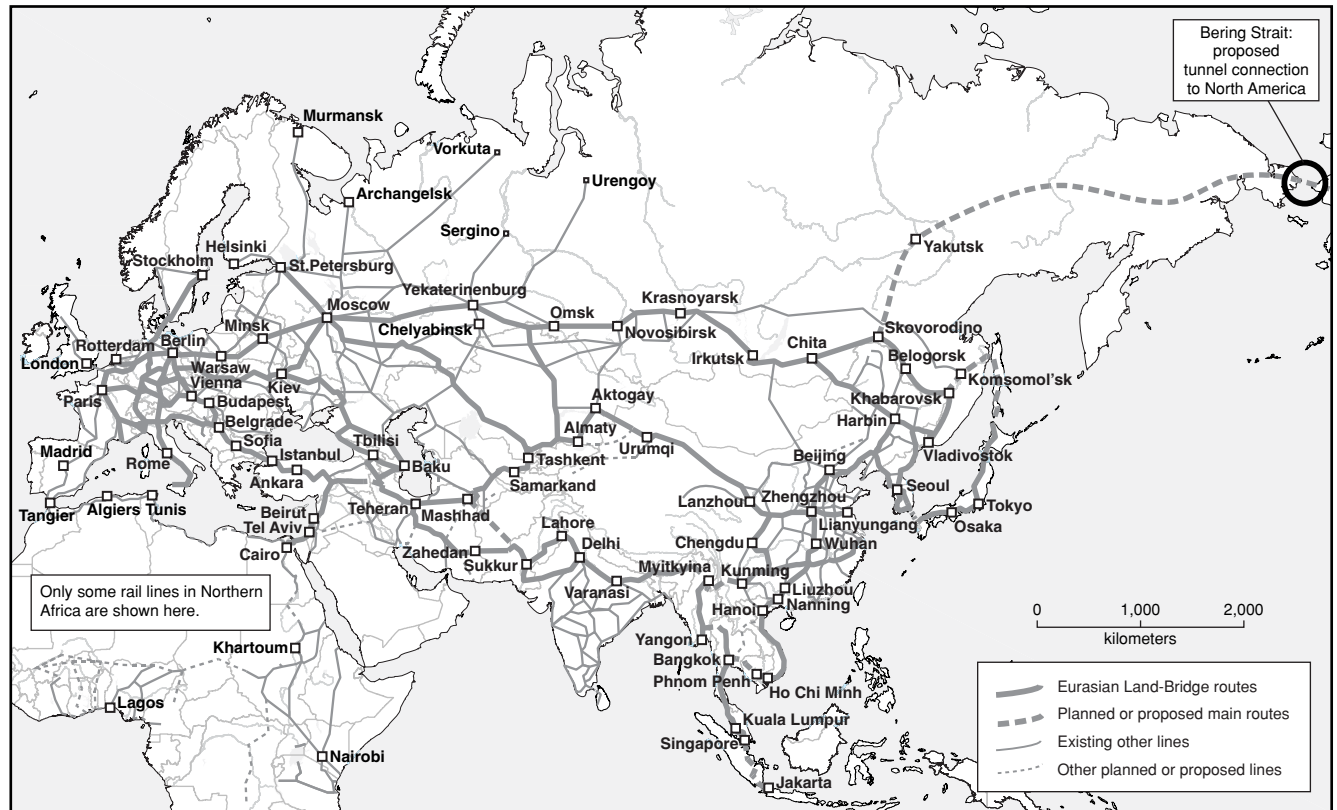


FIGURE 1

Eurasia: main routes and selected secondary routes of the Eurasian Land-Bridge



its lair on Wall Street, the *Journal* didn't say a peep.

I want to read you an excerpt from Dr. Mahathir's speech on Nov. 2, 1997, describing the world economy:

A world trading system cannot rely on market forces. It is time that we draw up fair rules for the market place. If we don't, then the fight for independence will have to begin all over again, for the present market rules will surely result in a new imperialism more noxious and debilitating than the old.

