

develop high technology. . . . We know the situation of Northeast Asia and Southeast Asia, such as Japan's economic strength, the products of Russia, Asia's natural resources, etc. Also the Mekong River valley is a natural granary and an excellent market.

4. *The bottlenecks of the Eurasian bridge.*

There are two aspects, one is the bottleneck of the Eurasian bridge, another is our common problem.

With the Eurasian bridge operating, the bottlenecks in the Eurasian bridge will emerge. This kind of problem needs to be settled step by step, according to the situation. For example, from Xi'an via Urumqi to the Ala Mountain Pass, the railroad needs double rails. This will be solved. The problem of the terminal facilities' construction: At present the construction of the Ala Mountain Pass needs more attention. The other problem is management: We hope the countries that are connected by the Eurasian bridge can progressively settle those problems as follows:

- i) Unify transportation policy, simplify customs processes.
- ii) ensure safety and rapidity of transportation.
- iii) the basic payment for goods passing customs should be low.
- iv) maintain public order, take measures against smuggling and drugs, etc.

The third bottleneck is funds. This problem should be settled according to the principle of raising money from central government, local government, private persons, privately owned industrial and commercial enterprises. . . . This is the internal means to raise money. Money resources from outside are more extensive. In recent years, international financial organizations invested US \$1,000 billion in Asia, and US \$400 billion of that was invested in our country. The World Bank is very satisfied with the results of those projects in our country. In 1999, the euro will be reality. In past years the investment from Europe has been not so much, [but] now a good opportunity is coming.

Financial protection needs more attention. We must refuse unsafe and speculative funds, such as equities, securities, and derivative financial products. [We must] refuse short-term funds that are not linked to projects and do not support long-term facilities; money should be used instead for basic infrastructure.

Our country's foreign debt is more than US \$100 billion, but 85% of it is fixed investment—basic infrastructure and foreign exchange investment. At the same time, in the context of the risky financial environment in Asia our country has kept its good reputation and continued to raise a lot of funds in this year.

The Eurasian bridge economy means European-Asian cooperation—depending on each other and developing in commune. The ancient Silk Road will be developed more widely than 2,000 years before. Europe, Asia, and the people of the whole world will get great benefits.

Helga Zepp-LaRouche

Foreign policy in the Land-Bridge era

Helga Zepp-LaRouche, president of the Schiller Institute, made the following presentation at the opening session of the International Conference on "Asia-Europe Economic and Trade Relations in the 21st Century and the Second Eurasian Land-Bridge," in Beijing, on Oct. 27. The title of her presentation was "Principles of Foreign Policy in the Coming Era of the New Eurasian Land-Bridge." Subheads have been added.

While the present meltdown of the global financial system obviously represents enormous dangers for the existence of entire nations and their populations, the profound discrediting of the institutions associated with that system, represents, at the same time, a unique and unprecedented chance, to replace the unjust principles of the old political and economic order with new, just ones, which will allow the survival and well-being of all nations on this planet.

To review briefly the evolution of this question, of relations among nations since the end of the Second World War: It was U.S. President Franklin D. Roosevelt's firm intention, to end the system of British colonialism, a view he expressed in his famous dispute with British Prime Minister Winston Churchill at the Casablanca conference. However, Roosevelt's untimely death left a vacuum, so that the emerging postwar order was based on a variety of mixed assumptions. On the one side, the Bretton Woods system contained certain useful features, such as fixed parities among currencies, limited convertibility of some currencies, a gold reserve standard, etc., which allowed not only for the postwar economic miracles in Germany and Japan, but also for a period of growth and stability in the industrialized nations in general. On the other hand, the so-called developing countries were put into a situation of relative disadvantage from the beginning. Also, the assumptions of the Cold War, i.e., managing the world by playing the Soviet Union against the West, represented serious corruption. Despite these flaws, the system functioned relatively well, from the standpoint of allowing real growth in most parts of the world economy.

