

# President Putin Calls for New Economic Architecture

by William Jones and Rachel Douglas

It may not be the case that this year's St. Petersburg International Economic Forum, an annual gathering established by the Russian President at the beginning of his first term in office, was intended to upstage the June 6-8 Group of Eight meeting at Heiligendamm, Germany, but the contrast between the two meetings couldn't have been starker. The Heiligendamm summit did occasion President Vladimir Putin's move to outflank the Bush Administration's attempt to place missile defenses in Poland and the Czech Republic, with his surprise proposal for a joint facility in Azerbaijan, instead. And there were economic discussions of interest there, involving non-G-8 members such as China. But as far as the core question of the global economic crisis goes, the G-8 was a decidedly lackluster affair by comparison with St. Petersburg.

Putin chose the St. Petersburg Forum as the platform from which to call for a "new architecture of international economic relations." In that speech, Putin became the first head-of-state of a major power to address the global economic crisis in such terms, since President Bill Clinton declared, at the Council on Foreign Relations, in September 1998, that globalization had caused serious problems, particularly in Russia and Asia, and was forcing the issue of "adapting the international financial architecture to the 21st Century."

Putin made clear that the collapse of the U.S. dollar is no minor matter for Russia. Calling the IMF and the World Bank out-of-date, he said that, "the world financial system, essentially linked to one or two currencies and a limited number of financial centers, no longer reflects the current strategic requirements of the global economy. The fluctuations of these currencies have an adverse impact on the financial reserves of entire nations, and the development of some economic sectors worldwide."

Thus, the Russian President expressed the reality that American economist Lyndon LaRouche had talked about in his interview with Mikhail Khazin, which was aired on the Russian Orthodox Church's Spas TV channel May 18: "What happens to the Chinese assets, and economy, if the U.S. dollar collapses? Or take the Russian security investment [Stabilization Fund]. A sudden collapse of the dollar would mean a collapse in China. It would mean a crisis for the present government in Russia."

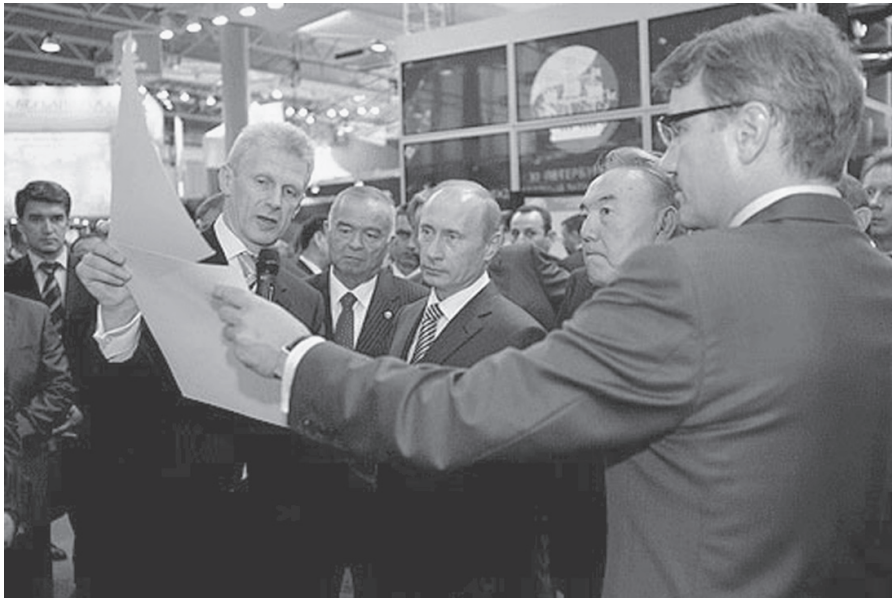
Presenting his ideas for alternatives, Putin spoke mainly in terms of currency diversification (i.e., moving out of the dollar) and the creation of regional economic institutions. He raised the possibility of denominating Russia's exports in the Russian ruble, which would be a dramatic step for one of the world's biggest oil producers and exporters.

Putin has raised the need for a "new architecture" in an atmosphere of growing general concern over the fragility of the present "bubble economy," and at a time when LaRouche's campaign for a move to a New Bretton Woods arrangement is gaining momentum.

## Shifting Centers of Growth

In St. Petersburg were gathered almost 10,000 people from over 65 nations, including nine Presidents, four Premiers, 44 ministers, and 40 ambassadors, to discuss the economic future of the world. Speaking on June 10, the last day of the Forum, Putin drew the implicit contrast with Heiligendamm, from which he had just returned.

"The world is changing before our very eyes," Putin noted. "Countries that seemed hopelessly backward only yesterday are becoming the world's fastest growing economies today. Fifty years ago, the G-7 countries accounted for 60% of



President's Press & Information Office

*Putin (center), in his address to the annual St. Petersburg International Economic Forum June 8-10, called for the establishment of a new international economic architecture, which should be oriented toward the common interests among nations.*

the world's GDP, but today, this situation has been reversed, and 60% of the world's GDP is now produced outside the G-7 countries. The developing countries are more and more active in establishing niches for themselves, not just in the trade of goods, but also of services. New players, including in the high-technology and science-intensive sectors, are bringing greater competition to the market."

The forum also helped consolidate the moves the Russian President has been making to re-establish the economic strength of Russia after the many lost years of the disastrous "shock therapy" policy under former President Boris Yeltsin. More importantly, Putin has established close relations with the growing economy of China and with the Central Asia countries, to re-establish Russia as a main conduit of trade between Europe and Asia, reviving the great economic development perspective of Count Sergei Witte and Dmitri Mendeleev, the founders of industrial Russia.

This latest meeting was also timed to coincide with important Eurasian diplomacy, including the heads-of-state summit of the Commonwealth of Independent States, and the board meeting of the Shanghai Cooperation Organization, which then dovetailed into the Forum itself.

### **New Economic Architecture**

In his speech, Putin called for the establishment of a new international economic architecture. Its fundamental principle, he said, needs to be an orientation toward common interests among nations. He fleshed this out, in terms of both his preliminary proposals in the financial area, and concrete ideas for collaboration on great infrastructure projects.

