

EIR

Executive Intelligence Review

June 20, 2008 Vol. 35 No. 25

www.larouchepub.com \$10.00

LaRouche: How To Shape History; Hillary Might Still Win
Soros's Latest Hostile Takeover: The Democratic Party
Zepp-LaRouche on How To Solve the Food Crisis

After Ireland's 'No' to Lisbon: Put FDR Policies on the Agenda



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EIR (ISSN 0273-6314) is published weekly (50
issues), by EIR News Service, Inc., 729 15th St. N.W.,
Washington, D.C. 20005.
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Postmaster: Send all address changes to EIR, P.O.
Box 17390, Washington, D.C. 20041-0390.

EIR

From the Assistant Managing Editor

“There is a limit to the tyrant’s power!” exclaims Werner Stauffacher, as he rallies his countrymen to act against the tyrannical power of the emperor, in Schiller’s great drama *William Tell*.” And so, this past week, the small nation of Ireland, one of 27 members of the European Union, echoing Stauffacher, refused to submit to the fascist Lisbon Treaty, thus damning it to a well-deserved oblivion. As Helga Zepp-LaRouche notes in this week’s *Strategic Overview*, this dramatic turn of events throws open the doors to the possibility of reviving the Eurasian Land-Bridge perspective, based on the principle of a new, just world economic order.

Moreover, the Irish “No” vote, Lyndon LaRouche commented, “corresponds to the Hillary Clinton primary vote in the United States. It’s the same tendency,” he observed. It was largely the working class, and those in the lower 80% of income brackets, who voted against the Treaty. In fact, Clinton would have been the Democratic nominee already, if not for the dirty operations of Nazi collaborator George Soros and company, as Jeffrey Steinberg documents in his report on Soros’s “hostile takeover” of the Democratic Party.

This week’s *Feature* by LaRouche, “How To Shape History,” opens optimistically, with the declaration, “Hillary might still become President!” And for those doubters among you: Ask yourselves, how many would have thought that one small nation could challenge the powerful dictators of Brussels, and their obedient vassals in Germany, France, and the other subject nations of Europe? As LaRouche writes, “What actually happened in the U.S.A. election-campaigning during the close of last week, was not the end, but the beginning of what will prove to have been the real contest yet to be fought”—over whether we return to the anti-depression policies of FDR, such as LaRouche’s Homeowners and Bank Protection Act—or submit to the new dark ages program of the Anglo-Dutch financial oligarchy.

Now, LaRouche PAC has announced that on July 22—one year after LaRouche’s historic July 25, 2007 webcast, at which he announced that the meltdown of the global financial system was already underway—LaRouche will hold a webcast in Washington, D.C. Stay tuned for further developments.



Cover This Week

Members of the German LaRouche movement's Civil Rights Solidarity party campaign against the Lisbon Treaty in Heidelberg. The picket reads: "EU-Lisbon Treaty means: An offensive military pact instead of economic union." EIRNS/ Elisabeth Neudecker



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Helga Zepp-LaRouche points out that the Irish voters' rejection of the new European Union Treaty (Lisbon Treaty), which was to transform Europe into an oligarchical and imperial dictatorship, now cannot go into effect as planned on Jan. 1, 2009. This gives Europe's nations an excellent opportunity to extricate themselves from the corset of every EU treaty already in effect, and to opt instead for a system of Europe-wide cooperation of sovereign republics, in the spirit of Charles de Gaulle.

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Lyndon LaRouche warns people who are depressed because Hillary Clinton was forced to withdraw her candidacy for the Democratic Presidential nomination, that they are wrong. He notes that her retirement is not the end, but only the beginning of the real contest yet to be fought. People make this error of judgment because of their failure to understand the way in which real history works. By understanding how history actually works, the same depressed people would be able to see that "Hillary might still become President!"

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AFTER IRELAND'S 'NO' TO THE LISBON TREATY

Cancel All EU Treaties; Build A Europe of the Fatherlands!

by Helga Zepp-LaRouche

The Irish have now fulfilled French President Nicolas Sarkozy's prediction of last November: that the new European Union Treaty would be rejected in any country where a popular referendum was held on it. The new crisis into which Ireland's "No" vote, on June 12, has now plunged the EU, gives us an excellent opportunity for Europe's nations to extricate themselves from the corset of every EU treaty already in effect, from Maastricht to Nice, and to opt instead for a system of Europe-wide cooperation of sovereign republics, in the spirit of Charles de Gaulle.

Immediately, on June 13, Martin Schulz, chairman of the Socialist Group in the European Parliament, announced that he would henceforth devote his efforts toward halting the process of EU enlargement—which most immediately affects Croatia's application for membership—and that he would force Europe's heads of state to go on public record before the European Parliament, on what kind of Europe they really want. Because then it would become clear to all, that there is a split inside the EU, and that some member-states have no interest whatsoever in the new reforms. Schulz didn't even exclude the possible dissolution of the European Union. On the other hand, his idea that those states most enamored of integration could return to the original draft of the EU Constitution, and that all the other EU treaties could be cancelled, is less promising, since that draft was defeated already back in 2005, in referenda in France and the Netherlands.

And so, this Friday the 13th has turned out to be a lucky day for the preservation of democracy in Europe's nations, because now the Lisbon Treaty, which was to transform Europe into an oligarchical and imperial dictatorship, cannot go into effect as planned on Jan. 1, 2009. Because the EU advocates' argument that the revised EU Treaty was necessary in order to shore up Europe's role in the face of the United States and a re-strengthened Russia, China, and India,

simply does not hold water. The only thing that the Treaty would have done, would have been to consolidate the policy of neoliberalism, and thus to hand over quasi-dictatorial powers to the British imperial free-trade faction and to the EU bureaucracy.

It's precisely this neoliberal free-trade policy which, for the past 11 months or so, has been plunging us ever deeper into one crisis after another. The impending disaster of Lehman Brothers, the fourth-largest Wall Street bank, is only the most recent expression of a financial and banking crisis which already some time back, had turned into a crisis of confidence in the entire system. Meanwhile, the fires of raw material and food hyperinflation are being fanned most vigorously by the mega-speculators, and threaten the welfare, and even the very lives, of one billion people in the developing countries—hyperinflation on the scale of Germany's in 1923, only this time worldwide.

The 'Monster' Financial Markets

Leading financial institutions' presumption that the remedy for this crisis is globalization and world government, have extremely small chances of success now. For example, Timothy Geithner, president of the Federal Reserve Bank of New York, interviewed in the June 9 *Financial Times*, proposed even tighter centralization of the world's central banks, under U.S. Federal Reserve control—a proposal which most Asian nations will simply not agree to. German Chancellor Angela Merkel, on the other hand, writing in the June 11 *Financial Times*, recommended the creation of a European rating agency which could hold its own against the dominance of Moody's, and Standard and Poor's. Unfortunately, in the same article Mrs. Merkel refused to adopt the view of German President Horst Köhler, who had described the financial markets as a "monster," nor the view of Deutsche

Bank CEO Josef Ackermann, who said he no longer believes in the market's powers of self-healing. Mrs. Merkel rejected these points of view, because, she said, they leave "an open flank" to protectionism.

And true enough, there is a widening chasm between the proponents of free trade, who have recently been resorting to using the most infamous financial locusts and speculators of every description, and the proponents of a protectionist policy oriented toward the General Welfare. That is precisely the reason why not only the EU Treaty, but also the so-called Doha Round of the World Trade Organization, have failed in recent days. At a meeting in New Delhi, on June 12, thirty top representatives of India's agricultural organizations passed a resolution rejecting the WTO agreements: "India should leave the WTO and should not sacrifice the livelihood of 800 million farmers, Adivasis [Aborigines], Dalits ["Untouchables," descendants of the Aborigines], and rural women." The resolution stressed that the WTO does not offer the slightest real protection to Indian agriculture, fisheries, and forestry.

In the coming weeks and months, the international banking and financial crisis, and the hyperinflationary explosion, will grow to *tsunami* strength. The chorus of those admitting the systemic nature of this crisis will grow in number and decibels. A further indication of the complete lock-step of the German media in this connection, is their total suppression of a letter issued on May 22, by 14 former leading political figures—among them Michel Rocard, Poul Nyrup Rasmussen, and Helmut Schmidt—which speaks of a systemic crisis, and which called for the convening of an emergency conference on the heads-of-state level, in order to define a new financial system. Meanwhile, Russian President Dmitri Medvedev has warned citizens about the effects of this systemic crisis on the welfare of the population.

The failure of the Lisbon Treaty has to be understood as an opportunity to put onto the agenda a new financial architecture in the tradition of Franklin Roosevelt's Bretton Woods. For many years, Lyndon LaRouche has been specifying the concrete steps that would be required for such a reorganization of the world financial system. A community of nations, which would have to include a changed-of-heart United States, along with Russia, China, India, and other nations, such as Germany, France, Italy, Japan, Brazil, South Africa, etc., must decide as quickly as possible to dispose of the unpayable financial waste which probably adds up to

hundreds of trillions of dollars; to return to fixed exchange rates; and to use national banks to provide long-term credit at low interest rates for productive investment in the real economy. FDR's New Deal policy can serve as the historical model for how nations, both individually and in cooperation, can overcome economic depression, and can get the economy moving again. Russia's former President and current Prime Minister Vladimir Putin, Argentina's former President Néstor Kirchner, Italy's Economics Minister Giulio Tremonti, and the great number of VIPs who have signed this writer's call, have already spoken out to this effect.

Build the Eurasian Land-Bridge

The construction of the Eurasian Land-Bridge and its extension over the Bering Strait and down to Chile, and also via Egypt, Gibraltar, and through a tunnel from Sicily to Tunisia, and down to South Africa, can become the concrete framework for reconstructing the world economy following the financial reorganization.

The axiomatic basis of globalization—which in reality, is nothing but an attempt to subjugate the world to domination by the British Empire—and of the Lisbon Treaty, which is part of the same policy, has now completely crumbled. The Italian anthropology professor Giulio Magli has correctly pointed out that the EU Treaty is grounded in the ideology of

Immanuel Kant. Kant was not the only one to advocate a utopia of eternal peace, based on the presumption that all nations could be united by a single common law and a single uniform culture. Friedrich List exposed the fallacious assumptions of Adam Smith and his free-trade doctrine, and traced this back to Abbé de St. Pierre's similar notion of eternal peace. List also warned that the only reason that Adam Smith had published his works, was in order to further the British Empire's interest in deceiving the population.

The multitude of nations and their diverse cultures and interests represent a multiplicity which we should not iron flat, but which must, on the contrary, fill us with joy. In the spirit of Nicholas of Cusa, they represent a multiplicity within unity. Such unity should not be forged by supranational structures, but rather must be brought about by sovereign republics with equal rights committing themselves to the common aims of mankind, as Dr. Edward Teller once put it. We in Europe can and should cooperate, but we must do so in a Europe of sovereign fatherlands.



EIRNS/John Morton

Ireland's unequivocal "No" to the Lisbon Treaty signals a death-blow to the attempt by the Anglo-Dutch oligarchy to force the nations of Europe to submit to a one world dictatorship.

How To Shape History

by Lyndon H. LaRouche, Jr.

June 9, 2008

Hillary might still become President!

Since Friday, June 6, I have been occupied in, as it is often said, “picking people up off the floor.” This on both sides of the Atlantic. Whereas, people, including relatively many among my own associates, were reacting to the leading vote-swindle of Democratic Presidential candidate Hillary Clinton’s forced retirement from her candidacy, I have been warning folk that their view was mistaken. What actually happened in the U.S.A. election-campaigning during the close of last week, was not the end, but the beginning of what will prove to have been the real contest yet to be fought. The error which many people, from various camps, made, was a result of their failure to understand the way in which real history works. So, my very short piece entitled, “For the Moment, Now There Are Two Candidates,”¹ was written in anticipation of the need that I act, personally, to head off what I feared would be the expected pathetic, widespread, alternating rage and depression among some leading figures, as much as some ordinary folk.

One of the typically malignant effects of the influence of Anglo-Dutch Liberalism on the mental condition of most people throughout today’s world, is the way the victims of such influence think of notable events in history, mechanistically: of both those events experienced by society generally, or only by the individual person seen as being essentially what each presumes to be virtually the effect of receiving a sudden kick-in-the-rear-end. I mean: “mechanistic” in the sense of what are the intrinsically incompetent, but customary, “Cartesian-like” methods of economic and related modes of economic and other forecasting by people, and by their usual choices of mass media, today.

1. See *EIR*, June 13, 2008.

Elections of some Presidents, for example.

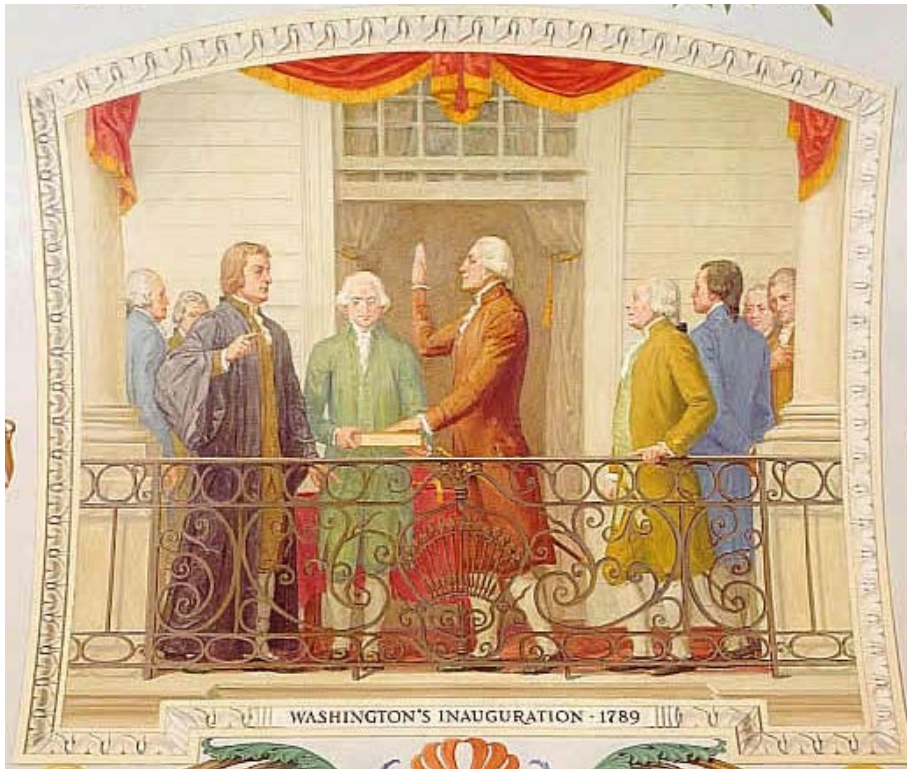
Contrary to most opinion today, history is not something which has been experienced. History is, among other things, what you yourself are about to do, or which you will have failed to expect until after it has happened. Take such a case as the trajectory of a planet in the Solar System. How do we know where that planet is going? The orbit is *predetermined* by a universal physical principle, a principle commonly identified as universal gravitation. This is a principle, which, as Albert Einstein emphasized the deeper implications of Kepler’s uniquely original discovery, encloses the universe; it is, therefore, a choice of a universal principle whose efficient action, by some one, God or man, has always pre-determined our future, not our past.²

Human upward progress, such as economic progress in physical science, were inevitable, unless you chose the pathway down, instead.

Take the fact that, without fear of exaggeration in this, the evidence at hand so far implies, that, during recent decades, I have often been the only known case of a competent *long-term* economic forecaster in the U.S.A. and some other places. An important part of the reason for this widespread effect to be observed on two continents or more, is that virtually all prominent economic forecasters have failed because they have usually adhered to an academically certifiable, statistical method, such as that of Galileo or Descartes, an error caused by the statistician’s implied working assumption that our society were a cage full of monkeys, not people.

Since about 1987, the world, including our U.S., for example, has entered into what has now become a plunging down-phase in the economy and culture of our planet taken as a whole. This is a plunge, which, if continued, would mean an

2. The relevant necessary corrective for the fallacies implicit in ordinary mathematics is identified by the concept of *analysis situs*, as introduced to modern science by Gottfried Leibniz, and as treated by Bernhard Riemann.



George Washington's inauguration as the first U.S. President, 1789, on the balcony of Federal Hall in New York (mural by Allyn Cox). The Founders were gripped by the idea of progress, a quality of optimism reflected in the Declaration of Independence as well as the Preamble to the Constitution. Reviving such a standard of leadership is urgent, in the choice of a President today.

accelerating collapse of physical conditions of life and of population, down to a level of misery of a world population which would, itself, shrink rapidly from a present level of about six-and-a-half billions human beings, to such goals as the reduced level of about two billions maximum demanded by Britain's Prince Philip of the World Wildlife Fund, or to the one billion or less demanded by even more radical, present-day neo-Malthusians looking back fondly to the so-called "Middle Ages."

This collapse is presently accelerating at what now threatens to become, like the rising price of "spot market" petroleum, awesome rates. It is being caused by nothing as much as the policies radiated from past and present Malthusians, as from the time of the satanic H.G. Wells and Bertrand Russell, through those present co-thinkers of former U.S. Vice-President Al Gore, circles which share the pro-"environmentalist" world-outlook of the neo-Malthusian Prince Philip. So far, admittedly, the relative rate of collapse toward a condition of virtual world famine, is apparently more acute in rate among the relatively poor strata of so-called developed nations, such as North America and western and central Europe; but this is temporary, and that because of the more immediate effects of long-term Malthusian strategy, also called "globalization," which is fairly named "a New Tower of Babel" policy. That policy is premised on the assumption, that the presently ongoing collapse and depopulation of the previously more de-

veloped regions of the world, as in western and central Europe and North America, like that done to the former Soviet Union after 1990, would soon ensure the general collapse of all civilization, world-wide, a general collapse which is presently under way, unless some leading nations decide, soon, to change their present ways.

