
I. The New Rules for the World

ZEPP-LAROUCHE WEBCAST

As Tensions Mount, Keep an Eye on the Big Picture

This is the edited transcript of the May 9, 2018 Schiller Institute New Paradigm webcast, an interview with the founder of the Schiller Institutes, Helga Zepp-LaRouche. She was interviewed by Harley Schlanger. A [video](#) of the webcast is available.

Harley Schlanger: Hello. I'm Harley Schlanger of the Schiller Institute. Welcome to our weekly international webcast, featuring our founder and President, Helga Zepp-LaRouche. Today is May 9, celebrated in many countries, including Russia and Israel, as Victory Day, to commemorate the end of the fighting of World War II in Europe. We hope that as you join us in commemorating this day, you reflect on the horrors of war, but also redouble your commitment to work with the Schiller Institute, to find peaceful solutions to the crises in the world today.

We have some new, unfolding crises, starting with President Trump's speech last night in which he an-

nounced that he's taking the United States out of the Joint Comprehensive Plan of Action, the nuclear weapons agreement with Iran. Helga, this is quite a significant event, but we don't know the full implications. What does it mean and what are the reactions to it so far?

Helga Zepp-LaRouche: There is general concern voiced by many countries and forces, for example, China and Russia, but also Merkel, Macron, and May. They have all expressed concern that this is potentially a very dangerous development, because it could easily spin out of control. It's a quite complicated situation. Iran's President, Hassan Rouhani, said that if the other participants in the agreement—China, Russia, France, Germany, and Great Britain stick with it, then Iran will comply and continue with the agreement. That may turn out to be difficult, first of all because the internal situation in Iran is not so easy. Some hardliners have said that they will abandon the treaty. The Speaker of



Xinhua

Iranian President Hassan Rouhani, seen here with Foreign Minister Javad Zarif, said if the remaining participants in the 2015 nuclear deal continue with it, then Iran will.



Xinhua/Ahmad Halabisaz

*Iranian Parliament
Speaker Ali Larijani*



official photo

*U.S. Ambassador to
Germany, Richard
Grenell*



UN/Cia Pak

Prime Minister of Israel Benjamin Netanyahu at the UN, 2016.

the Parliament, Ali Larijani, said that other hardliners were already shouting “Death to America.” That looks complicated and dangerous.

Then there is the threat by the new American Ambassador in Berlin, Richard Grenell, who on his first day at his post, immediately issued a threatening tweet: “German companies doing business in Iran should wind down operations immediately.” That was not met with enthusiasm. Wolfgang Ischinger, former German ambassador to United States, tweeted back a very diplomatic response: “My advice, after a long ambassadorial career: Explain your own country’s policies and lobby the host country—but never tell the host country what to do, if you want to stay out of trouble.” There were commentaries in such publications as *Spiegel Online*, saying that Trump’s unilateral cancelling of the treaty is shaking the very foundations of the Western Alliance.

It remains to be seen what will ensue. Trump has said that he wants to get rid of this deal because it’s a very bad deal, and that he has another one. Unfortunately, he has not yet given any indication what that plan would be.

The Chinese daily newspaper *Global Times* and also the VIPS, the Veteran Intelligence Professionals for Sanity, a group of retired intelligence people from the United States, have warned that if Iran were to now go back to its nuclear program in response, then this could immediately trigger a spiral of competition in an arms race, in which Saudi Arabia, Egypt, and Turkey all might want to start, or actually would start their own nuclear weapons programs. There is great concern about how Trump’s announcement will affect ongoing

preparations for the summit between President Trump and Kim Jong-un of North Korea. President Trump’s Iran announcement ties in to all of these matters.

The reactions from the military are quite different. The majority of the military in both the United States and Israel do not share the views expressed by Israeli President Benjamin Netanyahu. Unfortunately, Trump seems to have adopted Netanyahu’s views. In the United States, the Secretary of Defense, General James Mattis, and the Chairman of the Joint Chiefs of Staff, General Joseph Dunford, have said that Iran was complying with the Agreement. Some people in the Israeli defense establishment have said the same thing.

On the other hand, Netanyahu has some cabinet ministers who are quite wild. Upon the election victory of Hezbollah in Lebanon, these cabinet members commented that if Syria’s President Assad doesn’t kick Iran out of Syria altogether, they would “liquidate” Assad! This is bellicose language. As Trump was speaking, cancelling U.S. participation in the Iranian deal, a new air strike hit near Damascus. No one has yet claimed responsibility, but the likelihood that the perpetrator was Israel is very high, since that nation had previously launched a similar missile attack.

