

EIR Online
Online Almanac
*From Volume 38, Issue 7 of **EIR Online**, Published Feb. 18, 2011*

[return to home page](#)

The Angelides Report:
The Moral Test

In our last issue (*EIR*, Feb. 11, 2011), we presented the major findings of the Financial Crisis Inquiry Commission (FCIC; also known as the Angelides Report), with emphasis on how its truthful analysis cohered with both the record of leading economic forecaster Lyndon LaRouche, and the trails of disaster which the adoption of British monetarism by the U.S. economy has brought on the nation.

Since then, our analysis has been enhanced and amplified in audio-visual form by LaRouchePAC-TV, in a half-hour video presentation, titled ``FCIC Report: The Moral Test," posted Feb. 10 (<http://www.larouchepac.com/fcic-report-moral-test>). While the full power of that report is only evident in its video form, its content is of sufficient importance that we present the script here. Our intent is to spur you to not only see the video itself, but to spread it far and wide, especially in the crucial days ahead, when Philip Angelides himself will be testifying before the House Financial Services Committee (Feb. 16), and the movement for reintroduction of the Glass-Steagall Law grows into a roar.

...[W]e do not accept the view that regulators lacked the power to protect the financial system. They had ample power in many arenas and they chose not to use it.... —Preface, FCIC Report

Separate In-Depth articles from
Executive Intelligence Review
Vol. 38, No. 7

(Suitable for emailing, printing and other organizing purposes.)

[...Requires Adobe Reader®.](#)

This Week's Cover

- **The Angelides Report:**
The Moral Test

Following the report in last week's *EIR*, showing how the conclusions of the Angelides Report dovetailed precisely with 40 years of Lyndon LaRouche's economic forecasting record, this analysis has now been elaborated, by LaRouchePAC-TV, in a half-hour video, whose content we present this week. Despite the fact that the White House has attempted to cover up the Financial Crisis Inquiry Commission Report, it is currently enjoying brisk sales around the country, reflecting two things: one, that the report, the reflections of an official government inquiry commission, contains facts and draws conclusions that President Obama wants to suppress, but, at the same time, cannot ignore. And, secondly, a conclusion that Angelides drew himself in a recent interview, is that the American people are still searching for the truth, as to why their lives have been turned upside down in the past two years since the bailout was forced upon the country.

International

- **Angelides Report Becoming Worldwide Best-Seller:**

The Historic Opportunity of 2011!

In a statement released on Feb. 11, **Helga Zepp-LaRouche** wrote: 'An unprecedented drama is currently unfolding on the world stage: The Egyptian people are freeing themselves from a dictatorship, in a process comparable to the fall of the Wall in Germany in 1989. The global financial system's situation resembles a minefield, where the tiniest false step can detonate a chain reaction. . . .'

- **Interview with Hussein Askary:**

It's Not Just an 'Egypt Crisis'; the Solution Is a Global Glass-Steagall

- **Who Killed the Egyptian Dream?**
- **The Myth of Overpopulation in Egypt**
- **Kissinger's NSSM-200**

- **Keep Susan 'Rice-ism' Out of Sudan and All of Africa!**

A firsthand report from **Lawrence K. Freeman**, who visited Sudan, following the referendum which established a separate nation of South Sudan.

- **Interview with Osman Yousif Kibir:**
North Darfur Governor Assesses Progress

Economics

- **Glass-Steagall or Die:**

Budget Cuts Are Dismantling America's Cities and States

Faced with a devastated revenue base, with no prospect of significant improvement, cities and states are currently slashing fundamental services upon which urban life depends. But, there is an alternative: Constitutional Federal action to free the nation's banking system of illegitimate gambling debts, by reimposing Glass-Steagall.

- **Scandalous Incompetence:**

The IMF Board Must Resign!

Science

- **'Extended Sensorium' Appendices**

The Feb. 4 issue of EIR featured a report by Lyndon LaRouche's 'Basement' research team: 'The Extended Sensorium,' which covered a number of paradoxes regarding the division of the so-called 'five senses.' Here, we publish two follow-up articles by Jason Ross on the ironies of the senses of touch and smell.

- **A Touching Subject**
- **The Ironies of Smell**

Strategic Studies

- **Büso Party Congress in Berlin:**

We Are Paying for Bank Bailouts with Human Lives

At the Berlin state convention of the Civil Rights Solidarity Movement Solidarity (BüSo) on Jan. 29, party chairwoman **Helga Zepp-LaRouche** gave the keynote address, in which she outlined a national campaign, to save Germany, and civilization, from the unprecedented worldwide crisis. Although small, she said, the BüSo is the only force in Germany with the ideas that can save the country.

- [**The Humboldt Program**](#)
- [**Krafft Ehrlicke's Vision**](#)

Editorial

- [**Freeze Food Prices Now!**](#)

This Week's News

- [**U.S. Economic News**](#)
- [**Global Economic News**](#)
- [**United States**](#)
- [**Ibero-America**](#)
- [**Europe**](#)
- [**Russia and the CIS**](#)
- [**Southwest Asia**](#)
- [**Asia**](#)
- [**Africa**](#)

U.S. Economic/Financial News

[**Sun-Belt Overtaking Rust-Belt in Rate of Poverty Increase**](#)

[**Usury Gone Wild: 59.9% Interest-Rate Credit Card**](#)

[**Another Fed President Rejects QEII**](#)

Sun-Belt Overtaking Rust-Belt in Rate of Poverty Increase

Feb. 7 (EIRNS)—According to U.S. Census Bureau figures, the city with the largest increase in poverty, was not Detroit or Newark, but Sarasota, Florida, where the proportion of people living below the poverty line rose from 9.2% to 13.7% from 2007 to 2009. All of the other metropolitan areas where poverty levels jumped by four percentage points or more were also formerly fast-growing Southern and Western cities: Bakersfield, Calif.; Boise, Idaho; Greenville, S.C.; Lakeland, Fla.; and Tucson, Ariz. Arizona now has the second highest poverty rate in the nation, after Mississippi.