"I am convinced that generalities about a just distribution of resources and investments can solve nothing," Putin said. "If we want to achieve stable development, a new architecture of international economic relations must be formed—relations built upon trust and mutually beneficial integration. Therefore, without forgetting about healthy competition, we should move towards the formation of common, mutually beneficial interests and ties."

"The new architecture of economic relations implies a principally new approach to the work of international organizations," Putin continued, opening up his attack on the IMF, the World Bank, and, especially, the World Trade Organization. The Presidential denunciation of the WTO as "archaic" and "unwieldy" made a striking contrast to the interventions of the remaining neo-liberals in the

Russian cabinet, Finance Minister Alexei Kudrin and Economic Minister German Gref, who spent time in St. Petersburg lobbying the Georgian President Michael Saakashvili and the economics ministers of the Baltic countries to drop their objections to Russia's joining the WTO. According to *Moskovsky Komsomolets*, Gref even told the CIS leaders that the customs union for the CIS would be signed only after Russia, Kazakstan, and perhaps even the solidly anti-globalization Belarus join the WTO.

But Putin said, in a rather pointed understatement, "It has become increasingly apparent of late that the existing organizations are not always up to the measure in regulating global international relations and the global market. Organizations originally designed with only a small number of active players in mind sometimes look archaic, undemocratic, and unwieldy in today's conditions. They are far from taking into consideration the correlation of forces that has emerged in the world today. This means that the old decision-making methods do not always work. The World Trade Organization and the Doha Round of trade negotiations, which are proceeding with great difficulty, to put it mildly, provide a clear example in this respect."

As for the international financial organizations, i.e., the IMF and the World Bank, they "are also in need of serious restructuring and modernization," Putin said. "They were established at a time when the world looked very different, and are having difficulty adapting to the new situation of stable economic growth in the majority of developing countries and growing markets."

At that point, Putin laid out his concerns over the fluc-

tuation of the world's reserve currencies, and continued, "There is only one answer to this challenge: introduction of several world reserve currencies, and several financial centers. That is why it is today necessary to create prerequisites for the diversification of assets in the world financial system." He also suggested transforming the present fora for economic cooperation, like the SCO in Central Asia, into "free trade zones" as a more workable alternative to the WTO regime.

While the Putin proposals reflect the keen frustration felt over the failure of the world's governments to deal with the unfolding financial crisis, and could serve as a useful spur to a more general debate over the shape of a new financial system, they do not represent more than an attempt to plug a hole in the dam that is about to burst. The LaRouche proposal for a New Bretton Woods system, as he has outlined this on numerous occasions, and most recently on his visit to Moscow in May, requires a universal, not a regional, solution to the underlying problem. It requires most immediately the collaboration of the four major economic players—the United States, Russia, China, and India—in devising the fundamentals of a new international system with fixed exchange rates and a long-term commitment to infrastructure, industrial, and scientific development. With agreement between the four regarding the principles of such a system, the rest of the world can be readily brought in.

## Eurasian Megaprojects

The Russian government has taken a major step toward substantiating a "new international economic architecture" based on "mutual benefit," with its revival of the proposal to build a tunnel between Russia and Alaska under the Bering Strait—the crowning "megaproject" of the Eurasian Land-Bridge. The Ministry of Economics co-sponsored the April 24 conference on the Bering Strait project, to which LaRouche was invited, and where his paper "The World's Map Changes: Mendeleyev Would Have Agreed" was presented (see *EIR*, May 4, 2007).

In his St. Petersburg speech, Putin discussed Eurasian cooperation in terms of relations within the CIS, noting the emergence of Kazakstan, Turkmenistan, and Uzbekistan as international energy suppliers. He said that Russia's most recent energy policy decisions, including on building the Northwest Gas Pipeline and the Burgas-Alexandroupolis oil pipeline, will boost "the energy security of the entire Eurasian continent."

Putin also stressed transportation, saying: "We shall also initiate projects in the area of transport, telecommunications, and logistics. These are projects that effectively unite the countries of Europe and Asia. This means the modernization of existing international transport corridors and the creation of new ones, linking Europe with Central Asia and the Far East."

He reiterated his proposal for a second, upgraded Volga-

Don Canal, giving modern cargo vessels from the Caspian Sea littoral countries an outlet to the world's oceans, through the Black Sea. Putin told the audience to stand by for the next speaker, President Nursultan Nazarbayev of Kazakstan, to present "his own vision of this problem." Nazarbayev proceeded to outline two megaprojects: a Caspian to Black Sea direct canal, and the long-discussed diversion of water from Siberian rivers to arid Central Asia.

Nazarbayev said that the "Eurasian Canal" from the Caspian Sea to the Black Sea would be 1,000 km shorter than the Volga-Don connection, RBC.ru reported. Russia's great Volga River flows into the Caspian, while the Don empties into the Sea of Azov at the top of the Black Sea. North of the river mouths, the two rivers bend close to each other, which is where the canal is.

Nazarbayev went through the engineering calculations, and some construction, done in the 1930s, for a canal through the Manychsk Depression, the bed of an ancient strait between the two seas, in southern Russia, north of the Caucasus Mountains. According to RBC.ru, the Southern Scientific Center of the Russian Academy of Sciences, as well as the hydro-technology center and the Transportation Projects Foundation of the International Congress of Industrialists and Entrepreneurs, have assessed the feasibility of reviving this scheme. The canal would be 650 km long and is estimated to cost 15 billion euros. Opponents of the project cite ecological threats, while its backers are looking for the project to define a development corridor to uplift the southern agrarian region, plus Dagestan, Chechnya, and the rest of the North Caucasus.

Nazarbayev also raised once again, as he did last September during talks with the leadership of Uzbekistan, a revival of the idea of diverting part of the flow of Siberian rivers into Central Asia and Kazakstan. According to Novosti and Amitel information agencies, Nazarbayev recalled that the project was previously discussed for the purpose of supplying drinking water, but now there is also the question of restoring the dried-out Aral Sea. Amitel noted that Moscow Mayor Yuri Luzhkov called, in December 2002, for a revival of the Siberian rivers project, saying that Russia should sell water from the Ob (the westernmost of Siberia's three great river systems) to buyers in Central Asia and Kazakstan. Academician Oleg Vasilyev supported Luzhkov, pointing out that the engineering studies had been done, before the plan was stopped in the 1980s.