The effects of the explicitly progenocidal, current, neo-Malthusian cultural and economic policies of Prince Philip's World Wildlife Fund, confront us with relevant evidence of the reason that my principles of successful long-range economic and related forecasting have succeeded where my so-called competition was wrong.

Economic Forecasting Generally

For example, for precisely the reason of that kind of implicit error of assumption to which I have already pointed here, the typically incompetent, but widely admired forecaster of economic trends, or similar

public events, is identified by the popularity of demanding a relatively simple "Yes, or no" answer from anyone making a forecast. The same error is made by those who suggest, "take a number from one to ten," concerning a debate over the likelihood of a future development.

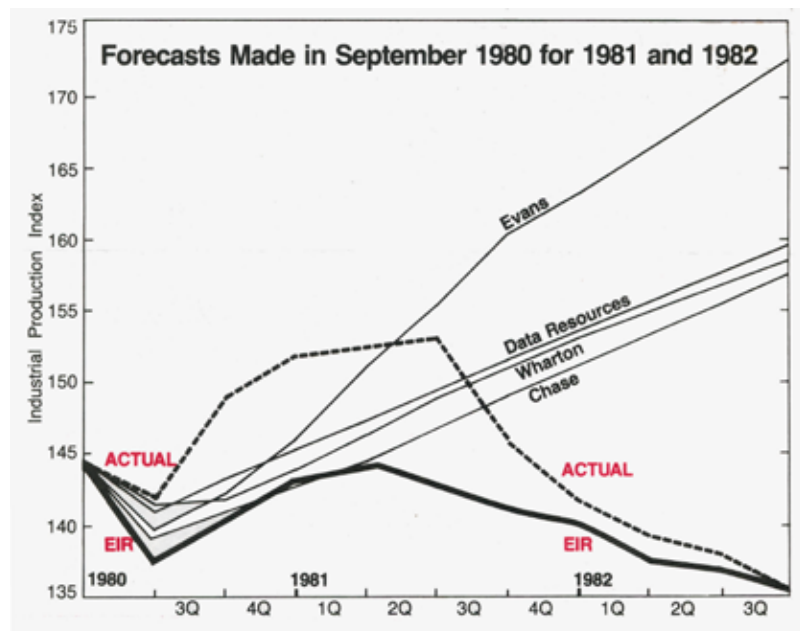
The commonplace error among sundry varieties of forecasters, is their attempt to derive what they see as the future from real or unreal, past events. Competent forecasting depends, partly, upon knowledge of universal principles; sometimes, that *requires knowledge of what may be about to be introduced to practice as a newly adopted principle or policy*, as I have done sometimes.

Thus, where other notable forecasters have failed, it was sometimes relatively easy for me to foresee the long-term pattern of probable developments, that over an interval from 1956 to what actually happened on July 31, 1971, as no other forecaster known to me had matched my success in this. True, I had not forecast that exact date of that forecast event, but, from 1965 onward, only as something likely, under then persisting policy-shaping conditions, for a time-frame somewhere between the close of the 1960s and the beginning of the 1970s. My forecasting recognized, and also stipulated the kinds of changes in policy which would determine the future trends, policies which I identified as the trend which will either be allowed to continue, or must be overturned. Thus,

FIGURE 1

Forecasts Made in September 1980 for 1981 and 1982

(Industrial Production Index)



The LaRouche-Riemann model is contrasted with “Brand X” economic forecasters, in this graphic from EIR in 1983.

FIGURE 2

Back to 1860s Levels: U.S. Manufacturing Workers Per Capita



Sources: U.S. Bureau of Labor Statistics, Census Bureau.

my forecasts have always included consideration of the existence of one or more alternate choice of policy: chiefly, either the policy underlying current trends, or the suitable replacement, as I have done during the course of the recent ten months.³

A more important factor in my success, was my insight into the minds of those various social strata which were, collectively, most influential in shaping policies, and, therefore, thus generating the results which I have forecast as the likely outcome of their continuing such forms of their currently ongoing behavior.

One of the chief reasons I have succeeded, where most leading economic forecasters have failed, is that *most professional economists and their patrons forecast the wrong kind of event.* They make the serious mistake of forecasting markets not as I do, but as ruling policy-shaping circles do. To be competent, it is essential to forecast the behavior of those, in government, finance, press, and universities, who are shaping the policies which pre-shape current history, and select attention to the more influential policy-shapers who will steer developments in such a direction.

For example: if President Herbert Hoover had been re-elected in 1932, Adolf Hitler would almost surely have won World War II. The danger lay in the influence and policies of those who, like the grandfather of President George W. Bush, Jr., were backing Hitler during the early 1930s, and were in the opposition to Franklin Roosevelt’s 1932 nomination and election.⁴ So, the assassination of U.S. President McKinley, which was an event produced by an assassin, imported from Europe, and steered through the premises of New York City’s Henry Street Settlement House; this caused an abrupt and profound change in the circles controlling the U.S. government from the inauguration of Vice-President Theodore Roosevelt as President, until the 1932 election of his distant cousin, Franklin Roosevelt.

Think about those examples I have just referenced. The particular problem to be emphasized in treating the subject of forecasting here, is the fact that many people, are much less intelligent than they imagine themselves to be, often, such as George H.W. Bush and his son, a lot less intelligent than their acquired university degrees might suggest that some of them had become.

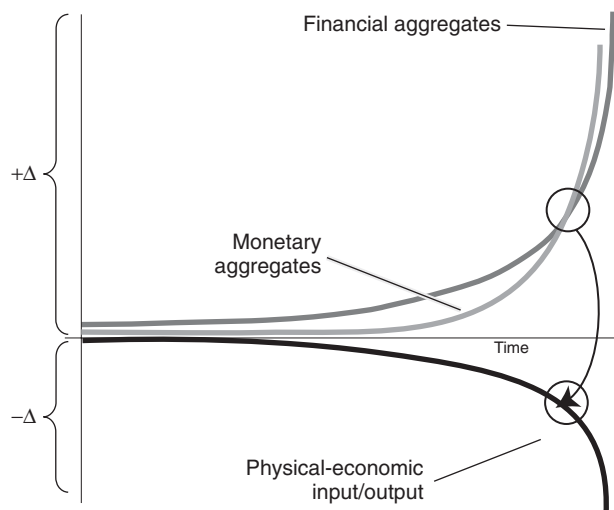
Such people might prefer to imagine themselves able not

3. Since just prior to my July 25, 2007 webcast.

4. Back in those times, this included persons such as Prescott Bush and Ambassador Joseph Kennedy, who professed a certain discomfort with the character of Adolf Hitler, but stated, as Joe Kennedy did, their real preference was Hermann Göring.

FIGURE 3

LaRouche's Typical Collapse Function ('Triple Curve')



LaRouche's heuristic diagram shows the point at which monetary aggregates overtake financial aggregates, in a hyperinflationary explosion.

only to change things, but imagine that they are changing them for the better, not for the worse; but, they often deceive themselves in the same way as an hypothetical President of the United States who might report that he has decided to change the orbit of the planet Earth by means of a mere majority of assenting votes in today's U.S. Senate. "Things could not possibly be as bad as you say," they argue, or, "You must agree with us, to see that the present problems are only temporary; soon, everything will return to normal."⁵

Recently the number saying such silly things as that, is becoming fewer, and fewer, but there are still many still saying the same kinds of silly things they were saying, inside relevant places such as the U.S. Congress, and elsewhere, as recently as the middle of Summer 2007.

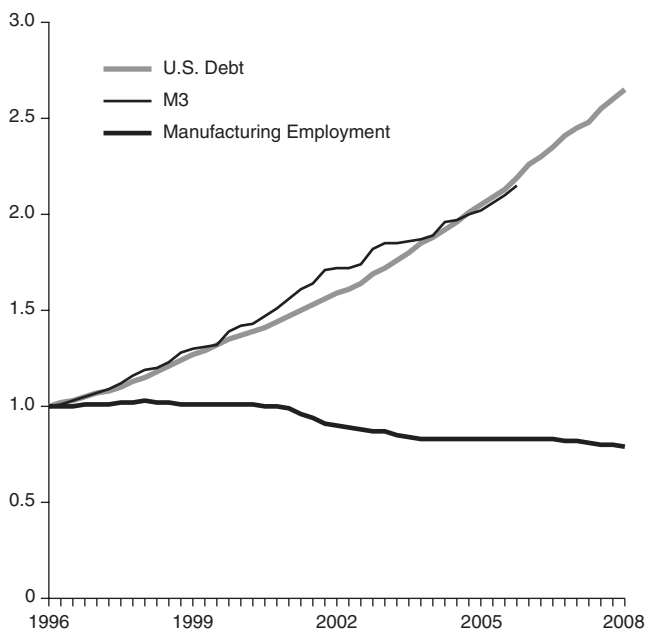
For example, since President Nixon announced that he was adopting Adam Smith and Milton Friedman as his administration's economic saints and gurus, the U.S. economy has actually been in a continuing, long-ranging decline in physical output and per-capita real consumption, a collapse in net useful consumption and production per capita and per square kilometer of territory. However, since Nixon and others had insisted that the continuation of their policies defined the "good," they read the fact of the continued toleration and growing influence of their ruinous policy-changes of the 1970s, as sufficient evidence that progress was still on the way up, when, in fact, the net physical output and consump-

5. The decision made may be arbitrary, but the effects of enforcing it are not.

FIGURE 4

The U.S. Economy's 'Triple Curve,' 1996-2008

(Indexed to 1997, Q1=1.00)



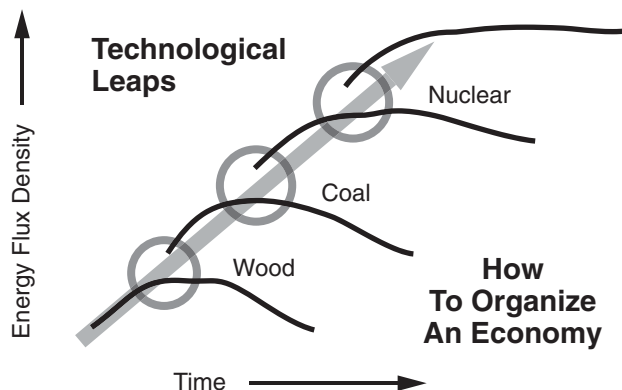
Sources: U.S. Bureau of Labor Statistics, Federal Reserve.

The triple curve, with data from the economy today. The graph shows debt, M3 money supply, and manufacturing employment, indexed to 1996 Q1=1.00. The government stopped reporting M3 in 2006.

tion of the U.S.A. has been declining over the entire interval 1969-2008 to the present instant, when it is falling faster than ever before. "Things are getting better?" Not, certainly, since March 1, 1968, and absolutely not since August 15, 1971.

The success of the manned Moon landing, was purely an intentional, not a statistical event; but, when we take into

FIGURE 5



Source: EIRNS

account the changes in U.S. policy since 1967, it was, after all, speaking historically, a temporarily glorious fluke, an achievement created by policies which, in large degree, had ceased to exist. The development of technologies which made the specific achievement of the Moon-landing possible, was already in the process of being pulled back since U.S. fiscal year 1967-68, and at an accelerating rate in our U. S.A., in particular, more or less continuously, since that time, especially since the Trilateral Commission's influence expressed in the take-down of essential safety measures, during the early 1980s.

Today, whatever a dwindling number of some scientists do, in fact, know, the economic fact of the matter is, that the U.S. economy could no longer accomplish the quality of things we did so proudly before the late 1960s after-effects of the assassination of President John F. Kennedy kicked in. Yes, there were particular improvements during the late 1960s and some parts of the 1970s, as, for example, in new plant, some new technologies, and so forth; but, through the net effect of decadence overall, progress has been in a downward direction, in net effect, since that time. How is your pension and your health-care package doing, for example?

Your choice of Presidential candidate today, could put your grandchildren in Hell in their time. What you choose to consume, because you like it, or what you refuse because you don't, could be the choice which kills you.

For Example: How Economies Work

A competent sort of systemic understanding of how a modern economy actually works, or does not, requires the adoption of the kind of view which I have adopted toward the physical-scientific methods associated with the refined conception of *dynamics* introduced by Bernhard Riemann from 1854 onward. Take a relatively simple example of this.

For example, even to maintain a constant standard of living for the general human population, requires a degree of net technological and related progress sufficient to overcome the effect of society's drawing down the best quality of the stock of those physical and related cultural resources on which a certain level of existence for the entire society had depended. To compensate for the unavoidable, and also necessary increase of the population of any nation with a viable future, a still greater rate of realized scientific-technological and cultural advances is necessary: to more than overcome the relative marginalization of stocks of previously standard resources.

This is true for physical science and its role in the economy. It is also true for the case of Classical forms of art, as we



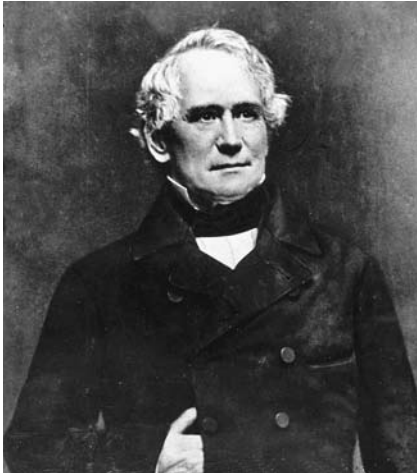
John F. Kennedy Library

President John F. Kennedy inspects Project Mercury's Friendship 7 space capsule, Feb. 23, 1962. Behind him is astronaut John Glenn, Jr., who circled the Earth three times in the capsule—the first American to go into Earth orbit.

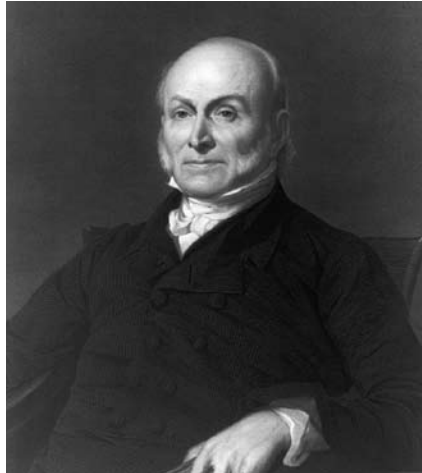
are able to trace progress in musical polyphony from such ancient roots as the most significant case, the track of the development of the use of Lydian modalities by all great musicians, through the work of J.S. Bach, Haydn, Mozart, and Beethoven's late string quartets. Or, the revolution in the concept of perspective in painting which was introduced by an important predecessor of the astrophysicist Johannes Kepler, Leonardo da Vinci. Or, as the great Classical English poet Percy Bysshe Shelley emphasized in the course of his *In Defence of Poetry*, the role of development of language and the arts, combined, in bringing on periods of splendid "increase in the power of imparting profound and impassioned conceptions of man and nature."

Progress is not optional; it is an endless imperative of all civilized mankind.

In all of these essential elements of the progress required to maintain a society, and prevent it from sinking into decay through attrition, we must act upon society as a whole in a literally dynamic way, as the ancient Classical Greeks, and as Gottfried Leibniz, Bernhard Riemann, Max Planck, and Albert Einstein fought for scientific progress, against the decadence of those modern empiricists and positivists, who are the present-day followers of the medieval irrationalist William of Ockham.



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The period following the French Reign of Terror and the Napoleonic wars was a hard one for the new U.S. Republic, but patriots such as (left to right) Henry C. Carey, John Quincy Adams, and James Fenimore Cooper emerged as indispensable leaders. "It was to these figures, who stayed the course in perilous times for our republic, to which we all owe the frequently betrayed, but still precious legacy" of the Founders, as well as those who came later.

The Effect of the Denial of "Progress"

The rise of the scientist and statesman Benjamin Franklin, the follower of the Massachusetts Winthrops and Mathers, and of Pennsylvania's James Logan, coincided with a post-1750, to 1789 period of Renaissance of science and Classical culture throughout much of globally extended European civilization. This was a period of the resurgence of scientific and Classical artistic achievement coinciding with the spreading influence of the sons of Johann Sebastian Bach and such figures of both physical science and Classical art as the Leipzig-born, great mathematician Abraham Kästner. This phase lasted, essentially, until the British Foreign Office's deploying its agent, the Duke of Orleans ("Philippe Egalité"), in support of that Duke's colleague, Lord Shelburne asset, and Swiss banker Jacques Necker, for the siege of the Bastille. This was a siege of the Bastille, conducted for no different purpose, than the purpose of compelling Louis XVI to appoint Necker Prime Minister of France.⁶ The period of the Jacobin Terror and the rise of Napoleon Bonaparte, defined a relative dark age which persisted through the notorious 1815 Congress of Vienna.

The poet, dramatist and historian Friedrich Schiller said of the French Revolution, "a great moment had found a little people." In the main, during the period following the French "Reign of Terror" and the Napoleonic wars, art and politics, and to a significant degree, science, too, declined into what the poet Heinrich Heine would denounce as "The Romantic School." These were hard times for the newly constituted U.

S. Federal Republic, but times out of which came patriots such as Mathew Carey and his son Henry C. Carey, in concert with U.S. figures who combined the heroic role of being simultaneously statesmen, diplomats, and spies, such as John Quincy Adams and James Fenimore Cooper. It was to these figures, who stayed the course in perilous times for our republic, to which we all owe the frequently betrayed, but still precious legacy of both the founders of our republic, and of those who stayed the course through the death of figures such as John Quincy Adams and Cooper.