And, let me make clear what Malaysia has done with the controls imposed last week. The following excerpt from the Sept. 1 Bank Negara release makes absolutely clear Malaysia's understanding of what is required, and to what extent any national measures will solve the global problem:

"2. . . . While arguments have been put forward for emerging economies to undertake economic and financial reforms, of greater urgency is the need to reform the international financial system to better cope with the changed international financial environment that we operate in. *Unless this is recognized by the international community, there will*

not be a permanent solution to the current crisis.

"3. *Efforts to deal with the current situation on the part of one country alone will not be sufficient to achieve this objective on a permanent basis [emphasis added]. . . .*

"4. The overriding objective of the new measures is to regain monetary independence and insulate the Malaysian economy from the prospects of further deterioration in the world economic and financial environment. . . ."

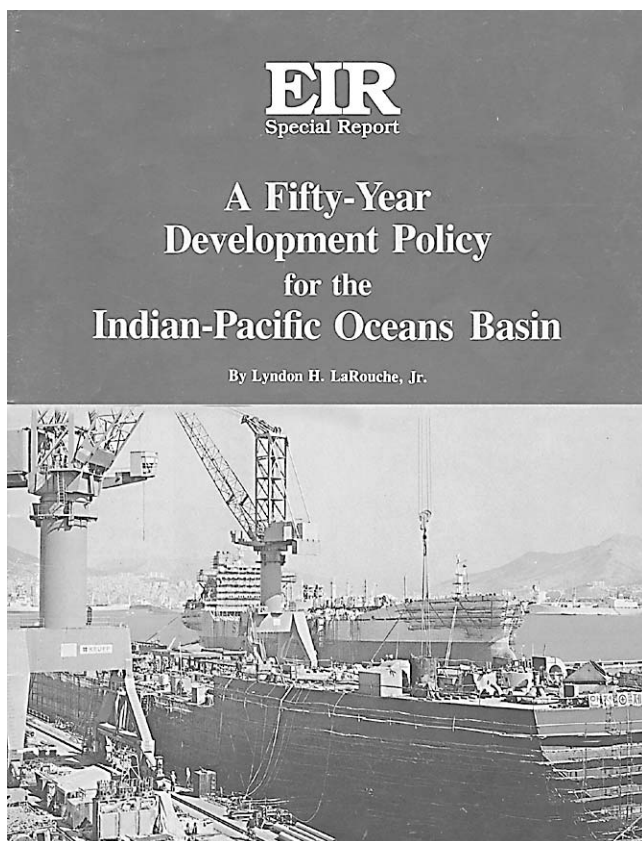
Pawprint of the New Dark Age

I shall briefly indicate exemplary evidence of the approaching New Dark Age, as a result of the utter failure of the IMF system.

1. *Unemployment: Record rates of unemployment are being recorded across the region.*

In Indonesia, the economy will collapse 10%, and perhaps up to 20% this year, with inflation running officially at 80-85%, unofficially at 100% or more. In June, Manpower Minister Fahmi Idris warned that unemployment would rise to 17% (15 million) of the 90 million workforce. One co-author of the ILO report warned that unemployment could possibly rise to 20% (18 million), with half of those seeking

FIGURE 2



“work” in the “informal sector.” Earlier reports said as many as 50 million people would be “underemployed”; 7-9% (6-8 million) will fall under “open employment”—less than one hour of work per week. Using the conservative estimates, that adds up to 71 million *effectively unemployed* out of a 90 million labor force!

Unicef and the ILO report that 5 million people are immediately at risk of starvation; 4 million children below the age of two are severely malnourished. (The poverty level in Indonesia is defined as daily income of 55¢ in urban areas and 40¢ in the countryside, or a daily diet of 2,100 calories.)

In Thailand, 2,000 workers a day are losing their jobs. Unemployment could hit 3 million this year, the worst level in 50 years. There are 1.6 million unemployed and another 2 million flocking to the cities for any kind of employment, and if you’ve ever seen Bangkok traffic, you know what this means. Soup kitchens have been set up.