## Billions in New Business

The St. Petersburg Forum gave the lie to the idle threat of the lame duck British Prime Minister Tony Blair, who had "warned" Putin that British industries would shun Russia if it didn't continue to "reform"—especially in the wake of Moscow's cancellation of Royal Dutch Shell's Sakhalin II contract. The official reason for the cancellation was ecological violations, but Putin himself said recently that he welcomed

those violations, since the contract was a “colonial” piece of work to start with. The other British-based oil multi, BP, has the threat hanging over its head, that its Russian operation, TNK-BP, may lose the license to develop the giant Kovykta gas condensate field.

Nonetheless, the CEOs of both British petroleum giants were in St. Petersburg, along with a number of other British executives. The past winter’s session of the annual Russian Economic Forum in London, by contrast, had been a bust after the Kremlin advised Russian companies not to attend. The noisy, public anti-Russian campaign in Britain around the death of ex-spy Alexander Litvinenko continues to express a marked cooling of Moscow-London relations.

As is often the case, in between the speeches and the receptions, over \$13.5 billion in investment agreements were locked in, with \$7.5 billion worth of contracts between private companies, and an additional \$6 billion in private-and-state investments. During the conference, Russia announced it would purchase 22 airplanes from Boeing at a cost of \$3.5 billion. France’s PSA Peugeot-Citroën also signed a \$334 million deal to build an auto plant in Russia, and Sweden’s AB Volvo will invest \$334 million in a factory to produce 15,000 trucks a year.

China alone signed over \$2 billion worth of agreements with Russia. There has been a steady increase in Russo-Chinese trade since the establishment of a strategic partnership between Russia and China launched by President Putin and former Chinese President Jiang Zemin. This is slated to continue, with the launching this year of the Year of China in Russia, which will see another flurry of economic and cultural delegations from China to Russia during the course of the year.

The St. Petersburg Forum clearly indicates that the regional powers of Eurasia are intent on staking out their own path to development and are moving along it quite briskly. While the leaders at St. Petersburg were discussing the possibility of great projects, our political leaders in Washington were bogged down in a useless debate about how best to limit immigration, and fighting that old bugaboo, Al Gore’s “global warming.” While Big Al either did not accept the invitation extended to him to attend the St. Petersburg gathering or was discouraged from coming, it is unlikely that his Malthusian crusade would have gained much traction in the climate of progress being expressed in St. Petersburg.

But the proposals mooted by the Russian President in his speech to the forum deserve more serious attention from those in Washington responsible for the economic well-being of the American people. As the world economy teeters on the brink of a major financial collapse, the proposals put forward by Putin should signal the need to move promptly toward a New Bretton Woods architecture as outlined by economist and statesman Lyndon LaRouche. And that requires the involvement of the U.S.A.

## Russia, Kazakstan Reach New Agreements

by Mary Burdman

Amidst the growing strategic tensions, Eurasian nations have been putting together increasingly effective agreements for better national security and stability over the recent weeks. These are war-avoidance policies, centered on developing nuclear energy, transport, and other cooperation in Eurasia. The Presidents of two Eurasian giants—Russia’s Vladimir Putin and Kazakstan’s Nursultan Nazarbayev—have held summits twice already this year. While a lot of attention is being paid to oil and gas pipelines, the two sides, with other regional nations, are actually working on more advanced technologies, which ultimately will be much more important than trade in hydrocarbons.

Since January 2006, the Russian government has been developing a comprehensive nuclear energy program, which embodies an international “crisis-avoidance” policy. Close cooperation with uranium-rich Kazakstan will make this program a near-term reality. The principle is to enable developing nations to acquire nuclear energy, while the controversial parts of the nuclear cycle, including nuclear enrichment, fuel reprocessing, and disposal of nuclear waste, will be carried out in joint centers, with international supervision. So “transparent” a program will counter attempts to generate crises about potential nuclear weapons programs—such as those of Iran and North Korea. This could both deprive the Cheneyacs of their “Axis of Evil” propaganda, and prevent them from denying to developing nations the clean and independent energy source they so urgently need.

Putin first announced this program on Jan. 25, 2006, to the Eurasian Economic Community meeting in St. Petersburg. On Oct. 3 of last year, Nazarbayev agreed that Kazakstan would participate in creating the International Uranium Enrichment Center in Angarsk, in eastern Siberia; and on Dec. 19, Russian Federal Atomic Energy Agency head Sergei Kiriyyenko announced that the Angarsk facility would be launched in January 2007, based on Russian-Kazak cooperation. This program was the key issue at the two Putin-Nazarbayev summits this year—on March 19 in Moscow, and May 10 in Astana. Uranium prospecting and mining will also be developed under international cooperation, to counter the danger of private conglomerates controlling and speculating on uranium supplies. Russia is working on such agreements with many nations, including China, Mongolia, Armenia, Ukraine, Japan, Myanmar, Morocco, Canada, and Australia, and has certainly proposed it to Iran.

“We are talking about a nuclear renaissance,” Sergei Shmatko, head of Russia’s state nuclear power company At-



## The Caucasus and Central Asia



A new Eurasian rail line, linking the railways of Russia, Kazakhstan, Turkmenistan, and Iran, and providing access to Turkey and the Persian Gulf countries, is one of many “breakthrough projects” planned by the nations of the region shown on this map.

omstroyexport, said in an interview from Moscow, published June 7 in the *International Herald Tribune*. “We are certain we have a market. The world has no alternative but to develop nuclear energy.” Atomstroyexport, already building seven nuclear plants outside Russia, including in China, India, Iran, and Bulgaria, hopes to win \$5-\$10 billion worth of contracts in the next two years, Shmatko said. Atomstroyexport has a new series of “mini-reactors,” in the 300-600 mw range, specifically designed to be connected to the limited capacities of electricity grids in developing countries.

