

SCHILLER INSTITUTE CONFERENCE

The Eurasian Land-Bridge Is Becoming a Reality!

by Helga Zepp-LaRouche

Editor's note: *On Sept. 15, Helga Zepp-LaRouche, the chairwoman of the Schiller Institute in Germany and its founder internationally, welcomed some 350 members and guests, to a two-day conference in Kiedrich, Germany, with the theme, "The Eurasian Land-Bridge Is Becoming a Reality!" Mrs. LaRouche became known as "The Silk Road Lady," for her tireless organizing on behalf of this idea, beginning in the early 1990s. The following are her remarks opening the conference, and introducing Lyndon LaRouche, who gave the first keynote presentation; she herself gave a keynote on the following day. In this issue, we publish the speeches by participants from Russia. Other presentations will appear in future issues. The entire conference will be archived on the website of the Schiller Institute, www.schillerinstitute.org.*

I want to welcome you again, distinguished guests from many countries, and I'm actually glad to report that we have, so far, people from 29 countries assembled in this conference. This conference is taking place at a truly awesome moment in history, where even the financial media cannot fail to report that the global financial system is in an advanced stage of disintegration, of a complete meltdown of the entire system. And naturally, this is not disconnected from the fact that we are in a world situation of a heightened danger of a new war, this time against Iran. If this would happen, it would be the beginning of global asymmetric warfare, and therefore a plunge of the entire civilization into a dark age.

So, while I don't want to play down the dangers which come from these two immediate situations, the actual purpose of this conference is a very optimistic one. We will hear in many presentations and discussions, how easy it would be to reconstruct the world. And that, provided we get through this immediate danger zone, mankind can enter a completely different phase, having rational discussions about how to build

things; how to overcome bottlenecks; how to overcome poverty; how to build industries, agriculture; how to bloom and green the deserts. And the purpose of this conference is to get people optimistic, not only in the two days of this discussion, but beyond. Because this conference is supposed to be the beginning of a worldwide dialogue, and forum, of people who want to reconstruct the world; of putting together the combination of people who want to fight for the old idea, which used to be the agenda, for example, of the Non-Aligned Movement, to build a just new world economic order.

And the key to this is, obviously, the building of the Eurasian Land-Bridge, which, from the beginning, never was meant to be limited to Eurasia, but we always thought the Eurasian Land-Bridge to be the cornerstone of a global reconstruction program.

The System Is Totally Bankrupt

Now, to situate the conference, let me just briefly remind you of what happened in the recent weeks, which were truly dramatic.

The present world financial system is bankrupt beyond repair. And all the beautiful, creative financial instruments given to the world by Alan Greenspan—the hedge funds, the private equity funds, the conduits, the investment vehicles and whatever they're all called—they are all basically worthless paper. Or not even paper, they're just e-paper, electronic paper, and you can eliminate them by pushing the delete button on the computer, because they don't exist; they're just virtual.

Now, how many trillions of dollars are out there, nobody knows. Not one government, not one central bank—the efforts by the German government at the last G-8 meeting to at least get transparency, failed, so we are still sitting in a situation where nobody knows the exact amount of money which



Helga Zepp-LaRouche opened the Kiedrich conference, calling on the audience to mobilize urgently to implement the Eurasian Land-Bridge, “to be the cornerstone of a global reconstruction program.” With her on the podium is her husband, Lyndon LaRouche.

EIRNS/Julien Lemaître

is presently unpayable. But what one can say is, this is several magnitudes beyond the entire physical GDP of world production. And we have now reached a situation where if the banks are trying to bail out the hedge funds and other funds, they themselves will go bankrupt.

Now Mr. LaRouche, of course, has forecast that this present financial system would end sometime in a systemic crisis. And I’m sure that there is nobody right now, of any significance in the financial world, who, when you have a crash of a hedge fund, when you have new figures of collapse, who is not thinking of this gentleman. Because he is like the incarnation of the warning that the present system cannot function.

Now, in May, when Mr. LaRouche and I were in Moscow at the beautiful occasion of the 80th birthday of Professor Menshikov, who is here today, together with his wife, he said that he expected a major financial crisis for his birthday, which is in this month of September. We took his words seriously, and I thought it would be good to have a conference around this time, so that basically we could discuss what would be the alternative. And so, here we are.