The great struggle against British imperial oppression of the North American English colonies actually began in the immediate aftermath of the February 1763 Peace of Paris, from which the London which had orchestrated the mutual ruin of the nations of continental Europe through the so-called "Seven Years War," thus emerged triumphant under its own domination by an Anglo-Dutch Liberal, imperial form of financier interest known as Lord Shelburne's British East India Company, a Company which, with its bastard, or other financial offspring, has been the core of the permanent party of treason within our U.S.A., to the present date.

I refer, although briefly, to that piece of our history here, not only because that history of London-steered agents and treason among us, is of singular relevance, again, at this immediate time. I reference it for the even far more significant reason, that it is only to the degree that we are led as a nation by figures among us who locate their personal identity as patriots in the legacy of many preceding generations before us, and in their deep commitment to service of intentions for at least several generations after we have lived out our own personal time.

The progress of mankind, as also our republic in particular, depends upon a continuity of passing of the proverbial torch, a passing which spans such a lapse of past, into future

6. The mob, hired and armed by Philippe Egalité, accepted the surrender of the guards, and then killed and butchered them, putting the butchered guards' heads on pike-staffs, and carrying the gibbering idiots, who had been the only remaining inmates of the Bastille, off to the famous insane asylum where they were released to the custody of the latter institution.

times. The most essential of all patriotic values on this account, is the idea of progress which gripped the work of the mature lifetime of the founders of our republic, especially the span of developments during the contested years 1763-1789. Our sense of such spans of time is the strongest when we trace the history of physical science from such ancients as the Pythagoreans and Plato through to the most recent accomplishments respecting the discovery and realization of discoveries of physical principle. This sense of scientific progress, where it prevails, is a model of reference for the idea of human individual immortality, a sense of immortality which could not exist unless it were expressed as an impassioned concern for relevant future accomplishments by those creative powers of the individual mind which are to be identified with the discovery of true universal physical and comparable principles.

For the same reason, that denial of the progress which is the characteristic lack of true morality in the “Malthusians” of past and present times, such as the World Wildlife Fund’s Prince Philip and his lackey and former U.S. Vice-President Al Gore, is the greatest threat to our republic’s continued existence today, precisely because it denies the existence of the principle of morality which can not truly exist without an efficient sense of an immortal purpose for a mortal human existence.

It is the sense of scientific and technological progress in the functioning of economies across successive generations which is the characteristic expression of a moral basis for patriotic commitments. It is the extension of that sense of the role of scientific-technological progress, which ties the goals of physical progress in the productive powers of labor, to the Classical spirit of artistry which links the inner living person to a sense of a personal participation in the existence of those who either lived in our time with us, or who preceded our birth, or follow us when we are gone.

Creativity as Morality

For as far back in history as we know, the prevalent curse upon mankind has been the doctrine typified as that of the Olympian Zeus of Aeschylus’ *Prometheus Bound*, the ban on allowing the lower social classes of mankind the right to know the principle of “fire.” In practice, the term “fire,” so employed, signifies the innate, potential creative powers of the individual person, the powers which distinguish the human species absolutely from all lower forms of life. “Fire” signifies, as controlled nuclear fission illustrates the point for today, the discovery of usable universal physical, or comparable principles, through which mankind is enabled to increase both the potential relative population-density of mankind, and also to raise the standard of living and life-expectancy of the population generally.

Throughout the history of empires, as known best to us through study of the history of the principle of empire since ancient Babylon, or earlier, the characteristic of most cultures and societies has been the encultured degradation of the intellectual

life of the greatest portion of the subject population to a policy tantamount to the ideology called “Malthusianism” today.

In earlier forms of imperialism, as in ancient Rome, the suppression of scientific-technological conceptions of progress was enforced with the gibbet and knout. In modern Europe, this was changed in form, but not much in effect. The change was made by Paolo Sarpi, the founder of modern European philosophical-political Liberalism.

Sarpi proceeded as follows.

The 1439 A.D. great ecumenical Council of Florence and the related founding of modern European science by later Cardinal Nicholas of Cusa, led to the establishment of the first modern nation-states under, first, France’s Louis XI and, then, England’s Henry VII. The old Venetian faction which had been set back temporarily by the mid-Fifteenth-Century Renaissance, struck back through the Habsburgs with such methods as the rise of the Inquisition under Spain’s Tomas de Torquemada. Torquemada’s mass-murderous actions, prefiguring those of Adolf Hitler later, as typified by the expulsion of the Jews from Spain, launched a period of religious warfare throughout Europe, which continued from 1492 until the 1648 Peace of Westphalia.

In the midst of the Sixteenth Century’s epidemic religious wars, Venice’s Paolo Sarpi recognized that the Habsburgs’ policy of pro-Aristotelean Inquisitional methods was doomed to fail, because of the factor of urban development unleashed by such expressions of the 1439 Council and Cusa’s launching of modern science as the role of technology developed in cities and their countryside, as this strategic effect was described in the writings of Niccolo Machiavelli.

Sarpi had no love for science, as his promotion of a revival of the medieval irrationalist William of Ockham attests to this fact. However, he recognized that the Venetian type of financier interest and power could not succeed unless it adapted itself to a certain amount of technological and related innovations. Sarpi’s love for Ockham was rooted entirely in his hatred of science as such. On this account, Sarpi’s influence produced a policy of practice known today as the type of irrationalism respecting science as such, which is called today Anglo-Dutch Liberalism.

Under Liberalism, mathematical recipes, used as substitutes for notions of scientific principle, are often allowed (except by today’s post-1968, hardened neo-Malthusian fanatics), but the principles of science of Nicholas of Cusa, Leonardo da Vinci, Johannes Kepler, Pierre de Fermat, and Gottfried Leibniz, are either banned or rendered harmless to the Liberal ideological cause through sophistical “explanations.”

This is not a narrowly scientific concern. This is the issue of the human freedom to be truly human. That is to say, fostering the development of those creative mental powers which are the essential distinction of the human being from the beasts. It is the same expression of creative mental powers associated with truly Classical art-forms and political institu-

tions. True freedom to be truly human, is not a matter of money, nor can freedom descend like manna (or, money) from Heaven upon a waiting, slavishly minded people below; freedom, in the sense of a Classical practice and knowledge of art and science, must spring like a bright young plant, from within the mind and the practiced social relations of the people.

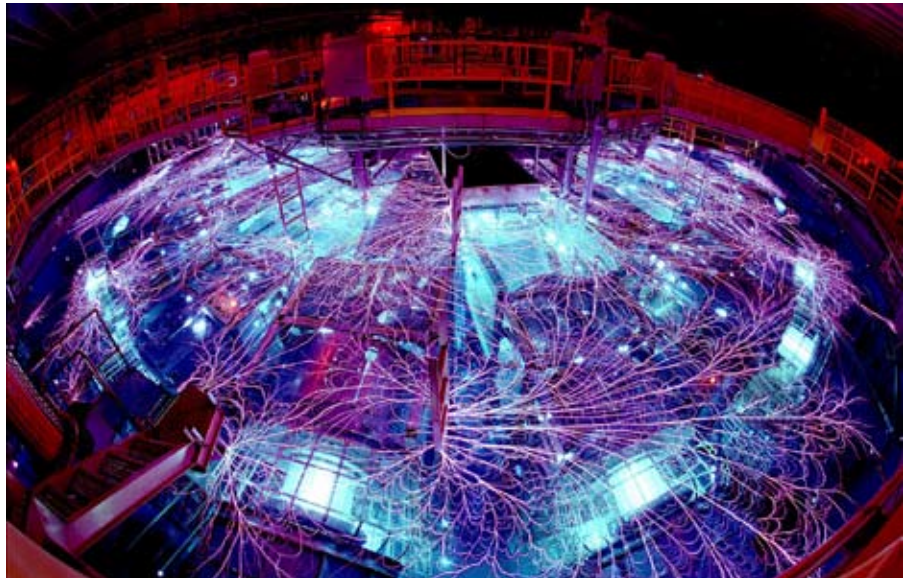
Although the expression of such human freedom is the moral right and obligation of practice by the individual member of society, like all good things in life, this, too, must be earned, not handed out as a passer-by's guilty conscience utters token gifts to poor beggars.

The source of the gift of culture is historical. The accumulation of discoveries of truthful forms of expression of scientific and Classical artistic principles, from generation to generation, both within cultures and across their boundaries, works as the practice of fundamental progress in discovery of universal physical principles. This is the immortal font of goodness which one generation must pass to the next, and to the persons of other nations and peoples as freely as to our own.

The essential point of principle here, is the need to love humanity and its individual person, the strangers as much as the children and youth of one's own tribe, for what society might be able to become. It was this quality of optimism which was shared, not only among the American freedom-fighters opposed to British oppression during 1763-1789, but also the English, American, and French peers of the German Classic of Haydn, Mozart, Beethoven, Kästner, Lessing, Mendelssohn, and Friedrich Schiller. This, as echoed in the 1776 Declaration of Independence and the Preamble of the U.S. Federal Constitution: such are, and remain the emblems of the Idea of Progress of peoples throughout the planet today.

The Classical conception of European culture in general, as opposed to the Romantics and other popularized perversions, is the generalization of, a fuller expression of, the principle of freedom expressed by the ancient Pythagoreans and Plato, by the great ecumenical Council of Florence, by Kepler, Fermat, and Leibniz, and those who follow them still today.

The physical benefits of science and technological progress are indispensable, but it is the moral quality of the broader cultural development of the peoples who benefit from science, which must be combined with true science as a true, united cause of human science and Classical art.



Sandia Laboratory/Randy Montoya

The Promethean "fire": Here, Sandia Lab's Z machine, the world's most powerful X-ray, is used for research in such areas as the development of thermonuclear fusion power—the power source of the future. The self-proclaimed Olympians have always hated the development of technology as a threat to their social control.

There Are No Limits to Growth

The great conception on which all those desirable qualities of true human freedom depend, is the conception of one's self, and of other persons, as implicitly immortal in respect to the permanent intention of their mission in mortal existence. Although, much of the task which each generation and nation must adopt as its own, in its own time, is bounded by pressing necessity of improvements in that time, as now, the essential motive for the work of each of many successive generations, is the grand conception of the immortality of the individual human mind, as the soul which inhabits the mortal human body. It is, therefore, the immortality of what is passed on in the form of the essential ideas of the human species' and individual sovereign nation's contribution to the furthest conceivable reach into a future consequence which is ever better, which must be recognized as the most essential self-interest of the human individual's personality as an implicitly immortal personality.

It is the devotion to that immortal cause which is the only true scientific test for what should be considered to be morality. It is that conviction which makes some leaders good, as also strong, and the lack of which weakens the will to do good, the will to do whatever is required to contribute to that end in the limited time allotted to each to live.

The same principle, is the required standard of leadership of our republic. It is urgent that we recapture that notion of leadership for the grave crisis which grips the world today. Such must be the selection of the composition of our republic's Presidency under the grave peril threatening all humanity now.

CENTRAL BANKS

Damned if They Do; Damned if They Don't

by John Hoefle

When the banking crisis broke out into the open last year, and the central banks embarked on a regime of liquidity pumping, collateral sucking, and bailouts, Lyndon LaRouche warned that this would inevitably lead to hyperinflation, and that it must be stopped, immediately. Yet, the bankers kept going, insisting that the problem could be contained with quick action, even as the “subprime crisis” grew into a “credit crisis,” and finally revealed itself as what it had been all along, a full-fledged systemic financial crisis centered in the big banks.

Since last year, the major central banks of the Anglo-Dutch Liberal system, led by the Federal Reserve and the European Central Bank (ECB), have issued some \$3.5 trillion in loans to the banking system, much of that in exchange for “illiquid” collateral—illiquid being a polite way of saying worthless. This debt-recycling scheme has, at least temporarily, taken some of the huge quantities of worthless paper off the banks’ books, making the banks look a little less bankrupt; but the bailout program has, as LaRouche warned, been an unmitigated disaster, spreading hyperinflation from the financial markets into the prices of everyday essentials such as food and oil, raising the cost of nearly everything our households need to survive.

Without this extraordinary bailout operation, the financial system would cease to exist. The banks would have to close their doors, and quadrillions of dollars of fictitious assets and derivatives bets would have to be written off, wiping out all the so-called profits of the past four decades, revealing the post-industrial financial boom for what it was: a fraud. As true as it is, it is not a conclusion the bankers are willing to accept voluntarily.

However, the soaring prices of food and gas create a

whole different set of problems for our economy, and a different set of problems for the banks. Our economy, we have been repeatedly told, is driven by consumer spending, but the more consumers are forced to spend for food and gasoline and other essentials, the less they have to purchase other goods, like new cars, furniture, electronic gadgets, movies, and the like. It also means they have less left over to service their credit card and other debts. The corporations which make, import, and sell these goods and services are hit with a combination of increased costs as the prices they pay rise, and decreased profits as their sales fall. The receding tide of economic activity lowers all boats.

Furthermore, the nation is overloaded with debt—personal debt, household debt, corporate debt, and financial sector debt—which, as a whole, cannot be paid. We have dealt with this in the past by rolling it over, issuing new debt to pay off the old, with the total growing all the while. The banks made room for the new debt by selling the old into the asset-backed and “structured finance” securities markets, where these sows’ ears were seemingly turned into silk purses. These markets have since virtually shut down, and with them the mechanism for rolling over the debt. As a result, the debt crisis is again taking center stage.

The central banks are thus faced with a dilemma: If they stop the bailouts, the whole house of cards will come tumbling down; but if they keep the bailout going, the hyperinflation will blow out the financial system, the dollar, governments, households, and what’s left of the economy.

They are damned if they do, and damned if they don’t.

Faction Fights

This is what is behind all the discussions of interest rate

hikes at the ECB and the Fed, and the recent statements by central banker emeriti like Paul Volcker. The realization is growing among many in the financial community that the bailout policy is a disaster, and that the liquidity pumping must be constrained. This is a form of financial triage, in which parts of the system are left to die in the hope of saving the system itself. Naturally, those being left to die are opposed to the plan, and the whole issue of which parts will be left to die is fraught with contention. When it comes to sacrificial lambs, there are no volunteers.

Volcker, the former Fed chairman, who now chairs the Group of 30 “wise men” organization of senior financial figures (the Bank of England’s Mervyn King and the ECB’s Jean Claude Trichet are also members), told the International Economic Forum of the Americas in Montreal on June 9, that the current financial system has failed the test of the marketplace.

“I suspect the apparent need for intensive and broad reform will be reinforced in the coming months by further financial pressures, pressures likely to arise from the slowing U.S. economy and the possibility of recessionary tendencies,” Volcker said, calling on the Fed to exercise “disciplined monetary management” to keep inflation under control. Volcker called the turmoil of the past year a “clarion call,” which exposed weaknesses in the regulation of the derivatives markets and non-bank financial institutions.

LaRouche characterized Volcker’s comments as useful and valid warnings, but insufficient. If Volcker wants to be taken seriously, LaRouche said, he must come to grips with his own role in setting the financial bubble into motion, and admit his own mistakes. This is a time for honesty, not passing the buck.

New York Fed CEO Timothy Geithner, addressing the Economic Club of New York on the same day as Volcker’s speech, opened with a discussion of the “fragile” condition of the financial system, and though he, like Volcker, spoke in sanitized terms, his audience well understood the gravity of the situation. He described the rise and fall of the securities markets, noting that when they collapsed, “banks could not fully absorb and offset the effects of the pullback in investor participation—or the ‘run’—on this non-bank system, in part because they themselves had sponsored many of these off-balance-sheet vehicles.... Banks lost the capacity to move riskier assets off their balance sheets.”

While Geithner’s descriptions call to mind the way in which the proverbial boy on trial for murdering his parents asked for sympathy because he was now an orphan, the crisis to which he alluded is real and, as he admits, must be resolved. However, he rules out the only real solution—putting the system through bankruptcy—by insisting we “first repair, then reform” the system.

“Our first and most immediate priority remains to help the economy and the financial system get through this crisis,” Geithner said.

Two Tiers

The problem with that approach is that saving the economy requires putting the financial system down, and taking the money we are currently throwing down the bailout rat-hole and spending it on rebuilding the nation’s productivity. Remove the parasite first, then heal the host.

To do this will require a huge dose of low-interest-rate government credit to fund large-scale development projects like nuclear power plants, high-speed maglev trains, water projects like NAWAPA (North American Water and Power Alliance), in addition to rebuilding our roads and bridges, water and sewer systems, schools, and such. We must also launch, as a top national priority, the development of nuclear fusion as a power source, and the development of technologies to allow us to use hydrogen as a fuel. This must be done on an emergency basis, both to rebuild our standard of living and reduce our dependence upon the oligarchic raw materials cartels, beginning with oil. We can, and must, think our way out of this crisis.

What is needed, as LaRouche has said, is a two-tiered credit system, in which credit is made available for such projects at very low interest rates—one to two percent—while charging higher rates for other purposes. Money, even in large quantities, issued for these productive projects is not inflationary, since the increases in productivity, and resultant economic growth, these projects would generate would cover the costs many times over.

Our Only Hope

LaRouche’s three-point plan is our only hope at this late hour. That plan begins with the passage of the Homeowners and Bank Protection Act (HBPA) to put up firewalls to protect the citizenry, while the financial system is put through bankruptcy, which is a prerequisite for point two—the introduction of the two-tiered credit system. Then, having corrected our own mistakes, we can begin working with other nations—Russia, China, India, and others—to rebuild the world under American System principles, as we did in the beginning, and again, in the post-Civil War era. We must abandon the British imperial methods we have adopted in recent decades, and return to the most powerful economic system the world has ever seen: the American System.