The region also faces deportation of at least 3 million immigrant workers, i.e., the mass dislocation of peoples throughout the region, many from the poorest countries in the region: Cambodia, Myanmar, Bangladesh, which have the least resources to absorb such shocks or loss of income.

2. *The explosion of the “informal sector” means an explosion in crime, drug abuse, prostitution.*

On Aug. 19, the ILO released a report showing that prostitution accounts for 2-14% of GDP in Indonesia, Malaysia, Thailand, and the Philippines. In Indonesia, at the lower end of the range (1-2%), prostitution earned \$1.2-3.3 billion per annum. In Thailand, at the high end, it yielded annual income of \$22.5-27 billion during 1993-95, according to a study by Chulalongkorn University, with \$300 million in remittances to rural families of “commercial sex workers.” The Philippines has an estimated 75,000 child prostitutes, compared to 100-160,000 adult prostitutes.

Thai officials have sounded the alarm over increasing amphetamine abuse among young adults. The number of youth charged with illegal drug use so far this year is already almost as many as for the entirety of 1997 — youth drug offenses have risen 72% since 1993.

3. *There is a collapse of health care, and increased rates of disease.*

Indonesia is 90% dependent on imports for medicine; the currency collapse means that medicine is 500% more expensive; Malaysia, 60%; the Philippines, 90%.

After Africa, Asia is emerging as the epicenter of the AIDS epidemic, which is suggested by the growth of the “informal sector.” In the past year, however, the former Soviet bloc has experienced the highest rate of increase in new AIDS cases.

There is a dengue fever epidemic, which is related to the drought. Rates of infection in May were three times last year’s; in Indonesia, there were 777 dead by May 1998, as compared with 707 for all of 1997. Jakarta was hardest hit by a shortage of blood and medicine. Thailand is expecting 300,000 cases this year, again, with four times the number of fatalities as last year as of May. Worst of all, 75% of the fatalities were children ages 5-14, because symptoms don’t present in that age group until the patient is near critical condition.

