

LaRouche's Land-Bridge policy is debated in Prague seminar

by Rainer Apel

In cooperation with the Schiller Institute and *EIR*, the Czech Management Association (CMA) held an international seminar on Jan. 28 in Prague, on the theme, "The European-Asian Bridge as a Motor for Global Economic Development." The event in the capital of the Czech Republic was attended by about 90 people, including at least 50 managers of big Czech firms such as Skoda, as well as of medium-sized and small firms, mostly in the manufacturing and engineering branches; nine embassies (China, South Korea, Iran, Turkmenistan, Kazakhstan, Turkey, Nigeria, Ghana, Romania); ten press, including the official Czech news agency CTK; and several officials or representatives of the Czech government and political institutes.

The idea of the event was born in May of last year, when Helga Zepp-LaRouche, the founder of the Schiller Institute and wife of *EIR* Contributing Editor Lyndon LaRouche, Jr., was in Prague to address an *EIR*/Schiller Institute event on the Eurasian Land-Bridge. Attendees who heard her then, liked so much what she had to say, that they wanted those ideas to have a greater impact in the Czech Republic. As it turned out, the date of the event — Jan. 28 — was well chosen, because it was right in the middle of the formation of the new Czech government, whose economic program was presented to, and debated in, the Parliament on Jan. 27 and 28. The new Prime Minister, former national bank governor Josef Tosovsky, and his government, replaced longtime Prime Minister Vaclav Klaus, a free-market neo-liberal, who resigned in December over charges of corruption and of irregularities in the government's policy of privatization of formerly state-owned enterprises. Tosovsky will serve only until the early parliamentary elections in June. But the end of the Klaus

era opens up new chances for a return of Czech government policies to the promotion of industry, investment into productive capacities, and jobs. The Czech Republic, one of the leading industrial nations of Europe, and one that has a traditional strength in the machine-building sector, is looking to the untapped development regions of Central and East Asia, and both managers and the labor unions expect the new government to create the diplomatic framework for Czech industry to become engaged in the "Eurasian Land-Bridge as a Motor of Global Economic Development."

The Czech Management Association was established at the beginning of 1990 and is now the most prestigious and best-organized group of industrial managers. It has an individual membership of about 1,000 managers from all over the country, and corporate memberships from companies representing thousands of top and mid-level managers. The outline and agenda of the Prague seminar shows the genuine surge of interest in the concepts of LaRouche, among the leaders of Czech industry.

Opening remarks at the conference were given by Ivo Gajdos of the CMA. The moderator was Jiri Styblo, executive manager of CMA, who is also vice-chairman of the Czech Society for Human Resource Development.

Helga Zepp-LaRouche was announced in the seminar program as speaking about "A Grand Design for Eurasian Development: Economic and Political Perspectives of the Eurasian Land-Bridge, the 'New Silk Route' — Locomotive for Worldwide Economic Development." The CMA invitation to the seminar reported that "in May 1996, Helga Zepp-LaRouche was invited to deliver a speech in Beijing at the International Symposium on the Economic Development of

the Regions along the New Euro-Asia Continental Bridge. To further discuss Eurasian development with leading experts and lecture on the subject, Zepp-LaRouche was again, for three weeks in September 1997, in China, India and other countries. She lives half of her time in Germany, the other half in the United States with her husband Lyndon LaRouche, a famous American politician.”

The second speaker was the renowned Czech Academy of Sciences member Dr. Jaroslav A. Jirasek, who spoke about “The Skills for Launching Joint Ventures in Asia.” He is professor of international strategic management at the Czech Management Center of the University of Pittsburgh in Celakovice, and founder and director of the Institute of Management at the Philosophical Institute of the Academy of Sciences, member of the board of directors of many important companies, member of the government delegation to the Asian countries, and author of many professional articles and books.

The third speaker was a representative of the foreign department of Banque Nationale de Paris-Dresdner Bank in Prague, which was the main sponsor of the event. Dresdner Bank is one of the four or five biggest banks in Germany. It was introduced in the invitation to the event in the following way: “This bank is focussing on ‘emerging markets’ including Iran, Iraq, Syria, Vietnam, Laos, Thailand, etc. and has deep skills and good results there.” The speaker addressed the subject of “Pre-Financing and Financing of Euro-Asian Activities.”