That means we face a very dangerous and very messy situation. President Trump says he has an alternative plan. That plan needs to have certain key elements to be viable. Any peace plan, or any security architecture, has to take into account the security interests of all participating countries. Iran was adamant about



DoD/Air Force Tech. Sgt. Vernon Young, Jr.

U.S. Defense Secretary James N. Mattis giving Congressional testimony in Washington, D.C., May 9, 2018.

developing its own nuclear weapons not only to defend against what happened to Saddam Hussein in Iraq and Muammar Qaddafi in Libya, but also because Israel has nuclear weapons—which nobody speaks about but which is a known, public secret. So any agreement, for it to work, must also include a security guarantee for Iran.

Given the condition of the entire Middle East and Southwest Asia, after the destructive wars in Iraq, Libya, Syria, Yemen, and Afghanistan, it is very clear that the only way that this region's problems can be solved, is what I have said many times: You need the extension of the New Silk Road into the entire region, from Afghanistan to the Mediterranean, from the Caucasus to the Gulf, and you need an integrated development plan for all of these countries as a whole. This will only work if Russia, China, India, Iran, Egypt, the United States, and hopefully European countries, all agree that this region must be economically built up. The only way peace will come to this region, the only way that to rid the region of terrorism, is to move forward with a perspective of hope for the future.

So, I really hope that President Trump does indeed have an alternative, more comprehensive plan, and that it includes joint ventures of the United States, Russia, China, and India in the development of this region. A beginning was made between China's President Xi Jinping and India's Prime Minister Narendra Modi when they met in Wuhan, China a week ago, where they agreed to start joint development projects in Afghanistan, building a railroad that will travel through Iran, Afghanistan, Tajikistan, Kyrgyzstan, and China. That would be the beginning of many other projects to follow. You need a comprehensive development plan for it to work. I really hope that President Trump is thinking in that direction, because that's the only way that part of our world can be stabilized.

Schlanger: Let me just probe a couple of areas you brought up, because some things are really quite significant. You talked about the effect of sanctions. The effort to use sanctions as, in a sense, almost an act of war, doesn't only affect the country that's being sanctioned. Congressional sanctions against Russia, the so-called CAATSA—Countering America's Adversaries Through Sanctions Act—has profound implications for Germany, especially with regard to gas and pipelines. The latest sanctions, as you mentioned, was the U.S. Ambassador to Germany threatening German firms. Is



there a reaction coming from Europe, and especially from Germany on this?

Zepp-LaRouche: I know that German industry is demanding that the German government and the EU protect it. If sanctions against Iran are declared, such action would also hit German and European firms currently doing business in Iran. On top of the sanctions against Russia—this is getting to be too much! This is why some of these commentaries are saying that this is shaking the very foundations of the Western Alliance. Just a couple of a days ago, the eastern division of German industry issued an appeal to the German government and the EU, saying that the recent round of sanctions against Russian oligarchs and firms is already costing German industry several hundred million euro in direct losses, and much more in indirect losses. This goes to the very existence of many firms, whose entire production lines are threatened.

Look at the danger of German firms or European firms being hit by the Iranian sanctions—we must realize that there is a limit to what is bearable in terms of the national interest of Germany. There *is* a reaction. Sanctions are not a good thing. This is not the way to conduct policy. Iran must be integrated into a security architecture. If you isolate a country, if you demonize it, and if you take a one-sided view from Israel and Saudi Arabia, as unfortunately President Trump seems to be doing, this can become a prescription for disaster.

I think sanctions are not working. Look at Russia. Contrary to expectations, Russia has made it clear that it will never change its position on Crimea. The actual situation in Crimea has nothing to do with the narrative spun in the West. The dynamic is quite different: It all started with the policy of regime change. You have to look at the Project for a New American Century, the role of Victoria Nuland, and the EU Association Agreement. You have to look at many factors, in looking at the Crimea. Did Putin change his policy? No.

Did it lead to a regime change? No. Putin was just re-elected with a large majority. Sanctions are just not a useful policy tool.

The *only* way you can solve any problem in today's world is through diplomacy and negotiations; that's the only way. Any other way—coups, military strikes, regime change, color revolution—all of these are just different degrees of warfare, none of which will result in anything good.

