

Putin Wants 'Arc of Stability,' Not Crisis

by Rachel Douglas

As opposed to an "arc of instability" in Eurasia, Russian President Vladimir Putin told the visiting President of Iceland on April 19, "We could create an *arc of stability* in the world, including many countries, and in the framework of such joint action, we could proceed to a very promising organization of international security as a whole." Russia is prepared to act in this direction, he said, in light of the good relations it cultivates in Asia, "simply due to our geographical location and the expanse of our territory." He cited the development of Russia's relations with China, "in the framework of the Shanghai Cooperation Organization," which includes several Central Asian nations, but he also proposed to look at the pending creation of a Russia-NATO Council in this context. That new arrangement is supposed to be finalized at a meeting in Rome on May 28.

An "arc of stability" challenges the "arc of instability," which gained notoriety as the subject of geopolitical speculation by Carter National Security Adviser Zbigniew Brzezinski, Harvard Prof. Samuel Huntington, Princeton Prof. Bernard Lewis, and others, the intellectual and, often, on-the-ground authors of scenarios for a "Clash of Civilizations." Moreover, Russian diplomacy on behalf of Eurasian stability features recently intensified cooperation with one of Eurasia's great powers, Iran, which otherwise figures as a component of the "axis of evil," proclaimed by George W. Bush under the influence of the geopolitical doctrine, nicknamed "arc of instability" or "Clash of Civilizations."

Putin met with Iranian President Seyyed Mohammad Khatami on April 23, for bilateral talks during a five-way summit of the Caspian Sea littoral countries, held in Ashgabat, Turkmenistan. Their meeting was preceded by renewed Russian and Iranian diplomacy, connected with the project for a North-South Eurasian transport corridor. Russia, Iran, and India have negotiated on development of the North-South Corridor over the past two years, and their trilateral agreement will go into effect juridically on May 16. A meeting of transportation ministers from the three countries is set for May 21 in St. Petersburg. Other countries are invited to join, starting with Kazakstan.

Transport Diplomacy

Sergei Frank, the Russian Minister of Transportation, was in Iran in mid-April for the latest round of talks on the North-



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South Corridor. The route runs by sea from the Indian port of Mumbai (Bombay) to Bandar-Abbas in Iran, then overland by rail to the Caspian Sea. Containers are to be shipped between Iranian ports on the Caspian, and Russia's Olya cargo terminal near Astrakhan, and onward by river (the Volga) and rail to Moscow and northern Europe.

Kazakstan could soon join the North-South project, according to an April 19 article in GazetaSNG, an Internet news service reporting on the Commonwealth of Independent States. GazetaSNG writer Aleksandr Orlov noted that Frank went from his talks in Tehran, directly to Kazakstan, where he met with Minister of Transportation Karim Masimov. They discussed the inclusion of Kazakstan's Caspian ports in the North-South Corridor, increasing the possibilities for shipping exports from the Ural and Siberian regions, out through Iran to the Persian Gulf (as opposed to only through the Black Sea and the Bosphorus, (as Russian ships have been experiencing difficulties with Turkish authorities, who control the straits). Frank invited a delegation from Kazakstan to attend the St. Petersburg talks and expressed hope that Kazakstan will formally join the North-South Corridor agreement.

Also, on April 17, Kazakstan Foreign Minister Qasymzhan Tokayev received Iranian Deputy Minister for Roads and Transport Masih Momeni, for talks about potential cooperation in finance, industry, trade, and transport. Momeni was in Kazakstan in advance of a state visit by President Khatami at the end of April. A rail route from Tehran to Almaty, Kazakstan's major city, has been opened, making it possible to increase bilateral trade. The Kazak-Iranian inter-governmental commission also took up Kazakstan's participation in the North-South Corridor, as an important agenda item for the state visit.

This bilateral and multilateral diplomacy, focussed on tasks of infrastructure development, was all the more important in view of stumbling blocks in the path of broader regional cooperation. Thus, the long-awaited Caspian summit ended on April 24 without even a joint declaration, as the Presidents

could not reach agreement on the legal status of the Caspian Sea and its floor. The full story of the stalemate has not emerged as of this writing, but long-standing disagreements between Iran and Azerbaijan were involved. Iran, historically, has advocated treating the Caspian as a lake under international law—to be equally shared among the littoral states. Azerbaijan stands for carving up the sea, as well as the sea floor and raw materials deposits. Russia's formula of "divide the bottom, share the surface" was not accepted. Matters are complicated by the extent to which Azerbaijani President Heidar Aliyev, the veteran ex-Soviet intelligence officer, carries favor with Western oil interests and their associated geopolitics. These frictions grew more acute after Bush proclaimed Iran to be part of an "axis of evil."