For the last decade or more, Sarasota had seen a growth rate of 5% per year. At the height of the housing boom, over 30%

of the economy was devoted to either home construction, finance, or other support activities. When the collapse hit, unemployment quadrupled, zooming from 3.6% in 2006, to 13.4% in 2010. Today, as chronicled by the Jan. 29 issue of Britain's *Economist*, nearly half of the students in Sarasota schools "are from families poor enough to be eligible for free or cut-price lunches; a tenth of households qualify for food stamps; one in eight residents gets free meals from soup kitchens or food banks; perhaps one in 12 has suffered a recent spell of homelessness." The population of Florida actually dropped in 2008.

Into this deplorable situation, the new Office of Management and Budget Director, Jacob Lew, reports in the *New York Times* Feb. 5, he plans to cut various community service block grants programs—grants which support these very programs—some by as much as 50%, "saving" nearly \$1 billion in the process. The remaining funds will then be put onto a competitive basis, making them even less available to those with the most serious needs.

Usury Gone Wild: 59.9% Interest-Rate Credit Card

Feb. 8 (EIRNS)—First Premier Bank in South Dakota has issued a credit card for people with poor credit ratings, with a 59.9% interest rate—to start! Nearly 700,000 people have signed up for the card, with more than half of them carrying a monthly balance. This is "legal" under President Obama's "Card Act," which supposedly protects consumers from predatory lenders. The Act has no restrictions on usury, but only prevents issuers from raising rates retroactively. It's like a rapist warning you beforehand, but giving you no way out.

In addition to the interest gouging, First Premier charges a \$45 processing fee to open the account, an annual fee of \$30 for the first year—\$45 for every subsequent year, and a monthly servicing fee of \$6.25 (or \$75 a year)—plus, naturally, late fees. The bank reports that it opens 50,000 accounts a month. First Premier's website say it is "one of the strongest capitalized banks in the country, and operates with no debt. Our asset growth is funded through time-tested, traditional sources."

Another Fed President Rejects QEII

Feb. 8 (EIRNS)—Jeffrey Lacker, the Richmond, Va. Federal Reserve president and an alternate member of the Federal Open Market Committee (FOMC), said in a speech today that the Fed should "quite seriously" re-evaluate the need for large-scale Fed purchases of Treasury bonds, or quantitative easing, round two (QEII). Although Lacker said the economic situation is improving, he warned that "inflation is capable of accelerating, even if the level of economic activity has not yet returned to pre-recession trends," pointing to food and oil prices.

Dallas Fed president Dick Fisher last week said he would oppose any extension of the quantitative easing at next month's FOMC meeting.

Lacker has not called for Glass-Steagall (as Fisher and Kansas City Fed president Thomas Hoenig have), but he warned of a crash in the works if the money-pumping continues without real economic growth: "Be clear: there is no uncertainty about whether the long-run federal budget imbalance will be corrected. Continual increases in debt relative to the size of our economy are simply not feasible and will not happen. The real question is how a sustainable path will be achieved. In advance, by deliberately adopting and following a credible strategy, or *in extremis*, forced by investor retreat and collapsing market confidence to adopt drastic emergency measures? We would be wise to heed the abundant empirical evidence of the superiority of taking action before a fiscal crisis is upon us."

Lacker explicitly rejected the argument of Fed Chairman Ben Bernanke that there is no danger of inflation, because there is unused industrial capacity, which forces manufacturers to swallow the commodity price increases.

Global Economic News

IMF Internal Report Admits Failure To Foresee Financial Crisis

Trichet: Ireland and Greece Must Not Restructure Their Debt

China Drought Raises International Food Alerts

German Supreme Court Looking into Deutsche Bank's Crimes

IMF Internal Report Admits Failure To Foresee Financial Crisis

Feb. 10 (EIRNS)—The Independent Evaluation Office (IEO) of the bankrupt and incompetent International Monetary Fund, today issued a 50-page report which documents how the IMF not only failed to see the 2008 crisis coming, but promoted the very policies of deregulation and "unconstrained financial innovation" which helped create the crisis in the first place. (See *InDepth* for analysis by Helga Zepp-LaRouche, in the *Economics* section.)

Although by no means getting to the actual historical roots of the problem the way the Angelides Commission Report does, the IEO report does admit that the IMF "praised the United States for its light-touch regulation and supervision that permitted the rapid financial innovation that ultimately contributed to the problems in the financial system. Moreover, the IMF recommended to other advanced countries to follow the U.S./U.K. approaches to the financial sector as a means to help them foster greater financial innovation."

Elsewhere, the report says: "During the run-up to the crisis, the banner message of IMF surveillance was characterized by overconfidence in the soundness and resiliency of large financial institutions.... The risks associated with housing booms and financial innovations were downplayed, as was the need for stronger regulation to address these risks."

The IEO also castigates the internal environment within the IMF, "including a high degree of groupthink; intellectual capture; and a general mindset that a major financial crisis in large advanced economies was unlikely."

Trichet: Ireland and Greece Must Not Restructure Their Debt

Feb. 8 (EIRNS)—Because the "entire world" has allegedly approved the Irish and Greek bailout plans, these must be implemented to the letter, and therefore, there can be no restructuring of those nations' debt, according to European Central Bank President Jean-Claude Trichet.

Speaking before a European Parliament committee in his capacity as head of the European Systemic Risk Board, Trichet said: "We have plans. The plans have to be executed, have to be implemented—as has been the case the world over, and it is very, very important, in my opinion, not to confuse things.... We have a program, approved by the international community, approved by the IMF board, the entire world, approved the European [Union], approved and financed by the IMF and the European Union."

Trichet said that under no circumstances should the debts be restructured, because that would reward those who have short positions on this debt and "punish those who have been investing in the bonds."

Trichet's ECB is holding the bag on EU76.5 billion worth of Greek, Portuguese, Irish, and other bonds, which it has been secretly purchasing in what it claims is an attempt to "stabilize" the bond market. This, on top of its "unlimited liquidity" offers to Euroland banks, runs into the hundreds of billions. With a tiny EU10 billion in paid-up capital, Trichet's ECB is as good as bankrupt.

China Drought Raises International Food Alerts

Feb. 8 (EIRNS)—The UN Food and Agriculture Organization (FAO) issued an alert today, that a severe drought threatens the wheat crop in China. The FAO said that 5.16 million hectares of China's 14 million hectares of wheat fields have been affected by the drought, and that 2.57 million people and 2.79 million head of livestock faced shortages of drinking water.

The wheat crop threat itself is not "news"; Chinese farmers and officials have been closely watching the aridity, temperature, and conditions in the wheat provinces. Last week President Hu Jintao and Prime Minister Wen Jiabao made separate visits to wheat-producing provinces.