Mr. LaRouche, then, on the 25th of July, made an historic webcast in Washington, where he declared that the system had already collapsed, and that we are only seeing the aftermath, the playing out of this collapse. And he also said that American infrastructure is completely rotten, and falling apart.

And exactly two or three days later, the first hedge funds of Bear Stearns went under, as a consequence of the collapse of the subprime mortgage market in the United States. And at the same time, the bridge in Minnesota collapsed. So, he was

truly prophetic. Then, also, the Japanese yen carry trade started to come to an end, and you had at that point, the trigger of what Mr. LaRouche called the “two bookends” of a reverse-leverage collapse process, and then you had unfolding what is generally called the “cluster risk”: that, because all market segments are interconnected, you had the beginning of a systemic collapse.

Now, the proponents of the casino economy used to say, “Oh, the hedge funds are something very positive, because they distribute the risk on many shoulders.” Well, this is true as long as you have the bubble economy continuing at two-digit profit rates, but the moment you have a reverse-leverage collapse, then this chain-reaction collapse occurs throughout all market segments.

At the beginning of August, you had the first major German bank, the IKB bank, about to go bankrupt, which was then bailed out by the Kreditanstalt für Wiederaufbau [Reconstruction Finance Agency, KfW], with 8 billion euros. The IKB lost major monies in the subprime market through their Rhineland investment vehicle. And then, the *Süddeutsche Zeitung* said that at that point, at the beginning of August, the entire German banking system was at risk. The head of the German credit authority organization, BaFin, warned that this was the worst crisis since 1931, which is a complete *under-characterization*, because the present crisis is way beyond that.

Then, very quickly, in the month of August, which supposedly is a lull normally, you had West LB, which is the state-owned bank from North Rhine-Westphalia. Basically,

they were about to go bankrupt. They were bailed out, and there it turned out that the entire board had covered up and lied about the losses for half a year. So, they all were kicked out. Some of them are facing criminal charges for covering up the amount of losses.

Then the next bank, Saxon LB, which is the state-owned bank of Saxony, was about to go bankrupt, and was bailed out with 17 billion euros from the savings and loan banks from Saxony, because they had lost major monies—the full extent is not known to anybody yet—through so-called conduits in Dublin, which probably are involved with around \$40, or \$60, or even \$65 billion in the U.S. subprime mortgage market.

So, very quickly, these banks were about to go bust. They were bailed out, but the main problem was then that you had the development of a credit crunch, because with the reverse-leverage collapse coming from both the collapse of the U.S. subprime market, and the ending of the yen carry trade, the refinancing of the so-called asset-backed commercial papers became impossible. So, then in the case of Saxon LB, BaFin, the credit authority, on Saturday, gave them two days time to sell, or they would be shut down on Monday. Then Minister President [Governor] Milbradt of Saxony, put the state Constitution out of business for two days, because according to the Saxony Constitution, the parliament has to be consulted and agree to a sale of a state-owned bank, and because it was too short notice, they just put the Constitution out of business. That really casts some big doubts on the duration and value of democracy in this country.

