

Eurasian Development To Counter Financial Collapse

by Mike Billington and Rachel Douglas

In a season when a great deal of international diplomacy is in the nature of desperate, doomed attempts at crisis-managing the meltdown of the global financial system, talks held during South Korean President Lee Myung-bak's Sept. 28-30 visit to Moscow had a different quality. The top agenda items were Eurasian infrastructure development, especially rail, and the global financial crisis itself.

That President Lee's discussion of the financial crisis with President Dmitri Medvedev and Prime Minister Vladimir Putin *did not* go primarily by the Anglo-Dutch financial oligarchy's agenda of hurling the multibillion-dollar foreign currency reserves of nations—such as Russia's half a trillion dollars, and some \$250 billion in the case of South Korea—into the vortex of imploding international derivatives claims, and that the leaders *did* sign important new agreements on infrastructure, has everything to do with American economist Lyndon LaRouche's analysis and policy proposals being a matter of close attention and hot debate in both countries.

The idea of the Eurasian Land-Bridge, as the backbone of a Great Project design for world economic recovery, stems from the infrastructure development concept, with which LaRouche intervened in Russia's economic debates from the moment the Berlin Wall came down in 1989. Helga Zepp-LaRouche became known across Asia as the "Silk Road Lady," after her inspiring presentation at the International Symposium on Economic Development of the Regions Along the

Euro-Asia Continental Bridge, sponsored by the Chinese government, in May 1996, in Beijing.

LaRouche's record of accuracy, in his warnings about the inevitable breakdown crisis that the post-1971 floating-exchange-rate system would induce, is likewise a piece of current history under intense study in Russia today. Thus, the very week of the South Korean-Russian diplomacy, Russian Railways CEO Vladimir Yakunin—himself a key figure in that diplomacy—dramatically stated in an Oct. 2 interview to the business daily *Kommersant*, that he had known this crisis was coming years ago, because LaRouche warned him: "I am not making this up. I remember my first conversation with the American alternative economist, [Lyndon] LaRouche.... He said to me, 'Vladimir, I can tell you with certainty, that the economic crisis is already taking place.'"

Today, LaRouche urges a "Four-Power" initiative by the U.S.A., Russia, China, and India, for the creation of new international monetary arrangements, free of the derivatives cancer, and vectored toward financing great infrastructure projects, technological advance in industry and agriculture, and related urgent requirements for all mankind. The Russian government has not yet travelled all the way to LaRouche's four-power conception, especially respecting the indispensable role of the United States, but the potential for such Russian leadership was reflected in Lee's remarks after the summit with Medvedev on Sept. 30:

"The whole world faces a worsening financial situ-



John Sigerson / EIRNS 2001

If the proposed rail lines through North Korea were constructed, the Eurasian Land-Bridge would be complete.

ation at the moment, but Russia nevertheless continues to show strong economic growth. This is a unique event in the whole world, and it gives me a high opinion of the Russian Government's work. . . . In this situation of economic crisis throughout the world, we can take steps together with the Russian Federation and work together to strengthen the world financial system."

'From Busan to Rotterdam'

The Russian and South Korean Presidents signed agreements related to the joint development of rail lines through North Korea into South Korea, completing the famous "Eurasian Land-Bridge from Busan (South Korea) to Rotterdam." Other agreements included a memorandum of understanding for Russia's Gazprom to explore construction of a Russia-North Korea-South Korea gas pipeline, and plans for cooperation in the development of the vast Russian Far East.

These agreements came despite the fact that the Korean side did not have overly high expectations for the results of the visit. Campaigning for the December 2007 Presidential elections, Lee had emphasized his intention to improve relations with Russia, which were poor under the administration of former President Roh Moo-hyun, and to bring North and South Korea together in the process of building Great Projects in the Russian Far East and across the region. At the same time, Lee's own hard line on the North Korea nuclear issue—demanding that the North end their nuclear

weapons program before further improvements in relations could proceed—soured relations with both Pyongyang and Moscow.

It was the resolute intentions of the Russian side, which took the talks beyond the Lee government's modest hopes of, at best, establishing strong personal relations at the top and between the various ministries, with the intention of later discussions on concrete projects. Russian officials looked at the bilateral ties with Korea in the context of the global crisis, and their own desire to keep infrastructure development, especially, moving ahead no matter what.

Among the projects named by President Medvedev to be implemented: "The Trans-Korean Railway (TKR) and its link-up to the Trans-Siberian Railway (TSR), and Korean business participation in developing the industrial potential in Russian regions in Eastern Siberia and the Far East, and in preparations for the APEC (Asia-Pacific Economic Cooperation Forum) summit" in Vladivostok in 2012.

At a meeting of Korean and Russian business leaders on the sidelines of the Summit, Lee addressed the New Silk Road: "At present, it takes about 40 days to transport freight from Busan to Europe by sea. But the transport period can be halved if the TKR and TSR are connected."