But after the 1962 Cuban missile crisis and the assassination of U.S. President Kennedy, the international financial oligarchy decided to inject certain axiomatic changes into the belief structure of the populations and institutions of the West. These consciously created paradigm-shifts, were orchestrated both in the cultural and moral realm, as well as, in a corresponding way, in the field of economic policy. In the first area,

it was essentially the sex-rock-drug counterculture which led to the moral and intellectual erosion of the fundamentals of Western society. In the economic field, corresponding neo-liberal ideas, such as the utopia of the post-industrial service sector economy, influenced governments to create conditions where people invested less and less in capital-intensive and high-technology areas. Subsequently, the idea of producing income shifted away from industry and agriculture, to the idea of making fast profit in the financial world.

The turning point, 1967-71

The dollar devaluation following the collapse of the British pound, in November 1967, represented the first blow to the stability of the system, leading to the circumstances under which President Nixon decoupled the dollar from the gold reserve in 1971, thus allowing the creation of the “Eurodollar market”; the power of credit creation had shifted away from sovereign governments to private financial interests and unregulated offshore markets. By the mid-1970s, the Anglo-American-dominated international financial oligarchy decided to impose what they called a “controlled disintegration of the world economy,” which was based on the expressed intention to absolutely not allow the occurrence of any “mercantilist” tendencies in the developing sector. This was the time when the International Monetary Fund drastically hardened its “conditionalities” policy against the so-called Third World, forcing those countries again and again to devalue their currencies. This made their imports of needed high-technology goods more expensive, while lowering their export earnings, forcing them, at the same time, to pay more for their increased debt burden and less for their social budgets. The IMF increasingly acted not only as an economic, but also as a political institution involved in fiscal manipulation, propping up authoritarian and corrupt regimes, while severely crippling progressive ones. Such fiscal destabilization, and interference into the internal affairs, of developing countries, made the very idea of political independence a sham. At the same time, Western media used their far-reaching hegemony to spread the “Hollywood” and related counterculture, in an effort which can only be called cultural imperialism.

What followed, was a whole series of deregulations of the international financial markets, preparing the grounds for wilder and wilder speculative schemes. If the insider trading, hostile takeovers, and junk-bond operations of the 1980s were already of a criminal character, then the cancerous growth of the derivatives markets of the 1990s was even more so. Yet, all leading financial institutions and governments of the West defended the illusions associated with that form of fast money-making.

One essential feature of this already-described paradigm-shift, was that the international oligarchical forces made major efforts to eliminate the sovereign nation-state and its capacity to interfere on behalf of the common good of the people, and thus limit the oligarchies’ ability for looting. If one

is not blinded by labels, then “globalization” is nothing but a neo-feudal world system, in which production is “outsourced,” where slave labor is available for the cheapest price. Free-market policies have turned the whole world economy into a global plantation, with very few exceptions, such as China.

A major inflection point in this process, was the opening of the Wall between eastern and western Europe, which was described by many, correctly, as the great historic chance of Europe of this century, since it indeed offered the opportunity to put the relations between East and West, and North and South, on a completely different basis. But the American economist Lyndon LaRouche warned, as early as November 1989, that if the then already bankrupt system of the “free-market economy” was superimposed on the collapsed Soviet system, the East would be thrown back to the level of Third World, raw-materials-producing countries and an even more dramatic collapse of the global economy would be the result. Mr. LaRouche proposed, instead, that based on the principles of physical economy, the same kind of infrastructure development corridors, as they are now envisioned for the new Eurasian Land-Bridge, should be constructed from Western Europe into the East. Unfortunately, these proposals were rejected, and the so-called “IMF reform package” was imposed on the economies of the East, leading to the predicted catastrophic result. The unified Germany was forced by the former occupying powers not only to give up its strong D-mark, but to capitulate to a financial order, which is directly responsible for the present collapse.

The present derivatives bubble is the greatest bubble in the history of the financial markets, and will burst, as certainly as previously much smaller bubbles, such as the Dutch Tulip Bubble or the John Law Bubble burst. This system is now in its final phase, and will not outlast this year. The only question is, will the whole world go to Hell with this prospect, or will a responsible group of nations take initiative in time, to replace the old bankrupt system with a new one?

