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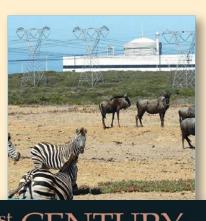
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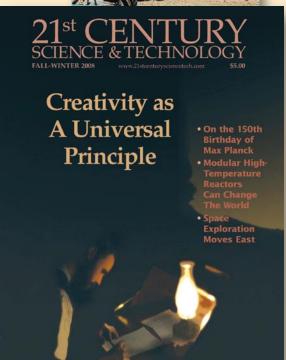
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### From the Managing Editor

As the French economist Jacques Attali observed, about the April Fool's Day G20 Summit, it was like an "Alcoholics Anonymous meeting in a wine bar." In our *Feature* this week, Lyndon LaRouche is far more blunt, taking President Obama, for his capitulation to the British Imperial agenda in London, to the "intellectual woodshed," for "the recent, implicitly Apocalyptic, and hopefully temporary flight from reality by the U.S.A.'s President Barack Obama (under the whorish-like influence of the Mephistophelean Larry Summers and his current Faustian dupe, Timothy Geithner)." In this, his latest contribution to defining the scientific principles behind the urgently needed restructuring of the U.S. and world economy, LaRouche warns: "Those who would shape economic and financial policies of nations should, first, reassess the competence of their opinions, before expending efforts on supporting what may well be the fantasies which they may have been induced to adopt."

As for the Ship of Fools summit itself, see our *International* lead, "An Assembly of Lunatics," which demands that the insane decisions reached by the G20 be reversed. As LaRouche observed, "What they are proposing is the equivalent of recommending the use of cyanide for the cure of a headache. It is a permanent cure."

Lurking behind the disastrous "consensus," achieved by President Obama in London, and his subsequent moves to reinforce the out-of-control bailout binge back home, is the bloated Mephistophelean figure of Larry Summers, whom LaRouche demands be fired. As our lead story in *National* makes clear, there is now a chorus of prominent figures, including Nobel Prize winner Paul Krugman and noted economist James Galbraith, whose voices have been added to LaRouche's, in documenting Summers' treason. Two additional articles provide the needed ammunition on Summers' crimes, both domestic and foreign, to drive him from Washington.

Our *International* lead takes up the latest developments in the case of the International Criminal Court's witchhunt against Sudan's President Bashir, reporting that there is growing worldwide opposition to this attempt to destroy the nation of Sudan.

And, most urgently, we remind our readers that LaRouche will deliver a webcast on April 11, at 1 p.m. Eastern Time, at www.larouchepac.com.

Fornie Jame

# **EXECUTE** Contents



White House/Chuck Kennedy

#### 4 A British, Malthusian Swindle: A New World Currency as Fraud

By Lyndon H. LaRouche, Jr. "The run-up to, and proceedings of the so-called G-20 conference, have a quality which suggests that all these discussions might have been a parody of the notorious "Marat/Sade" of playwright Peter Weiss. What has been proposed by a number of leading nations represented, verges on the taking of cyanide as an assured remedy for a severe headache. If what has been proposed, as by both the current U.S. government, and haters of the U.S. dollar, alike, were adopted, the result would be fairly compared to going to an actual Hell in a global game modeled on the board game of "Monopoly."

#### **National**

# 26 Obama Is Running Out of Time: Summers Has To Go Now

Larry Summers, director of the National Economic Council, has sold the Obama Administration on returning to the very policies that are responsible for destroying the financial system. LaRouche's call for his ouster is echoed by economists such as Paul Krugman and James Galbraith, and by Democratic Sen. Sherrod Brown of Ohio.

## 28 Summers: Rattlesnake in a Clown Suit

A dossier on the man who briefs the President every day on the financial crisis.

#### 32 Summers Hated in Russia for His 1990s Record

#### 35 Time To Reopen LaRouche Exoneration

Attorney General Eric Holder's decision to dismiss all charges against former Alaska Senator Ted Stevens raises the issue of when the Justice Department will exonerate Lyndon H. LaRouche, Jr., a victim of prosecutorial misconduct far more egregious than that employed against Stevens.

# 37 After Stevens Case: Will Holder Shut Abscam II?

#### **Economics**

#### 38 'An Assembly of Lunatics': Reverse the Insane G20 Decisions

The worst aspect of the "unprecedented fiscal expansion" decided at the G20 Summit in London, was the decision to print \$250 billion in the International Monetary Fund's Special Drawing Rights, representing the intention of going to a "supra-sovereign" currency.

#### 41 Business Briefs

#### International

#### 42 Worldwide Opposition Grows to ICC Lies on Sudan

Senior scholars, specialists, and high-level former diplomats, including from the United States, are challenging the myth of the "genocide" of 300,000-400,000 Darfurians, and denouncing the International Criminal Court's warrant against Sudanese President Omar al-Bashir as a disaster for Sudan, and a foreign policy nightmare for the United States, should it be endorsed as U.S. policy.

# 47 U.S.-Iran Parley at The Hague: A Watershed?

Iran—a principal target of the drug traffic out of Afghanistan—reiterated its readiness to work with the international community against drugs, and the United States is ready to talk.

#### 50 Israel-Palestine: End British Mandate System of Injustice

Report from a conference in Boston on "One State for Palestine/Israel: A Country for All Its Citizens?"

53 The Netanyahu Government: Israel Moves Closer to Attacking Iran

#### **Editorial**

# 56 'Food Relief' Initiative Will Kill Nations

### **Fig. Feature**

A BRITISH, MALTHUSIAN SWINDLE:

# A New World Currency As Fraud

by Lyndon H. LaRouche, Jr.

March 13, 2009

For example: The March 27, 2009 edition of **Pravda.ru** featured an article, date-lined March 26, headlined "Obama makes his first anti-Russian statements." That false charge against President Obama, clearly has the pawprints of current British efforts at subversion of Russia. However, the actual fact to which that misleading headline is attached, is that someone in the editorial department of Pravda had been duped into swallowing and regurgitating a British swindle, a proposal for a swindle known as "a single world currency," a swindle also imposed upon some official circles in China.

In this respect, Russia is not unique among today's nations. Similar attempts at inducing political-economic suicide in Russia, China, and other places, are being spread among duped leading circles of many nations; a virtual epidemic of a fatal economic disease is being spread, world-wide, in this way. However, nations which allow themselves to continue to be misled in this way, will be now soon doomed by their own choice.

In general, the problem is, that, speaking generally, the government of Russia, like most of the leading governments of the world today, has shown no significant comprehension of the real nature of either the present world economic crisis, or possible cures. This is largely due to the success of British imperialist interests in befuddling, not only some leading circles in Russia, but virtually every presently leading government of every part of this world. If beliefs of that sort prevail, there is no hope for any part of civilization, even leading existing national cultures, for a very long time still to come.

It is typical of imperialist methods which the British Empire of Lord



The original spread of the pandemic of what is called "monetarism" today, LaRouche writes, "is often to be blamed on ancient Babylon, as that was done, implicitly, by no less an authority than the Christian Apostle John, in what he presented as his dream of an Apocalypse." Shown: Albrecht Dürer's woodcut, "The Four Horseman of the Apocalypse" (1511).

Shelburne adopted, explicitly, from the legacy of the notorious Roman emperor Julian the Apostate, to induce nations to destroy themselves by swindles of that sort. Swindles such as British schemes for supranational "world currencies" are much safer, and often more feasible weapons of mass destruction than nuclear ones, provided that credulous dupes can be found among governments of the intended victims.

The source of that unfounded opinion's circulation in Russian circles, like those of the sociopath Larry Summers inside the U.S.A., is clearly an echo of the work of certain known British financier networks which have also been operating similarly inside certain Russian circles. Nonetheless, while the intrinsic silliness of the **Pravda.ru** headline is clear, there are, unfortunately, many people in various nations, who may not actually be British agents, but whose ignorance of the principles of economy nonetheless permits them to be duped into promoting swindles such as investing in schemes resembling a John Law bubble of an Eighteenthcentury past, or, similarly, the fraud of "a single world currency," today.

Those who would shape economic and financial policies of nations should, first, reassess the competence of their opinions, before expending efforts on supporting what may well be the fantasies which they may have been induced to adopt.

#### Preface: Worse Than Absurd!

The run-up to, and proceedings of the so-called G-20 conference, have a quality which suggests that all these discussions might have been a parody of the notorious "Marat/Sade" of playwright Peter Weiss. What has been proposed by a number of leading nations represented, verges on the taking of cyanide as an assured remedy for a severe headache. If what has been proposed, as by both the current U.S. government, and haters of the U.S. dollar, alike, were adopted, the result would be fairly compared to going to an actual Hell in a global game modeled on the board game of "Monopoly."

In other words, as on the occasion of the lemming-like, panic-stricken adoption of the clinically insane G-20 resolution announced to us from London this Thursday morning, the ignorance displayed by a panic-stricken, complicit set of heads of state and government: ignorance is not innocence.

—Lyndon H. LaRouche, Jr. April 2, 2009

When we reconsider the relevant record of experience of nations since the self-inflicted phase of the decline of ancient Sumer, there is, in fact, no more common folly committed in the domain of economy, than belief

that money-as-such has a self-evidently inherent, economic value. For what should be recognized as known historical reasons, the decline of what had been the once vigorously productive Sumer, for its time, has been a known origin of such follies occurring within the region of Europe and West Asia, still, today.

Since those ancient times in that part of Southwest Asia, in particular, the deluded belief in the existence of some allegedly intrinsic monetary value, has been predominant among virtually all of the known cases of globally-extended west Asian and European history for no less than something in the range of 5,000-6,000 years. The blame for the original spread of that pandemic of what is called "monetarism" today, is often to be blamed on ancient Babylon, as that was done, implicitly, by no less an authority than the Christian Apostle John, in what he presented as his dream of an Apocalypse. Accordingly, for all truly witting Christians, for example, still today, since more than two centuries past, the British Empire has truly earned the title of "The Whore of Babylon."

The recent, implicitly Apocalyptic, and hopefully temporary flight from reality by the U.S.A.'s President Barack Obama (under the whorish-like influence of the Mephistophelean Larry Summers and his current Faustian dupe, Timothy Geithner), is a case in point. To this end, inflation now being what it is these days, the magic number is not "Thirty pieces of Silver," but "Twenty" (or, less, even none), for the occasion of the conference of the symbol-minded "G-20 summit."

The essential purpose for the calling together of this coven, by London, is the British Royal Family's currently cultish devotion to a frankly fascist, Satanic plot, the "Global Warming" swindle of "The World Wildlife Fund," a fraud conceived jointly by the British consort Prince Philip and his now-deceased, leading accomplice, that formerly privileged member of Hitler's Waffen-SS, the Netherlands' Prince Bernhard.1 The objective of both the monumentally evil Bertrand Russell, his follower Prince Philip, and those dupes who have been foregathered for support of Philip's coven, is Philip's stated intention of bringing about the rapid reduction of the present world's human population, from a quantity in excess of six and half billions human souls, to as he has insisted, not more than two. Adolf Hitler, if we might imagine his hearing of this, would have suddenly blushed, and then

turned bleakly white, enraged by envy, his shrieking heard from even his place in Hell, "Plagiarat!"<sup>2</sup>

For, surely, the number of deaths which Prince Philip's "Global Warming!" swindle would bring upon this planet, would become, quickly, vastly greater than all of the lives lost, from all causes, planet-wide, in the course of "World War Two." Prince Philip, like the monstrously evil Bertrand Russell earlier, now aided by his wobble-headed son, and also by his lackey and former U.S. Vice-President Al Gore, has insisted on draconian actions which would do nothing as much as expressing the intent to bring about a vast, global genocide, in the numbers of billions, on the premise of, and the explicit intent expressed by both the Prince and Russell.

What the misguided Russian influentials have done, is usually not intended *by them* to accomplish genocide; but, the effect of their participation in current proposals for new global agreements, would, nonetheless, have the same outcome in practice, whether they adopted an explicitly neo-malthusian intention, or not. Such are typically British methods, as in the tradition of the Fabian Society's British fascist Oswald Mosley.<sup>3</sup>

It should be emphasized here, that the mass-base of support which Prince Philip's planned genocide had gained inside the U.S.A. during the course of the recent forty years, had been found, chiefly among the so-called "68ers," such as those notoriously dionysiac, often drugged rioters, who erupted, as the second Columbia University campus "strike" of that year did, emerging from their Satanic pits during the Spring, Summer, and Autumn of the period following the

<sup>2.</sup> Britain's retort to such a complaint from Hitler would be: "Shut up, silly man; we invented you!"

<sup>3.</sup> Like its precedent, French anarcho-syndicalism, the Fabian Society was always an essentially British form of fascism. Oswald Mosley, the leading official fascist of the British Fabian Society of the 1930s, was not an imitation of Mussolini, but, rather, Mussolini was an imperfect approximation of what the Fabian Society of H.G. Wells had intended. Typical fascists who, at one or another time avowed such commitments, included John Maynard Keynes, and the predominantly existentialist leaders of the European Congress for Cultural Freedom. Professor Milton Friedman and his associate George Shultz, are typical of the true fascist type otherwise to be recognized as, like Britain's former Prime Minister Tony Blair, fascist products of British imperial Fabianism. The most typical varieties of mass-murderous fascisms have been the population-control movements which included the rabidly "green" Nazi leaders of the 1920s, such as Hermann Göring, who happened, also, to be largely products of Fabian-orchestrated influences rooted in the British Empire's circles of followers of such as the Thomas Huxley who created H.G. Wells, such as Cecil Rhodes.

<sup>1.</sup> Deceased 2004.



EIRNS/James Rea

The "68ers," typified by the intellectually pathetic Al Gore, became the fanatical dupes of Prince Philip and Prince Bernhard's World Wildlife Fund "environmentalist" cult of today. If not overturned, those policies will succeed in reducing the world's population to less than 2 billion souls. Shown: A "Global Warming" rally, Washington, D.C., April 2007.

March 1, 1968 monetary conference. It was, often, during the same period, those same "68ers" who formed the core of fanatical dupes supporting the schemes of Prince Philip's and Prince Bernhard to the present day, as their duped fanatics are typified by the intellectually pathetic form of Vice-President Al Gore. Such was the breeding of the younger generation among today's mentally deranged true believers in the "environmentalist" cult of today.

The key to the means by which the swindle of "global warming" dogma is spread into the ranks of so-called economists today, has been the presumption that economic processes can be treated as being intrinsically monetary processes. Indeed, under present world crisis-conditions, that belief in monetarism could, in and of itself, drive the entire planet, now very soon, and very quickly, into a "new dark age" more disastrous that any known, preceding occurrence of such a phenomenon in recorded history.

# I. The Science of Physical Economy

As I have emphasized, repeatedly, in earlier published locations, all economies grow, or dwindle, or even live or die, on the basis of what are essentially *physical economies*: contrary to the fantasy known, and practiced as monetary systems. Otherwise, the contrary, morally legitimate systems of money-economies are designed to conform, in their effect, to the intention of a true physical economy, or, what is sometimes called a "protectionist" or "fair trade" model of national economy, or of world trade.<sup>4</sup>

The U.S. constitutional requirement for a form of regulated national economy, inheres in both the principle adopted, explicitly, from Gottfried Leibniz's second attack on the British evil of John Locke, as Leibniz is echoed in the 1776 U.S. Declaration of Independence, and in the U.S. Federal Constitution's same governing principle, that as expressed in its Preamble.

The most recent of the modern expressions of this principle of that *American System of political-economy* by the United States, was the anti-Keynesian policy set forth by U.S. President Franklin D. Roosevelt, prior to the virtually treasonous action of Roosevelt's treacherous successor, British imperialism's puppet U.S. President,

Harry S Truman, the latter an action of treachery perpetrated by a Truman who virtually kissed, not the Blarney Stone, but, implicitly, the soiled rumps of both Roosevelt foe and fascist John Maynard Keynes and of Winston Churchill, a foul act by him done within mere hours of President Roosevelt's death.<sup>5</sup>

The effect of the overriding of the just-deceased President Roosevelt's Bretton Woods policy, merely hours after his death, was the first of a series of steps downward in U.S.A. and world economic policy which were taken over the entire span beginning the day after Roosevelt's death, April 13, 1945, to the present time of

<sup>4.</sup> E.g., "protectionist."

<sup>5.</sup> Keynes' claim to a fascist pedigree was clearly established in the 1937 edition of his General Theory in a Berlin edition. On that occasion, Keynes frankly stated, in the introduction to that edition, that his own intention to publish the work in German, and in Berlin, first, was his confidence that his ideas would receive a warmer acceptance in Hitler's regime than among plausibly civilized nations.

the London G-20 abomination.

Looking at this change, from Roosevelt's U.S.A., to the contrary, Anglo-American commitment of President Harry S Truman (a man with only a bare-S, rather than a middle name), we must resort to the actually scientific insight into Truman's character or (if you prefer to be precise in the matter) lack of character; we must, therefore, remind ourselves of the way science examines the phenomena left by once-living species, a view in which science defines the specificity of that type of creature. This is done, when done competently, by resort to the same method of dynamics re-introduced explicitly into modern science, during the 1690s, by Gottfried Leibniz, and in a fulsome way, by a Bernhard Riemann writing in such locations as his celebrated 1854 habilitation dissertation.

The same method applies, "locally," so to speak, to the cases of what are to be recognized as distinct types of human behavior, but, even more significantly, to the case of an ordered succession of a "sub-species" of types of human behavior in the mass. Thus, we can distinguish such a "sub-species" as, for example, the American patriotic tradition specific to the case of President Franklin Roosevelt, as opposed to the colonial, anglophile, forelock-grabbing mentality which must be recognized as key to understanding the Presidencies since Truman, to the present day. Benjamin Franklin's, George Washington's, and Alexander Hamilton's political-economic species, in this sense of contrasts, is also distinguished from the relative apostasy of Thomas Jefferson during his time as President. Jefferson differed, as did Dolly Madison's husband, from the common tradition expressed, in 1814, then by the role of the later President Monroe; but, similarly by the political role of John Quincy Adams, from his role as Secretary of State and President, until his death; and, by the role of President Abraham Lincoln; by President William McKinley; and, by Franklin Roosevelt.6

The specifically rooted quality which distinguished the United States advantageously from the nations of Europe, up to the present moment, had been the founding of the future United States, as in the Massachusetts of the Mayflower Pact and Massachusetts Bay Colony over the interval 1620-1688, as that earlier Massachusetts legacy was re-activated by Benjamin Franklin's role of leadership in the making of the U.S. constitutional republic. We of that ancestry came here, not as refugees from Europe, but in service of that relevant legacy of Nicholas of Cusa adopted by Christopher Columbus: to create a bastion where the best of European culture could flourish, freed from the immediate grip of the morally rotting tradition of oligarchical supremacies dominating the cultures of Europe, still, to this present day.

From an historically, actually American type of cultural standpoint, the implicitly fascist, rabid anglophiles, Theodore Roosevelt, Woodrow Wilson, Calvin Coolidge, Herbert Hoover, and the anglophiliacs Truman, Nixon, the Bushes, and former Vice-President Al Gore, have been, essentially, depraved expressions of the influence of the intrinsically oligarchical corruption more native to the worst periods of nations of Europe, especially Fabian-dominated Britain still today, rather than the U.S.A.

The principled contrast between the Presidencies of Franklin Roosevelt and the pro-fascist Churchill's and Keynes' virtual lackey Harry Truman, was systemic on precisely that account. Our truly efficient patriots are the advocates of the lasting supremacy of a global system of perfectly sovereign nation-state republics, as the right and obligation of each and all definable nations. We are the advocates of a relationship among these sovereigns corresponding to the 1648 Peace of Westphalia; when we are our true selves, we abhor any system of government, such as that of the implicitly fascist (e.g., Fabian) former Prime Minister Tony Blair, which is antithetical to that Peace of Westphalia, even though we wish the best for those who have been bound by a governing system which was polluted with traces of oligarchical defects.

#### The Difference in Systems

Nothing demonstrates this species-difference among our patriots and our anglophiles more dramatically, more indelibly, than the consent of some among us to the legacy of the former British imposition of, and maintenance of the system of captured Africans' subjection to a condition of British maintenance of chattel slavery within the territory of the U.S.A. until Appomattox. Nothing

<sup>6.</sup> Alexander Hamilton emphasized, that he had acted to aid in making Thomas Jefferson President, a Jefferson not the same man he had been under the living influence of Benjamin Franklin, in order to prevent a traitor and British spy and agent of the British East India Company, Aaron Burr, from securing the election. Later, however, unlike Aaron Burr's and Martin van Buren's asset, Andrew Jackson, Jefferson's outlook was improved. Dolly Madison had been selected for marriage to her husband, the later President, by Aaron Burr. The "war hawks" of President Madison's time did not exactly win the war of 1812 with the British, but their actions saved the honor and future of our constitutional republic.

was more alien to our patriots than that treasonous promotion of London-steered capture and looting of Africans made slaves; it was essentially a form of treason imposed upon us by no one as much as the British system and its Nineteenth-century Spanish accomplices in this practice, the same British and Spanish allies which were the principal enemies of our U.S.A. up through the fact of Appomattox.

Yet, it must also be remembered, still today, that the only probable objection which stood in the way of President Abraham Lincoln's definition of the then-defeated Confederacy as a practice of treasonous adherence to the British Empire, was Lincoln's intention to bring about the reconciliation of those who had actually been serving as instruments of treason on behalf of Lord Palmerston's British Empire, to return, like prodigals, to the patriotic fold. We should hope for a similar redemption among our Liberals of today.

The American System of political-economy, as it was defined for practice through the instrumentality of our first Secretary of

the Treasury, Alexander Hamilton, was an expression of such an intention to free all mankind from submission to European and other forms of slavish degradation to expressions of that ancient oligarchical tradition as old as Babylon, a kind of degradation which was otherwise signalled by the tragic figure of Pericles. Unfortunately, in general, well-known historians who have dealt with this case have missed the most essential, and, currently most relevant, imperialist implication of Athens' guilt in its criminal action, against Melos, like that of Prime Minister Tony Blair and British asset and U.S. Vice-President Dick Cheney, in launching what became an echo of the folly of Athens' Peloponnesian War.

