

of 5%. The international financial media then ridiculously characterized the deal by saying that “the IMF blinked” in the face of Kirchner’s “tough” negotiating stance. A manic George Bush further stroked the Argentine President’s ego at a Sept. 23 reception at the United Nations, by greeting him from across the room in a loud voice: “Here comes the man who conquered the IMF!”

The vulture funds, for their part, were furious at how “le-nient” the IMF had been with Argentina. As a Bloomberg wire reported, the Italian Mauro Sandri and other vulture bondholders “said they were outraged after Argentina reached an accord with the IMF two weeks ago, that ensures the government pays back multinational lenders while forcing losses on investors.”

IMF spokesman Thomas Dawson defended their deal with Argentina by arguing that it “will lead to a sustainable debt position”—which is a lie. As one Buenos Aires economist told the *Financial Times*: “It’s doubtful Argentina can even service its performing debt with that [a 3% PBS], let alone defaulted loans.”

The reality is that Argentina is not going to be able to service its public debt, even after the 75% write-down. On top of the \$94.3 billion in defaulted bonds—now to be written down to some \$24 billion face value—Argentina has another \$85 billion in supposedly performing public debt. Of that, about \$70 billion is classified as “Senior debt,” meaning that it is paid first, before the renegotiated defaulted debt. This “Senior debt” includes some \$25 billion in *new* government bonds, that were issued after the December 2001 default.

So, even with massive write-offs, Argentina is staring down the barrel of a gun at well over \$100 billion in public debt that it has to pay—an impossibility, given the ongoing destruction of its physical economy.

To achieve even a “low” PBS of 3% in 2004, the government is going to have to impose further massive cuts in government spending on wages for teachers, doctors, and others, as well as in pension payments. This is on top of the 11% plunge in national economic activity in 2002, which, coupled with a 70% forced devaluation of the peso that year, has meant that Argentina’s dollar-denominated GDP plummeted from \$264 billion in 2001, to \$120 billion in 2002—a 55% drop! As a result, over half of Argentina’s 38 million people now live below the poverty line, and unemployment is over 20%.

There is *no* amount of achievable looting that can make Argentina’s debt perform. Analysts estimate that, for Argentina to be able to pay, even after a 75% write-off, it would have to generate a PBS not of 3%, but of 4.5%; and not for one year or two, but for the next 15 years!

This is fascism and lunacy, as LaRouche stated. If adopted, such policies will leave Argentina, and the rest of the developing sector economies that follow it, as a carcass picked over by vultures. And then the debt will be defaulted on, anyway.

Interview: Joern Kristensen

‘There Is New Pressure To Develop the Mekong’

Joern Kristensen is the Chief Executive of the Mekong River Commission (MRC). The Commission was created in 1995 by the governments of Vietnam, Cambodia, Laos, and Thailand to deal with matters of the economic and related development of the Mekong River Basin. A delegation from the MRC arrives in the United States in October to study the management of the Mississippi River. Mr. Kristensen was interviewed by phone from Pnomh Penh by Michael and Gail Billington and Marcia Baker on Aug. 25.

EIR: Why was the Mississippi chosen as the candidate for this trip?

Kristensen: Well, it happened actually when I attended one year ago the International River Symposium in Brisbane, where we won the international prize for excellency in river management. There was a man who made a presentation on the Mississippi River, and that presentation centered around the considerations, now, to take down some of the structures that were put up by the Army Corps of Engineers after the Second World War. It has been recognized, according to the presentation, that some of the structures actually had a negative impact. In the context of the presentation, he made a reference to the Mekong, so I went over to talk to him and then, when I came back, I followed up through our contact at the American Embassy in Bangkok, the regional environmental coordinator, Mr. Ted Osius, who represents the United States in the countries of the Mekong. I spoke with him and said maybe we should try working on the link to the Mississippi, because it was also interesting in the sense that we knew already that the concept that was taken to the Mekong, when the big development schemes were prepared here in the 1960s, were actually based on the work that had been done one decade earlier on the Mississippi. . . .

EIR: Will you be hosted by—or is it involving the Army Corps of Engineers, that has responsibility for the system or other interests?

Kristensen: We would be hosted by the Mississippi River Basin Alliance, which is kind of an umbrella organization consisting of a number of civil society organizations, also research organizations, and universities in the region; but the Army Corps of Engineers are also involved in the program, so it will be a program that would introduce our people from the region here, both to the governments as well as to civil

society who are dealing with Mississippi issues, so I think it is a very broad-based program.