But once it is clearly recognized, that the collapse of the old, essentially still colonial system is occurring, it is important to establish and agree upon those principles, which should be the basis for the new era of mankind.

For the immediate emergency reorganization, the experience of the Non-Aligned Movement (NAM) is a useful reference, and a lesson that the mistakes made should not be repeated. The main reason why the NAM, despite excellent intentions, remained relatively inefficient, was because it allowed itself to become a sort of mirror image of the United Nations, in the sense that many member countries would use the NAM as a forum to bring up “their” problem, or “their” interests, as opposed to that of some other member-country, and this setting made it quite easy for some outside or supranational forces, to manipulate the situation. Because of this shortsightedness, repeatedly, member countries could not even prevent conflicts and wars among themselves.

Solving the paradox

If the new, just world economic order is supposed to function, the ancient philosophical paradox of the One and the Many has to be addressed. The unifying principle has to be the development of mankind as a whole, and there has to be an intelligible scientific principle for how that development can be measured. At the same time, the principle of national sovereignty must be absolutely guaranteed. Universal history proves that there must absolutely not be any contradiction between these two ideas.

The emergence of the modern nation-state in European history, was a ground-breaking accomplishment of the Renaissance period in the 15th century. Up to that point, 95% of all people lived in a de facto condition of serfdom and slavery. Only 5% of the population was literate and participated in whatever culture belonged to appropriate civilization. Society was ruled by imperial power structures, but these in no way could be called states yet. In the period between the 11th and the 13th centuries, the notion of sovereignty gained relevance in the deepening debate about the theory of the state. A multitude of memoranda and papers about what it meant to achieve sovereignty, by not tolerating a superior ruler above oneself, and sovereignty toward foreign nations, were written. Only slowly, through the contributions of such philosophers and poets as Raimundus Lullus [Ramon Lull] and Dante Alighieri, was the concept developed, that the rulers were answerable to the common good of the people, and that nobility was not defined by birth or possession, but by the self-ennoblement of the individual; ideas which have a real affinity to the thoughts of Confucius and Mencius. Thomas Aquinas and others developed the argument, that the common good was knowable and measurable through natural law, which man was capable of recognizing by the power of his reason.

The establishment of the first nation-state under Louis XI in France in the 15th century, was able to realize in practice, the understanding that scientific and technological progress are a precondition for the improvement of the living standards of the population and that the state is therefore obliged to foster such progress, and also to seek to increase the ratio of the intelligentsia within the population at large. But the corresponding crucial breakthrough in the emergence of the modern nation-state, was the development of the representative system by Nikolaus von Kues [Nicolaus of Cusa], which established for the first time the idea of the ruler's accountability, and of a reciprocal legal relationship between the governing and the governed. The idea of participating in self-government was born, and therefore the idea of the inalienable rights of every individual was established for the first time. Three hundred years later, these concepts would shape the first explicitly anti-oligarchical constitution, that of the American Founding Fathers.

The reason why the principles of a future just, new world economic order must absolutely reject any form of



Helga Zepp-LaRouche visits the tomb of China's great national leader Sun Yat-sen, in Nanjing, China.

supranational institution, is obvious. Only the sovereign nation-state embodies the principle of accountability and thus protects the rights of the individual. Since, contrary to the mistaken assumptions of the bankrupt free-market economy, it is not the power to "buy cheap and sell dear" which is the source of wealth in society, but only the creative potential of the individual, it is not only the duty, but the very self-interest of the state, to foster the maximum development of all of its citizens. It is the individual creative mind which is capable, again and again, of forming adequate hypotheses about the laws of the universe, which successively represent the basis for scientific and technological progress. If this progress is translated into ever-improved machine-tool design, and if these new machine tools are applied in the production process, this leads both to an increase in the productivity of the workforce, as well as the industrial capacity. Again, it is therefore the most fundamental self-interest of each sovereign nation-state, to develop all of the potential of all of its citizens. In the upcoming negotiations about a New Bretton Woods Conference, but also in the agreements

about a new set of trade and tariff agreements, this has to be taken into account.

