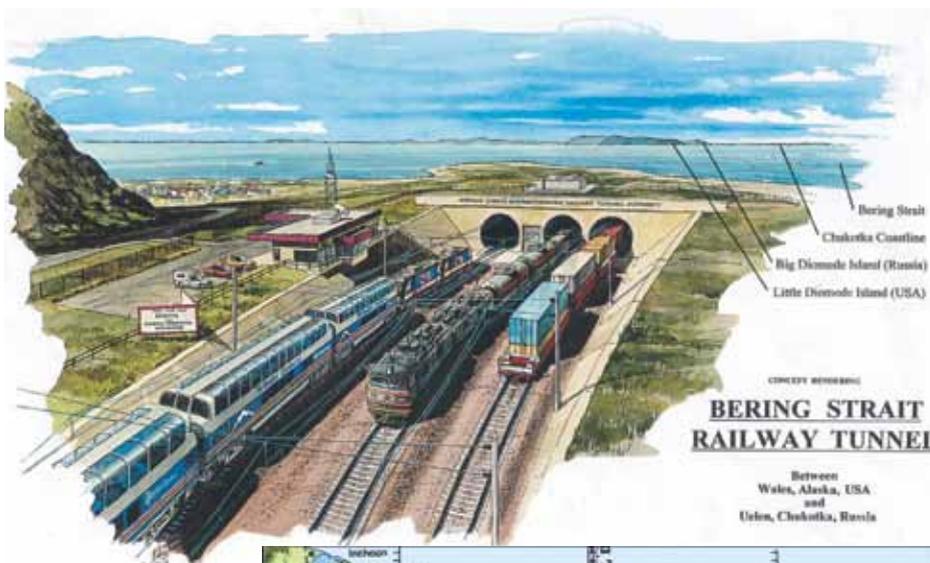


CONFERENCE IN YAKUTSK, SIBERIA

North Eurasian Infrastructure And the Bering Strait Crossing

by Rachel Douglas



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Above: Artist's rendition of the terminal on the Alaska side of the Bering Strait Railway Tunnel. Russia's coastline is in the distance. Right: Proposed route for the tunnel.



Aug. 28—A three-day conference, “Comprehensive Infrastructure Development in Northeast Russia: from Limitations to Growth,” took place Aug. 17-19 in the East Siberian city of Yakutsk. With participation from major Russian regional and national institutions, it was representative of “a spirit of optimism coming from a faction in Russia; one of the few important reversals of backwardness on the planet, so far, in recent years,” identified by Lyndon LaRouche in the LPAC Weekly Report¹ of Aug. 11, 2011. A major focus of the Yakutsk event was the project to link Eurasia and North America by a multimodal connection, including rail, across the Bering Strait—a great project promoted by LaRouche since 1978, and a natural extension

1. <http://www.larouchepac.com/node/19062>

of the North American Water and Power Alliance (NAWAPA) design.

The discussions reported from the meeting demonstrated what LaRouche emphasized in the LPAC Weekly Report of Aug. 24 (see *Feature* in this issue): that if the United States does what we must, regarding productive employment in rebuilding the real economy, “probably the most enthusiastic partner of the United States in such an undertaking as this, would be Prime Minister Putin of Russia. . . . Putin’s announced project objectives are in this same direction. Russia is a very important country, despite the hard times it’s come upon in recent years, because it commands a vast area of rich natural resources, and has an industrial and transportation, and so forth, skill, and scientific background, that it can be a major factor in collaboration, not only with China, which it already tends to collaborate with, but also with a Europe coming out from under the mess that exists there, now.”

The Yakutsk discussions also, together with debates around the financing of related Siberian and Russian Far East goals, dramatized that it will be impossible to build great development projects as some kind of rear-guard action, seeking financing for them within the dying global monetarist system. They require cooperation among nations, each operating with a genuine *credit system*, as LaRouche has defined it, and with the principles thereof governing agreements among them. Those principles include the orientation of all lending to physical-economic activity, and its strict protection, under the Glass-Steagall principle, from cannibalization by financial speculation.