Such dividing lines are not written in stone. Even as the Caspian talks stalled out, Putin signalled that Russia will push ahead for its own oil companies, starting with LukOIL, to get in on the Baku-Ceyhan oil pipeline—long pushed by Aliyev and his Anglo-American partners as an alternative to using Russian pipeline routes for shipping oil out from the Caspian and from Kazakstan.

Great Projects

The prospective development of joint infrastructure projects with Commonwealth of Independent States (CIS) members was the brightest note in the economic policy sections of President Putin's State of the Federation report, delivered to the Federal Assembly on April 17. The way the Russian

President cast his appeal to achieve higher growth rates and integrate Russia into the currently existing global economic system was open to varied interpretation. Liberal economist Yevgeni Yasin called the speech "a carte blanche for reform," but the improvements Putin demanded in standards of living and industrial performance are incompatible with the monetarist snake-oil and looting that went under the label of "reform" during the 1990s. Putin's call for great infrastructure projects could not be achieved by the methods of the team of financiers (Sergei Ignatyev, Oleg Vyugin, and Andrei Kozlov) recently reinstalled at the Russian Central Bank.

The President said, "The CIS countries have many opportunities to carry out large-scale, joint infrastructure, transport, and energy projects. I am sure that their implementation will increase the solidity of our integration, and will provide new opportunities for the Russian economy, and for others besides."

On the April 12 edition of a new weekly ORT TV program on science and technology, Russian journalist Vitali Tretyakov gave an idea of how such projects are being discussed in leading Russian circles. Tretyakov, the former editor of *Nezavisimaya Gazeta* and now head of an Internet report on energy, said that Russia needs great infrastructure programs as an engine for the revival of national industry and science.

"Especially after the Mir space station was closed," said Tretyakov, "Russians feel humiliated. . . . People long for the times when we had space science, and when we had an ideology. This ideology could be successfully replaced by a

LaRouche in Russian Military Paper

Krasnaya Zvezda (*Red Star*), the official daily of the Russian Defense Ministry, featured an interview with Lyndon LaRouche in its April 20 issue. Headlined "The Crash of Immoral Economics," it was an abridgement of economist Andrei Kobayakov's interview with LaRouche, from last October's inaugural issue of the journal *Russky Predprinimatel* (*Russian Entrepreneur*).

Red Star's selections highlighted a question on what must be done "to avoid a general catastrophe," to which LaRouche replied: "The only solution is to put the entire international financial and monetary system into bankruptcy-reorganization: to simply eradicate most of the mass of accumulated financial debt of the world, and resume building the real economy under a new system with many of the leading features of the 1945-1963, gold-reserve-based international monetary and financial system.

If that reform is not made, then a planetary new dark age is inevitable for the medium-term ahead." (The original interview appeared in *EIR* of Nov. 9, 2001.)

Excerpting from Kobayakov's introductory article, *Red Star* added a new lead: "Clinton, the Bush family, Gore, Kissinger, Brzezinski, Albright—these members of the American political elite are well known. At the same time, several gifted figures in the U.S. Establishment, who have dared to swim against the current, remain in the shadows. One of them is Lyndon LaRouche." The paper added that LaRouche had run for U.S. President several times, stressing that this requires substantial popular support.

Other questions and answers, used in *Red Star*, were on the true nature of liberal economics; the conflict between Russia's Christian heritage, and liberalism; the causes of the financial crisis; what has happened to America's role as a superpower; and, what is the special role of Russia today. Thus, readers of the Russian military daily heard LaRouche discuss the history of the Venetian oligarchical model in which "liberalism" is rooted, and the worldwide cultural collapse since the death of Franklin Delano Roosevelt.—*Jonathan Tennenbaum and Rachel Douglas*

number of comprehensive development programs, especially space programs, as well as great transportation projects. This is what the state leadership should concentrate upon.”