What the new FAO alert on China does is to spotlight how crazy it is to expect good crop weather in all farmbelts all at the same time, and, on that basis, for nations to lessen their food security. Yet, on NPR radio in the U.S. today, FAO Senior Economist Abdolreza Abbasian referenced this fantasy in his explanation for record food-price inflation: "The most important factor was weather development in 2010." (NPR, Feb. 7 interview).

If proper infrastructure had been built in recent decades, there would be no need to fear simultaneous harvest disasters for any crop, as occurred for wheat this year, with crop losses in Russia, Australia, Canada, Europe, Pakistan, and elsewhere.

China accounts for over 17% of annual world wheat production. In 2009-10, it produced 115.12 million metric tons, out of the world total production of 682.6 mmt. But in the current crop year 2010-11, world output is projected to be way down, at 646.51 mmt., with China's output doubtful to reach 114 mmt. Committed to food self-sufficiency and a grain reserve, China grew and consumed its crops, with negligible wheat imports. Now, all that is in question.

German Supreme Court Looking into Deutsche Bank's Crimes

Feb. 9 (EIRNS)—The arrogance and criminal energy of top bankers, exposed to a large extent in the Angelides Report, was displayed yesterday in a court case in Germany, in which Deutsche Bank AG, Germany's largest bank, is being sued by the Ille paper products company—the first case heard by the country's top civil court over an interest-rate swap the bank sold not only to Ille but to several hundred companies and local governments in Germany.

The bank had a conflict of interest here, because it was present on both sides of the deals, as investment consultant and swap salesman at the same time, violating its duties when advising the Ille Papier Service GmbH firm on a swap purchase, Federal Court of Justice Presiding Judge Ulrich Wiechers said at a hearing today. The swap that the bank sold had an initial negative market value, so that the bank should never have advised the company to buy it, he said. "When advising in financial matters, the bank must guard the interests of its customer alone," Wiechers said.

Deutsche Bank decided to try blackmail of the court. "If the court really intends to require banks to disclose fees built into a swap, it would open a new door," said Reiner Hall, a lawyer for the bank, at today's hearing. "This would shake up the whole market, because it would require banks to disclose their profit from a deal. Such a ruling could even cause a new financial crisis." A ruling requiring all lenders to disclose the profit calculated into financial products they sell could cost the banking business "billion of euros," Hall added. The judges withdrew for further consultations, with the court to reconvene on March 22.

United States News Digest

Obama Celebrates Valentine's Day—with Bloody Cuts

Wisc. Governor Declares War on State Employee Unions

Indiana Gov Wants Markets To Impose Health-Care Rationing

Obama and House GOP Leadership Rebuffed on Patriot Act

Conservative Activists Boo Cheney, Choose Paul

Obama Celebrates Valentine's Day—with Bloody Cuts

Feb. 13 (EIRNS)—President Obama's Valentine's Day gift to the nation will be more in the tradition of the St. Valentine's Day Massacre, than the celebration of agapic love, according to leaks from senior Administration officials. Obama will release his 2012 Budget Plan Feb. 14, which plan will allegedly contain the following murderous cuts:

- * A 50% cut in home energy assistance to low-income families.
- * Nearly \$1 billion in cuts in grants for water treatment plants.
- * A more than \$1 billion cut in grants to airports—thus crippling further the hobbled air transport system.
- * Additional cuts in the already crippled public health system, and forestry programs.

Further reductions in Medicare and Medicaid payments to hospitals and doctors are also called for, allegedly to "pay for" two years of protection of doctors from MedPac's recommended cuts.

While some are applauding Obama's willingness to carry out unpopular cuts, the fascist deficit hawks are sharpening their claws for further action. According to the *Washington Post*, the Senate grouping led by Mark Warner (D-Va.) and Saxby Chambliss (R-Ga.) is meeting with four members of the defunct Catfood Commission, to try to come up with legislation in line with that body's recommendations. Allegedly, this Senate discussion group has grown to over 31 members.

Wisc. Governor Declares War on State Employee Unions

Feb. 12 (EIRNS)—Wisconsin Gov. Scott Walker one-upped New Jersey Gov. Chris Christie, this week, when he announced his plans to eviscerate the rights of state employees, in order to "balance" the state's budget. While Christie went to war against the teachers union soon after he became governor last year, and is threatening to expand that war to other public sector unions, he, so far as is known, has not threatened to call out the National Guard should they protest too much. That's exactly what Walker did this week when he announced legislation to roll back collective bargaining rights and cut benefits of state employees.

Walker refuses to negotiate with the unions and instead has opted to smash them right away, claiming he just wants to balance the state budget and needs to bring the public sector's wages and benefits in line with levels in the private sector in order to do that. Walker, following the usual script, said that otherwise, the only alternative is massive layoffs of state workers.

Not surprisingly, Walker's proposal, which he is expected to be able to ram through the Republican-controlled state legislature, is causing an uproar. "What the governor has essentially said is that he will impose this on all public employees without having to have a conversation about it," Joel Sipress, member of the University of Wisconsin Union Bargaining team, told WDIO-TV in Duluth.

State Sen. Fred Wisser (D) didn't mince words in describing Walker's approach: "State employees have the right to negotiate in good faith with the state. Without a willingness to even discuss what concessions need to be made with state employees, the governor comes across more like a dictator and less like a leader. The governor's budget adjustment bill attempts to wipe away over 50 years of collective bargaining rights in Wisconsin. This decree will affect every hard-working public employee in the state—every librarian, teacher, street department worker and public safety worker. These are our friends and neighbors; they are the people who make our communities function."

The *Milwaukee Sentinel* reported that on the day he dropped the National Guard bombshell, Gov. Walker had four Capital police officers stationed outside his press conference, checking on everyone who was attending.

Indiana Gov Wants Markets To Impose Health-Care Rationing

Feb. 12 (EIRNS)—*Politico* reports that Indiana Gov. Mitch Daniels, in Washington yesterday for the Conservative Political Action Committee conference, told reporters that "there will never be enough money" to give everybody all the health care they need. We all want to live forever, we want everything done for us to live forever," Daniels told a small group of health reporters. "We cannot afford, no one can, to do absolutely everything that modern technology makes possible to absolutely the very last day of the very last resort."

