

# Latinamerikas fremtid ligger på den Nye Silkevej.

## Af Helga Zepp-LaRouche

*Zepp-LaRouches videopræsentation til en konference, »Latinamerikas fremtid ligger på Silkevejen«, 4. maj, 2017. Fr. Zepp-LaRouche udvikler her en dramatisk vision om økonomisk »win-win-samarbejde«, der kan løfte hvert eneste menneske ud af fattigdom; og om den Ny Silkevejspolitikks potentiale for at udløse menneskelig kreativitet på hele planeten, der kan skabe en ny, kulturel renæssance.*

*Helgas tale blev vist ved møder, der var samlet i Mexico City, Hermosillo og Querétaro (i Mexico); i Lima og Pucallpa (i Peru); og i Guatemala City, og blev ligeledes udsendt live over Internettet.*

*Engelsk udskrift:*

Dear Friends of the Schiller Institute,

I will speak to you about the "Future of Ibero-America Lies in the New Silk Road," and I want to send you my most heartfelt greetings, watching the video in Peru, Guatemala, Mexico, Argentina, Chile, Colombia, the Dominican Republic, the United States, and maybe elsewhere.

We are only eight days away from an event which will make clear to the whole world that the world *is* changing, that we are already in the process of developing a completely new paradigm, that of the New Silk Road, otherwise called the Belt and Road Initiative. In Beijing, between the 14th and 15th of May a summit will take place. Already 28 heads of state, or 28 nations have agreed to attend, and those heads of state include those of Argentina and Chile, but also there will be high-level representatives and delegates from 110 nations,

altogether 1,200 delegates; there will be 60 international organizations represented. And they will sign in the context of this summit, 20 cooperation agreements between China and 20 countries into a document which then will define the goals and principles, and specify cooperation; it will develop an international new platform on science, technology, exchanges and training of talent among the participating countries.

This Belt and Road Forum will be an historic event. It will be the consolidation of a process which started three years and eight months ago, when President Xi Jinping in Kazakhstan announced the New Silk Road. And in this period, the true conception of "win-win cooperation" among altogether almost 70 nations, has become a reality, where it is clear that no longer is this a zero-sum game where one has advantage and the other one suffers, but this is a true "win-win cooperation," where each country is having equal benefits from such cooperations.

Now the significance in this conception of the Belt and Road Initiative which is open to all nations of the world, including the United States and the European nations, even though they are still not so clearly in favor of it, or at least it's a mixed situation, the significance of this concept lies in the fact that for the first time in human history, it overcomes geopolitics – geopolitics which was the cause of two world wars in the 20th century – because it establishes a higher level of reason, and since it's open to every country, it can reach into the farthest corner of the world.

Since this program has been put on the agenda by Xi Jinping it has led to an unbelievable explosion of development, absolutely unprecedented in history. China has signed more than 130 bilateral and regional transport agreements. It opened 356 international road routes, for both passengers and freight; there are now 4,200 direct flights connecting China with 43 Belt and Road countries; there are presently already 39 China-Europe freight train routes; currently, there is

daily leaving such a cargo train from Chongqing to a European destination.

There are in the meantime, six major industrial development corridors, and the 21st Century Maritime Silk Road. These corridors not only are, one, a corridor from China to Central and Western Asia which is intended to be extended through Iraq, Syria, Turkey, into Europe and into Africa; there is a second corridor from China to Western Europe which goes from such cities as Chengdu, Chongqing, Yiwu, Lianyungang, going to Duisburg, Hamburg, Rotterdam, Lyon, and Madrid. There is thirdly the Mongolia- China-Russia corridor which involves 32 large projects. There is fourthly, the China-Pakistan Economic Corridor (CPEC), where China has invested \$46 billion and this project is creating 700,000 new jobs in Pakistan. There is the Bangladesh-China-India-Myanmar (BCIM) corridor, which bridging the whole region of Southeast Asia. Then you have the China-Indochina Peninsular corridor, and you have in the meantime the development of an entire railway network in Eastern and Central Africa.

This is unprecedented in human history, because after literally centuries of suffering colonialism and poverty and underdevelopment, for the very first time, through this Chinese initiative is the perspective for the developing countries to overcome poverty, hunger, underdevelopment and realize the true potential of all these countries.

