

Sunshine Is Not Free: Korea, Asia Need 'Iron Silk Road' Now

by Kathy Wolfe

The attack on South Korean President Kim Dae-jung's Sunshine Policy toward North Korea, by Richard Armitage on Jan. 29, on the eve of Kim's March 6 trip to Washington, is not an isolated Bush-league insult. Armitage, nominated to be Deputy Secretary of State, told leaders of Kim's ruling party that the term "Sunshine Policy" should be dropped, as North Korea might "abuse" it. This is a page from his "Armitage Report," published last October at Washington's National Defense University, and identical to new Pentagon and CIA reports. All of these label North Korea and China as "strategic threats" to the United States, ostensibly to justify Bush's unworkable National Missile Defense (NMD) scheme.

"China and Russia are the ones being threatened, in fact," an Asian diplomat told *EIR*. He agreed with *EIR*'s analysis that the NMD can't be built because of the U.S. economic crisis. "But even if Bush has no resources to build the NMD," he said, "his advisers seek to use the mere threat to push Beijing, Moscow, and Pyongyang into an arms race big enough to bring down those regimes. They believe the mere threat of 'Star Wars' caused the arms buildup which brought down the Soviet Union."

As they bomb Baghdad, Armitage, Deputy Defense Secretary nominee Paul Wolfowitz, and others who demanded preemptive strikes against North Korea in 1993, appear ready for war in Asia now. War can't be stopped by throwing threats back at these characters, or by appeasing them; alternating threats and promises are their favorite playing field.

In such times, even Sunshine is not free. It must be fought for, as a strategic war is fought: by large-scale surprise flanking maneuvers, by moving to new ground where the enemy cannot function. As *EIR* Founding Editor Lyndon H. LaRouche, Jr. said in a Feb. 17 speech (see *Feature*), the Bush crowd will "get nastier and nastier," but it is best to "not worry about it," and to forget influencing them, because their minds are fixed on conflict. Meanwhile, they are stupidly ignoring the global financial crash, and Asia can turn this to decisive advantage.

The way to win is to change the game fundamentally, LaRouche said. Both Koreas, Japan, and China must redouble efforts for a giant Marshall Plan for Asia, and build the "Iron

Silk Road," a term coined by Helga Zepp-LaRouche, LaRouche's wife, in the early 1990s. Major pan-Asian rail, water, energy, and industrial projects are urgently needed, with a "long-term cooperation perspective" among the ten members of the Association of Southeast Asian Nations (ASEAN), South Korea, China, and Japan (the ASEAN-Plus-3), with Russia and other neighbors. South Korea is ready to sponsor North Korea's participation.

