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## On-Site Report

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# Korea Crisis: Asia Has Cards, Must Think Big

by Kathy Wolfe

As South Korean President Roh Moo-hyun prepared to fly to Washington for a June 10 summit with George Bush, Vice President Dick Cheney unilaterally issued a personal attack on North Korean leader Kim Jong-il May 30. On nationwide CNN TV, Cheney called Kim “one of the world’s most irresponsible leaders.” North Korea responded to profile June 2: Its Foreign Ministry called Cheney “a blood-thirsty beast” who “has drenched various parts of the world in blood.”

Cheney’s speech was “little short of telling the D.P.R.K. [North Korea] not to come” to the Six Power nuclear peace talks, the Foreign Ministry noted, just as a May 13 U.S.-D.P.R.K. meeting at the United Nations had created “a chance for resuming the talks. This clearly indicates his rejection of the D.P.R.K. regime, and his intention to put the brake” on talks, the Foreign Ministry said, so the talks are now dead until the U.S. apologizes.

Cheney’s deliberate provocation raises the fresh prospect of a Bush Administration attack, given that the Pentagon’s newly operational “CONPLAN 8022” blueprint specifies use of nuclear weapons in a first strike on North Korea and Iran. [See this issue’s editorial.]

The Pentagon confirmed May 30 that 15 F-117 stealth bombers were just deployed to South Korea to warn Kim Jong-il, as the *New York Times* wrote May 31, that “even though the American military is tied up in Iraq, it can reach his capital.”

Now the question is: Will South Korea, Japan, China, and Russia stand helpless while this scenario unfolds?

During a May 4-24 trip to the area, I found resistance.

### Principle of National Sovereignty

I visited South Korea and Japan to present *EIR* Founding Editor Lyndon LaRouche’s book *Earth’s Next Fifty Years*, which proposes that the world adopt major new paradigms, such as a “New Westphalia.” As in the Treaty of Westphalia (1648), it would re-establish the principle of *national sovereignty*, tossed in the trash by Mr. Cheney.

This idea was well received in Seoul, to say the least. South Korea’s Roh government rejected CONPLAN 8022 and related U.S. proposals for joint war plans against the North, in an April 15 public statement. With China, the Kore-

ans also cast doubt on U.S. intelligence reports that North Korea would need a secret uranium bomb program, when its plutonium-bomb-drive is open to all the world, a charge first made by *EIR* in August 2003, and widely published in Korean by *Mahl Magazine* in Seoul. Further, former President Kim Dae-jung told *Asahi News* in Tokyo May 24 that Pyongyang has no motivation or intention of testing a nuclear bomb, because that would risk destruction with no benefit—directly contradicting daily Pentagon reports for the past two months that such a test is “imminent.”

In fact, the “Who Lost South Korea?” debate is so far gone that the Cheney crowd has resorted to trying to scare Koreans back into the barn, by threatening to “sell them down the river to China.”

“U.S. officials are ready to write off the South Korea alliance,” an irate elder Seoul leader told me on arrival there May 4. “They say President Roh is acting like an asset of Beijing, by refusing to blockade Pyongyang. They say that Roh, by proposing that South Korea could be a ‘balancer’ between Washington and Beijing, will end up making all Korea into a Chinese colony again. They even threaten, like Dean Acheson, that Roh has put South Korea itself outside the U.S. defense perimeter.”

Roh’s real problem, however, is that he has no economic policy. Despite major support among Seoul intellectuals for *EIR*’s New Silk Road inter-Korean economic development program, “We can’t get the Blue House to wake up,” senior church and political leaders said. “*EIR*’s Grand Design for the whole regional framework, backed by China, Russia, and Japan, would have worked,” said one economist, “but they have no vision.” People can’t eat anti-American slogans, so the Korean economy is collapsing, as *EIR* warned a year ago. Roh’s Party lost this April’s by-elections and could lose the National Assembly and Presidency.

A few ultra-leftists aside, most South Koreans want to be pro-American, but can’t understand what has hijacked the U.S. government. In several seminars at schools and Buddhist temples, I explained the “New Westphalia” and the fact that Franklin D. Roosevelt tried to re-establish it at the 1944 Bretton Woods Conference which founded the UN, IMF, and World Bank. Everyone asked: “Can you really bring back the

America of Lincoln, FDR, and Kennedy?”

This occurred in the most unexpected places. A Korean officer who heard an *EIR* speech last year, arranged my address at a national military academy, where I expected an audience of Korean neo-cons. Omitting the word “neo-con,” I focussed on national sovereignty, New Bretton Woods, and LaRouche’s other Westphalia proposals such as joint economic development projects to create large new sources of raw materials. The interest was total and the questions serious, such as “What is the position of Russia on the oil scarcity problem?” and “You often visit Japan. What are they really thinking?”