The great irony here, is that the attempt to save the current, Anglo-Dutch Liberal system, to preserve the fictitious riches some among us have amassed, is what dooms us, while letting the fiction go and returning to the American System would open the door to prosperity for all. Faced with more heads than hats, the oligarchs choose to lop off heads, but it were far more humane and productive that we simply make more hats.

We should be considerably more concerned about the fate of humanity, the fate of our children, and the children of the world, than we are about the fate of a few rapacious banks and cartels, and the preservation of oligarchic power. It is time to let the illusions go, roll up our sleeves, and get to work.

Senate vs. Oil Futures: Too Little, Late Again?

by Paul Gallagher

Just as Congress has fallen hopelessly behind the home foreclosure disaster by refusing economist Lyndon LaRouche's Homeowner and Bank Protection Act (HBPA), its sudden flurry of activity concerning out-of-control speculation on oil, gasoline, and diesel fuel futures is occurring "in the shadow" of what really has to be done.

What has to be done, that is, beyond trying to get safely re-elected in a hyperinflationary financial explosion and economic breakdown.

Threatening bank and hedge-fund oil speculators with re-regulation is election-year politics. It may be causing some angry scolding from London, where the speculation is sponsored and centered. But the out-of-control oil price bubble is wreaking more destruction than floods and tornadoes. Stopping and reversing it needs more than re-establishing some rules in London's wild "offshore" futures markets where 50-500 "paper barrels" change hands for each physical barrel of oil sold. It requires returning to government-to-government oil contracts, as before the London-Antwerp "oil spot market" became globally dominant in the 1980s. Again, this effective policy is a proposal Lyndon LaRouche has reiterated over the past eight years.

On Sept. 19, 2000, LaRouche first issued a memorandum entitled "On the subject of Emergency Action by Governments To Bring the Present Petroleum-Price Inflation Under Control." It identified the factors causing the repeated bursts of hyperinflation since, in prices of petroleum products. The identification remains clearly true today: "These factors include: recently increased concentration of ownership of major oil companies through mergers and acquisitions; the increased role of the spot market in petroleum deliveries; the significance of denomination of deliveries in U.S. dollars, and an intensity of speculative activity, especially in the form of financial derivatives, in this area which threatens to bring the per-barrel price of petroleum to between \$40 and \$50 per barrel, soon, and not much later, much higher."

The memorandum specified the following measures to be taken by sovereign national governments:

"a) Declare a general strategic emergency in the matter of stability of flows and prices of essential energy-supplies of national economies;

"b) Establish contracts, directly between and among gov-

ernments, of not less than twelve months for government-scheduled deliveries of petroleum from exporting to consuming nations;

"c) Define reasonable prices for these contracts;

"d) On the grounds of a global strategic emergency in petroleum prices and supplies, these governments must set priority on processing of such contracted petroleum flows through relevant refiners to priority categories of consumers in each nation, causing other stocks to be shunted to one side in the degree that these priority deliveries must be processed first.

"Such action will, obviously, collapse much of the current hyperinflationary trends in petroleum."

As LaRouche noted this week, some people pooh-poohed his proposal then as "impossible." Yet it was the way most oil in the world was traded prior to the 1970s oil embargo swindles. Speculation driven by London and Wall Street banks only gained control, as the London-controlled "spot market" gained dominance in oil prices through those 1970s swindles, and related 1980s swindles such as the BAE/Saudi "al-Yamamah" deal.

In long-term government-to-government contracts, oil producing nations, including those of OPEC, will "defend" a price *far* lower than—probably less than half of—today's zooming spot market and futures market prices. Furthermore, such contracts bring into play long-term technology transfer, particularly of fourth-generation nuclear fission and fusion energy technologies, and credits for infrastructural development. These will further reduce and stabilize oil prices.

Tremonti Would Curb Speculators and Prices

"Free trade" is suddenly discredited by the global food price crisis, massive losses of employment, and the revolt against the dictatorial World Trade Organization. "Free trade" in oil and oil products is more than discredited; it is a Frankenstein monster threatening to bring down entire industries, transport networks, millions of households. Now is the time to act, LaRouche said.

Italian Economy Minister Giulio Tremonti told the *Wall Street Journal* June 13 that he intends to make a proposal at the June 14-15 G-8 finance ministers meeting to "curb oil prices by targeting market speculators." Tremonti advocates a New Bretton Woods conference to remake the blown-out world monetary system, and every move he makes is anxiously watched and attacked by the City of London financial press—as well as by globalists in his own government. The *Journal* nervously noted that "the idea is unlikely to get support of members of the Group of Eight leading nations, in particular the U.S."

Both the Bush Administration and the Gordon Brown U.K. government insist, threateningly, that speculation has no role in the oil price increase. They regard proposals like Tremonti's as leading toward the kind of hard action LaRouche proposes, breaking the spot market completely, and

“illegally” violating “free trade.” In the same way U.S. Democratic Rep. Barney Frank, fighting LaRouche’s HBPA, found himself telling Democratic conference calls that “we can’t interfere with the fundamental right to foreclose [on a home].”

Tremonti, so far, said only that he will propose to “discourage excessive speculation” by imposing increased margin requirements on oil futures contract purchases—currently they are leveraged 15-20/1 with debt, compared to stock purchases which can be no more than 1/1.

The Italian paper *Avvenire* adds that “Tremonti is going to start the offensive against financial speculation, against market movements that help feed the bubble on oil and food commodities. The target is derivative contracts, the so-called ‘futures’, where large speculative funds invest and inflate prices. It is a serious issue: everyday on the markets, for each real oil barrel produced, ten times as much is traded.”

Senate Flurry Flusters London

With Americans petrified about paying \$5 for gas and \$6 for diesel this Summer, and \$5 for heating oil next Winter, Democrats in the Senate are starting to “pile on” what might have been a serious thrust against Anglo-Dutch financial speculation driving the oil price upwards (see “The London Loophole: On Oil Speculation, Senate Wants Truth, Not Soros,” *EIR*, June 13, 2008).

LaRouche warned that the multiplication of competing Democratic bills of varying strengths, but all using “stop oil speculation” phrases, recalled the 18 months of talk about “helping distressed mortgage holders,” while refusing to freeze mortgages, bar foreclosures, or put lending banks into bankruptcy reorganization.

“They intend to use this for election purposes, including the election of people who are not Presidential candidates, who would like to be re-elected,” he said. “I wouldn’t get too hot about this stuff; they don’t mean it. ‘I ran for this! I ran for that! I fought for you on this! I fought for you on that! I protested on this! I’m a man of action!’ ”

The Congress faces intense opposing pressure from the bungling but aggressive Treasury Secretary Hank Paulson—insisting publicly that nobody suggest anything but “supply and demand” are causing hyperinflation in oil—and from George W. Bush playing with his veto stamp. From the direction of Democratic Presidential candidate Barack Obama, they have worthless public statements that, “The gas price will not be coming back down—that’s just a fact,” and that the price rise is due to insufficient supply “because demand in China and India keeps going up.”

But with free trade exposed and Americans panicking at hyperinflation, bold government intervention as LaRouche proposes—*based on past successful national practice, before the globalization plague*—could get bipartisan support against the lame-duck “decider.”

A handful of investment banks and a few handfuls of predatory hedge funds have been trying to recoup their huge losses in the global financial crash, by speculating and manipulating the oil futures markets. Many other funds desperate for profits have piled into these futures markets being driven and controlled by the likes of Goldman Sachs, Morgan Stanley, and JPMorgan Chase. Worst of all, the oil futures markets have all become “London offshore” locations by fiat of the U.S. Commodity Futures Trading Commission (CFTC) simply turning them over to the (non)-regulation of the British Financial Services Agency (FSA).

On June 13, Sen. Dick Durbin of Illinois, with Majority Leader Harry Reid and five other Democrats, introduced legislation Durbin said would direct the CFTC to get information on all trades on these “dark markets” and investigate their impact on the price of oil. The CFTC would be directed to get this information, however, from the British FSA! The CFTC would also be given \$150 million more in its budget and 100 more staff. Durbin and Sen. Tom Harkin (D-Iowa) also announced more hearings on the CFTC’s functioning next week.

The City of London is concerned about what *else* might be done. Under the headline “Oil traders fear for London’s position,” the June 14 London *Times* attacked “American efforts to extend U.S. regulation to include the London oil market”—a bald-faced lie, since it is U.S.-based oil futures markets in Atlanta (Intercontinental Commodity Exchange, ICE) and New York (NYMEX) which have been turned over to the British FSA’s control, or even to the London-run Dubai Commodity Exchange!

The *Times* called U.S. Congressional efforts “misplaced and misinformed,” and then got to the point: “The [Congressional] proposals are intended to stop traders from evading position limits in the US by trading on ICE, a method known as the London loop. The price-cap measure already exists in US markets and is designed to prevent steep rises in specific asset prices. *However, the FSA believes that only the market should determine the price*” (emphasis added).

As of June 14, much tougher legislation was about to be introduced by Sens. Byron Dorgan (D-N.D.) and Maria Cantwell (D-Wash.). It would remove the British FSA from all “oversight” of what are U.S. futures markets trading U.S. oil contracts. It would make CFTC designate these desperate banks and hedge funds as the “speculators” in oil futures they are—rather than masquerading as commercial oil purchasers—subjecting the banks and funds to position limits, to much greater margin requirements, and to strict regulation. Furthermore, this tougher approach to the British speculative control, seemed likely to get Republican support in the Senate and House, where it has already been introduced.

Now with multiple bills being introduced by the Democrats on the same front, it looks more like the “fighting for you” posturing that LaRouche described.

What a Difference A Generation Makes

by Dennis Small

There was plenty of lunacy in the air at the June 3-5 FAO (UN Food and Agriculture Organization) conference in Rome, but the policy position of the Mexican government of Felipe Calderón—as issued on June 4, through the mouth of his synarchist Agriculture Minister, Alberto Cárdenas Jiménez—stood out for its sheer suicidal stupidity. One commentator rightly noted that Mexico's current food policy has all the scientific merits of the Aztec school of cardiology.

Cárdenas proudly told the assembled heads of state and other top representatives of 180 nations and international agencies, that the Mexican government would respond to skyrocketing domestic food prices—corn is up by 31%, rice by 80%, and wheat by a staggering 140%, so far this year—by “drastically reducing the high tariffs on white and yellow corn, rice, beans, wheat, soy, and powdered milk.” He explained that, “in international trade, we are one of the most open countries ... which helps us to have a reliable supply of those agricultural products which we don't produce.”

Cárdenas's speech merely parroted what Calderón himself had announced in an emergency press briefing on May 25. In the weeks since then, a number of desperate, lemming-like Central American nations have echoed Calderón's announced policy for themselves.

The Calderón government could not have adopted a worse policy. Its announced measures will immediately produce two results inside Mexico: The price of basic staples like beans and corn will *rise* even further and faster, as the global hyperinflationary tsunami of food prices sweeps across the country, unimpeded. And these measures will drive the final nail in the coffin of Mexico's moribund agricultural sector, which has been ravaged by 25 years of globalization and free trade.

Not all Mexican governments have been so stunningly suicidal in their policies. One generation ago, the government of Lyndon LaRouche's friend, President José López Portillo (1976-82), adopted a diametrically opposite approach, which stands out even today, as a model of sanity and reality-oriented physical-economic thinking. His government's Mexican Food System (SAM), was outlined in a March 1, 1980 document drafted by the Office of Advisors to the President:

“A policy of self-sufficiency in basic foods, above all ce-

reals and oilseeds, is necessary. ... This strategy breaks the vicious circle of importing agricultural products because they are not produced in sufficient quantities ... but which are then no longer produced, precisely because they are imported. This has been done in order to avoid a rise in domestic prices, although the costs of production have increased. This dynamic shrinks domestic supply, and in fact, promotes high costs, lower employment, and again, more imports. ... It is possible to get out of this trap only through an ambitious policy of production of basic foods.”

Mexico would be a far more developed, and stabler, place today, had López Portillo's SAM prevailed. Instead, each subsequent government bought into the deadly logic of globalization and free trade, which the British have promoted for centuries around the globe, against the American System of political economy. Because it is a microcosm of that global battle, it is useful to contrast these two *methods of thinking* about economics, and food in particular: that of López Portillo's SAM vs. the British free trade and globalization path that Mexico followed instead, especially under NAFTA. The one looks at economy from the standpoint of *physical production*; the other, from the standpoint of *money*.

Money Destroys Self-Sufficiency

Since 1981, per capita production of Mexico's two most essential food staples, corn and beans, has dropped dramatically: by 15% for corn, and by 51% for beans. As domestic production sank, Mexico's food self-sufficiency worsened across the board. Whereas Mexico was nearly food self-sufficient in 1960 (albeit at a poor level of consumption), today, the country imports about 35% of its overall food needs, according to National Autonomous University of Mexico economics professor Carlos Javier Cabrera Adame—with poverty and nutritional deficiencies even worse than 1960. According to Cabrera, 47% of all Mexicans (some 50 million) live under the poverty line today, while 18% endure extreme poverty, or indigence.

In the case of corn, imports rose from a mere 2% of total national consumption in 1960, to 25% in 2005. Rice is an even more dramatic example of how self-sufficiency was destroyed, with imports increasing from 1% of consumption in 1960, to 73% in 2005.

As Mexico became less and less able to feed itself, millions of Mexicans were driven out of their own country to seek survival in the U.S. In fact, the states of heaviest emigration (Jalisco, Michoacán, Guanajuato, Mexico State, Veracruz, and Guerrero) are also the country's major corn belt, and therefore the hardest hit by the collapse of food production.

This is all very good, the free trade ideologues kept trumpeting, as Mexicans grew poorer and hungrier. The economy is measured in *money*, they lied, and Mexico can save money by importing its food from abroad at cheaper prices than it would cost to produce it at home. The money saved over the years, of course, went to pay off the country's debt, many

times over—but the British ideologues don't like to mention that fact.

Some free-trade Malthusians have gone even further. The head of Mexico's National Water Commission, José Luis Luege Tamargo—who is joined at the hip with the British Crown's WWF (Worldwide Fund for Nature) office in Mexico—has explicitly advocated that Mexico further drastically reduce the amount of corn it grows, because it consumes too much water. Better to save water and import corn, Luege argues, and instead grow “high value-added crops” like fruits and vegetables, which can then be exported to make *money*.

Compare this superstitious sophistry with the SAM's *way of thinking* about the economy, as reflected in the summary presented below. It is not that every detail is correct, but the *method* employed—which is reflective of the American System of economy—is a breath of fresh air from the past, which should be adopted again today.

The Mexican Food System

The SAM document begins by reviewing the strategic context of Mexico's battle to achieve food self-sufficiency. Given recent major oil finds, “We have a favorable energy situation which allows us to eliminate restrictions to development and financial sovereignty.... Only by the route of massively producing and distributing basic foods, can the country organize itself to save its agriculture.”

The document immediately addressed the *physical economic* parameters needed to bring all Mexicans up to minimum nutritional standards.

The National Institute of Nutrition (INN) has set recommended levels of per capita consumption at 2,750 calories and 80 grams of protein per day, the document reports. In the rural areas, almost 90% of the population, or 21 million people, fall below these standards. Of these, 9.5 million suffer from serious caloric underconsumption, 25-40% less than the norm. “We have defined a Target Population as a dynamic expression which takes on different modalities over time and by region,” which includes those under the INN standards. In 1979, this was some 35 million Mexicans, out of a total of about 65 million, i.e., 54% of the total population.

Of these, some 19 million (29% of the total population) have a “very low nutritional level,” and are therefore classified as the Preferential Target Population (PTP). Of these, 13 million live in rural areas, 6 million in cities.

The SAM study then looked at the current market basket of consumption and, with an eye to the existing nutritional deficits, derived a Recommended Market Basket (CBR) of consumption of essential staples, with targets for daily per capita consumption of the principal staples. It even had regional-specific CBRs, which took into account cultural food preferences: for the North of the country, relatively more wheat products were included; in the Gulf area, more rice; and in the Southeast, more corn. “It was indispensable to complement the consumption of all these grains with beans,”

the study noted, in order to meet caloric and protein nutritional standards.

Only at this point did any monetary considerations even enter the picture. The prescribed CBR was determined to cost 13 pesos per day per person, but in order to make it accessible to the impoverished PTP, its cost to consumers had to be reduced by about 30%, to 9 pesos per day. The SAM document called for the State to “selectively subsidize” purchases, noting that “subsidies are an essential mechanism for correcting the imperfections of the market system,” and that the desired reduction could be achieved with a relatively modest subsidy of 27 billion pesos, which at the time was only 6% of the total subsidy for the economy.

Technology To Increase Production

Having established the physical consumption goals, the SAM study then turned to the issue of how to produce that level of output: “We need to reverse [present] trends and move towards self-sufficiency in the production of the principal components” of the CBR. To do this, “the results of 5,000 research projects carried out over the last 30 years were studied,” to identify where the productive potential lay.

“It was determined that self-sufficiency can be achieved in corn and beans by 1982, and take firm steps by opening up new land to cultivation to achieve it by 1985 for the other basic products where there are deficits.”

In addition to increasing the land under cultivation, especially in rain-fed areas such as the Gulf southeast, the report emphasized the need to increase capital inputs and technology to raise yields: “We must subsidize, through inputs, research and extension programs, technological change at the level of the farm, which will rapidly increase the productivity of the land.... These are the areas where a subsidy of inputs (above all, fertilizer) will encourage technological change ... [and] can give us the best productive and redistributive results.”

As with the American System, the SAM also advocated the use of parity prices, to make sure that food prices were high enough to encourage future production, and technological advance.

“Parity prices play an important stimulus role, especially in the short run,” it reported, especially since prices actually paid had fallen 34% since 1960, while costs of production had risen, meaning that most farmers were operating at a real loss. The SAM proposal was to increase the parity price for corn by 30% over three years, and by 50% for beans over that same time period.