EIR: What is the composition of the group that would be coming over?

Kristensen: That would be altogether 12 people, and that consists of two representatives from each of the four MRC member countries—Vietnam, Cambodia, Laos, Thailand—at Joint Committee Member or Secretary General Level; and then there would be four senior staff from the secretariat.

EIR: Another thing about the relationship between the Mississippi and the Mekong goes back to the Vietnam War era. To what extent is the non-development of the Mekong back in that period, in the consciousness of the people coming to look at this?

Kristensen: You know there were great schemes made for development of the Mekong back in the 1960s, but because of the war and the hostility that eventually led to the war in the region, these development schemes were never implemented. Now, when peace has returned and seems also to have firmly settled in the region here, there is a renewed interest in, and a new pressure for development of the region here. The people who are coming are very well aware of that, and this is something that can be spoken about openly.

EIR: I was interested in the interview you had done previously on this, on the shift in emphasis in terms of the kinds of projects that the Mekong River Commission is looking at, from smaller projects to a more comprehensive work plan for the region as a whole. Can you say anything more about that?

Kristensen: You know, if you look to the past—and the past, when we talk about the Mekong, is not that long ago; because it is only within, say, the last 5-6 years that the relationships among the countries, who are sharing the region here, have developed to such a level that it is now possible to work together in an open and positive manner across borders, and that also is what is reflected in the Mekong River Commission's program.

If we go just one decade back, the relationship mainly caused at that time by the still unsettled situation in Cambodia, was still strained in many ways, and it was difficult for the countries to work together. Therefore, the work of the Mekong River Commission during these years was centered much more on, let's say, local or national projects than on regional ones. Local or national projects do not require the same level of regional cooperation as when you move into basin-wide activities, so that's the background for this shift.

EIR: 1975 was the point at which the United States pulled out funding for the Mekong River Commission, and now Denmark is the largest funder of the Commission?

Kristensen: You know, following the Vietnam War, the U.S. pulled out of most support to the region; and its place as

a donor to the MRC cooperation was, to a large extent, taken over by the Scandinavians, the Nordic countries. It did not happen exactly in 1975. But during the 1980s, the Nordic countries came in as donors, and that coincided with the, let's say, the increase in the global awareness about sustainable development. . . .

Another reason for Denmark's participation here is the issue of poverty alleviation and providing of food security to the poor segment of the population. It is also very high on the agenda in the Danish development strategy, and in this context, Denmark has been the strongest supporter of fisheries. Here in the Mekong, we have one of the world's largest freshwater fisheries, and the development of that has been supported by the Danish government.

EIR: If you had access to all the funding that you would need, would there be technologies that you could introduce for the fisheries that would improve them dramatically?

