

East Asian Community Plan Requires A Broader, 'Eurasian,' Conception

by Kathy Wolfe

Behind closed doors, a policy debate by heads of state, their personal advisers, and whole ministries is mounting across East Asia, as to how and how fast the 13 countries of the Association of Southeast Asian Nations, China, Korea, and Japan (ASEAN+3) might form an "East Asian Community" or similar regional bloc. A 58-page report commissioned by these governments and issued Oct. 31 to the heads of state for their ASEAN+3 Summit in Brunei Nov. 6, concludes that the group should "move from a region of nations, to a bona fide regional community," with its own clout on the world stage.

"Towards An East Asian Community: Region Of Peace, Prosperity, And Progress," the East Asia Vision Group Report, begins with a direct "quote" from the American Declaration of Independence: "We, the people of East Asia, aspire to create an East Asian Community of peace, prosperity, and progress, based on the full development of all peoples in the region" to "make a positive contribution to the rest of the world," and advance the "general welfare" of the entire population.

"The Vision Group envisions the progressive integration of the East Asian economy, leading to:

- "an East Asian Free Trade Area" before 2020;
- "an East Asian Investment Area";
- "an East Asian Monetary Fund" as a "lender of last resort," with its own local conditions;
- An end to floating exchange rates via "a better exchange rate coordination mechanism consistent with financial stability and economic development";
- "Regional Energy Security" via "joint development of new sources and supplies of energy" including "nuclear fusion" and "regional nuclear cooperation";
- "Evolution of the annual summit meetings of ASEAN+3 to create a permanent organization."

Unfortunately, however, this proposal, visionary when it was first advanced by South Korean President Kim Dae-jung in November 1998 at the Hanoi ASEAN+3 summit, during the so-called "Asia Crisis," comes today as too little, too late. In 1998, creating an East Asian power center with an Asian Monetary Fund (AMF) and walking out of the International Monetary Fund (IMF), could have changed the world. But three years later, it does not match the magnitude of today's *global* breakdown crisis. It also contains a "fatal flaw," the influence of the example of the European Union's Maastricht

Treaty, which writes IMF austerity poison into the Asian Community objective.

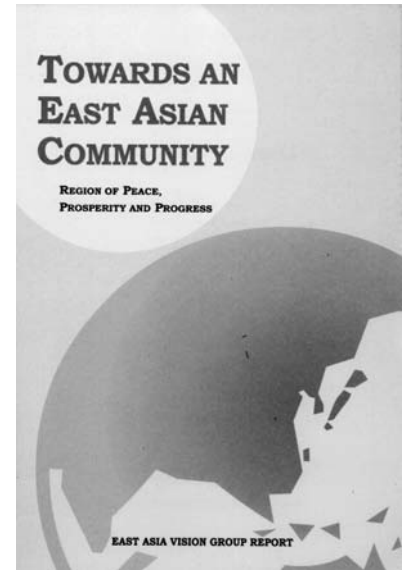
End of 'Washington Consensus'

Asian leaders certainly are aware that the IMF system and the "Washington Consensus," the assumption that London and Wall Street's free-trade prejudices are gospel truth, do not work. They expect nothing from the IMF global system but more financial crises in the immediate future. "East Asia . . . may be on the brink of an historical evolution. Having suffered such a costly and painful crisis, the East Asian countries are prepared to set aside their differences and develop a region-wide defense mechanism," said economist Dr. Park Yung-Chul of Korea University, one architect of the Asian Community, in a May 8 speech to an Asian Development Bank meeting. "The G-7 [Group of Seven] has been too slow with international reform. Proposals we put forward are not taken up. We see no way the global system will defend us, and so there is no reason why the ASEAN+3 should not create its own mechanisms for self-defense."

Dr. Park and a colleague wrote in a UN report, "Most of the problems that beset the international financial system are likely to remain unchanged. This arouses deep concern in developing countries (DCs), lest they remain vulnerable to future financial crises, even if faithfully carrying out the reforms recommended by the IMF and World Bank. Given this reality, DCs may have to develop a defense mechanism of their own."¹

Leaders at the Nov. 6 ASEAN+3 summit spoke in public for the first time ever, of the need to reduce Asia's dependence on the U.S. market. Chinese Prime Minister Zhu Rongji urged the group "to rely on itself to withstand the negative impact" of the U.S. crash, while Malaysian Prime Minister Mahathir bin Mohamad said flatly that there was "too much dependence on the United States." Lyndon LaRouche's article "Demise Of The Importer Of Last Resort" has been widely circulated in the region (see *EIR*, Nov. 16, 2000).