Well, it is most astounding, but then, not so astounding if you think about it, that about this greatest infrastructure project in all of history, there is almost nothing being reported in the mainstream media, at least in the United States and in Western Europe. The mainstream media, with very few exceptions such as for example *Forbes* magazine, they had a six-part series about the potential of the New Silk Road, all the other mainstream media pretend it doesn't exist. So the populations of Europe and the United States know very little about it, and once they realize it, mainly through our

efforts, the efforts of the Schiller Institute, they realize that this is a tremendous potential also for their future. And mostly people get extremely angry that they have been deprived of this knowledge.

Now, it is very clear that the old forces of the old paradigm, the paradigm of geopolitics, a system based on so-called globalization which emerged after the collapse of the Soviet Union, and which was and is based on the "special relationship" between the British and the United States, this system which was based on profit for the rich, making the gap between the rich and poor ever wider, a system which is now specifically now aiming to overcome poverty in the whole world and have a "win-win" relationship among equal nations with equal rights, equal respect for their sovereignty, these old geopoliticians regard this new system as a complete threat to their existence. So they try to maintain the illusion that it does not exist.

Just today appeared a very interesting article by Robert Parry, who is an investigative journalist in the United States, who became rather famous because of his coverage of the Iran/Contra affair; he wrote an article with the title, "The Existential Question of Whom To Trust." And he says, "The looming threat of World War III, a potential extermination event for the human species, is made more likely because the world's public can't count on supposedly objective experts to ascertain and evaluate facts. Instead, careerism is the order of the day among journalists, intelligence analysts and international monitors – meaning that almost no one who might normally be relied on to tell the truth can be trusted." He says, and I fully agree with that, what replaces objective reporting is "groupthink," where experts "have sold themselves to ... powerful interests in order to keep high-paying jobs and ... don't even seem to recognize how far they've drifted from principled professionalism."

Well, that will not help them, because the positive

alternative of the Belt and Road Initiative does exist and it is also the remedy to the two existential crises facing human civilization at this point: First, the danger of a global nuclear war, which is now most obvious in the crisis around the two Koreas, and naturally, still to a certain extent the situation in Syria; and secondly, the danger of an uncontrolled crash possibly to occur this year, which if it would occur would lead to uncontrollable chaos out of which the danger of a nuclear war would arise as well.

Let's briefly look at the second danger. On July 25th, 2007, my husband, Lyndon LaRouche made truly history forecast: He said, this present global financial system is hopelessly finished and all which you will see now is that the different elements will come to the surface. And it will not be resolved until you have complete, total reorganization of this bankrupt system through a number of measures, Glass-Steagall, a return to a credit system and the American System of economy.

Exactly one week later, the secondary mortgage crisis in the United States erupted, which then, since it was not dealt with by the measures which LaRouche proposed, escalated into the big financial crash of Lehman Brothers and AIG in September 2008.

At that point, for a very short period of time, actually some days and weeks, the leaders of trans-Atlantic world were absolutely convinced this was a systemic crisis, and some of them, like Sarkozy of France, even called for a New Bretton Woods, because they were so scared that this whole system may disintegrate. Unfortunately, this shock lasted not very long, and already at the next G20 meeting in Washington on Nov. 15, of the same year, they basically decided to paper it over, go for quantitative easing and use other so-called "tools" of the instruments of the central banks in the United States rather than going for the Glass-Steagall separation law of Franklin D. Roosevelt, which my husband has prescribed, they went into Dodd-Frank, which basically was just a cover-story to keep the

high-risk speculation of the big banks going.

In the meantime, the central banks of Europe, the ECB, of Great Britain, Japan, and the Federal Reserve decided to go into quantitative easing, and they created \$15 trillion in lending facilities to the too-big-to-fail banks, and that added a de facto zero-interest rate since about 10 years. They spent part of this money for so-called bail-out packages, which supposedly went to countries like Greece, but in reality 97% of these bail-out packages went back to the to the big European banks and the American banks.

In the United States this liquidity pumping increased for example, so that corporate debt rose from 2008 to today, from \$8 to \$14 trillion; that is, an increase of 75%, of which almost \$9 are in commercial mortgage backed securities (CMBS). Since 2013, 80% of the corporate borrowing has been used for, not productive investment, but so-called "financial engineering." Now, that is, corporate firms buy up their own stocks to drive up the price, or they're buying other firms in so-called mergers & acquisitions (M&As) for the same effect. They are using \$500 billion per year into driving up those stock indexes, while at the same time, betting on the derivatives of these manipulations.