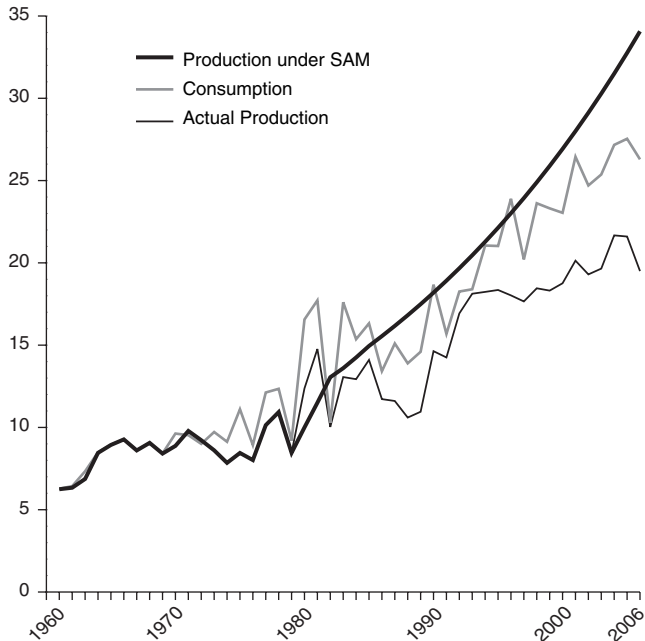
In addition to such short term measures, “We propose a longer term production strategy which must consider as its principal element the increase of the productivity of the land.”

The 1980 SAM document was very specific about its production goals. By 1982, if current trends were to continue, there would be deficits of 2,441 thousand tons of corn, and 317 thousand tons of beans. By 1985, the deficits for the six next most important crops would be: rice: 370,000 tons;

FIGURE 1

Mexico: Corn Production

(Millions of Tons)



Sources: FAO; Mexican Food System, Office of Advisors of the President, March 1, 1980.

wheat: 889,000 tons; safflower: 66,000 tons; soy: 42,000 tons; sesame: 18,000 tons; sorghum: 226,000 tons.

The objective, therefore, was to increase production sufficiently to eliminate these prospective deficits, by 1982 and 1985, respectively. To do this, land under cultivation would be increased by about 2.5% per year, and capital inputs would increase in order to raise yields by 3-5% per year. This would require “infrastructure projects financed by the State, but above all fertilizer, [which] is the fundamental lever for driving the potential for production.”

In 1978, only one-third of all land planted to corn was fertilized, and the SAM document called for doubling this, to two-thirds, by 1982. The amounts of different kinds of fertilizer were then specified, for domestic production and, where necessary, importation.

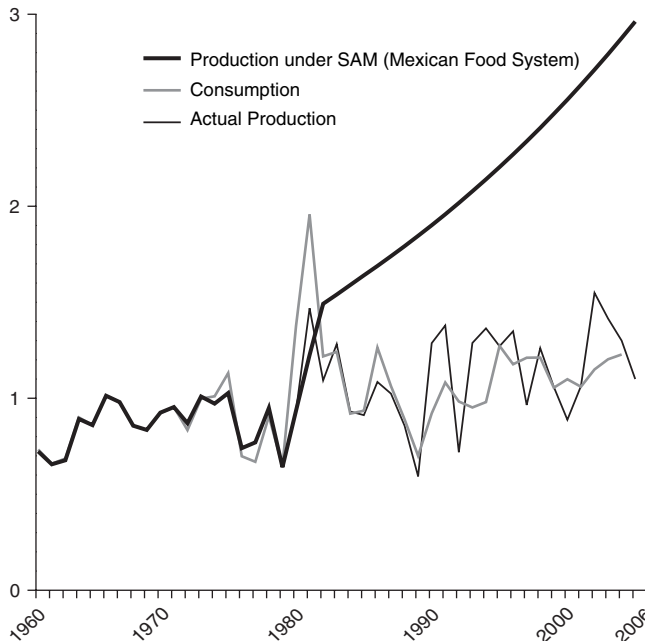
With these steps, the document concluded, Mexico will be on the path to food self-sufficiency, at nutritional levels consistent with basic human dignity.

Had Mexico stuck with López Portillo’s policies over the last 25 years, it would be a different country. As **Figure 1** indicates, corn production would today exceed 34 million tons, rather than the 19.5 million tons produced in 2006. Not only would the country be self-sufficient in corn, but per capita consumption would be 30% higher than it is today. As for beans (**Figure 2**), production would be 3 million tons, nearly three times what it is today, as would per capita consumption.

FIGURE 2

Mexico: Bean Production

(Millions of Tons)



Sources: FAO; Mexican Food System, Office of Advisors of the President, March 1, 1980.

The “can-do” sense of cultural optimism that López Portillo’s SAM exudes, has not been altogether lost in Mexico, despite decades of British free-trade brainwashing. For example, just last month, on May 13, the former Director of the National Institute of Forestry and Agricultural Research, Antonio Turrent, addressed Mexico’s food emergency by arguing that the country can readily produce enough grain to feed 150 million people. (The current population is about 110 million.) This can be done, he said, by irrigating some 2 million hectares of fertile land in seven states, and planting corn on 9 million hectares of fertile rain-fed land in the southeast of the country, which is currently used as pasture land—exactly as the SAM had specified back in 1980.

Even more to the point, a powerful movement has emerged in the country to demand the completion of the long-standing Northwest Hydraulic Plan (PLHINO), which has been on the books since the 1960s, and is exemplary of the kind of infrastructure projects and other capital inputs which the SAM called for. With strong support from U.S. economist LaRouche and his Mexican associates, the Pro-PLHINO Committee has captured the imagination of labor, peasant, business, and political layers in Mexico, who are not prepared to further tolerate insane British free-trade policies which are starving the nation, and want instead, to return to an approach that can actually feed the nation, and the world.

Solve the Food Crisis with A Just New World Economic Order

Helga Zepp-LaRouche was interviewed on June 5, by Mutalla Muntarim, host of "Platform Africa," a radio program from Ghana, which covers both Africa and the Caribbean, with an audience of 60 million (www.myradiogoldlive.com) in Africa. We publish edited excerpts here.

Muntarim: A special guest on Platform Africa this evening will join us, and she is Mrs. Zepp-LaRouche, international president of the Schiller Institute and chairperson of the German political party, Civil Rights Solidarity Movement [BüSo], and also she's a journalist for *Executive Intelligence Review*. Not only that, she's the wife of the American economist and former Democratic Presidential candidate Lyndon LaRouche...

Good evening Mrs. LaRouche, and thanks for joining us on Platform Africa.

The Schiller Institute: What do you do?

Zepp-LaRouche: The Schiller Institute was founded by me in 1984, with the main purpose to work to establish a just new world economic order. This was basically in the tradition of the Non-Aligned Movement, and we have been working on concrete development plans since the beginning of the '70s, that is, even before the Schiller Institute was founded. For example, already in 1976, we developed a plan to develop Africa through massive investments in infrastructure, and in the meantime, we have developed plans for the development of Latin America, of Eurasia. So, we are really talking about complete reconstruction of the world economy, and that has been the main activity of the Schiller Institute ever since.

The Food Crisis and Free-Trade Liberalism

Muntarim: Okay, good one. Now, let's zoom into the main subject for discussion, the global food crisis. Is there really a food crisis?

Zepp-LaRouche: Oh, absolutely! There is a food short-



LYM/Kai Uwe-Ducke

Helga Zepp-LaRouche

age, and you have a price problem.

Now, there is a food shortage, because the present world food crisis which has already caused hunger riots to take place in 40 countries, is not just a food crisis, but merely one symptom of the end-phase of the collapse of the financial system. The reason we are in a systemic crisis of the global financial system, is the result of a paradigm shift which took place over the last 40 years, essentially after President Nixon eliminated the fixed-exchange-rate system, shut down the old Bretton Woods system, and gave way to speculation; and ever since, you have had one neo-liberal measure: favoring free trade, favoring the power of speculation, to the disadvantage of production.

Essentially, this has been going on since the latest, 1971, and especially after the collapse of the Soviet Union, when so-called globalization really took over worldwide, and accelerated the free-trade rule. There was also a concerted attack on agricultural production, where the GATT organization, and then later the World Trade Organization [WTO], tried to impose free-trade measures in most parts of the world. That has actually, de facto, led to a decrease of food production, and the lessening of the nourishment of the world population on an average level.

In the last phase, you had already warnings that we would face food riots, which were expressed by the present head of the UN Food and Agriculture Organization [FAO], Jacques Diouf, last June, warnings which were completely ignored by the international media and politics. And then, when, as my husband predicted would happen, at the end of July 2007, the subprime mortgage crisis triggered the collapse of the global financial system, you had a credit crunch starting in August, and basically then, the central banks decided to bail out their bankrupt banks by pouring in liquidity. This liquidity was then used by hedge funds and speculators to not only speculate in oil and raw materials in general, but especially in

food—food production, food processing, food futures. That led to the explosion of inflation in food prices—cereals, milk, meat, depending: between 20, 30, and 40%.

So you have two processes going on at the same time: You have a lowering of actual physical production. That has always been something the free-trade faction—as Friedrich List, the German economist called it, the British imperial free-trade doctrine—what they always wanted: because only if a commodity is scarce, can you really speculate in it.

But then you have, on top of it, now the explosion of speculation, and that is why I have called for immediate measures to intervene. My husband and I have demanded that the WTO should be closed down, because it's trying now to go with the final phase of the Doha Round, eliminating all kinds of protectionist measures. This is just completely insane, in the light of what is happening today. And I have called for the immediate doubling of food production, because we have right now, 1 billion people who are really, seriously, at the starvation level worldwide, and another billion which is undernourished, and that was already the case before this present crisis broke out—

Muntarim: Mrs. LaRouche, we'll come to the solution—but what would you say are the causes?

Zepp-LaRouche: Well, there were just very interesting hearings in the American Senate, where a professor with the name of Michael Greenberger gave very important testimony. He put out very concretely which specific hedge funds are driving the prices up, and he named several of them, the worst one of them being Morgan Stanley, but also Merrill Lynch, and he named a whole bunch of others. He said, these are the ones who are hoarding diesel fuel, heating oil; they're betting on futures, food prices to go up.

So, it's very concrete. Consider that the entire food production worldwide is really 90% or so, controlled by five of the major food cartels—you have the absolute criminal control of seeds by Monsanto. You can actually say who these people are. And this Professor Greenberger demanded that they should be banned from the United States.

And then George Soros, at the same hearing, intervened and said: No, this would be very bad, they would leave the United States and go elsewhere. And Professor Greenberger said: Well, let them go, they cannot do any damage to us, if we drive them away.

Then he actually said that he would try to get legislation that they would be hunted around the world, to be shut down. And I think this is exactly what is necessary.



Because what you have right now, is a complete clash between those forces in the world who say, “No, we have to have food security, we have to have food sovereignty; we have to have an increase of production to protect our people.” And on the other side, you have those who say, “No, free trade, more trade” to the advantage, naturally, of those people who control the trade. So there is right now a war going on, and I think everybody has to take sides, on which side of this war they are on.

Muntarim: Which side are you on?

Zepp-LaRouche: I'm very clearly on the side of those people who think that the entire system of globalization is an utter failure; that to speculate in food is a crime against humanity. For example, when you have almost a billion people being hungry—hunger is not a joke. I think in your country, people also have a sense of it; in other places it may be even worse! For example, in Haiti, when people were rioting in the streets, they said, “It does not matter if the police shoot us, because if we don't get shot, then we die of hunger anyway.” That expresses the level of desperation.

And when the previous Pope John Paul II travelled through Africa some years ago, he said, when people are living in utmost poverty and cannot even have a meal, they cannot have a house to live in, you cannot even talk about “human rights,” because the very basis for dignity of people is not there.

So therefore, I'm very happy that at the FAO conference, which is just taking place in Rome, the UN Special Rapporteur on the Right to Food, Mr. Olivier de Schutter, called the question of adequate food a human rights question, and he called for a “New Deal” in agriculture worldwide, to provide for adequate food on a national level. And I think that that is what has to become a battle cry for the whole world right now.

Globalization Is Genocide

Muntarim: Now, Mrs. LaRouche, what is your assessment? You early on mentioned the World Trade Organization and so on, but what's your assessment of the World Bank, or the IMF, and of course the World Trade Organization as far as the food situation is concerned?

Zepp-LaRouche: As I said, the neo-liberal model, as it was developed by Nixon, by Kissinger, by Shultz, after '71, and which went through many phases in the '80s—Reaganomics and Thatcher economics, and then, after the collapse of the Soviet Union, the unbridled neo-liberal policies of globalization—this system is utterly bankrupt! It is more bank-

rupt today than Communism was bankrupt in 1989.

And I think that if you look at the damage that these neo-liberal policies have done, it amounts to genocide: Because, if you look at the world situation, if you would use existing technologies, it would be very easy to overcome world hunger in a very short period of time—maybe half a year, maybe one year; make a crash program to eliminate poverty maybe in five years, and to have a decent living standard for all human beings on this planet in one generation. And if you're not doing it, when you could do it, well, I think that that is a crime! And I think that these people who are pushing these policies for the advantage of very few, are really criminals—that is my honest conviction.

I mean, if you look at how, with globalization, the very rich, the billionaires, have become more rich, but that in all parts of the world, the majority of the people—80-90% in most places, 60-70% in other places, have become poorer and poorer, then this system is *clearly* not just, and it has to be changed! I think we have to have an urgent agenda, to put a just new world system on the agenda of world governments right now.

Muntarim: And for clarification, Mrs. LaRouche, you're saying that this neo-liberal model that you talked about, the effect of the neo-liberal model or globalization amounts to genocide?

Zepp-LaRouche: Well, I think, if you look at the realities, there can be no question about it. This all goes back to the British Empire. And if you look, for example, at the writings of Friedrich List, who was a German economist—he was the author of the Customs Union; and he, when he went in 1825 to the United States, made the sharp difference between the American System of economy going back to Alexander Hamilton, that the aim of the economy must be the common good of the people; and he contrasted that with the British system, which was only benefitting the imperial power of Great Britain at the time, then I think you can really see that there is an unbroken tradition which today governs globalization. And if you look at the fact that 80% of all hedge funds have their headquarters in the Cayman Islands, which belongs to the Commonwealth, then you can actually see who is running these policies.

Friedrich List, in 1827, actually accused Adam Smith that he only wrote his books not to educate people, but to confuse them, to the benefit of England, to make the aims nebulous. I think that that is still true today. Because people use all kinds of nice words, they say “appropriate technologies,” they say “renewable energies,” but what it amounts to is really a system which benefits only a very few speculators and is at the disadvantage of the vast majority of mankind today.

Muntarim: Mrs. LaRouche, how true is the assertion that the Food and Agriculture Organization did a forecast in October of last year, of a situation like this, and made plans to avert

the present situation? I know you're in the North, but what went wrong, really? Why do we have this crisis, if the FAO knew about it, if there were warning signals?

Zepp-LaRouche: It is at least appropriate to ask a couple of questions, because Jacques Diouf, the head of the FAO, warned in June last year about food crises; he warned again in October. And from October onward, you had food riots in 40 countries. In December, he basically asked for \$17 million worth of food aid to buy seeds for the poorest farmers in different countries, and he could not manage to get the money together. So in April, Mr. Diouf accused the rich countries of not wishing to help the poor countries, and it was only at the end of April when the IMF and World Bank had their annual conference, that all of a sudden you had a big discussion about food riots, with TV coverage and so forth.

But then, one has to ask the question, why was this information being suppressed? Why was it only revealed after the Spring seeding season was over and it was too late? Now there is a big scramble to get the seeds for the next season, in the Fall.

But I cannot help having in mind that you have Malthusians, you have people who have been advertising for a long time that the world population should be reduced to 2 billion people or even less. You have organizations like the World Wildlife Fund, and you have Prince Philip, of all people, the husband of the Queen of England, who is on the record—and you can go to the Internet and look it up, there's tons of quotes from him, where he said that he believes the world population is too big. And there's this famous quote, where he said if he's reincarnated, he wants to be reincarnated as an especially deadly virus, so that he can help to solve the population problem more efficiently. You have many other people who are Malthusian in their argumentation. So, I cannot separate such statements by relatively powerful individuals from the effect this policy has. And then, one comes to the conclusion: Maybe there is an element of intent in all of that.

Or, at the minimum, one can say that it's just an oligarchical view, where some of these people who are in leading positions, could not care less about if hundreds of millions of people are dying of hunger, because they just think there are too many people anyway, and the oligarchical system basically thinks that it's only the oligarchical elite which deserves a good life, and the majority of people are no better than human cattle.

So, I think one has to have a very hard look at the motives, and naturally then you have other people who are just greedy, and they couldn't care less if people die as a result of their greed, and I think that in that situation, it must be sovereign governments which come forward and protect the common good of the people against the speculators.

And I think that, in a certain sense, this crisis is not an accidental crisis, but it is the result of a completely wrong economic philosophy.

What Can Africa Do?

Muntarim: These neo-liberal forces that you talk about are powerful forces. What do you think those of us here in Africa can do? Because at the end of the day, we're at the receiving end: What can a continent like Africa do, about such a situation that you describe?

Zepp-LaRouche: Well, unfortunately, right now, Europe is not a positive factor in this picture, because the present trend to impose the European Union Treaty on Europe, the so-called Lisbon Treaty, means that Europe is assuming an almost imperial attitude. So I'm not positive about Europe as such—I hope to defeat this oligarchical structure, and that we go back to sovereign nation-states, in Europe, but that is not the situation right now.