The LaRouche economic method

In modern times, it has been the American economist Lyndon LaRouche who developed a scientific measurement for the intelligibility of the common good, and for what are the necessary criteria for development. Over the long term, that yardstick for a successful society, is LaRouche's notion of relative potential population-density, which can be measured in the increase or decrease of a related function. Population density is exactly what it appears to be at first glance: It

In the 15th century, Nikolaus von Kues recognized, that every new discovery in science, and all progress in scientific knowledge, was so precious for mankind, that each nation should immediately have access to it. . . . This beautiful rejection of technological apartheid, should be adopted for the just, new world economic order.

is the average number of persons who can live and be sustained on one square kilometer. The increase of the actual and potential population-density over the last millennia, to presently circa five and a half billion people in the world, is the result of the continuous production, distribution, and effective absorption of scientific and technological progress.

The transformation of productivity per square kilometer and per capita, reflects itself in the following qualitative changes:

1. The efficiency of each square kilometer, for the purpose of production and human settlement must increase.
2. The productivity of labor in the process of production must increase.
3. The material living standard per capita and household, in terms of a market basket, must increase.

If these parameters are followed, we realize that the average square unit of territory required to maintain a person, is being reduced, while, at the same time, the required material consumption increases.

In the case of continuous physical productivity of labor and the related increase in the per-capita consumption, the following tendencies occur:

4. The energy throughput per square kilometer and per capita must increase.

5. The efficiency per square unit in the production process must tend to increase.

With these improvements in physical economy, there is also a change in the social characteristics:

6. The relation of the urban to the rural population increases until it apparently asymptotically reaches an upper level.

7. The ratio of those employed in the production of capital goods increases, as compared to those producing for household consumption and related goods.

These changes occur in such a way, that the production of agricultural and household goods for consumption never decreases, but increases per square kilometer and per capita. Under these conditions the following demographic changes will result:

8. The age of the maturity of the individual before entering the workforce increases.

9. There is a shift away from labor-intensive, toward energy-intensive types of employment.

All these preconditions must be fulfilled and maximized at the same time. Together, they illustrate the connection between technological progress and the increase in the potential population density. Even among countries with different levels of development, they give a guideline for the direction in which society should go.

For obvious reasons, the New Eurasian Land-Bridge, as the cornerstone for a global reconstruction of the world economy, emphatically including Africa and Ibero-America, must be the concrete framework for the principles mentioned above. All participating sovereign nations should not only agree that building the Land-Bridge is in their common interest. In addition, these nations should also agree that the application of the principles mentioned above, is not only in their own best interest, but it is also in their own best interests, that all other sovereign nations also apply them. In this case, peaceful cooperation for each others' mutual benefit, is guaranteed.

Already in the 15th century, Nikolaus von Kues recognized, that every new discovery in science, and all progress in scientific knowledge, was so precious for mankind, that each nation should immediately have access to it, in order to facilitate its development. He suggested, therefore, some kind of international pool, into which all discoveries should be transferred, so that every nation could have access to it. This beautiful rejection of technological apartheid, should be adopted for the just, new world economic order.

This program of global reconstruction for the benefit of all nations on this planet will only be successful, if it is combined with a new cultural and moral renaissance. If one studies the Arab Renaissance of the 8th century, the neo-Confucian Renaissance of the 12th century, the Italian Renaissance of the 15th century, and the German Classical period at the end of the 18th and the beginning of the 19th centuries, one sees that they always return to the best of what mankind had pro-

duced up to this point, in order then to create something new and superior out of that rich heritage. Thus, the pathway to the future is also clear for us today.

We simply have to take the best of what Chinese, European, and other cultures contributed to universal history, and let our own culture, enriched though the genius of the others, come back to us and inspire us to contribute to a new golden age of mankind.