Most important, the South Korean President made clear that the New Silk Road is to be not simply a rail connection, but a development corridor, especially for Russia's eastern provinces: "I also want to play a role in promoting closer cooperation between the two countries in developing Russia's abundant oil and gas resources, as well as the farmlands and forestry resources in the Russian Far East." Lee emphasized the importance of the "Energy Silk Road," saying: "Joint development of Russia's oil and gas resources will create enormous synergies for both sides. Russia will secure a stable buyer of its natural gas, while South Korea will be able to secure its own stable energy import source."

After meetings between the ministers responsible for energy and industry for the two nations, a \$100 billion project was announced to bring Siberian gas to South Korea through a pipeline along the rail route through North Korea, and a parallel energy grid, to move electricity south to Seoul during the Summer, and north to Vladivostok in the Winter, to meet the peak demands of both.

On Oct. 4, Yakunin travelled to the Far East to attend groundbreaking ceremonies for the Russia-North Korea

rail line reconstruction on the 54 kilometer route from Khasan (Russia) to the North Korean port of Rajin. As the Russian business publication *Zdr-gazeta.ru* reported, the Russian Railways view is that “the reconstruction of the Khasan-Rajin line is merely a pilot project, after which comes the modernization of the Trans-Korean line, and its connection to the Trans-Siberian Railroad.”

Yakunin said that the section, which includes repair of 3 tunnels, 10 train stations, and over 40 bridges, should be operational by the Autumn of 2009. The priority of this segment was defined during trilateral Russia-North Korea-South Korea talks in March 2006. “For Russian railways,” continued the *Zdr-gazeta* report, “this project is an important component of reconstruction of the entire Trans-Korean railroad, a project whose mission is to promote the further development of logistics connections, economic growth, and stabilization of the situation throughout the region.”

The Role of North Korea

The ongoing crisis over the North Korean nuclear program is, of course, a potential impediment to the rail and pipeline projects which will pass through the North, as well as to the potential cooperation between North and South Korea in development projects within Russia. Presidents Lee and Medvedev addressed this as an urgent problem demanding serious attention. “I hope North Korea will show interest in the project,” Lee told Russian journalists after the summit. “Russia will ask North Korea first to participate in the venture. I then will meet with [North Korean leader] Kim Jong-il to discuss it, if he is agreeable to the idea.” With Russia’s backing, the North may be more willing to trust the South’s good intentions.

In a speech for South Korean Liberation Day on Aug. 15, Lee presented a 50-year vision for the East Asian region: “A unified Korea will surely emerge as a gateway to both Eurasia and the Pacific Rim, including the U.S. A cargo train departing from Busan can reach Central Asia and West Europe via transcontinental railways.” The mention of the United States as part of the interconnected rail hub was an unmistakable reference to the plans for building a tunnel under the Bering Strait, another Russian project which has drawn on LaRouche’s inspiration and active cooperation.

Lee continued: “I want to share the dream with all of the 80 million Koreans [North and South]. I’ll never give up the dream of co-prosperity of the two Koreas. To that end, nuclear weapons must disappear from the peninsula,” he said, calling for the resumption of across-

the-board dialogue with Pyongyang.

There is also the issue of the U.S. role, of course. On the North Korea question, Vice President Dick Cheney intervened, not for the first time, to sabotage the Six-Party talks, imposing new demands from the U.S. side which were not part of the already concluded agreements, while refusing to live up to U.S. commitments in those agreements. This was yet another effort by the lingering neoconservatives in the Bush Administration to undermine efforts by the State Department and others to end the North Korea crisis once and for all.

As in several previous such incidents, U.S. Assistant Secretary of State Christopher Hill is trying to pull things back together. Hill has just completed visits to North and South Korea, and held meetings with Chinese and Russian officials in Beijing. Although they are keeping mum as of this writing, it appears that some compromise has been worked out. Negotiations with North Korea are also complicated by the fact that Kim Jong-il is reported to have undergone brain surgery, and although the North reported that their supreme leader appeared at a public event last week, this has not been confirmed.

Four Powers

President Lee took a related initiative on Oct. 6, calling for a special summit among Japan, China, and South Korea, to take place at the Oct. 24 Asia-Europe Meeting (ASEM) in Beijing, to formulate joint policies to confront the financial crash. Although the only public proposal on the table is an \$80 billion fund to defend currencies, this is clearly insignificant in the face of the approximately \$2 trillion in dollar holdings among the three nation’s reserves, and the collapse of the global banking system.

The functioning of the alliance of the three East Asian powers in this global crisis requires the strengthening of their relations with Russia, just as Korea has now done on a bilateral basis, and eventually with India as well. With such an agreement, they would then be able to approach the U.S. along the lines of the “Four Power” agreement proposed by LaRouche: a new Bretton Woods agreement, placing the banking system under bankruptcy protection, writing off the quadrillions of dollars in derivatives and other gambling debts, and establishing a sound financial system based on national credit policies among sovereign nations.

This is a big idea—but nothing short of that can deal with the existential crisis of civilization now unfolding in full view.