Development Corridors

The Yakutsk conference was hosted by the government of the Sakha Republic-Yakutia, with sponsorship from Russia’s Council for the Study of Productive Forces (SOPS) and Chamber of Commerce and Industry. The SOPS, a joint organization of the Russian Academy of Sciences and the Ministry of Econom-



EIRNS/Rachel Douglas
Academician
Alexander Granberg

ics, has its roots in Academician Vladimir Vernadsky’s KEPS organization, the Commission for the Study of Natural Productive Forces, of 1915-30. The Council was formerly headed by the late Academician Alexander Granberg, a specialist in regional development projects who vigorously advocated building a tunnel across the Bering Strait, until his death last year (see *EIR*, Sept. 3, 2010), and who was an endorser of the November 2009 “Call To Put the LaRouche Plan to Save the World Economy on the International Agenda.” Last year, the SOPS design of the Bering Strait project won the Grand Prize for innovation at the Shanghai World Expo-2010.

Dr. Victor Razbegin, acting head of the SOPS, told a pre-event press conference in Moscow on Aug.

12 that the Yakutsk conference would subsume a discussion of prospects for creating the multi-modal corridor between Eurasia and America, as well as a Chamber of Commerce and Industry business summit for Arctic regions. In April 2007, Razbegin spoke about the Bering Strait project at a Moscow conference on “Megaprojects of Russia’s East,” where a paper by LaRouche, “Mendeleev Would Have Approved,” was presented; Razbegin also sent a paper to the Schiller Institute’s September 2007 event in Germany, “The Eurasian Land-Bridge Becomes a Reality.”



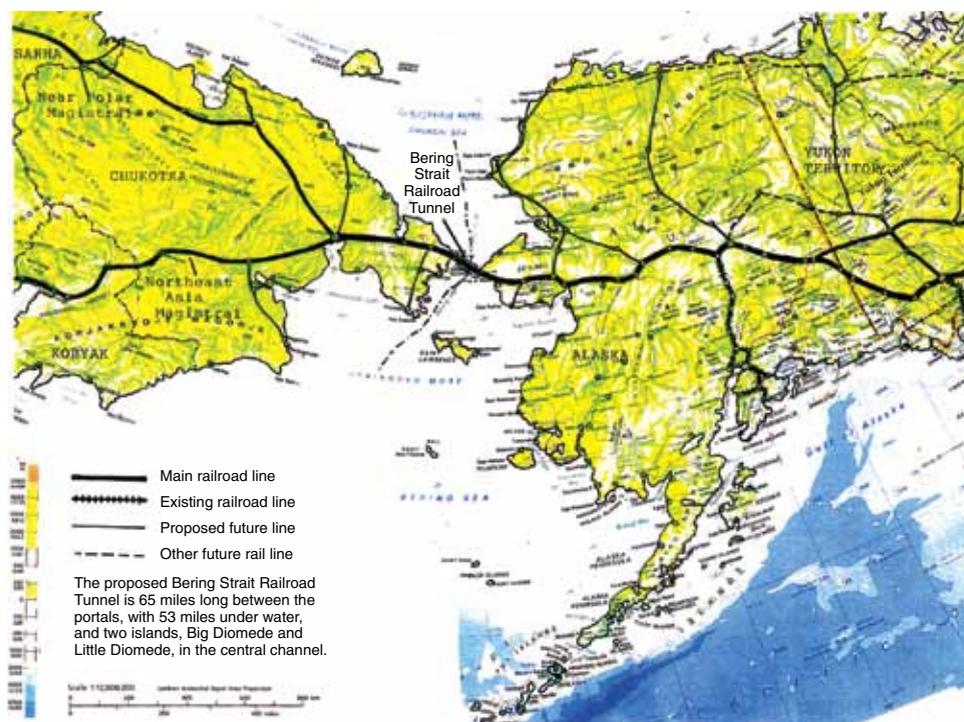
Dr. Victor Razbegin

At the Aug. 12 press conference, Razbegin said: “The only segment that remains before the continents are linked is 4,000 km in Russia and 2,000 km in Alaska and Canada, so this is a key, pivotal project for developing the entire infrastructure of our Northeast. The project is for building an integrated main line, not only a railroad, but a highway and an electric power transmission line, linking the power grids of the continents. After we build this segment, four out of six continents will be interlinked by these systems.”

The regional SakhaNews agency gave extensive coverage to the conference, as did *Gudok* (“the Whistle”), the Russian Railways newspaper. Russian Railways CEO Vladimir Yakunin, whose position in charge

FIGURE 1

Proposed Route of the Interhemispheric Railroad To Connect Alaska and Chukotka Through the Bering Strait Railroad Tunnel



Hal B.H. Cooper, Cooper Consulting Co.

of the state-owned company gives him ministerial rank in Prime Minister Vladimir Putin’s Cabinet, was involved in planning the event. *Gudok* of Aug. 8 interviewed Fyodor Pekhterev of the Institute of Transport Economics and Development, on how the Russian Railways line to Yakutsk, continuing on to Magadan on the Sea of Okhotsk, and to the Bering Strait coast of the Chukhotka Region, will link to Alaska.