Russia is also working fast on building floating nuclear power plants. The *IHT* also quotes Russian First Deputy Prime Minister Sergei Ivanov on this technology: “We are, generally speaking, the absolute monopoly here. Nobody apart from us is able or knows how to build them.” The foundation for the first plant was laid April 15 at Severodvinsk on the White Sea, and plans for further construction are already made. Potential sites include not only Russia’s Far North and Far Northeast, but also on Russky Island, off Vladivostok, to supply the planned 2012 Asia-Pacific Economic Cooperation summit,

according to officials of Rosenergoatom, the state-run company which oversees nuclear plants.

There is also a big international demand. “Some 20 countries have shown interest in floating NPPs, including Indonesia and China,” Itar-Tass quoted Rosenergoatom deputy general director Sergei Krysov on June 5. China could buy or jointly build a floating plant with Russia after 2010. “We hope that Western countries will be ready for contracts on cooperation in floating NPP projects after the prototype power unit is completed,” Krysov said. A Rosenergoatom delegation visited Cape Verde, off the west coast of Africa, June 5-9 to discuss the technology. The “world’s first floating nuclear power plant” was featured at the June 8-10 St. Petersburg International Economic Forum “Innovational Developments” exhibit.

### Space and Nuclear

At their Astana meeting, Putin and Nazarbayev agreed to a “Plan for the Joint Actions of Russia and Kazakhstan” for 2007-08, which, Nazarbayev announced, “concerns nuclear power, energy, regional, and humanitarian cooperation.” Naz-

arbayev told Putin that “oil and gas cooperation [with Russia] is strategically important. . . . Kazakstan is committed to transporting most of its oil, if not all of it, across Russian territory.”

The two nations will work together in space, military-technical, nuclear energy, cross-border trade, and large-scale integration projects. The two sides are building a space complex at Baikonur, Baiterek, for Angara launch vehicles capable of putting 26 metric tons of payload into low-Earth orbits. The Russian space agency rents its current space center, Baikonur, from Kazakstan. Itar-Tass also quoted a Kremlin source on financial cooperation, saying that the “initial steps were taken to implement the first projects of the Eurasian Development Bank, which was set up on the initiative of the presidents of the two countries in 2006. The Russian Vneshekonombank is actively cooperating with its Kazak partners.”

Finally, Putin and Nazarbayev oversaw the signing of a document on final agreement to build the Angarsk center, to come onstream in 2013.

Putin said that the two sides “consider this document the first step in the implementation of our initiative to create a global nuclear energy infrastructure.” The document was signed by Kiriyyenko, head of the Russian Federal Agency of Nuclear Power, and Kazak Energy Minister Baktykozha Izmukhambetov. “With Kazakstan we possess the entire technological chain—from producing uranium to achieving the final product, low-enriched uranium,” Kiriyyenko said. Kazakstan has 15% of the world’s uranium reserves, and wants to produce 15,000 tons of uranium by 2010, while Russia has 45% of the world’s uranium enrichment capabilities. Kiriyyenko said that any country could join the project by signing a similar intergovernmental agreement. The Angarsk plant would be able to cover uranium needs over the next few years, and more such facilities could be built.

## New Turkmenistan Opening

Immediately after the Astana meeting, Putin went to Ashgabat, capital of Turkmenistan, to meet the new President Gurbanguly Berdimukhammedov, who took office in February. On May 11, Putin announced that Turkmenistan is “Russia’s strategic partner,” and said that the two nations have “big plans for joint work.” The first priority is energy cooperation, but the two sides will also “deepen cooperation in the foreign policy sphere, [and] develop interaction to ensure security in the region and in the world,” their statement said. The next day, Nazarbayev joined the other two for an energy summit held in the Caspian Sea port of Turkmenbashi. It is perhaps ironic that this city, named for the title (leader of the Turkmen) of President Saparmurat Niyazov, who died in December 2006, was the site of a meeting which broke with tendencies which could be seen as xenophobic, and brought Turkmenistan into an important regional agreement. The three countries agreed May 12 to build a new gas pipeline along the Caspian Sea, and to upgrade the old facilities for transporting gas and oil from Central Asia via Russia, to Europe. Turkmenistan, strategically located on the east bank of the Caspian Sea, and bordering Iran, has some 22 trillion cubic meters of natural gas reserves, fifth-highest in the world.

The final agreement on the new project will be signed on Sept. 1; construction should begin in late 2008. Previously, on May 9, President Islam Karimov of Uzbekistan had signed the agreement on refurbishing the existing pipelines. The new pipeline will start in Turkmenistan, run up the Kazak Caspian coast and into Russia. Putin said in Turkmenbashi, that it will be possible to increase gas shipments by 12 billion cubic meters by 2012. Both Kazakstan and Turkmenistan are also interested in the proposed Trans-Caspian pipeline project, via the Southern Caucasus.

Also on May 12, the Presidents of Poland, Azerbaijan, Georgia, Lithuania, and Ukraine, and the Deputy Energy Minister of Kazakstan met in Krakow, Poland. The theme of this meeting was how to decrease energy “dependence” upon Russia. Nazarbayev had been invited as the principal guest, but sent a deputy, making his priorities clear. The Krakow meeting put out a resolution on energy security, which called for extending the Ukrainian-Polish Odessa-Brody oil pipeline to Gdansk and Plock in Poland, and other projects to set up a South Caucasus energy corridor which avoids transit through Russia. More will be discussed in Lithuania in October, but little more was accomplished.

## Links to Eurasia

President Berdimukhammedov made another important proposal at Turkmenbashi, to build a proposed north-south rail link along the east coast of the Caspian Sea, which will become the first direct rail link between Turkmenistan to Kazakstan. The most likely route would run 443 km from Turkmenbashi to Yeraliyevo, on the Kazak coast, which is already connected to Orenburg in Russia. Berdimukhammedov met Nazarbayev again, in Astana, on May 29, and the two Central Asian leaders also proposed to complete reconstruction of the existing Turkmenbashi-Astrakhan highway.

Both transport projects have big implications. Kazak Transport and Communications Minister Serik Akhmetov announced from Astana May 2 that his country is planning to develop a highway transport corridor to connect “West China to Western Europe.” Akhmetov called it a “breakthrough project” designed “to make the most of the country’s transit potential,” which would reduce shipping time for China from 45 days by sea, to just 11 days by land.