Despite all of this, the total non-financial corporation profits have not increased since 2011 and started to fall since 2013. Morgan Stanley just put out a report in April that the ratio of non-financial corporate debt to cash from operations is at an all-time high, at a ratio of 3.2 to 1.

Now, with this situation, where the debt is going through the roof relative to the operating cash, and profits are declining, normally, what firms used to do, is to go to the banks and borrow more, but this is now no longer happening, because the banks stopped giving credit because they know this whole system is coming to an end and it's not maintainable.

Just at the recent meeting of the IMF in Washington, they put out a 2017 Global Financial Stability Report, where they basically wrote that the U.S. debt service to income ratio of the non-financial corporations has gone up 37% in 2014, to 41% in 2016; and those corporations have \$7 trillion more debt than in 2008, but \$3 trillion less equity invested in them. As a result, a wave of defaults has already started. The default rate for the non-financial corporations jumped from 3% at the beginning of 2016, to 5% at the end, and it is expected to be 5.6% in June. The IMF warns that if the interest rates go up, as they did in the period from November to January, then 20% of all U.S. corporations could default. Now, that is higher than the highest mortgage default rate in the crash of 2008.

Now, this gigantic bubble of corporate debt is made more unpayable because of the complete lack of growth in the real economy. The miserable 0.7% growth which was published about the GDP in the United States – and remember that the GDP statistics are always manipulated, and every knowledgeable person in Europe, for example, makes jokes about it – it went up only 0.7% in the first quarter of this year, and that does not pay for this huge bubble.

But the problem is not only in the United States, it's also in Europe. Just recently, the Italian Banking Association put out the figures of the Level3 derivatives in the European countries, where the highest ratio is in Germany, it was 25.5%; British banks, 25.4%; French banks, 20.5%. And Italy, which is always scolded for having the biggest commercial losses, has only 15%. Now, Level3 derivatives are derivatives which don't have a market price because nobody wants to buy them, because people know they are completely toxic. So they are assets collateralized with debt and therefore pretty worthless, but the ECB has allowed the banks to price them according to their own bank model and count them as assets. In the recent stress tests of the European central banks, they left out Level3 assets, so this is a complete illusion which

is being maintained because an admission would basically reveal the complete bankruptcy of the system.

Now, there is only one way to prevent a chaotic blowout, and that is the implementation of the Glass-Steagall law which Franklin D. Roosevelt implemented in 1933. And the good thing is that there are presently two legislations in both Houses of the U.S. Congress, and also the head of the National Economic Council Gary Cohn, recently told a group of senators that the Trump administration is absolutely committed to realize Glass-Steagall soon, and that President Trump will fulfill his election promise to go for Glass-Steagall. As a result, there is presently a flood of articles in the last three weeks attacking Glass-Steagall, saying it would not have solved the problem of 2008 – which is a complete lie – and obviously, this expresses the complete nervousness of Wall Street and the City of London because it would bankrupt them and curb their power down to size.

Now, contrary to the asset-based economy of the United States, and partially of Europe, where you have a huge diversity between the different EU members and therefore the whole Eurozone does not function, where basically the situation is completely unsustainable as well, China on the other side, in the first quarter of 2017 had a surprisingly high GDP of 6.9%. All the agencies, like Bloomberg, PricewaterhouseCoopers and others all agree that the primary driver of this Chinese economic growth is the extraordinary investment in infrastructure, both in China domestically, as well as in the Belt and Road countries. For example, Chinese factory output in the same period has been 7.6% in the first quarter also. Household disposable income went up by 7.5%; retail spending up 10.4%. There was a study of PricewaterhouseCoopers in February which said that the great projects of infrastructure grew in the last year already by 50% in value, and there is a new study by the U.S. National Bureau of Economic Research that, based on physical economic factors such as the



illumination seen by night from space, that the Chinese economy is actually growing faster than even the Chinese government reports.

Xinhua reported that the goods trade between China and the Belt and Road countries went up by 26.2% in the first quarter. Chinese exports to Belt and Road countries went up by 15.8% in the first three months. Imports to China went up by 42.9% from the 60 countries of the Belt and Road. There are 781 new companies with investments in the Belt and Road countries that have sprung up. Chinese enterprises signed 952 contracts in 61 countries along the Belt and Road.