Xia Geng

The eastern terminal of the Land-Bridge

Xia Geng is the Mayor of Lianyungang. This speech was presented in Beijing on Oct. 27. Its full title is "Constructing the Eastern Terminal of the New Eurasian Continental Land-Bridge, Propelling the Land-Bridge Economy Forward."

In this fascinating golden autumn, we are very happy to be here discussing issues of Eurasian relations in economy and trade, and the economic development of the New Eurasian Continental Land-Bridge (NECL). This conference is another important meeting after the 1996 Beijing New Eurasian Continental Land-Bridge Conference, which attracted worldwide attention. I am convinced that this meeting will give a fresh impetus to Eurasian economic development in the future. On this occasion, on behalf of the Lianyungang Municipal Government and the Lianyungang people, I wish the conference every success, and I also want to extend a cordial welcome to the representatives who will visit our city.

In order to strengthen economic cooperation and exchanges with East Asia, Central Asia, and Europe, and promote the economic development of the provinces of China along the Land-Bridge, the Chinese government attaches great importance to the construction of the New Eurasian Continental Land-Bridge, and has taken concrete measures to speed up the Land-Bridge economy. In 1992, the New Eurasian Continental Land-Bridge was formally put into operation. In 1993, the Chinese government decided to open up and develop the segment of the Land-Bridge inside China. In 1994, the New Eurasian Continental Land-Bridge was included in the list of priority projects in "China's 21st Century Agenda." In 1995, the Fourth Meeting of the Eighth People's Congress passed "the Ninth Five-Year Plan for National Economy and Social Development," and the Long-Range Program for the Year 2010." It lists the New Eurasian Continental Land-Bridge (NECL) inside China as a key develop-

ment area. All these measures have enhanced Eurasian economic exchanges and cooperation and promoted the economic development of the nations along the NECL.

This conference will focus on "how to build a new Eurasian economic partnership with the linkage of NECL," "thoughts about the development of the NECL," and "the fields, channels, and ways for Eurasian cooperation and economic exchanges." I believe that this meeting will further promote Eurasian economic and trade cooperation. According to the arrangements of the conference, permit me to give you a brief introduction about Lianyungang, which is the eastern terminal of the NECL:

Situated at the midpoint of the long coastline of China, Lianyungang is one of the first in a series of 14 coastal cities opened up by the central government of China. "China's 21st Century Agenda" points out that Lianyungang will be built into a regional international trade center, a beautiful tourism center, a modern transportation hub, and an international port city. Centering on this aim, with the support of the central government, and insisting on the strategy of "the prosperity of the city is based on the port," Lianyungang will make great efforts to speed up the construction of the eastern terminal and propel the land-bridge economy.

1. *Organizing international container transport via the NECL.* With the opening up of NECL, we have cooperated with concerned departments of state government to successfully organize the first international container train from Lianyungang to Uzbekistan, and established "Five Fixed-Scheduled Trains" to the Ala Mountain Pass. We also have provided assistance to research on Land-Bridge transportation and Land-Bridge management. Our city has sent several delegations to concerned nations and regions in Asia and Europe to study advanced methods of transportation management. We have contacted over ten agencies in Kazakstan, Uzbekistan, Turkmenistan, Japan, and the Republic of Korea. We have established relations with some big foreign companies. All these measures have played an important role in maintaining and enlarging the Land-Bridge transportation volume.

The Lianyungang Port has opened six international container lines, and the number of regular ship arrivals has reached 50 every month. The number of the containers shipped by Lianyungang port via the NECL to different destinations has reached 30,016 in 1997, comparing with 1995's figure of only 257. At present, Lianyungang has 95% of the total container transportation volume through NECL.

2. *Devoting major efforts to develop economic cooperation along NECL.* Based on the principles of "serve the Land-Bridge, exploit mutual advantages and develop cooperation," Lianyungang has devoted major efforts to develop economic and trade relations with countries along NECL. In 1995, Jiangsu Province held the first "China 1995 Jiangsu New Eurasian Continental Land-Bridge Trade Fair." More than 1,000 foreign businessmen from 35 countries and regions and 5,000