Schlanger: That brings us to the obvious question: We know the Saudis and the Israelis wanted this decision from President Trump. Ultimately, who benefits from these sanctions, these proxy wars, and the overall increase in tension in the world? Who's benefitting from this?

Zepp-LaRouche: Well—the only ones who benefit are those who believe in geopolitics, divide and conquer, that you always have to ally with the weaker against the stronger. The British Empire is famous for having conducted such policy. Netanyahu claims that Iran violated the treaty, but this was not confirmed by the International Atomic Energy Agency. It was rejected by various other UN institutions. So, where does it come from? Even Netanyahu had to backtrack, rehashing old accusations going back to the Bush administration. In a certain sense, you could say that the same kind of destabilization is taking place in Trumpgate, which now turns out to be collusion, not by Trump with Russia but by the former heads of the intelligence agencies of the Obama



kremlin.ru

Russia President Vladimir Putin (behind marching soldiers) lays a wreath at the Tomb of the Unknown Soldier on Victory Day, May 9, 2018.

administration with the British government.

The Skripal case came from the same origin as did the fraud of the so-called chemical weapons attack by the Syrian government. This is a continuation of the same effort. Netanyahu is acting as an instrument of these same interests. This is very dangerous. It's very unfortunate that President Trump again and again has been affected by these forces around him.

Let me emphasize: There must be a complete change in attitude. Geopolitics is the stuff of which two world wars were made. Given that we are celebrating the May 9 victory over fascism in Europe today, we should really make a solemn commitment, "Never Again!" We cannot have world wars again! These destabilizations have the potential of spinning out of control. Should there be a military conflict between Israel and Iran—which is not to be excluded at this point—it could indeed spin out of control and lead to the extinction of civilization. So this is not stuff to be played with.

Schlanger: We see something similar in the reaction to President Putin's inauguration address, where he made a very strong commitment to serve his term, to improve the conditions of the Russian people, with an emphasis on science, technology, industry, longer life expectancy, and higher living standards. Yet the Western press is full of nothing but attacks on Putin as the "new czar." We are seeing the same kind of hysteria all over again. President Trump, however, did congratulate Putin on his inauguration.

Do you have any thoughts on Putin's inauguration

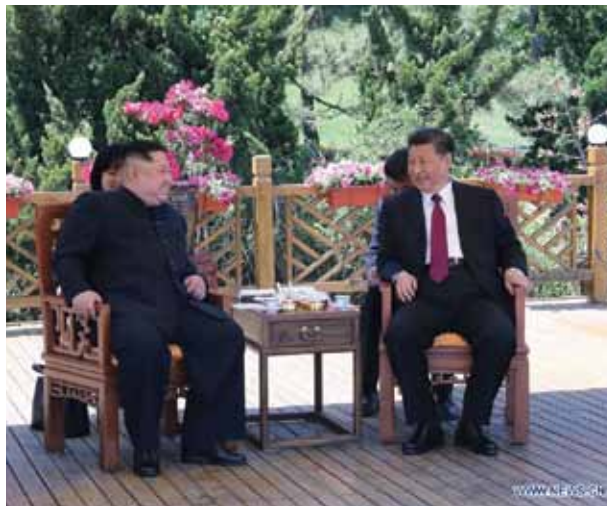
and also the Victory Day celebration in Moscow today?

Zepp-LaRouche: President Putin has a clear perspective for the next six years. He has a very ambitious program to improve living standards, longevity, pensions, and many other aspects of life for the Russian people. We will have to wait to see who is appointed to the cabinet and who gets what position, and to see if some of counterproductive liberal policies of the past are unfortunately continued.

There is certainly a big difference between the cynical, almost hysterical reactions in the West, and the way the Chinese responded to Putin's new six-year term in office. The Chinese *Global Times* had a very accurate observation: The relationship between Russia and the West will not improve easily or any time soon, simply because the West is not reconciled to the fact that Russia, under President Putin, has achieved a new power status in the world as a global player, as a country with a vast territory and incredibly vast resources.

I remember very well that many years ago, Madeleine Albright, and also Joschka Fischer, the German foreign minister of Germany, both outrageously claimed that Russia had too many raw materials and that the Russian government therefore cannot be allowed sole access to the use and control of Russian raw materials. This is really the deeper, underlying reason why certain people in the West are so completely freaked out that Putin, in very difficult circumstances, was able to undo what was done to Russia in the Yeltsin period, in which Russia's population collapsed at the rate of 1 million a year.