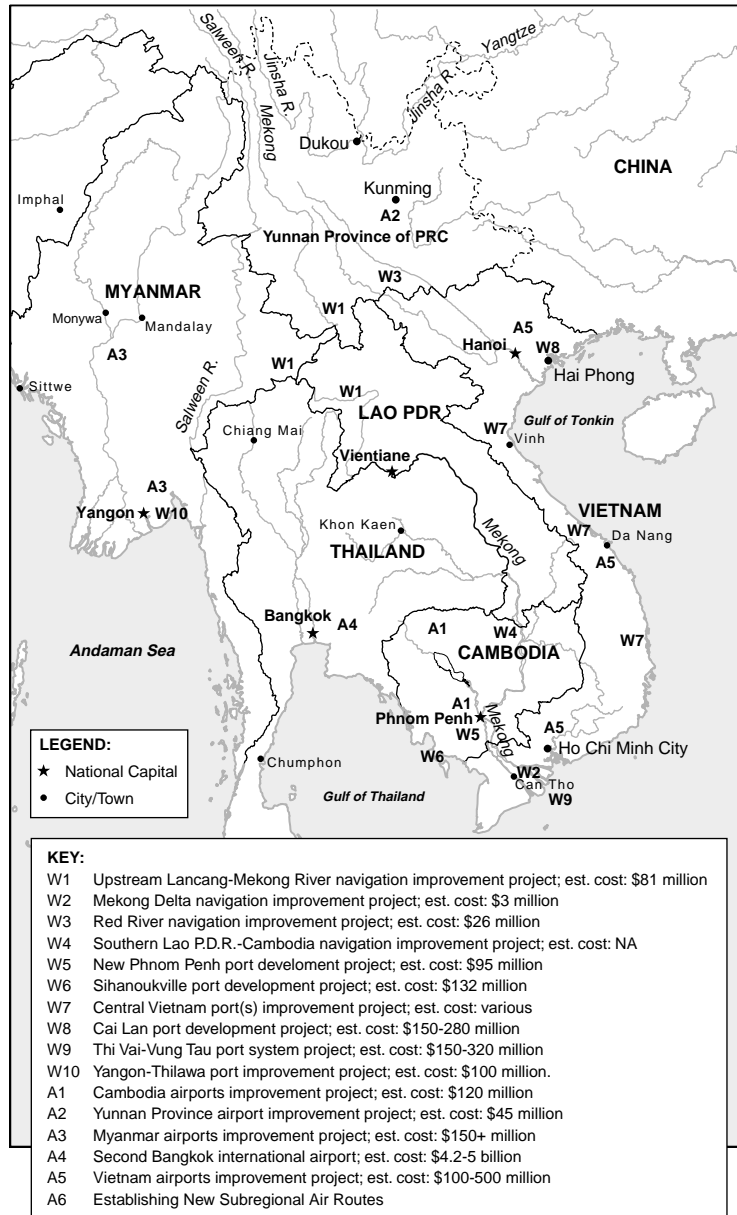
Kristensen: There are underutilized opportunities for aquaculture here; we are focussing mainly on capture fishery, but if there were more support available, there are opportunities, great opportunities to increase aquaculture in the region. It is being developed on a private sector basis in the Vietnamese part of the delta; while in Cambodia, where the opportunities are as big as they are in Vietnam, there is still very little aquaculture, so there are opportunities, if there were more funding available.

EIR: I think the question that you are talking about, Mr. Kristensen—we're thinking of the history of some of the development in North America, which has a different physical setting, not monsoonal, for example. But there was, first, concern of flooding, and also navigation opportunities; and then later, upstream in the tributaries, there were resources and attention given to small very upstream developments; and, of course the terrain is quite different, but still you still have a tremendous variety in your huge Mekong Basin, do you not?

Kristensen: That's true, I think we have in the Mekong—as far as our assessment goes, there are about 20,000 small dams in the sub-watersheds, with water used for irrigation. That's primarily in the Thai part of the basin, which is the most developed. The impact is quite interesting. We have just concluded a study showing that contrary to what has been believed, the water flow in the dry season has actually over the last few decades, increased, when it was believed that there has been a decrease.

We have not been able yet to analyze in detail the reasons for that, but our belief is that that is actually due to the high number of small dams, where water is collected during the wet season, and then released in dry season; so the impact of the small dams has been significant, while the large dams, built for, let's say, the traditional purposes, as you said, to regulate for navigation purposes and also to provide for hydropower, there there has only been very modest development

Greater Mekong Subregion Water Navigation and Air Transport Projects (as of February 1999)



Source: Asian Development Bank.

“We believe that the Mekong River Commission is probably at the forefront compared to a number of new river basin initiatives taken in developing countries. We see that also because we are getting an increasing number of visits from Africa, from Central Asia, people who are, let’s say, at a more early stage of setting up regional cooperation on shared water resources, who want to come and learn from the Mekong experience.”

so far, nothing of significance in the lower part of the basin, and it’s only started now on the higher reaches, up in the Chinese part, on the Lancang, where two dams have so far been commissioned, and more are in the making. So there is today very little impact from large dams, but a certain impact from the large number of small-scale dams.

EIR: How are the relations between the countries themselves with China, in looking at these big dams that are being proposed and built?

Kristensen: I would say the relationships in the region here, in general, are moving in a positive direction, and that speaks both for the relationship between the countries in Indochina and China, and that also reflects on our relationship, the Commission’s relationship with China, which has become much more active in the past few years. We have regular meetings with the Chinese. At the government level, we have an annual dialogue meetings. We have government representatives sent here from the Republic of China participating as observers to our Joint Committee and Counsel meetings, and we also have Chinese experts participating in some workshops. And our experts go to China and make presentations in seminars and workshops there, so there is an increase, but I can also say it is still, if you look at the requirement for the future, it is still at an early stage. . . .