In the third hour of discussion, finally a young officer asked: “Who are these neo-cons, anyway? People say they are Israeli agents because they don’t seem to act for the benefit of most Americans or Koreans!” After some “Plato vs Aristotle 101,” I asked them: “What is your position on the Sept. 2001 ‘first strike’ doctrine?” All answered solemnly: “We can find *no advantage* to Korea in such a doctrine. The only result is our national destruction.” Astonished, I said, “What percentage of Korean military pros believe this, 10% or 20%?” They replied, “90%.”

### **Cheney Doctrine: ‘No Benefit to Korea . . . or Japan’**

This kind of response recurred everywhere, so that by the middle of the trip, I began to speak of the “revolt of the ‘normal cons’ against the ‘neo-cons’ ” as a global phenomenon, starting with U.S. Army Chief of Staff General Eric Shinseki’s June 2003 revolt against Donald Rumsfeld.

In Tokyo 10 days later, these events were repeated. Again an officer who had heard *EIR* speak, arranged a meeting, this time with a top defense official. I had sent him an article in the U.S. Army War College review, which states that “avoiding war entrapment” is Japan’s foremost goal. Japan can not long tolerate the “first strike” doctrine, because it eliminates national sovereignty, it warns, and unless steps are taken, Japan will at some point exit the U.S. alliance. He had the article ready and began, “I’m not ready to say this is 100% accurate—but we are also not delighted with the ‘first strike’ doctrine.”

He then flipped and recited the standard government line, that if North Korea abuses nukes, Japan may, however, use the first strike doctrine. I asked, “And after you have struck North Korean installations numbers 1-30, and they blow up Tokyo using installations numbers 35-40, what next?” He realized that I knew that he had no answer, and said: “Oh well, we don’t think Kim Jong-il is crazy anyway. If we act rationally, he’ll act rationally, and we can solve this whole thing diplomatically.”

The difference between his behavior and Cheney’s is striking.

In Tokyo, I was given detailed reports that people whose ancestors were self-defined fascists in the 1930s, a true “clique” out of a Grade-B movie, have hijacked the inner

cabinet of Prime Minister Junichiro Koizumi—but again, it’s a thin layer. As one source put it, “at the higher levels of Japan’s military, a strong majority oppose the neo-cons, because they know more about what’s going on in the world—and because they don’t like radical behavior.”

### **Flexing the \$1.8 Trillion Muscle**

Japan, Korea, and China are the financial powerhouse of the world. The next plank in the “New Westphalia” is LaRouche’s plan for a New Bretton Woods monetary system, which drew interest beyond expectation.

“Is the IMF an Endangered Species in Asia?” read the *Korea Herald* headline May 10, after the Asian Development Bank’s Annual Meeting May 4-8; “Asia Agrees to Beef Up Currency Swaps,” said Tokyo’s *Yomiuri News*. The very fact that former Japanese International Vice Finance Minister Haruhiko Kuroda became Asian Development Bank Chairman in February, had given Wall Street columnist William Pesek of Bloomberg News fatal indigestion, to read his *Korea Herald* report. “It’s baaaaaaack!” he wrote, Kuroda was the “mastermind” of the 1997 Asian Monetary Fund (AMF) idea, and he’s at it again, this time aiming to replace the IMF in Asia altogether. This “could have major consequences for the global elites and the Washington Consensus,” he worried, reporting that he saw U.S. officials after the September 1997 IMF meeting “in an absolute panic that an AMF would shut the United States out of controlling Asia’s future.”

The only news in the article was the announcement by Kuroda’s office that the Chiang Mai Initiative (CMI) of currency swaps agreed to in 2000 by Japan, Korea, China, and 10 ASEAN nations, is now being doubled from \$40 billion to \$80 billion. “No big deal,” I thought.

Days later in Seoul, I was told by a very angry Korean official that the monetary authorities of South Korea, Japan, and China could no longer tolerate Washington’s mismanagement of the U.S. dollar. “The dollar just keeps falling, but they keep up the same bad policies which are making it fall,” he said. “We must buy more dollars every day, just to keep the dollar from collapsing. We are afraid that one day the U.S. will simply default, and we will wake up with worthless paper.” In March 2003, a Chinese participant speaking at an *EIR*/Schiller Institute Conference in Germany said precisely this: “We’re producing physical goods, and giving them away for worthless paper.” Now his capitalist brothers have caught up.

The Seoul official was so angry, that he confronted U.S. monetary authorities on the matter in early May, speaking jointly for the authorities of South Korea, China, and Japan. Having bought \$1.8 trillion amongst them to support the dollar since 2001, he said, the three could not swallow more paper every day. “We showed our sword and said: ‘We want a new system, such as a New Bretton Woods. Also, please stop threatening a war in Korea.’ ”

“Go to Hell,” came the reply. “Sell dollars if you want, we don’t care: it will raise the won and destroy your exports.