#### Our Historical Origins

The origin of the American System lies, essentially, with a policy adopted by the principal founder of modern science, Cardinal Nicholas of Cusa, who had also introduced, earlier, the design adopted, during the Fifteenth-century Renaissance, for the modern nation-state, within his *Concordancia Catholica*. Cusa had also established the principle of all competent modern



Nothing demonstrates the species-difference between the American and British systems more dramatically, than the British imposition of, and maintenance of the system of chattel slavery within the territory of the U.S.A., until Appomattox. Shown, a 19th-Century slave family in South Carolina.

science, with his *De Docta Ignorantia*, and had also prompted the policy of European trans-oceanic exploration and colonization. It was the influence of Cusa's proposal to this latter effect, which had explicitly motivated Christopher Columbus' adoption of the commitment to take up such a venture, circa A.D. 1480, and to actually launch the first voyages premised on that specific intent, beginning A.D. 1492.

All the principal English-language colonization of North America had been centered initially in New England during the interval 1620-1687. It was here, in that way, that the principled character of what became the U.S.A. republic had been planted, and nourished.

While the role of the Seventeenth-century Winthrops and Mathers in the Massachusetts Bay Colony had been the beginning of what was to emerge as the United States, the corruption imposed upon New England, by James II's and William of Orange's brutish reign in London, from 1688-89 onwards, <sup>7</sup> forced a shift

<sup>7.</sup> Note the charming account, by Thomas B. Macaulay [*The History of England from The Accession of James I*], of the rule and fall of Sir George Jeffreys of "Bloody Assizes" notoriety. Macaulay's image of

in the center of the development of the future republic into the Pennsylvania colony, and, thereafter, in the broader way defined by my associate H. Graham Lowry's 1987 *How the Nation Was Won*.<sup>8</sup>

What had happened to prompt this noble development of our republic, had actually been planted, as if in seed and root, during the period beginning the Fall of Constantinople, in A.D. 1453. That fall had been orchestrated, centrally, by Venice's usurious monetarist oligarchy; but, the Ottoman conquest of that city through Venetian complicity in orchestrating this development, and, especially, in disrupting the great ecumenical embrace of A.D. 1438-1453, fostered the conditions for a general moral degeneration of European civilization, a decadence which persisted, despite such notable preceding exceptions as France under Louis XI and England under Henry VII, through the long period of persistently recurring religious warfare throughout Europe during the interval A.D. 1492-1648.

In that setting, the efforts to carry out Cusa's policy in the Americas were ruined, repeatedly, by the corruption which controlled the mother countries of Spain and Portugal themselves during that long period of Habsburg tyranny. It was the horror represented by the aggravated state of affairs set into motion by the degenerate regime under England's James I, which prompted representatives of the best currents within England and the Netherlands to launch the colonization in what became known as "New England," and, in a similar fashion, the Pennsylvania-centered developments later.

With the decadence of the later Stuart monarchy and, especially the brutishness of William of Orange's regime, there was, as Graham Lowry accounts for this situation, a brief period, under Queen Anne's reign, in which the influence of Gottfried Leibniz was a serious threat to the brutish Liberal regime emerging from around William of Orange. With the attack on Leibniz by the authors of the Isaac Newton hoax, England was doomed to an orgy of the Liberalism of the followers of Paolo Sarpi from which that nation has not recovered to the present day. There lay what Graham Lowry identi-

Jeffreys' fleeing a vengeful mob, adorned only in his nightshirt, took a bit of license with history, but, at least, it had an element of literary charm. fied as the historical "missing link" in American history: how a circle centered upon Benjamin Franklin came to adopt the policies of Gottfried Leibniz as the keystone for the preparation for and establishment of our constitutional republic.

The crafting of both the U.S. 1776 Declaration of Independence and the subsequent U.S. Federal Constitution, were premised on this role of the direct influence of the specific conceptions of principle, by Leibniz, on the shaping of both of these two great constitutional foundations.

Then, during the period of the U.S. War for Independence, and the echo of that in the war, led by President Abraham Lincoln, against the British Empire and its American puppets, we have the great moral position and responsibility of the United States, in its presently continuing war against our natural, historic enemy, the Anglo-Dutch Liberal imperial system, against which our true patriots continue to struggle against Fabian imperialist London, still today. It is what is, in fact, our republic's still continuing war, as the paradigm of a true republic, against the depravity inherent in the Anglo-Dutch Liberalism which is the heritage of Paolo Sarpi, against which all among our efficiently patriotic forces must be arrayed in a great struggle for the honorable future of mankind, still today.

Could there be a clearer case of pure evil, than the person and projects of London's prize agent, still today, George Soros? As subsequent history shows, this man, while still an adolescent, was permanently brainwashed, at that time, brainwashed not only into serving the machinery of the mass-murder of an approximately halfmillion Hungarian Jews, but became, within himself, an incarnation of that Nazi evil into which he had thus been brainwashed into becoming, and a type of brainwashed creature which he remains, even to the present day. Could any clearer evidence be required, of the evil of that British empire, knowing exactly what this poor, so monstrously depraved, and wretched Soros represents, as shown by London's use of him as today's leading drug-pusher of the world, a London which uses that wretch, so shamelessly, so openly, together with Lord Malloch Brown, as typical of its agents of evil? Could there be, therefore, any greater evil of note on this planet today, than that British empire which reveals its own portion of leading damned souls employed in this way? Could there be anything on this planet more evil than the Faustian Soros himself, but the Mephistopheles, Prince Philip, who co-spawned the great genocide machine of

<sup>8.</sup> H. Graham Lowry, *How The Nation Was Won: America's Untold Story* (Washington, D.C.: Executive Intelligence Review, 1988).

<sup>9.</sup> Cf. *Toward a New Council of Florence*, William F. Wertz, trans. (Washington, D.C.: Schiller Institute, 1993).

this World Wildlife Fund in his true faith of service to the Bertrand Russell and Adolf Hitler traditions?

Anything that Soros touches, turns automatically into you know what.

#### II. The Matter of World Economy

It must be stated, at this point in this report, that any actual collapse of the U.S. dollar would set off an immediate, global chain-reaction, sending the entire planet into a collapse from which, unless we act now to prevent this, civilization would not recover for a long time to come. Thus, there is no way in which a system which proposes to exclude the U.S. dollar, could survive even during the very short term. That is to emphasize, that if the U.S. dollar ceases to maintain approximate parity among the principal national economies within the world system, the collapse in value of the outstanding U.S.-denominated obligations, would plunge every part of the planet into a virtually immediate general breakdown-crisis, into a prolonged new dark age from which few among today's national cultures, and only a relatively small minority of the population of the world would survive in the end.

The G-20 resolution, just announced, would, if ratified by the United States, be the virtually certain and sudden destruction of the United States. This would be, if we consented to agreement with that G-20 report, an implicitly treasonous development of the type which has been the leading intention of the British monarchy and its system in these proceedings. However, if the U.S. dollar plunged, as such a "reform" was intended to do, the collapse of the fictitious mass of outstanding, dollar-denominated internal credit, brought about by either a devaluation, or a hyperinflation of what are nominally U.S.-dollar-denominated obligations, would, in itself, prompt the sudden collapse of the entire world physical economy into a generations-long, global, physical new dark age of our planet as a whole.

That presently immediate world situation came into being in the following way.

#### The World Role of U.S. Credit

Since the 1968-1981 shift into what was termed a "post-industrial society," as in the wake of such essentially treasonous events and institutions as the U.S. Nixon Administration and David Rockefeller's Trilateral Commission, the U.S.A. ceased to be a net pro-

ducer of physical wealth, while devolving, under British imperialist influence, into what has been identified, as today, as a "post-industrial" piece of decaying, physical-economic wreckage.

Since the radical changes in the world monetary system, since the 1968-1973 interval, what had been the former, primary role of the post-World War II U.S. dollar has been supplanted by the increasingly dominant role of a union of the Anglo-Dutch-Saudi variety of imperialist interests typified by Prince Bandar, and rallied around the dominant role of the petroleum spotmarket and the dubious operations of the BAE. However, despite this post-1968-1973 down-grading of the U.S.A. itself, in this process, the growing potential for a general collapse in relative value of U.S.-dollar-denominated debt, has remained the ticking bomb whose explosion, now, could bring down the entire world system.

The world has recently entered, since July 2007, into precisely such an extremely acute state of instability, chain-reaction style.

It must be stressed, as I shall make clear in the course of this report, that without the presumption that that mass of presently existing dollar-denominated debt is fungible, we have reached the point of a potential, global hyperinflationary explosion (or, simply a general collapse of the entirety of the present world system). That means that an immediate collapse of the perceived value of the dollar itself would trigger a general, and quasi-permanent, physical-economic, chain-reaction form of breakdown of every national economy of the world, that occurring in the modality of a more or less simultaneous implosion of the physical economy and culture of every people of the world.

Here we meet the true implications of the foolish choice of title and content for such potentially fatal aberrations as expressed by the referenced piece in the March 27, 2009 edition of *Pravda.ru*. Implicitly, the title of that piece has the aroma of an economic suicidenote.

Looking back to an earlier time, this present state of crisis can also be fairly stated as, that the world's present economic systems have reached a state of general crisis, at which all of the accumulated evils piled up since the ugly morning of April 13, 1945, when the nation awakened to realize that Harry S Truman had become President, have now come to a point that we must either return the United States to the intended policy-outlook for the world of President Franklin



Roosevelt as of April 12, 1945, or there will be no world as we now know it, for any place on this planet.

The fault is not something which happened only recently. Although there have been points in U.S. history at which we could have still turned the world back into the direction which President Franklin Roosevelt had intended for the post-war world, yet, nonetheless, the future prospects for humanity as a whole have been moving in a downward direction since the fateful morning of the day after President Franklin Roosevelt's death, and the return, under President Truman, to control of the direction of the economy generally back into the hands of the same Anglo-American pro-fascist, "Wall Street" and related types which had run, temporarily into the background on the day the Japan fleet had attacked the U.S. naval base at Pearl Harbor.

Now, almost sixty-four years later, the eyes of the world have now turned about, like those of a battered donkey which has been pulling the wagon too long for all these decades, the wagon of the monetary system itself. That donkey has turned, looking backwards to face the reigning passengers in that cart, to inform each and all of that wagon-load of the leaders of the world's monetary systems: "You are all, now, dead meat!" With

that said, the donkey severs the traces, leaving the wagon and its passengers abandoned to whatever is about to descend upon them. We have now reached the set of circumstances, such that, without the sudden adoption of a viable replacement for each and all of the world's present monetary systems, there is no hope for the planet as whole, for a rather long time to come.

The instant reaction of typical heads of financial systems and governments to that warning signal from the laboring donkey, will be, that they will call out their curses to the retreating posteriors of the donkey, shouting predictably: "Nonsense! We will simply refuse to allow you to replace our present financier-ruled system. Reform? Perhaps. Change our system itself? Never!"

They who had been assembled at the G-20 meeting, will soon either accept the change, or they, like those fools which even a tired old donkey would despise, will virtually cease to exist as players on the stage of history. There is no actually existing third way.

Despite the silly headline, to which I have referred, in the March 27, 2009 *Pravda.ru*, Russia, as a partner of the U.S.A., does have a crucial role to play in the process of rescuing the planet as a whole from the currently onrushing plunge into the depths of a prolonged,

global, "new dark age" for all humanity. The doubt lies in the question: "Will the U.S.A. and Russia agree to play their needed role of cooperation in current world history?" The needed change would be sudden, and deep-going, both economically and culturally. It would be a turning back to the way of thinking associated with President Franklin Roosevelt.

#### The Science of Economy

During the turning-point represented by U.S. Fiscal Year 1967-68, a critical change had been accomplished, very much for the worse. The rate of replenishment and growth of the essential economic infrastructure of the U.S. economy, passed a zero-point, at which the new supply of relevant categories of basic economic infrastructure was less than the margin of infrastructure lost, per capita and per square kilometer, through attrition.

This signal development, was aggravated by the combination of the rioting "68er generation" and the advent of the takeover of the direction of U.S. economic policy-shaping under Presidents Nixon, Ford, and, worst of all, the celebrated dupe of David Rockefeller's Trilateral Commission hoax, Rockefeller-selected President Jimmy Carter.<sup>10</sup>

There was a hopeful moment, in the moments immediately after President Ronald Reagan's election, during which my initiative for changes in economic and strategic policies could have prevented the downward slide of the U.S.A. throughout most of the 1980s; the combination of that Soviet leadership of Andropov, and, especially, British asset Gorbachov, prevented such remedies from being taken up.

The result of that was an October 1987 depression fully comparable to that of 1929, but the appointment of swindler Alan Greenspan prevented lawful remedies for what became the now, worse crisis. The postponement of the inevitable reckoning already apparent then, through swindles such as "financial derivatives" scams in general, and the "Y2K" hoax, delayed the crisis up to the springtime that President Bill Clinton was about to leave office. Eight years of a fanatically British dupe, George H.W. Bush as Vice-President, followed by four years under him as President, and, later eight more years of a new Bush Presidency, have imposed an awe-some state of ruin in our U.S. economy, and, also, the world at large. There is no mystery in this, if we recall

that Prescott Bush, the father and grandfather of those Bush Presidents, had, on orders from the head of the Bank of England, Montagu Norman of Brown Brothers, Harriman affiliation, moved to rescue Montagu Norman's protege Adolf Hitler, financially, in time to put Hitler in the position of London's asset as Germany's dictator.<sup>11</sup>

So, technically, the U.S. economy was in a relative state of decline for the long term, relative to the Franklin Roosevelt legacy, from the moment Truman took office.<sup>12</sup> With sundry ups and downs since then, the long-range trend in physical economy has been down, notably since the assassination of President John F. Kennedy, and had turned negative during the 1968-1973 interval.

#### Today's Crisis

Since the time between 1968 and 1973, when the U.S. ceased to actually control the international monetary-financial leadership of the world, since the oil-price-hoax of the Anglo-Dutch-Saudi gang took over to

<sup>10.</sup> Ex-President Carter later went through an epiphany of sorts, and has played a useful part since; but, that was after the damage was done.

<sup>11.</sup> Later, Churchill abandoned Hitler, once a synarchist government in France had opened the gates for a victory of the relatively inferior Wehrmacht force over the physically superior French forces. However, Churchill and his cronies in the British establishment, who had put Hitler into power, came to abandon Hitler, but never their motives for having put him into power. My own right-wing and related political adversaries in the U.S.A. today, are of the same political breed as the U.S.A.'s own pro-fascist, Wall Street-centered gangs, who had also sympathized with Britain's love for Hitler up to the over-running of France. The Bush family is typical of that fascist-leaning set. There is very little in the political careers of George H.W. Bush and George W. Bush, Jr., which does not conform to what might be expected of the family tradition of friends of Hitler such as Prescott Bush

<sup>12.</sup> Few Americans, including most ostensibly leading economists and politicians, have any actual comprehension of, even regard for the fact that a modern economy is defined not by apparent trends of months or even years, but by physical-capital cycles, including those forms of basic economic infrastructure on which the productive sector of the economy as a whole depends. For the typical citizen and family household, a quarter-century brings a young adult's sex-life near to its close. During the same approximate spread of time, inter-generational cultural conflicts emerge, such as that which defined the presently reigning "baby boomer" generation. Fifty years of adult life has already entered the approaching termination of that life as a whole, and with it, much of the knowledge of experience embodied in the most matured section of the still living portions of the senior generation. Only those among us who have come to recognize a span of centuries, even millennia, as the measure of the experience relevant for understanding the process of history today, are capable of an actually scientific insight into the underlying processes shaping world and national history currently. When a citizen speaks proudly of "my personal experience in life," competent historians and other policy-shapers are tempted to leave the premises in disgust.



EIRNS/Brian McAndrews

Had the measures of reorganization-in-bankruptcy, which LaRouche proposed in July 2007, been adopted by the U.S. government, the world would be in a condition of economic recovery today. Here, the LaRouche Youth Movement organizes for the HBPA, at Temple University in Philadelphia, February 2009.

replace what had been the remains of the so-called "Bretton Woods," fixed-exchange-rate system, the world at large has been operating on a net physical-economic deficit. This margin of deficit was offset by a growing margin of credit based on accumulated, yet-tobe-paid margins of growing world debt, largely U.S.dollar-denominated debt. In the final, terminal phase of this general economic insanity among a set of nations considered as a whole, the continuing existence of the financial-monetary system has depended chiefly upon the margin of a growing over-hang of debt which was chiefly denominated in dollars, although the control, pivoted on the leverage expressed by the petroleum spot-market and kindred scams, was exerted by the London-centered manipulations of the world system generally. Meanwhile, under Presidents such as Nixon, Carter, Reagan, two Bushes, and Bill Clinton, there was very little actual U.S. resistance to the relevant kinds of specific swindles run by Anglo-Dutch-Saudi agencies operating with the benefit of complicity from among the Wall Street gang.

Under that regime of that 1968-2009 interval to date, a vast amount of paper has been accumulated in the form of dollar-denominated obligations at the same time that the value-content of the dollar was being willfully col-

lapsed by current U.S. policy itself. Therefore, given the vast accumulation of debt, relative to declining rates of production, should the valuation of those U.S.-dollar-related monetary assets/obligations be sharply decreased, every national economy of the world would be presently, suddenly, shut down as a result of the inevitable, global, monetary implosion, as surely as the German Mark of October-November 1923.

The only effective measure for preventing such an outcome of the recent G-20 farce, would be to put the dollar-system itself into reorganization in bankruptcy, that done along exactly the lines which I outlined, with relevant specifics, in my international webcast of July 25, 2007. Had the measures of reor-

ganization-in-bankruptcy which I proposed then been adopted by the U.S. government, the world would already be in a condition of economic recovery today. Already, everything done by the U.S. government, notably the Congress under the malicious direction of Speaker Nancy Pelosi, as action or relevant negligence, since July 2007, has been done willfully as, speaking practically and morally, virtually criminal actions taken in intentional, direct opposition to my perspectives presented during July-September 2007.

So, the frenzy of men and women of influence driven into virtual insanity by their own misdeeds of this 2007-2009 interval to date, has brought the world as a whole to the present brink of a global, generations-long new dark age.

The detonator of such a breakdown-crisis lies in the present danger of a sudden devaluation of the U.S. dollar. Such a collapse of the dollar would bring every national economy of the world to a sudden, virtual halt, leading into a general, mass-homicidal form of breakdown-crisis of the world's physical economy as a whole.

Dollar-credit so identified has value only to the degree that the U.S. dollar, in its role as a promissory note, is able to maintain its recent relative standard of

value in the world system as a whole. The desperate situation of China today illustrates that point; if the value of those promissory notes known as the U.S. dollar falls. China's situation becomes virtually hopeless, with no actual remedy available to China from parts of the world other than the U.S.A. itself. A collapse of the world population-level from over six billions, to less than two billions, in a relatively short lapse of time, is, presently, the likely outcome of any serious effort to sustain the policy-outlines associated with the just presented G-20 program.

The avoidance of such a sudden calamity now, depends upon actions to ensure that such a deep collapse of the U.S. dollar does not occur. This requires the elimination of the types of schemes which are, variously, either stated, or implied in the just-published G-20 document. It requires action of that sort, to halt the present panic; it requires the abandonment of those so-called "green" lunacies ema-

nated from the leader of Britain's World Wildlife Fund, Prince Philip, who is, in both word and practice, the greatest and worst genocidalist in known world history to date.

Were I President, I know exactly what must be done; if President Obama will not heed my advice, I fear that civilization will soon be a thing of the past, that for a long time yet to come.

Now, I shall explain what all that means, now from the standpoint of economy as a physical science.

#### III. Value in Physical Economy

The essential distinction of a society premised on the notion of the modern sovereign nation-state, such as the American System expressed by the U.S. Declaration of Independence and Federal Constitution, is its distinction from, and opposition to empires such as the present con-



Prince Philip (second from left) is, in both word and practice, the greatest genocidalist in known world history to date. Even the other members the Royal Family seem to smell something foul emanating from the decrepit Duke of Edinburgh.

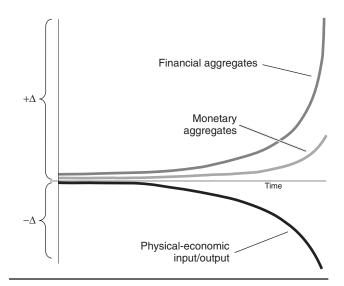
tinuation of the British imperial (neo-Venetian) form of a monetarist system which has been derived from the revisionist version of the Venetian model presented by the founder of modern Liberalism, Paolo Sarpi.

This innate superiority of our Constitutional American System, over the parliamentary systems of Europe, for example, is located essentially in two fundamental principles of the modern nation-state, principles which I have pointed out, again, in the course of the preceding chapters of this present report. Were we freed of what we might term the "Wall Street" factor of corruption in the monied strata of society, the inherently superior quality of our American culture would be more efficiently manifest, as it was under the leadership of President Franklin Roosevelt, as the benefits of his reforms took hold during the succession of his terms in office until near the close when his weakening under the strains of warfare conditions showed its effects.

On the first account: Those principles of Leibniz, as

FIGURE 1

LaRouche's Typical Collapse Function



adopted by the circles of Benjamin Franklin from Leibniz's second rebuttal of the slave-trafficker John Locke, served as the foundation of the U.S. constitutional system. Respecting the founding economic policy of the United States as a system, these principles of Leibniz also served as the axiomatic definition of the American System of political economy, as that system was elaborated by the first U.S. Secretary of the Treasury, Alexander Hamilton. Our system is *not a monetary system*, such as that which presently dominates Europe, for example; our constitutional system is *a credit-system*, which is the natural opponent of the implicitly imperialist character of all monetarist systems.

Our Leibniz-based American System, as its design was specified by Hamilton, served as the basis for the conception of development of the U.S. foreign policy, as elaborated by John Quincy Adams during his term as U.S. Secretary of State. With the U.S. victory over the British Empire's puppet, under President Lincoln, the U.S. developed the transcontinental railway system which was the first to successfully challenge what had been the dominant maritime power of British imperialism throughout the world. We did this both at home, and in its beneficial implications for post-1876 continental Europe. President Franklin Roosevelt, a fully conscious and devoted defender of the American System in the tradition of his ancestor, and Alexander Hamilton collaborator, Isaac Roosevelt, brought the practical definition of that further development of the same American System to reach a new height of development in the recovery, under his Presidency, an achievement which laid the basis for the astounding victory led by the U.S.A. in what is called "World War II."