Putin has restarted the



Xinhua/Ju Peng

China President Xi Jinping (right) holding talks with Kim Jong Un, leader of the Democratic People's Republic of Korea, in China, May 7-8.

Russian economy to a very large extent. He has consolidated a strategic partnership with China. And, despite obvious economic difficulties—resulting from the economic sanctions and various other problems—he has been able to outflank the military containment of Russia, as made public in his March 1 announcement, with the production and deployment of four new weapons systems that render the American anti-ballistic missile system aimed at Russia obsolete.

Putin has said that Russia is still facing a period of great challenges. He has, in my opinion, managed to do quite an enormous job: All the demonization against him is because he did that. Russia was supposed to continue in the path set by Yeltsin: Submit to the West, to liberal policies, and to shock therapy. Russia has now resumed its status as a world power, to the chagrin of the geopoliticians in the West.

Schlanger: The geopoliticians in the West are screaming about China also. As you have pointed out in the last couple of days, there have been tremendous advances in diplomatic activity in Asia: the follow-up meeting of North Korean leader Kim with President Xi

of China, and announcements of North Korea being brought into the Belt and Road Initiative, following the Kim meeting with President Moon Jae-in of South Korea. This is all very promising.

What can you tell us about these developments?

Zepp-LaRouche: Hopefully, the cancellation of the Iran deal will not affect this, which I'm quite worried about.

When Kim Jong-un and Moon Jae-in met, President Moon gave his North Korean



Xinhua/Korean Central News Agency

U.S. Secretary of State Mike Pompeo (left) shaking hands with Kim Jong Un, top leader of the Democratic People's Republic of Korea, May 9, 2018.

counterpart a thumb drive with a whole development plan for North Korea, involving three economic corridors—railway lines connecting all the way from South Korea through North Korea to China, and to the Trans-Siberian Railway. There are extensive discussions in Moscow about the Tumen River Project. This is a fantastic economic development plan that involves Russia, China, and North Korea. It has the potential to make this region, which is now very underdeveloped, into a big transport hub for all of Asia.

If this program continues to move ahead, we will be seeing an economic miracle between the two Koreas, paving the way for peaceful unification and integration into the Belt and Road Initiative, transforming this area of the world from a crisis spot into one of its most prosperous regions. The fact that Trump's new Secretary of State, Mike Pompeo, was just again in North Korea, preparing the summit between Trump and Kim, means, as of now, it's still on a very good track.

This development clearly demonstrates that if political leaders approach such problems with good will, you can take any crisis—*any* crisis—and solve it exactly the way this was solved. There were extensive back-channel discussions involving Russia, China, and the United States. The Korean developments are a very powerful example, showing that with good will, you can turn the worst crisis into its opposite and make it a hopeful perspective. So I really hope this lesson is truly learned. The same method can and should be applied to Southwest Asia right now. The fact that the New Silk Road is the most dynamic development on the planet, should encourage everyone to see the benefit of cooperating and joining in.

Schlanger: On that latter point, the dynamic development of the New Silk Road, new figures have just been released that highlight the point you've been making about the U.S. deficit in its trade with China. As the Silk Road project expands and grows, China is *importing more*. These figures show a massive increase in trade, and interestingly, China is importing almost as much as it is exporting: So perhaps this lesson will be learned by people in the United States.

Helga, I wonder if you have some thoughts on the meetings now taking place between China, South Korea, and Japan. That's another part of this picture.

Zepp-LaRouche: Yes. The summit meeting of the leaders of these three countries is happening today. That is extremely important, given the recent strategic



realignment of Japan, in which Prime Minister Shinzo Abe is now openly cooperating with the Belt and Road Initiative. South Korea is offering to mediate between North Korea and Japan to facilitate North Korean leader Kim Jong-un's expressed desire to have a summit with Prime Minister Abe. All of this is really hopeful, and is going in the right direction.

The Belt and Road trade figures you mentioned are quite relevant. The Chinese government issued statistics for 2017 showing that all the propaganda about how all the countries trading with China have been drawn into a debt trap is completely ridiculous. The total dollar value of the trade between China and 71 countries of the Belt and Road Initiative was \$1.5 trillion in 2017. About \$666 billion of that trade was China importing from these countries. Exports from China were about \$750 billion. The dollar value of imports grew by 20%, while exports grew by 8.5%. So it's almost a balanced trade picture.