While Daniels reportedly never used the word "rationing," the only thing that appears to set him apart from Sir Donald Berwick, head of the Centers for Medicare and Medicaid Services, who, *Politico* notes, has been excoriated by Republicans for promoting rationing, is that Daniels wants it done by the free market, with a "patient centered" approach, where patients and their families are brainwashed into foregoing lifesaving medical care because it's just too expensive.

Obama and House GOP Leadership Rebuffed on Patriot Act

Feb. 8 (EIRNS)—In what some are calling the action of a "political odd couple," 26 Republican House members, including 8 freshmen, joined 122 Democrats in blocking a fast-track procedure to reauthorize the Bush-Cheney Patriot Act. The House rejected legislation to extend for nine months, three key elements of the Patriot Act: roving wiretaps, FBI access to business records (including medical and personal information), and surveillance of non-U.S. "lone wolf" terrorist suspects. The provisions will expire on Feb. 28 without House and Senate actions.

The fast-track procedure requires a two-thirds vote, and it failed on a 277-148 vote—even though the leadership violated their own rules by keeping the vote open longer than the 15-minute limit.

A spokesman for House GOP Whip Kevin McCarthy (R-Calif.) noted that "Democrats in Congress voted to deny their own Administration's request" for the Patriot Act extension.

Conservative Activists Boo Cheney, Choose Paul

Feb. 13 (EIRNS)—For all the millions that C. Boyden Gray, Dick Arme, and other Wall Street shills have spent on trying to control the conservative movement in the U.S., they don't seem to have much to show for their efforts.

In the straw poll taken at the Conservative Political Action Conference this weekend, anti-Federal Reserve activist (and opponent of British-style wars) Ron Paul won the presidential straw poll for the second year in a row, with over 3,700 activists voting. Paul got 30% of the votes, to Mitt Romney's 23%; all other would-be GOP contenders, such as Chris Christie, Sarah Palin, and Newt Gingrich, were in the single digits.

What makes this particularly interesting, is that Ron Paul supporters organized a noisy disruption when Dick Cheney appeared on stage with Donald Rumsfeld on Thursday, shouting "war criminal," "draft dodger," and "Where's bin Laden?" and leading a walkout from the session.

Young Americans for Freedom then kicked Ron Paul off its national advisory board after Paul's straw-poll victory—accusing him of being "more out of touch with America's needs for national security than our current socialist presidential regime." To which a Ron Paul spokesman responded in an email to *Politico*: "I hadn't heard of YAF doing anything for years. I thought they were defunct."

Meanwhile, once Rumsfeld and Cheney were finally allowed to speak Feb. 10, Rumsfeld at least landed one punch. Noting the Obama Administration's "reversals of their announced policies on national security issues— Guantanamo Bay, military commissions, indefinite detentions, CIA drone strikes," Rummy commented that "it makes me wonder if Dick has had more influence on President Obama than the people who got him elected."

Ibero-American News Digest

[Brazil's Central Bank Warns of a Run on the Banks](#)

[Brazil's Accelerating Breakdown Crisis](#)

[Food Riots Wrack Bolivia; Mexico and Central America Not Far Behind](#)

[Brazil and Argentina To Build Nuclear Plants Together](#)

Brazil's Central Bank Warns of a Run on the Banks

Feb. 11 (EIRNS)—If Brazil's private banking sector doesn't bail out failing Banco Panamericano, and the Central Bank is forced to step in instead, "it would raise suspicions about the financial health of other banks, which could generate a wave of withdrawals." That stark warning of a run on the country's banks is what Central Bank President Alexandre Tombini told top bankers in an emergency, closed-door meeting on Sunday, Jan. 30, the Brazilian daily *Folha de São Paulo* revealed today.

Tombini had flown back to São Paulo from Switzerland on an emergency basis, the daily reported, to meet secretly with bankers from Bradesco, the Inter-Alpha Group's Banco Santander, and a few others. He told them that a direct Central Bank takeover of the bankrupt Banco Panamericano, beyond the 3 billion reais the government had put up in November of

2010, risked sinking the entire Brazilian banking system.

With that reality on the table, the private banks scrambled and arranged the early February takeover of Panamericano by BTG Pactual—Brazil's leading investment bank, with deep ties to the Rothschild Group and to UBS bank of Switzerland.

Brazil's Accelerating Breakdown Crisis

Feb. 10 (EIRNS)—A source in Brazil recently responded to an e-mail he received from this press service on the Angelides Report and LaRouche's Glass-Steagall policy, with the following:

"The breakdown crisis has already started here in Brazil. Inflation rose to 10%, the government cut \$30 billion from the annual budget, canceled the hiring for public affairs, etc. To make matters worse, they increased the rate of interest, which will reach 13% by the end this year. People can no longer pay their loans or taxes on vehicles and homes. Crime is exploding. God save our souls!"

Food Riots Wrack Bolivia; Mexico and Central America Not Far Behind

Feb. 14 (EIRNS)—On Feb. 10, Bolivian President Evo Morales was forced to abandon a celebration of 230 years of independence in the mining city of Oruro, when a march organized by the provincial COD labor federation to protest rising food and transportation prices, erupted in violence. As soon as protesters began to explode sticks of dynamite, Morales's security detail whisked him out of the city, back to La Paz.

It was a humiliating exit for Morales, who has been under growing, nationwide attack by angry citizens for failing to guarantee adequate food supplies at reasonable prices. For four days before the Oruro protest, grocers in Cochabamba shut down their businesses and blockaded city streets to protest the role of the state-run marketing entity, Emapa, in monopolizing sales of sugar, flour, and rice at vastly inflated prices. Nine other provincial trade union groups organized protests at the same time. Morales hasn't helped himself by echoing Cuban Fidel Castro's argument that food scarcity is due to "global warming."

The situation in Mexico is becoming so precarious that the National Peasant Federation (CNC) is asking why President Felipe Calderón hasn't taken steps to prevent "food riots." In statements published Feb. 8 in *La Jornada*, CNC leader Gerardo Sánchez García reported that, over the past ten years, the price of the monthly market basket has risen by 70%, while wages have plummeted by 26%. Along with 2.5 million job losses since the beginning of Calderón's term in office (an underestimate), this represents a dangerous threat to Mexico's social stability, Sánchez warned.

