

fineries' huge overcapacity could add value to the oil transport in this corridor.

### Promoting privatization disasters

Many of the Western participants in the International Transport Conference were consultants, who promoted the privatization that is being forced upon Romania by the International Monetary Fund, World Bank, and the EU as a condition for membership. Typical of these privatization schemes is the plan by a U.S. company, Search Corp., to make a toll road out of Romania's only highway, that dates back to the communist era. The privatization schemes are another name for looting, and will bring very little investment for developing new infrastructure in Romania. The disasters suffered by the privatized British rail system should be a warning what not to do, not a model to follow. At Bucharest, every speech about privatization of rail, roads, telecommunications, electricity, airports, and air traffic, praised the British models up front.

The consultants, naturally, never explained how the looting functions. Taking the case of a privatized transportation company, most people can understand that so-called cost-efficiency measures and cuts in staffing and maintenance are a way to boost paper profits that line the pockets of the new owners. Those paper profits are then multiplied 10 or 20 times or more, by selling stock in the newly privatized company, with the help of a modern stock market. "Shareholder values" permit profits to be made through brutal cuts in maintenance and basic physical investments. Investments in marketing and putting a premium on the trappings of, say, passenger comfort, becomes a priority. Through the price/earnings ratio of the stocks, which has now soared far above any normal standards, the transport company can now realize huge profits, multiplied by an equal ratio. As the stocks go up, the owners can then pull out, taking far higher legal profits with them, than any embezzler inside the company could dream of. After some five years of privatization and deregulation, without proper maintenance or repairs, the catastrophes inevitably start.

Control and safety inspection are not as needed in a state-owned transport system, because such controls are usually built into the large staffing of these companies. Part of the privatization policy is in the name of attacking bureaucracy, to avoid having new safety inspection systems established to regulate the privatized companies. This is necessary in order to make profits from the privatization looting schemes. In contrast to such shareholder value schemes, *EIR's* presentation put on table the only way out of the financial stranglehold over all infrastructure investment. Raimondi spoke as part of a panel on "Financing, Legislation, Taxation, and Insurance," along with some of the British privatization experts. He made it clear that all the good projects presented at the conference would never come into being, if no solution were found to the global financial crisis. Only projects directly connected to looting by foreign interests and raw materials extraction

would be financed. Raimondi warned about the imminent financial crash and presented LaRouche's proposal for a New Bretton Woods. The chairman of the panel, Brian W. Jardine, from Arent Fox Kintner Plotkin & Kahn, thanked Raimondi "for his sobering speech."

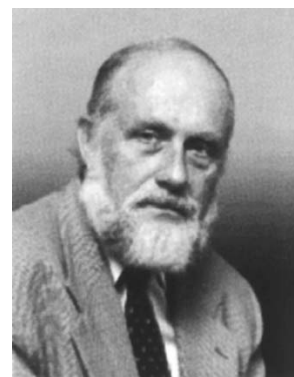
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## Interview: Dan Capatina

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# Many ties needed from Atlantic to Pacific

*Dr. Capatina, president of "Romania at the Crossroads," the organization which hosted the International Conference on Transport in Bucharest on April 3-5, is an advocate for an economic and trade corridor linking Central Asia and western Europe through Romania. At the final press conference, he commented on the Silk Road. "I, personally, don't understand, when America has so many connections between the Atlantic and the Pacific, why we can't have, here, ten to twelve connections between the Pacific and the Atlantic," he said.*



*Dr. Capatina was interviewed by Paolo Raimondi and Ulf Sandmark.*

**EIR:** Could you comment on *EIR's* proposals for a "New Silk Road" and "Paris-Berlin-Vienna: The Productive Triangle?" The latter was presented at a conference in Bucharest in 1992. From the heart of Europe, it would extend development corridors throughout the Eurasian continent.