Since President Franklin Roosevelt's death, there has been a highly significant, relevant advance in respect to knowledge of economics as a science. This has been my own development, under the influence on thinking about economy of such progress in science as by reflections, by me, on the work of Bernhard Riemann, Albert Einstein, and Russia's Academician V.I. Vernadsky. This influence has been chiefly, the concept of physical economy as a leading branch of physical science, as I have led in developing this improved conception. My more or less unique contributions in this field, based upon the influence of Bernhard Riemann's revolution in physical science, have made possible crucially important advances in the notion of economy practiced as science, although these advances have not thereby contradicted, but only improved the expression, qualitatively, of both the earlier intention of the leading founders of our republic, and also the benefits of that European scientific tradition since the astrophysical principles of Sphaerics introduced to European culture by the Pythagoreans.

On the second account: More recently, the implications of that legacy have been typified by my 1995-96 introduction of the pedagogical device of what I have named a "Triple Curve," as a device for competent long-range economic forecasting. The included significance of that "Triple Curve" has been proven to aid practical comprehension of the principle of the science of physical economy among broader layers of professionals and serious-minded laymen alike.

Presently, my own work in this field is of crucial, life-or-death importance for the devising of the policies needed to defend our presently endangered planetary social system as a whole. Therefore, a few prefatory qualifying remarks on the nature and relevance of my contribution to scientific method in economy, provided here as the opening of this chapter of the report, are essential sources of competence for any among today's governments in the world, for the practical purpose at hand.

#### The Relevant Issues of Science

Therefore, on that account: near the beginning of my discoveries in the science of physical economy, shortly after the close of World War II, I became at-

tracted to the relevant subject of the nature of the elementary differences, respecting the principle of life, between Russia's biochemists A. I. Oparin and V.I. Vernadsky. Oparin represented an approach provoked by an attempt to trace the origins of life from the chemistry of abiotic states which he treated as pre-biotic, whereas Vernadsky defined living physical space as a distinct phase-space, distinct from non-living processes, corresponding to a universal physical principle of life per se. I could not accept the implied conclusions of Oparin's admittedly learned, clever, and pedagogically informative presentation of the case. I could welcome Oparin's questions in this topical area as bearing upon some of the chemistry relevant to the preconditions for living processes, but not as the sufficient insight into the actually qualitative, rather than quantitative distinction of living from non-living ones. It was my early 1953 "full conversion" to the standpoint of Bernhard Riemann's 1854 habilitation dissertation, which defined my entry into the active profession of a science of physical economy. This was the factor which was essential for my subsequent, relatively unique successes in long-range economic forecasting, since 1956-1957, and up to the present time. 13

These considerations led me, over time, to my later, confident adoption of certain crucial implications of the work of Academician V.I. Vernadsky. Adoption led to scientific commitment.

So, today, there is nothing in my discoveries in this field which actually overturns the conception of economy founded by Leibniz, beginning about 1671, and as developed by the founders of the American System, such as Benjamin Franklin and Alexander Hamilton; but, much of even crucial importance has been added, such as the implications of the discoveries of Academician Vernadsky. My own contributions to this ongoing work of economics as actually science, now provide a set of analytical tools whose power is located far beyond any other, earlier approach known to me, and probably to anyone else, today. The most crucial feature of this advantage, is the result of taking into account the sys-

temic implications of Academician Vernadsky's "division" of the universe among three phase-spaces: the abiotic, the Biosphere, and the Noösphere. I pointed that out in my Kiev paper on *The Principle of Mind*. <sup>14</sup> I shall restate that in relevant terms, shortly, below.

To use necessary technical language, the specific principle on which the outstanding success of my own method depends, relative to other competent professionals in the field, is my explicit insight into, and treatment of the role of the Leibniz infinitesimal, as *ontological*, *rather than mathematical*, in defining the physical system of the universe as implicitly anti-entropic.<sup>15</sup>

This view of mine, which is essential for competent, long-range economic forecasting, is contrary to the familiar, mechanistic fantasy associated with the names of Rudolf Clausius, Herrmann Grassmann, Lord Kelvin, et al. It is contrary to the earlier, Eighteenth empiricist adversaries of Leibniz's work, such as Abbé Antonio Conti, Voltaire, D'Alembert, Euler, and Lagrange. It is contrary to the mechanical positivism of Ernst Mach, and to the more wild-eyed reductionism of Bertrand Russell's *Principia Mathematica* and the pro-Malthusian, Cambridge school of systems analysis. In a related way, I echo the great Eighteenth-century mathematician Abraham Kästner's opposition to the essentially arbitrary, radically reductionist, a-prioristic notion of a Euclidean geometry.

The practical significance of my view of the Leibniz infinitesimal as ontological, rather than mathematical, is to be located in such places as Albert Einstein's view of the unique validity of the uniquely original discovery of universal gravitation by Johannes Kepler, the view, shared by Einstein, that the universe is finite, but not bounded.

This technical language signifies, that, as Leibniz emphasized, Kepler's unique discovery of the universal principle of gravitation, as a principle which bounds the domain of mathematical representation, represents a state of ontologically actual existence within which the mathematical representations of the sense-appearances of the Solar System are to be regarded as confined; but, it is only the mathematician, rather than the universe which is bounded. It is a physical, not a merely mathematical concept which undergoes development through

<sup>13.</sup> The most crucial features of my adoption of Riemann's standpoint in his 1854 habilitation dissertation, are located in the two opening paragraphs and the single, concluding sentence. Once the implications of those features are assimilated, progress through the whole is sometimes stubborn business, but the direction becomes clearer and clearer as progress is made toward such further goals as those of the work of Beltrami, Einstein, and Vernadsky, and, also, back to Cusa and Kepler and the relevant Classical Greek science.

<sup>14.</sup> *EIR*, April 3, 2009.

<sup>15.</sup> An echo of the closing sentence of Riemann's 1854 habilitation dissertation.

the scientists' insight into the matter of a universal principle of anti-entropy.

This notion, as underlined by Einstein's notion of the combined implications of the work of Kepler and Riemann, defines the Leibniz *infinitesimal* as pertaining to the principle of change of systems, either as systems are shown to be rooted in processes of replicatable development, or as revolutionary (i.e., anti-entropic, ontologically creative) changes, as these are inherent in whole systems, such as that universe within which mathematics is bounded.

Hence, the ratios thus presented to mere mathematics, have a resonance of a notion of "infinitesimal;" but, this does not mean smallness in the sense of the reductionist mathematician, such as a Leonhard Euler, or, such as the foolish follower of the cults of Ernst Mach or, worse, Bertrand Russell.

This implication in the work of Leibniz himself, implied problems of thought which could only be brought into order on the basis of the higher order of considerations provided by the work of Bernhard Riemann. Hence, Albert Einstein's view of the universe as Riemannian, which was already the implied characteristic of the work of Kepler and Leibniz.

Thus, contrary to reductionist mythology, Clausius, Grassmann, and Kelvin were misguided victims of their silly belief in empiricist ideologies. Contrary to their adoption of the a-priorist notion of the formalist mathematician, the real universe is essentially anti-entropic, as Leibniz's and Jean Bernouilli's elaboration of the notion of a universal physical principle of least action specifies. Bernhard Riemann, with crucial prompting from Dirichlet's famous principle, presents modern science with the implicit principle of an intrinsically antientropic universe, a principle expressed most directly, in my own speciality of economics, in the physically efficient role of discovery of knowledge of universal physical principles, in advancing the expressed relative population-density of the human species.

That much said as introduction, I now summarize the most essential elements of the relationship of this just identified subject-matter to the essential characteristics of a successful form of modern society. We begin this review with some essential facts about relevant features of the accomplishments of Vernadsky.

#### Vernadsky's Solar System

As I emphasized in *The Principle of Mind*, Vernadsky's crucial experimental investigations, defined

Earthly reality as composed of three respectively unique categories of physical-chemical existence: 1.) the *abiotic* (e.g., "pre-life"); 2.) living processes and their specific products and by-products (*the Biosphere*); and, the categorical quality of human cognition which is experienced only in the existence of humanity and those effects which are uniquely products of human activity and existence (*the Noösphere*). The most interesting way of distinguishing each among the three categories, is in terms of the "historical" changes in the composition of planet Earth, as expressed in terms of the changes in the relative composition of these three categorical components of our evolving planet.

The Biosphere increases its relative portion of the planet, relative to the categorically abiotic (hence the efficient principle of life, absent from the abiotic phasespace as such). The Noösphere increases its portion of the planet relative to the Biosphere (the fruit of the efficient principle of human individual cognitive powers of creativity, such as universal physical principles). Thus, in these terms of reference, life is a more powerful principle than non-life, whereas the creative powers of the human individual, represent a more powerful principle than life otherwise. The most crucial among these relationships is the *voluntary* quality of the expression of the noëtic powers of creativity of the human individual mind, a power which expresses itself as a willful expression of choice absent within the two inferior phase-spaces.

The point which I have just presented in this manner, is illustrated by contrasting the potential relative population-density among the so-called "higher apes," with that of humanity. It is fair to say, as a matter of emphasis, that when mankind reaches above a certain level of population-density comparable to that adducible from the comparative cases of the higher apes, the potential relative population-density of the human population depends upon the power of mankind located in those noëtic powers which are a specific potential of only the human individual among all living species. *Mankind is the most powerful influence for willful forms of progressive change to higher states which is presently known to us from within the physical universe.* 

#### Of Powers & Their Penalties

Actually we do have much relevant evidence respecting the nature and expression of those noëtic powers specific to the human individual personality.

For example, during a fairly estimated recent span



Mankind's higher relative potential population-density, compared with that of the "higher apes," for example, depends upon those noëtic powers unique to humankind, among all living species. Above: an orangatan; right: Times Square, New York City.



FIBNS/Stuart Lewis

of about two millions years, the planet Earth has been living in a presently continuing "ice age." The fact of the "ice age's" continued influence over the surface of the planet as a whole, is clear, and clearly continuing at the present time. In the meantime, climate is altered for reason of various causes, but, amid those other changes, the role of built-in glacial cycles in the order of an approximate net of 100,000 years is commonplace. We are now leaving a warming period, and proceeding into what popular opinion would identify as an oncoming "new ice age," during which we might expect the cumulative effect of a lowering of the level of oceans by about 400 feet, as it rose by about 400 feet during the coming-out of the last peak period of glaciation.

One of the notable features of the evidence gained respecting the emergence out of the last peaking of the process of glaciation, is the existence of various expressions of what we would like to name "calendars" developed, chiefly, by maritime cultures which were regularly engaged in seasonal oceanic migrations, obviously involving flotillas of craft comparable to the craft associated with Vikings and the earlier maritime cultures known from the emergence of coastal settlements, now submerged, and otherwise, among the settlements of a characteristically maritime culture. Indeed, the leading

cultures manifest in that context of the relative great melt of the most recent heavier glaciation, have been the chief evidence of the roots of what the ancient Egyptians and other maritime cultures of the emerging Mediterranean region came to know as the science of Sphaerics which the Pythagoreans knew from the science transmitted to them from ancient Egypt and from the associated maritime tradition of neighboring, associated Cyrenaica.

Such ancient maritime cultures have given us the concept of universal, as expressed in the relationship between trans-oceanic navigation of migratory flotillas and readings of the heavenly planets and stellar constellations. In principle, this quasi-historical experience is what was expressed in the method employed by Johannes Kepler's unique discovery of the principle of universal gravitation, as presented in detail in his The Harmonies of the World. Albert Einstein's appreciation of Kepler's discovery as both the foundation of modern applied physical science, and as implicitly Riemannian, is to the point.

When we examine closely the unique approach employed by Kepler for his original discovery of the general principle of gravitation later plagiarized crudely by court gossips associated with Isaac Newton and the dogma of

René Descartes, we should recognize, as Albert Einstein did, where the notion of universal is located in the thinking of known ancient and modern civilization.

As the case of Kepler also indicates, the notion of the human individual mind's capacity for developing true science, needs to take into account the evidence which Vernadsky's definition of the Noösphere presents: power of human creativity relative to the abiotic domain and Biosphere of Earth. It is mankind's ability to base the notion of astrophysical science, as in the calendars expressing long cycles, as of approximately 26,000 years, not later than in culures dated from about 6,000 years ago, that we get a firm grip on the idea of the reality of the ontological states called human individual scientific and related creativity, states which define that superior power of the human mind over both

the Biosphere and abiotic domain by considering the relative rates of change of the composition of the planet Earth in terms of abiotic, Biosphere, and Noösphere.

That much said, on background, now define economy in terms of serious practice of physical economy, rather than inherently dumb, and superficial financial accounting. Consider this matter as follows.

#### The 'Law' of Physical Economy

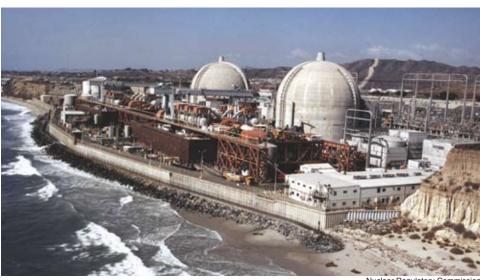
The fundamental, systemic distinction between the human being and lower forms of life, is that only the human mind is capable of discovering universal physical principles. It is through those principles, so discovered, that mankind secures the unique power of our living species, to increase, willfully, the potential relative population-density of the human race, as no animal species can produce that effect in principle.

Although, in the animal kingdom, we have the natu-



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Anyone who believes that a calorie of sunlight, or windpower is equal to a calorie of nuclear power, should be hustled to the nearest relevant psychiatrist for emergency assistance. Left: GE's Shiloh Wind Power Plant in Solano County, Calif.; below: San Onofre Nuclear Power Plant in Riverside, Calif.



Nuclear Regulatory Commission

ral history of the rise from the marsupials to the mammals, and the physical-evolutionary advancement of existence-potential in animal evolution generally, only mankind—only the individual human mind—can consciously discover an actual principle of nature, a principle whose appropriate application makes possible the increase of the potential relative population-density, and also the quality of life, of the individual members of our societies.

The effect of such uniquely human discoveries of universal principles of our universe must contribute to solving a characteristic problem of human existence in general. The problem is typified by the following type of case.

Complexes of animal and other species interacting to define an habitat, have an ecological potential, as a dynamic system, which operates within relevant, specific boundaries of what are termed ecological limits.

Mankind's increase of our species' population, runs far beyond the relatively predetermined limits for any set of animal species sharing a given habitat. However, ecology as defined more or less usefully for animal species and their specific habitats, does not apply to humanity. Through the cultural development of human populations and their cultures, the potential relative population-density of mankind is virtually without anything approaching the kinds of boundary-conditions which are typical of animal ecology.

However, there is a condition attached to mankind's exception to ecological boundaries of population growth. Not only is the potential relative population-density of any specific human culture in its current state of development, bounded by the requirements of its habitat's environment, but man's ability to expand its population, and to raise its physical standard of living, outruns the limits of the environment, as "environment" applies in the domain of animal ecology. Mankind must therefore advance in the sense of science, technology, and social culture, in ways which counter the threat of humanly caused relative depletion.

Presently, for example, given a present world population in the estimated order of between 6.5 and 6.8 billions individuals, the comfortable standard of existence for a high quality of population and its culture requires a rapid ascent to increasing rate of reliance on the higher energy-flux density of the power and physical capital intensity of investment of capital goods of production and associated basic economic infrastructure.

This requirement can not be expressed in counting of calories. On this account, the typical "greenie's" views are not only incompetent, but, in effect of their practice, clinically insane, and inherently mass-murderous social policies. The measurement of required power for society is in energy-flux density, measured as in density of power applied per square unit of cross-sectional intensity per second. It is not calories which we require, but measurement in a density of calories-persecond-per-square centimeter. This is the standard for measuring the relatively useful quality of fuel, as the comparative power to do work, a standard by which we measure the relative utility of fuels. (Anyone who believes that a calorie of sunlight, or windpower is equal to a calorie of nuclear power, should be hustled to the nearest relevant psychiatrist for emergency assistance.)

The same requirement for increase of energy-fluxdensity in sources of power for society, applies to the need to remedy the relative depletion of raw materials, and so on, through human activity. In general, the latter requirement obliges us, in the first instance, to upshift to methods of extraction and production which are both increasingly capital-intensive, and require upshifts to sources of power which are of increasing general energy-flux-density. Hence, a present world population in excess of five billions persons can not be sustained indefinitely without an upshift into nuclear and higher sources of energy-flux density in generation and application of power. This requirement is associated with a need to compensate for drawing down so-called natural mineral and biological resources, by scientifictechnological upshifts which are expressed, in effect, as increases of the capital-intensity of investment of capital improvements of production and infrastructure, per capita and per square kilometer of territory.

Restate what I have just outlined, as follows.

Since we are lowering the ratio of the residual abiotic component of our planet, as in consuming mineral resources left behind as the mortal residue of onceliving processes, or as primitive abiotic materials, we must increase our efficiency, which can be done only in capital-intensive modes of both production and social existence. In other words, we must make relatively less the equivalent of more.

The notion that a zero-growth human ecology could avoid such requirements, is clinical insanity, speaking functionally. Mankind can not exist without progress in the Noösphere. The progress of the Noösphere depends upon progress of the equivalent of "capital gains," again per capita and per-square-kilometer of the Biosphere.

Think of restating the same principles of practice which I have just listed in terms of what I stated a bit earlier, as the functional set of inequalities in the relationship among the abiotic, the Biosphere, and the Noösphere of any relevant case of a habitable planet.

Now, restate the same kinds of sets of inequalities, respecting abiotic, Biosphere, and Noösphere in terms of the changing quality of the average individual member of society. On this account, we may, as a matter of shorthand, indicate that this requires the qualitatively progressive development of both the individual, and the individual's anti-entropic mode of development of cognitive powers with respect to qualities of modes of employment and in respect to the equivalent of Classical artistic cultural progress in the society as a whole, and in the individual member of that society.

Man, made in the image of the Creator, can succeed in that assigned mission, only on the condition that mankind represents the actively creative, self-development of the Noösphere. To survive in the image of the Creator, man must make himself to act in the likeness of the Creator.

#### IV. National Credit-Systems

If President Obama had been some secondrank figure of his administration, the firm tongue I am obliged to deploy here, would not have been necessary, or even appropriate. In the case of a sitting President, a person who has relevant standing in knowledgeable practice as a public figure and a top-ranking authority in his field, as I am, will sometimes take a President to an educational experience in the intellectual "wood shed," but only if the matter requiring correction

of the President's errant policy involves a clear and present danger to the welfare of both that President and the general welfare. Such is the proper nature of the relationship of a citizen of exceptional qualifications to be a President under a true republic, when this is required under the relevant, exceptional circumstances, as now. This present moment is precisely such a circumstance; the fate of our nation is now immediately imperilled, and the President's greatly misguided actions during his ill-advised visit to London, have now become a leading cause of that immediate peril to the nation.

What President Barack Obama has committed himself to do, is, among other things, to deprive the citizens of the United States of any effective control over the national currency of the United States. In effect, President Obama has proposed, for the moment, at least, to make the United States with its ordinary citizenry a poor, looted colony of the British empire.

It is notable that the British Empire has repeatedly insisted that it is not an empire, even at the same present moment, as now, that it claims the authority to continue being one. Under the proposed new monetary reform presented in the G-20 proceedings, if the U.S.A. accepts that, the status of the U.S.A. as a mere colony of the British Empire would become the actual status of the United States, and that of virtually every other nation of the world.



White House/Pete Souza

"Whatever President Obama might have been misled into thinking that he has done, he has actually promised to sell our republic into bondage for the price of a proverbial bowl of personal pottage." Here, Obama at a meeting on the budget, Jan. 29, 2009.

Whatever President Obama might have been misled into thinking that he has done, he has actually promised to sell our republic into bondage for the price of a proverbial bowl of personal pottage. At the moment the Congress of the United States still has the power to say, "No," if we can find a majority of actual patriots in the body currently; President Obama has no authority to sell the people of the United States into slavery to a foreign imperial power. The first step which must be taken, is to warn President Obama that he has no right to sell the people of the United States to a foreign power, especially not to a British Empire against which the U.S.A. had had to fight, repeatedly, as in 1776, in 1812-1815, in 1861-1865, to gain and save our freedom from British rule since February 1763. In the 1970s, the United States was essentially raped by the British Empire and its Saudi allies, in the infamous petroleum crisis which the British and Saudi interests associated with Prince Bandar used to wreck the U.S. dollar, and to render the world subject to looting by the swindle known as the Anglo-Dutch-Saudi spot market in petroleum. No sane and literate American patriot would entrust our republic's fate to a British empire.

The additional, closely related problem has been the existence of a powerful, British-allied party of treason inside the United States itself, the "treason party" constituted of the representatives of the interests of the British East India Company which has had dominated

control of Wall Street and related financial power over much of U.S.A. affairs since the days of Judge Lowell and the treasonous agent and British spy Aaron Burr, right up to the present day. That is the same British empire responsible for the organization of the African slave-trade against both the people of Africa and the United States, as organized by the British empire and its Spanish royal lackey, that up to the time that the United States under the leadership of President Abraham Lincoln, had led the U.S. to victory over Britain in both the defense of the United States and in defeating the Hitlerlike crimes against both the United States and the nation and people of Mexico through the complicity of the Habsburg family in a British-directed operation conducted with support of Spain and the British puppet otherwise known as the dictatorship of Napoleon III in France.

Not only was President Obama's gesture of submission to British policy wrong, both morally and in about every other way imaginable; it was error in aid of a ruinously stupid economic policy. It is the stupidity of the economic and related policies permitted by President Obama, which now threatens to destroy the United States and its citizenry through the hyperinflationary, monetary and bailout swindle to which President Obama, no Dick Whittington, acceded in his visit to London.

Admittedly, the President has no significant competence in economic and related matters. The palpable source of the guilt of his administration in this respect, has been the President's credulous submission to the relevant Mutt-and-Jeff performance of Presidential advisor Larry Summers and the lackey role which Summers has induced the wimpish Treasury Secretary Timothy Geithner to accept. The extenuating feature of this folly is that Larry Summers has a track-record as being a brutish sort of pathological personality, whose track record in public and private political and economic affairs, inside the U.S.A. and abroad, should have kept foxy Summers out of any access to in President Obama's Presidential hen-house. The apparently overwhelming evidence is, that President Obama has failed to stand up to the bullying of Larry Summers' worse than utterly incompetent demands.

Clearly, President Obama and Secretary Geithner both played Trilby to Summers' Svengali. Thus, the same President Obama who had showed commendable independence during British Prime Minister Gordon Brown's visit to Washington, D.C., just a short time earlier, now played lackey to both Brown and the British royal family during the period of the G-20 summit.