EIR: Do you have any ideas or sense of how to resolve the funding problem? Where do you see the possibilities for that—assuming that we could get the United States to do something?

Kristensen: At the Commission here, we don’t—there are funding problems in the region. At the Commission, we don’t have funding problems. We have a robust economy of \$10-15 million dollars per year, which covers sufficiently our need for research, analytical work, and dissemination of our information.

The biggest investments that are needed for development, should not come from the MRC. That would be the World Bank, the Asian Development Bank, bilateral donors, and, hopefully also, private investors; so this is an issue as much for the banks and other agencies I mentioned.

Our role in this is to promote good cooperation here, and also provide the data and information background that is needed for investors and banks to make their decision, and we are working exactly in that direction. I can tell you that tomorrow we will have the first-ever state of the basin report for the Mekong River. We have worked over the last 18

months to put together a very, very comprehensive assessment of the natural resource base, and the cooperation in the region here. That will be released at an event in Phnom Penh tomorrow [Aug. 26].

EIR: Do you have any indication from the conference that was held here in Washington, or from this upcoming trip to the Mississippi, that there is any interest being shown by the U.S. government in getting involved in backing these projects?

Kristensen: We have had a mission from the U.S. government EPA [Environmental Protection Agency], who were here in July. They visited our secretariat and also went to the four member countries to make an assessment. Issues that are being looked into in that context are water quality issues, so they took the findings back to the U.S.; and now I think, in combination with the upcoming visit to the Mississippi and the return visit that will happen—as far as we are scheduled for early next year—I think that together would help to keep, or even create, greater momentum in the cooperation, so we are hopeful that that will eventually lead to a stronger U.S. involvement. But we are quite happy to see the state where we are now, thinking about . . . that the U.S. pulled out in 1975; and it is obvious that it has taken some work to get the cooperation moving again, but we sensed a very, very strong interest when I was in Washington.

I was there, as you recall, in May, then again, in June, and in both meetings—the first arranged by the State Department and the second one by the Asian Development Bank and *Foreign Policy*—I sensed that both meetings had very strong interest in the U.S., and quite a certain level of passion also for the Mekong.

EIR: Who is the return visit going to be from?

Kristensen: I don't know if that has been figured out yet, but it is obvious that the Mississippi Alliance, which has received a grant from the U.S. government to support this exchange program, that they will play an important part in this. So Mr. Tim Sullivan, who is the Secretary General or Chief Executive of the Mississippi Alliance, certainly would be at the center of this; and there I believe there would be both representatives from the Corps of Engineers and also from research groups from universities in the region. . . .

EIR: We have talked a lot about the idea of “development corridors,” and I was interested in what you had written up about the international Challenge program and the seven benchmark water basins in the world. How is that working? And in Asia itself, what are the contacts between, say, India and Gangetic basin, with the Mekong?

Kristensen: On the Challenge program, this is a major program that is supported by a number of big international donors, like the World Bank and also some quite large bilateral donors. The background—I don't know if you are familiar

with the program—but the background is to find ways to produce more food to feed the world's growing population over the next few decades, and the program has been divided into a number of thematic areas; and one is named water and food. The aim here is to produce more food without using more water, in order address the water shortage. . . . So a number of river basins around the world have been identified as focal points for research, where the experience is then disseminated in a global context.

Here at the Mekong, this issue is extremely relevant in the sense that we have a rapidly growing population here within the basin, we count a population at approximately 55-60 million, and this population would grow up to 90-100 million over the next 25-30 years, so there would be certainly a need to increase food production. In addition, we have one of the poorest populations in the world, and there is also a need for a general improvement in socio-economic conditions.

So pressure on the natural resource base here, pressure on water resources in order to increase food production particularly in the lower part of the basin, in Cambodia and Vietnam, where the population pressure would be the largest. We think we can learn from experiences in our own region here where, for example, Thailand is somewhat more advanced, but we also think we can learn from other river basins around the world, and probably also some of these basins can benefit from experiences here, and through this Challenge program, where we were nominated or appointed in November of last year as the coordinator, we get direct access—there is a steering committee—so we get in direct contact with the other river basins.

EIR: Is there some other especially analogous, or some particular basin that comes to mind that you think there are useful comparisons or lessons?