1. "Reform Of The International Financial System And Institutions In Light Of The Asian Financial Crisis," UNCTAD G-24 Discussion Paper No. 12, July 2001; Dr. Park Yung-Chul, Korea University Department of Economics, and Dr. Wang Yun-jong, Korea Institute for International Economic Policy (KIEP); United Nations, NY/Geneva.



The summit meetings of ASEAN+3 bring together the heads of state and government of the ten Southeast Asian nations, and the East Asian nations of China, Japan, and South Korea. At their Brunei summit on Nov. 5, they discussed plans for a permanent secretariat and an East Asian Community, to restart economic progress in midst of global financial crisis.

South Korean President Kim Dae-jung, in his Nov. 6 opening speech, proposed that “the ASEAN+3 should be transformed into an East Asia Summit, to remove the distinctions between the Southeast Asian nations and the three Northeast Asian nations, Korea, Japan, and China.” As his website reports, Kim “proposed the creation of an East Asia Free Trade Area and an East Asia Forum to chart the future of Asia.”

The EAFTA, in Kim’s vision at least, is not an Asian NAFTA, say his advisers. It is to be a protective trading area like Friedrich List’s Customs Union which unified Germany in the 19th Century, designed as such by Koreans who know List’s work. It is “to benefit all member economies and give preferential treatment for the least developed countries in the region,” creating a rapid development zone and protecting it from Wall Street buyouts, said one adviser to Kim. “The WTO is about to fall apart. If the world economy falls into a depression, such a regional initiative is one of the only ways out for us.”

There is even talk of an Asian Organization of Petroleum Exporting Countries (OPEC). Each Asian nation has been forced to build up enormous foreign exchange reserves, Dr. Park points out, from 15% to 35% of GDP, since the speculators can strike at any time. South Korea holds \$100 billion, over 20% of its GDP; Japan almost \$400 billion; China \$200 billion—over \$900 billion together. In his May 8 speech at the ADB, Dr. Park had noted that “Among the arguments against Asian regional cooperation, the most important is the political problems among countries in the region.” These are indeed severe. “But here,” he said, “it is best to remember OPEC. OPEC was able—even when its members were at war with each other—to wield joint eco-

nomie measures effectively in self-defense. Nothing anyone can do, can stop this.”

It is fine talk, but the relevant actions should have been taken at least a year ago. Now, Asia is staring at a crisis of a different order of magnitude, which can not be overcome by mere organizational or financial structures. What good is an AMF with even \$1 trillion in dollar reserves to defend Asian currencies now, when the physical U.S. market for Asian goods has finally evaporated? As U.S. production and consumption spiral into deflation, the Federal Reserve is hyperinflating dollar-based paper assets. By the same methods, Japan’s yen and the euro can also be turned into toilet paper.

The focus must turn from financial paper to physical economic substance, as Founding Editor Lyndon LaRouche has emphasized in *EIR*’s 300-page 1997 report, *The Eurasian Land-Bridge: The ‘New Silk Road’—Locomotive For Worldwide Economic Development*. Asian leaders need to take action now in the real world, to physically replace the U.S. market with a new Eurasian market for exports, as fast as physically possible. New rail corridors from Seoul to Moscow, from Lianyungang to Istanbul, from Jakarta to Beijing should be centered on 21st-Century magnetic levitation and other high-speed rail technology. Modern transmission grids, powered by high-temperature gas-cooled reactors or other nuclear plants, should be run along these corridors. The rights-of-way should become *development corridors*, along which new cities and agro-industrial projects grow. If the export fleets now leaving Asian ports are not to stop dead, everything else must take a back seat to this high-technology infrastructure investment.

No one in East Asia had trouble thinking this way after

World War II and after the Korean War, when precisely this was done to rebuild Japan, Korea, and the Asian rim from rubble. Put aside the papers on next year's summit niceties, currency theory, and trade treaty legalisms, and there is a gaping hole where the real plans ought to be. Asia's true requirement is physical blueprints and hard scientific designs to get the export plants retooled, away from Pokémon, to transport control displays; to get the right kind of goods produced and moving into place in large new high-tech capital projects across the entire Eurasian land-mass.