My husband, Mr. LaRouche, has advocated for a long time, that because of the tremendous power of the international financial institutions, that only if you had the four most powerful nation-states in the world, that is, Russia, China, India, but also a changed United States—that only if these four governments get together and put a new world financial system on the agenda, in the tradition of Franklin D. Roosevelt and the Bretton Woods system, and then have other nations group around that, that you have a chance to really address this problem.

Now, as you know, China, foremost, and to a lesser extent India, and also Russia, and in the last period also Japan, have taken a different attitude to African development. For example, China has done a lot of very useful infrastructure projects. Naturally China benefits also, because it gets raw materials, but what is wrong if both sides benefit?

You know, there is a big freakout in Europe about that, and in some quarters in the United States. But my view is, nobody prevented Europe from doing exactly the same thing that China is doing, namely to help build infrastructure. And I think that is definitely something which should be strengthened; I think it was very good that at the recent conference in Yokohama at the end of May in Japan, where 52 African nations participated, there was the plan made to double food production in Africa. And also Russia has announced a new five-year farm food plan, which is supposed to overcome the food shortage which developed in Russia in the '90s, in the Yeltsin period. And the new government of Putin, and now Medvedev, they want to not only have food self-sufficiency in Russia, but they also want to make Russia a major exporter of food.

Russia also has offered international cooperation for every country in the whole world which wants to develop peaceful nuclear energy; I think this is very positive, and I'm very happy that Ghana is planning to develop its own peaceful nuclear energy. So all of these are very important steps.

But I think what really is needed, and this will become clearer in the next month, probably before the Fall: that the financial crisis will accelerate at an unprecedented speed. And therefore, I think that nothing short of putting the ques-

tion of a new financial architecture on the table is going to help. And my proposal is to discuss this now among many countries.

For example, I think it would be very good if the African countries would develop a coherent plan for African development. I have basically suggested that the African Union should adopt one plan, and just tell the whole world what is needed to overcome the underdevelopment. For example, if you look at the map of Africa, there are no, or almost no ports; there is no railway from the north to the south, or the east to the west. And if you don't have infrastructure, an integrated system of railways, of highways, of waterways, of irrigation, of desalination, of food processing, of food irradiation, you cannot even have agriculture! Because if you don't have this infrastructure, there is no way you can even process the food, even if you would have a good harvest.

I suggest that people should take a look at the map of Europe (**Figure 1**), and then you see how tight the infrastructure is: You can go by ship from the Black Sea, through the Danube system, through canals to the Rhine; then you can go to a major port, you ship your containers to rail systems, you bring them by trucks in the last part of the whole transport: That kind of integrated infrastructure grid is what Africa needs.

So if you African countries would just get together and say, "For the sake of us all, we put all bilateral tensions aside, we put all difficulties which existed from the colonial period and are relics from a period which is really not our fault, but leftovers from the colonial time—we put all of this aside," and say: "What is the infrastructure plan Africa needs?" And then we present it as a unity, maybe through the African Union, to the world. And invite people, and say, "Look, are you helping us to develop, to overcome this?" Because I think the world has reached a moment where either we have all together, the human family as one family, all together the moral fiber to put the political and economic order of this planet in cohesion with natural laws, with the real laws of the universe, or else we will also will go down in a Dark Age.

The Idea of the Eurasian Land-Bridge

So I think it's the moment which is really a make or break for generations to come! And either we use this moment, and say, "This is now the time to really overcome problems of the past" and have a crash program; and we have developed this idea of the Eurasian Land-Bridge—I don't know if you're familiar with it, but for the sake of your listeners, let me briefly outline it.

When the Iron Curtain came down, in '89, and especially in '91, when the Soviet Union disintegrated, we said: Okay, now there is no reason why we should not integrate the entire Eurasian continent through an integrated system of development corridors, railways, highways, waterways; make these development corridors 100 km wide, put in communications

Mrs. Zepp-LaRouche advises Africa to develop a coherent plan for development of infrastructure, and present it to the leaders of the industrialized countries, in the context of a New Bretton Woods global financial reorganization. The food crisis cannot be solved without power, essential technology, and infrastructure. Shown here, agriculture in Ghana.



World Agricultural Forum

Strait, or to Mumbai in India; it would be faster than to go by ship across the ocean.

Now, there are a couple of such projects which really would make a complete transformation of the world economy, and there is tremendous momentum

systems, put in energy production and distribution; and therefore, develop the infrastructure in the landlocked areas of Eurasia and make these areas as profitable and productive as those which normally are only located at oceans or river systems, and connect the population and industry centers of Europe with those of Asia. (See **Figure 2.**)

Now this proposal we first made in '89, and then we developed it more in '91. And for a long time, we were like "crying out in the wilderness"; we were at hundreds of conferences, in Delhi, in Beijing, in Moscow, and many other places. And now, in the last couple of years, a lot of these projects are now coming into being: For example, the Russian government is planning to build a huge railway connecting the Trans-Siberian Railway all the way through the Bering Strait, a 100-km tunnel underneath the ocean, connecting it to Alaska.

Now, if this project is completed, which the Russian government wants to have completed in about 20 years, then it would be easier to travel from Chile by train, via the Bering

among China, India, and Russia, who have formed a strategic partnership, and we have proposed, already from the beginning, from '91 on, that this Eurasian Land-Bridge should be connected through Egypt into Africa; then we want to build a tunnel or a bridge from Sicily to Tunisia, and another line should go via Gibraltar. And that way, you would bring this Eurasian development into Africa, and connect it with an all-African infrastructure grid.

I think that that is the way to go! That has to be discussed among governments, there should be conferences, people should start to work on details of the plan. But I think the upcoming conference of the UN General Assembly in September should be the place where all of these discussions about the just, new world economic order, and how it would look concretely, through the Worldwide Land-Bridge, should be put on the agenda. Because the alternative is a collapse of civilization, and that is not acceptable.

Muntarim: Whether it's going to be placed on the agenda

FIGURE 1

The Rhine-Main-Danube Canal: Crucial Transport Axis for Europe



European infrastructure, in stark contrast with that of Africa, is so highly developed that you can travel from the Black Sea, through the Danube-Main river/canal system, to the Rhine, then north to the port of Rotterdam. The map shows this route; the shaded area is what the Schiller Institute in 1989 dubbed the “European Productive Triangle”—the core high-technology area that could become the center of a vast program for Eurasian and African development. (The Rhine-Main-Danube canal system was completed in 1992.)

of the upcoming UN General Assembly, in September, is another issue, isn't it?

Zepp-LaRouche: I think that depends on the courage of a couple of leading forces, and I'm not so pessimistic. Because, you see, last month, there was a very important meeting in Yekaterinburg, in Russia, where the foreign ministers of Russia, China, and India met, and then the next day they included the foreign minister of Brazil. And they are planning to have other countries associated with it—South Africa, Mexico, and so forth. And I think there is a motion, where

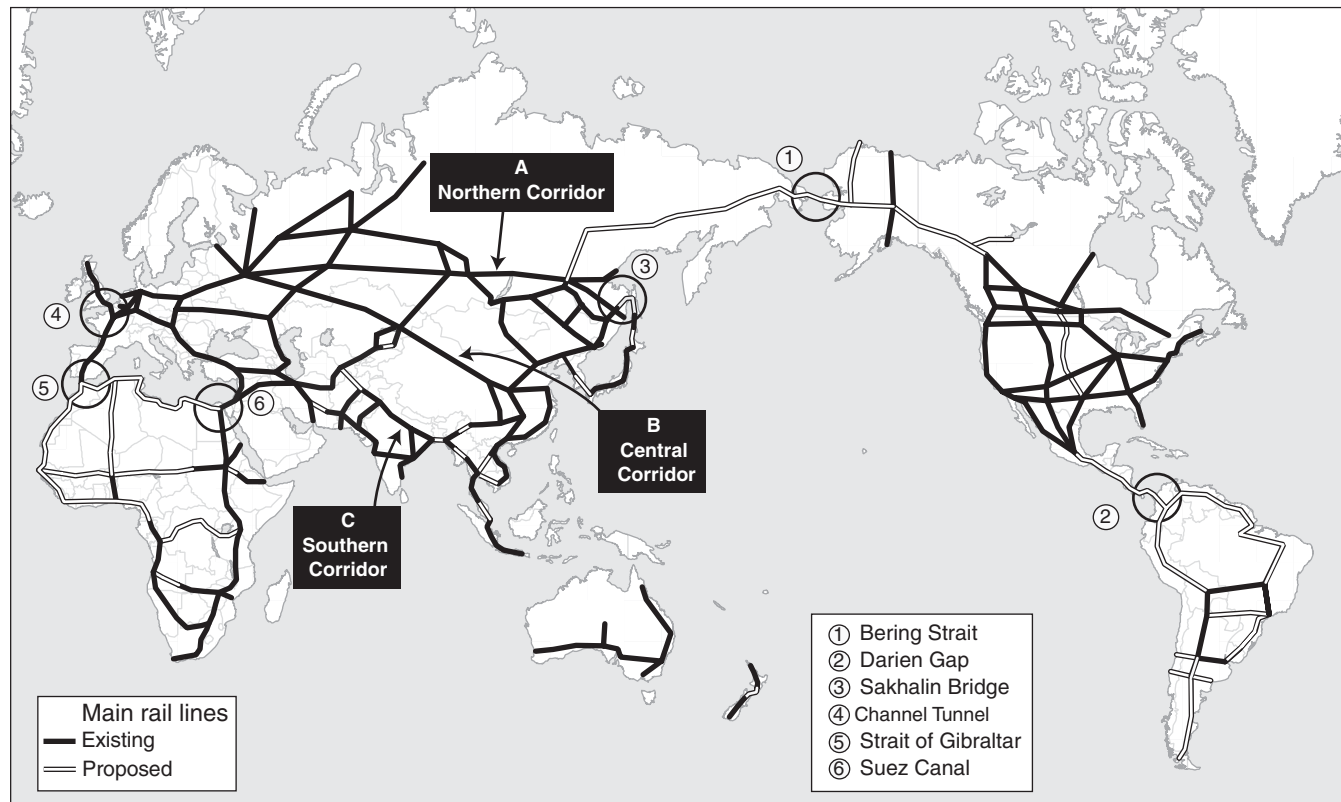
many Asian countries realize that they have to change course. Because they are vulnerable in the collapse of the financial system, and if they don't take measures to protect themselves, they face terrible crises, too.

So, I think we are really in a changing period, a revolutionary period, and I think it's time for new and bold ideas.

A Global 'New Deal'

Muntarim: Now, Mrs. LaRouche, the UN Food and Agriculture summit is ongoing in Rome. Do you have hope that

FIGURE 2
Proposed World Land-Bridge



they may turn things around somewhat?

Zepp-LaRouche: I think what happened in Rome so far, is exactly what I thought would happen, namely that the dividing line is very clear. You had people such as Robert Zoellick from the American delegation, who went to the summit and said exactly what was to be expected: that there should be more free trade. And he offered short-term food aid, but with the completion of the Doha Round attached to it. Then you had other people going in the same direction.

But you had also a whole bunch of people who spoke very differently: the representative of Kazakhstan, for example, who announced a very ambitious program to increase food production in Kazakhstan. And he said: For us, the end of free trade is really what has happened.

Then, as I said, the Special Rapporteur for the Right to Food of the United Nations, de Schutter—he is the successor of Mr. Jean Ziegler, who actually called biofuels a “crime against humanity”—so this Mr. de Schutter made a very good speech, by introducing a resolution, saying that the whole food issue has to be treated as a human rights issue. He quoted all the articles of the UN Charter, why food security is a human right, and then he demanded a New Deal in agriculture. And you know what a “New Deal” means: It refers to the policy of

Franklin D. Roosevelt, which he introduced in 1933 when he became President, and when the United States was in a deep Depression. And with the New Deal, Roosevelt, at the time, brought the United States out of this Depression, by simply giving state credits to anybody who wanted to produce something useful.

We have been campaigning for a New Deal and a New Bretton Woods for many years, and I have myself issued several calls for a New Bretton Woods system, which have been signed by hundreds of VIPs around the world. And there has been a discussion for a New Deal for Europe by the new finance and economics minister of Italy, Giulio Tremonti. Then the former President and now prime minister of Russia, Putin, has called for a New Deal for Russia. [Former] President Nestor Kirchner of Argentina has called for a New Deal for Latin America. So there is a debate, and I think we need just to have more discussion about this.

Muntarim: Now, Mrs. LaRouche, still on the UN Food and Agriculture summit held in Rome: The U.S. says biofuels contribute 3% to the prices we are having in the global food crisis, and the UN says, no, they contribute 65%. Biofuels: How much of an issue is it? How important is it, how essential

is it to the global food crisis?

Zepp-LaRouche: I think it is important, because if you consider that with one tank full of biofuel, in one single car—one simple filling of your tank—a human being can live half a year or more! So, at a point when you have a billion people going hungry every day, I think it is perverse, and degenerate, and insane, and immoral, to use food for fuel! It's just not right!

First of all, economically, it's stupid, because you are not saving the environment one bit. All you are doing is helping the speculator. And if you would stop using food for biofuel, worldwide, immediately, you could feed 500 million people with that! Now for me, that is not a little issue, it's a big issue. It's not the totality of the problem, but it's one of the immediate measures one could do to help to solve the problem.

Muntarim: You're saying this issue of biofuels, the world continuing with biofuels is economically foolhardy. And here we are, the representative of the United States at the UN Food and Agriculture summit in Rome, says it's going to continue. So where does that lead the world?

Zepp-LaRouche: Oh, fortunately this gentleman is not the only American! You know, I issued this call for food doubling in May, and if you go on the Internet, you got to www.larouchepac.com website, or you go the Schiller Institute website, www.schillerinstitute.org/food_for_peace/hzl_double_food.html, you find there a list of the people who have signed my call in the meantime. And you will find that there are many elected American officials, both acting state representatives, former state senators, many trade unionists, mayors, city council members—and it is actually a growing movement worldwide. For example, just today, I got the message that eight sitting congressmen of the PRD party in Mexico have signed my call; the head of the leading agriculture research university; a leading trade union in Mexico; the head of the agriculture commission in the parliament of Argentina. There are many websites in Russia; many signers from other Latin American countries; we have an agricultural commission in Europe, of farmers who absolutely agree with me.

So it's a growing mobilization, and we are not looking at countries just as the official elected officials, but we are trying to take up the interest of the lower 80% of the population, who need somebody who defends their interest. And I think we are in a situation where that question is going to be decisive. Because it's the system of the financial oligarchy which is failing right now.

So if you think about what it means, when I say that the globalization system is more bankrupt today than Communism was in '89-'91—nobody would have ever thought that the Soviet Union would collapse, except my husband, who already predicted that it would happen, in 1983, where he said, if the Soviet Union continues with their then-existing policies, they would collapse after five years. And it did take

six years, so he was off by one year, but he was on the record of having predicted it absolutely precisely.

So, I think that we are, right now, in a situation where you will see that all the schemes which people thought would work are not going to work, and there will be a tremendous opportunity to use this crisis to change a system which needs to be changed anyway. The Chinese have a character for the word "crisis" and it means at the same time, "a chance." And I think that's the way to look at it: Use the crisis as a chance to correct what was wrong for a long time.

Doubling World Food Production

Muntarim: Interesting suggestion.

Mrs. LaRouche, you just scratched the surface in telling about your campaign for doubling of food production. But tell us more: What *exactly* is the campaign about and how effective is it?

Zepp-LaRouche: I think it is very effective, because my call for doubling of food production has been published by many countries. For example, last Sunday, the official Egyptian state paper *Al Ahram* had on their front page a picture of President Mubarak, a picture of myself, a picture of *EIR*, our magazine which you just mentioned, and it reports extensively about my call to double food production; and then basically says this is exactly the line with which President Mubarak would go to the FAO conference in Rome. And then the next day, on Monday, they had more coverage, discussing more details of my proposal. Then this proposal was published by almost every major newspaper in the Gulf states, in Bahrain, in Qatar, in Saudi Arabia; and in Syria. As I said, in many Russian webpages; then you have a huge discussion about it in Latin America.

And we are continuing with this campaign until it becomes the dominant issue, because it's the only answer to the present system. The free-trade faction says, "Africa should develop cash crops and export food." Why? So that then the African countries could pay their foreign debt! Now, I think this is totally crazy. I think what needs to be done first, is you have to have food security, you have to have national sovereignty, and I think if you now look how many forces are echoing—maybe they were inspired by what I said, maybe they came independently to the same conclusion, it doesn't matter—you have a growing movement of people who are talking the same way I'm talking. For example, at the FAO conference, the Chinese minister of agriculture, Mr. Sun Zhengcai, also blasted the biofuels, and also talked about food security for all as a fundamental human right. And basically demanded the eradication of hunger, malnutrition, on a global level.

Then you had President Wade of Senegal, who also spoke at the FAO conference, and he is now proposing a "Great Green Wall," to be built 7,000 km, from Dakar to Djibouti, to have a 5-km wide green strip across the desert, with trees, to

create a new “green lung,” and in this way, to fight against the climatic changes in a meaningful way. And alongside the Great Green Wall, he is planning to build water-capture basins, because a large quantity of the water is lost by evaporation. Then Japan wants to help Africa to make the same kind of Green Revolution as Asia did in the '60s.

I could probably add a lot of more people. For example, the Russian agriculture minister, Alexei Gordeyev, who is by the way a clear opponent of the WTO, he is also pushing to increase food production.

So, all I'm saying is, while this is all not yet a coherent policy, all of a sudden, after many years of supposed globalization, during which people would say there is no alternative to globalization, what you're seeing now is a very broad discussion of many countries and forces in the world, who want to go back to the pre-GATT, pre-WTO kind of a system.

