
Trans-Atlantic Powers in Free-Fall

George W. Bush and Other 'Failed States'

by Jeffrey Steinberg

As Lyndon LaRouche, Vladimir Putin, and Hu Jintao are painfully aware, the world is witnessing a rapid, generalized disintegration of the governing institutions of most of the leading nations of the trans-Atlantic "Western system." Each failing state is going through its own unique process of self-destruction, but the common factor is that all of the governments in free-fall are hysterically clinging to the same set of policy axioms that have already failed. Each afflicted government is staring into an abyss of financial collapse, national bankruptcy, and social disintegration, paralyzed from taking any action that would challenge the already-failed "conventional wisdom."

The U.S. government of George W. Bush and Dick Cheney is leading the race to the bottom of the scrap heap. The President continues to demonstrate evidence of clinical insanity, as shown in his May 15 nationwide televised Oval Office address, in which he proposed to militarize the 2,000-mile U.S.-Mexican border by illegally and irresponsibly deploying 6,000 National Guard soldiers there. This thinly disguised sop to the racist right wing of the Republican Party, and to those such as Harvard's Samuel P. Huntington who have been promoting a "clash of civilizations" between white Anglo-Saxon "America" and brown-skinned Hispanic Mexico and Central America, did little to appease his growing legion of right-wing former boosters, now turned rabid critics.

The highlighting of the immigration issue in Bush's rare Oval Office address has opened new, irreconcilable splits within the ranks of the Republican Party. Republican agrobusiness, construction, and other commercial interests, desperate to survive in the incredible shrinking U.S. economy, are obsessed that they cannot long stay in business without the labor pool of illegal immigrants to drive down their labor and benefit costs. They no more wish to see a sane national immigration policy than their racist right-wing contrarians, but they certainly do not wish to see the flow of illegals cut off. The fight is between two unsavory positions, and Bush has caught himself up in the middle.

In recent public opinion polls, President Bush's approval rating has collapsed to below 30%, as Americans vent their growing anger at the failure of the U.S. invasion and occupation of Iraq, the hyperinflationary spike in the cost of living led by skyrocketing energy costs, growing evidence of domestic

spying, and the Bush Administration's persistent failure to take any action to solve any of these pressing problems.

With Special Counsel Patrick Fitzgerald's probe of the Valerie Plame Wilson leak rapidly zeroing in on Vice President Cheney, the continued presence of "The Dick" in the Bush Administration deepens the GOP rifts. Only Cheney's ouster from the Vice Presidency could, at this late date, salvage the Presidency from two years of lame duck paralysis or worse. The United States, never mind George W. Bush, cannot long survive Cheney's continued presence in the White House.

'Axis of Feeble'

Across the Atlantic, things are not much better for Bush's "coalition of the willing" partner in London: Tony Blair is finished. The City of London's mouthpiece, *The Economist* ran a cover story in its May 11 edition, with pictures of Bush and Blair, headlined "Axis of Feeble," which reported, "Over the past year, the debacle in Iraq and problems at home have turned both leaders from soaring hawks to the lamest of ducks." Lame duck or gone-bunny, Tony Blair is on his way out, and, as Lyndon LaRouche observed on May 16, the only thing delaying his final departure is the fact that no one has yet been put in place to replace him.

As you will read below in the detailed coverage in this *EIR* cover story, recent Labour Party losses in the municipal elections have triggered a revolt from within the party. Blair's Chancellor of the Exchequer, Gordon Brown, has laid claim to the party leadership and the Prime Minister's post, and has demanded that Blair announce a near-term date when he will leave. If Blair tries to stall, he will likely be brought down by a cascade of criminal scandals, implicating the Prime Minister's 10 Downing Street office in a pay-for-peerage scandal, right out of the pages of a Charles Dickens novel.

Flight Forward Against Iran?

Accelerating the moves to boot out the Bush-Blair duo are mounting concerns that the two failed leaders could make one last desperate grab at retaining power, by staging a preemptive war against Iran, over the Islamic Republic's alleged illegal nuclear weapons program. Sources, including newspaper accounts on both sides of the Atlantic, continue to warn of an air attack on Iran during the late May-to-mid-June interval, when several U.S. Navy aircraft carrier groups are reportedly going to be in the Persian Gulf region for maneuvers.

The British newspaper *The Herald* provided one detailed account of the war plans on May 16. Defense correspondent Ian Bruce wrote: "The main plan calls for a rolling, five-day bombing campaign against 400 key targets in Iran, including 24 nuclear-related sites, 14 military airfields and radar installations, and Revolutionary Guard headquarters. At least 75 targets in underground complexes would be attacked with waves of bunker-buster bombs. Iranian radar networks and air defence bases would be struck by submarine-launched



From Washington to London, newspapers and magazines are having a field day with the woes of Bush and Blair. Who will win the race to the bottom?

Tomahawk cruise missiles and then kept out of action by carrier aircraft flying from warships in the Indian Ocean and Persian Gulf.”

Sam Gardiner, a widely respected retired U.S. Air Force colonel, told *EIR* on May 14 that the allegations leaked on May 12, of traces of enriched uranium in Iran, may be the “smoking gun” the U.S. Administration would need to justify military aggression. He also detailed information about the deployment of U.S. aircraft carriers in the region. Colonel Gardiner, had the following to say:

“Based upon the work I did for the *Atlantic Monthly* and the reporting taking place, I’ve predicted a strike on Iran unfolding in four phases:

“1. *Period of Building Pressure*. This could be 60 days or even six months in which the U.S. and European leaders continue to talk to their publics on the failure of the Iranians to comply with ‘the wishes of the international community.’ There will be talk and work on sanctions, but those will be for the purpose of building U.S. and international support; they will not be done with any hope of changing Iranian behavior. We should see the U.S. surface a smoking gun during this phase. Some military deployments might take place. Most visible would be three aircraft carriers in the vicinity.

