

City of London source told *EIR* on Sept. 20, that the BOJ plan “to buy worthless shares” and the failed bond auction—something that “even in the darkest days of 1998” has never happened—are indications that “Japan is plunging into a systemic crisis” in the near future. But Tokyo officials say Japan must attempt to protect its industrial base from what is a global, not a local Japanese crisis. “The stocks held by Japan’s banks are not worthless,” objected one, “These are not dot.com stocks or Enron or WorldCom; these are the stocks of Japan’s premier industries.”

Unfortunately, neither Hayami nor the BOJ’s official statement mentioned the fundamental cause of Japan’s crisis: the collapse of the global asset bubble, led by that of the “Great Wall Street Bubble” of the 1990s, which is now dragging the entire world into depression. This bubble was caused by the post-Bretton Woods floating-exchange-rate monetary system—which has meant no monetary system at all. This in turn produced the “Enron Mentality” of the “Wall Street Business Model” whose collapse is now devastating world production.

Neither Japan nor any other nation can solve such problems using purely “domestic methods,” *EIR* Founding Editor Lyndon LaRouche commented. Even sweeping domestic

measures can not touch the problem, whose root is not inside Japan. What is rotting out Japan is the rot of the dollar-based, IMF-centered global system, LaRouche repeated again in a recent interview.

Governor Hayami was closer to the mark in August, when he warned that the dollar is poised for a bottomless collapse. The logical consequence of that, is that some rational new global monetary system is needed, such as LaRouche’s proposal for a New Bretton Woods, to replace today’s non-system of floating rates. Now even the IMF, in its *World Economic Outlook* of September 2002, warns of an uncontrolled dollar crash. “The question is not whether the U.S. deficit will be sustained at present levels forever—it will not—but more when and how the eventual adjustment takes place.” “The overvaluation of the dollar has not yet been corrected,” the IMF warns, “and an abrupt and disruptive adjustment remains a significant risk.” Such an event, would have an “adverse impact on the international financial system.”

Japan is a world power, with considerable authority at the world negotiating table now. To save its economy and its world market, Japan is responsible to propose global solutions rather than acting like a local player.

## Korea Solution: ‘Iron Silk Road’

“Truly momentous changes are taking place on the Korean Peninsula” South Korean President Kim Dae-jung told the Asia-Europe Meeting (ASEM) summit in Copenhagen on Sept. 22. “We have opened a new chapter in the inter-Korean relations,” Kim said. “Agreements reached in the South-North Joint Declaration . . . are now being translated into concrete actions. In particular, the reconnection of the inter-Korean rail and road, which began last week, bears great significance in that it leads to the easing of military tensions. More specifically the barbed wire fences along the DMZ are being removed, even if only in limited sections. There will be considerable exchanges between the two Koreas in the social and cultural fields and economic cooperation will flourish. This will herald a historic shift towards a united Korean Peninsula.

“The reconnection of the inter-Korea rail link holds even deeper meaning. It completes a land link between Korea and Europe, which we like to refer to as the ‘Iron Silk Road.’ This will provide an unprecedented opportunity to realize the lofty ideal of ASEM, a united commu-



*The Korea “unification train” prepares to enter the Demilitarized Zone in celebrations on Sept. 18.*

nity. Trains departing from Europe will be able to cross the Eurasian continent to arrive in Korean destinations such as Seoul and Busan, the world’s third largest container port and a gateway to the Pacific. Likewise, trains departing from Korea also will be able to reach Western Europe, thereby forming a connection to the Atlantic. This will result in a drastic reduction in both logistics costs and transportation time. . . . When the ‘Iron Silk Road’ is completed, Asia and Europe will come closer as one community in the spirit of cooperation.”