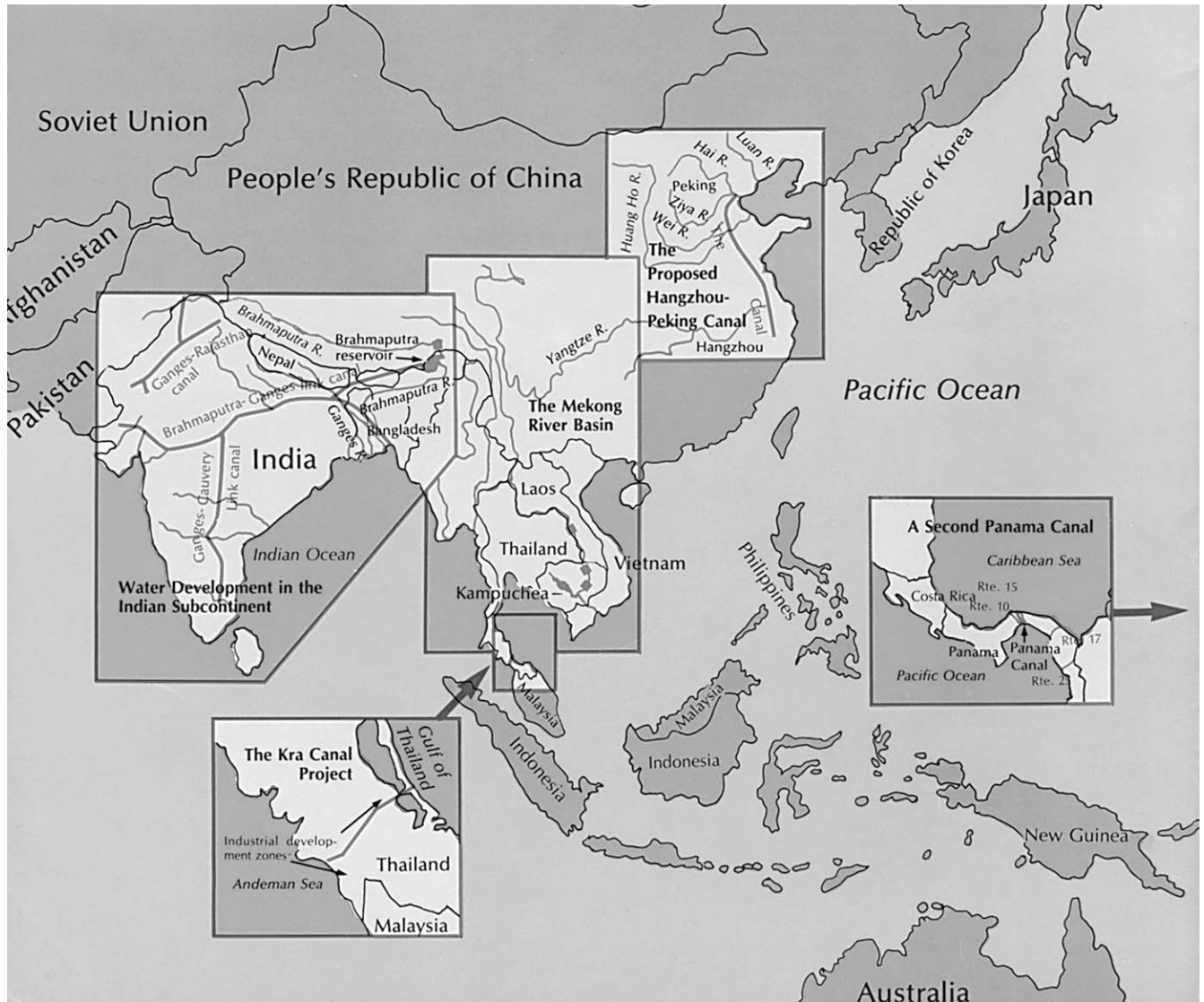
4. *Cultural pessimism, cynicism, and the collapse of education.*

Early this year, Indonesia reported that the entire university graduating class was counted among the newly unemployed. In June, Education Minister Juwono Sudarsono said that 30% had dropped out of school because they were unable to pay tuition, transportation, and other fees, and they needed to help support the family. On Aug. 8, he reported that enrollment was 24% lower than last year. The ILO report says that 1.4 million new entrants into the labor force, i.e., young adults, will be unemployed.

In Thailand, on Aug. 19, the Foundation of Children’s Development said that 300,000 students have dropped out before grade nine. Almost the entirety of the 48,000 university grads will be unemployed; 70,000 elementary school teachers will lose their jobs, 30,000 of them new graduates.

FIGURE 3

Great projects: The motor for development



In Malaysia, of the graduating classes this year, only 1 in 10 will find work — mostly below their academic achievement levels, and at reduced wages.

At the end of July, even the World Bank warned: “No country in recent history, let alone one the size of Indonesia, has ever suffered such a dramatic reversal of fortune. . . . Too much is at stake for Indonesia and the world to allow the country to fall back into a nightmare of recession and poverty after 30 years of economic and social progress.”