Kristensen: I can't say that in terms of this particular program, the food program. But in a more general sense, if we go back to where we started, we think that at the Commission here, in many ways we can learn from activities and experiences from more developed river basins, and that's why we are quite excited and very encouraged about the opportunities now to get in professional contact with people from the Mississippi. We have already for some years had a twinning arrangement with the Murray-Darling Basin Commission in Australia, which we have benefitted greatly from here, and in some more specific fields, like navigation, we are in close contact with the Rhine River in Europe, and so on, so we think that particularly from more developed river basins, we have a lot to learn.

When we look into developing countries, we believe that the Mekong River Commission is probably at the forefront compared to a number of new river basin initiatives taken in developing countries. We see that also because we are getting an increasing number of visits from Africa, from Central Asia, people who are, let's say, at a more early stage of setting up



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EIR: At the Commission, I noticed what you had said earlier that there were at least 15 different nationalities that are participating with the Mekong River Commission at this point.

Kristensen: That’s true. It dates back to 1957, when it was established as the Mekong Committee. Our commission today—and let me say that at that time, also going back to one of your earlier questions: Where focus was much more on, let’s say, more traditional projects that could be better described as local or national projects, there was probably not the same need for bringing international expertise, as we have today, so the 15 nationalities I referred to in some of my earlier writing or interviews, described the composition of our staff. We have at the Secretariat employed about 125 staff and about 70 are professionals, and of these 70 professionals, about 40 come from the region here, relatively evenly distributed about among the four countries. So we have 10 Cambodian professionals, 10 Laotians, 10 Vietnamese, and 10 Thais, and then we are about 30 international experts working here, coming from different professional fields and coming from different countries in the world, so that brings it up to this about 15 nationalities working together.

EIR: What do you see as the top priorities for the Commission in the next 5-10 years?

Kristensen: I would say there are more than one, but probably it can all be described as the need to continue to build the cooperation among the four countries who are the owners, the members of the organization here, and then, on the basis of that cooperation to continue to build relationships with the upstream neighbors, particularly, China.

I mention that because we are in a river basin where, as with many others, there are different interests among upstream and downstream, and that also includes our own members upstream. There is a different perception when you live upstream or you live downstream, and we also see that within

the Mekong, that issue of cooperation . . . in a wider context than just the narrow issue of water, needs to be promoted constantly in order to avoid the countries from drifting away from each other in different directions, more led by their own narrow interests.

EIR: In that regard, what is your sense of the potential for the development of the transportation on the river itself and the use of the river for transport, and how do you think enhancing that transportation will actually contribute to the collaboration between the countries?

Kristensen: I think when we look at the transportation, we need to look at it from two angles, or let’s say divided into two sections. That’s the upper part of the river where there are navigation opportunities including China, Myanmar, Thailand, and Laos, where it is possible to use the river for transportation from the so-called Golden Triangle area and up to [Xinghong] in China. There is some interest in improving the opportunities to use the river by modification of the river channels, and to open it up for large ships. There are some controversies included in that, because the modification of the river for navigation purposes would have an impact on the fish stocks, and could also impact the flow, which would then, in turn, change or have an impact on the ecological system, and probably also lead to more excessive floods downstream.

So this is a sensitive issue, where there is a need for not only, I would say, for the upstream countries just to move ahead with their ideas, but to do that in a very close consultation with the downstream countries, Cambodia and Vietnam, who would not be part of this. As you know, the river is divided in two sections by the Khone Falls on the border between Cambodia and Laos.

So there are opportunities to improve relationships between the countries which share the upper part, but unless that is handled carefully because it is a sensitive issue, that could lead to negative relationships with the two downstream countries, Cambodia and Vietnam.

On the lower section, there are certainly opportunities to improve the use of the waterways for transportation. The waterway is already here, you can sail with ships up to 5,000 tons between Phnom Penh port and the South China Sea. And if one would recall the situation before 1975, then, the Mekong River between Phnom Penh and Vietnam was also referred to as the “highway” of this region, because all supplies that were brought into Cambodia came up the river and also other resources and materials, and agricultural goods that were produced in Cambodia were taken out on barges down to Vietnam from where they were shipped out.

