an economic miracle. It was the method used by Franklin D. Roosevelt to lead the United States out of the depression.

In 1931, in a situation like today's world crisis, a very important economist and representative of the [German] Economics Ministry, Dr. Wilhelm Lautenbach, presented a memorandum to a Friedrich List Society conference, in which the chairman of the Central Bank and 30 top bankers and industrialists participated. The memo contained a plan, how one can overcome an economic crisis under the conditions of a simultaneous currency crisis and depression. Dr. Lautenbach argued, that under this combined situation, normal market mechanisms don't function any more, since the buying power of the population collapses. This is exactly what we see in Japan, where, as today's end-result shows, all the neo-liberal government stimulus packages of the last two decades failed.

The main objective, Dr. Lautenbach argued, was to eliminate unemployment, which is a huge cost factor for the real economy. For this purpose only, the government could issue large credit lines for investment. These investments, however, have to be limited to categories where real capital assets are created, and they have to be directed toward areas in which one would also invest if the economy was doing well; and, they also have to serve the common good.

The most obvious such categories are investment into large infrastructure projects, Lautenbach argued, because they benefit the development of the economy at large. When the credit lines are given to the participating firms, the entrepreneur has more financial leverage; he can employ more workforce; the now-employed laborers and employees earn money for their livelihood; they can spend more for consumer goods, etc. So the effect of these credit lines is both direct and indirect; the entire economy starts to flourish by beneficial effects which are larger than the outlays for the initial lines of credit.

Today, the Eurasian Land-Bridge should be the obvious focus of such investments. The most rational approach would be, that preferably all states of Eurasia would agree on this general transport and infrastructure plan as a totality, rather than individual states building partial rail lines, roads, waterways, and so forth. If there is agreement on the totality of the plan, then in the different countries, construction can occur simultaneously. Each country would operate through its own national bank or national "Kreditanstalt für Wiederaufbau."

All Mankind in One Boat

Many aspects of the Eurasian Land-Bridge are being worked on, or are in different phases of realization—both along the Trans-Siberian Railroad, as well as along the different lines of the old Silk Road. Several political leaders have emphasized the importance of this program. The President of South Korea, Kim Dae-jung, for example, appealed last December in Strasbourg, at the European Parliament, that

Europe should help in the completion of the rail line between North and South Korea and the Eurasian Land-Bridge.

What is still lacking, is a projection of the Eurasian Land-Bridge as the great vision for the future of all of mankind, as the program for the reconstruction of the world economy after the collapse of the present system of globalization. For this purpose, one country or a group of countries could, for example, introduce this perspective into the General Assembly of the United Nations in September, as an alternative to war, chaos, and poverty; as an alternative to the present world, . . . where one-third of the population goes hungry every day.

Once there is agreement among the participating states, the construction of the Eurasian Land-Bridge will completely change the dynamic of international relations to the positive. In Asia, as well as in Europe, there exist today many historical conflicts between states on a bilateral basis—in some cases, because they fought wars in the past, or they had other tensions of various kinds. With the Land-Bridge, a completely different plane is created: a common level of reason, which is magnitudes more powerful.

Mankind has reached a historical branching point. For the first time, all mankind is sitting in one boat. In the past, entire cultures collapsed in one part of the world, while in others, there were phases of high culture, and they would not even know of each other, because it took many years to travel. Today, the world is closely connected, through communication, through nuclear weapons, through diseases like AIDS, through the globalized financial system. So, either we create solutions, or we all plunge into that new dark age which a continuation of the present neo-liberal system would now bring about.

The Eurasian Land-Bridge will not only mean the largest economic boom which ever occurred in history; it will also, like the old Silk Road, mean an exchange of ideas and culture. The beautiful treasures of Chinese culture will be known in the whole world; the high points of Indian, Persian, Arabic, and European culture will be made known especially to the children and youth of all countries. And, as in the past, when different cultures touched each other with their best traditions, all the great ideas and cultural pearls of the past will become the possession of all.

Thank you.

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