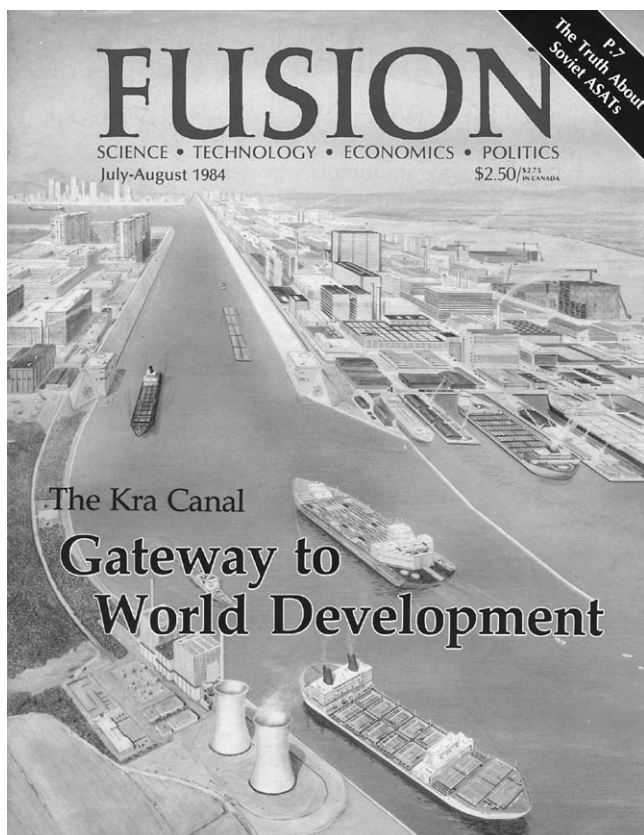
On Aug. 6, fifteen prominent Indonesian economists sounded the alarm. One of them warned: “If there is no prompt action, the situation will move toward a total destruction of

the Indonesian economy, bringing along the collapse of the social and political life of the people and even the existence of Indonesia. . . . Class conflict could happen where people with no rice beat up others. . . . We are running against the clock. . . . We are dying, do you understand?”

Most ‘unnatural’ disasters

Another type of disaster hit in the past year, also largely the product of this failed IMF system. That is the catastrophic “natural disasters” blamed on the El Niño cycle, which led to record high temperatures, the worst drought in decades, billions of dollars in crop loss, and devastating forest fires,

FIGURE 4



followed by the worst flooding in decades. Water rationing hit both the population and industrial centers of the Malay peninsula, for example.

In Asia, especially Southeast Asia, about 300 million people, more than half of the 0.5 billion in Southeast Asia, live on islands—more than 17,000 islands in Indonesia, and more than 7,000 islands in the Philippines. One of the biggest problems in Southeast Asia is, “Water, water everywhere, but ne’er a drop to drink.” They are surrounded by water, but man has failed to fulfill God’s mandate, in Genesis 1:28: “Be fruitful and multiply, replenish the earth and subdue nature!” We need potable water for consumption, for health; we need abundant water for agriculture, for industry.

If man has the science, the technology to “subdue nature,” can you call such a disaster as this year’s drought “natural”?

Southeast Asia needs floating nuclear power plants to provide power, and water desalination and similar technologies that have been gathering dust for decades.

‘We like to think big’

In fact, the first sacrifices on the altar of the IMF free-trade system this year, were precisely those infrastructure

projects that could have helped prevent such “unnatural” disasters. Prior to the onset of the “Asian contagion,” a clear consensus had developed in the region around the urgent need to carry out what has become known as the Eurasian Land-Bridge project (Figure 1), a vision which was clearly stated in Dr. Mahathir’s speech to the IMF meeting in September 1997:

“We like to think big. We even have great ideas for bringing wealth to other developing countries. We proposed the development of the Mekong Valley, beginning with the railway from Singapore to Kunming. . . . We want to link up with the railways of China, Central Asia and on to Europe. . . . But we are not going to be allowed to do this because you don’t like us to have big ideas.”

Specifically, this includes a grid of interlocking highways, railways, bridges, water projects to tame the mighty rivers of Asia, dam projects, and power projects. Many of these were the first victims of the massive budget blood-letting that began last fall and continues to this day. Vietnam in recent weeks has cancelled 27 infrastructure projects, for example, including construction on the Trans-Asia Highway.

What is equally important, is that same political consensus for development represents the promise of securing peace through development in Asia in a way that has been almost unthinkable since World War II.