In January, the prices of food, drinks, and tobacco increased at an annualized rate of 4.51%, while fruit and vegetable prices increased by 7.5%. The price of lime, a staple in the Mexican diet, shot up by a whopping 218.2%! The real impact of these policies is seen in the spread of malnutrition, which, according to consultant Luis Alberto Cruz García, is no longer limited to poorer states such as Chiapas or Oaxaca, but now exists in "rich" states like Sonora and Sinaloa. Mexico's Social Development Ministry warns that at least 53.7% of Mexico's population can't satisfy its basic needs.

In Central America, the situation is more dramatic, with malnutrition and poverty rates soaring as food prices go through the ceiling. In Honduras, where 70% of the population is categorized as poor, food prices are higher than they were in 2008, when riots occurred. In Guatemala and Nicaragua, 40% of the rural population is poor; 45% of Guatemala's population suffers from chronic malnutrition. In Honduras, the price of red beans, a staple in the diet, tripled in the second half of 2010. Although Congress froze the prices of 33 products last November, the measure is scheduled to be lifted this week.

Brazil and Argentina To Build Nuclear Plants Together

Feb. 14 (EIRNS)—During her state visit to Argentina Jan. 30-31, Brazilian President Dilma Rousseff and her Argentine counterpart Cristina Fernández de Kirchner signed an agreement by which the two governments will cooperate in the building of new multi-purpose research reactors—one for each country.

Cooperation in building these reactors is "an non-renounceable common patrimony of the Brazilian-Argentine strategic association," the two Presidents stated, explaining that the expertise that each nation has developed over the years will be brought to bear in this project, working through the Bilateral Nuclear Energy Commission (COBEN). Argentina's Atomic Energy Commission (CNEA) and Brazil's National Nuclear Energy Commission (CNEN) will work closely in producing the research reactors.

The agreement emphasizes that cooperation in this field will have "a great impact on the development of their respective nuclear sectors." COBEN will also be instructed to continue advancing in the area of education and training of human resources, while the Permanent Argentine-Brazilian Committee on Nuclear Policy (CPPN) is instructed to deepen the dialogue, with bilateral and political cooperation in those areas encompassed by the bilateral nuclear agenda.

The two leaders signed a number of other agreements, outlining cooperation in many fields, including defense, aerospace, and trade in addition to nuclear.

Inside Argentina, opponents of President Fernández de Kirchner used the occasion of Rousseff's visit to demand that the President adopt policies "more like Brazil," so as to supposedly make the country more "predictable" and "responsible" in the eyes of the international financial community. These are the voices that clearly line up with the decaying Brazilian oligarchy and London's Inter-Alpha Group, which is pushing that country toward total economic disintegration.

Brazil's nuclear sector and scientific capabilities represent its better side, one with which Argentina is right to ally. In any other area, it has no need to become "like Brazil" and its London allies.

Western European News Digest

'Irish Peril Could Drive Brits To Assassinate'

Italian MP Pushes Initiative Against Euthanasia

French Communities Declare War on Banks

French Judiciary Join Police in Revolt vs. Cuts

Hyperinflationary Collapse Hitting Britain Hard

EU Inaction on North African Refugees

Tremonti's National Rail Tour Highlights Collapse

'Irish Peril Could Drive Brits To Assassinate'

Feb. 11 (EIRNS)—With events in Ireland rapidly careening out of the control of the Inter-Alpha Group, Lyndon LaRouche warned today that we have entered the kind of situation where the British oligarchy resorts to assassination. LaRouche cited the known cases of British-engineered assassinations of American Presidents, from Abraham Lincoln, through William McKinley, and John F. Kennedy. "This is how the British Empire is. They resort to assassination as a weapon of choice, under certain circumstances where they see their imperial powers imperiled. I would not be in the least surprised to see the British taking just such actions in Ireland."

In the context of LaRouche's remarks, it should be noted, without drawing any premature conclusions, that Sinn Féin issued a report in the past 24 hours, concerning a plane crash near Cork Airport on Feb. 10. The news report, which appeared in the *Irish Republican News*, noted that Sinn Féin's Martin McGuinness escaped death in a plane crash on that date, thanks to a last-minute change of plans. McGuinness, the North's Deputy First Minister, had intended to be aboard a commuter flight from Belfast that crashed, killing six people at Cork Airport.

Italian MP Pushes Initiative Against Euthanasia

Feb. 10 (EIRNS)—Cristiana Muscardini, deputy chairwoman of the Foreign Trade Committee of the European Parliament, has sent a letter to the head of European People's Party parliamentary group, Joseph Daul (France), asking for an initiative against euthanasia programs dictated by budget cuts. In her letter, dated Jan. 31, Muscardini writes: "The difficulties of all kinds which have afflicted Europe for some time—political, financial, economic and social difficulties—contribute to cancelling the memory of the great issues regarding the values representing the foundations of our civilization: the culture of life, for instance, and the rejection of euthanasia. Currently instead, when the melting of the financial system threatens welfare policies, the impulse to reduce health expenses by eliminating older and weaker people has gained more and more ground."

French Communities Declare War on Banks

Feb. 11 (EIRNS)—On Feb. 9, Claude Bartelone, the Socialist president of the General Council of the Department of Seine-Saint-Denis, outside Paris, announced that the department will sue three banks that enticed the department into toxic loans. When he was elected in 2008, Bartelone discovered that 93% of the department debt was in adjustable-interest-rate debt. After three years of discussions with the banks, in January 2011, the department has EU952.7 million of debt, with still 72% of it toxic; 63 toxic loans oblige the department to pay EU23-28 million extra a year.

Today, several hundred French towns and cities are finding themselves in an impossible situation, facing close to EU10 billion in debt.

French Judiciary Join Police in Revolt vs. Cuts

Feb. 8 (EIRNS)—Having locked horns last week with furious police officials unwilling to accept the brutal austerity required to keep France's AAA credit rating for the sake of the "euro," over the Feb. 5-6 weekend, President Nicolas Sarkozy took aim at another segment of law enforcement, this time, the judiciary. When police in Brittany found the body of a murdered woman, Sarkozy blasted the judiciary for having released the chief suspect from prison without close monitoring.