The new rail line will also be a Eurasian link. Berdimukhammedov made clear. He said that the rail line could be extended south, “if the Iranian side is interested,” to Gorgan in northern Iran, thus “linking the railways of Russia, Kazakstan, Turkmenistan, and Iran and providing access to Turkey and the Persian Gulf countries.” In 1996, Turkmenistan and Iran finished their first rail link, which was the historic first rail line from Central Asia to Southwest Asia, by connecting Mashad in northern Iran to Ashkabad. Kazakstan already has a rail link to China—the famous Second Euro-Asian Continental Bridge—and is building a second, more advanced connection now. Iran is also finishing a rail link to Pakistan, which will be the first rail line between the Indian Subcontinent and the rest of Eurasia.

# Bering Strait Project Featured in Russia

by Rachel Douglas

*Forum International*, a Moscow-based publication, has released a special issue on the project to link Eurasian and American infrastructure networks via a tunnel under the Bering Strait. The contents of the 80-page, color-illustrated magazine, which came out on June 6, are centered on the proceedings of the April 24 international conference on “Megaprojects of Russia’s East: An Intercontinental Eurasia-America Transport Link via the Bering Strait” (*EIR*, May 4 and 11, 2007). The transcripts and articles are provided in both Russian and English.

*Forum International* appeared as the G-8 summit opened in Heiligendamm, Germany, amid persistent reports that Russia would raise the Bering Strait rail-road-energy project there. The magazine’s opening spread is the text of an Appeal from the April 24 conference participants, addressed to the heads of state of Russia, the U.S.A., Canada, China, Korea, Japan, and the EU member countries, asking them to put the project on the G-8 agenda and to push ahead with funding for its feasibility studies.

Like the April 24 conference, this issue of *Forum International* has been sponsored by Council for the Study of Productive Forces, a Russian state research organization known by its Russian acronym, SOPS. It is a joint organization of the Russian Academy of Sciences and the Ministry of Economic Development and Trade, and is headed by Academician Alexander G. Granberg.

Included in this issue of *Forum International* is *EIR* founder Lyndon LaRouche’s contribution to the SOPS conference, titled “The World’s Political Map Changes: Mendeleev Would Have Agreed.” It previously came out in *EIR* of May 4, 2007. LaRouche calls the Bering Strait project “the navel of a birth of a new world economy,” as against the “impulse towards new world wars.”

The theme of collaboration on great, mutually beneficial infrastructure projects as a means of war-avoidance runs throughout the special issue. It comes into focus in Schiller Institute founder Helga Zepp-LaRouche’s testimony to June 2001 Russian State Duma hearings on “Measures To Ensure the Development of Russia’s Economy Under Conditions of Global Financial Destabilization,” which is included in *Forum International*. Presenting the link between economic depressions and war, Zepp-LaRouche developed for her Russian audience, how the implementation of German economist Dr.



*The cover of Forum International shows a photo of the Bering Strait as seen from space, with the prospective rail line between Alaska and Russia’s Chukotka Region sketched in.*

Wilhelm Lautenbach’s program for productive employment could have ended the Depression and prevented the Nazis’ rise to power, had it been adopted in 1931. The Eurasian Land-Bridge today, she concluded, gives the world’s people a vision of hope that the 21st Century will be better than the 20th.

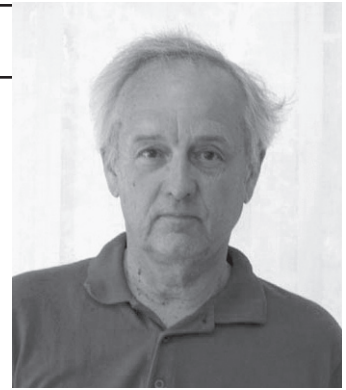
Former Alaska Gov. Walter J. Hickel’s April 24 speech is published in *Forum International* under the headline “Mega Projects Would Be an Alternative to War.”

Academician Granberg, in his contribution to the magazine, says that “multilateral infrastructure megaprojects are the only real alternative to confrontation, including military confrontation, between nations and peoples.” He calls the Bering Strait scheme “a project that may change the world, a project of joining creative energies, replacing missile defense systems with a territory of international cooperation.” Granberg is Russia’s leading expert on regional development in northern latitudes, such as those of Siberia and the Russian Far East. His call to complete the Bering Strait connection by 2027, made during recent Moscow festivities to mark Prof. Stanislav Menshikov’s 80th birthday, was published in the June 1, 2007 *EIR*.

Boris Lapidus, senior vice-president of the state-owned company Russian Railways, writing about the job-creating potential of the trans-Bering Strait railway, says in his article, “The mutual benefit for Russia, the EU, and the Asia-Pacific countries is the basis for cooperation in setting up transit corridors and makes it possible to combine national interests for the common good.”

Other contributors of articles and interviews in the special issue include board members of the non-profit Interhemispheric Bering Strait Rail and Tunnel Group, formed in 1991 to promote the project; Russian hydroelectric power executives who want to develop new capacities on Siberia’s rivers; and members of the governments of several eastern Russian regions.





# Claim That Sea Level Is Falling Is a Total Fraud

*Dr. Nils-Axel Mörner is the head of the Paleogeophysics and Geodynamics department at Stockholm University in Sweden. He is past president (1999-2003) of the INQUA Commission on Sea Level Changes and Coastal Evolution, and leader of the Maldives Sea Level Project. Dr. Mörner has been studying the sea level and its effects on coastal areas for some 35 years. He was interviewed by Gregory Murphy on June 6 for EIR.*

**EIR:** I would like to start with a little bit about your background, and some of the commissions and research groups you've worked on.

**Mörner:** I am a sea-level specialist. There are many good sea-level people in the world, but let's put it this way: There's no one who's beaten me. I took my thesis in 1969, devoted to a large extent to the sea-level problem. From then on, I have launched most of the new theories, in the '70s, '80s, and '90s. I was the one who understood the problem of the gravitational potential surface, the theory that it changes with time. I'm the one who studied the rotation of the Earth, how it affected the redistribution of the oceans' masses. And so on. And then I was president of INQUA, an international fraternal association, their Commission on Sea-Level Changes and Coastal Evolution, from 1999 to 2003. And in order to do something intelligent there, we launched a special international sea-level research project in the Maldives, because that's the hottest spot on Earth for—there are so many variables interacting there, so it was interesting, and also people had claimed that the Maldives—about 1,200 small islands—were doomed to disappear in 50 years, or at most, 100 years. So that was a very important target.