Look into the past to see the future

For the entire history of this association, it has championed the need for a just new world economic order, including equal access to the most advanced ideas in science and technology to carry out continental infrastructure projects. A 1983 *EIR Special Report*, “A Fifty-Year Development Policy for the Indian-Pacific Oceans Basin” (Figure 2), outlined a 50-year perspective for Asia-Pacific development, a principal feature of which was water projects, including in the Ganges-Brahmaputra and Mekong River basins, a canal across the Kra Isthmus of Thailand, a second Panama Canal, and others (Figure 3).

Let us take a closer look at the Mekong River development program. The Greater Mekong subregion comprises Cambodia, the Lao People’s Democratic Republic, Myanmar, Thailand, Vietnam, and Yunnan Province of China—several of these countries have been at war with each other almost since World War II. It covers a land area of 2.3 million square kilometers, with a population of more than 230 million. GDP for the region in 1994 was \$184 billion. By the year 2010, according to the Asian Development Bank, with sustained progress, the population could reach 314 million, and GDP \$863 billion.

The priority infrastructure projects include 9 highway projects, 8 major rail projects, 10 major water transport projects, a series of dams and power projects, 6 airport construction or upgrade projects, and 13 fiber-optic telecommunica-

FIGURE 5
Railways, and Kra Canal, in South Asia



tions projects. *EIR's* estimate in 1983 was that the combination of projects would lead to a tripling of food production in the Mekong region by the year 2000, making it a breadbasket for Asia.