Furious, the court in Nantes, joined by others throughout the country, and the judiciary unions, called for postponement of all non-emergency court hearings until at least Feb. 17, when they plan a protest in Nantes, where the victim lived. The

threatened action prompted Prime Minister François Fillon to call news conference, where he denounced as "excessive" the response by hundreds of court officers, who, in fact, keep the justice system running. Representatives of the judiciary retorted that the Sarkozy cuts deprive them of the resources they need to maintain standards.

Hyperinflationary Collapse Hitting Britain Hard

Feb. 12 (EIRNS)—Brenden Barber, General Secretary of the British Trade Union Confederation (TUC), issued a warning, Feb. 10, on the effect of the Cameron coalition government's planned welfare cuts. New research demonstrates that accelerating Schachtian austerity cuts, which will reach full effect in 2013, mean that working families, where both parents earn minimum wage, will lose more than £2,700 a year in income.

In addition, switching the measure for uprating benefits from the Retail Price Index to the Consumer Price Index, which does not include housing costs, will reduce the value of key benefits, saving the Treasury £5.8 billion by 2015. Housing benefit cuts, will also lead to "significant reductions" for many working class families, the study said.

"Workers are already suffering an income squeeze, and Gov't austerity will make low and middle income families even worse off," said Barber.

EU Inaction on North African Refugees

Feb. 12 (EIRNS)—As a result of the North African developments, the wave of refugees into Europe has dramatically increased. Italy, with its territory just a few dozen kilometers from Tunisia, is hit especially hard. In the last 48 hours, about 3,000 refugees, mostly from Tunisia, have reached the shores of tiny island of Lampedusa by boat. Given that Lampedusa has 4,500 residents and that the refugee wave is expected to increase, this has created an emergency. Currently, refugees are transported to Italy's mainland and distributed among existing refugee centers, which are, of course, too small for an emergency.

Italian Interior Minister Roberto Maroni has called for an emergency meeting of the EU Interior Ministers for a joint effort to provide assistance. The EU has responded that such a request must be filed 16 days in advance.

Tremonti's National Rail Tour Highlights Collapse

Feb. 10 (EIRNS)—Walking out in the middle of the press conference yesterday at which Prime Minister Silvio Berlusconi detailed his new "economic recovery" program, Italian Economy Minister Giulio Tremonti, instead, embarked on a rail tour from Rome to Reggio Calabria, the southern edge of the Italian peninsula, to survey the state of the infrastructure in Southern Italy.

As a normal passenger, he took a high-speed train from Rome to Naples, then an Intercity to Lamezia Terme, and finally a local train to Reggio Calabria. Due to the obsolete state of rails south of Naples, it took seven hours to traverse the last 700 km of the trip; by comparison, on the modernized Rome-Milan line, it took three hours to travel 500 km. Tremonti and his group made the return trip by car on the highway, another aspect of infrastructure which desperately needs modernization. (Among other problems, work on the Reggio Calabria-Salerno highway must be protected by the army, because of mafia sabotage.)

On arrival, Tremonti said that the trip was needed to get a concrete sense of the situation, summarizing it thus: "Trains coming from the North have midges [small-winged flies—ed.] squashed on their windshield. Trains coming from the South don't. In the South, midges are faster than trains," he said polemically.

Russia and the CIS News Digest

- [Russian Website Publishes LaRouche Interview](#)

Russian Website Publishes LaRouche Interview

The St. Petersburg-based Russian-language news agency Rosbalt published the following interview with Lyndon LaRouche Feb. 14, by journalist Yulia Netesova. The bracketed paragraph was omitted from the published interview; some parts have been back-translated from Russian. (<http://www.rosbalt.ru/2011/02/14/819074.html>)

The Planet Faces Dark Times

These days there is a lot of discussion about the causes of the protests in the Middle East and North Africa. Some point to errors made by the ruling regimes, others to the global crisis. The still controversial American activist and political figure, founder of a number of organizations comprising the LaRouche Movement, and former many-time candidate for the American Presidency Lyndon LaRouche told Rosbalt in an interview that the uprisings have resulted from actions by Anglo-Saxon [sic] financial circles.

Rosbalt: What, in your opinion, triggered the "revolutions" in Tunisia, Egypt, and now, unrest in India?

LaRouche: What is occurring in these countries is not a national or a religious crisis. It is a global crisis connected to the collapse of the entire trans-Atlantic sector of the world economy which has every possibility of dragging all of mankind into an era, similar to that which occurred during the period known as the Dark Ages. The present worldwide general economic breakdown-crisis, is chiefly the result of three most crucial factors: (a) The combined actions of the August 1971 discontinuation of the fixed-exchange-rate system which had been established at Bretton Woods in 1944, the change which made way for the disastrous effects of Lord Jacob Rothschild's 1971 launching of his international Inter-Alpha banking system; (b) The 1999 repeal of the 1933 Glass-Steagall law which had affirmed the strict separation of merchant banking, from speculative Wall Street and London "merchant" (speculative) banking; (c) the 2007-08 U.S. decisions which launched the presently global hyperinflationary spiral which has brought the entire trans-Atlantic sector of the world into the presently immanent general, global breakdown-crisis of the existing world monetarist system.

Rosbalt: How well-founded are the claims that these events have been orchestrated by the world powers? Which countries or which power groups, in your opinion, could have the means and the will to do it? Why would they do it? What do they gain from it?

LaRouche: Only two powers are relevant as causes for the presently exploding world-wide hyperinflationary spiral: (a) the British empire as typified by the financial complex of the global Inter-Alpha system now on the verge of a global general, chain-reaction form of breakdown-crisis; (b) the failure of the U.S., now under the reign of the British-controlled U.S. puppet-President Barack Obama, to block the urgently needed re-enactment of the 1933-99 Glass-Steagall law demanding the separation of commercial banking from merchant banking.

[The effect of those monetary-financial measures has been combined with that of increasingly radical and widespread malthusian practices which have been a crucial, physical-economic factor in transforming a monetarist form of financial crisis, into a physical-economic as well as a presently skyrocketing hyperinflationary monetary crisis.]

Unless the obviously radical reform is taken as an emergency measure, very soon, the Germany 1923 form of chain-reaction collapse of every part of the planet were inevitable for the months ahead. That is already an accelerating development.

The combination of the present hyperinflationary spiral with the accelerating collapse of the world's food supply, per capita and per square kilometer, warns us of the rapidly accelerating approach of sudden plunge into a extended period of a planet-wide "new dark age," unless currently entrenched practices are reversed, suddenly and soon.