For example, even in Europe, which as I said, is not in the greatest condition right now because of the European Union bureaucracy, you have a very important discussion by the French agriculture minister, Michel Barnier, who is defending the European Common Agricultural Policy, which is essentially a protectionist system, which comes from the era of Adenauer and de Gaulle. And he's supported by Horst Seehofer, the German agriculture minister, by Luca Zaia, the Italian agriculture minister, and Barnier actually proposed the same system of the CAP, a joint African Common Agricultural Policy, modelled on the European one, for Africa, for Latin America, and so forth.

So I think that there is plenty of motion, and I think it is very, very important that people in Ghana and other African countries really follow this, because this is a big change which is occurring right now.

A Hyperinflationary Disaster

Muntarim: And there's another dimension that I want you to look at, Mrs. LaRouche, as far as the global food crisis is concerned, and that is the crude oil price spike on the global market. How does it relate to the food crisis?

Zepp-LaRouche: Well, obviously the speculators have jumped in the oil in the same way. And if you have oil prices of now \$135-plus per barrel—I don't know what the last was today. But, remember, that an oil price of \$25 is neutral to the economy. People were saying for a long time, if the oil price would go up to \$50, this would detonate things. And then they said, “Oh no, if it goes to \$80, that's the end.” “If it goes \$100, that's the end.” Now, we're at \$135 and people are predicting it may go up to \$200, and obviously, this is fueled by the speculators and also the fact that fossil fuels are becoming less available.

So you have a clear need to think about a different energy source, and the obvious way to go, is peaceful nuclear energy, and there in particular, I think the high-temperature reactor, the pebble-bed reactor, which is right now developed by South

Africa and by China, is the direction to look in. Because this is an inherently safe variety of nuclear energy, because it was designed to shut down if there is the slightest irritation, and nothing can ever happen.

But, I think more fundamentally, I think one has to really consider the fact that we are right now, globally, in a hyperinflationary explosion, which can be only compared to what happened in Germany in 1923. Now, in 1923, when Germany was forced, by the Versailles Treaty, to come up with the entire cost of reparations for World War I. Even no historian today would maintain that Germany was the only guilty party for World War I; nevertheless, the Versailles Treaty imposed all of this debt payment and reparations on Germany. So then, the Reichsbank started to print money, disregarding the strength of the German economy, and then in 1923, this whole thing exploded and you had from the Spring of '23, when one pound of bread would cost maybe 1 Reichsmark, it went up to 5, to 100, to 1,000, to 1 million, to a billion; and then in November it became so absurd, that people were literally pushing money with wheelbarrows to the baker, because half an hour later the inflation would force the price up again. And then in November, it came to an end.

Now, because of globalization, what you see right now, is that that hyperinflation is developing around the globe, in every single country of the planet. And as long as the central banks, starting with the Federal Reserve and the Bank of England, have responded to the banking crisis by pouring liquidity into the market, by trying to bail out the banks who are sitting on three-digit trillion sums of toxic waste of worthless paper, which they cannot sell, because if they start selling them, it would turn out that they're worth almost nothing. And therefore, as long as the central banks are trying to bail out these banks by pouring in liquidity, this is fueling the hyperinflation.

And therefore, this is not going to get any better, it's going to get worse. And if we are to avoid a terrible catastrophe from this hyperinflationary explosion, then the only measure is to do what my husband has proposed for a long time, namely, to have an emergency conference on the level of heads of state, to declare the present system to be bankrupt, and to go for a reorganization, and create a new system in the tradition of Roosevelt's old Bretton Woods.

So, that is the only solution. And then you have to have a ban on speculation. I think speculation on raw materials, and especially food, but also basic raw materials like energy, like gas, like oil—this should not be allowed! Why should something be allowed which only fills the pockets of a few speculators, but which is, as a consequence, killing people? I think it is up to the governments to make laws—and as I already said earlier, there was a very important hearing in the American Senate which started to take up this question. So I think this is all now going to be on the table, sooner or later, and you will see dramatic changes.

Questions from the Audience

Muntarim: Mrs. LaRouche, somebody wants to know: “How do I join your campaign, if I want to? Is there a specific website address, and if I’m in Ghana, how do I join your campaign?”

Zepp-LaRouche: First of all, you can contact us on the Internet. You can either join the American Schiller Institute, www.schillerinstitute.com, or you can join the German one, www.schiller-institut.de; we have a Danish one, we have a Swedish one. Actually the Schiller Institute exists in, I would say, almost 60 countries around the world, in different forms. We have conferences, we have all kinds of political activities, all kinds of campaigns. You can sign my call for doubling the food production, you can help us to sponsor conferences in your countries. There’s a whole bunch of things: Write us an e-mail, get in contact with us! Spread the idea, take my call, print it out, and distribute it to the parliamentarians of your country. Collect signatures from trade unionists; bring it to the attention of agriculture professors at universities, organize students, get young people to discuss this.

This is very important: We have a worldwide youth movement, the LaRouche Youth Movement, which exists on five continents. These are young people who follow the ideas especially of my husband, and we basically think this is not a question of just us elderly people—I don’t know how old you are! [laughs] But it’s the question of the youth! The youth have to live the next 50, 70, 80 years, and it is their right to decide too: What kind of a world do they want to live in? Do they want to live in the kind of world which Bush and Cheney have created, by calling for 100 years of war against terrorism? No, I don’t think young people want to live in 100 years of war. I think young people have a right to decide themselves, what should be the economic policies, how should the countries be organized. So, get young people to join. Make student meetings, have discussions, download from the Internet from our websites articles which have lots of background.

Muntarim: Let me quickly open the phone lines.... There’s a text message here. “A question for Mrs. LaRouche: The CO₂ regulations being pushed down on the developing countries makes development very difficult. But aren’t these so-called global warming measures just another neo-colonial scheme, to prevent development for developing countries?” This one is from Benjamin in Denmark. What’s your take on that, Mrs. LaRouche, on this CO₂?

Zepp-LaRouche: Yes, I think absolutely, it is a neo-colonial scheme. There are climate changes, absolutely, but they have been taking place as long as our planet has existed: You have ice ages, you have warming periods, you have small ice ages, you have small warming periods. And these changes depend on the constellation of the Earth and the Sun, the angle of the Earth’s axis to the Sun, different rays, the position of our Solar System in the larger Milky Way galaxy; and these are cycles which are 100,000 years, 40,000 years,

20,000 years long. And they’re repeating all the time. So there have been periods where you could grow vineyards in northern Ireland; there have periods where there were giraffes in the Sahara, which was a blooming countryside at that time.

So all these changes really have nothing to do with man’s activity. And as a matter of fact, if you take the CO₂ effect on the global weather changes—I always use the image of a huge elephant, which is the cyclical stellar causes for climate change—and then you have a tiny little fly sitting on the head of the elephant, and that is the CO₂ emissions coming from man.

So it’s a swindle. And then, if you know, for example, that Al Gore is actually the CEO of two hedge funds, speculating in CO₂ emissions, then you have a first glance at what is really at stake.

Muntarim: Interesting. A text message, Mrs. LaRouche, from Simon in Botswana, says, “What does Mrs. LaRouche think of bio-regionalism? What she says is not much different from the worst aspects of globalization. Massive structures, nuclear destruction of small, fragile eco-systems.” Your response?

Zepp-LaRouche: I think that obviously, the way to protect the environment is by using modern technology. And obviously, we want to be very careful about protecting what needs to be protected. But you know, there is a fundamental difference between human beings and animals. The human being is different from all other species by his and her ability to come up with new scientific, universal principles, which then, if they are adequate, and they are valid, are called scientific progress. And if you apply the scientific progress in the production, then this leads to an increase in the living standard of the population, and the longevity of the people.

Now, that is actually a law of the universe. Because you have to have increasing rates of energy flux-density in the production process, because whenever you halt, then sooner or later, you come to the limits of that particular level. And then you have the absolute necessity to come up with an invention which increases the productivity and which increases the power of man in nature.

Now, if man had stayed at the same level, then already maybe 20,000 years ago, or 10,000 years ago, when the population potential of the Earth was maybe 5 million people, there would have come a collapse of the whole development. But because man was then able to develop agriculture, he was able to develop the use of fossil fuels, of the steam engine, and now we are reaching even higher energy-densities with the potential of nuclear energy, and soon, hopefully, fusion energy. And then we can move to not only using waste to retransport it into new raw materials, but we can create new isotopes, and actually move into completely different regime of production. And I think we are really at the beginning of a development of humankind.

Business Briefs

Trade

Indian Farm Leaders Say Get Out of WTO

In anticipation of a World Trade Organization Ministerial meet in July for finalizing drafts on Agriculture and Non-Agricultural Market Access (NAMA), India's top 30 farm leaders had a day-long marathon session in New Delhi on June 12 on the draft presented by the WTO earlier this month, and came out with a resolution that "India should come out of the WTO and should not sacrifice the livelihood of 800 million farmers, advasis, dalits and rural women."

"India should not dilute its position at the WTO negotiations as the 'special products' (SP) and Special Safeguard Measures (SSM) offered to us, are only a smoke-screen and offer no real protection to Indian agriculture, fisheries and forestry," the resolution underlined.

The resolution will have major impact on the ruling UPA coalition government in light of the fact that the opposition, and some within the ruling coalition, are crying themselves hoarse demanding attention to the weakening agricultural sector.

India's general elections will be held in April 2009, and the farm area possesses about 70 percent of nation's votes. It is likely that New Delhi will find it difficult to ignore what the farm leaders so clearly resolved.

Nuclear Energy

Finland Builds World's Largest Nuclear Plant

Despite strong opposition by the environmentalists, led by Greenpeace, Finnish authorities are moving ahead with the construction of the 1,600-megawatt nuclear reactor, the largest single reactor ever built. The reactor is an advanced pressurized reactor which can use both enriched uranium and the mixed oxides of uranium-235 and plutonium, known as MOX, as fuel. The plant is expected to be operational in 2011,

and is Finland's fifth nuclear plant.

The reactor portion of the plant is being built by Framatome and Areva, while the peripherals are under contract with Siemens. Indians have built the turbine hall, which will house the largest single turbine ever built.

According to an Indian journalist who was in Finland recently, the authorities of the OL3—the Finnish name for this nuclear power plant—indicated that governmental authorities from many countries have come to see the plant and find out in detail about the reactor. Finns said both India and China seem to be most interested in this huge reactor.

New Bretton Woods

Bergamo Magazine Calls For LaRouche Solutions

The monthly magazine *Bergamoeconomia*, published in the northern industrial city of Bergamo, Italy, dedicates its May 2008 issue to LaRouche's New Bretton Woods policy. The glossy cover runs a picture of LaRouche representative Claudio Celani, who was guest at a conference in Bergamo April 10, organized by the local small industrialists' association (Apindustria), under the headline "A New Bretton Woods for an economic upswing."

The four-page report inside is an adaptation, in the form of an interview, of Celani's intervention.

The interview is introduced with the following paragraph: "The world economic system is literally disintegrating. Since the breakout of the subprime crisis, last August, world central bankers have poured more than 750 billion dollars into the system, in short- and medium-term loans to save the hedge funds. This was helpful to fill some holes, but was just a band-aid. Banks are now weekly adjusting the official figures of their losses . . . urgent solutions are needed. Not accidentally, in the last months the idea has developed, of dropping marketist policies and adopting a Rooseveltian shift, with large projects of infrastructural development on a large scale, financed through public credit. What was a taboo until yes-

terday, i.e., the reform of the world financial system with a New Bretton Woods, now has become an issue of topical interest. Giulio Tremonti was among the first to speak concretely about it, during the election campaign, when his book *Hope and Fear* came out. But for the sake of truth, his explicit attack on financial globalization is simply the baby of what Lyndon LaRouche's movement has pushed as necessary for almost two decades. . . ."

Although not a large city, Bergamo is at the center of Lombardy, the most productive region of Europe.

Debt

Audit Shows Part of Ecuador's Debt Illegal

The special commission that is auditing Ecuador's foreign debt has reported to President Rafael Correa that a portion of that debt is illegitimate, and that the overall handling of the debt was so rife with irregularities and mismanagement, that millions of dollars were lost to the government. Or, as Correa put it, it was a "heist."

Speaking in the province of Chimbo-razo June 7, Correa said that after receiving the first report from the Commission on the Integral Auditing of Public Credit, he felt "indignation . . . there is no name for what was done with the debt—it is an assault on the country, it is illegitimate." He vowed that criminal charges would be brought against those "who sold out the country, who sold themselves, and there will be administrative and civil actions taken to annul the illegitimate debt."

Correa charged that in all of these dealings, the Central Bank acted in complicity with the Finance Minister at the time. Despite this, Correa said, "there are still people who say the Central Bank should be autonomous—autonomous from the country and their fellow citizens, but totally dependent on the creditors . . . and on that international bureaucracy, like the IMF. . . . They stole billions of dollars, always the same old miserable people who today work for the World Bank, IMF, or Inter-American Development Bank."

Soros's New Hostile Takeover: The Democratic Party

by Jeffrey Steinberg

On Dec. 20, 1998, in the midst of his murderous speculative rampage against the currencies of Malaysia, Indonesia, South Korea, and other targeted Asian nations, George Soros appeared on CBS-TV's "60 Minutes," to explain and defend his behavior. Confronted by interviewer Steve Kroft about his experiences as a youth in Hungary, under the Nazi occupation, Soros freely admitted that he posed as the "adopted godson" of an official of the Nazi-occupation government, and helped in the confiscation of Jewish properties.

"Kroft: And you watched lots of people get shipped off to the death camps.

"Soros: Right. I was 14 years old. And I would say that that's when my character was made.

"Kroft: In what way?

"Soros: That one should think ahead. One should understand and anticipate events and when one is threatened. It was a tremendous threat of evil. I mean, it was a very personal experience of evil.

"Kroft: My understanding is that you went out with this protector of yours who swore that you were his adopted godson.

"Soros: Yes. Yes.

"Kroft: Went out, in fact, and helped in the confiscation of property from the Jews.

"Soros: Yes. That's right. Yes.

"Kroft: I mean that's—that sounds like an experience that would send lots of people to the psychiatric couch for many, many years. Was it difficult?

"Soros: Not—not at all. Not at all. Maybe as a child you don't—you don't see the connection. But it was—it created no—no problem at all.

"Kroft: No feeling of guilt?

"Soros: No.

"Kroft: For example that, 'I'm Jewish and here I am, watching these people go. I could just as easily be there. I

should be there.' None of that?

"Soros: Well, of course I could be on the other side, or I could be the one from whom the thing is being taken away. But there was no sense that I shouldn't be there, because that was—well, actually, in a funny way, it's just like in markets—that if I weren't there—of course, I wasn't doing it, but somebody else would—would—would be taking it away anyhow. And it was the—whether I was there or not, I was only a spectator, the property was being taken away. I had no role in taking away the property. So I had no sense of guilt."

In an earlier television interview on the same subject, Soros was even more blunt about his role as a Nazi collaborator in the Holocaust. On April 15, 1993, Soros appeared on WNET-TV and declared, "When the Germans came in," his father explained to him that, "This is a lawless occupation. The normal rules don't apply. You have to forget how you behave in a normal society. This is an abnormal situation. And he [Soros's father] arranged for all of us to have false papers, everybody had a different arrangement. I was adopted by an official of the ministry of agriculture, whose job was to take over Jewish properties, so I actually went with him and we took possession of these large estates. That was my identity. So it's a strange, very strange life. I was 14 at the time."

In point of fact, Soros's adopted "godfather" served under Nazi Waffen SS Gen. Kurt Becher, who ran what was euphemistically called the Economic Department of the SS Command, which oversaw the extermination of 500,000 Hungarian Jews. In his famous book *Perfidy*, an indictment of the Jews who colluded with the Nazis in order to survive, Ben Hecht described Becher's Economic Department, in more graphic terms than did Soros. The Department was in charge of looting the properties of Hungarian Jews, in "removing the gold fillings from the millions of teeth of the dead Jews; in cutting off the hair of millions of Jewesses before killing them, and shipping bales of hair to Germany's mattress factories; in



EIRNS/Stuart Lewis

George Soros's public admission that he had collaborated, at a young age, with the Nazis, and that he felt no remorse about it, qualify him as, at best, a sociopath. Yet, the megaspeculator is now a controlling force in the Democratic Party. Soros is shown here at a conference, in Washington, D.C., June 2004.

converting the fat of dead Jews into bath soap, and in figuring out effective methods of torture to induce the Jews awaiting death to reveal where they had hidden their last possessions.”

A psychiatrist might diagnose someone who went through such an experience, yet felt no remorse, no guilt, and actually boasted that it shaped his strategies as a ruthless, and very successful speculator, as a sociopath. Such clinical diagnosis aside, the simple fact is: Soros has devoted his entire adult life to the looting of the powerless, on behalf of the British financier oligarchy that sponsored his post-war career as one of the first of their offshore hedge-fund speculators. He asserts that morality has no place in the market, and that, if he had a conscience, he could never have succeeded in amassing his billions.

The ‘Hostile Takeover’ of America

As a matter of policy, Soros’s Quantum Fund has never accepted money from any American investors—in order to stay outside the reach of U.S. government investigation. He operates in such locales as the Dutch Antilles and Switzerland, yet much of his ill-gotten gains have been devoted to what some of his colleagues jokingly refer to as the “hostile takeover” of America.

Throughout the 1980s and 1990s, Soros poured tens of millions of dollars into the campaign to legalize drugs—marijuana,

heroin, and even crack cocaine. Soros refers to this as the “open society,” a lawless domain in which the only dictum is “harm reduction.” Soros’s dope legalization policies follow the model of the British East India Company, which waged two Opium Wars against China, during the 19th Century, to impose drug addiction on the population—for British profit and social control.