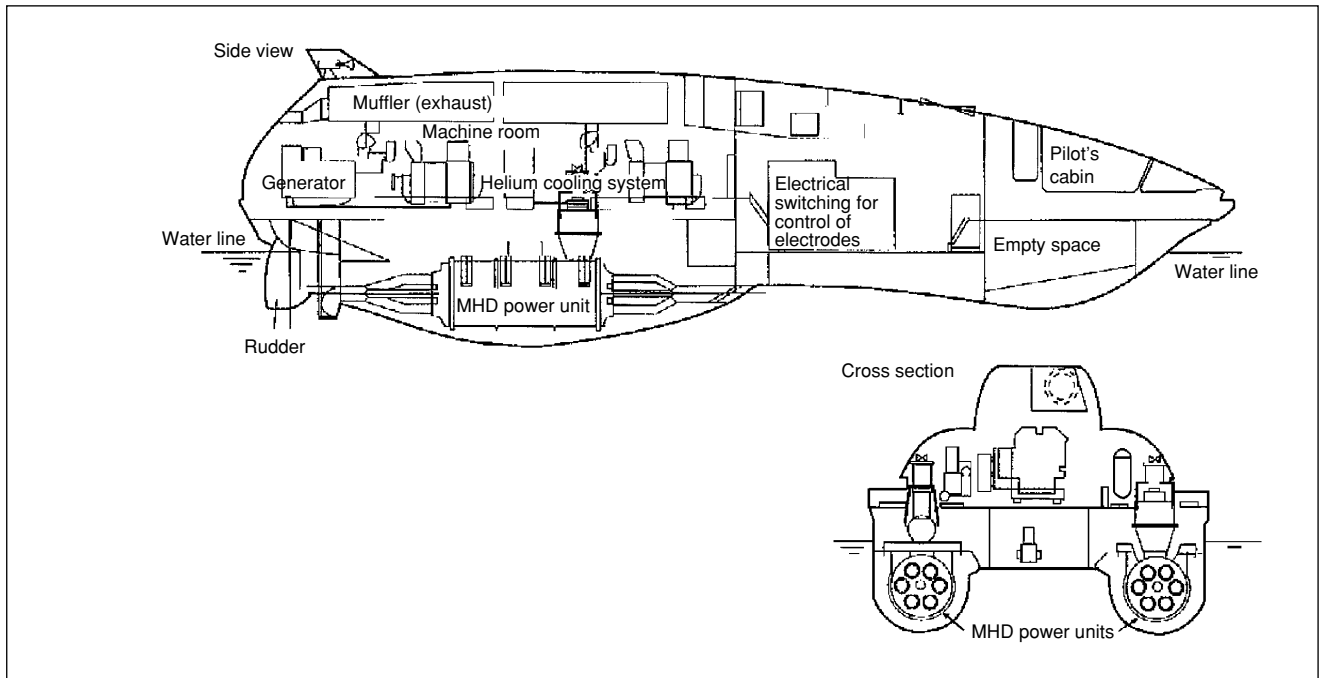
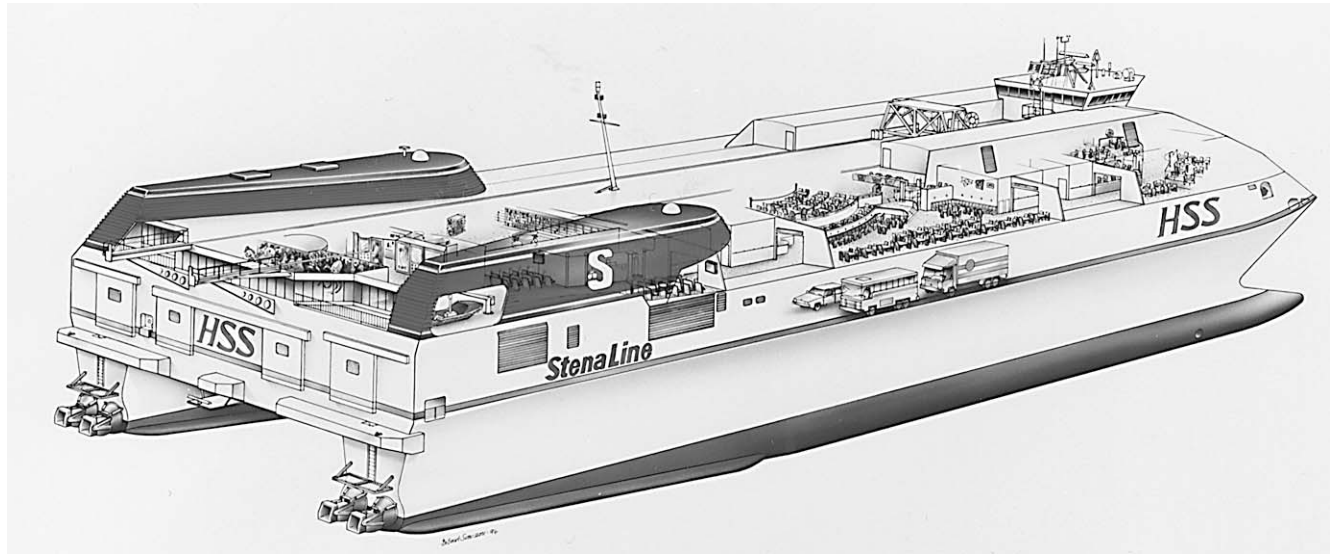
This is also the part of East Asia that has served as the cauldron of war and instability since World War II—part of the colonial powers' attempt to contain China and prevent the greatest concentration of the world's population from ever

achieving full development. Border insurgencies, largely run by drug-warlord armies, many with backing from the former colonial powers, continue. It is also the home of the notorious Golden Triangle opium production. Just this year, the Greater Mekong subregion reached a breakthrough agreement on drug eradication, making clear that drugs and war *cannot co-exist* with peace through development.

The Mekong countries also made links extending into

FIGURE 6

A Japanese model of a magnetohydrodynamic propulsion catamaran



South Asia this year, through the Bimstec group.

Let's move south to the Isthmus of Kra and into the Southeast Asian archipelago. In the policy debate that erupted in Thailand this year seeking alternatives to the IMF, leading economists called for a Marshall Plan to build out of the IMF's depression. With that, have come renewed calls for construc-

tion of the Kra Canal, a project first proposed in 1793 by the younger brother of King Rama I of Thailand. At the end of World War II, the British explicitly forbade Thailand to build such a canal, as a precondition for regaining independence following Japanese occupation. It is a project the LaRouches and *EIR* campaigned for actively from the 1970s to the present

as essential to unleash the economic potential of Asia. (See **Figure 4**, the cover of *Fusion* magazine, the science magazine cofounded by LaRouche.)