Next on the list of speakers was Petr Kulovany of the Czech Ministry of Industry and Trade, who spoke about “Czech-Asian Business Relations.” He was followed by Mr. Laczo, deputy director for foreign relations of the Czech Chamber of Commerce, who spoke about support programs for Czech exporters. “Investment Opportunities in the Czech Republic and Examples of Recent Investments from Asia” was the theme of the presentation given by Rene Samek of CzechInvest, an organization of the Ministry of Industry and Trade, which specializes in the promotion of industrial ventures. Then, Jiri Frantal, director of the Czech-Chinese Chamber of Commerce, spoke about the tasks of this new organization, which was created in December 1997. The seminar concluded with three highly informative presentations on Czech industrial ventures in the developing sector, by Dagmar Trkalova of TECON, an agency which also works with United Nations programs; Petr Pelcik of the HANA company, who gave an insight into Czech engagements in Indonesia; and Marcel Winter of Winter Management Consulting, who reported on his experience with investments in Vietnam.

In his introductory statement, Jiri Styblo of the CMA executive addressed the effects of the Asian crisis on Europe, particularly on the Czech export industry and national currency. He said that deregulation, which always comes along with globalization, has to be reversed; that Europe can learn

from the development of infrastructure in Asia, that money should not be used for speculation alone; that investments with only short-term advantages must not be allowed—there must be benefits for both sides. He also warned against the “naive optimism” of those who claim that there is no such thing as currency destabilization.

Keynote by Helga Zepp-LaRouche

In her speech, Helga Zepp-LaRouche outlined that the fate of Asia will decide the fate of the rest of the world; that it is not an Asian crisis, but one of the entire world; and that the scripts of the International Monetary Fund do not work. Showing Lyndon LaRouche’s “triple curve” graphic representation of the current collapse of physical production, while monetary and financial aggregates soar into the stratosphere, she attacked the governments of the world for closing their eyes to the problem of ever-increasing financial titles, against a downward curve of real economic activities.

The Asian hurricane is certain to reach Europe soon, she said. When Kim Dae-jung, the newly elected President of South Korea, said shortly before Christmas that he does not know what the fate of his nation will be from one day to the next, and when U.S. Treasury Secretary Robert Rubin made his Christmas intervention to prevent the open default of South Korea over its short-term, private-sector debt, it should have been clear to everybody that the system was close to its end. Also, the fact that Japanese Prime Minister Ryutaro Hashimoto has announced another emergency intervention program every other day, since the end of 1997, provides an unmistakable sign that the financial system is cracking. Then, the Indonesian crisis broke out, and the Bank for International Settlements was forced to hold an emergency meeting, with the result that a massive bailout was decided on: Weimar-style pumping of money into the system. This money-pumping method was the continuation of the July 1995 resolution of the Group of Seven summit in Halifax, Canada, in favor of a global bailout, Zepp-LaRouche reported. This method no longer works. Indonesia has just announced a default and formal moratorium on a large part of the private-sector debt, and it is widely expected that a general moratorium on Indonesian debt will follow soon.

The bubble of debt and other unreal financial titles, which has been pumped up in the last years and months, and especially the derivatives bubble on top of that, was likened by Zepp-LaRouche to fleas that have sucked all the blood from a dog, and are now trying to be “clever,” by living on “blood futures”—of blood that is no longer there, and never will be. In the United States, financial transactions now account for 99.5% of all global dollar currency trading, while merchandise trade only accounts for 0.5%! This system has no future; it is doomed to fail.

Zepp-LaRouche then called on the seminar attendees to take a closer look at the alternative approach, which has been taken by China: long-term investments in railway and other

vital transport infrastructure, production of coal and other raw materials, electricity generation. Now, the problem is that so far, mostly the eastern coastal regions of China have been developed, but for the development of the western and central regions, the Eurasian Land-Bridge is essential, and the scope of infrastructure and other development projects required, offers the entire rest of the world a safe place for long-term investments. The positive development of U.S.-Chinese relations has a crucial role in that, she said, recommending that politics turn from the insanity of a 30-year paradigm shift toward greed and hedonism, to sound principles of productive investment, capital market controls and limited currency convertibilities, and to the protection of social welfare systems and industrial potential. Politics must return to principles of truth and justice, she said, return to the principle of *agapē*, as being the desire to put man and the development of the common good at the center of all politics and statecraft.