Rosbalt: How did social media became an accomplice of the international interest groups?

LaRouche: The so-called "social media" role resembles, but falls far short of the role of Orleans and Jacques Necker in the French Revolution. The "social groups" are owned by leading international financier interests, which are dominated by London and Manhattan Anglophile financier parasites; the "social groups," are among the ordinary tools of the forces controlled by such as British agent George Soros.

Rosbalt: What can be done in order to resist such events?

LaRouche: First, to identify the enemy more appropriately; second, to motivate and install the appropriate, sudden changes in the world's financial systems, from the presently inherently and hopelessly bankrupt, monetarist-financial systems by a fixed-exchange-rate "conspiracy" among freshly established credit systems of leading and other sovereign nation-states. The "conspiracy" is to be found among the foxes, not the noisy roosters and clucking hens of the henyard.

The scalawags to be defeated are from among what are, presently, the most powerful financier cartels of the world, and nothing of lesser rank than that.

In the meantime, both Greece and the nations of the Maghreb and nearby regions, are terribly hungry, while the skyrocketing prices of food, and also the supply, are falling. The riots are the expressions of the increasingly savage specter and reality of, like the riotous French revolution, the desperation of the hungry.

Let me stress that all is not yet lost, and that there are, in the present situation, those solutions that would help to bring the situation under control, and launch a process of revival. Unfortunately, from what I have observed through my personal contacts with leading people in government, as well as in the scientific activity of my colleagues, I can say that, while the desire and the means to achieve this do exist, at the same time, the will to utilize those means is insufficient to launch the needed reforms.

Certainly, the present crisis has its own highly specific causes. The fundamental problem goes back to the doctrine of Nietzsche, called "creative destruction," which was incorporated first in the Nazi regime, and, after that, in the trans-Atlantic policy of the Congress of Cultural Freedom, which was created after the Second World War, and which provided the major strategic hallmark of the period known as the "Cold War." Unfortunately, the shadow of the "Roman Empire," as before, hangs over Europe.

Southwest Asia News Digest

[Turkey and Syria Inaugurate Dam, Issue Joint Statement on Egypt](#)

[Lebanese Canadian Bank Accused of Laundering Cocaine Money](#)

Turkey and Syria Inaugurate Dam, Issue Joint Statement on Egypt

Feb. 7 (EIRNS)—Turkey and Egypt inaugurated the first "friendship dam," while Turkish Prime Minister Recep Tayyip Erdogan and Syrian President Bashar Assad issued a statement on developments in Egypt.

The dam will be built on the Asi River, which forms a border between the two countries. Erdogan and Syrian Prime Minister Mohammad Naji Otri presided over a groundbreaking ceremony. The dam will straddle the frontier between the Turkish village of Ziarat and the Syrian village of al-Allani. It will generate electricity and provide water to irrigate more than 10,000 hectares of agricultural land.

"We want the whole region to prosper, together with Turkey ... that we struggle not to walk all over each other but to help each other. And we have achieved this with Syria," Erdogan said, in televised remarks at the Turkish-Syrian border. "God willing, the dam will be completed in a short time. God willing, we will jointly use the electricity to be produced, and we will jointly irrigate our fields."

The dam is one of 18 "friendship dams" that will be built along Turkey's borders with Syria, Iraq, Iran, Greece, and Bulgaria. Turkey and Syria also plan to set up a joint bank, inaugurate a high-speed train between Aleppo in north Syria and Gaziantep in southern Turkey, and link their natural gas networks, by the end of 2011, he added.

Erdogan later traveled to Aleppo where he met with President al-Assad. They both expressed the hope that "the aspirations will be realized by the people of Egypt."

Assad and Erdogan also said they would "make every possible effort toward stability and security in Lebanon," Syria's neighbor, where the new Premier, Najib Mikati, is trying to form a government amid continuing political deadlock. They underlined the importance of Syria and Turkey "continuing their dialogue on different topics in the region in order to create a climate of security," SANA reported.

Lebanese Canadian Bank Accused of Laundering Cocaine Money

Feb. 11 (EIRNS)—U.S. Drug Enforcement Administration (DEA) officials have accused the Beirut-based Lebanese Canadian Bank (LCB) of laundering hundreds of millions of dollars a month for a multinational drug-trafficking organization that operates from Colombia to Beirut to Canada to West Africa, involving an international network of Lebanese nationals.

DEA officials said that a complaint culminated a five-year investigation involving agents in Colombia, West Africa, Europe, the Middle East, and the United States. The officials said the case sheds light on the ways that terrorist organizations rely on the illegal drug trade to help finance their activities. "As the number of state sponsors of terror go down, and other financing streams dry up, drug trafficking is filling the void," said Derek Maltz, the DEA special agent in charge of the investigation. However, the question of what terrorist and/or paramilitary organizations are involved has not been confirmed. Some media reports claim that the case involves individuals linked to Hezbollah, but such links haven't been substantiated.

Lebanon's central bank governor, Riad Salameh, expressed support for LCB on Feb. 11, saying it was complying with international and Lebanese anti-money-laundering regulations and had a "highly professional administration and high liquidity."

Washington sources confirm that the report's essential features on the smuggling operation are accurate. The sources emphasized that Africa has become a transit area for Colombian cocaine and Afghan heroin, targeted at the vast and growing European market. Large areas of African territory are under the control of drug cartels, which have built up airport facilities and warehousing. Furthermore, diamonds and gold, both plentiful in Africa, are used to launder the drug proceeds. One source reported that gold and diamonds traded for cocaine and heroin have been traced from Lebanon, through Afghanistan, into Chechnya.

Asia News Digest

President Karzai Wants To Shut Down Parallel Government

Iran and China To Build New Rail Lines

Korean Talks Fail

China Blasts 'Quantitative Easing' as the Heroin of the Western Economies

Thailand Blames Others To Justify a War on Cambodia

Thailand Backs Away From Bio-Fuel Scam

President Karzai Wants To Shut Down Parallel Government

Feb. 9 (EIRNS)—Afghan President Hamid Karzai on Feb. 8 called for closing down the bases of the provincial reconstruction teams, or PRTs, to eliminate "parallel" government structures. He was addressing a press conference in Kabul, following his trip to New Delhi and Munich.