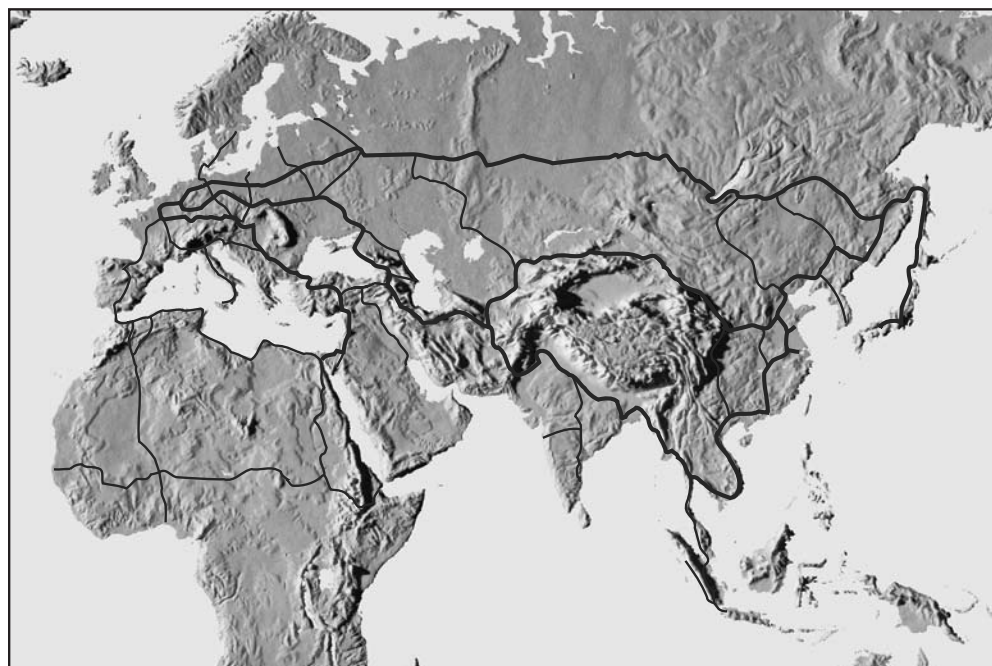
Then, on the 8th of August, an American analyst by the name of Jim Cramer, had a public freakout on TV. He said, “Bernanke, the head of the Federal Reserve, has no idea! He has no idea! He doesn’t know what he’s doing. Doesn’t he understand that 7 million homeowners involved in the subprime market are about to lose their homes? Open the discount window! Open the sluices! Pump money!” It was really quite a remarkable freakout.

The Homeowners and Bank Protection Act

Shortly thereafter, on the 22nd of August, Mr. LaRouche proposed the first very important measure, the Homeowners

FIGURE 1

Some Main Development Corridors of the Future



and Bank Protection Act of 2007, which calls for the Federal government and the Congress to put homeowners into bankruptcy protection, so that people can stay in their homes; that the banks have to reorganize the payment of mortgages in the form of rent; and then the banks have to, in an orderly process, readjust the payments, so that the people can stay in their homes, and that the banks should be protected—because if the banks close down, then the economy shuts down, and an enormous hardship for the population would be the result.

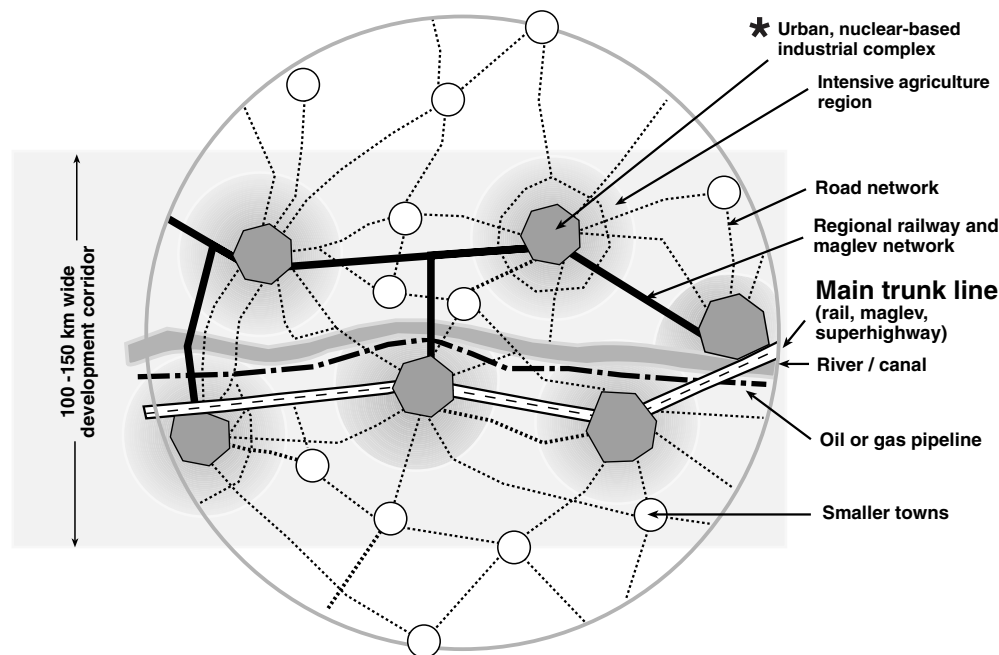
But naturally, the hedge funds and the so-called creative investment vehicles, conduits, and so forth, cannot be bailed out, because they are unsalvageable.