“2. *Initial Strike*. This would last 36 to 48 hours. It would only be moderately visible to the global public. Most of the attacks would take place at night. To prevent retaliation, most targets would be other than nuclear facilities.

“3. *Pause*. The strikes would stop. Iran would be warned that if it were to retaliate, the strikes would resume. The pause would probably not be long, maybe 72 hours. Either Iran would conduct an operation against U.S. or Israeli targets, or there would be an event that is blamed on Iran.

“4. *Regime-Change Targeting*. The attacks from this point would shift to targets that could cause the regime to fall. It would include direct attacks on the leadership of Iran.

“In the phase of building pressure, I see two indicators. I called one of them the ‘smoking gun.’ By that I mean the Administration will reveal that Iran is farther along in its nuclear program than we originally thought. This will most likely be some evidence that A.Q. Kahn, the Pakistani, sold more to Iran than we knew.

“Late Friday [May 12] we read a leak from a diplomat with the International Atomic Energy Agency that new enriched uranium evidence has been found. This could be the emergence of the smoking gun.

“The second indicator in the pressure-building phase was

the position of aircraft carriers. The *Reagan* is in the Gulf Region. The *Enterprise* left Norfolk for the Middle East on May 2. The *Lincoln* did a port call in Singapore on April 30, apparently moving in the direction of the Middle East.

"I'm watching events carefully," he concluded.

While an unprecedented number of retired generals and admirals have come out with public calls for Defense Secretary and longtime Cheney ally Donald Rumsfeld to be fired, in what is widely read as a campaign to prevent military strikes against Iran, the desperation and outright insanity displayed by the Bush-Cheney White House in recent months mean that nothing short of a top-down cleanout can assure that the preemptive war against Iran will not happen.

France, Germany, Poland

The collapse of governments in the Anglo-American world extends to continental Europe, and for the same reasons, of clinging to the bankrupt axioms of a failed system. In France, President Jacques Chirac is in a three-way race to the bottom, with Cabinet ministers and wanna-be Presidential successors Nicolas Sarkozy (Interior Minister) and Dominique de Villepin (Prime Minister). The French institutions are gutted and sinking from corruption, as reported below. Germany, under Angela Merkel's Grand Coalition, is not going anywhere. Italy has successfully made the transition from a *non-government* of the right (headed by Prime Minister Silvio Berlusconi) to a *non-government* of the left (headed by Romano Prodi). The financial institutions of Spain, which are an adjunct of the City of London financier oligarchy, are being badly rattled—by a pyramid scheme involving sale of precious stamps and "stamp-based securities"—which unquestionably has international repercussions in the financial community. Poland, along with other Eastern European states caught up in the euro-trap, are all going down, each with its own unique, sad story. It is one big string of failed states.

What is far more important than the soap opera details that distinguish each separate instance of collapse of political institutions, is the factor that is universal. In each and every case, these governments are clinging to principles and traditions that have already failed, and led the global financial system to the point of disintegration. So long as these governments defend the present policy axioms, they are all doomed. Globalization has failed; yet these so-called Alliance "leaders" desperately defend it. Deregulation has gutted the economic infrastructure of the United States, Britain, and the European continent; yet no action has been taken to reregulate or invest in rebuilding infrastructure. And Lyndon LaRouche recently delivered a pointed reminder to members of the United States Senate: Nobody who remains attached to Synarchist banker, and would-be Democratic Party fixer, Felix Rohatyn, is going to make it. Not only will he bring them all down politically. He will steal and squander their money on the way down.

The Financial Bubbles Are About To Burst

by EIR Staff

In the midst of Weimar-style hyperinflation, which has taken precious and industrial metal prices to all-time highs, occasional short-term dips by profit-taking notwithstanding, the world's financial markets were suddenly hit with a wave of dramatic turbulence during the second week of May. Stock markets in both the industrialized nations and the emerging markets were hit with major sell-offs, at the same time that the prices of the major commodities began to jump around like a yoyo, and bond markets soared.

Internationally, a number of financial commentators pointed, with good reason, to the possibility that these rapid shifts were the result of financial problems hitting some of the large hedge funds which have been driving the commodities markets into the stratosphere.

Warning of upcoming problems was the now-frequent Cassandra of the New York Federal Reserve Bank, its chief Timothy Geithner, who cautioned in a speech on May 16 that the odds are rising of "negative surprises" in the markets. "The major dealers, as well as the large commercial and investment banks, should take a cold, hard look at financing conditions and margin practice, particularly with respect to hedge fund counterparties and in OTC [over the counter] derivatives," he said.

A more explicit warning came from London *Guardian* economics editor Larry Elliott on May 16. Noting various indicators of how commodities' prices have been going through the ceiling, Elliott writes: "So beware: All of this has bubble written all over it. It is a time of extreme danger for the unwary, with all the sadly familiar tell-tale signs of trouble ahead."

Simultaneously, the London *Daily Telegraph* published an article by Ambrose Evans-Pritchard entitled "Markets Braced for the Worst." The article said that global markets were braced for turmoil that day, after the slump in the U.S. dollar, and in equity and bond prices last week "sent tremors through the global financial system, evoking memories of the 1987 crash." Evans-Pritchard quoted one analyst: "The crash in the autumn of 1987 started with a massive dollar and bond decline in the Spring. We are experiencing exactly the same now."

Weimar Hyperinflation

Over the days prior to the turbulence, and in the wake of Lyndon LaRouche's April 20 article forecasting a likely