"The Afghans want to have a government of their own. The Afghans don't want a government from abroad," he said. "The transition means giving the whole thing to Afghan ownership and leadership. Naturally, then, the PRTs will have no place." Karzai has repeatedly criticized the PRTs for undermining the Afghan central government, by offering alternative sources of funding and public works.

Karzai also said that the United States has requested him to allow it to set up permanent military bases in Afghanistan. Although he did not say how many the United States is seeking, in 2005 a media report said the United States was beefing up its military presence in Afghanistan, at the same time encircling Iran, and that Washington would set up nine new bases in Afghanistan in the provinces of Helmand, Herat, Nimrouz, Balkh, Khost, and Paktia.

Last month, U.S. Sen. Lindsey Graham (R-S.C.), in an interview with NBC news, said he wanted the Obama's Administration to consider permanent bases after NATO-led troops hand over security responsibility to Afghan forces in 2014. Concerns are rising that Afghanistan will not be ready to handle its own security against the militants by the handover date, Graham said, pointing out that the bases would be a signal to Pakistan that the Taliban are never going to come back in Afghanistan, which could change their behavior.

Iran and China To Build New Rail Lines

Feb. 8 (EIRNS)—Iran's state-run Construction and Development of Transportation Infrastructure Company today announced that it has signed a contract with China to build 5,300 km of new rail lines. The contract is worth about \$13 billion. China is Iran's largest trading partner, with direct bilateral trade currently at \$30 billion, up more than 30% from \$21.2 billion in 2009.

On Jan. 25, Iranian Roads and Transportation Minister Hamid Behbahani announced the rail expansion plan. "All government efforts are aimed at the immediate completion of the country's highway and railway projects," he said. China will participate in building eight projects, including the 900-km Tehran-Mashhad line, the 410-km Tehran-Qom-Esfahan line, and the 370-km Qazvin-Rasht-Anzali-Astara line, all vital Eurasian Land-Bridge routes which will modernize Iran's links to Turkmenistan and Central Asia, Pakistan, and the Indian Subcontinent, and along the west coast of the Caspian Sea, eventually to Russia.

Korean Talks Fail

Feb. 9 (EIRNS)—The preliminary military talks between North and South Korea—the first since the sinking of the South Korean naval vessel *Cheonan* and the North's shelling of Yeonpyeong Island last year—ended without an agreement to move to higher-level talks. The South refused to move forward without the North admitting to sinking the *Cheonan*—which the North denies having done. China and Russia also doubt that it was a North Korean action. According to the South's Defense Ministry release, the North said: "The *Cheonan* incident is completely unrelated to us, and it is a humongous fabrication designed to justify the South's confrontational policy against the North, which was maneuvered by the U.S."

The North insists that their shelling of Yeonpyeong Island was "retaliation" for live-shell exercises in Northern waters, but this could likely be resolved if the U.S. and Seoul would stop insisting on blaming the North for the *Cheonan* incident. The "international investigation" into the incident by the U.S., Britain, Australia, and South Korea (but without China and Russia) concluded that the North did it, based on weak circumstantial evidence.

China Blasts 'Quantitative Easing' as the Heroin of the Western Economies

Feb. 9 (EIRNS)—The online *People's Daily* rips into the world-wide inflation driven by the U.S. Federal Reserve's money-pumping policy, known as "quantitative easing."

The problem for China, columnist Li Hong explains, is that "a seemingly sizzling economy, relying on high-flying housing and stock prices, is not healthy and mostly perilous, just like a car steered by a man on alcohol, driving on the fast lane. Equity bubbles are [like] heroin-taking that has seen the big ups and downs of some Western economies."

The impact on China is severe, Li Hing says. With "overseas hot money ... thronging to China, at a pace of more than \$30 billion per month, ... to prevent property and stock market bubbles in China, or in a sense, to prevent hot money from hoarding and speculating [on] Chinese equities, effective government oversight and adequate capital control are suggested.... The People's Bank of China should be prepared to resort to an equally unprecedented 'quantitative tightening' in order to attain a balance or equilibrium." The tightening is to be accomplished by raising interest rates, which the People's Bank has now done for the third time since October, and by raising bank reserve requirements to reduce the ability of banks to lend, which the Bank has also done multiple times in the recent period.

Thailand Blames Others To Justify a War on Cambodia

Feb. 9 (EIRNS)—Thailand's Foreign Minister, Kasit Piromya, infamous for his role in a terrorist occupation of Bangkok's

airport as part of the overthrow of a previous Thai government, has blamed Russia, India, and China for Thailand's border clashes with Cambodia. He provided no evidence.

"Cambodia has only a single objective—to have the Preah Vihear [temple] and claim the 4.6 square kilometers of disputed area," Kasit said at a seminar held by a Thai Senate committee. "Russia, India and China might have backed Cambodia's aggression against Thailand on February 4, and now Cambodia is taking the issue to the UN Security Council. Although Cambodia is creating the perception that it is being harassed by Thailand and trying to win sympathy from the international community, Thailand will not allow [Cambodian leader] Hun Sen, a bully boy, to bully Thailand," Kasit said.

This government statement is potentially economically suicidal, for it endangers major development deals that are in the works. Thailand is in negotiation with China on a \$15 billion project to develop three main north-south high-speed rail routes, plus another (or two) east-west routes. These routes are absolutely required for Thailand's further development, and would link Thailand both to neighboring Southeast Asian nations and to southern China. Cambodia and the other mainland Southeast countries are included in the development scheme, which parallels the Eurasian Land-Bridge maps.

To date, the United States has called for restraint and has not openly chosen sides.

Thailand Backs Away From Bio-Fuel Scam

Feb. 12 (EIRNS)—Thailand is being forced to lower the bio-diesel content of its diesel fuel, by the realities of the deepening worldwide economic crisis. The country is straining to maintain the price of diesel fuel at 30 baht (\$0.97) per liter, a psychologically important price. Almost all goods within Thailand are transported via diesel-powered vehicles.

Besides extending subsidies to cover the difference between the world market price and the Thai domestic prices, the government finds that it must lower the bio-diesel content from 3% to 2%. Not only is the bio-diesel component of the fuel significantly more expensive than normally manufactured diesel, but the bio-diesel fuel is made from palm oil, which is already in critically short supply and at record prices.

All rights reserved © 2011 EIRNS

[top of page](#)

[home page](#)