Win, or Lose with the IMF

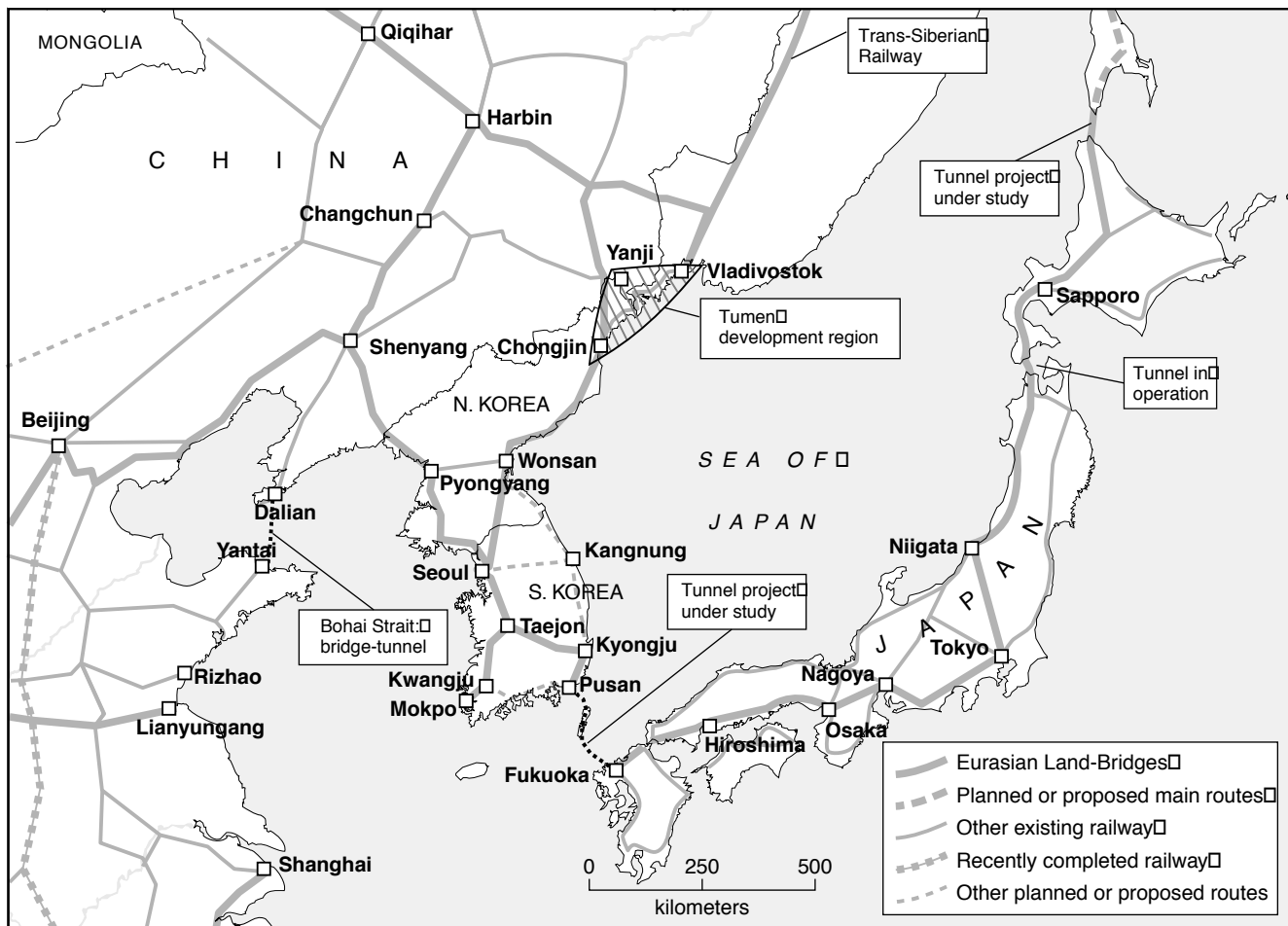
To finance this, Asia requires a new monetary system, based on the 13-nation ASEAN-Plus-3 regional alliance. "What will work," LaRouche said, is "the ASEAN-Plus-3 agreements reached in the recent conference in Chiang Mai," Thailand, which will soon have some \$50 billion in "swap" agreements to support each other's currencies. A new monetary system based on this must be set up rapidly as "a source of strength," LaRouche said. "As [today's] financial system collapses . . . you're going to see a phase-shift in world politics, as well as economics, and strategically, which might seem unimaginable today," and Asia will have the chance to start a new system.

To fight, however, one must be in the game. The tragedy is that Kim Dae-jung, at center stage for bringing together North and South Korea, and forging the Plus-3 group of China, Korea, and Japan, could be thrown from office by popular anger over the economic devastation caused by the International Monetary Fund (IMF).

Kim, who took office in 1997 as the IMF crushed Korea in the "Asia crisis," has chosen the medium-term road of selling half the South's economy to the IMF and Wall Street, for the "greater goal" of re-uniting his fatherland in the long run. But the collapse of Korean exports to America, the new oil price shock, and the crash of Korean computer sales have brought unemployment back up to nearly 5%, the government announced on Feb. 20, and workers are in the streets blaming Kim.

The IMF is going in for the kill, eager to replace Kim with a pure Wall Street puppet-regime which will smash the rest of the South's industrial potential, and support war with the North, too. On both Feb. 2 and Feb. 7, the IMF publicly criti-

FIGURE 10
High-Speed Rail Projects Proposed by EIR, 1996



cized Kim for being “too slow” to shut down Korean industry, which caused stock and currency markets to plummet. On Feb. 2, after a “consultation” in Seoul, the IMF issued a release saying that “both domestic and foreign sentiment about Korea have deteriorated in recent months” because of “the perception of a lack of tangible results in corporate and financial sector restructuring. . . Banks should press for liquidation of non-viable companies” now.

In a Feb. 7 speech in Seoul, IMF representative David Coe demanded closure of the Daewoo companies in particular, in the name of “shareholder value.” “Creditors and the government need to seek a quick resolution for Daewoo, whose affiliates have been under workout for a year without any significant asset sales, to prevent further erosion of stock value,” said Coe. “To improve profits and shareholder value, corporations need to further reduce debt, deepen restructuring through cost cutting, and speed up the sale of non-core assets.”

Russia Enters the Picture

To save his Sunshine Policy, Kim now must break with the IMF, and he must have the full support of the ASEAN-Plus-3 alliance, especially Japan and China, if a regional war is to be avoided. The help of nuclear power Russia, is also a new strategic asset in the game.

Russian President Vladimir Putin and President Kim held a summit in Seoul on Feb. 27. Their communiqué emphasized Kim’s Sunshine Policy as “central.” It also announced a new “trilateral cooperation” of North and South Korea and Russia, and called the 1972 Anti-Ballistic Missile Treaty “a cornerstone of strategic stability and an important foundation for international efforts on nuclear disarmament,” an unspoken dig against the NMD.

