

LAROCHE ON RUSSIA-CHINA COOPERATION

'A Potential Stepping Stone To a Four-Power Agreement'

by Rachel Douglas

Oct. 19—A large package of bilateral agreements was signed on Oct. 13, during Russian Prime Minister Vladimir Putin's official visit to China, most of them covering key areas of economic cooperation. In discussions with associates yesterday, Lyndon LaRouche termed the agreements "very significant," and a "smart move" on the part of both the Chinese and the Russians, in the setting of the global systemic economic crisis.

"What happened is that Russia and China, with Putin being key in this thing, with [President Dmitri] Medvedev agreeing," said LaRouche, "is that they have agreed on long-term development contracts, which would be bi-national in certain projects within eastern Russia. So, that's quite an interesting development."

LaRouche said that he "had a foretaste of what the issues were, that were going to be discussed in that diplomatic meeting," during his participation at the World Public Forum—Dialogue of Civilizations, which was wrapping up in Rhodes, Greece, just as the Beijing talks got underway, according to the report. In his own presentation at the Rhodes Forum, LaRouche noted, he had warned about the impact on China of a cheapening of the U.S. dollar (see last week's *EIR*). At the same time, he added, China faces high unemployment, in the face of which, "the tendency on the part of China is to say, well, we'll just move in and take territory in Russia; we'll just take our poor and send them over there, and they'll become farmers in Russia or something." With the new package of agreements, oriented to bilateral infrastructure development, LaRouche said, "that was not done. What was done by this agreement was quite different."

LaRouche continued, "And what this means is, that now you have a stepping stone towards what I've proposed as the four-power agreement to launch a new world financial, a new credit system. And so this is extremely important. It is not all the way, yet—you know what's going on in the United States." The four powers, urged by LaRouche to become the initiators of a new world credit system, are the United States, Russia, China, and India.

LaRouche underscored that the Chinese-Russian agreements mean that China's U.S. dollar reserves are now worth something real, because they are being invested in infrastructure and other physical production. If the new Russia-China economic cooperation goes forward on an expanded scale, he pointed out, it creates the opportunity for the United States to join in the arrangements, advancing the four-powers prospect.

Not Just Raw Materials

Speaking Oct. 14 to Russian journalists in Beijing, Putin chastised them for focussing almost exclusively on the price structure of Russian natural gas sales to China, which were discussed in connection with new gas field and pipeline development. Russia's participation in China's nuclear energy development is extremely important, Putin admonished the press. Signed in Beijing were agreements for Russia to help expand the Tianwan nuclear power plant in Lianyungang, and a more advanced technology: the first-ever Russian export of two sodium-cooled breeder reactors to China. In an interview to Chinese media the previous day,

Putin said that facing the current economic crisis requires “economic development, above all, the innovation component of that development,” citing infrastructure development in particular.

People’s Daily reported Oct. 13, that 5 of the 12 agreements, whose signing Putin and Chinese Prime Minister Wen Jiabao witnessed, are in the energy sphere—on oil and gas, but also nuclear power cooperation. Other key areas are transportation and aerospace. (Nearly two dozen more agreements were signed by Russian and Chinese companies at a simultaneous Business Forum.) In Putin’s delegation were Russian Railways CEO Vladimir Yakunin and Andrei Perminov, head of the Russian space agency Roskosmos.

As had been announced in September, by Russian Minister of Transportation Igor Levitin, Yakunin and Chinese Minister of Railways Liu signed a memorandum of understanding on “organizing and developing high-speed rail service on the territory of the Russian Federation.” According to AK&M news, the routes specified for cooperation on high-speed rail are Khabarovsk-Vladivostok (in the Far East), Moscow-Sochi, and Moscow-Nizhny Novgorod (the latter two

are in European Russia). They were already planned in the Strategy for the Development of Rail Transport in the Russian Federation to the Year 2030, which was adopted in 2007-08, and which includes a rail line to the Bering Strait and a potential tunnel to Alaska; its implementation has been thrown into question by the crisis. Now, a joint Chinese-Russian working group of specialists is to be set up by Dec. 1 of this year. “The two sides intend to use the most advanced international experience to achieve maximum efficiency and profitability in passenger transport and the production of high-speed rolling stock and technologies in the Russian Federation,” including technologies which China has perfected under contract from the German company Siemens, according to the report.

