

Korea accord boosts Eurasian industrialization

by Kathy Wolfe

President Clinton's chief negotiator, Assistant Secretary of State Robert Gallucci, and North Korean Deputy Foreign Minister Kang Sok-ju on Aug. 12 signed an historic agreement in Geneva, pledging the United States to help provide Pyongyang with 2,000 megawatts of light water nuclear reactors to upgrade its power grid. A \$4 billion consortium of the United States, South Korea, and Japan will fund it, and Russia and China will contribute technology.

In return, North Korea's new Kim Jong-il regime confirmed a major opening to the West, and has agreed to freeze activity at its plutonium reactors, halting the slide to world war begun when the British-run U.N. International Atomic Energy Agency (IAEA) charged Pyongyang with "building the bomb" earlier this year. North Korea agreed to remain a member of the U.N. Nuclear Non-Proliferation Treaty (NPT) and implement its safeguards, and the United States agreed not to threaten North Korea with the first use of nuclear weapons.

Bill Clinton is thus moving to bring down the "second Berlin Wall" in Korea, a stride for world peace comparable to the White House agreement between Israel and the Palestine Liberation Organization last year. Clinton's achievement was greeted by South Korean President Kim Young-sam on Aug. 15 with an offer to form a "Korean commonwealth," in which Seoul is ready to finance and build the new reactors for Pyongyang.

This follows Clinton and Vice President Al Gore's trips to Moscow, after which they criticized the International Monetary Fund (IMF) "shock therapy" for Russia, and the President's July trip to Berlin and Bonn, where he embarked on a new relationship with Germany, opening up the potential for rebuilding the economies of Russia and eastern Europe.

Clinton has also asked Commerce Secretary Ron Brown, during his Aug. 27 trip to China, to convey a new U.S. policy of insurance and other support for American exports of high-

technology capital goods to build up China's infrastructure. Following Chinese Vice Minister Hui Yongzhen's call for a high-speed rail "Eurasian land bridge" from Europe to China in an interview in the May 27 *EIR*, Beijing has placed a new priority on such projects (see "U.S. Policy Toward China," p. 6).

The establishment media say Clinton has no foreign policy, but they appear to be lying, insane, or both. In response to reporters' nitpicking, such as the repeated demand, "How much will buying off the North Korean commies cost the U.S. taxpayers?" one Washington source laughed: "South Korea is leaping to fund the entire project, and the Japanese want in, too."

Shock waves in Moscow, Beijing

"The agreement that we reached this evening we both regard as being a very useful one—one that addresses objectives that we both share," Secretary Gallucci told a joint Geneva press conference with Deputy Foreign Minister Kang on Aug. 12. The accord is only two pages long, Kang noted, but "that little document carries great weight and significance . . . agreed to with hard labor."

The U.S. team also agreed to exchange representatives between Washington and Pyongyang, to reduce barriers to trade and investment, and to move toward full normalized diplomatic relations. Talks will reconvene on Sept. 23.

Russian leaders from President Boris Yeltsin on down, as well as China's elite, European sources stressed, have been looking for signs that President Clinton can make good his promise in Germany in July to create "growth" in Russia and eastern Europe. Clinton's agreement to help North Korea into the 21st century is seen as a very positive act in Moscow and Beijing.

Russia and China both have signed multibillion-dollar trade deals with German Chancellor Helmut Kohl, featuring

the Europe-Asia "land bridge" rail link from Rotterdam to Moscow, to Lianyungang on China's Pacific coast. An American component to that great project is needed.

And if Washington's old adversary in the Korean War deserves nuclear power, how can it be denied to Palestine, China, or any nation? In particular, this is just the missing element in the Middle East peace package, where Israel and Jordan now agree that peace between them requires a vast expansion of water supply for the area, and only nuclear desalination can do the job.

