

LaRouche outlines 'the way out of the crisis,' at EIR forum

by William Engdahl

More than 150 international diplomats, economists, media representatives, parliamentarians, and businessmen gathered in Bad Godesberg, Germany, on April 21, to hear American economist and Presidential candidate Lyndon H. LaRouche, Jr. deliver the keynote address at an *EIR*-sponsored conference on "The Way out of the Crisis: Europe, the World Financial Crisis, and the 'New Cold War.'" Convened during the fifth week of war in the Balkans, the event attracted strong interest, including representatives of 20 governments from Asia, the Middle East, Africa, Central Asia, and East Europe.

LaRouche told the audience that he was one of three declared U.S. Presidential candidates for the Democratic Party nomination for 2000. "By the summer the Gore candidacy will be virtually dead, and perhaps others will enter once Gore is out of the way," he said. LaRouche stressed that he has been a strong defender of Clinton's Presidency, even though at times he has been a strong critic of some of the President's statements and policies. "The American President has a precise and crucial role to play in resolving the financial and economic crisis, without which we shall see a global state of war similar to what happened in Central Europe from 1618-1648," LaRouche said.

LaRouche reviewed events in the financial world since the global financial crisis exploded in Asia in October 1997, when Japan rejected the U.S. proposals of Treasury Secretary Robert Rubin and instead began hyperinflating its economy to try to bail out its bankrupt banks. The pace of the crisis accelerated with the Russian default on portions of their public debt on Aug. 17, 1998, and the October collapse of the Long Term Capital Management (LTCM) hedge fund. He noted that in September, Clinton indicated that action was imminent to reorganize the global financial system, "but by October, Clinton had lost his nerve," as the G-7 central

banks began inflating to try to bail out the financial system.

The second factor in today's strategic situation, LaRouche said, is that China and Russia, two of the most vital potential allies in any attempt to reorganize the present bankrupt financial order, became increasingly cast as pariahs in relation to Washington; this included "human rights" attacks on Beijing and various efforts to weaken U.S.-Russia cooperation.

Given this already worsening chemistry, LaRouche outlined the emergence of a series of global military actions, beginning with the Aug. 20, 1998 U.S. bombing of a factory in Sudan. "Britain lied to Clinton on Sudan," LaRouche said. That, in turn, set the stage for the attacks on Iraq under the fraud of the Butler UN report. "Now we are in the third war phase, Kosovo," he stated. "We are now going toward world war, not like World Wars I and II. The policy since 1971, the floating exchange rate system, has destroyed the ability of the world to fight wars. There is no way to win wars in a classic sense. Whole countries are being wiped off the map. This is not World War I or II, it is a situation where whole countries disappear."

To prevent this slide into ever-wider, uncontrollable wars, LaRouche told the audience: "You must get at the roots of what is causing war. We have to reorganize the world economy. The system is now bankrupt. What is needed is a partnership involving the U.S. President, at least one key West European country, and China, Russia, and India, to define the terms of reorganization of the world economy through long-term programs, rather than short-term market policies. Long-term credit at low interest rates. Export of machine tools, from Germany, the United States, Japan. We have to create a New Bretton Woods, with a commitment to have the so-called Third World countries help in running the system. With this program, if the President of the United States would work it



Lyndon H. LaRouche, Jr. (at podium) addresses EIR's Bonn seminar on April 21. The theme of the meeting was "The Way out of the Crisis: Europe, the World Financial Crisis, and the 'New Cold War.'"

out now and would say, 'Stop this drive toward war; we'll create a new system,' this will solve the Balkans mess. We will either have bankruptcy reorganization of the world economy or we will have Hell."

In his concluding remarks, LaRouche noted that precisely owing to the broad nature of the day's event, where the global interrelationship among financial, economic, and military crises was debated intensely, "precisely because such forums are extremely rare, is this seminar a political intervention of international significance."

A very new element

The next speakers underscored LaRouche's comments. Prof. Wilhelm Hankel, former senior economist with the Kreditanstalt für Wiederaufbau, the German agency that worked with the Marshall Plan in the economic reconstruction of war-ravaged Germany, reiterated LaRouche's call for establishing a New Bretton Woods financial system. "A very new element is responsible for the present financial crisis," Hankel stated: "an explosion in the volumes of money globally in the wake of the breakdown of the Bretton Woods system" in the 1970s, to the point today "where the volume of financial flows is some 60 times larger than trade of goods—what Helmut Schmidt calls 'Monaco Capitalism.'"

Prof. Stanislav Menshikov, Chief Research Associate of the Central Institute of Mathematical Economics of the Russian Academy of Sciences, followed Hankel's remarks with an extended commentary on the Russian anxiety over the NATO decision to bomb Serbia, "a change in the foundation of the post-World War II order, which was based on respect

for state sovereignty." Menshikov said that it may or may not have been the case that the near systemic meltdown in September 1998, triggered by the LTCM debacle, led to a decision to go to war, "but it should be noted that the size of the U.S. financial speculative bubble of the 1990s is larger than Japan's in the 1980s. In Russia, not one new large factory, mine, or oil project has been started since 1991. Reform of the IMF [International Monetary Fund] won't help. But I fear the U.S. won't surrender the role of the dollar and its influence over IMF policy. There will be no New Bretton Woods because the present financial system is controlled by the banks which benefit from it."