As highlighted by the Russian business paper *Vedomosti*, on the eve of Putin’s visit to China, Presidents Medvedev and Hu Jintao approved a comprehensive “Russia-China 2018 Cooperation Program” for building 205 joint projects in the Russian Far East, Siberia, and northeast China, when they met on the sidelines of the UN General Assembly in September. Replying to a question from the Chinese press about these bilateral

Yakunin: LaRouche Warnings Were Crucial for Us

Oct. 18—Vladimir Yakunin, the CEO of Russian Railways, and a longtime associate of Prime Minister Vladimir Putin, said in an Oct. 16 interview with the Baltic Information Agency (BaltInfo), that Lyndon LaRouche’s warnings of a systemic global crisis prepared him and his company for what has happened during the past three years.

Yakunin was asked, “How does Russian Railways view the world crisis—as an annoying event, or as an incentive to make bold decisions and an economic and technological breakthrough?”

He replied: “In 2006, already, the American economist Lyndon LaRouche, who uses non-traditional systems in analyzing the economic situation, warned that the crisis had already begun. Few people listened to him, but we were among those few. Now we are trying to keep our hand on the pulse. Last year Russian



Presidential Press & Information Office
Russian Railways CEO
Vladimir Yakunin

Railways set up an anti-crisis committee, which monitors the situation in the carriage market and inside our company on a daily basis.”

One year ago already, in an Oct. 2, 2008, interview in the business daily *Kommersant*, Yakunin said he had known of the coming crisis years in advance, because of the warning he received from LaRouche. In February of this year, Yakunin took the same message to a conference at the London School of Economics, where he again named LaRouche as the “very rare” economist who predicted the collapse of the world financial bubble.

Yakunin is co-founder of the World Public Forum “Dialogue of Civilizations,” known as the Rhodes Forum. LaRouche and his wife, Schiller Institute founder Helga Zepp-LaRouche, were speakers at the Seventh annual Rhodes Forum, held Oct. 8-12.

development programs, Putin said that “the most important areas are those involving cooperation in high technologies and trade in highly processed products.”

Vladivostok: Gateway to the Pacific

En route to Beijing, Putin, Levitin, Yakunin, and First Deputy Prime Minister Igor Shuvalov stopped in the Russian Pacific port city of Vladivostok. They visited the huge dig site, underway for the past four months, for the bridge being constructed between the mainland and Russky Island, where Russia will host the Asia-Pacific Economic Cooperation (APEC) summit in 2012. On Oct. 12, the Prime Minister and his entourage held a conference on APEC 2012, reviewing the 41 infrastructure projects related to it that are ongoing, and 26 more which are in various phases of feasibility study and design work.

Putin stressed that this construction of a new airport, port upgrades, roads, and bridges must not be slowed, despite the crisis. Hosting APEC “will allow Russia to strengthen its international position and develop additional contacts with our partners in the region,” he said, and it provides an opportunity to “position Vladivostok as Russia’s Pacific gateway and a prospective center of international cooperation.” Some had opposed funding the development, Putin said, but, “it was decided that this unique opportunity for the city could not be let slip by, and that a large-scale construction program in the Far East could also be seen as an important anti-crisis measure—a way to create tens of thousands of new jobs in construction and related sectors, not only in the Far East, but essentially nationwide.”

After their bilateral talks, Putin and Wen attended the Oct. 14 summit of the Shanghai Cooperation Organization (SCO), in which China and Russia are joined by major Central Asian nations. Addressing the session, Putin advocated an increased role for the SCO in “reforming the world financial architecture.” The meeting adopted a Joint Initiative on Overcoming the Consequences of the Global Financial Crisis, under which Putin said a set of SCO anti-crisis staffs would be set up. One such area of greater cooperation will be infrastructure, Putin said: “Trade and economic cooperation cannot develop successfully without adequate infrastructure, without stable transport corridors, the construction and renovation of new border crossings, and the coordination of border crossing procedures and solution of transit issues.” There will be an SCO transport ministers meeting, in November, in Beijing.