TPP-*Inform*, the Chamber of Commerce and Industry media outlet, reported Aug. 23 that the conference had drawn 500 people, including from Russia, China, South Korea, the U.S.A., and some European countries.

Building Railroads

The construction of a rail line to Magadan, and then all the way to the Chukotka village of Uelen, as the potential terminus of the Bering Strait crossing on the Russian side, is defined as a “strategic” project in Russian Railways plans for 2016-30. The company’s strategy through 2015 includes construction of the first leg, a railroad from the Baikal-Amur Mainline (the BAM, or second Trans-Siberian railroad, built in

the late Soviet period) to Yakutsk, capital of the Sakha Republic. Until now, this city of 250,000 people, located at 62°N, has had no rail connection to the rest of Russia.

The Russian Railways program and the other federal programmatic document for Siberia and the Russian Far East, the “Program for Economic and Social Development of the Far East and Transbaikalia to the Year 2013,” have both come under heavy pressure for cutbacks since full-scale financial turmoil broke out in 2007. While Russia’s multi-hundred-billion reserve fund, amassed from the proceeds of selling oil and natural gas, was spent to bail out the banking system, budget monies assigned to these programs

have often simply not been disbursed. Yakunin and other allies of Putin have fought tenaciously to save them. One of their strongest arguments is that, without the repopulation and development of these regions, it will be impossible to preserve Russia as a unified nation.

Victor Ishayev, the presidential envoy for the Far East Federal District (FEFD), informed Putin in an Aug. 16 meeting, that “the reduction of federal budget spending, assigned for implementation of [the 2013] Program measures in the FEFD, totalled 80%.” Last December’s federal budget law cut 147 billion rubles (approximately \$24 billion) from this spending for 2011-13, which was already a 62% reduction, and another 35 billion rubles of the disbursements which *were* confirmed, went to purposes not included in the Program.

Ishayev asked Putin to throw his weight behind key projects in the Far East. He proposed the speedy formation of a working group to prepare the technical specifications for the long-discussed bridge connection between Sakhalin Island and the Eurasian mainland, which will not only allow greater economic integration

Planned Russian Railroad Development to 2030



- | | | |
|-------------------------------------|---|--|
| — Existing railroads | ==== New freight railroads | - - - - - New railroads of social importance |
| — Planned high-speed rail corridors | New railroads of strategic importance | Northern sea route |

Based on a map released by Russian Railways with the title “Prospective Topology of the Russian Federation’s Rail Network Development until 2030,” our map shows railroad upgrades and new construction, included in the government’s plan for 2007-30. The program was adopted in April 2007. Targetted high-speed rail corridors are centered on Moscow, Yekaterinburg, and in central Siberia. Among the railroads of strategic importance, planned for construction between 2015 and 2030, is the 3,500-km line from the Lena River, near Yakutsk, to a Bering Strait crossing at Uelen. Railroads of social importance tie cities that would otherwise be isolated, to the national rail network. Not all existing rail lines are shown. Many lines connect to railroads in adjacent countries, which are not shown here.



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Proposed Lena River rail utility bridge in Sakha Republic, Russia. The Lena crossing is the designated starting point of the railway to the Bering Strait.

of Sakhalin and the Primorsky Territory on the mainland coast, but also represents a potential rail route to Japan.

Ishayev also reiterated the importance of building a second leg of the BAM, to handle increased freight as Siberia's raw materials are developed. The older, more southerly Trans-Siberian Railway is already operating at capacity. Speaking at the Yakutsk conference, Interfax reports, President of the Sakha Republic-Yakutia Yegor Borisov forecast that existing East Siberian resource development plans will increase BAM freight traffic four- to six-fold by 2020. In early 2010, Ishayev and Yakunin gave a joint press conference on the needed expansion and upgrade of the BAM, for which they were attacked in *Novaya Gazeta*, the paper co-owned by London's favorite, ex-Soviet leader Mikhail Gorbachov.