I believe that I have now made that preceding point clear to any literate audience. It is time to turn attention to another urgent aspect of the present crisis-situation menacing the continued existence of our republic, and, in fact, the fate of humanity as a whole. What President Obama has indicated he is willing to do at London's insistence, is both a threat to the people and nations of the planet as a whole, and a piece of monstrous incompetence in statecraft, and in economy generally. Were President Obama's present policies to be continued, the United States itself would not survive.

In short: President Barack Obama crossed the line. I am not about to cross him off for the mistakes he has made thus far; but, he urgently requires a brief trip to the woodshed; otherwise, without that trip, his chances for a successful Presidency would be very poor.

#### 'A New World Currency?'

Since the beginning of our Federal Republic, it has been an essential element in all of our achievements, that any patriot government of our republic has rejected the corruption of our economic affairs by subjugating our republic itself to a foreign subjection of our republic to general monetarist order in our sovereign economic affairs. In keeping with that principle, all true patriotic officials of our republic have rejected absolutely the imposition of an international so-called "free trade" policy upon our sovereign internal affairs. There have been treasonous and kindred foreign violations of our principle on this account, but the principle of sovereignty of a republic under a protectionist system has been the characteristic policy of all competently informed patriots of our nation.

Now, monetarist systems have been, admittedly, commonplace in European practice for no less than the period since the ruinous Peloponnesian War. A monetarist system existed, in fact, in ancient Greece, as attested by such evidence as the function of the array of treasuries flanking the temple of Apollo at Delphi. The existence of monetarist systems was prevalent in the Mediterranean, as in near-Asia and the latter's empires, and was the characteristic of the Roman Empire, the Byzantine empire, and the monetarist system of Venice which manipulated the affairs of the medieval Europan system through the time of the 14th-Century "New Dark Age."

Out of the religious wars of Europe from the

Habsburg expulsion of the Jews from Spain, in 1492, until the 1648 Peace of Westphalia: In the aftermath of the 1648 Peace, the dominant force within Europe had shifted from the Mediterranean littoral to the maritime powers, rallied around the influence which had been established by Paolo Sarpi, a Sarpian Liberal philosophical influence based strategically, as maritime powers, on the coasts, ports, and mouths of rivers flowing into the Baltic, the North Sea, and the Atlantic. Both the older, Mediterranean traffic of Venice and the new Liberal Venetian monetary-financial powers oriented to the Atlantic maintained an ultramontane mode of monetary-financial system as the central, actually imperial form of monetary power dominating Europe and the Atlantic traffic generally.

The British Empire emerged in February 1763, as both the private empire known as Lord Shelburne's British East India Company and the old Venetian monetary system around which the kind of banking power echoing the former, bankrupted Fourteenth-century Lombard League, formed an imperial monetary system, in which Anglo-Dutch maritime power occupied a central, dominant position. The complex of private monetary and banking power which established forms of implicit or formal contract agreements with the power of assorted individual nations, has remained the essential form of imperial power in the world since the consolidation of maritime and related power in the hands of Anglo-Dutch mercantilist and usury interests. That is the essential, converging meaning of empire in the history of modern Europe since the aftermath of the A.D. 1453 Fall of Constantinople.

The establishment of the constitutional republic of the United States has been the principal exception to imperial power on this planet since 1789, and, more emphatically, since the victory of the United States over the British imperial forces deploying the Confederacy. There have been tendencies to draw the United States into the British imperial system centered in the Bank of England and later, the London-controlled Basel Bank for International Settlements. This has been a tendency toward reassimilation of the U.S.A., into the British empire by the Wall Street gang whenever the wrong political flavor of candidate has gained the Presidency and control over the U.S. Congress, but although President Franklin Roosevelt's actions put a check on the British subversion of U.S. institutions, the U.S.A. never broke, until now, with its Constitution.

Otherwise, the chatter about "U.S. Imperialism"

from certain quarters of the world, is not only incompetent, but, at the present time, a threat to the continued existence of civilization. There is British imperialism; if you do not think so, it were better than you keep silence on such matters until you have grown up to the level that you no longer make the mistake of presuming that there is presently any empire on this planet but the British empire.

That said, let us turn our attention to the deeper matter.

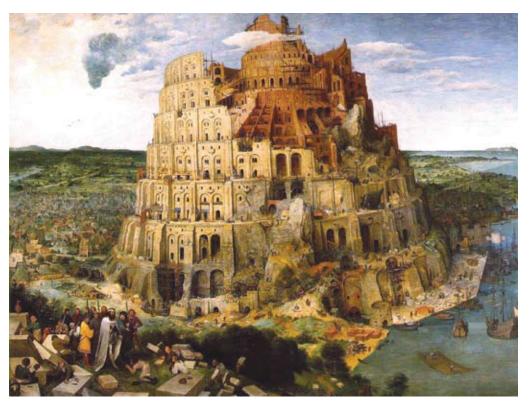
#### The American System of Political-Economy

There are two crucial points to be stated and developed briefly at this point. The first, is the need to make clear the difference between a credit-system, such as the constitutional design of the American System of political-economy, and a monetary system, the latter the system of the British Empire and the other traditional systems of Europe, among others, today. The second point is to identify why we must treat the proposals for various forms of "globalization"—as in "Tower of Babel"—with at least as much and deep a form of hatred as we should muster as resistance to fascism. Globalization is a form of fascism, but is the worst form. It is true imperialism.

To come directly to the first point: money has no intrinsic economic value, contrary to the opinions of such poor wretches as the marginal utilitarians.

Economic value is expressed in the form of a net increase, in an economy as a whole, of the potential relative population-density of the society. The form and quality of action which produces either a maintenance, or a gain in a society's physically efficient gain in net relative potential population-density, is what I have defined earlier in this report as the required form of the function of the three phase-spaces of the human physical economies.

The source of this quality of gain of an economy as a whole, is the net increase in potential relative population-density of a society through means comparable to net gains in the abiotic and Biosphere, or through those developments of the human culture and its Classical modes of artistic expression which specific functions of the human cognitive powers focus upon social relations as such, as Percy B. Shelley's *A Defence of Poetry* addresses this. In the last aspect of matters, it is in the power of human Classical-artistic modes of communication, as in Classical poetry, drama, music, and Classical art, that the noëtic qualities uniquely specific to the



We should resist the proposals for "globalization"—as in the "Tower of Babel"—with at least as much determination as we would resist fascism. "The proper name for 'globalization' is, 'Satan and his humanoid beasts live here.'" Shown: Peter Bruegel the Elder's "The Tower of Babel" (1563).

human mind are summoned and honed in manners which, in turn, promote the development of the individual power of creativity which is then applicable to the matters of physical science and physical production.

The inseparable functional relationships between Classical art and physical scientific progress in principle, define the practical significance of the institution of the sovereign nation-state economy. When Classical poetry of language, for example, is disassociated from the mind which is engaged in the physical management of productive economy and basic economic infrastructure, what might be termed the relative idiocy of a "Tower of Babel" effect takes over the destiny of humanity. If Classical art, as associated with language-culture, is separated from the environment in which a people develops its physical economy, then neither culture, nor production could continue to succeed. The proper name for "Globalization" is, "Satan and his humanoid beasts live here."

Thus, in summary, we have two crucial points to consider.

First, unless man develops the Biosphere, in the

manner I have described, respecting the principled features of Academician V.I. Vernadsky's discoveries, society will be destroyed by attrition. If production is not organized in terms of sovereign national cultures, the society will fail for reason of effects of bestialization. If the emphasis is not on a commitment to reject what is called "environmentalism," society will now disintegrate, if only for that reason, alone.

Thus, the organization of the economy of the nation-state, and of relations among the respective sovereign nation-state cultures of the planet, must be organized around the

notion of a credit-system, rather than either a monetary system, or monetary systems.

On this latter account, since money has no intrinsic value in a real economy, but only a conventional valuation, the proper organization among nation-states is that of fixed-exchange-rate credit-systems, not monetary systems, Such credit-systems and their function, are the proper basis for organization of trade and other relations among the respective sovereign nation-states of the planet. The essential function of such fixed-exchange-rate systems of trade and investment, is the mustering of increasingly long-term average lapsed-times of investment in increasingly, physically, capital-intensive investment in the basic economic infrastructure of both production and human life.

The voluntary regulations of such systems of cooperation among the respective sovereigns, are those adduced from the nature of the relations in progress of a Vernadskyian ordering of mankind's management of the ratios of relationship among the abiotic, the Biosphere, and Noösphere, as I have indipcated in the preceding chapter.

### **National**

# Obama Is Running Out of Time: Summers Has To Go Now

by Debra Hanania-Freeman

April 4—Lyndon LaRouche repeated on March 26, with even greater emphasis, what he had initially said during an international webcast on March 21: that President Obama had to fire Larry Summers, director of the National Economic Council, and hence, a top advisor to the President on economic policy.

Within days of the publication of LaRouche's call, which was accompanied by the release of documentation, that Summers' outlook and actions throughout his career were, and continue to be, explicitly contrary to the stated objectives of the Obama Administration (and to the American System itself), a tsunami of statements and articles expressing that sentiment flooded the print and electronic media, including the blogosphere.

#### A Carefully Calculated Attack

Nobel laureate Paul Krugman took to the pages of the *New York Times* on March 30 to rip into Summers for selling the Obama Administration on returning to the very policies that are responsible for destroying the financial system. After reporting on a recent, characteristically arrogant comment by Summers, that "I don't know of any economist who doesn't believe that better functioning capital markets in which assets can be traded are a good idea," Krugman suggests: "Mr. Summers needs to get out more."

The Administration is "still in the grip of the market mystique," Krugman correctly notes. "They still believe in the magic of the financial marketplace and in the prowess of the wizards who perform that magic....

But the wizards were frauds, whether they knew it or not, and their magic turned out to be no more than a collection of cheap stage tricks."

Back in the 1960s, Krugman says, the financial sector was small, boring—and it worked. Then, the lunacy of "securitization" took over, whereby everything imaginable was turned into a financial instrument, leveraged, sold, and resold. The problem is that the President has been convinced that, "once investors calm down, securitization—and the business of finance—can resume where it left off a year or two ago."

"As you can guess, I don't share that vision," Krugman stated. "I don't think the Obama administration can bring securitization back to life, and I don't believe it should try."

The cover story of the April 6 issue of *Newsweek* followed up the attack. The piece by Evan Thomas, entitled "Obama's Nobel Headache," leads with the introduction: "Paul Krugman has emerged as Obama's toughest liberal critic. He's deeply skeptical of the bank bailout and pessimistic about the economy. Why the establishment worries he may be right."

Thomas quotes Krugman as saying, "Larry has more faith in the markets. I'm more of an interventionist."

As the markets continue to go to hell despite massive injections of government liquidity, LaRouche noted that Krugman's comment was a carefully calculated attack, a subtle poisoning of the environment around Summers.

In an interview that was initially published on the

26 National EIR April 10, 2009



LaRouche PAC organizers went to town with this organizing poster.

Democracy Now website, but soon picked up internationally, University of Texas economist James Galbraith called Summers' latest trillion-dollar bailout plan nothing but "a new derivative," designed to expand the market power of the largest financial institutions.

Galbraith has published other recent attacks on the bailout policy, one of which was discussed at length by LaRouche in his March 21 webcast (*EIR*, March 27, 2009). Galbraith's father, John Kenneth Galbraith, was an economic advisor to President Kennedy.

James Galbraith said that in the Summers securitization swindle, "the Treasury has half the capital and provides 85 percent of the value of the purchase in the

form of a low-interest, non-recourse loan that's designed to make the purchase of these so-called assets from the banks a highly profitable proposition for hedge funds and private equity investors and others who are in a position to risk their capital without having to face fiduciary consequences.

"And so, you know, it's something which I suppose there may be investors out there who think that they could make money off of this. But I'll tell you who it would be particularly attractive to, if they could get away with it, and that is the banks themselves or people acting on their behalf, because what it would mean is that, in effect, the banks can transfer—someone acting on behalf of a bank could arrange for the transfer—of a dollar's worth of these bad securities at face value for seven-and-a-half cents of risk. And that means that you're really, in effect, creating a conduit, which would just take these losses off of the books of the banks, put them on the books of the Federal Deposit Insurance Corporation. And I would say that would solve the problem for the banks, but it wouldn't solve the problem for anybody else."

#### The Lessons of FDR's New Deal

Like LaRouche, Galbraith has repeatedly pointed out that the crisis is systemic. On March 31, in testimony to the Senate Banking Subcommittee on Economic Policy, chaired by Sen. Sherrod Brown (D-Ohio), Galbraith continued his assault on the Summers plan, by referencing the lessons of the New Deal: "Like our present troubles, the Great Depression flowed from a collapse of the banking system and asset values—the Great Crash. This eliminated the possibility that recovery could be led by a revival of the financial system." He emphasized that social insurance and government employment, entitlements which neo-Friedmanite Summers abhors as fostering unemployment, were crucial elements of the New Deal's success, and that "the early New Deal's policies were not conceived as a 'fiscal stimulus,' but rather as programs to create jobs and for public investment."

In what was considered an ominous warning to Summers' Wall Street patrons, Galbraith also referenced the critical role of the 1932-36 Pecora Commission: "The Roosevelt Administration understood very well that the Depression originated in the Great Crash of 1929 and the collapse of the banking system of 1930. At the heart of the problem, as the Pecora investigations revealed, lay a culture of corruption, speculation, and

April 10, 2009 EIR National 27

self-dealing on Wall Street...."

Galbraith has repeatedly urged President Obama to abandon Summers' view that he must win the support of Wall Street to effectively deal with the current crisis, noting that President Franklin Roosevelt didn't court the Wall Street bankers, but scorned them.

During the hearings, Galbraith pointed out that despite massive opposition from the financial establishment, FDR's New Deal created 3.5 million jobs and reduced unemployment from 25% in 1933 to 9% in 1936. Quoting economist Marshall Auerback, Galbraith said, "The government initially hired about 60% of the unemployed in public works and conservation projects that planted over a billion trees, saved the whooping crane, modernized rural America, and built such diverse projects as the Cathedral of Learning in Pittsburgh, the Montana State Capitol, much of the Chicago Lake Front, New York's Lincoln Tunnel and Triboro Bridge, the Tennessee Valley Authority, and the aircraft carriers *Enterprise* and *Yorktown*."

Galbraith offered a sharp rebuttal to the Summers' plan, arguing that monetary policy was never a key factor in FDR's recovery plan; that FDR's New Deal was "not a Keynesian stimulus," but rather was comprised of economic programs whose aim and results were long-term qualitative transformations of the economy and improving the lives of Americans by building or renovating 2,500 hospitals, 45,000 schools, 13,000 parks and playgrounds, 7,800 bridges, 700,000 miles of roads and 1,000 airfields. It also employed 50,000 teachers and hired 3,000 writers, musicians, and artists.

Unfortunately, President Obama still hasn't figured out that Summers has a vested interest in preserving the status quo of a corrupt and venal financial establishment, despite the fact that the White House's own financial disclosure forms, released on April 3, show that Summers raked in more than \$5 million last year from the D.E. Shaw hedge fund, and collected \$2.7 million in speaking fees from the very same Wall Street companies that received government bailout money, including JP Morgan, Citigroup, Goldman Sachs, and Lehman Brothers.

It isn't the only thing the President has failed to figure out. Despite having earlier stated strong disagreements with British Prime Minister Gordon Brown, at a press conference at the close of the G20 Summit in London last week, President Obama shocked many of his supporters when he endorsed Brown's entire agenda, expressing his appreciation for the work of Brown and his staff (see article on the Summit in *Economics*). He claimed for himself a decisive role in "forging a consensus."

In a strongly worded statement, LaRouche pointed out that the British had clearly suckered the President, based precisely on this profile he has of himself as the forger of consensus. As a consequence, LaRouche said, Obama is "on the edge of going down. They didn't have to control him, because he could control himself. This is tragic."

An increasing number of the nation's top leadership shares LaRouche's assessment, and views Obama's recent behavior in London, as well as his continuing embrace of the likes of Larry Summers in an effort to win the approval of Wall Street, as a betrayal of everything he has said he is committed to.

So far, the American people have been patient, but that patience is running out. If the President wishes to maintain the mandate the American people so graciously bestowed upon him, he is going to have to act quickly to restore their confidence that he is, indeed, committed to do what he promised. Firing Summers, and correcting himself on the G20, would be crucial steps in the right direction.

## Summers: Rattlesnake In a Clown Suit

by John Hoefle

How did President Barack Obama, the man who was elected to reverse the disastrous policies of the Bush Administration, come to continue those policies, and to take even bigger steps down the road to disaster? A big part of the answer lies in the presence of Larry Summers, the head of Obama's National Economic Council, and the man who briefs the President daily on the financial crisis.

At first glance, Summers appears to be something of an enigma. He is, by all accounts, a highly intelligent man, yet the policies he has advocated and implemented have led to one disaster after another, a remarkable

28 National EIR April 10, 2009

record of failure. Summers was a champion of deregulation in the Reagan Administration, and continued that policy in the Clinton Administration. Summers vociferously defended and protected the rise of the derivatives market and played a key role in the repeal of the provisions of the Glass-Steagall Act, which forbid commercial banks from speculating in the securities casino. The system that Summers helped to create has blown up spectacularly, yet he continues not only to defend his positions, but to push for unprecedented bailouts, in a futile attempt to rescue the failed system.

It is easy to conclude that Larry Summers is incompetent as an economist—that much is obvious—but we have to wonder if there are not deeper, more disturbing reasons for some of his actions. Is he merely the fool he appears to be on the surface, or does he have a more sinister agenda, which is visible only by examining the effects of his actions?

#### **Boy Genius**

Lawrence Henry Summers was born in New Haven, Conn., in 1954, into a family of economists. His parents, Robert and Anita Summers, were economics professors at Yale, and two of his uncles, Paul Samuelson and Kenneth Arrow, both later won Nobel prizes in economics. He spent most of his youth along the Philadelphia Main Line, after his parents took positions at the University of Pennsylvania's Wharton School of business.

Young Larry was something of a child prodigy. He skipped his last year of high school and entered the Massachusetts Institute of Technology at age 16; he then moved on to Harvard, where he got his Ph.D. A year after that, in 1983, at the age 28, he became one of the youngest tenured professors in Harvard history.

Early on, Summers developed the personality defects that would stay with him for the rest of his life. Summers used his intellect as both a weapon and a shield. He was cold, arrogant, and quick to dismiss anyone who did not agree with him as an idiot. He became an obnoxious bully, as a way of hiding his insecurities and covering up his lack of social skills. Underneath that unpleasant exterior, even today, remains the boy genius who never really grew up.

Summers' lack of social graces and disregard of those around him is so pronounced, and so annoying, that, during his tenure as president of Harvard University in the early 2000s, some of the faculty thought he might have a form of autism known as Asperger syn-

drome. Those social defects extend to his table manners, as well, judging by the reports of his predilection to talk while eating, often spraying his audience with saliva. Ultimately, the boorish genius who set out to reform Harvard would be tossed out.

#### **Building the Casino**

While still a graduate student at Harvard in 1982, Summers was invited by economist Martin Feldstein to join the staff of President Ronald Reagan's Council of Economic Advisors. The Reagan era marked the beginning of the deregulation frenzy in the United States, and set the nation on the road to disaster. Banking laws were relaxed, tax laws were changed to reward speculators, and the financial parasites swarmed into American markets. Summers was a relatively obscure functionary in this process, spending less than a year at the CEA, but his path as an economist and policy-maker was established.

Summers returned to Harvard as a tenured professor of economics in 1983, taking up the family business. By that time, his parents were well ensconced at Wharton, and his uncles were Nobel laureates, Paul Samuelson having won in 1970, and Kenneth Arrow in 1972.

Samuelson, a Keynesian, is best-known as the author of *Economics* (1948), the best-selling economics textbook of all time, and thus, the man who helped train a whole generation of Baby Boomer economists. He is also known for his insistence that the economy had "built-in stabilizers" which made the sort of financial blowout we have just witnessed, impossible.

Arrow cut his economic teeth at the Cowles Commission, the then-University of Chicago-based incubator of econometrics and the use of mathematical models in economics in the late 1940s. He then moved on to Stanford University, where he took a professorship, and worked with the military-industrial complex's systems analysis vehicle, the RAND Corporation. Later, he took Fellowships at Churchill College, Cambridge, and All Souls College, Oxford. The Cowles group was the U.S. arm of Bertrand Russell's Cambridge systems analysis group, which pushed game theory and Malthusianism as an infection of economic theory.

Samuelson and Arrow are considered by many to be the fathers of that warmed-over Keynesian fascism known as neo-classical economics. Arrow became so taken with derivatives, that a 1998 article in *Scientific American* stated that he "imagined a security for every condition in the world—and any risk, from bankruptcy

April 10, 2009 EIR National 29

to a rained-out picnic, could be shifted to someone else."

#### **Spreading the Pollution**

Summers returned to public life in 1991, as the chief economist at the World Bank. That position is damning enough in itself, given the World Bank's role in keeping the so-called developing sector countries from becoming sovereign nations. As we see with Gordon Brown's push to elevate the International Monetary Fund into a global financial dictator under the guise of today's financial crisis, both the IMF and its World Bank sibling have become creatures of the British Empire's drive to reclaim its global dominance.

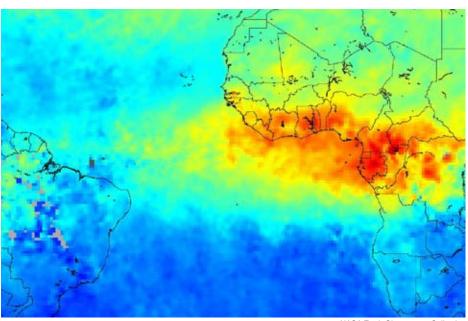
Working for fascists is not quite the same as being one yourself, although at some level, certainly by the level of chief

economist, the distinction pales into insignificance. But Summers removed all doubt as to his status in a memo issued under his signature in December 1991.

"I think the economic logic behind dumping a load of toxic waste in the lowest wage countries is impeccable and we should face up to that I've always thought that under-populated countries in Africa are also vastly under-polluted," the memo said.

Summers claims he did not write the memo but merely signed it, and that may be true. But whether he authored those contemptible words or not, he endorsed them. What kind of man would consider some nations "vastly under-polluted"? The concept shows a such a callous disregard for human life as to be considered evidence of a pathological personality. The boy genius not only never grew up, but he apparently turned into some sort of a monster.