So the Chinese economy and the Belt and Road Initiative has long become the real engine of the world economy.

So for the United States to come out its present financial danger, there is only one way out, and that is to implement the Four Laws of Lyndon LaRouche: First, Glass-Steagall. Separate the commercial and the investment banks, write off the unpayable debt and toxic paper of the investment banks, put the commercial banks under protection. Then, go to a credit system in the tradition of Alexander Hamilton, implement a National Bank; and increase the productivity of the economy by having a massive investment in fusion technology and space cooperation, and other vanguard technologies to increase the productivity of the labor force.

Now, this could be massively helped by the Chinese cooperating with America on the Belt and Road Initiative which has been offered by President Xi Jinping, at the recent Florida summit with President Trump.

Now Trump has said he wants to invest \$1 trillion into infrastructure in the United States. The American Society of Civil Engineers estimated that the real need of infrastructure is \$4.5 trillion, but Chinese experts estimated that what the United States really would need is \$8 trillion worth of

infrastructure. And China could easily help America to rebuild its infrastructure because they have an extraordinary expertise from having done the Belt and Road project for the last three and a half years. China also has offered, already, to invest its \$1.4 trillion they're holding in U.S. Treasuries. If this would be channeled, let's say, through either an infrastructure bank in the United States or a National Bank in the tradition of Hamilton, this could help to revive the American economy.

Now, the same goes for European nations: They urgently need Chinese investment, because the EU has not been providing it, and that is why right now, you have the complete turning around of European nations – they want to be part of the New Silk Road. For example: Greece, Serbia, Hungary, the Czech Republic, Belarus, but also Italy, Portugal – they have already all stated they want to become “hubs” of the New Silk Road. So there is a complete change of the wind, representing the potential to really realize this fantastic new perspective.

However, the second existential crisis, the danger of nuclear war, now, it is obviously centered right now very massively around the North Korea crisis. Again, there, the solution will be the integration of the two Koreas into the New Silk Road. But it is extremely dangerous. Pope Francis just put out a statement saying “the situation has become too hot,” that the world is at the brink of war, and he said, “We are talking about the future of humanity. Today, a widespread war would destroy – I would not say half of humanity – but a good part of humanity, and of culture, everything, everything. It would be terrible. I don't think that humanity today would be able to withstand it.”

Now, if you study the logic of thermonuclear war, the danger is not half of humanity, the danger is that it could lead to the extermination of all life, of all human life on this planet.

This danger is the result of the old geopolitical manipulation, because the situation in Korea is not unsolvable at all. Already in the '90s and again in 2002, we were very close to establishing a permanent peace on the Korean Peninsula. North Korea, at that time, in the '90s, had signed the Nuclear Nonproliferation Treaty (NPT); they agreed not to build a nuclear weapons plant, and in return they were allowed to build a peaceful nuclear energy facility. Then, at a certain point the U.S. Defense Secretary William Perry in the Clinton Administration was convinced that Pyongyang was diverting plutonium and he was actively considering the option to take out the [North Korean] Yongbyon plant in a surgical strike. At that point, the former President Jimmy Carter went to Pyongyang and met with North Korean leader Kim Il-sung and they reached an agreement which was supported by the Clinton administration, South Korea, North Korea, with the support of China, Japan and Russia, and they called this the Agreed Framework, which included the idea that North Korea would take down its Yongbyon plant in exchange for which the U.S. helping North Korea build a full-scale 1000 MW nuclear plant; and they also began to provide North Korea with oil until this plant was ready. Inspectors from the International Atomic Energy Agency (IAEA) went there and started to monitor, and there were pledges that they would move very quickly towards a peace agreement surpassing the armistice which still existed – and still exists.

But then unfortunately the Clinton administration came to its end, and was replaced by the Bush and Cheney administration, which immediately started this talk which we know only too well from the present days, that they couldn't work with a "brutal dictator," and not cooperate. So basically, this already put a cloud over this whole project. But still, in 2002, South Korean President Kim Dae-jung adopted the "Iron Silk Road" which had initially been proposed by Lyndon LaRouche, who had always maintained that the way to solve the Korea crisis is with the New Silk Road: That you have to build

the railroads from Busan at the southern tip of south Korea, through North Korea, all the way to Rotterdam. And once you have South Korean and North Korean engineers working together building railways, that the real basis for peace could be established.