On June 14 of this year, Yakunin met Putin, to give the Prime Minister a comprehensive briefing on Russian Railways investment activity and plans, including the completion of guidelines for expanding high-speed rail service in many parts of Russia. According to the Russian Railways publication *RZhD-Partner*, Yakunin reviewed the priorities for rail in Siberia: the second branch of the BAM, modernization of the Transbaikal Railway, and pushing ahead to the north. "Have you made it to Yakutsk yet?" asked Putin.

Yakunin replied that the railroad to Yakutsk should

be completed next year. The first 266 km of the 800-km track from Berkakit on the BAM, to Yakutsk, had already entailed construction of 45 bridges and moving of 29,000 cubic meters of earth, when it was completed two years ago, *EIR* reported in January 2010. Yakunin also informed Putin that "there is a creative discussion going on, over whether to build a bridge or a tunnel" to cross the Lena River. The Lena crossing is crucial for the Yakutsk vicinity, as well as being the designated starting point of the railway to the Bering Strait.

Where Will the Money Come From?

Vasili Usoltsev, deputy chairman of the State Duma Committee on Problems of the North and Far East, was quoted in an Aug. 18 Voice of Russia radio report on the Yakutsk conference, saying that "the first and main question is to preserve the population and attract population flows" to the area. This will mean roads and railroads, he said, but also new projects such as "creation of a Far East grain corridor," and "a powerful electric power system"; both are being integrated into a new strategy for developing the Far East and the Transbaikal areas to the year 2025.

On Aug. 11, Russian Federal Space Agency head Vladimir Popovkin affirmed another aspect of the country's Far East development, announcing that construction of the Vostochny Cosmodrome space launch center and science city will begin next month. Over five years, 30,000 workers will build research centers, an academy for young scientists, an astronaut training center, and space manufacturing facilities in the Amur Region near the Russian-Chinese border.

In view of how the previous decade's package of development programs for the region has been savaged by budget cuts, various schemes have emerged to address the question of "where the money will come from" for all these projects, at the Yakutsk conference and elsewhere. Gennadi Alexeyev, a Sakha Republic official, said that his diamond-rich region wants to co-

finance the Bering Strait crossing project, especially if the Russian federal budget falls short.

Russian Railways issued a press release on Aug. 22, announcing that it will be unable to carry out its Far East development program for 2011-15 without more government backing. "The main constraint in implementing fully the proposed activities for the development and modernization of the existing railway network in East Siberia and Russia's Far East is the lack of financial resources," said the statement. "Given the scale of the problem and the significant amount of investment required, Russian Railways believes that solving these tasks without the appropriate government support will be impossible."

So many Russian think tanks and so much of the Russian media are controlled by financier interests, including London ones directly, that the inevitability of "private financing" for infrastructure development has become a constant drumroll in the press. RIA Novosti, writing Aug. 16 about Ishayev's push for the BAM expansion, asserted that "experts believe" that the project will cost 1.1 billion rubles, and "will have to be financed through private investments."

At the Yakutsk conference, Sakha Republic official Alexei Struchkov boasted that public-private partnerships (PPPs) would be the route to obtaining financing for Far East infrastructure. He said that the republic will submit draft enabling legislation at the federal level for changes to investment laws, and is drafting a regional "Law on Public-Private Partnership," detailing incentives for private investment in Yakutia. A plenary session of the conference was devoted to PPPs; it was chaired by Yermolai Solzhenitsyn of McKinsey & Company, son of the late Russian writer Alexander Solzhenitsyn.

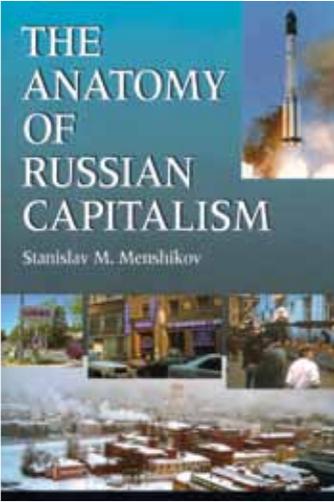
Vedomosti financial daily reports that Russian Railways, for its part, has submitted a plan to the government for issuance of "government infrastructure bonds" in the amount of 400 billion rubles, to finance rail construction needs not covered by the federal budget, through 2015. Officials of the Economics Ministry and Finance Ministry have attacked the scheme, with an official of the latter insisting, "You can't do that. Government bonds are issued only to finance the deficit."