In the afternoon session, Helga Zepp-LaRouche, LaRouche's wife and the founder of the Schiller Institute, presented an extended review of the historic developments since the fall of the Berlin Wall in 1989, which she described as the "missed opportunity." She outlined the development by Lyndon LaRouche of, first, the Productive Triangle concept, which linked the industrial machine-tool capacities of western Europe to the reconstruction of the former Soviet economy. Then she discussed the extension of this concept into what today is now known in China as the "Eurasian Land-Bridge." Zepp-LaRouche noted that construction of such industrial great projects would create "hundreds of thousands, if not millions, of new jobs. Imagine an 11,000 kilometer Transrapid magnetic levitation train extending from Rotterdam to Beijing," she told the audience.

Zepp-LaRouche was followed by Prof. Devendra Kaushik, an expert on international relations at New Delhi's Jawaharlal Nehru University, who described his view of the impor-

tance of the emerging China-Russia-India “strategic triangle” for India and the nations of Central Asia. Kaushik noted that he had been witness to the effects of shock therapy in eastern Europe and Russia. Closely connected to Russia for 40 years, he said, since the 1980s, he watched the de-industrialization of the former Soviet Union, first under Gorbachov’s glasnost and perestroika. Kaushik described the huge, idle factories he had seen in Tajikistan. “Such destruction and waste must be stopped,” he said.

I am not pessimistic, Kaushik said. There must be a regenerated Russia, a great Eurasian power. “Russia has had greatness thrust upon it. Russia’s confidence, in being able to turn away the shock therapists of the IMF, must be encouraged and strengthened,” he said.

Commenting on the India-Russia-China triangle, Kaushik stressed that it is not a military alliance, and is not aimed against any nation. “The policy is for long-term cooperation, to foster long-term coincidence of interest among these three nations.”

Pointing to the region of the Caspian Sea and Central Asia where certain geopoliticians, such as former U.S. National Security Adviser Zbigniew Brzezinski, are involved in various machinations to break up Russia, Kaushik noted that it was in the converging national interests of Russia, China, and India, to ensure that Central Asia is the scene of many

developed economic projects. “Stability in this region is key to the stability of the world,” he said.

Kaushik had recently suggested that China and India could develop their direct ties, by completing a joint land route, also connecting to Central Asia, via Aksai Chin, Tibet, and Xinjiang, the area that was disputed between India and China during their border clash in 1962. “Along the Karakoram Pass between the region of Kashmir controlled by Pakistan and Xinjiang, already China and Pakistan have built the Karakoram Highway. Now, a new road must be built, connecting India to the Aksai Chin plateau, which, at only 10,000 feet, is not so high as the 16,000-foot Karakoram Pass to the northwest. By building just a 50-kilometer linking road, connecting existing roads from Himachal Pradesh, Jammu and Kashmir, and Ladakh in India, to Aksai Chin, India would have a direct land route connecting to the road China built from Tibet to Xinjiang over the Aksai Chin.”

This connection, Kaushik said, would be of great political importance, because it would take the area disputed between India and China, and make its use beneficial to both nations.

Concluding the afternoon panel, Prof. Qian Jing of the Chinese Academy of Social Sciences in Beijing spoke about the Chinese view of the NATO attack on Yugoslavia. He then discussed China’s own situation, saying that his country was not so surprised by the East Asia financial crisis, first, because China had learned the lessons from its own internal bubble economy, in 1993-94, and second, because “we kept in contact with the Schiller Institute, from 1994 until today.”

China’s press, he said, has given increasing attention to Lyndon LaRouche’s ideas since then, and “even our very high-level officials of the central government know his main ideas and [have] understood them.”

Qian stressed the importance of the new “strategic triangle” of China-India-Russia, describing the great improvements—as well as problems—in Chinese-Russian relations. “I think our success in improving relations between Russia and China can give useful lessons for our relations with India and other countries,” he said.

On the “China-Russia-India triangle,” he said that it is natural for these three great nations to “cooperate to create a rational economic order in the 21st century. I suggest that we should build up a special foundation. Its name could be ‘The New Triangle Foundation,’ to bring together experts from China, Russia, and India to design an economic cooperation plan.” This could include proposals to increase trade among the three countries: a possible customs union “to promote and improve infrastructure construction, including the whole network of the Eurasian Land-Bridge; to cooperate on advanced technology, including military technology; to set up a three-way credit mechanism.” As a first step, Qian said, it could “set up institutional mechanisms to settle trade accounts and facilitate trade.”

EIR will publish a full transcript of this conference in a forthcoming issue.

For previews and information on LaRouche publications:

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