Then I have had my own research institute at Stockholm University, which was devoted to something called paleogeophysics and geodynamics. It's primarily a research institute, but lots of students came, and I have several PhD theses at my institute, and lots of visiting professors and research scientists came to learn about sea level. Working in this field, I don't think there's a spot on the Earth I haven't been in! In the north-most, Greenland; and in Antarctica; and all around the Earth, and very much at the coasts. So I have primary data from so

many places, that when I'm speaking, I don't do it out of ignorance, but on the contrary, I know what I'm talking about. And I have interaction with other scientific branches, because it's very important to see the problems not just from one eye, but from many different aspects. Sometimes you dig up some very important thing in some geodesic paper which no other geologist would read. And you must have the time and the courage to go into the big questions, and I think I have done that.

The last ten years or so, of course, everything has been the discussion on sea level, which they say is drowning us; in the early '90s, I was in Washington giving a paper on how the sea level is *not* rising, as they said. That had some echoes around the world.

**EIR:** What is the real state of the sea-level rising?

**Mörner:** You have to look at that in a lot of different ways. That is what I have done in a lot of different papers, so we can confine ourselves to the short story here. One way is to look at the global picture, to try to find the essence of what is going on. And then we can see that the sea level was indeed rising, from, let us say, 1850 to 1930-40. And that rise had a rate in the order of 1 millimeter per year. Not more. 1.1 is the exact figure. And we can check that, because Holland is a subsiding area; it has been subsiding for many millions of years; and Sweden, after the last Ice Age, was uplifted. So if you balance those, there is only one solution, and it will be this figure.

That ended in 1940, and there had been no rise until 1970; and then we can come into the debate here on what is going on, and we have to go to satellite altimetry, and I will return to that. But before doing that: There's another way of checking it, because if the radius of the Earth increases, because sea level is rising, then immediately the Earth's rate of rotation would slow down. That is a physical law, right? You have it in figure-skating: when they rotate very fast, the arms are close to the body; and then when they increase the radius, by putting out their arms, they stop by themselves. So you can look at the rotation and the same comes up: Yes, it might be 1.1 mm per year, but absolutely not more. It could be less, because there could be other factors affecting the



Earth, but it certainly could not be more. Absolutely not! Again, it's a matter of physics.

So, we have this 1 mm per year up to 1930, by observation, and we have it by rotation recording. So we go with those two. They go up and down, but there's no trend in it; it was up until 1930, and then down again. There's no trend, *absolutely no trend*.

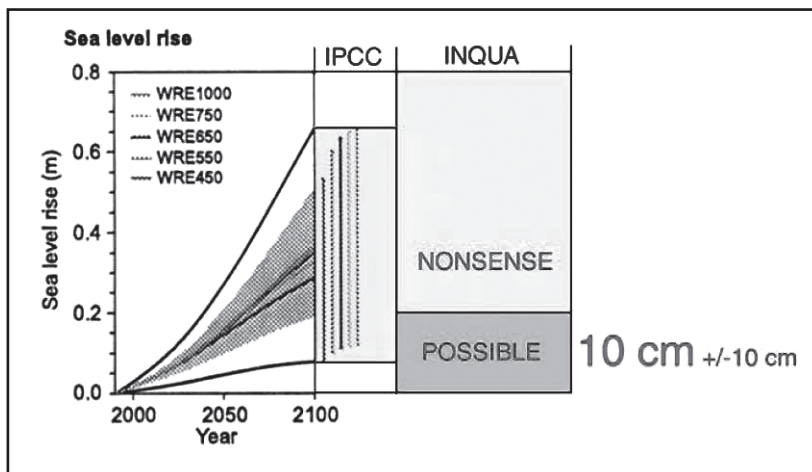
Another way of looking at what is going on is the tide gauge. Tide gauging is very complicated, because it gives different answers for wherever you are in the world. But we have to rely on geology when we interpret it. So, for example, those people in the IPCC [Intergovernmental Panel on Climate Change], choose Hong Kong, which has six tide gauges, and they choose the record of one, which gives 2.3 mm per year rise of sea level. Every geologist knows that that is a subsiding area. It's the compaction of sediment; it is the only record which you *shouldn't* use. And if that figure is correct, then Holland would not be subsiding, it would be uplifting. And that is just ridiculous. Not even ignorance could be responsible for a thing like that. So tide gauges, you have to treat very, very carefully.

Now, back to satellite altimetry, which shows the water, not just the coasts, but in the whole of the ocean. And you measure it by satellite. From 1992 to 2002, [the graph of the sea level] was a straight line, variability along a straight line, but absolutely no trend whatsoever. We could see those spikes: a very rapid rise, but then in half a year, they fall back again. But absolutely no trend, and to have a sea-level rise, you need a trend.

Then, in 2003, the same data set, which in their [IPCC's] publications, in their website, was a straight line—suddenly it changed, and showed a very strong line of uplift, 2.3 mm per year, the same as from the tide gauge. And that didn't look so nice. It looked as though they had recorded something; but they *hadn't* recorded anything. It was the original one which they had suddenly twisted up, because they entered a "correction factor," which they took from the tide gauge. So it was not a measured thing, but a figure introduced from outside. I accused them of this at the Academy of Sciences in Moscow—I said you have introduced factors from outside; it's not a measurement. It looks like it is measured from the satellite, but you don't say what really happened. And they answered, that we had to do it, because otherwise we would not have gotten any trend!

That is terrible! As a matter of fact, it is a falsification of the data set. Why? Because they know the answer. And there you come to the point: They "know" the answer; the rest of us, we are *searching* for the answer. Because we are field geologists; they are computer scientists. So all this talk that sea level is rising, this stems from the computer

## Projected Sea-Level Rise in the Maldives



Source: Nils-Axel Möerner.