Now the two railroads started to be built, but also one of them going from Seoul via Kaesong to the old Silk Road, the Chinese railway; and one was supposed to go up the east coast to North Korea and then link up in Vladivostok with the Trans-Siberian Railroad. Also in 2002, in the village of Kaesong, they started to build an industrial park, where South Korean companies deployed very high-skilled North Korean labor to build up industries, set up factories and things actually went along very well. Also, there were Six-Party Talks supporting this Sunshine Policy of the South Korean President.

At that time, Bush and Cheney reluctantly went along with it, but all the time kept nagging North Korea as cheating, "don't believe them," and so forth. At a certain point, the Six Party Talks ended, and when Obama came in, and started his "Asia pivot" policy, which was not aimed at North Korea, but really aimed to isolate China, and in encircle it, they started to build up military forces aimed against China.

So under the pressure from President Obama very recently, South Korean President Park Heun-hye cancelled the Kaesong industrial park and agreed to the deployment of THAAD missiles, and these Terminal High Altitude Area Deployment missiles, again, are not deployed against North Korea, but aimed at China and Russia: Because North Korea is only 30 miles away from Seoul, and they don't need to send ICBMs into space to then hit Seoul 30 miles away because North Korea has sufficient artillery to accomplish the same aim; but these THAAD missiles have X-band radar which can see deeply into the territory of China and Russia, which is why both countries have named these THAAD missiles as an existential threat to their national security.

This is a very dangerous situation, because if North Korea would strike Seoul, all of North Korea would be wiped out in return, the entire North Korean leadership would be killed as has been stated by many forces around the United States, and the population of Seoul would be wiped out very clearly also. If this war would escalate, it would clearly have the potential to escalate to Japan, to the United States and also lead to a global nuclear war.

Now, that danger is presently absolutely real. The only sign of hope, is that since the summit between President Trump and President Xi Jinping in Mar-a-Lago, Florida, where a very positive working relationship and almost friendship has been developed between these two Presidents, this summit has been called by the Chinese a "complete success"; Secretary of State Tillerson has said this has absolutely enhanced mutual trust and both have stated that their common aim is the de-nuclearization of Korea; that they want to resolve the situation through a peaceful dialogue.

Now that requires, also, that the recent Chinese proposal to have a so-called "double suspension," meaning a suspension of the missiles and nuclear tests on the side of north Korea; and a suspension of the joint military drills on the side of South Korea and the United States on the other side. Russia has completely supported this Chinese policy of double suspension. That would be the first step.

What is needed then, is a comprehensive approach of the New Paradigm, of "double suspension," to include North Korea in the Belt and Road Initiative, integrate the Sunshine Policy with the New Silk Road and the key to it is the collaboration between Xi Jinping and Trump. It can absolutely work, because there are elections on May 9th in South Korea, where the likely winner already came out against the THAAD deployment, so the hurried deployment now makes absolutely no sense; also, in the recent month, the relationship between Prime Minister Shinzo Abe of Japan with Putin of Russia has absolutely

increased and positively developed, where you have joint Russian-Japanese investments in the Far East of Russia, and therefore, the elements of a solution are absolutely there.

What has to be put on the agenda, therefore, is the "Greater Tumen Region Development project, which we also represented in the World Land-Bridge report. This is a regional development project involving the Greater Tumen Initiative, a development project which would build up the entire border region between China, Russia, Mongolia, North Korea, and South Korea, and develop the entire region around it, around the Tumen River which is the border between China and North Korea; and North Korea was a part of this project, until 1993, at least in its initial forms.

So, what has all of this today with the future of Latin America, and the my speech has, that "The Future of Latin America Lies in the New Silk Road"?

Now, I personally believe for a very long time, that the great German mind, and philosopher, and statesman, and natural scientist, Nikolaus of Cusa was absolutely right, when he, already in the 15th century, said that the solution to fundamental problems cannot be in partial remedies, but that you have to find a level of the solution which establishes a higher level of reason which he called the "coincidence of opposites," or the *coincidentia oppositorum*. You have to establish a level of reason where the One has a higher reality than the Many, and that is exactly the "win-win cooperation" of the Belt and Road Initiative today.