EIR's Eurasian Land-Bridge/New Silk Road report, circulating in the region since 1997, is the handbook for this "sea change." Its more than 40 detailed maps show the rail, energy, and water projects required to bring the entire Eurasian land-mass, the Mideast, Africa, and the Americas into the 21st Century. The industrial design for magnetic levitation trains, high-temperature nuclear reactors, and other energy-intensive new technologies is graphically depicted and explained. It features the "development corridor" concept, and projects to solve the threat of dust storms to all of Northeast Asia from the drying up of the Yellow River, by moving water across China, are shown, and similar projects to green Central Asia and the Mideast.

Once the exports are on the move through Eurasia, mechanisms to settle trade credits and trade can be addressed, as LaRouche has detailed in "Towards A Basket Of Hard Commodities: Trade Without Currency" (*EIR*, Aug. 4, 2000).

Russia And The 'Eurasian Consensus'

The major stumbling block to any Asian Community is trust. There is failure to acknowledge wartime errors, petty infighting, and cultural chauvinism on all sides. Anglo-American intelligence agencies, well aware of this, run many operations to fan the flames of hatred, under the time-honored British Empire tactic of "let's you and him fight." Since Japanese Prime Minister Junichiro Koizumi took office last Spring, there has been an intense round of such scandals as the distortion of World War II in textbooks. It turns out that the Japanese authors of the offending texts have worked for the Pentagon for decades.

"All thirteen countries of the ASEAN+3 are now in full agreement to the economic principles of an Asian Monetary Fund and other integration, but the big problem is trust," said one adviser. "After Koizumi's initial administration, the trust is just not there now."

But however uncomfortable many East Asians are with each other, even more leadership is demanded now. Today's crisis can not be addressed only on the "Asian family" level, LaRouche noted recently.

To dump the "Washington Consensus," what is required is nothing less than a new "Eurasian Consensus." East Asian leaders require the vision to broaden their immediate cooperation to include Russia, India, and Europe, to achieve the political weight necessary to implement the physical economy programs.

Russia, "the Eurasian nation," is one of only three cultures on the planet, LaRouche notes, which views itself as qualified to shape world affairs, something which Asian cultures have not yet stood up to do. The other two with such a global view, the British Empire and the United States, in recent years are running Asia into the ground. Asia needs a Russian alliance to survive.

More important, Russia has an embedded scientific and cultural excellence from which Asia has a good deal to learn. The Russian science base is accustomed to producing entirely new discoveries in science, such as Japan, for example, has not done. From the time of the St. Petersburg Academy in the 18th Century, Russia has absorbed great European Classical literature, poetry, music and other cultural achievements, made gigantic new contributions such as those of Pushkin or Vernadsky, and reproduced this in ways a "Pokémon culture" can not imagine.

"There is clearly a need to create a venue within Northeast Asia for intra-regional discussions that also include Russia, North Korea, and Mongolia," Japan's staid *Mainichi Shimbun* editorialized Nov. 6, in an unusual report on the Brunei summit. Southeast Asia has ASEAN, they write, "but Northeast Asia still does not have a venue" for talks with Russia.

Maastricht Trojan Horse

The negative influence of the European Union's IMF-style Maastricht Treaty on any Asian Community, finally, should be understood and rooted out. Close cooperation between Asian leaders and French, German, and other Western European patriots and industrialists generally, is central to building the Eurasian Land-Bridge. But a peculiarly nasty circle of Maastricht theorists at the French and German finance ministries, and their advisers such as Prof. Robert Mundell, are to be avoided.

The Maastricht mafia have convinced many architects of the Asian Community plan that to appear "legitimate" at the IMF/WTO bargaining table, it's best to argue that a regional community will work in Asia just as it does in Europe. For years Mundell, a monetarist trained in Milton Friedman's Chicago School, has urged Asians to build tight money, budget cuts, deregulation, privatization, and other neo-liberal insanities at the core of Maastricht, into any Asian Community plan. The East Asian Community report repeats much of the Maastricht mantra.

EIR has reported at length on secret documents disclosed last year by an angry former German Chancellor Helmut Kohl, showing that the Maastricht Treaty was imposed on Germany by French President François Mitterrand, under the influence of Britain's Margaret Thatcher. His government, he said, was forced to give up German national sovereignty and accept the euro and its IMF program, under the blackmail threat that France and Britain would never otherwise agree to German reunification. By Thatcherite design, the reunified Germany has never been able to rebuild its full industrial base (see *EIR*, Aug. 14, 1998).