This shows that the accusation that China is just exerting its influence to the disadvantage of the participating countries is absolutely not true. These countries have been economically invigorated and are exporting to many other countries in addition to China. It is a complete success story. This is where real growth in the world's economy is taking place.

Schlanger: Instead of reflecting that reality, most of

the discussion in the West is about the so-called “China debt bubble,” the “Belt and Road debt bubble,” when in fact, it’s the debt bubble in the West which threatens the world economy.

I know you looked at Nomi Prins’ new book. There’s a lot more material coming out. It’s ironic that the people who scream about China’s debt—when that is *debt as credit* going into real physical production—have nothing to say about the unsustainable volume of debt that continues to grow in the West. Highly incongruous, isn’t it?

Zepp-LaRouche: It’s not only incongruous: it’s reckless. Dangers exist such as the possibility of South-west Asia spinning out of control, or other such security dangers. The other major danger is the uncontrolled blowout of the trans-Atlantic financial system. On her book tour, Nomi Prins is emphasizing again and again, that all the parameters of the financial crisis are 40% worse than in 2008. Her book is notably titled *Collu\$ion: How the Central Bankers Rigged the World*—so she’s writing about quite a different form of collusion.

This *is* the unspoken danger, and the only way that danger can be eliminated is with the full [Four Laws package](#) designed by my husband, Lyndon LaRouche, in 2014. We need those key measures: Glass-Steagall in the tradition of Franklin Roosevelt, Hamiltonian banking as in Hamilton’s National Bank; a credit system; and most importantly, given the collapse of productivity in Western economies due to the toxic mix of opium addiction, desperation, depression, Greenie ideology, and destructive monetarist policies, a crash science-driver program to increase the productivity of the economy.

The Western economies overall, despite some bright spots here and there, urgently need a significant boost. The only way to get such a boost in productivity is to insert a qualitative, higher level of energy-flux density into the production process that would include a crash program for the development of controlled thermonuclear fusion power, and international cooperation in space technology and exploration. That is the pathway to reinvigorate and foster innovation throughout the entire economy.

That requires a completely New Paradigm in relations among nations, all working together in the Belt and Road Initiative, the New Silk Road, in joint ventures in third countries, development of the Middle East together, and development of Africa and Latin America. We really have to fight for our future, and not stay

in the prejudices of the old paradigm. Because if enough of us don’t join that fight, I don’t think the chances for mankind to make it are very high.

If President Trump were to stick to his election promises, and promises he made many times afterwards in rallies, to implement Glass-Steagall, and to go back to the American System of economy, cooperation with China would be very easy. The American System is much, much closer to the Chinese model than most people realize, because it is based on state intervention, that certain areas of the economy are the task of the state, not of private industry. It’s no coincidence that Benjamin Franklin was a follower of Confucius and that Sun Yat-sen was inspired by the American System. There are many, many parallels and connections, which would actually make cooperation very easy.

Remember that Wall Street and the City of London, even more so if that’s possible, remain totally dead set against those principles and their practical application in U.S.-Chinese cooperation. We clearly need an international mobilization to implement Glass-Steagall before the crash comes. Because, should the crash come without such banking re-regulation in place and progress being made in getting rid of the speculative bubble, the danger is of a plunge into chaos that would almost certainly be a trigger for war.

So I urge you: Join the Schiller Institute. Help us in this mobilization to make the alternative of the New Silk Road as a New Paradigm more known. Once people know about the dynamic, rapidly growing New Silk Road developments, they get a completely different idea of what is possible. Solutions to the crises of today’s world are available but more people must mobilize—these solutions don’t come on their own.

Schlanger: I think that’s a fitting way to close our discussion on this Victory Day. One can learn the lessons of the past, but it requires critical thinking. The Schiller Institute [website](#) has numerous articles by Helga Zepp-LaRouche as well as presentations she’s given on the lessons of the 20th Century and the danger of sleep-walking into a new world war.

So Helga, on this Victory Day, I thank you for reiterating these points. Again, I urge you, our viewers, to go to our website and become a member of the Schiller Institute, because we are the one force in the world that is absolutely clear on these issues.

Thank you all for joining us, and thank you, Helga, for being with us today.