Now, the Congress, obviously, is very dependent on these hedge funds. All the major Presidential candidates have received \$40-50 million for their campaigns already, so there is gigantic pressure on them not to act. And we, as an organization in the United States, and internationally, went into a mobilization to focus on the state legislators, the mayors, the governors, to push for this Federal emergency action, because on a state level, on the level of the cities, people naturally feel the heat of this crisis much more than you can feel it in Washington.

Then, at the beginning of September, there were hearings in the U.S. Congress on this financial crisis, and 75% of all the visitors sitting in these hearings, were lobbyists from the hedge funds, putting excruciating pressure on the Congressmen not to act, actually blackmailing them, delivering threats

FIGURE 2

Graphic Representation of a 'Development Corridor'



of quite some dimensions. But Mr. LaRouche made it very clear that these hedge funds are paper tigers. They may have represented some power in the past, but their weight is actually very little, because they are bankrupt.

So, the situation has now boiled down to this: If the banks continue to bail out the hedge funds, they will go bankrupt too.

Mr. LaRouche has said that the Homeowners and Bank Protection Act must be enacted in September, or there will be no United States, and the same goes for Europe, and for all the other countries in the world.

The pressure is building up right now, in Ohio, in Michigan, in California, in Florida, in New York—in Brooklyn, in Queens—because millions of people are in danger of losing their homes. And obviously that would represent an even bigger social crisis than is already the case with the collapse of the auto industry.

Now, obviously, the Homeowners and Bank Protection Act is only the first step. But given the poor condition of the Congressmen, of the Senators, and of the responsible people in general, to understand the complexity of this present systemic crisis, you have to give it to them in small pieces. But it is very obvious that you need the full package of the FDR solution, which includes a national infrastructure bank, which has to provide a capital budget for long-term investment. Because this Minnesota bridge which collapsed was just one, but there are 130,000 bridges in the United States which are in a similar condition. And in Germany, we are not very far behind

in terms of the condition of infrastructure.

But we need also an economic recovery act. We need a New Deal. We need a Bretton Woods system. And Mr. LaRouche has called for a Four-Power agreement, and I'm sure he will speak about that himself: that you need a changed United States, plus Russia, plus China, plus India, because only if you put together the four most powerful nations of this world, do you have any chance to solve this problem.

Now, I want to turn to the actual subject of this conference.

The Eurasian Land-Bridge Solution

The Eurasian Land-Bridge is becoming a reality. Exactly at the moment when

globalization is failing, the global alternative is taking shape. This is something we have been fighting for since the fall of the Wall, in 1989-90. When the Berlin Wall came down, we proposed, and especially Mr. LaRouche proposed, the idea of a Productive Triangle, which was supposed to be the area between Paris, Berlin, and Vienna, which is the largest industrial concentration in the world, still; and to use high-technology investments in this region—high-temperature reactors, maglev trains, and similar things—to develop so-called corridors to Eastern Europe.

Now, if that had been implemented, it would have been quite a different situation than what then happened, because then you had truly the possibility to put the East-West relationship on a completely different basis.

In '91, when the Soviet Union collapsed, we proposed the development of the Eurasian Land-Bridge [Figures 1 and 2], which was the idea to connect the industrial and population centers of Europe, with the population and industrial centers of Eurasia, through so-called development corridors. Which was the idea to take the transport arteries along the Trans-Siberian railway, and the old Silk Road, and build so-called development corridors of 100-kilometer width, where you would put in energy production and distribution, and communication, to then have in these development corridors, the condition previously found only in the non-land-locked areas of the world, so that you would open up Eurasia for development.

This idea we proposed in hundreds of conferences and

seminars, and, in 1996, we participated in a big conference in Beijing, which was organized on our suggestion, by the Chinese government, with the participation of 34 countries, to discuss the economic development among the regions of Eurasia. At that point, the Chinese government declared this program to be the long-term perspective of China, until the year 2010, and as you can see, this was 11 years ago. Then several setbacks occurred: the Asia crisis of 1997, so-called; then the fact that the Chinese government, for a long period, did not want to risk their relationship to the United States by going in this direction. But then came the Bush Administration and Sept. 11 in 2001. And following, you had the war against Afghanistan and Iraq.