The relevance of this viewpoint to the present period should not be overlooked. Today, Summers is pushing a different type of toxic waste—worthless financial paper—upon the American taxpayer, showing as little regard for the American people as he did for the Africans. One could easily update that sentence to defend the "economic logic" behind the Bush/Obama bailout scheme.



NASA Earth Observatory Collection

As chief economist for the World Bank in 1991, Summers signed a memo complaining, "I've always thought that under-populated countries in Africa are also vastly under-polluted." Shown here, NASA's mapping of pollution from fires in the savanna south of the Sahara Desert, and in the tropical rainforests just north of the Equator. These are not wildfires, but result from the burning of agricultural waste associated with subsistence farming. The fires burn across the continent every year from December through April.

#### **Defending Looting**

In fact, one could argue that Larry Summers has devoted his career to defending the rights of private interests to loot the public.

In 1990, Summers was hired by Lithuania to advise the nation on its transformation from a Soviet state into a market economy. The results, as Michael Ames documented in a Nov. 10, 2008, article in *The Nation*, "were literally suicidal." Lithuania's suicide rate nearly doubled. Summers' policies so destroyed the nation that, "after just two years of Summers-nomics, the traumatized Lithuanians voted the communist party back into power." It was after this display of nation-wrecking, that Summers was hired by the World Bank. Summers played a similarly destructive role in Russia, as documented by Rachel Douglas elsewhere in this report.

Summers later turned his attention back to the United States, and in 1997, as Deputy Secretary of the Treasury under Robert Rubin, launched a rabid defense of the derivatives markets. The target of Summers' ire was Brooksley Born, the chairman of the Commodity Futures Trading Commission (CFTC), who warned that the lack of oversight of the derivatives market posed "grave dangers to the public interest."

30 National EIR April 10, 2009

"It is the large institutions which have the greatest power to hurt us all by their attempts at manipulation," Born prophetically warned.

At that point the global derivatives market was only about \$100 trillion, a huge sum, but one which pales in comparison to the quadrillion-dollar-plus derivatives bubble today, the bubble Summers and company are trying so desperately to save. Had we put a stop to it in 1993, as demanded by Lyndon LaRouche, or even begun to regulate it closely as suggested by Born in 1997, we would not today be sitting at the edge of a new Dark Age.

Summers was Treasury's point man to defeat Born's push for derivatives regulation, joined in the fight by Fed chairman Alan Greenspan and the International Swaps and Derivatives Association (ISDA), the derivatives market trade and lobbying outfit. They demanded, and got, a law which forbid the CFTC from interfering in the derivatives markets; Born left office, and her successor at the CFTC promised the agency would keep its mouth shut in the future.

Fittingly, one of the spokesman for the ISDA in the matter was Mark Haedicke of Enron, who declared that the proposed derivatives regulations were "obviously unacceptable in the global marketplace." Haedicke insisted that the market professionals were much more competent and savvy than the regulators, and threatened that the derivatives speculators would all move to the City of London if the U.S. government interfered in the market.

As it turned out, the experts were wrong: Enron crashed and burned in 2001, but not before it gave Summers another chance to screw the American people.

That chance came in the Summer of 2000, when the State of California was caught in the grip of a severe electricity crisis. California was the paradigm for electricity deregulation at the time, one of the first states to deregulate, and touted as the model for the nation. But the promised low prices and plentiful supplies never materialized—instead the state was hit with the deadly combination of prices soaring into the stratosphere and repeated blackouts and brownouts.

It was obvious at the time that the energy pirates, led by Enron, were gaming the California market, rapaciously running up prices and manipulating the supply. The citizens were enraged, and Gov. Gray Davis began looking for ways to undo the damage done by deregulation.

The response from Washington was swift. Summers, who by then was Treasury Secretary, teamed up

with Greenspan and Enron's Ken Lay, to demand that Davis not only drop any attempt to re-regulate the electricity markets, but that the state deregulate even further, and relax its environmental standards. The markets are paramount, the trio insisted, and must be reassured.

For Summers, it was just another application of his inhuman "economic logic." For the people of California, it was a disaster. But, as Bertrand Russell once said, in calling for a Black Death to spread through the world once in every generation, "The state of affairs might be somewhat unpleasant, but what of it?" What are people, if not cattle to be harvested? As the mafia hitmen say, "Nothing personal, it's just business."

#### **Dump the Fool**

It should be clear by now that the nation can no longer tolerate the economic logic of Larry Summers, and that Summers must go if the nation is to survive. The man is a walking disaster, leaving nothing but carnage in his wake. Lithuania chose communism over Summers' brand of economic fascism—people were literally killing themselves to get away! Summers was hated at Harvard, and hated in Russia, and will soon be hated all over America as the effects of his policies are felt.

If the Obama Administration continues to follow the policies advocated by Summers, President Obama will soon join the list of the hated, becoming not another Lincoln or FDR, but another Hoover.

Summers remains the boy genius who never grew up, a man who never matured into a adult human being. We can give him compassion, but we can not allow him to make policy, at the expense of destroying the nation.

However, as we suggested at the outset, there is reason to suspect that Summers is more than just an incompetent economist. If you infer his intent not from what he says, but from the effects of his actions, a more disturbing suspicion emerges, one that suggests Summers intends to destroy nations. That what he did to Lithuania, Russia, California, and the entire United States, is deliberate. Perhaps the cloud of confusion he forms by his behavior, and his repeated attacks on his opponents, are designed to hide his true agenda, his agentry on behalf of a hidden imperial faction.

Perhaps what Larry Summers really is, is a rattlesnake in a clown suit.

johnhoefle@larouchepub.com

April 10, 2009 EIR National 31

### Summers Hated in Russia For His 1990s Record

by Rachel Berthoff Douglas

April 3—Academician Sergei Glazyev's book Genocide: Russia and the New World Order (English edition, EIR: 1999) documented the devastation of living standards and industrial capacity in Russia during the 1990s, under the liberal reforms implemented during the Presidency of Boris Yeltsin. While nailing the role of the International Monetary Fund in that process, Glazyev mentioned few names of individuals. After all, the book was written only five years after Yeltsin deployed the Russian Army to crush the elected Russian Parliament, which had resisted the IMF-mandated privatization policy.

A notable exception was Larry Summers, who today heads President Obama's National Economic Council. Glazyev wrote about the August 1998

collapse of the Russian short-term government bond (GKO) pyramid: "Evidence indicates that the decisions on declaring the Russian financial and banking system bankrupt on August 17 were coordinated beforehand with U.S. Deputy Treasury Secretary Lawrence Summers and IMF Deputy Managing Director Stanley Fischer.... The coordination was carried out on behalf of the Russian leadership by Mr. Anatoli Chubais, who is known not only for his destructive activity in the realm of privatization, but also as a successful player on the government securities market."

#### The Harvard Project

The association of Summers with corruption is well known in Russia because of the USAID/Harvard project, under which Harvard's Prof. Andrei Shleifer, a Summers intimate, was advising the Russian government on privatization, while his wife and the girlfriend of an associate were running a hedge fund out of the

back room of the Harvard Institute for International Development (HIID) office in Moscow. Harvard settled a U.S. Department of Justice suit against the university for the scam, paying penalties of \$26 million, while Shleifer personally paid \$2 million in damages.

Larry Summers defended his friend Shleifer throughout the HIID case. Shleifer kept his tenured position at Harvard, where Summers was president in

> 2001-06. What's more, Summers did not think Shleifer should have been removed even from the HIID project itself. In a court deposition, highlighted by the Boston Globe of June 29, 2002, Summers stated that the removal of Shleifer and his assistant, Jonathan Hay, from the Russia project in 1997 had compromised the U.S. government's strategic aims in Russia. He added that Russian officials had bitterly complained to him, as a U.S. Treasury official, that the DOJ investigation of the Harvard program "had hampered their efforts to build a freemarket economy in Russia."

> Indeed, the HIID caper was far from being a good program gone bad. As *EIR* reported in our issue of Oct. 13, 2000 ("DOJ Sues Harvard Over Russia-USAID Scam"), HIID was an outgrowth of a series of 1991 meet-

ings held by Harvard's Prof. Jeffrey Sachs and other Western economists, such as Anders Aslund, with a group of Russian "reformers," including Anatoli Chubais and Yegor Gaidar. The latter were part of a group of young Russian economists, recruited in the 1980s by the London-based Institute for Economic Affairs (IEA), a center for radical Mont Pelerin Society free-market ideology. With funding from George Soros's Open Society Institute, among others, members of this group of radical neo-liberals were groomed for leadership positions in the Soviet Union, which was then undergoing Mikhail Gorbachov's *perestroika* reforms.

When the U.S.S.R. broke up in 1991, IEA Director Ralph Harris (the late Lord Harris of High Cross) gloated, "We criticized Gorbachov in the past for not reforming fast enough. Now the pace will be accelerated and our think-tanks can play a key role." The *Times* of London, reporting on the Harris group's plans, wrote in August 1991 that "the Thatcherites believe that the



Harvard professor Andrei Shleifer, an intimate of Larry Summers, ran a hedge fund out of the Moscow office of the Harvard Institute for International Development, which was funded by USAID.

32 National EIR April 10, 2009





EIRNS/Stuart Lewis EIRNS

A group of Russian free-market economists, trained by a London thinktank, helped destroy Russia's industry after 1991. Their actions in the late 1990s were coordinated with Larry Summers. Shown here are (clockwise from above) Deputy Prime Minister Anatoli Chubais (in 1994) and First Deputy Foreign Minister Yegor Gaidar (in 1992). Current Deputy Prime Minister and Minister of Finance Alexei Kudrin (shown here in 2004), known as the "subprime minister," is also from this clique.



World Economic Forum/swiss-image.ch/E.T. Studhalter

events of the last few days [in Russia] have created the perfect new laboratory to test their ideas." (See "Russian 'Reform' Cadre Trained by London," *EIR*, Aug. 14, 1998.)

Under Mont Pelerin Society doctrine, the criminal sector is viewed as one of the most generative parts of an economy. As Lyndon LaRouche told a Russian interviewer in 1993, "The way it's recommended in, say, Bolivia, Peru, and so forth, the Harvard Group in particular who have recommended this, [Jeffrey] Sachs's teachers, openly admit that organized crime is an integral part of their chaos process, which they say leads to the kind of capitalist economy they want to create." ("Criminality Was the Policy in Russian Reform," EIR, Sept. 3, 1999.)

Gaidar became prime minister at the end of 1991. Chubais, in charge of privatization, oversaw the "loansfor-shares" maneuvers of the 1990s, through which major industries came into the hands of upstart financial artists, soon to be known as "the oligarchs." The

crash deregulation they implemented was known as "shock therapy." The HIID, the International Monetary Fund, and Larry Summers' U.S. Treasury Department were with them every step of the way.

The legacy of the 1990s is still with Russia today, not only in the bitter taste left by the bond collapse, default, and devaluation of 1998, in

which the Harvard-Mont Pelerin policies culminated, but in the persistent influence of the personnel involved. The fact that Vladimir Mau, liaison between Lord Harris's IEA and the Gaidar government through Harris's International Center for Research into Economic Transformation (ICRET) and his own Institute for the Economy in Transition, today heads the expert council of First Vice-Premier Igor Shuvalov's government crisismanagement commission, sheds light on Moscow's inability to break with the flawed axioms underlying the global systemic crisis.

#### **Summers and the Young Reformers**

Thus, the HIID scandal was but one lurid episode in the track record, racked up by Summers and Stanley Fischer in Russia throughout most of the 1990s. The appointment of Summers to his current position has contributed to a high level of skepticism about the Obama Administration in that country—except, of course, on the part of such officials as Finance Minister Alexei

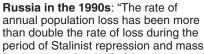
April 10, 2009 EIR National 33

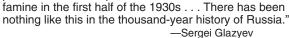
Kudrin, who comes from the same international clique as Mau, Gaidar, Chubais, and Summers.

Summers cut his teeth in the Soviet Union and post-Soviet region as a young Harvard hot-shot in 1990. He became the leading economic reform advisor to the government of Lithuania, which declared its independence from the U.S.S.R. that year. Typical of Summers' advice, the *International Herald Tribune* reported in March 1990, was that Lithuania should promote cheap labor, as a competitive advantage under globalization. "Lithuania's educated work force can produce to high standards and work for wages lower than those now paid by South Korea," he said.

According to the *IHT*, Summers was pushing Lithuania to accept a decade of austerity. "Over a decade, he foresaw a transition period in which Lithuanians tightened their belts and accepted lower living standards." As recalled by Mark Ames in a Nov. 10, 2008 article in *The Nation*, pleading against an appointment of Summers to the Obama Administration, the suicide rate doubled in Lithuania while Summers was its economic advisor, and the population voted the Communist Party back into power after two years.

# GENOCIDE RUSSIA AND THE NEW WORLD ORDER





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Economist Dr. Sergei Glazyev was Minister of Foreign Economic Relations in Boris Yeltsin's first cabinet, and was the only member of the government to resign in protest of the abolition of Parliament in 1993.

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In 1993-94, the degree of Summers' dictatorial behavior toward Russia itself began to leak out. A March 1993 Evans & Novak column pointed out that World Bank-IMF demands for Russia to bring internal prices to world market levels had been a factor in the previous year's inflation rate of more than 2,000%. Lawrence Summers, then Treasury Undersecretary-designate, was supporting this demand for oil prices, in particular.

Most remarkable were Summers' Russian interventions in January 1994. That was only three months after Yeltsin's military crushing of the elected Parliament, which had resisted the latest round of privatization and other economic liberalization measures. It was one month after the December 1993 State Duma election, in which the large vote for Vladimir Zhirinovsky's nationalist party expressed the population's rage about those events and their own plunging standard of living.

President Bill Clinton's top Russia advisor, then Deputy Secretary of State-designate Strobe Talbott, had stated that Russia needed "less shock, more therapy"—an implicit rejection of the horrific Mont Pelerin and IMF liberalization-privatization model.

But on Jan. 3, 1994, Treasury Undersecretary Summers addressed the American Economics Association in Boston. He said, according to press reports at the time, that it would be "a grave mistake, and not one that anyone in the U.S. government intends to make," to think that there might be some sort of "third way for dealing with Russian aid—a way that would make for painless reforms." Summers lied, "There is no viable alternative to the hard work of economic stabilization"—code language for IMF structural reform conditionalities. And aid, he said, should be used to mitigate the consequences, "the dislocations that are inevitably associated with reforms."

That same month, a "highly unusual joint staff note" was written by the IMF and World Bank, having been discussed and cleared, as the *Wall Street Journal-Europe* reported at the time, with Summers. Here some of the "reform and stabilization dislocations" were spelled out. According to the note, the Russian government had continued too many subsidies and credits to existing industry ("producer vested interests," the memo called it). The memo denounced Russia for failure to reduce inflation according to the standard monetarist formula. The Summers-IMF-World Bank memo further demanded that Russia "speed up the transition to the market economy." In a defense of the document after it was leaked, the IMF claimed that the hardships

34 National EIR April 10, 2009

experienced in Russia were not caused by Yeltsin's shock therapy reforms, but by the collapse of the Soviet Union per se.

Commenting on a (not necessarily accurate) *New York Times* account of disputes within the Clinton Administration, a spokesman in Summers' office at Treasury told *EIR* on Jan. 11, 1994, "Everyone here, including Larry, is very happy that the *New York Times* suggested President Clinton sided with him, rather than Strobe Talbott's 'less shock, more therapy.'"

On the same wavelength as Summers at that time was Chubais, then head of the State Committee on Privatization. Three years later, when Chubais had been brought in as first deputy prime minister, came the next Summers scandal in Russia, namely, the leak of a "Dear Anatoli" letter he wrote to Chubais, which revealed the degree of their intimacy, as well as Summers' highhanded attitude toward Russia. As published in Nezavisimaya Gazeta in September 1997, the Summers letter ordered Chubais to focus on certain tax reforms ("in such a way that the competitiveness of Western products would be enhanced," according to the report), on pushing through Production Sharing Agreements (PSA) to give foreign investors more ownership rights over Russian raw materials, and on Russia's joining the World Trade Organization.

In mid-1996, with the friends of Summers and the IMF in positions of influence under the just-reelected President Yeltsin and the Victor Chernomyrdin government, the Russian short-term government bond (GKO) market was opened up to foreign investors. The rapid inflation of the GKO bubble, which would blow out in August 1998, was under way. When that happened, Larry Summers was on the case.

About the events of Summer 1998, there are numerous accounts of Summers' hands-on role, in addition to Glazyev's. In a December 1999 article in the *Moscow Tribune*, Prof. Stanislav Menshikov recounted a confrontation he had had with Summers at a World Bank seminar in 1998. Referring to certain factional developments within the IMF and World Bank, Menshikov observed, "Summers' victory led to the further tightening of the screws on IMF policies towards Russia." There had even been a personal pledge by President Clinton for the release of a certain tranche of an IMF loan to Russia. "But," recalled Menshikov, "the President of the United States was overruled by the powerful group in Washington that is behind Summers and other architects of hard-line policies vis-à-vis Russia."

## It's Time To Reopen LaRouche Exoneration

April 2—Attorney General Eric Holder's decision to move on April 1 for dismissal of all charges against former Alaska Senator Ted Stevens raises the issue, once again, of when the Justice Department will exonerate Lyndon H. LaRouche, Jr., a victim of prosecutorial misconduct far more egregious than that employed against Stevens.

Stevens was convicted of seven counts of filing false statements on his Senate financial disclosure forms. The case centered on work done renovating Stevens' Alaska home, which was paid for by Veco Corporation and not disclosed by Stevens on his Senate disclosure forms. Stevens requested a bill for the work in a note to Bill Allen, Veco's former CEO, and the central witness in the government's case against the Senator. Allen testified dramatically at trial that while he received the note requesting a bill from Stevens, he was told by a Stevens confidant that the Senator's bill request was not serious and should be disregarded: "Ted was just covering his ass," Allen stated.

Post-trial investigation of the controversial case by Attorney General Holder revealed that DOJ prosecutors deliberately suppressed an earlier interview with star witness Allen in which he did not recall anything about the note from Stevens, a development which, in turn, suggests that Allen's trial testimony was fabricated.

Former Attorney General Ramsey Clark, who represented LaRouche in his appeal, noted at the time that the LaRouche case involved "a broader range of deliberate cunning and systematic misconduct over a longer period of time utilizing the power of the Federal government than any other prosecution by the U.S. Government in my time or to my knowledge."

With Holder's demonstrated interest in cleaning up Bush Administration prosecutorial misconduct, it is surely time for a new look at the LaRouche case.

#### Railroad

LaRouche was indicted in 1988, in Alexandria, Virginia, home of the "rocket docket," for conspiracy to

April 10, 2009 EIR National 35





Lyndon LaRouche is led from the Alexandria "rocket docket" courtroom, following his unjust conviction, on Jan. 27, 1989. With Attorney General Holder's decision to clean out the corruption in the Justice Department, it is now time to move for LaRouche's full exoneration. Right:

Eric Holder.



U.S. Governmen

conceal his tax liabilities from the IRS. He was also charged with complicity in alleged loan fraud and conspiracy to commit loan fraud.

An earlier Federal prosecution in Boston, for credit card fraud and loan fraud, collapsed amidst findings from U.S. District Judge Robert Keeton that the Justice Department engaged in "systemic prosecutorial misconduct." Jurors in that case stated publicly that had the case not mistried, they would have found LaRouche and his co-defendants not guilty, because of the government's role in creating the case.

The new Federal case in Alexandria, Virginia, was rushed through indictment and trial, in order to be brought to a decision during the last months of 1988, prior to the scheduled retrial of the Boston case, in January 1989.

The new Alexandria Federal case depended crucially on a key false witness against LaRouche on the

tax conspiracy charges—charges which were crucial to bringing and prosecuting the new case. One Marielle Kronberg presented false testimony suggesting that LaRouche took steps to intentionally conceal his actually, virtually non-existent income from the IRS during his 1979-80 Presidential campaign. In fact, he had had no known personal Federal income liability for the year 1979-80. The supposed income was a proffer of payment of author's royalties to LaRouche, but for which no

means to pay existed at that time, or later.

LaRouche was certain that no royalties had existed or would exist, and had no knowledge of the existence of the fraudulent checks which had been uttered by Kronberg, despite the lack of funds available to support them. Kronberg knew this. Yet she kept phony checks in the checkbook in her custody, and her testimony suggested that LaRouche acted to conceal income through the royalties

scheme. Without her false testimony, the tax charge against LaRouche could not have been brought, and the rest of the fraudulent Federal case against LaRouche in Alexandria would probably have been kicked back to Boston for lack of credibility on the tax charge.

Kronberg was facing possible criminal charges for kiting checks and other mismanagement of the company which published LaRouche's books, and testified falsely in order to avoid prosecution and imprisonment on those charges.

After LaRouche's conviction on the Alexandria charge, the Boston Federal case was dropped by the U.S. Justice Department. Government memoranda released long after the Alexandria trial revealed that the tax case against LaRouche was considered a civil matter by the IRS, until two LaRouche associates won the March 1986 Democratic primaries for lieutenant governor and secretary of state of Illinois. Thereafter,

36 National EIR April 10, 2009

## After Stevens Case: Will Holder Shut Abscam II?

Even the *Washington Post*, which once played a pivotal role in the black propaganda drive to railroad Lyndon LaRouche into prison, saw the handwriting on the wall in Attorney General Eric Holder's April 1 decision to throw out the conviction of former Sen. Ted Stevens (R-Ak.). Reporting on the Holder action on April 2, the *Post*'s Carrie Johnson and Del Quentin Wilber wrote: "Holder's decision invites tough new scrutiny of a unit that polices corrupt officials, and it could foreshadow a shakeup in the way the government prosecutes those crimes.... Current and former department lawyers predict an overhaul that will sweep aside senior leaders in the Public Integrity Section."

But Holder will need to go much further than a cleanup of the Public Integrity Section, according to sources familiar with the crisis at the Department of Justice and FBI. According to these sources, FBI Director Robert Mueller has launched the equivalent of "Abscam II," a political targetting of senior members

of Congress, to be framed up using the very tactics that have now blown up in the Stevens case. Sources say that, in the past year, the FBI has shifted scores of corrupt agents into the unit specifically charged with probing allegations of corruption by members of Congress. These agents, according to the sources, have been funneling half-baked allegations, wiretap data, and other illegally obtained or fabricated information to "private" think-tanks and select reporters, to build the climate for politically motivated prosecutions.