If you don't like that, then just shut up and keep buying dollars." The Korean said to himself: "If this keeps up there will be war in Korea. I'd better move my family to Paris."

## Calling the Bluff?

Nonplussed, I phoned LaRouche. "It's a bluff," he said. "The Bush Administration has no cards. The U.S. economy is a shambles. They are losing control in Washington," that is, in no way can they handle significant dollar sales.

By mid-May, U.S. officials admitted that LaRouche was right. On May 18, Bank of Korea (central bank) Chairman Park Seung told the *Financial Times* that Korea might some day no longer go on buying dollars; the dollar collapsed and the bank had to buy \$ 1 billion to support it. The U.S. Treasury came down on the Korean government like a ton of bricks, warning them not to cause global financial panic.

"Now they tell us privately: They are well aware that any dollar weakening could become an uncontrolled dollar crisis," the Korean official said. "They're asking China for a deal—make some concession to raise their currency rate, to make U.S. hard-liners happy—but it's a cover story. In the back room, the U.S. technocrats take uppermost care to maintain the value of the dollar—because they are well aware it could crash. The Treasury has told me they are in great trouble because they fully understand the terrible weakness of the dollar—but they must cool down the right-wing criticism of China—so they are dancing on a rope. And so they beg us to be patient.

"But I keep telling them: Look, if the U.S. had industry, then your policy to pressure China to raise the yuan and lower the dollar might make sense—because you could sell cheaper exports and increase export earnings. But, you don't have any industry. So why do you push the weak dollar, when you anyway have nothing to export?"

## Roadmap for a New Monetary System

Japanese are normally the most reticent and conservative of all, so I did not expect this kind of detailed discussion in Tokyo. As an experiment, however, to see whether my acquaintances in various fields were willing to sit down together and discuss the paradigm-shifting proposals in LaRouche's *Earth's Next Fifty Years*, I rented a hotel conference room downtown and invited 16 executives from government ministries, large corporations, trading companies already active along the Eurasian Landbridge, specialists in Russian and Chinese affairs, diplomats, engineering and scientific experts, and a senior elder of Japan's peace movement to round it out. Much to my delight and shock, each and every one showed up. Most of them had annotated printouts of my slide presentation text, which I had e-mailed out the night before.

In under 40 minutes I quickly outlined the host of crises which we face, and LaRouche's series of major proposals which make up the New Westphalia—to leave maximum time for discussion. I mentioned a strategic military crisis; a

world financial crisis with the collapse of the dollar; a crisis of raw materials, a new "commodity shock" worse than the 1975 "oil shock;" and a crisis of culture. I touched on the "Prometheus idea," explained LaRouche's proposal for each crisis, and asked for discussion.

The engineering executives wanted to know more about Prometheus and the Divine Spark. A shipping executive wanted to know more about "creativity vs. money." "I'm very happy with this idea LaRouche has, that creativity does not exist to 'make money,' but that money instead should be made the slave of creativity!" Everyone wanted to know more about what actually happened at Westphalia in 1648: "We want to understand the far-reaching implications of this," said one, and why you insist on Westphalia. And do you really mean to proclaim national sovereignty for every government, regardless of the *type* of government?"—the unstated implication being "even North Korea?" The peace movement elder wanted more about what U.S. Democrats are doing to stop the neo-cons from blowing up the world.

Alas, it was not to be—for every questioner was cut off by the most senior of all, who kept repeating, "There is only one topic on the agenda: What exactly is this New Bretton Woods monetary system?" First he had to know, "What is the connection, in detail, between your monetary, financial, commodities, and military security proposals?" Before two sentences could be given in reply, he went on, "And, we want to know your core principle: what is the absolute basic building block of your system (quick answer: "Divine Spark".) An attempt to take others' questions was momentarily tolerated, before he interrupted again:

"We need a concrete plan for the monetary system! We want details, we want to know how you will fix the currency rates, who will be in charge of what, how much gold, how much foreign exchange, what is the connection to the credit system, which is an entirely different question from the currency rates, how many countries will be involved. "We want a complete road map for the new monetary system." That was Day 2 of 10 in Tokyo.

Koreans have a saying that they are only "a shrimp, crushed by whales," referring to the great powers. But the time has come when the nations of Eurasia, in general, and Japan, Korea, and China, in particular, can stop this and similar restrictive thinking. Japan and China, for example, may not think of themselves exactly as shrimp, but they have a "shrimp-think" tendency to look inward, and let others order world affairs. This need not be.

As President Roh flies into Washington June 10, he need not feel like a shrimp. Korea and Japan, with their friends in China, Russia, and so on, who have doubts about the viability of the dollar, have many cards to play, to ask that America forget the war, mend fences with Pyongyang, and join in convening a New Bretton Woods monetary conference, to save everyone's assets. It is only necessary to realize that Cheney and the neo-cons are bluffing—and, finally, giving up the comfortable habit of shrimp-think, to think like a whale.