And then something happened which is really extremely interesting, in terms of how historical processes actually develop. Because of the policies of the Bush Administration, to turn the republic of the United States, into an empire, or at least attempting to do so, by insisting on the “unitary executive” conception of the Presidency, by trying to run world politics in a unilateral way, the countries of Eurasia moved together much more quickly than would have otherwise occurred. And a strategic partnership happened between China, Russia, and India, and the Shanghai Cooperation Organization included many more countries of Eurasia.

At the same time, you had the economic integration and cooperation in Latin America, with respect to a new Bank of the South.

So, now we have a dramatic situation, where for a long time, we were only talking about these projects, but now because the collapse of the system is becoming obvious, because it is clear that we are in a complete transformation of the historic period, all these projects are now becoming a reality.

On the 10th of April, President Putin had a Cabinet meeting in which he decided to make the railway development of Russia a priority of his Presidency. Then on the 24th of April, a conference took place in Moscow on the development of the Bering Strait, which is the idea which Mr. LaRouche has been pushing since the '70s, which is the idea to connect Alaska, through the Bering Strait, with Siberia.

Now, this is a fantastic project. It involves, from the Russian side, the intention to build 6,000 kilometers of railway, and a 100-kilometer tunnel underneath the Bering Strait, and it obviously involves the development of the vast resources of Siberia and the Far East under permafrost conditions. In this region, you have the richest raw materials of any part of the world. But the idea is not just to loot them, but to use the tremendous scientific potential of Russia, to apply the ideas of Mendeleyev and Vernadsky to develop new raw materials, new isotopes, and really go into a science-driver for the world economy as a whole.

This is not only a fantastic project, which would really be a science-driver for the world economy already by itself, but it was put on the agenda very consciously by the Russian gov-

ernment as a war-avoidance policy. While at the same time the danger of a new confrontation is emerging around the anti-ballistic-missile systems, which the United States wants to put in Poland and the Czech Republic, this idea of working together on great projects is clearly the alternative as a war-avoidance policy.

Obviously, this is not a project just of interest to the United States and Russia, but immediately China and Japan expressed their interest to cooperate. And the scientists who were at this conference immediately said that this would be the key part of a world link of railroads; of transport systems connecting six continents, and bringing the transport lines all the way to Chile, and all the way to Africa.

Now, we have talked about this for a long time, that Egypt is both an Asian country and an African country, and would be the link to bring the Eurasian Land-Bridge to Africa. We will hear presentations about this from our Italian economist Mr. Galloni, that the Bridge of Messina, connecting Italy with Sicily, can be the bridge to then bring this development from Sicily to Libya, and have a third corridor going through the Strait of Gibraltar.

The Russian government is expected, despite the government change which just took place, to adopt this project of the Bering Strait tunnel as the official Russian policy this year. But there are also many other projects of the Eurasian Land-Bridge coming into being. The Indian government announced that they are planning to build a corridor from Delhi to Mumbai, which will be 1,400 kilometers long, and will affect the economic life of 180,000 million people. There is the plan to build another development corridor from Calcutta through Myanmar to China. Between China and India, they want to build a tunnel underneath the Himalayas. Then Kazakhstan is involved in major projects to bring the water from North Russia down to irrigate the Central Asian countries, and refill some of the lakes which have almost dried out.

Spread the Nuclear Renaissance

Then you have also everywhere—except in Germany, but we are going to change that—a renaissance of nuclear energy. And I should tell you that one purpose of this conference, apart from addressing the world issues at large, is to cause a paradigm shift in Germany, and overcome the long-term anti-technology tendencies in this country. Because China, Russia, and India are all building 30 to 40 nuclear plants. India is planning to build plants on the basis of the thorium cycle. China and South Africa are in the vanguard of building the high-temperature reactor [HTR], which was initially developed in Germany by Professor Schulten in Jülich, who in the '50s already started to work on the inherently safe nuclear technology of the high-temperature reactor. Which is a perfect way of providing energy security, because it provides efficient industrial heat and electricity, and so Professor Schulten, when it became clear that this technol-

ogy was not realizable in Germany, gave this model of the HTR as a turnkey technology to China. And today, also South Africa, which is working with China, is working on this most advanced fourth-generation reactor, the Pebble Bed Modular Reactor.

This is inherently safe, because the ceramic material which contains the fuel, can withstand very high temperatures, actually 1,800°C when the operating heat of the nuclear process is only 1,000°C. So, because the cooling device is helium, and the design of the reactor is what it is, the danger of a chain reaction getting out of control is completely, 100% eliminated.