One source, who insisted on anonymity, put it in the following, blunt terms: "For the past few decades, the Department of Justice has become a haven for corrupt, incompetent lawyers, who could never make it in the private sector. It is as bad as the political corruption at Fannie Mae and Freddie Mac." The source concluded, "It is going to take a serious clean-out to solve the problem. The eight years of Bush and Cheney compounded the problem, tremendously, but this is a longer-term disease."

A second source, also speaking anonymously, concurred. "This problem goes back almost 30 years. Look at Abscam, and you see the roots of this political targetting."

—Jeffrey Steinberg

the simmering efforts to indict and destroy LaRouche and those associated with him were significantly escalated.

The loan fraud portion of the LaRouche case involved witness "deprogramming" and other witness tampering by government prosecutors, rewards to key government witnesses, use of the Loudoun County Sheriff's Department and private agents and investigators employed by the Anti-Defamation League of B'nai B'rith (ADL) to engage in witness tampering, illegal searches, and black-bag jobs. The use of these tactics, thoroughly documented in LaRouche's post-trial filings, was adamantly denied by the Justice Department, despite defense requests for disclosure prior to La-Rouche's trial.

As documented in the post-trial filings by La-Rouche's legal team, the government's participation in a constant black propaganda media campaign and deliberate financial attacks against LaRouche and his associates, dates from President Reagan's endorsement of LaRouche's Strategic Defense Initiative program in March of 1983. Yet, by early 1987, according to government documents released after LaRouche's trial, the government discovered that individuals who had loaned money to companies associated with LaRouche still refused to testify against him, despite thousands of negative media articles, huge raids, and Federal indictments. As a result, in April of 1987, the United States brought an involuntary bankruptcy proceeding against the LaRouche companies holding the loans. The bankruptcy ensured that lenders would not be repaid and, according to post-trial disclosures, facilitated the government's witness recruitment efforts.

The unprecedented involuntary bankruptcy was subsequently denounced by U.S. Bankruptcy Judge Martin Bostetter as "a fraud on the court." The fraud had been the work of the Federal prosecution in the La-Rouche cases.

April 10, 2009 EIR National 37

## **Exercise** Economics

'AN ASSEMBLY OF LUNATICS'

## Reverse the Insane G20 Decisions

by Claudio Celani

April 3—The Group of 20 meeting in London April 1, which the LaRouche Youth Movement in Germany ridiculed as "The Summit of Impudence," and French politician Jacques Attali compared to "a gathering of Alcoholics Anonymous members in a wine bar," surpassed all negative expectations. In response to the release of the official communiqué today, Lyndon LaRouche stated: "What they are proposing is the equivalent of recommending the use of cyanide for the cure of a headache. It is a permanent cure."

The kernel of the verbose and bombastic 29 points release are the statements: "We believe that the only sure foundation for sustainable globalization and rising prosperity for all is an open world economy based on market principles, effective regulation, and strong global institutions," and, "We are undertaking an unprecedented and concerted fiscal expansion... that will, by the end of next year amount to \$5 trillion, raise output by 4 percent, and accelerate the transition to a green economy."

LaRouche characterized the above statements as "tantamount to the confessions of an assembly of lunatics."

"This is fascism in its British form of Oswald Mosley. Mosley would be ecstatic, he and H.G. Wells, who was backing Mosley back in 1933. At that time, the City of London's allies on Wall Street supported Mussolini, as did the great American pragmatist, John Dewey. They also supported Hitler as the German Mussolini.

"This is fascism combined with insanity. It is a

case of the criminal mind going insane."

LaRouche stated that he hoped "there will be enough patriotic men and women in the U.S. Congress to prevent the adoption of this agreement. It would be the death of the U.S. and much more besides. It has to be stopped. It must be stamped out now."

#### Obama Manipulated by the British

In a revealing statement during one of the final press conferences, Italian Economics Minister Giulio Tremonti said: "Usually, at these summits, the sherpas, our assistants, work a lot; ministers work a lot, and prime ministers do almost nothing. Here in London, it was the opposite: We, the ministers, have done nothing and the heads of government did everything by themselves; they worked and applauded themselves, among themselves."

In this environment, British Prime Minister Gordon Brown was able to manipulate President Obama to the point that, in a press conference after the conclusion of the Summit, Obama endorsed Brown's entire agenda, personally expressing his appreciation for the work of Brown and his staff. Moreover, he claimed to have himself played a decisive role in "forging a consensus."

LaRouche pointed out that the British suckered the U.S. President, based precisely on the profile Obama has of himself, as the forger of consensus. As a consequence, LaRouche said, Obama is "on the edge of going down. They didn't have to control him, because he could control himself. This is tragic."

88 Economics EIR April 10, 2009



White House/Chuck Kennedy

Lyndon LaRouche commented on the G20 meeting in London, "What they are proposing is the equivalent of recommending the use of cyanide for the cure of a headache. It is a permanent cure." Shown: The Ship of Fools; President Obama is at the center.

"This agreement cannot be accepted," LaRouche said. "If it were, it could very well lead to riots in the United States, the break-up of the nation, and to terrorism. Therefore, this must be rejected. The U.S. must not sign any treaty agreement with these elements. No patriot will allow this to be confirmed, no matter which side of the aisle he or she is on. To sign this would be to betray the United States."

#### **Funny Money**

The worst aspect of the "unprecedented fiscal expansion" decided at the G20, is the decision to print \$250 billion in the International Monetary Fund's Special Drawing Rights (SDRs), representing the intention of going to a system of a "supra-sovereign" currency, like that advocated by George Soros, Gordon Brown, and other agents or dupes of the British Empire. As La-Rouche cited, the origin of this world currency scheme can be found in the immediate post-World War II writings of British fascist Sir Oswald Mosley, who was also the intellectual author of the European Monetary Union.

As the final communiqué states, the G20 heads of state and governments decided "to treble resources available to the IMF to \$750 billion, to support a new SDR allocation of \$250 billion, to support at least \$100 billion of additional lending by the MDBs [multilateral development banks], to ensure \$250 billion of support for trade finance, and to use the additional resources

from agreed IMF gold sales for concessional finance for the poorest countries." In total, this is a \$1.1 trillion program.

Additionally, the communiqué announces that the "unprecedented fiscal expansion . . . by the end of next year, [will] amount to \$5 trillion."

In fact, any move to replace the U.S. dollar as the world's reserve currency, as the proposed SDR scheme, at least implicitly, does, means the blowout of the entire financial system. This move, if taken any further, would crash the dollar, which would not only destroy the United States, but would blow out China and many other countries which hold vast dollar-denominated assets. The idea that Obama fell sucker to what was,

at heart, a vicious British anti-American scheme, and took pride that he was the "consensus-maker," is indicative of the magnitude of the problem.

By agreeing to the SDRs, Obama has allowed a dangerous drift towards British schemes of imperial monetary government. The SDRs are mere "bits of paper printed by IMF officials in the basement," as the *Wall Street Journal* wrote on April 1. However, once a country applies for SDRs, the loan will be denominated in a national currency. For instance, if the country wants dollars, its SDR account is debited, and America's SDR account is credited. The same goes for other national or regional currencies, such as the euro. Thus, the IMF becomes the ruling body of a supranational monetary system, which, de facto, issues national currencies over which nations have no power whatsoever.

So far, the U.S. Congress has blocked a previous IMF resolution to double its number of SDRs, because it correctly considered it to be U.S. foreign aid, whose conditionalities are not determined by Congress. U.S. lawmakers now confront a new challenge, and as La-Rouche said, if they do not act patriotically, it will be the "death of the U.S., and much more besides."

#### **The Apprentice Sorcerers**

The hyperinflationary character of the G20 decisions is no mystery to anyone. It's an intention, as Lord Ralf Dahrendorf, former head of the London School of Economics, candidly revealed in an interview March

April 10, 2009 EIR Economics 39

31. Speaking to the Italian daily *Corriere della Sera*, Dahrendorf said that "some economists speak about a 'controlled inflation,' insisting that some years of inflation between 6% and 10% will be enough to downsize the public debt. The problem is that such an inflation will be paid for by the poor and the elderly." Dahrendorf, however, believes that this is not enough. "The recovery will be long and slow, and it will not be enough to serve the interest on the debt that states are meanwhile piling up."

The long-term consequences of the crisis, Dahrendorf said, will be that, "in the end, we all shall have reduced standards of at least 20%. We shall go back to about the levels preceding Ronald Reagan and Margaret Thatcher; for some aspects, to a way of life a bit similar to the 1950s and the '60s, with much more technology but without the optimism of those decades."

Behind these words, you get the smell of utopian thinking, a stink of the same incompetence that gave us this terrible world crisis. It looks like the same people who thought they could run the world economy through mathematical-statistical models, are now casting new models and new variables and, like the Sorcerer's Apprentice, trying to fix the mess they have created with the same wrong methods. They delude themselves that they could create and manage an inflation rate that would downsize the financial debt, and in this way, resuscitate the system from bankruptcy. In the first place, they do not care if their policies will cost the lives of millions of people—there is no way the world economy could sustain a physical downsizing of 20% without genocide, especially in poor countries. Secondly, their models won't work: they are igniting something that is going to get out of control. It is like a group of people who decide to have a barbeque in the woods in Southern California, in the midst of a drought!

#### **Fake Regulation**

As a concession to French President Nicolas Sarkozy and other leaders who called for re-regulating the financial system, a few proposals were included in the G20 communiqué, which have been hailed by the media as a crackdown on tax havens and even on hedge funds, as if this would put an end to financial speculation. Nothing could be further from the truth.

A "blacklist" of tax havens was adopted, and the communiqué speaks of extending "regulation and oversight to all systemically important financial institutions, instruments and markets. This will include, for the first

time, systemically important hedge funds." This led Sarkozy to triumphally state: "The era of banking secrecy is over."

However, this view was immediately ripped to pieces by the French judge Jean de Maillard, a specialist in financial crime, in the Paris daily *Libération* on April 3.

De Maillard says one should contemplate the FBI's famous saying that, "A woman can't be a little bit pregnant," when one deals with tax havens. Instead of outlawing tax havens, or at least announcing the objective of driving them out of business, "the G20 only talks about sanctions against those that are uncooperative." Undoubtedly, says de Maillard, the state of Delaware or the City of London will never be considered as non-cooperative, while in reality ... the City is one of the most important and opaque financial markets of the world."

Looking at the OECD "blacklist" of "non-cooperative entities," which is the list adopted by the G20, only four countries are listed: Costa Rica, Malaysia, the Philippines, and Uruguay. On the "grey list" of "cooperative entities" which still have to come up with self-regulation, one finds a whole list of British dominions, such as the notorious Cayman and Virgin Islands, Luxembourg, and Monaco, but also, real nations such as Chile, Austria, or Belgium. On the "white list," naturally, one finds the U.K. (City of London), Guernsey, Malta, Mauritius, Cyprus, Ireland, and Barbados.

Of course, the wolf is assigned to watch the sheep. The Financial Stability Forum is going to be replaced by a Financial Stability Board, "including all G20 countries, FSF members, Spain, and the European Commission."

And since all Psalms end in "Glory," the G20 communiqué contains a commitment to curb financial leverage, i.e., the banks's capacity for indebtedness, as well as to restore adequate reserve obligations. This is a reference to the pre-deregulation financial system; however, this shall be implemented "once recovery is assured." In other words, the ill person is promised a cure, after he has recovered!

The G20 decisions will go down in history as an act of collective insanity by foolish leaders of nations. Their announcement of a heavier dose of the same virus that has knocked out the system will provoke another phase of collapse. The time is ripe to put a stop to all this, suspend the bailout of the bankrupt system, and start an investigation on the model of the 1930s Pecora Commission.

40 Economics EIR April 10, 2009

### **Business Briefs**

Wall Street

#### Congressional Democrats Demand Pecora Hearings

As the Obama Administration sheds the last remnants of its campaign commitments to reverse Wall Street's financial looting, two prominent Congressional Democrats—in face of stonewalling from the House and Senate Majority Leaders—have called for a new Pecora Commission to expose the criminal doings of financiers and their collaborators in government.

In mid-March, Rep. John Larson (Conn.), head of the House Democratic Caucus, published a statement in the Congressional tabloid *Roll Call*, calling for the establishment of a Pecora Commission. "We need to know the cause of the problem," he said.

"Our predecessors struggled with the same question after the stock market crash of 1929.... [Pecora's] commission went on to uncover the full range of abusive practices occurring inside the banks and laid the groundwork for a strong regulatory structure." Rather than repeating the mistakes of the past, he said, Congress needs to produce an "investors bill of rights," to protect the lifesavings of our citizens.

On March 30, Sen. Byron Dorgan (D-N.D.) broke open the droning budget debate with a fiery speech on the Senate floor calling for a new Pecora Commission to investigate the crimes of Wall Street.

Dorgan, who is on the Senate Appropriations and Commerce committees, was one of only eight Senators who voted against the 1999 repeal of the 1933 Glass-Steagall Act's provisions that had separated commercial banking from speculative investment banking. At that time, he warned that the result would be massive taxpayer bailouts of a crashing, derivatives-riddled banking system. Dorgan called for a Senate permanent investigating committee, and an independent commission like the Pecora Commission. He called for the repealed provisions of Glass-Steagall to be put back in force—in line with the bill to restore Glass-Steagall which he and Sen. John McCain (R-Ariz.) have already introduced.

He slammed the Washington Post for running a "news story" claiming that hedge funds had had nothing to do with the collapse of the system. Dorgan thundered, "How do they know that?" He concluded, saying that the present great crisis demands not petty steps, but big actions that deal with reality.

#### Credit

## IMF Reform To Bail Out City of London, U.K.?

The real basket case at the G20 Summit was clearly Great Britain, where the financial collapse of the City of London is sinking the island nation. One might ask whether the call for reforming the International Monetary Fund was a ploy by British Prime Minister Gordon Brown to have it bail Britain out. An article in the April 4 Daily Telegraph, "Britain Should Not Fear Asking IMF for Cash," reports that the intention to reform the IMF was to take the "stigma" out of accepting funds from the World Bank, which only fueled further speculation that Britain will seek a bailout.

Financial Secretary to the Treasury Stephen Timms makes the same point saying, "We have gone beyond stigma" and now, even Britain or the U.S. could seek cash.

#### Japan

### Ministries Pan Cuts In Carbon Emissions

The nation that hosted the 1997 Kyoto/Al Gore Greenhouse Gasfest has begun to redeem itself. A Japanese government report released March 27 concluded that if regulations were tightened on carbon emissions, unemployment and personal income levels would be gravely affected. Such measures, the report said, would also

harm both industries that produce and industries that consume large amounts of energy.

The "number of jobless would rise substantially should [the government] decide on a substantial emissions-cut goal in line with post-Kyoto Protocol era targets," the report said.

The report, written by a committee chaired by former Bank of Japan Governor Toshihiko Fukui, reflected research conducted under the jurisdiction of the Economy, Trade and Industry and the Environment ministries. It is designed to serve as the basis for public debate before the government decides the nation's midterm numerical emissions reduction target, following the Kyoto Protocol covering 2008-12.

#### Speculation

## **Hungary Fines Soros For Market Manipulation**

The country where George Soros received his early training at the hands of the Nazis against his fellow Hungarian Jews has given him a small payback. Soros Funds Management LLC has been fined a record EU1.61 million by the Hungarian Financial Market Supervisory Agency, PSZAF. Soros Funds Management led a speculative attack on Hungary's leading bank OTP last October. The agency levied its highest fine ever, after it found the Soros fund guilty of undue market manipulation.

On Oct. 9, 2008, Soros's London division had offered OTP shares shortly before the stock markets closed, to increase its own option profits with OTP paper. The value of OTP stocks then collapsed by 15% that day. Soros's initial response, was to admit his fund might have possibly done something wrong, and claimed he regretted the action, but that he had not been involved in day-to-day decisions for years, and that he personally never would have "done this."

Not true! As he has admitted to the *Financial Times*, Soros took back personal control of his hedge funds in 2008.

April 10, 2009 EIR Economics 41

## **INCLINITE THAT INTERPOLATION AL**

## Worldwide Opposition Grows To ICC Lies on Sudan

by Douglas DeGroot

March 31—Sudanese President Omar al-Bashir was given red-carpet treatment when he arrived in Qatar March 29, for an Arab League summit, despite the International Criminal Court's (ICC) call for his arrest. He was greeted at the Doha airport by the Emir of Qatar, and the summit welcomed Bashir warmly. Qatar is a U.S. ally, and hosts an American airbase.

In an otherwise contentious meeting, the Arab leaders expressed their full support for Bashir, "reiterating our solidarity with Sudan and our rejection of the measure of the ... International Criminal Court against his Excellency" Bashir, according to a final statement on the issue.

The purpose of the ICC stunt has nothing to do with justice in Sudan, but is intended to prevent a political solution to the rebellion that was launched from outside the country. That rebellion, in the western Sudan region of Darfur, is being used as the pretext to run a regimechange operation. Then, the preconditions for the eventual balkanization of the country would be set. The shift of conflict from the South to Darfur was organized when the Bashir government made a commitment to settle the 40-year North-South civil war, which had prevented national development up to that point. The move by the ICC endangers the Comprehensive Peace Agreement (CPA) that the government signed with the South, which ended the civil war (1955-72 and 1983-2005). Balkanization will be sped up if the CPA doesn't survive.

In addition to the Arab League, all the African nations, as well as China, have called for the ICC proceedings to be suspended, because they stand in the way of bringing peace to Darfur, and relief from the suffering there.

So far, the Obama Administration has been very cautious, refusing to get drawn into the ICC-instigated phase of the crisis. This has been somewhat of a setback for the London-based imperial financial cartel which is trying to trap Obama in Sudan. The ICC move was timed to embroil the Obama Administration, as soon as it took power, in a manipulated crisis that could ultimately be pushed to the point of U.S. military intervention, which would be disastrous for the Administration's foreign policy.

The presence of the anglophile UN Amb. Susan Rice, and the George Soros-asset Samantha Power in the Obama Administration, increases the risk that the Administration will be trapped into an aggressive intervention to deliver retributive justice. Up to now, Rice has blocked information about the reality on the ground in Sudan from reaching the President. That reality bears no resemblance to what the anti-Sudan government advocacy groups are saying.

#### The Myth of Darfur 'Genocide'

For the first time, a density of voices of senior scholars, specialists, and high-level former diplomats are aggressively challenging the myth of the "geno-



UN photo Sudan's President Omar al-Bashir has been targetted by the British Empirerun International Criminal Court for the crime of attempting to bring peace

and development to his country. Bashir is shown here addressing a

conference in Doha, Qatar, in November 2008.

cide" of 300,000-400,000 Darfurians, and denouncing the ICC warrant against Bashir as a disaster for Sudan, and a foreign policy nightmare for the United States, should it be endorsed as U.S. policy. Andrew Natsios, the Bush Administration's former Special Envoy to Sudan in 2006 and 2007, who has over 20 years of experience in dealing with foreign aid and crises; and Alex de Waal, an expert in the Darfur region, have stated that a hardline approach against the Bashir government will make the situation worse.

Lyndon LaRouche commented that the Obama Administration's decisions on Darfur and Sudan will have a fundamental impact on U.S. foreign policy; this is especially true of the U.S. position on the ICC arrest warrant.

Speaking at Georgetown University yesterday, Natsios said that if you want a solution in Sudan, you have to work with the government. He said the ICC arrest warrant made Bashir's National Congress Party stronger: other nations that didn't approve of the way the civil war in Darfur was handled, have rallied to his defense since the ICC warrant. As for the hardline approach advocated by Susan Rice, Natzios admitted that he had insisted, at a National Security Council

meeting in 2004, that a no-fly zone be established in Sudan, "but I was wrong. I used to support Susan Rice, but the policy failed."

In a *New Republic* blog March 9, Natsios warned: "I think an Obama administration policy of confrontation, military action or threats of it, and regime change may well result in a worst-case scenario of a collapsed state, more bloodshed, and human suffering on a grand scale—and certainly no political settlement to stitch the country back together again."

On the same day, de Waal (who has either lived in or worked on Darfur for more than 20 years, and is not a supporter of the Sudan government's policies there), said in the same blog, that he wouldn't count the 150 fatalities per month now in Darfur "as anything except a low-intensity conflict." He said this number includes "daylight robbery, of which there is much, and Arab inter-tribal fighting, of which there is more." He advised Obama to "recognize that ad hoc escalation over the issues of the moment will not only undermine long-term objectives, but will damage the short-

term aim of getting humanitarian programs back to where they were," before the issuance of the ICC warrant. This number of deaths certainly can't be characterized as "ongoing genocide," he added. In 2008, de Waal had reported that the death rate of children in Darfur was below what it was before the civil war started.

The ICC arrest warrant on March 4 for President Bashir, on charges of War Crimes, and Crimes Against Humanity, is the latest move by the London-based financial cartel to overthrow the Sudan government and dismember the largest nation in Africa. The intent of London's imperial move is to make any short-term political settlement of the conflict in Darfur impossible, induce the government to abandon the CPA agreement with the South, and break the commitment of Sudan, under the leadership of Bashir, to establish a unified, independent nation, a necessary precondition for economic development. Industrialization of the nation is the only way to break the decades-long cycles of violence in Darfur. The overthrow of the government and dissolution of the nation would have disastrous implications for the entire northeast African region.

#### **ICC Prosecutor Out of Control**

The ICC is not part of the UN, and none of the world's Big Four powers—the U.S., Russia, China, and India—are members. Its creation was privately funded by British operative George Soros, an admitted former Nazi collaborator, who is now the leading advocate of legalizing drug production as a way of wrecking nations in the developing sector. Lord Malloch-Brown, who worked with him on the project, is now Minister of State in the Foreign and Commonwealth Office of the British government with responsibility for Africa, Asia, and the United Nations.

ICC prosecutor Luis Moreno Ocampo is so intent on "getting" Bashir, that his publicity-seeking and extravagant claims have alienated many among the ICC staff. Some have accused him of grandstanding, according to reports. Many of them have quit.

Even the three-judge pre-trial ICC chamber which had to determine the veracity of the charges, threw out the genocide charges demanded by Moreno, and he has appealed to have this charge reinstated. But his former senior trial attorney for Darfur, Andrew Cayley, who quit his position at the ICC in 2007, wrote before the warrant against Bashir was issued, that: "Serious disagreement remains as to whether Al Bashir and the Sudanese government intended actually to destroy, in part, the Fur, Masalit and Zaghawa peoples of Darfur." Cayley added: "It is difficult to cry government-led genocide in one breath and then explain in the next why 2 million Darfuris have sought refuge around the principal army garrisons of their province." He also pointed out that, "One million Darfuris live in Khartoum where they have never been bothered during the entire course of the war."