That came to virtually a standstill after 1975, where you had conflict between the two countries, which were hostile to each other, and it has never really come back again. The river is being used, but it is really underutilized for transportation. Today 20,000 containers are taken by road from Phnom Penh down to Sihanoukville, where they are shipped out from the

deep-sea port. This is expensive, and it also has a negative impact on the environment, so we are working right now with a program where we try to get these opportunities re-activated again to make the lower part of the river here into a highway, and if that could come true—and it will eventually come true—that would be a win-win situation both for Cambodia, and Vietnam would benefit from that.

But you have two distinct situations whether you are talking about upstream or downstream.

EIR: Is that purely a political problem on the Vietnam/Cambodia side, or are there physical developments that need to take place?

Kristensen: It is mainly a political problem, because the river is there—in principle, the highway is there—so it is just a matter of getting back to basics, I would say, and that means for the Vietnamese and Cambodia governments to sit down and sort out issues on differences on this issue, and then open up for smooth transportation across the border, custom clearance, and things like that.

It's just at the beginning here, you know, that's what makes the Mekong somewhat stand out, say, in comparison to the Mississippi or some of the other big rivers I have talked about. Very, very little development has taken place here for the historical reasons, which we all know; so we have still a pristine river with a lot of opportunities, but also opportunities that include that the river in its natural form provides livelihood, and supports the lives of millions of people, so great care needs to be taken, and the need for cooperation among countries who are former enemies is very strong here, so that development in one part of the river is not being done at the expense of people living in other parts.

EIR: I just recently wrote on the Cambodian elections, and if you look at the population profile, the next generation is one that was not directly—or maybe more indirectly suffered the consequences of those wars—but this is a new generation.

Kristensen: This is an interesting point you are making here because you find the same in Vietnam, where you have approximately 60% of the population—and the population there today is about 80 million, so it means that about 50 million are born after 1975, after the war—and I think there are similar ratios for Cambodia, although the population is much smaller. But then you see a huge young population now coming to age, which has a very different perspective on life and a very different background than their parents and grandparents. I often talk about, when speaking of this region, that we have a bigger generation gap here than can be seen in most other parts of the world, and there is no doubt that that will have an impact also on the generation that will take charge in the coming decades here. . . .

EIR: You mentioned comparison with lessons from other experiences. The Tennessee Valley Authority obviously, it is a certain size, but beside all of the dams for hydropower and

flood control, and for navigation, there was a big social education program on how local, rural backward people could use electricity. But they also had, of course, the famous nuclear power development program. I know that in Vietnam, there's an interest in high-tech research and nuclear power. Do you have anything special to point out about this in what the future could hold in Indochina?

Kristensen: I think when we look at the need for energy production, it certainly is a major issue here because if you take the two poorest countries in our cooperation—Cambodia and Laos—probably less than a quarter of the population has access to electricity. So it is obvious, in order to promote improved socio-economic conditions, to promote education, and so on, you also have to bring electricity into the region, and that is one of the challenges. Because there are opportunities to use the river for hydropower production, and we see it already being planned on a number of the major tributaries, having their head at the central highlands in Vietnam, and then running into Cambodia where they join the mainstream.

While so far, there has been no serious considerations on hydropower plants on the mainstream in the lower part of the basin, we already spoke about China; but these issues will probably pop up again. However, when we compare to former Pres. Lyndon Johnson, who spoke about the Tennessee Valley in the 1960s—he compared the development that he was going to support in the Mekong to the Tennessee Valley, where light has been brought through hydropower.

We should remember that, compared to some 40 years ago, there are other opportunities today that were not known at that time, and nuclear power is one. but it seems possible also to say, in general, it is fading; when there are renewable energy sources like solar, and wind, and there is a lot investigation going on in this region here for natural gas and oil.

So I think it is too early to say what would be eventually the response to the need for energy here, but I think none of the options can be excluded for the time being. But I believe there will be much more conscious development, much more understanding on the need to find the right balances.

EIR: We have some lessons from the United States, with 50 million people in our blackout a couple of weeks ago, we have big interest—

Kristensen: I saw that, yes.

EIR: We have a big interest—we leveled off 30 years ago in continuing nuclear, and in spite of our beautiful hydropower up in Quebec or on the Tennessee, we leveled off from technology. So we're fighting in the United States that we should resume technology and infrastructure.

Kristensen: It's interesting to see how that can catch the headlines all over the world, when such a big, highly industrialized country loses electricity for four hours; when you see that in the countries where I am working here, as many people who lost electricity for a few hours, have *never had* access to this resource.