Therefore, this reactor is also extremely important for the transition to hydrogen production for various energy applications. For example, one can produce methanol from coal, which is a much better idea than to produce it from biofuel, while driving up the prices of wheat and other foodstuffs in the world.

The first Pebble Bed Reactor will be finished in South Africa in the year 2011. And then it will be commercially mass-produced. They already have agreed to export 31 reactors, and that is just the beginning. Twelve countries have already made clear they want to import this reactor from South Africa. And it is indeed perfect for the developing countries, because it can also apply desalination to large quantities of ocean water, greening the deserts.

The decision by the German government, or actually the Commission for Reactor Security, in 1990, to stop all work on the HTR, was a complete mistake, and needs to be reversed. China developed this reactor, and it's now been a functioning test reactor, for several years, on the outskirts of Beijing. And we are absolutely determined to educate the population to accept this technology in Germany, because if Germany is supposed to survive as a modern industrial nation, this idiotic decision has to be reversed. The same goes obviously for other technologies developed in Germany, but not used here, namely the maglev, where the first commercial line is now functioning in China, between the Pudong airport and Shanghai. This was built in 22 months by Commander Wu, while the Germans could not even build the ICE [high-speed train] between Cologne and Frankfurt in ten years. So we want to import Commander Wu to help us!

Today, the maglev is on the agenda in many countries. Latin America wants to build maglev. At the Bering Strait conference in Moscow, the Academicians were very excited, talking about how soon, it would be quicker to take the maglev from Acapulco via the Bering Strait to Mumbai, than you can go by ship across the ocean right now. The Persian Gulf states are talking about an 1,100-km-long maglev line along the coast. Denmark, due to the efforts of the Schiller Institute, is now considering building a maglev from Aarhus to Copenhagen, in the hope that it will then go to Hamburg, Moscow, and Beijing, connecting Scandinavia to the Eurasian Land-Bridge.

The German government at this point is even dragging its feet on building a tiny stretch of maglev from Munich to the airport. But we are determined to make a campaign to turn this around in Germany, and elsewhere.

An Historic Turning Point

Now, we have reached an historic moment, where the neo-liberal system of the free-market economy, and the unbridled free-market system, is coming to an end. Globalization, which is just another word for the Anglo-American empire, has attempted to turn the world into a global plantation to the advantage of a small oligarchy, while turning the vast majority of people into poor people, having slave labor, and cheap labor production places. And they have actually committed gigantic crimes. Don't kid yourself! What the hedge fund system, the system of global looting which goes with that, has done in terms of crimes, in terms of killing people, has been absolutely gigantic. But this system is now coming to an end.

So, we have reached a situation where either we establish a new world economic order based on the Eurasian Land-Bridge, and go for global reconstruction, or we will plunge into a dark age. Now, we are committed to put the Eurasian Land-Bridge on the agenda in this period, as a war-avoidance policy, and establish a political order which is worthy of the dignity of man: a political order which is in cohesion with the laws of the universe. And I want to show you now a video from a speech which José López Portillo, the President of Mexico, gave on the first of October 1982 to the United Nations.

The prehistory of that video which you will see now, is that in the Summer of 1982, President López Portillo called Mr. LaRouche to come to Mexico, and he asked him to defend the Mexican economy, which was under massive attack at that point, because there was an organized capital flight out of the peso. So, Mr. LaRouche, after meeting with President López Portillo, not only wrote a program for the defense of Mexico, but for the integration of Latin America as a continent, which López Portillo then implemented on the 1st of September of 1982. At that point, there would have been the chance to have an orderly reorganization of the banking system, which actually was the proposal.

This did not function at that point, despite the fact that López Portillo implemented these measures for Mexico as a country, because at that point, Argentina and Brazil did not act in solidarity with Mexico. So 25 years have been lost. But as you can see, the question of the new world economic order has been our life's work, and it is now the time to implement it.

[She shows a video clip from President López Portillo's speech. It was published in EIR, Sept. 7, 2007. The video, in Spanish and with English translation, is at www.larouchepac.com/media/2007/08/27/jos-l-pep-portillo-tuvo-raz-n-en-1982-y-tiene-aun-m-s-raz-n-.html.]