As senior trial attorney at the ICC, Cayley was responsible for the investigation and prosecution of serious violations of international humanitarian law in Darfur, which he began in February 2005. Before that, he was a senior trial attorney at the ICC for the former Yugoslavia.

A founder and former president of Médecins Sans Frontières (Doctors without Borders), Rony Brauman, was also critical of the genocide charge, considering how, in some cases, Darfuris had sought refuge near government installations: "Can one seriously imagine Tutsis seeking refuge in areas controlled by the Rwandan army in 1994? Or Jews seeking refuge with the Wehrmacht in 1943?" he asked. Médecins Sans Frontières has a presence in Darfur, which provided an accurate source for Brauman.

#### Who Is Bashir?

Bashir came to power in 1989, in a coup organized by Hassan al-Turabi, the leader of the Sudan branch of the Muslim Brotherhood, which has been controlled from London since its inception. Turabi would not have been able to pull off a coup without at least a faction of the military, so he brought in Bashir, who was then a colonel in the Sudanese army.

Turabi attempted to create a radical Islamic government. He invited Osama bin Laden to Sudan, and began trying to build up capabilities in other African countries, to intervene in their internal affairs. This turned Sudan into a pariah country.

In 1999, when Turabi was on the verge of taking full control of the government, a leading Islamicist collaborator of Turabi's established a nationalist government. With Turabi out, the government began moving toward a settlement with the South, to end the civil war. The CPA agreement with the South was signed in Nairobi, Kenya, Jan. 9, 2005. On Jan. 11, Bashir told a crowd of 15,000 mostly Christian Sudanese in the southern city of Malakal: "We will build schools and hospitals and provide clean drinking water, electricity, and development projects." The war had raged in and around Malakal for years. "From now on, there will be no more fighting, but development and prosperity," he said. He called for ending dependence on foreign relief and becoming self-sufficient by cultivating Sudan's own arable land.

But, two years earlier, two groups formally mounted a rebellion against government institutions in Darfur, the poorest region of Sudan. One group, the Sudanese Liberation Army (SLA) was secular; the other, the Justice and Equality Movement (JEM), was founded by close Islamicist associates of Turabi.

In a region which was already the scene of violence and conflict, the rebellion led to a further breakdown of law and government authority. The government counterinsurgency crackdown in the 2003-04 period, in Darfur, before the CPA was signed, was the most violent period of the conflict.

#### What Has Really Been Going On in Darfur?

Are the charges against Bashir, which have been endlessly repeated by the media, true? The anti-Bashir activists do not address the whole truth.

As Mahmood Mamdani, Herbert Lehman Professor of Government at Columbia University, points out, the ICC's Moreno charged Bashir with 1) polarizing Dar-

FIGURE 1



U.S. Central Intelligence Agency

furi tribes into two races (Arab, and Zurga, or Black); 2) waging a violent conflict (from 2003 to early 2005), which led to ethnic cleansing of Zurga ethnic groups from their traditional lands; and 3) planning the malnutrition, rape, and torture of internally displaced persons (IDPs), so they would die slow deaths in the camps. Moreno claimed this went on from 2003 until the application for the arrest warrant was filed in 2008.

Racialization of population groups was begun by the British during the colonial period, when the British tried to organize two confederations. The nomads were considered "Arab," and the cultivators were "Black." Policy was based on these distinctions. The British gave land rights, or a homeland, to the groups they called Blacks, but the nomads, who had no such rights, never constituted a single racial group. Arab tribes in Sudan, says Mamdani, did not come from the Middle East, but were indigenous groups that became Arabs, beginning in the 18th Century. There is no single history of Arab tribes in

Sudan. The nomadic Arabs are the poorest people in the country, and among them, the camel herders of North Darfur are the poorest of all.

The Arab cattle-herding nomads of South Darfur were never involved in governmentorganized counterinsurgency from 2003 on. Those who were involved, were the camel herders, who were losing their assets as their camels died because the desert was spreading south, and nomadic refugees from Chad, of the Zaghawa tribe, also with no land rights, and very poor. So the idea being propagated by the media, and used as an argument by Moreno, that Arabs are a unified group, attacking black Africans, has been made up to demonize people who are called Arabs. In fact, both Arabs and groups referred to in the media as African, look alike, and originate from the same indigenous grouping that originally existed in the region.

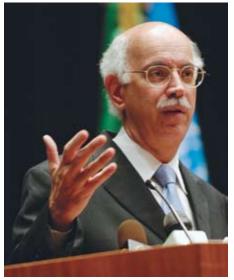
The fighting has been over access to land that can support a human population. Because Sudan, like most of Africa, has not been able to industrially develop, and to provide a means of human existence, the growing population in Darfur has had to eke out an existence in the most marginal of areas. This is further aggravated by the desert expanding south.

In the system set up by the British, the nomads did not have a homeland, and had to fend for themselves, making arrangements with the sed-

entary population, to allow their animals to graze the fields after harvest, and so forth.

The fighting, which was taking place before Bashir took power, was triggered by the British-organized land system, the expanding desert, the Cold War, the conflict over Chad, and the government's campaign against the insurgency led by three major tribes in Darfur: Fur, Masalit, and Zaghawa.

The 1980s conflict over Chad saw Libyan leader Moammar Qaddafi, with some Soviet support, trying to get control of Chad, with the United States, France, and Israel supporting opposing factions. Qaddafi was also trying to Islamicize the African countries bordering the Sahara, by arming an Islamic Legion. Darfur then became awash with small arms for two decades before the anti-government rebellion, since Chadian opposition groups were mobilized and armed in Darfur. As a result, the traditional tribal conflicts in Darfur, i.e., the civil war over land, was militarized. One result of this,





UN/Fred Nov

Overseas Development Institute

Both Andrew Natsios (left), the Bush Administration's former Special Envoy to Sudan, who has over 20 years of experience in dealing with foreign aid and crises; and Alex de Waal (right), an expert in the Darfur region, have stated that a hardline approach against the Bashir government will make the situation worse.

was that the traditional forms of leadership fell apart. The young people had arms, and would no longer abide by the wishes of their elders. An extremely brutal war occurred in Darfur from 1987-89, before Bashir became the head of state. Thousands were killed, and many villages burned.

Once the counterinsurgent militias were organized from among the poorest elements of the nomadic population, they seized land of the sedentary population, so they would have a place to graze their herds.

#### **Sophistries Used To Hide the Truth**

Moreno and the anti-Sudan movement use four sophistries so all the blame can be put on Bashir, for the benefit of the duped anti-Sudan activist movement:

- that the length of the conflict coincides with the Bashir Presidency. In fact, it began as a civil war in 1987, which is long before the beginning of the rounds of insurgency and counterinsurgency in 2003;
- that all the deaths above the normal death rate in Darfur resulted from violence. But World Health Organization sources, seen as the most reliable by the U.S. Government Accountability Office in 2006, report that 70-80% were caused by drought-related diarrhea, and the rest by direct violence;
- Moreno and the media blame all of the violent deaths and rape on Bashir, who is charged with being personally responsible. Natsios, however, in testimony

before the Senate Foreign Relations Committee on April 11, 2007, indicated that it was not so simple: "The government has lost control of large parts of the province now. And some of the rapes, by the way, that are going on are by rebels raping women in their own tribes. We know in one of the refugee camps, it's now controlled by the rebels, formally.

"There have been terrible atrocities committed by the rebels against the people in the camps."

The truth is that soldiers, rebels, and the paramilitary Janjaweed have carried out rapes and killed civilians. Figures recently released by the UN-AU

Mission in Darfur (UNAMID), which does not make inferences and extrapolations, but keeps track of each individual death, including its circumstances, calculated that the number of conflict-related civilian deaths in 2008 amounted to 1,520, of which 600 resulted from conflicts over grazing lands among Arab tribes. Of the remaining 920, UNAMID reported that more civilians were killed by rebel movements than by government-organized counterinsurgency forces, according to Professor Mamdani.

• The last sophistry, or outright lie, is that, since the beginning of the counterinsurgency in 2003, the situation has not changed in Darfur. In fact, UN sources show a sharp drop in mortality rates since early 2005.

The perception managers who control the anti-Bashir activist crowd must not come cheap. Mamdani reported that he once asked the top UN official in Khartoum how much of the money raised by the Save Darfur Coalition made its way to Sudan. The official's reply was: None.

The AU peacekeeping force got the fatalities way down by early 2005. At a later point, all sides were on the verge of an agreement, when the EU, through a bureaucratic maneuver, interfered with the pay to the UN troops, and the deal fell apart. In 2007, a deal was again close, and George Bush picked that time to announce more sanctions against Sudan, which again killed the deal.

# U.S.-Iran Parley at The Hague: A Watershed?

by Ramtanu Maitra

Even if the March 31 non-event of the U.S.-Iran meeting at The Hague is summarily forgotten, the informal talks between U.S. envoy to Afghanistan-Pakistan Richard Holbrooke, and Iranian Deputy Foreign Minister Mehdi Akhundzadeh, could surely be turned into a breakthrough, by bringing Iran into the effort to solve the despicable mess created by the previous U.S. Administration. While Tehran is keeping a lid on the meeting, U.S. Secretary of State Hillary Clinton said that the talks between Holbrooke and Akhundzadeh were promising, if not "substantive." "They agreed to stay in touch," Clinton said, at the close of a one-day conference on Afghan security and development, which was designed partly to invite Iran to help United States untangle the Afghan mess, which had been vastly exacerbated by the explosion of the opium trade on the watch of the Bush-Cheney Administration.

At the meeting, Akhundzadeh said his country is ready to work with the international community in the fight against drugs being exported from Afghanistan, and with Afghan reconstruction efforts. Expressing Iran's willingness to cooperate in the fight against drug trafficking and in the reconstruction of Afghanistan, he also made it clear, in remarks the previous day, that the Obama Administration had made a serious mistake by committing more troops to Afghanistan.

#### A Ray of Hope

On March 30, at The Hague, Akhundzadeh said, "Since the inception of the current government in Afghanistan, Iran has always believed that Afghanistan's foundation is based on localization of the affairs of that country. The presence of foreign troops cannot bring peace and stability for Afghanistan. It encourages radicalism.

"This policy that others [i.e., the West] decide for the Afghan nation and for the Afghan officials does not work out any more.... The military expenses need to be redirected to the training of the Afghan police and army, and 'Afghanization' should lead the government's building process," he added.

On the American side, Holbrooke argued that it made sense for Iran to be included at an international conference involving Afghanistan's neighbors. "How can you talk about Afghanistan and exclude one of the countries that [is] a ... neighboring state?" he said. Holbrooke's strong endorsement of Iran's participation is important, since he is on record as being keen to stop the opium explosion in Afghanistan, and Iran is perhaps the greatest victim of this scourge.

On Oct. 17, 2008, in a keynote speech at "Afghanistan Today: Drugs, Detention and Counterinsurgency," a day-long conference hosted by the New York University School of Law Center on Law and Security, and co-sponsored by the New America Foundation, former UN Ambassador Holbrooke had condemned the U.S.led drug eradication program, which he called "the single worst American foreign-assistance program I have seen." "This is not only a waste of money, but it actually helps the enemy," he argued. "It's a recruiting tool for the Taliban. What they're really doing is helping one drug guy against another in a local competition for market share. Drug eradication will succeed only if drug lords, rather than small farmers, are targeted—and only if Afghanistan's economy is re-hauled with irrigation projects, new roads, and the distribution of seeds and fertilizer," he said.

The development of U.S.-Iran talks will be watched carefully, and with great hope, across the world, particularly in Beijing, New Delhi, and Moscow. Another positive outcome of the meeting could have been the effect it had on the reportedly cordial meeting of President Barack Obama with Russian President Dmitri Medvedev in London on March 31.

The two leaders, attending the G20 summit vowed in a joint statement, to "move further along the path of reducing and limiting strategic offensive arms." They also agreed to seal a deal on a new nuclear disarmament scheme, that would attempt to "mutually enhance the security" of both states. Obama said that the current nuclear Non-Proliferation Treaty (NPT) was obsolete, and that a revised version to replace it next year would establish that non-nuclear states could not enrich uranium, as Iran is doing now, based upon the present NPT regulations.

The positive developments between Obama and Medvedev may reflect Russian approval of Washington's new approach towards Tehran. In a March 31 interview with *Time* magazine, Russia's Ambassador to NATO,

FIGURE 1

Southwest Asia Heroin Flows



Dmitri Rogozin, said: "All the issues of Iran will be decided on what we have more of in our talks—the hope for peace or the 'hope' of threats." Rogozin told *Time* that Russia could hold back on delivering the enhanced air defenses if Obama signals a change in Iran policy. "The best thing that Washington can offer [Russia] is realigning its own attitude with Iran," said Rogozin.

Not everyone was happy, though. From Tel Aviv, Israeli Prime Minister Benjamin Netanyahu, in order to activate the powerful Israeli lobby in the United States, raised his Nazi-like voice, threatening attack on Iran. In an interview with the U.S.-based monthly *The Atlantic*, Netanyahu "set" the guidelines for the U.S. President, saying, "The Obama presidency has two great missions: fixing the economy, and preventing Iran from gaining nuclear weapons."

#### In Tehran, What Gives?

There is little doubt that Tehran likes what Holbrooke says. For the last eight years, the Iranian people have been ravaged by the West's policy, led by the Bush-Cheney-Blair cabal, with its neocon cheerleaders on the sidelines. The Afghan opium explosion affected no other nation as badly as Iran. Despite repeated appeals to the United Nations for help against the ravages of the drug traffickers, Iran's voice remained unheard in the West.

In 2003, when the U.S. invasion of Afghanistan had begun to turn that country into an opium lab, the head of the UN Office on Drugs and Crime (UNODC), Antonio Maria Costa, in an interview with the Iranian news

agency, IRIN, pointed out that he had visited rugged, porous mountain passes, where the Iranian commanders warned him that this was not a war they could fight on their own, and that increasingly sophisticated equipment was needed to keep up with the smugglers. Costa told IRIN that his "assessment is very positive, certainly in terms of the commitment on the part of the authorities to do the utmost, to reduce and control the flow of narcotics from Afghanistan. Obviously the country is facing a very serious situa-

tion of drug addiction. I have seen, by meeting with the authorities and visiting premises, including treatment facilities and so forth, that even in the area of prevention and treatment, the effort by the authorities is very significant...."

He also said in clear terms, "obviously the country is, in a sense, under attack because of its geographical position, by trafficants from the east, from Afghanistan, trafficants of opium and heroin. There is a very significant amount of hashish also being trafficked partly from Afghanistan, but also from Africa. In the course of the morning, Minister Hashemi [the secretary-general of Iran's Drug Control Headquarters, Ali Hashemi] was manifesting concern about the amount of synthetic drugs which are coming from Europe, so whether you look at north or east or west or south, Iran is a crossroads of narcotic trafficking." (**Figure 1**)

#### Iran's Anti-Drug Efforts

It is relevant to note that Iran, upon which the scourge of drugs was unleashed by the Bush-Cheney-Blair troika, is a party to the Paris Pact mechanism initiated in May 2003 for countries affected by trafficking in Afghan opiates. In April 2004, Iran signed the Berlin Declaration on Counter-Narcotics, providing for increased cooperation among Afghanistan and its neighbors, and the establishment of a security belt around Afghanistan (the so-called "Six-plus-Two" group, comprising Afghanistan's six neighbors, as well as Russia and the U.S.). In particular, under the SAID Initiative

(Strengthening Afghanistan Iran Drug Control Border Cooperation), Iran proposed to train Afghan experts in countering drug trafficking, and co-finances the establishment of 25 new checkpoints along the border in Afghan provinces of Herat, Farah, and Nimroz.

Moreover, Iran is a party to several narcotics control memoranda, signed under the auspices of the Regional Gulf Cooperation and the Economic Cooperation Organization (ECO). Iran is a signatory to the Protocol on Drug Matters with the ECO countries, which established a Drug Control and Coordination Unit (DCCU) as a part of the ECO Secretariat, based in Tehran. Since 2000, Iran has hosted annual Conferences of Drug Liaison Officers posted in Pakistan and Turkey.

In May 2007, the year Afghanistan produced more than 6,000 tons of opium, Presidential Advisor and head of Iran's Drugs Campaign Headquarters Esmaeel Ahmadi-Moqaddan called for cooperation among Iran, Pakistan, and Afghanistan to resolve the problem of drug trafficking in the region. Ahmadi-Moqaddam also said that others may think Iran has a police approach in this respect, but the country pursues its comprehensive plan to fight the problem.

The Permanent Representative of UNODC to Iran, Roberto Arbitrio, said, "I have witnessed extensive efforts by Iranians to fight drug trafficking and transition in borders."

In 2007, UNODC director Costa, pointing out that not all the opium and heroin smuggled across the Iranian border stays in Iran, had warned that Europe could be hit by a "heroin tsunami" if anti-drug aid is blocked. "We should definitely assist in this respect," he told the Associated Press, adding, "Iran is a front-line country."

The UNODC's man in Tehran, Arbitrio, told the AP that fighting the drug war should be seen as "a non-political area of mutual interest." "Cooperating with Iran in Afghanistan on this and other issues is not a favor we do for Iran—but something we need to do in our own interest," Barnett Rubin, who is now an advisor to Holbrooke, also told the AP.

#### Blackmail from Bush/Cheney/Blair

However, in June 2008, the West threatened to withdraw further anti-drug assistance unless Tehran complied with its demands that it halt uranium enrichment! The threat came in a package of incentives, presented June 14 by the five permanent members of the UN Security Council (the U.S., France, Britain, China, and Russia) and Germany, in a bid to get Tehran to change

its nuclear policy. The package promised Iran "intensified cooperation in the fight against drug trafficking" from Afghanistan, but only if it first stops uranium enrichment. Tehran insists it has the right to use such technology and says its nuclear program is only for peaceful purposes.

"Fighting drug trafficking should not be politicized," said Ismail Ahmadi Moghaddam, the top antidrug official in Iran. "When narcotics reach Europe, it is the people, not governments that suffer."

But the threat to cut off anti-drug assistance to Iran suggests that the dope trade was a conscious policy of the Bush-Cheney-Blair cabal, with the purpose of bringing Iran to its knees through a thousand cuts, including the use of drugs. Delivering those thousand cuts depended on creating an opium explosion in Afghanistan under the watch of U.S. and European troops associated with the NATO.

There is no doubt that the opium explosion could have been averted, if that had been the intention. The U.S. Drug Enforcement Administration (DEA)'s advocates in the U.S. Congress argue that the Pentagon could undermine the insurgency by combating the drugs that help finance it. But, military officials claimed they could not divert resources from the task of fighting the Taliban and its allies. And, the representative of the Bush-Cheney-Blair troika, U.S. Secretary of Defense Donald Rumsfeld, was on record saying Afghanistan's flourishing opium trade is a law enforcement problem, not a military one. It would be "mission creep" if the 21,000 U.S. troops (in 2007) in Afghanistan were to turn their attention to combatting the opium traffic, Rumsfeld insisted.

While it is evident that the troika, as well as Israel and the Saudis, used the Afghan opium explosion in the post-invasion period to weaken Iran, the process also strengthened the Taliban, who, the American people were told in the Winter of 2001, were the "real target" of the U.S. invasion.

Yet, there were some, even within the Bush Administration, who fought against this policy, but they were pushed out. One such fighter was Assistant Secretary of State Robert B. Charles (2003-05), who served under Secretary of State Colin Powell. In testimony before a Congressional hearing, in April 2004, on "Afghanistan: Are British counter-narcotics efforts going wobbly?" Charles said: "In Afghanistan there are no more urgent and fundamental issues than the drug situation, which if left unchecked, will become a

cancer that spreads and undermines all we are otherwise achieving in the areas of democracy, stability, anti-terrorism and rule of law."

The "cancer" that Charles identified almost five years ago, has spread far and wide, converting hundreds of thousands in Iran, Pakistan, Russia, and Europe from functioning human beings to dysfunctional drug addicts.

The U.S. plan to halt poppy production by spraying the crops from the air could have helped the rest of the world, and Iran in particular, had it been implemented, as part of a coherent strategic policy as suggested by Holbrooke in his October 2008 speech. But it was challenged by the British government, the World Bank, and Afghan President Hamid Karzai. The U.K. favors manual eradication, with offers to farmers of alternative livelihoods, over the U.S. strategy, as in Colombia, of spraying crops. The U.K. approach was labeled by U.S. officials as "naïve and insufficient." In his testimony before Congress, Charles accused Britain of squeamishness. British diplomats were reported to be furious.

Strong opposition to an effective anti-drug strategy came also from the London and New York bankers. And no wonder: In an interview with the Austrian weekly *Profil*, in January 2009, the UNODC head Costa said: "In many instances, drug money is currently the only liquid investment capital.... In the second half of 2008, liquidity was the banking system's main problem and hence liquid capital became an important factor." The UNODC had found evidence that "interbank loans were funded by money that originated from drug trade and other illegal activities," Costa was quoted as saying. There were "signs that some banks were rescued in that way." Israel-Palestine

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#### Israel-Palestine

## End British Mandate System of Injustice

by Michele Steinberg

April 1—On the eve of the inauguration of the Netanyahu war government in Israel, a couple of hundred people attended a conference on March 28-29 at the University of Massachusetts, Boston, titled, "One State for Palestine/Israel: A Country for All Its Citizens?" More than 30 speakers, including professors and scholars on Middle East studies from the most eminent universities in the U.S., Britain, Israel, and Canada, made presentations that, in total, represent a shocking notification to the U.S. foreign policy establishment. Their collective message, based on years of study and fighting for political and human rights, is that it is time to give up the pretense that Israel has any intention of creating a sovereign, independent Palestinian state alongside Israel, based on the borders prior to the 1967 Arab-Israeli War; on United Nations Resolution 242; on the Oslo Accords; or, on the so-called "Road Map," the stillborn baby of the George W. Bush Presidency that created the cover for mass violence against the Palestinian people.