Learning from the Asian experience

The theme struck in the keynote address, was then taken up also by Jaroslav Jirasek, of the Czech Management Center at the Prague Academy of Sciences, who said that the Czechs and the West can learn from the Asians, because their economic strategies are based on sound principles of supporting the family, productive enterprise, and state support for essential economic activity. Instead of pursuing, as Western countries have done, policies of reducing the workforce, supposedly to make industries more fit for globalization, there should be more investments in production and more jobs, Jirasek said. China is giving a very inspiring example in this respect, he said, and there is a reason for the fact that China belongs to the most productive regions of the global economy today, with 10% of its industries having already reached the top levels of technological development in the world. If Czech and other European companies wish to get involved in China and Asia, they must, first of all, be engaged with the people there and their interests, rather than just looking for short-term profits. They must commit themselves to long-term, in-depth projects. In order to improve the knowledge of the Czechs about Asia, who so far have shown little insight and interest, Jirasek called for the establishment of an Oriental Academy in the Czech Republic.

A representative of the Prague office of Banque Nationale de Paris-Dresdner Bank then spoke on the theme of how banking facilities can be made available for industrial firms that want to get involved in long-term projects in Asia, but lack the capital to finance that. This is true of most Czech firms. The speaker presented EGAP, a facility of mixed state-private Czech export credit guarantees that is similar to Germany's Hermes facility, and told the seminar attendees not to be discouraged by their lack of capital, but to contact this special credit program to utilize it. Without such programs, Czech industry will not be able to increase its exports to Asia, he said.

Petr Kulovany, of the Czech Ministry of Industry and

Foreign Trade, emphasized that although Czech exports to Asia have fallen to a very low level in recent years, because the pre-1990 state export support programs were abolished, there still is a sound 40% share of machine exports to Asia, in the total balance of trade. There is, therefore, a great potential for Czech industry, as can be seen in recent activities of Skoda Pilsen, delivering power-generating facilities to China.

Also Rene Samek, of CzechInvest, a government-run organization that is trying to revitalize the role that the state support program for exports once played, gave insight into the high level of Czech productive potentials, the high skill levels among the Czech population, and mentioned that in opposition to the general trend of globalization, many Czech firms are firmly committed *not* to cut back, but to invest in increased production capacities, new machines, and new jobs.

Among the other presentations at the afternoon session, two case studies on Czech experience in Indonesia and Vietnam were highly interesting: Marcel Winter, of Winter Management Consulting, said that the fact that Czech exports to Vietnam rank even behind those of the Bermudas, is the more absurd, as the untapped Czech industrial potential is enormous, especially in machines and transport technologies. Moreover, half the members of the present Vietnamese cabinet speak the Czech language fluently (dating from the pre-1990 relations between socialist Czechoslovakia and North Vietnam). Also the remarks by Petr Pelcik, director of the HANA company, were highly informative, as he mentioned that in the 1970s, the Czechs helped to build up Indonesian industry, together with the Germans, in tripartite deals across the East-West divide, involving also the mainland Chinese. This, he implied, is a model of international cooperation in Asia.

The seminar was well received by the attendees, and numerous among them showed interest in deepening the discussion. Many expressed deep relief at the end of the neo-liberal era of Vaclav Klaus, but also showed concern that the Czech nation might fall into "Albanian-style chaos," if the opportunity for a new beginning in economics were not seized.

The seminar, and the meetings and discussions around it, were an important intervention into the transformation process from neo-liberalism to classical industrial development policies in the Czech Republic. Prague has been the main bridgehead of Western neo-liberal operations into eastern Europe and the territory of the former Soviet Union for almost eight years, so any decisive shift of policy in the Czech Republic is important also for the rest of the European East. And, the discrediting of the Western neo-liberal elites, through the default of their economic model in Asia, provides new potentials for a profound policy shift throughout Europe. The "message of Prague" will not be missed among interested circles in Germany, which, after all, is less than a two-hour car ride, or about one hour air flight, from the Czech capital.