But in Yakutsk, several of the participating officials laid out a truly grandiose perspective for continental development, including the Bering Strait project. It is on a scale that cannot be addressed merely by bond schemes within an otherwise collapsing system, and it certainly

should not be left to the type of financial vultures which dominate the PPP process under globalization. It is a matter of state policy, and the outlook of these Russian officials confirms that leading circles in that country would be immediately in tune with a real shift by the United States to an American System *credit* policy, key-noted by the Glass-Steagall principle, and as elaborated by LaRouche in his latest seven-point guideline for solving the global breakdown crisis (see Feature).

Alexander Levintal, Ishayev's deputy: "We should see advanced development of road and rail infrastructure here [in the Russian Far East] and improvement in the investment climate in Russia as a key aim," including construction of the corridor to the Bering Strait.

Senator Aslambek Aslakhanov, formerly an advisor to Putin: "We have reported on this project to Putin, and it seems that we convinced him. He wanted the Economic Development Ministry and the Transport Ministry to weigh in... I immediately told the Prime Minister they would oppose it." (But, added Interfax, in fact the Transport Ministry is supportive.) "The geopolitical aspects of the intercontinental rail



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line would be difficult to exaggerate: It will not only ensure the strategic integrity of our state, but will develop the infrastructure of the Far East and Siberia as a whole.”

Victor Razbegin: “There is very great interest in this project from governments, as well as private investors. It represents absolutely new possibilities for organizing world freight flows. This involves almost 5% of all freight flows in the world. . . . Investment is not an obstacle. . . . The project will pay for itself within 15-20 years. You can understand why. For Yakutia, building the railway has already reduced the cost of delivering a ton of freight by a factor of 7 or 8. This project is key from the standpoint of developing the entire infrastructure of northeast Russia. . . . *The*

main problem is political. It is difficult for the participating countries to reach agreement: Russia, the U.S.A., Canada, and the East Asian countries which have a stake in it.”

Related Articles in EIR

“Russian-American Team: World Needs Bering Strait Tunnel!” May 4, 2007.

Lyndon H. LaRouche, Jr., “The World’s Political Map Changes: Mendeleyev Would Have Agreed,” May 4, 2007.

V.N. Razbegin, “Eurasia-North America Multimodal Transport,” Sept. 28, 2007.

“Grand Prize Goes to Bering Strait Project,” Oct. 22, 2010.

Russian Gas Pipeline Will Promote Korean Peace

Aug. 18—After years of tension on the Korean Peninsula—tension fanned by British geopoliticians—both Russian and the U.S. (under Secretary Clinton’s direction) have intervened to cool the situation. Most importantly, Russia’s Foreign Minister, Sergei Lavrov, told South Korean Foreign Minister Kim Sung-hwab on Aug. 17 that Russia’s Gazprom had obtained agreement from North Korea to proceed with plans for the construction of a gas pipeline through North Korea, to deliver Russian gas to energy-hungry South Korea.

Lyndon LaRouche has emphasized for many years that peace negotiations in regions subject to British “divide and conquer” conflict can only be successful, if regional cooperation on physical development projects provides the bedrock of the agreements.

Gazprom and Korea Gas will begin consultations this month on the pipeline project. The plan was originally proposed in 2008 during South Korean President Lee Myung-bak’s visit to Moscow, but has not been acted on until now, due to tensions between Seoul and Pyongyang.

Sources in South Korea told *EIR* that the interests of Russia and South Korea have come together at this

time, with the need for stabilization and development of the Koreas and the Russian policy of developing the Russian Far East, intersecting North Korea’s need for economic assistance.

The sources also said that the recent revival of talks between the United States and North Korea, with South Korea’s support, indicates that the moves toward easing tensions are being coordinated between Russia and the U.S. State Department, with China always being consulted as well.

North Korean leader Kim Jung-Il travelled to Russia to meet with President Dmitri Medvedev on Aug. 24, discussing both the pipeline deal and possible revival of plans for an inter-Korean railway line, connecting South Korea to China and Russia through North Korea—thus completing the “Eurasian Land-Bridge from Pusan to Rotterdam.” Kim Jung-Il stopped in China on his return trip, where he briefed Chinese State Councillor Dai Bingguo, repeating his pledge to Medvedev that North Korea was ready to resume the Six-Party talks on de-nuclearization, including on abandoning their nuclear weapons programs and testing. Due to the huge investments required for the project, Russia is particularly concerned that repeated flare-ups between North and South Korea could jeopardize the entire project. On the other hand, only such region-wide infrastructure projects can provide the physical economic basis for lasting peace.

—Mike Billington