*Dr. Möerner was president of the International Union for Quaternary Research's (INQUA) Commission on Sea-Level Changes and Coastal Evolution (1999-2003). Its research proved that the catastrophic predictions of the Intergovernmental Panel on Climate Change (IPCC), based on computer models of the effects of global warming, are "nonsense."*

modeling, not from observations. The observations don't find it!

I have been the expert reviewer for the IPCC, both in 2000 and last year. The first time I read it, I was exceptionally surprised. First of all, it had 22 authors, but none of them—*none*—were sea-level specialists. They were given this mission, because they promised to answer the right thing. Again, it was a computer issue. This is the typical thing: The meteorological community works with computers, simple computers. Geologists don't do that! We go out in the field and observe, and then we can try to make a model with computerization; but it's not the first thing.

So there we are. Then we went to the Maldives. I traced a drop in sea level in the 1970s, and the fishermen told me, "Yes, you are correct, because we remember"—things in their sailing routes have changed, things in their harbor have changed. I worked in the lagoon, I drilled in the sea, I drilled in lakes, I looked at the shore morphology—so many different environments. Always the same thing: In about 1970, the sea fell about 20 cm, for reasons involving probably evaporation or something. Not a change in volume or something like that—it was a rapid thing. The new level, which has been stable, has not changed in the last 35 years. You can trace it so very, very carefully. No rise at all is the answer there.

Another famous place is the Tuvalu Islands, which are supposed to soon disappear because they've put out too much carbon dioxide. There we have a tide gauge record, a variograph record, from 1978, so it's 30 years. And again, if you look there, *absolutely no trend*, no rise.

So, from where do they get this rise in the Tuvalu Islands?

Then we know that there was a Japanese pineapple industry which subtracted too much fresh water from the inland, and those islands have very little fresh water available from precipitation, rain. So, if you take out too much, you destroy the water magazine, and you bring sea water into the magazine, which is not nice. So they took out too much fresh water and in came salt water. And of course the local people were upset. But then it was much easier to say, “No, no! It’s the global sea level rising! It has nothing to do with our subtraction of fresh water.” So there you have it. This is a local industry which doesn’t pay.

You have Vanuatu, and also in the Pacific, north of New Zealand and Fiji—there is the island Tegua. They said they had to evacuate it, because the sea level was rising. But again, you look at the tide-gauge record: There is absolutely no signal that the sea level is rising. If anything, you could say that maybe the tide is lowering a little bit, but absolutely no rising.

And again, where do they get it from? They get it from their inspiration, their hopes, their computer models, but not from observation. Which is terrible.

We have Venice. Venice is well known, because that area is tectonically, because of the delta, slowly subsiding. The rate has been constant over time. A rising sea level would immediately accelerate the flooding. And it would be so simple to record it. And if you look at that 300-year record: In the 20th Century it was going up and down, around the subsidence rate. In 1970, you should have an acceleration, but instead, the rise almost finished. So it was the opposite.

If you go around the globe, you find no rise anywhere. But they need the rise, because if there is no rise, there is no death threat. They say there is nothing good to come from a sea-level rise, only problems, coastal problems. If you have a temperature rise, if it’s a problem in one area, it’s beneficial in another area. But sea level is the real “bad guy,” and therefore they have talked very much about it. But the real thing is, that it doesn’t exist in observational data, only in computer modeling.

**EIR:** I watched the documentary, “Doomsday Called Off,” that you were part of. And you were showing the physical tides in the Maldives, the tree that was there; and if there had been a sea-level rise, that tree would have been gone. And how the coral was built up on the beach in two different levels, showing two different levels of rise. The way you presented it



*A famous tree in the Maldives shows no evidence of having been swept away by rising sea levels, as would be predicted by the global warming swindlers. A group of Australian global-warming advocates came along and pulled the tree down, destroying the evidence that their “theory” was false.*

Courtesy of Nils-Axel Möerner

was how geologists do a site survey to put their findings into context.

**Mörner:** I’ll tell you another thing: When I came to the Maldives, to our enormous surprise, one morning we were on an island, and I said, “This is something strange, the storm level has gone down; it has not gone up, it has gone *down*.” And then I started to check the level all around, and I asked the others in the group, “Do you see anything here on the beach?” And after awhile they found it too. And we had investigated, and we were sure, I said we cannot leave the Maldives and go home and say the sea level is not rising, it’s not respectful to the people. I have to say it to Maldivian television. So we made a very nice program for Maldivian television, but it was forbidden by the government! Because they thought that they would lose money. They accuse the West for putting out carbon dioxide, and therefore we have to pay for our damage and the flooding. So they wanted the flooding scenario to go on.

This tree, which I showed in the documentary, is interesting. This is a prison island, and when people left the island, from the ’50s, it was a marker for them, when they saw this tree alone out there, they said, “Ah, freedom!” They were allowed back. And there have been writings and talks about this. I knew that this tree was in that terrible position already in the 1950s. So the slightest rise, and it would have been gone.

I used it in my writings and for television. You know what happened? There came an Australian sea-level team, which was for the IPCC and against me. Then the students pulled

down the tree by hand! They destroyed the evidence. What kind of people are those? And we came to launch this film, “Doomsday Called Off,” right after, and the tree was still green. And I heard from the locals that they had seen the people who had pulled it down. So I put it up again, by hand, and made my TV program. I haven’t told anybody else, but this was the story.

They call themselves scientists, and they’re destroying evidence! A scientist should always be open for reinterpretation, but you can *never* destroy evidence. And they were being *watched*, thinking they were clever.

**EIR:** How does the IPCC get these small island nations so worked up about worrying that they’re going to be flooded tomorrow?

**Mörner:** Because they get support, they get money, so their idea is to attract money from the industrial countries. And they believe that if the story is not sustained, they will lose it. So, they *love* this story. But the local people in the Maldives—it would be terrible to raise children—why should they go to school, if in 50 years everything will be gone? The only thing you should do, is learn how to swim.

**EIR:** To take your example of Tuvalu, it seems to be more of a case of how the water management is going on, rather than the sea level rising.

**Mörner:** Yes, and it’s much better to blame something else. Then they can wash their hands and say, “It’s not our fault. It’s the U.S., they’re putting out too much carbon dioxide.”