This was not an academic exercise. Several of the Jewish speakers, in particular, warned that there will be more massive Israeli attacks, like that against Gaza, on the Palestinians—and soon. But while no conference on the Israeli-Palestinian crisis could have taken place without including discussion of Gaza and Operation Cast Lead, in which the Israeli Defense Forces killed an estimated 960 women, children, and elderly civilians, out of the about 1,400 dead, the conference was not a sudden reaction to the latest Gaza operation. Rather it was planned months in advance, a studied effort to present a solution with parameters that go outside the "politically correct" bowing down before the "two-state solution," that has been repeated so often that it has become meaningless.

The speakers provided a thought-provoking examination of the apartheid system in Israel—the country that is sustained in its present form *only* by massive

annual aid from the United States, and which had been called the "only democracy" in the Middle East by the criminally stupid Bush-Cheney Administration. More significantly, the collaboration of the many Palestinian, Jewish, Muslim, and Arab scholars, provided a framework that could end the hideous legacy of the British mandate system in Palestine, and bring about justice for both Palestinians and Jews.

After eight years of the Bush Administration; after the civil war inside the Palestinian camp, following the U.S.-European ostracizing of Hamas after its election victory; and after the clear victory of the fascist/religious right in Israel, a large number of organizations and academics, both Jewish and Palestinian, from universities in England, Canada, Israel, and the U.S., have concluded that the two-state solution is dead, and undesirable in any case under current circumstances. In the 16 years since Oslo, the Palestinian Authority is weakened beyond belief, and about half the members of the Palestinian Legislative Assembly are rotting in Israeli jails.

The presentations made clear that the debate in Washington over solving the Israel-Palestine crisis has been made so narrow, as to be almost useless. The "two-state" mantra leaves out the millions of "stateless people"—the Palestinians who have lived in the refugee camps for generations, since the "nakba," the expulsion by violence of Palestinians from their homes in what is now Israel. It leaves out the state of "apartheid" and second-class citizenship for Palestinians who live in Israel, and especially Jerusalem, where a Palestinian baby born is not even given the dignity of a birth certificate. It leaves out the very definition of "sovereignty" and the end of colonialism as envisioned by President Franklin D. Roosevelt, and spelled out in FDR's frank discussions with Winston Churchill. It leaves out the principles of the Peace of Westphalia of 1648, which Lyndon LaRouche has repeatedly spelled out as the only solution to the religious wars that have been deliberately ignited by the Anglo-Dutch oligarchy following World War II.<sup>2</sup> Other than the Westphalia principle, which has been uniquely developed in recent years by Lyndon Lyndon and Helga Zepp-LaRouche, all of these other issues were powerfully addressed at the conference.

#### Renewing an Old Fight

This is a discussion that is not easy for Washington to swallow; it challenges the very fundamentals of a "Jewish" state, that is, a state where the privileges of citizenship, property, marriage, inheritance, ownership, and freedom of movement are given to only one religious group, and where security considerations treat "the other" as an enemy within. It is a debate which has been largely buried since 1988, when the Palestinian Liberation Organization recognized the existence of the State of Israel, and constituted itself as a government-in-exile with a Palestinian National Congress (PNC). The debate was further closed, reported many Palestinian speakers, after the signing of the Oslo Accords in 1993, where the PLO, in order to create the Palestinian National Authority, gave up representation of the Palestinians living inside Israel, those in refugee camps, and those in the diaspora, who had previously been part of the PNC.

But, it is clear that Washington will be hearing far more of this renewed debate. In fact, immediately following this conference, about two-thirds of the University of Massachusetts speakers addressed the Second Annual Conference on Gaza, sponsored jointly by Harvard University and MIT, where they joined Rep. Keith Baird (D-Wash.), who was the first Congressman to visit Gaza since 2006, immediately after Operation Cast Lead; Henry Siegman, director of the U.S./Middle East Project; and Dr. Richard Falk, UN Special Rapporteur on Human Rights in the Occupied Palestinian Territories, who has called for an "expert inquiry" to investigate allegations of war crimes committed in the Gaza War.

#### What Is the Most Just?

The composite picture presented by many of the speakers, especially those who have lived in Israel, or in the Palestinian territories, demonstrated that whatever the ideals had been in the Oslo Accords, they are now *gone*. From 2000 to 2009, more Jews and Palestinians have died in fighting than in all of the years from 1948 to 2000, according to Dr. Norton Mezvinsky, a Jewish professor at Central Connecticut State University; at the time of the Oslo signing, there were 109,000 Jewish settlers in the Occupied Territories; now, there are over 235,000, even though the expansion of settlements was outlawed, reported Palestinian leader Prof. Nareer Aruri, from the University of

<sup>1.</sup> Elliott Roosevelt; *As He Saw It* (New York: Duell, Sloan and Pearce, 1946).

<sup>2.</sup> Helga Zepp-LaRouche, "Peace of Westphalia Is a Model for Today," *EIR*, Aug. 25, 2006.

Massachusetts, Dartmouth; and the "Wall" has stolen more land and water from Palestinians, reported numerous speakers, documenting the increased immiseration of the Palestinian people since the creation of the Palestinian National Authority.

The solution is to go back to fundamentals, the principles of sovereign nationhood and equal rights for all states.

As the Jewish speakers, both Israeli and non-Israeli—including Mezvinsky, former deputy mayor of Jerusalem Meron Benvinisti, Prof. Joel Kovel, Dr. Mark Ellis, author Ilan Pappe, and Dr. Gabriel Piterberg—made clear, this is not an easy fight now, nor has it ever been. To be a champion of democracy in the Israeli-Palestinian debate is to be branded "anti-Semitic" or, the Anti-Defamation League's favorite cry of ostracization, a "self-hating Jew." But the ideas that they provided for opening the debate are powerful.

Piterberg broke the ice on the ADL's insults, quipping that, as the son of a Jewish mother, how can he described be as "self-hating"? Mezvinsky, who claimed to have the most difficult topic, "Mobilizing World Jewry" to support a strategy for "building one country, secular and democratic," presented a tour de force of the historic debate on Zionism, with so many writings and speeches of 19th- and 20th-Century Jewish rabbis and scholars against Zionism and the British-sponsored Zionist colonists, that he (like many other speakers) barely had time to scratch the surface. Ellis, the author of a new book, Judaism Does Not Equal Israel, referenced how Israeli Jews who criticize the occupation, and who have written or spoken out against the immorality of Israel's treatment of Palestinians, have been ostracized and exiled. Speaking on "Israel, Ethnic Particularism and Universalist Values," Ellis concluded with the idea that the State of Israel cannot exile Jews of Conscience, but rather that history will see the "Jews of Conscience" travelling into exile, "carrying the Covenant."

Palestinians Ali Abunimah and Omar Barghouti, who spoke respectively on the first panel, and in the closing colloquoy, laid out all of the essentials about the intolerable conditions that Palestinians live under, the political obstacles to discussing a single democratic and secular state, and how to proceed with organizing for this idea. Salman Abu Sitta, coordinator of the Right of Return Congress, presented excellent documentation, with all necessary maps and coordinates, demonstrating that the return of Palestinian ref-

ugees would be actually a very minor disruption of the current population distribution of both Israel and the Palestinian territories. And Boston University law professor Susan Akram provided a detailed review of the United Nations' actions, and international law precedents for the return of the Palestinians, and how security and justice in "one country for all its citizens" can come about in Israel/Palestine.

Is a single state the only solution? No, but these scholars, after the last decade, view it as the most just, and perhaps the only one.

#### **Regime Change**

Author Ilan Pappe warned the conference attendees that the battle for creation of one single, secular, democratic state of Israel and Palestine, is nothing less than calling for "regime change," in Israel. Not just the change of a current regime, but of 100 years of "facts on the ground," including the totality of postwar U.S./European policy.

One of the final speakers at the conference was Dr. Ghada Karmi, author of the book *Married to Another Man*, which takes its extraordinary title from an 1897 report to the rabbis of Vienna on the prospects for a Jewish state in Palestine. After a fact-finding mission to Palestine, the report concluded, in the best tradition of Yiddish Renaissance humor, "The bride is beautiful, but she is married to another man."

Karmi concluded her presentation by reading excerpts from a 2007 draft resolution for the UN General Assembly that she co-authored. The resolution reviews the UN resolutions that were passed by the Security Council and accepted by Israel as a precondition for Israel's membership in the United Nations, in 1949. She explained how Resolutions 181 and 194 explicitly demand a full right of return for all Palestinians who were kicked off their land in 1948. Israel has violated UN resolutions and the UN Charter itself, even though Israel's membership is explicitly predicated on full compliance.

The proposed 2007 UNGA resolution abolishes the partition, and establishes a single state in the land between the Jordan River and the Mediterranean Sea, to be a democratic, secular state, under a new constitution, to be drafted by a representative body of the Palestine/Israel state. Karmi explained that if one member-state of the General Assembly introduces the resolution, it would have to be debated by the full Assembly.

### The Netanyahu Government

## Israel Moves Closer To Attacking Iran

by Dean Andromidas

April 3—The swearing in of Benjamin Netanyahu as Israel's Prime Minister on March 30 brings Israel one giant step closer to launching an attack on Iran. But if Israel attacks, it will not be to stop Iran's alleged nuclear weapons program, but rather to overturn the Obama Administration's foreign policy, which features hammering out an Arab-Israeli peace and opening a dialogue with Iran. Netanyahu is not working for Israel's national interests, but as an agent of the British Empire, which is determined to destroy any policy that threatens to overturn its domination of Southwest Asia since the Sykes-Picot agreements of 1916, which carved up the Ottoman Empire between France and Britain.

In a statement released on March 23, Lyndon La-Rouche warned that the Obama Administration is facing a "breakaway ally" scenario, whereby Israel would launch war on Iran: "We have an ally, Israel, that is no longer capable of rational behavior," said LaRouche. "What you have being pulled together in Israel is a war cabinet, including [Defense Minister Ehud] Barak for Labor—the same Barak that ran the Gaza operation." LaRouche drew the parallel between how we must deal with Israel, and the precautions you take with a mentally-ill member of your family. It is also evident that former British Prime Minister Tony Blair is pushing Israel to launch an attack on Iran, LaRouche said.

Wasting no time, Netanyahu threatened Iran at the swearing in of his government at the Israeli Knesset. After some sophistries about "lasting peace," Netanyahu raved: "The greatest danger to the State of Israel and to all of mankind will come from a radical regime that will try to arm itself with nuclear weapons."

The next day, *Ha'aretz* columnist Aluf Benn asked the question: "Does his return as prime minister necessarily bring Israel nearer to war with Iran?" To which he answered: "In political circles the view is that yes, Netanyahu as prime minister brings Israel closer to war with Iran. Politicians in touch with Netanyahu say he

has already made up his mind to destroy Iran's nuclear installations.... The basic assumption is that diplomacy and sanctions will not gain a thing, and the only way to stop Iran's nuclear program will be by force, which only Israel is motivated to apply."

Benn added, "Netanyahu is counting on Barack Obama, and on their meeting next month, where he will tell Obama that history will judge his presidency over the way he handles the Iranian nuclear program."

In the days before his swearing in, the Israeli and international media were filled with stories of an alleged Israeli attack in January on a convoy of trucks in Sudan, supposedly laden with Iranian-supplied weapons destined for Hamas in the Gaza Strip. Although not confirmed by any government, including that of Israel, the story was used to build up a drumbeat against Iran, just as an Iranian delegation was being welcomed at a U.S.-led international conference on Afghanistan in The Hague (see article, this section). Quoting unnamed Israeli sources, *Time* magazine reported that "dozens of aircraft" participated in the attack, which was 1,600 kilometers from Tel Aviv. The fact that this distance is the same as from Tel Aviv to Tehran did not go unnoticed, as a "warning for Iran."

#### Netanyahu's War Cabinet

While Netanyahu has assembled a monster coalition of six parties and a Cabinet of 30 ministers, the key to whether Israel goes to war will be determined by the security cabinet. Although not officially named, *Ha'aretz* reported on April 1 that it will include Netanyahu, Defense Minister Barak, Foreign Minister Avigdor Lieberman, and Strategic Affairs Minister Moshe Ya'alon, all of whom want to attack Iran.

The most dangerous is **Netanyahu** himself. He grew up in the shadow of the fascist and Zionist revisionist Vladimir Jabotinsky (1880-1940), the spiritual father of the Likud and a top British agent. Although "Vladimir Hitler," as Israel's first prime minister, David Ben-Gurion, called him, died long before Netanyahu was born, his father, Ben Zion Netanyahu, was not only a devoted disciple of Jabotinsky, but as an historian, was an archivist of Jabotinsky's writings. A long-time house guest of the Netanyahu family was the British Col. John Henry Patterson, one of Jabotinsky's British controllers. (See "How British Imperialists Created the Fascist Jabotinsky," *EIR*, Jan. 23, 2009.)

Sitting in the galleries of the Knesset during Netanyahu's swearing-in ceremony was a personal represen-



Benjamin Netanyahu now heads the most bellicose government in Israel's history. Here, he is shown at the World Economic Forum in Davos, Switzerland, Jan. 29, 2009.

tative of media baron Rupert Murdoch, the British Empire's modern-day Lord Beaverbrook. Others included Netanyahu's financial backers such as Ron Lauder, a U.S. billionaire and right-wing Zionist; and New York *Daily News* publisher Morton Zuckerman.

Next in the war cabinet is Defense Minister **Ehud Barak**, a former prime minister and Israeli Defense Forces (IDF) chief of staff, who oversaw the recent brutal war against Gaza, for which Israel has been accused of carrying out war crimes. Since his time as chief of staff and prime minister, Barak has been preparing the IDF for an attack on Iran. In 1999, as one of his last acts as prime minister, he approved the purchase of 102 Lockheed Martin F-16i fighter bombers. A two-seater version of the well-known fighter was especially redesigned for Israel, with a long-range capability to attack targets deep inside Iran. He also oversaw the acquisition of F-15i strike aircraft capable of hitting Iranian targets. The last deliveries of these aircraft were completed last year.

Strategic Affairs Minister Moshe Ya'alon, the former IDF chief of staff who led former Prime Minister Ariel Sharon's war of attrition against the Palestin-

ians, told an interviewer in 2006, that the world was already fighting "World War III. which is the war between radical Islamists and the West." The leader of the former, he said, is Iranian President Mahmoud Ahmadinejad (College Zionists, Winter 2006-07). While brutally repressing the Palestinians when he was chief of staff, Ya'alon told Ha'aretz that the Palestinian resistance was a "cancerous manifestation" to which he was "applying chemotherapy."

In a speech before an international security conference held in Herzliya, Israel, in January 2009, he thundered that Tehran must be "must be stopped ... by diplomatic and economic isolation and, if necessary, military force."

Last but not least is Israel's top diplomat, the former Moldovan nightclub bouncer, Foreign Minister Avigdor Lieberman. Currently chairman of the right-wing Yisrael Beitenu party, Lieberman has grabbed all the international attention as the ultra-rightist in Netanyahu's government. This is misleading, since it deflects attention from Netanyahu's own dangerous policies. Lieberman in fact has been a crony of Netanyahu for the last 20 years. When Lieberman was in the Likud, he served as Netanyahu's cabinet secretary, when the latter was prime minister in the 1990s.

Speaking both from the Knesset floor and in previous governments, Lieberman has repeatedly called for bombing Iran. At the end of last year, he also infamously said that Egyptian President Hosni Mubarak could "go to Hell" if he refused to make an official visit to Israel. Lieberman is now *persona non grata* in Egypt.

On the occasion of Lieberman's second day in office, Egyptian Foreign Minister Aboul Gheit said on Egyptian TV that "Lieberman should check the connection between his brain and his tongue. As long as Lieberman's views remain unchanged, then if I run

into him at an event, I will keep my hands in my pockets. The Egyptian foreign minister must uphold the dignity of Egypt. Whoever insults Egypt needs to take responsibility." Egypt is one of only two Arab countries, the other being Jordan, that have signed peace treaties with Israel.

Yasser Abed Rabbo, an aide to Palestinian Authority President Mahmoud Abbas and a former Palestinian negotiator, said that Lieberman constitutes "an obstacle to peace," according to the *Jerusalem Post* on April 2. "We are not obligated to hold talks with a racist hostile to peace like Lieberman," he added.

Closer to home, there are other reasons why Lieberman might not be traveling to other countries to represent Israel. In his second day in office, the police, who have been conducting a criminal investigation against him for months, interrogated him for seven and a half hours, on suspicion of "bribery, money laundering, and breach of trust." according to an Israeli police spokesman. He was questioned again on the following day.

In a ceremony at the Foreign Ministry, Lieberman voiced his views on the foreign policy of the new government. He called it a mistake to make concessions to the Palestinians for peace, and added that, "those who want peace should prepare for war." He disavowed the commitment Israel made to a two-state solution at the 2007 Annapolis conference, and said the Netanyahu government has no obligation to hold peace talks with Syria.

#### More Than Half of Israelis Disapprove

Even before the Netanyahu government was sworn in, an *Ha'aretz* poll revealed that 54% of those polled disapproved of the new government. The cause for this dissatisfaction is not hard to find. Netanyahu's coalition government looks more like a bazaar than a government, with more than half of the coalition's Knesset members sitting in the Cabinet. With 30 ministers and 7 deputy ministers, Netanyahu has createed the largest Cabinet in the history of Israel, requiring a new and bigger table. Many of the ministers head ministries that never existed before, prompting opposition leader, Tzipi Livni of the Kadima party to dub them "ministers of nothing."

The coalition includes Netanyahu's Likud, Lieberman's Yisrael Beitenu, the right-wing religious party Shas, the ultra-right-wing religious Zionist party Habayit Hayehudi, the religious party United Torah Judaism, and the Labor Party, which is providing the fig

leaf to cover the fact that this is the most right-wing government in the history of Israel. It promises to be the most unstable as well.

Barak's jumping into bed with the disciples of Jabotinsky has split the Labor Party, with 5 of the 13 Labor Knesset members having abstained from voting for the government. The smaller parties could split off at the first crisis, such as a possible criminal indictment of Lieberman. Veteran commentator Yoel Marcus wrote in *Ha'aretz* on March 30, "In any case, the Netanyahu government with its dozens of ministers and deputies, will not last its whole term."

The crisis most ignored by the government is the economic and financial crisis, which threatens the livelihood of the vast majority of Israelis. Signs of a major banking crisis are starting to surface, as Israel's three top banks reported relatively large 2008 fourth-quarter losses. Bank Leumi, Israel's largest bank, reported a fourth-quarter loss of 1.18 billion shekels (about \$266 million), after reporting a doubtful loan portfolio worth 2.14 billion shekels. Bank Hapoalim, Israel's second-largest bank, last week posted a loss of 363 million shekels, larger than forecast. And Israel Discount Bank, the third-largest bank, reported a quarterly net loss of 121 million shekels (\$29 million), or 0.12 shekel per share, compared with a profit of 41 million shekels, 0.04 shekel a share, a year earlier.

*Ha'aretz* further reported that Israel's biggest borrowers need to pay off or roll over 90 billion shekels worth of loans and bonds during the next three years, while thousands of small businesses face bankruptcy. This could include 4,000 of the 40,000 small manufacturers who represent the core of Israeli employers. Unemployment is increasing at the highest rate in Israel's history.

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### **Editorial**

## 'Food Relief' Initiative Will Kill Nations

President Obama's April 2 announcement from the G-20 Summit in London, that the United States will double its spending for foreign food relief and farm aid, is hailed as a "new American initiative" against hunger. Obama said in London: "In the coming days, I intend to work with Congress to provide \$448 million in immediate assistance to vulnerable populations from Africa to Latin America, and to double support for food safety to over \$1 billion so that we are giving people the tools they need to lift themselves out of poverty." In itself, this commitment has merit and urgency: A billion people today lack enough to eat.

But in context, this pledge falls in step with the ongoing intention of the British Foreign Office, and its Millennium Development Goals (MDG) ploy, to mount pseudo-efforts to fight hunger, poverty, and disease, while destroying nations through enforced globalization, and obstructing the financial bankruptcy reorganization that could provide stability and credit for agro-industrial development and plentiful food.

These London MDG networks dovetail with a U.S. Senate bill, "The Global Food Security Act of 2009" (S. 384), co-sponsored by Richard Lugar (R-Ind.) and Robert P. Casey (D-Penn.), and passed March 31 by the Foreign Relations Committee. The bill is the culmination of a Project on Global Agriculture Development, funded by the Bill and Melinda Gates Foundation in September 2008; it was conducted out of the Chicago Council on Global Affairs. A parallel document was prepared by London's Royal Institute for International Affairs. The reports pay lip-service to science, food relief, and direct aid to "millions of small stakeholder farms" in Africa and Asia, while insisting on globalization.

In direct opposition to this imperial cant, the principle involved in assuring food sufficiency is that farm productivity and security can only be accomplished as part of programs to meet national requirements. This, in turn, means building up infrastructure for water, power, sanitation, transportation, land use, and soil fertility. This is the story behind the successful Green Revolution in India (1967-78), and the lesson of the historical success of U.S. agriculture. This principle was behind the restoration of productive farming in post-World War II Europe, under the Common Agriculture Program. Infrastructure intervention improves the physical landscape, and upgrades social conditions as well.

In opposition to this nation-building approach, are the kinds of aid interventions insisted upon by the MDG operation, since it was launched by London and the George W. Bush Administration, and pushed by George Soros, British Foreign Office operative Lord Mark Malloch Brown, et al. The MDG campaign demands "single-shot" dogoodism in the name of reducing hunger, poverty, and disease—for example, micro-loans for "local business," anti-diarrhea medicines, individual solar water purifiers, improved seeds, biofuel projects, etc. In themselves, some of the mini-technologies may be just fine. But as a policy, this is deadly. Moreover, this MDG approach is being imposed as mandatory, under the threat of Al Gore's global warming hoax.

Especially insidious is the fact that, as nations have been undermined by globalization, resources have dried up for R&D conducted by national institutions. Instead, anti-nation operations, such as the Gates and Rockefeller Foundations, are dominating vital agriculture and medical research. The scientists employed may be dedicated and do fruitful work. But the policy will fail.

Either we act to restore nations, or we have genocide, with or without "aid."

56 Editorial EIR April 10, 2009

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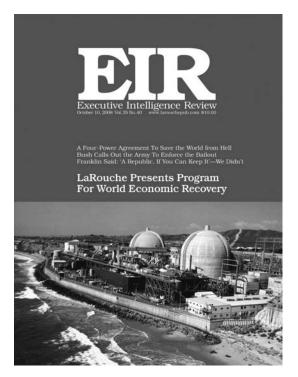
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