ORT host Mikhail Leontyev suggested that the project—dropped during Mikhail Gorbachov’s *perestroika*—of using water from Siberian rivers to irrigate deserts in Central Asia, could be revived and become the basis for Russia’s productive cooperation with the republics of Central Asia. He quoted leading officials from Uzbekistan, who have proposed to revive the project. Leontyev denounced the claim that such an intervention into nature would cause the Siberian rivers to silt up, when actually only 6% of the water flow would be diverted. Russia would benefit from flood control, avoiding catastrophes like the terrible floods that recently destroyed two towns on the Lena and Yenisey Rivers.

Leontyev recalled that the “river-turning” project was originally proposed not by politicians, but by Russian scientist Yuri Demchenko in 1896. The project was approved in 1902 by the Russian Academy of Sciences, but was not implemented, because of World War I and the later collapse of the

economy in the Russian Civil War (1918-1921).

The RosBalt news service reported on March 21 that Russian Deputy Minister of Natural Resources Valeri Roshchupkin has also spoken out about a possible revival of the Siberian water scheme. Roshchupkin referred to the interest expressed by officials from several drought-stricken Central Asian countries, in resurrecting the scheme to route water from the Ob and Irtysh Rivers southward into Central Asia. Roshchupkin also pointed to the potential benefits for flood control, while noting that the project would require thorough environmental impact studies and huge investment.

Addressing last December’s International Symposium dedicated to the memory of Pobisk Kuznetsov, Lyndon LaRouche discussed the development of Central and North Asia as “the greatest transformation of the biosphere, in the history of humanity.” That speech, which was published in *EIR* of Dec. 28, 2001, is now on the Internet in Russian, at www.larouchepub.com/russian/lar/index.html. LaRouche gives the prescription to defeat the mental disease of geopolitics, whose agents would plunge Eurasia into war.

‘Recovery’ Looks Like Crash to Airlines, Too

by Anita Gallagher

Can the U.S. economy be recovering, when seven of the eight major U.S. airlines, as well as the leading aircraft maker Boeing Co., posted large losses in the first quarter, when their “recovery” was supposed to take hold? Despite large government military aircraft orders, civilian aircraft leases, and bailouts, this industry has joined the ranks of the telecom and “New Economy” financial collapse.

The airline industry’s message about the overall economy is as plain as a contrail, especially when one considers that the airlines received \$5 billion in Federal grants, and \$15 billion in loan guarantees after Sept. 11, to stay alive. What’s more, the airlines have been so strapped for cash that all of their “Plan B” strategies to develop businesses other than flying public commercial jets, have had to be scrapped. Meanwhile, the estimated cost of the new security systems Congress has mandated be installed by the end of 2002 has already tripled, to \$6 billion.

The top eight U.S. airlines lost \$2.4 billion in the first quarter, 2002 (the “recovery delusion” quarter), increasing the collapse-pace of 2001’s record \$9 billion loss. Even Southwest Airlines, the seventh-largest, was down 82% from a year ago to a mere \$21 million profit, on an 11.9% drop in revenue from the first quarter of 2001:

Rank	Airline	Q1 2002 Loss (\$ millions)	Revenue Drop From Q1 2001 (percent)
1	AMR (American and TWA)	\$575	13%
2	UAL (United)	510	26%
3	Delta	397	19%
4	Northwest	171	16.5%
5	Continental	166	18.8%
6	U.S. Airways Group	269	23.7%
8	America West	348	21.6%
—	Boeing Co.	1,200	

As early as June 2001—well before Sept. 11—six of the eight major U.S. carriers were losing money, and industry analysts were predicting a large number of bankruptcy filings. After Sept. 11, most of the airlines cut their flights and workforce by an average of 20%. This has had no effect on the rate at which the industry continues to sink financially.

On Sept. 17, U.S. statesman and Democratic Presidential pre-candidate Lyndon LaRouche said: “An emergency financial reorganization of the national airline industry must occur, preferably in parallel with kindred emergency measures by other nations. This means that we must forget the Wall Street financial capital-gains market, and concentrate on long-term flexible budgeting of Federal and other credit-resources to keep the industry functioning physically. . . .”

This was not done, with the result that the airlines are now seeking an industry-wide precedent for union “givebacks” in the prolonged contract negotiations of industry-leading United Airlines. Negotiations April 25 went down to the wire between United and its 30,000 Ramp and Stores, Public Contact, Food Services, and Security Officers represented by the