**Capatina:** I think one of the opportunities to have an emerging market in the Caucasus and Central Asian area, is the rich amount of raw materials, not only oil, but platinum, and others. It makes it possible to realize here, in the next ten years, a good market. I think it is also possible to develop trade with East Asia, Central Asia, and China. Because the competition is tough, it is very difficult now for our products to penetrate the Western market. In the East, there are many people who are not so wealthy, which means that this market can absorb medium-priced products. Countries like Romania, the Czech Republic, and Poland can see in this direction a good opportunity for trade.

**EIR:** What are some of the priorities needed to develop the

productive potential of eastern Europe, which is important to support the modernization of Asian countries like India and China?

**Capatina:** The main difficulty in realizing the potential is the ports on the Black Sea, such as Batumi, Poti, Sukhumi, and Supsa, and also on the Caspian Sea, the ports Baku, Turkmenbashi, and Astrakan: Assuming that we are developing some land routes, they are blocked by the inadequacy of the ports. The development of port facilities ought to be one of the priorities on the TRASECA [European Union's program to develop infrastructure in eastern Europe] agenda.

You referred to China and India. There are also other very important countries in the area. What the President of Armenia said today, during official talks here, was very important. I heard the same thing from the President of Turkmenistan. Both of these countries want to integrate Iran into future trade. Iran is a large market with a huge potential. Turkmenistan, with its gas pipelines, will ship its gas across Iran, and it can become a new source of gas for Europe.

Armenia, which has been dependent on trade since its origin, has no sea access. It has signed some agreements with Iran, for it to handle Armenia's goods being transported by sea. Now, Armenia also wants Romania as a partner, to transfer products to Europe.

China has a very interesting experience as a country with a transitional economy. I visited China in 1983, 1986, and

1996. The economic leap that China has made is impressive. I saw the freeways near Shanghai that they are building. This development, the rich raw materials reserves China has, and the population, of course, makes China and Pacific Asia the most attractive area. I think also that the United States is interested in pocketing trade in this area. The strengthening of a united Europe, and because of the strategic and economic importance of China for Europe, our role as a connection will increase.

India, China, and Iran are interested in developing this sort of infrastructure. In fact, infrastructure should never be regarded as having a short-term impact. In the medium term, we talk about the development of trade and markets. Industrial development is fostered by infrastructure; it is important for western Europe to bring in technology, equipment, construction materials, and know how. There is also a tremendous gap between the density of auto routes in western Europe, and what exists across Central Asia. Without the development of these countries, we cannot discuss economic globalization.

**EIR:** Development corridors involve not only infrastructure, but cities.

**Capatina:** For China it was very easy. Zhou Enlai once decided to build a free-zone city, and this town was built in five years. I want to speak about economic corridors, not just transportation corridors. In reality, we are talking about a band with roads, telecommunications, railways, related industry, banking, and services, not necessarily located on a line.

**EIR:** Could you comment on your three-dimensional representation of Corridor XI [see **Figure 3**, page 12]?

**Capatina:** It represents graphically, a desire to attract traffic from adjacent areas, and at the same time, to discuss what happens within this corridor. Physically, it has a tunnel shape, which means that it is open on both ends to attract traffic. It is also wide in the middle, representing the economic activity that goes on along such a corridor. It also shows that the ends of the corridor, at Gdansk and Constanta, have the most to gain. That is why the shape at the ends of the tunnel is used. A corridor has cultural and wider effects on mentality, etc., and the graph also shows the social implications of such a corridor.

**EIR:** How has financial speculation, which demands very short-term return on investments, affected infrastructure, which requires long-term investment?

**Capatina:** There is a philosophical problem involving capital flows. Since electronic communications and the Internet took over, by merely pushing a button you can move billions from, for instance, Japan to the United States. Just as you don't win wars by air strikes alone, but you have to have land troops to go in and occupy the territory, similarly, capital that is transferred electronically cannot build physically.

# The Way Out of The Crisis



A 90-minute video of highlights from *EIR*'s April 21, 1999 seminar in Bonn, Germany.

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