**EIR:** Which is laughable, this idea that CO<sub>2</sub> is driving global warming.

**Mörner:** Precisely, that’s another thing.

And like this *State of Fear*, by Michael Crichton, when he talks about ice. Where is ice melting? Some Alpine glaciers are melting, others are advancing. Antarctic ice is certainly *not* melting; all the Antarctic records show *expansion* of ice. Greenland is the dark horse here for sure; the Arctic may be melting, but it doesn’t matter, because they’re already floating, and it has no effect. A glacier like Kilimanjaro, which is important, on the Equator, is *only* melting because of deforestation. At the foot of the Kilimanjaro, there was a rain forest; from the rain forest came moisture, from that came snow, and snow became ice. Now, they have cut down the rain forest, and instead of moisture, there comes heat; heat melts the ice, and there’s no more snow to generate the ice. So it’s a simple thing, but has nothing to do with temperature. It’s the misbehavior of the people around the mountain. So again, it’s like Tuvalu: We should say this deforestation, that’s the thing. But instead they say, “No, no, it’s the global warming!”

**EIR:** Here, over the last few days, there was a grouping that sent out a power-point presentation on melting glaciers, and

how this is going to raise sea level and create all kinds of problems.

**Mörner:** The only place that has that potential is Greenland, and Greenland east is not melting; Greenland west, the Disco Bay is melting, but it has been melting for 200 years, at least, and the rate of melting *decreased* in the last 50-100 years. So, that’s another falsification.

But more important, in 5,000 years, the whole of the Northern Hemisphere experienced warming, the Holocene Warm Optimum, and it was 2.5 degrees warmer than today. And still, no problem with Antarctica, or with Greenland; still, no higher sea level.

**EIR:** These scare stories are being used for political purposes.

**Mörner:** Yes. Again, this is for me, the line of demarcation between the meteorological community and us: They work with computers; we geologists work with observations, and the observations do not fit with these scenarios. So what should you change? We cannot change observations, so we have to change the scenarios!

Instead of doing this, they give an endless amount of money to the side which agrees with the IPCC. The European Community, which has gone far in this thing: If you want a grant for a research project in climatology, it is written into the document that there *must* be a focus on global warming. All the rest of us, we can never get a coin there, because we are not fulfilling the basic obligations. That is really bad, because then you start asking for the answer you want to get. That’s what dictatorships did, autocracies. They demanded that scientists produce what they wanted.

**EIR:** Increasingly science is going in this direction, including in the nuclear industry—it’s like playing computer games. It’s like the design of the Audi, which was done by computer, but not tested in reality, and it flipped over. They didn’t care about physical principles.

**Mörner:** You frighten a lot of scientists. If they say that climate is not changing, they lose their research grants. And some people cannot afford that; they become silent, or a few of us speak up, because we think that it’s for the honesty of science, that we have to do it.

**EIR:** In one of your papers, you mentioned how the expansion of sea level changed the Earth’s rotation into different modes—that was quite an eye-opener.

**Mörner:** Yes, but it is exceptionally hard to get these papers published also. The publishers compare it to IPCC’s modeling, and say, “Oh, this isn’t the IPCC.” Well, luckily it’s not! But you cannot say that.

**EIR:** What were you telling me the other day, about 22 authors being from Austria?

**Mörner:** Three of them were from Austria, where there is not



even a coast! The others were not specialists. So that's why, when I became president of the INQUA Commission on Sea-Level Change and Coastal Evolution, we made a research project, and we had this up for discussion at five international meetings. And all the true sea level specialists agreed on this figure, that in 100 years, we might have a rise of 10 cm, with an uncertainty of plus or minus 10 cm—that's not very much. And in recent years, I even improved it, by considering also that we're going into a cold phase in 40 years. That gives 5 cm rise, plus or minus a few centimeters. That's our best estimate. But that's very, very different from the IPCC statement.

Ours is just a continuation of the pattern of sea level going back in time. Then you have absolutely maximum figures, like when we had all the ice in the vanishing ice caps that happened to be too far south in latitude after the Ice Age. You couldn't have more melting than after the Ice Age. You reach up to 10 mm per year—that was the *super*-maximum: 1 meter in 100 years. Hudson Bay, in a very short period, melted away: it came up to 12 mm per year. But these are so exceptionally large, that we cannot be anywhere *near* it; but still people have been saying, 1 meter, 3 meters. It's not feasible! These are figures which are so large, that only when the ice caps were vanishing, did we have those types of rates. They are absolutely extreme. This frame is set by the maximum-maximum rate, and we have to be far, far lower. We are

basing ourselves on the observations—in the past, in the present, and then predicting it into the future, with the best of the “feet on the ground” data that we can get, not from the computer.

**EIR:** Isn't some of what people are talking about just shoreline erosion, as opposed to sea-level rise?

**Mörner:** Yes, and I have very nice pictures of it. If you have a coast, with some stability of the sea level, the waves make a kind of equilibrium profile—what they are transporting into the sea and what they are transporting onshore. If the sea rises a little, yes, it attacks, but the attack is not so vigorous. On the other hand, if the sea goes down, it is eating away at the old equilibrium level. There is a much larger redistribution of sand.

We had an island, where there was heavy erosion, everything was falling into the sea, trees and so on. But if you looked at what happened: The sand which disappeared there, if the sea level had gone up, that sand would have been placed higher, on top of the previous land. But it is being placed below the previous beach. We can see the previous beach, and it is 20-30 cm above the current beach. So this is erosion because the sea level *fell*, not because the sea level *rose*. And it is more common that erosion is caused by falling sea level, than by rising sea level.

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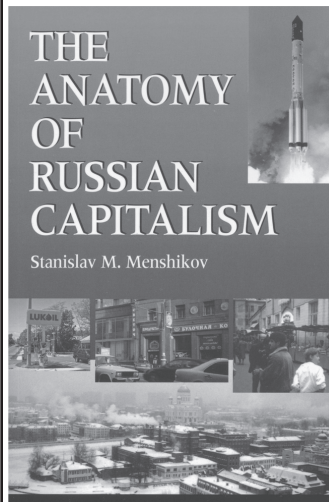
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