In 1983, the Ministry of Communications in Thailand co-sponsored a conference with *EIR*, one of several conferences, on the great projects for Asia. At that conference, Mr. LaRouche discussed the development of the world's economy in terms of principal ocean basins, identifying the key chokepoints to world trade in the lack of sufficient transit points connecting those ocean basins: for example, the Mediterranean to the Indian-Pacific oceans through the Suez Canal; the Atlantic to the Pacific through the Panama Canal; the Indian Ocean to the Pacific through the Straits of Malacca—chokepoints strangling the potential for rapid and necessary increase in the transport of goods.

At that seminar, *EIR* argued that rates of shipping traffic in Asia would increase, conservatively, 2.5 times between 1982 and 2000, and tenfold by 2020, a shipping volume that could not possibly be handled safely or rapidly through the Malacca Straits. *EIR* endorsed the proposals presented at that conference to construct a sea-level canal without locks, using peaceful nuclear explosions to excavate some 45 kilometers of the 102 miles of the canal's length, and to increase the industrial potential through the construction of deep sea ports at one or both ends of the canal.

Moving into the Southeast Asian archipelago, let me quickly identify key linkages (**Figure 5**). As part of the Thai, Malaysia, Indonesia growth triangle, a series of ambitious, indeed historic, bridge projects were in the works prior to the financial blowout. These bridges would straddle the Malacca Straits, linking Malaysia to Indonesia, with additional projects spanning the Sunda Straits between Sumatra and Java, and another to link Java to Bali. Malaysia planned the most ambitious dam project in the world, the Bakun Dam, with major assistance from Brazil's now-privatized CVRD—a bauble Soros bought into—which dam would transform the island of Kalimantan, shared by Malaysia, Indonesia, and Brunei Darussalam, with a growth triangle linking Malaysia, Indonesia, and Brunei to Mindanao, the southernmost island of the Philippines.

A further requirement for the archipelago, Mr. LaRouche has insisted, is to develop high-speed shipping capacity—to transform the South China Sea in a way similar to how the Great Lakes between the United States and Canada opened up the industrial heartland of North America with the construction of the St. Lawrence Seaway. **Figure 6** is an example of such technology, which was patented in 1961. It is a Japanese model of a magnetohydrodynamic propulsion catamaran, which has no moving parts, but uses electromagnetic forces, enabling it to travel at speeds of 60 up to 95-100 kilometers per hour.

We must turn the Andaman Sea, the South China Sea, and the other great bodies of water into “the Great Lakes” of

industrial development in Asia. After all, more than two-thirds of the world's population live there.

The children are the best reason I can give you for why we must seize this opportunity to build the new, just world economic order on the ashes of the IMF system. We must give back to the children of Asia, Africa, Ibero-America, Russia—the world—their inalienable human right to play, to dream, to happiness, to “be somebody,” as Dr. Martin Luther King, Jr. said. Indonesian President B.J. Habibie was such a child. Born into a poor family on the island of Sulawesi, as an adolescent he was taken under the wing of the local military commander, later President Suharto. Clearly, Suharto encouraged Habibie to “think big,” to dream, because Habibie became one of the world's leading aeronautical engineers, vice president at the Vokker Messerschmitt firm in Germany. In an interview with the *New York Times* earlier this year, Dr. Habibie confessed that he had dreamed of becoming an astronaut. Imagine that: a poor boy from Sulawesi in outer space.

Let me introduce you to the future commander and his crew of the international space station.



Indonesian children. “We must give back to the children of Asia, Africa, Ibero-America, Russia—the world—their inalienable human right to play, to dream, to happiness, to ‘be somebody,’ as Dr. Martin Luther King, Jr. said.”