Putin has been increasingly involved in Korean affairs since visiting Pyongyang last July. Russia needs major Korean trade and investment; but Putin also sees engagement as a way to prevent a Korean war on Russia’s border, by upping

the danger to the United States of a Russian reaction.

Kim and Putin put the “Iron Silk Road” up front. “The two leaders also saw eye to eye on the need to add an impetus to their economic and trade relationships covering energy, science, and technology,” the communiqué said. Seoul and Moscow have agreed “to press ahead with a tripartite economic endeavor involving the two Koreas and Russia, to establish a transportation cooperation committee to promote freight traffic in Northeast Asia, and to actively seek trilateral economic cooperation among South and North Korea and Russia regarding the joining of Trans-Korean Peninsula Railroad and Trans-Siberian Railroad.”

If connected by rail, “Russia, South Korea, and North Korea would be in the center of the ‘Iron Silk Road’ linking the European and Asian continents,” President Kim said, at a press conference with Putin. “It is my dream to have an ‘Iron Silk Road’ linking Korea with Europe.” Putin added that North Korean leader Kim Jong-il had expressed interest in this during their talks in Pyongyang. “The project would make the policies of countries in this region more predictable because they will be inter-linked,” Putin said. He also stressed that it would increase freight from East Asia to Europe from the present 25,000 containers a year to up to 600,000 containers within five years. Such large multinational projects, he said, make “all in the region winners.”

Putin, whose country’s economy has been decimated by the IMF, showed such strong support that he offered several hundred million dollars to improve North Korea’s rail system.

Also discussed was the Irkutsk gas pipeline, which would extend hundreds of miles from Russia’s Mongolian border and run the length of North Korea into the South; related Siberian energy projects; and a joint industrial development zone in Nakhodka, Siberia. These would bring both Koreas, and Japan, a new energy independence from the Western oil cartel, and jumpstart Russia’s economy.

None of it can be done under today’s IMF system.

Koreans Decide Their Own Fate

With the North-South Summit last June, Korea’s two leaders have put themselves on the stage of world history. Korea is now positioned to decide its own fate, It is this collaboration, and its potential as part of the ASEAN-Plus-3 alliance, which is causing the Bush league to attack China and North Korea, while the IMF tries to bring down Kim Dae-jung. Pyongyang’s missiles are irrelevant.

As Princeton Prof. Kent Calder wrote in the New York Council on Foreign Relations (CFR) magazine *Foreign Affairs* in January, “For the first time since World War II, Seoul and Pyongyang—rather than Washington, Moscow, or Beijing—are driving events. The two Koreas sense they were on center stage. . . . Washington was left behind, after dominating Korean diplomacy for decades.”

Worse for the CFR, “A glance at the map, suggests the

power of the forces being unleashed. . . . Peninsular cooperation could transform North Korea from a barrier into a bridge—to Russia, China, and the world beyond. A lack of domestic energy resources, coupled with rapidly rising demand for energy, gives North and South Korea a shared economic motive to develop common railways and pipelines northward to exploit Siberian gas and trans-Siberian shipment opportunities.”

In the March *Foreign Affairs*, the CFR is more desperate. “The problem now is that East Asia, for the first time in history, is creating an economic bloc,” C. Fred Bergsten wrote, and nations in the region are “clearly headed toward creating their own monetary arrangement.”

CFR types are so panicked, that Selig Harrison, the U.S. Establishment’s lead Korea analyst, urged in the same *Foreign Affairs* issue, that Washington dump the Armitage policy and offer to start armed withdrawal from Korea—anything to put the United States back in the game. “Kim Dae-jung and Kim Jong-il are trapped in a cycle . . . facing domestic opposition,” he wrote. “Only the United States can break the cycle.” Harrison’s offer “is nonsense,” an Asian expert told *EIR*. “There is no chance of Washington adopting any of the policies he recommends, and he knows it. He only wants to get the Americans back in control.”

Shock Waves on Foreign Debt, Energy Rock Moscow

by Rachel Douglas

If the mid-February financial earthquake in Turkey could pull the Russian stock market down by 10% in one day, as investors liquidated assets in their Russian portfolios to cover losses in Turkey, what will happen in the heavily dollarized Russian economy when the United States makes its hard landing and the dollar collapses? In the words of one well-placed economist, that will unleash the proverbial “ninth wave,” the one that sinks the ship, onto Russia.

The Russian government and Parliament are already in an uproar over debt and revenues. On Feb. 13, a few days before the tremors at the Turkish epicenter of the world financial crisis touched off vivid recollections of Russia’s default in 1998, the Russian government had announced the end of expectations of reaching agreement on rescheduling its Soviet-era “Paris Club” debt to Western governments, during this year. Therefore, Minister for Economic Development and Trade German Gref said that day in Berlin, Russia will service