Gallucci's late July trip to Seoul, Tokyo, Beijing, and Moscow cemented a "global deal" on the reconstruction of North Korea, administration sources told *EIR*. Russia and China are expected to send technological experts, and South Korea and Japan to send most of the \$4 billion in financial aid. "It is very important to have all these countries on board for the nuclear agreement to work," one official said. "There is also a lot of technological expertise we need, which is at a very high level, in Russia and in China."

"There is support in Seoul, Tokyo, Beijing, and Moscow for the approach that the United States is following in our bilateral talks," Gallucci told a State Department briefing on Aug. 2.

"The agreement will prove a turning point in shaping a new order. Confrontation will give way to cooperation in Northeast Asia," Yoon Yong-kwan, political science professor at Seoul National University, said on Aug. 14. Yoon said diplomatic ties between Washington and Pyongyang would have a snowball effect, with Japan and the West recognizing North Korea.

A Korean commonwealth

In an emotional televised speech on Aug. 15, Korea's national day of liberation from Japanese rule, South Korean President Kim Young-sam announced that Seoul would gladly provide money and nuclear technology to North Korea under the Clinton accords. "If the North guarantees the transparency of its nuclear activities, we are ready to support their development of the peaceful use of nuclear energy, including light water nuclear reactor construction, by providing them with the necessary capital and technology," he said.

"This could become the very first joint project for national development, leading to establishment of a single community of the Korean people," he said, noting that liberation would be complete only when Korea was reunited.

Explaining how a Korean commonwealth should be created, President Kim was very clear that a "community of interest" in economic development between the two Koreas must precede any haggling over politics. *EIR* Founding Editor Lyndon H. LaRouche, Jr. has pressed in the Middle East and Asia for this conceptual approach—getting economic development in motion before insisting on political formalities—for 20 years.

Assuring Pyongyang he is not seeking reunification by confrontation, Kim said Seoul would first help Pyongyang

build up its economy: "South and North Korea must first promote co-existence and co-prosperity and then join together in a Korean commonwealth to ensure lasting peace. . . . During the commonwealth stage, the two areas of Korea should form a single socio-economic community to lay the groundwork for political integration."

Calls for instant "political reunification" would be seen by the North as a *casus belli*, because many Bush-league maniacs have called for the violent overthrow of the Pyongyang regime.

While expressing great admiration for united Germany, South Korean officials also told *EIR*, "We are doing a number of studies to ensure that the Korean peninsula does not suffer the *economic* tragedy of German-style reunification," as occurred because of IMF shock therapy in eastern Germany. South Korea, he said, would never want the North to suffer the closure of industrial capacity, sale of assets for scrap, and the unemployment which the IMF imposed upon eastern Germany.

South Korea has insisted on this approach since the 1993 conference "Economic Problems of National Unification" in Munich, sponsored by the German Institute for Economic Research and the Seoul Research Institute for National Unification (RINU). "We should not follow in Germany's footsteps," RINU's Kim Young-yoon told the conference, citing instead Friedrich List's *National System of Political Economy* as the South Korean model.

New global credit system needed

"These projects are the only basis for an economic recovery program for the world," LaRouche said in his Aug. 17 radio interview with *EIR Talks*. "But with the current monetary system collapsing, as it's doing now, they cannot be financed, under present arrangements. Therefore, this is not actually an ongoing policy; it is a policy *thrust*, particularly from the President of the United States who's adopted this and sponsored it, as he did during his recent trip to Germany." To actually implement these "great projects," he said, "we will require a *new credit system*, a new monetary system, to replace the presently bankrupt global monetary and financial systems. The IMF system will have to go. *It is bankrupt* . . .

"The second step will be the establishment of new mechanisms of credit to get these projects full-scale under way. I believe that, as the system disintegrates, and therefore the *political power* of the Wall Street crowd, for example, in the United States, is weakened, the public clamor for an economic recovery, to avoid an absolute disaster for our people here as well as abroad, will create the political circumstances under which the President is able to do his part to establish a new credit system.

"I believe that under these conditions, the popular mood for reforms, not only in the United States, but in other countries, will come. These will be sweeping reforms, accompanied by large-scale recovery projects. And *that's* the hope for the future."