Now, in the age of nuclear weapons, of the internet, of air travel which can bring you in a few hours to every part of the globe, the world has become a very small place. And unlike in previous periods, where you had one culture going under and some other culture at some other part of the world didn't even know about it, because it would take years to travel from one region to the next, this time, we are sitting in one boat, and

therefore, people have to start to think strategically and not think that the financial crisis of the trans-Atlantic sector, or the North Korea crisis is something alien to them, but that we have to solve all of these problems simultaneously, or else there will be no solution for anybody.

Now the only way for Latin American countries to solve the problem of the drug epidemic which is haunting some countries in an existential way; or of poverty, or of underdevelopment, is to revive the development plan of Lyndon LaRouche, which he called in 1982 *Operation Juárez*, when he worked with President José López Portillo to integrate all of Latin America in one large infrastructure-integrated network. This is possible to be realized today, and it is possible, because of the Chinese Belt and Road Initiative.

What we have to do, is we have to build a fast train system connecting the southern tip of Latin America in Chile and Argentina, going all the way up north, through Central America, North America, to the tip of Alaska, connecting through the Bering Strait Tunnel with Siberia, and in that way linking the trans-American transport corridor with the trans-European-Eurasian infrastructure network.

The infrastructure offered by China is already going in this direction. China has offered financing and help in the construction of the Bi-Oceanic Railroad, which you will hear about in the next presentation, which will be a railroad between Brazil and Peru, and another route through Bolivia; China is presently already building a science city in Ecuador, where at the recent state visit of President Xi Jinping in Lima, and Ecuador, and Chile last fall, attended a joint meeting with the former President of Ecuador President Correa in which both stated the intention that very soon China and Ecuador will be on the top of science and technology, representing the state-of-the-art in these areas. Now, this is a very ambitious and very hopeful intention.

Also, the fact that Chilean President Michelle Bachelet will go to the Belt and Road Forum and then add a state visit in China to that, represents the potential of bringing all of these projects a big step forward. The former Ambassador to China from Chile Fernando Reyes Matta said the world leaders who are attending the Belt and Road Forum are betting on the future. He said: Should we think from Latin America about linking with the One Belt and Road if it will have the same effect as the Marshall Plan on Europe? Well, the answer is obviously, yes, because the Belt and Road Initiative is already now twelve times larger than the Marshall Plan was in its time, and it is open-ended and it can be extended without a limit.

Now this fantastic economic development perspective also has, and must have a cultural dimension to it. At the recent Ancient Civilizations Forum in Greece, where the foreign ministers of ten countries that have long, old cultures attended, among them, were the foreign minister of Bolivia, of Mexico, and Peru, all countries which had a very proud, ancient tradition, they were intending to revive this old culture, in order to connect it to the ambition of the future. Because it is necessary for this whole project to succeed, that we revive the best traditions of each nation on this planet, of each culture, and then have a dialogue, so that each nation knows about and finds out about the treasures what actually universal history has accomplished to this present point.

If we have an economic "win-win cooperation," it will uplift every human being out of poverty, it will unleash the tremendous potential of human creativity, and it will lead, I am absolutely certain, to a new cultural Renaissance. Where people in Latin America must absolutely know about, that we as a human species as a whole are on the verge of a completely decisive branching point in human history: That the New Silk Road allows for a completely New Paradigm, where for example,



the old idea that earning virtual money, money figures which could disappear from your bank account instantly, once you have a financial crash, and what you never owned because it was always virtual, you can also never lose, that this wrong idea will be replaced by the concept of a meaningful life where each person can unfold the totality of his or her creative potential; and something which was only possible for a very few individuals in history, such geniuses as Dante, Kepler, Einstein, Schiller, Vernadsky, Beethoven, but very few people could reach that level of personal creativity, because people up to now were so burdened by having to earn their livelihood, by the constraints of managing their daily lives, that they could not fulfill this potential. Now this will be possible to change and we will have a society, increasingly, on our planet, where more and more people, and eventually *all* people can be truly human by developing all potentials they have embedded in them.

So provided we can solve the two existential crises I mentioned, we are really looking at a very bright future. If Latin America would link up with the Belt and Road Initiative this potential can be realized for all of us in a very short period of time.