Soros’s latest hostile takeover target is the Democratic Party, and over the past eight years, Soros and a gang of fellow billionaires have come pretty close to achieving their goal.

Starting soon after George W. Bush’s inauguration as President in early 2001, Soros poured a reported \$18 million into passage of the McCain-Feingold campaign finance law (Soros has continued to be a major donor to McCain’s Reform Institute), which placed a cap on “soft money” donations to the political parties, but left open a loophole, allowing nominally independent groups, referred to as “527s,” to take unlimited donations. Soros began buying up the first generation of 527s, including outfits like MoveOn, ACT (America Coming Together), and Media Matters. Soros also played a pivotal role in the 2004 candidacy of Howard Dean, who bombed as a Presidential candidate, but was rewarded for his access to Soros loot with the chairmanship of the Democratic National Committee, after John Kerry’s loss to George Bush in November 2004.

From that perch, Howard Dean waged a ruthless campaign against candidate Hillary Rodham Clinton in the 2008 primary elections—in tandem with Soros’s Democracy Alliance, a secretive billionaires club, that pooled its money to take over and run a “vast leftwing conspiracy” of 527s, PACs, and think tanks, that has replaced any Democratic Party constituency organization.

In the meantime, Soros found his legion of honest Bush-haters, in groups like MoveOn and ACT, to be useful tools in his further grimy speculative binges. Following the Kerry defeat, MoveOn, the Center for American Progress, and other progressive groups on the Soros dole, targeted Vice President Dick Cheney and Halliburton, the giant oil and defense contractor that was profitting mightily off of Bush and Cheney’s Iraq imperial misadventure.

The barrage of attacks on Halliburton drove the company stock down, from a peak of \$40 down to \$26—at which point Soros began buying up Halliburton shares. Between the third quarter of 2005, and the fourth quarter of 2006, Soros bought 2 million shares of Halliburton, at an average price of just over \$31.

As the media attacks on Halliburton—in part, driven by Soros’s anti-Bush/Cheney and anti-war zeal—died down by late 2006, Halliburton shares quickly rebounded. By early 2008, with Halliburton shares nearing \$50, Soros had made an estimated \$40 million in clear profit, making him one of the larger Bush-Cheney war profiteers.

Col. Carl F. Bernard (USA Ret.): A Courageous Soldier-Intellectual

by Edward Spannaus and Dean Andromidas

Carl Franklin Bernard, a highly decorated retired U.S. Army Colonel and a longtime friend of the LaRouche movement, was buried with full military honors at Arlington National Cemetery on June 4. Colonel Bernard, a soldier-intellectual, and one of America's true military heroes, passed away on March 4 at his residence at Fort Belvoir in Alexandria, Virginia, at the age of 81.

Retired four-star Gen. Volney Warner wrote upon hearing of Bernard's death, "Carl was indeed the bravest combat soldier that I have ever known." Speaking at the funeral, Warner said, "Those soldiers who survived the initial North Korea onslaught with him worshipped the ground he fought on, and the rest of us loved him for what he was, and would follow him anywhere."

In his later years, Bernard remained very active in policy debates within military and defense circles, both in formal and informal groups, which constitute what Lyndon LaRouche has called "the institution of the Presidency"—largely retired military and intelligence professionals, and others, who see their patriotic duty as fighting for policies to protect and defend the Constitution of the United States.

A Personal Recollection

Colonel Bernard brought the same courage of the many battlefields on which he fought, to those taking place within Washington's Beltway. One of us (Dean Andromidas) had the privilege to serve with him in an engagement in one of those political battles, which reflects the behind-the-scenes role that "retired" patriots play.



Courtesy of Joel Bernard

Col. Carl Bernard (USA ret.) was "the bravest combat soldier I have ever known," said Gen. Volney Warner, at Bernard's funeral.

It was an experience never to be forgotten. It was in 1999, during the NATO Summit in Washington, at the height of the NATO intervention in Kosovo—a war the U.S. should have never entered. The air war, as Bernard had already forewarned, was proving totally ineffective, if not disastrous, and the British were demanding that NATO launch a ground assault—which Bernard not only opposed but was lobbying against within the military security establishment that was advising then-President Bill Clinton.

Meeting in the kitchen in his suburban Virginia home, I briefed Bernard on LaRouche's assessment, and how our movement was working to stop this British ploy. He was dead-set against any ground war, and briefed me—as he had no doubt briefed many in high places—on why it would be a disaster, citing everything from

the Yugoslav Resistance in World War II, to his own rich experience in Vietnam. LaRouche's evaluation tracked closely with his own assessment, and his determination to stop it.

When I suggested that some high-ranking military officials make a show by resigning in protest, he quickly said, "You never resign." Here was a man who, in his long career, had a hundred opportunities to "resign in protest," but stayed in the fight to do what he thought was right, to change a disastrous policy. By the end of the NATO conference, President Clinton had ruled out any land war. It was a skirmish won that would not even make a footnote in history, but it nonetheless left me with a great deal of respect for Bernard, and another insight into his unique character.

The Korean Crucible

Born in Texas in 1926, and raised in the oil fields of the West, Carl Bernard enlisted as a Marine, in 1944, during World War II, and served in the Pacific and China. In 1947, he enlisted in the U.S. Army, and was commissioned an infantry officer in 1949, and became a platoon leader with L Company of the 21st Infantry Regiment, then part of the 24th Infantry Division.

Stationed in Japan, in the Spring of 1950, 1st Lt. Bernard was commandeered by Col. Charles Smith, and flown into Korea with “Task Force Smith” at the beginning of the war, and was one of that unfortunate unit’s few survivors after it was overrun at Osan by North Korean forces. Bernard led the remnants of his platoon through enemy lines and back to U.S. positions a week later; he later wrote that the reason he never got the withdrawal order was that Smith had been told that Bernard was dead and his platoon gone. After he was patched up, he rejoined his L Company, which had since arrived back in Korea.

The lessons of the opening weeks of the Korean War—the lack of preparation of the troops, faulty equipment, and a belief that infantry troops were obsolete in the nuclear age—became the basis for Bernard’s lifelong battle for military readiness and competence.

In comments to *EIR*, accompanying his article, “The High Cost of Not Being Ready,” published in the Nov. 12, 1999 issue (http://www.larouchepub.com/other/1999/2645_korea_bernard.html), Bernard pointed out that there was a prevailing belief at the time that the infantry soldier didn’t count any more, because we were now in a nuclear age, and that the war would be over in a week. He wrote, “We went into Korea believing the North Koreans would turn and head back as soon as they discovered we were there.” Bernard traced the problem back to the air-power doctrine, that we could bomb small countries into doing whatever we demanded.

After Korea—more accurately, because of it—Bernard remained in the Army for almost three decades, voluntarily serving in what he described as relatively low-level combat assignments, in Laos in 1960 (Special Forces), and in Vietnam; he also attended the Army Ranger School at Fort Benning, the Command and General Staff College at Fort Leavenworth, and the French Army’s Ecole d’Etat Major, and he helped develop the curriculum for the J.F. Kennedy Special Warfare School at Fort Bragg. After his retirement from the Army in 1975, Bernard set up a consulting firm, focussing on



Courtesy of Joel Bernard

Carl Bernard in Hau Nghia, Vietnam, ca. 1968, with the daughter of the province chief’s cook.

readiness, and on U.S.-French military relations.

The Wrong Wars

Colonel Bernard’s life elucidates the tragedy of the U.S. military following the death of Franklin D. Roosevelt. His first military service was in the “total war” of World War II, which, under FDR’s leadership, was intended to lay the foundation of a total peace, which would involve the dismantling of the British and other colonial empires.

With FDR’s untimely death, and the ascendancy of Harry Truman to the Oval Office, Bernard found himself fighting in precisely the types of wars that FDR had sought to end forever, including the “limited war” in Korea, and the “asymmetric” war in Vietnam. Critical of the “Utopian” doctrines introduced by Maxwell Taylor and Robert McNamara, Bernard held to

the universal principles of war centered on the well-trained and educated infantryman, who brought to war not only courage and leadership, but the moral integrity for which the United States had traditionally been known.

The commonplace notion of the foot soldier as a borderline-idiot grunt was totally foreign to Bernard’s thinking. He never tired of reiterating that “posting a stupid man to the infantry is tantamount to condemning him to death.”

This man, who witnessed 11 atomic bomb tests at Camp Desert Rock in 1953, understood that the application of unlimited force is not what necessarily wins wars—and may indeed lose them. Bernard always viewed the indiscriminate use of air power in Vietnam as doing the Viet Cong’s work for them, in turning the population against the United States and the South Vietnamese government that U.S. troops were defending.

Likewise, during the “Swift Boat” attacks on Sen. John Kerry in the 2004 Presidential campaign, Bernard said that from what he had observed, the Navy swift boats “were the foremost recruiters for the Viet Cong,” with their indiscriminate machine-gunning of hamlets along the river banks. He said that, in contrast, “Kerry’s going to the river bank with a rifle is what an infantryman would do, not spray a village with machine gun bullets.”

Bernard always emphasized the central importance of small-unit cohesion. As he put it in a letter to two top Pentagon generals in 1999, reflecting on the annual reunions of the 21st Infantry Regiment: “Simply, our most successful fighting units became families. We came to love one another. ...

The attitudes and sense of responsibility for one another touched each of us regardless of rank.” Bernard’s oft-stated belief, put simply, was that what holds the infantry unit together is love.

Characteristically, Bernard remained close to his surviving L Company comrades for the rest of his life. A number of them attended his funeral at the Old Post Chapel at Fort Meyer, adjacent to Arlington Cemetery, including General Warner, who had reported to L Company as a 2nd Lieutenant, fresh out of West Point, in 1950, in Korea. (Warner recalled that Bernard was charged with fitting Warner and his just-graduated classmates into the remnants of Task Force Smith. “Carl took one look at the lot of us and remarked, ‘The war is over.’”)

The Vietnam Debacle

Bernard had a clear view of our entanglement in Indochina: We never should have entered the war. As a result of his liaison work with the French military, which began with a NATO posting in Germany in the 1950s, he had intimate knowledge of the French involvement—and failures—in Indochina and Algeria. French officers had cautioned the U.S. military not to get involved in Indochina, and warned that the U.S. would surely lose; it was an assessment that Bernard appreciated, but which former Defense Secretary Robert McNamara and his like obviously didn’t.

As an expert on counterinsurgency, before it became popular, Bernard clashed repeatedly with generals who were convinced that artillery and tanks were the way to deal with guerrilla warfare.

“Ominous and far-reaching is the cavalier disregard of U.S. commanders for the dictates of the pacification program, in their headlong rush to ‘Kill VC,’ still touted as the objective,” Bernard wrote in a 1969 after-action report to the CIA’s William Colby, after two years in the central Vietnam. Tasked with a pacification program, to win over the “hearts and minds” of the local population, Bernard found that his own army was often a bigger problem than the Viet Cong. “The U.S. Air Force and the 9th Infantry Division were the best recruiting tools the VC had,” Bernard told his longtime friend and adjutant, Jim Bartlett, years later. “At the end of the day, there were more Vietnamese against us than for us. It was a long road getting there, but we made it sure enough.”

Bernard’s description of incidents that turned the population against the government and the Americans, reads eerily similar to what has been happening in Iraq and Afghanistan in recent years: villages shelled deliberately, or by accident; maltreatment and beatings of VC in detention centers where they were supposed to be convinced to join the government side; drunken troops grenading a Vietnamese family dog, and then smashing the family’s house with an armored personnel carrier; a local Vietnamese security director imprisoned under harsh conditions as a VC; U.S. operatives killing villag-

ers instead of the communist cadre they were supposed to be targetting.

“The tools of the US overwhelmingly are military, i.e., bombs, artillery and infantry battalions. This basic failure in the US perception of the war insured the enemy becomes stronger each year despite heroic lists of KIA [killed-in-action], weapons captured and VC eliminated,” Bernard wrote in his after-action report.

Bernard’s report was apparently so damning, that Colby “immediately snatched back every copy Bernard had forwarded to others in his circle, in effect, classifying the report,” Bartlett wrote.

After his postings to Laos and Vietnam, Bernard’s final assignment was to the University of California at Berkeley—a center of the anti-war movement and the rising counterculture—in 1972, to restore the Army ROTC program. Throwing the old ROTC curriculum out the window, Bernard put together a series of lectures and courses centering on revolution and insurgency/counterinsurgency, which drew standing-room-only audiences, including prominent student radicals and anti-war protesters. As one of his relatives said concerning Bernard’s assignment at Berkeley: The war protesters liked him, because he was also a war protester.

‘How Fortunate We Were...’

An intellectual by nature, Bernard embodied that all-too-rare combination of intelligence and guts. A close friend described him as the rare embodiment of a man who had little fear of controversy, and who could—and did—deal with many groups across a wide spectrum of beliefs, savoring the dynamics and unique viewpoints of each.

Bernard’s intellectual curiosity brought him into contact with the LaRouche movement, and into regular discussions of strategic and military policy with us. He attended a number of events at which LaRouche spoke, and, after one such event, sent one of his ubiquitous e-mails to his circle of friends describing the event as “an extraordinary affair,” and commenting on LaRouche’s presentation, that “The erudition of this man and the breadth of his knowledge of our world was striking.”

In 2002, on the occasion of LaRouche’s 80th birthday, Carl Bernard submitted the following for publication in the *Festschrift* for LaRouche:

“The two of us have lasted a long time. Looking back at the world I knew is moving. Thinking about what you’ve done with your life and your world touches me as well. Reflections on our early days and what we knew then is one of the most valuable of the gifts that time has left with us. You have touched many lives and you will never be forgotten. My time as a soldier let me understand the perspectives of many young men, including those of a number we were allied with or fighting against. My conclusions for the pair of us focus on how fortunate we were to have been involved in so many of the prime events of our times.”

National News

Dean Schemes To Shut Down Dem Convention

The latest atrocity to come out of George Soros pawn Howard Dean is that the Democratic National Committee chairman is trying to shut the 18 million loyal Democratic and independent voters who supported Hillary Clinton out of the Denver convention altogether. In addition to reports that the Obama campaign is pushing to actually unseat all the Clinton delegates, and replace them with Obama loyalists, there are more recent reports that Dean is trying to prevent any balloting for the Democratic nominee, and instead to just ram through a voice vote for Obama, without even the traditional state-by-state roll call.

Clearly, between the Obama campaign and Howard Dean, there is a great deal of worry that the vicious campaign that was run against Hillary Clinton has created a level of fury, which could explode at the convention. According to one well-placed Washington source, if 20% of the Hillary Clinton voters were to sit out the November Presidential vote, that would amount to a loss of 4 million potential Obama voters—if, indeed, Obama were to wind up with the nomination in the first place. That could spell certain doom for Obama's already-doomed candidacy.

Supreme Court Restores Habeas to Detainees

For the third time since 2004, the U.S. Supreme Court has rebuked the Bush Administration for its "war-on-terror" detention policies, initiated and promoted by Vice President Dick Cheney.

On June 12, the high court ruled, in a 5-4 decision, that prisoners at Guantanamo have the right to challenge their detentions in the Federal court system, and that neither the Executive nor the Congress can take that right away from them. In so doing, the Court overturned the habeas-stripping pro-

visions of the Military Commissions Act of 2006, the "torture bill" that was rammed through Congress under extraordinary pressure brought to bear on the Senate, especially by Cheney personally.

The decision was written by Justice Anthony Kennedy, now considered the crucial "swing vote" on the court; dissenting were the Administration's two new Federalist Society justices, Alito and Roberts, plus Scalia and Thomas.

Rebutting the Cheney/Schmittlerian argument that in times of emergency, the laws and the Constitution itself can be overridden by the Leader (the "Unitary Executive"), Justice Kennedy wrote for the Court's majority: "The laws and Constitution are designed to survive, and remain in force, in extraordinary times."

The ruling could resurrect the hundreds of lawsuits seeking habeas corpus, consolidated in the U.S. District Court in Washington, D.C., but which have been on hold pending the Supreme Court ruling. The ruling means that the petitions for habeas corpus must be considered by the court; it does not automatically mean that the petitions must be granted.

Bloomberg Again Seeks The Public Spotlight

Fascist New York City Mayor Michael Bloomberg is once again being widely touted as a possible Vice-Presidential candidate, most likely for Republican Senator John McCain, but also possibly for Senator Barack Obama. He is, accordingly, seeking the public spotlight.

Bloomberg appeared in front of the Senate Banking Committee June 12, no doubt at the invitation of its chairman, Felix Rohatyn-friend Sen. Chris Dodd (D-Conn.), to testify on the subject of "Condition of our Nation's Infrastructure: Local Perspectives from Mayors."

When the subject of public-private partnership (Bloomberg's Mussolini-style proposal) came up, he gave his pitch: that the biggest impediment is the lack of a revenue stream—that is, the kind of guaranteed loot-

ing rights that private investors will insist on, before putting in a penny to urban infrastructure. Bloomberg complained that the New York state legislature rejected his congestion pricing scheme for the city, which was a way to generate a revenue stream which could then be used to attract private investors.

"We are going to have to have a dedicated funding source not authorized by a legislature because without that nobody's going to lend you the money," Bloomberg said, and private investors will have to be allowed to run the infrastructure like a business—meaning that wages and jobs will not be protected as they often are in the public sector.

Political Committees Still Want Hillary

Political action committees are organizing to urge Hillary Clinton to take her nomination fight on to the Democratic National Convention in Denver in late August.

People United Means Action (blog, pumapac.org), which describes itself as "completely grassroots," is taking a multi-pronged approach: urging people to write protest letters to Democratic National Committee Chair Howard Dean, withdrawing membership in the Democratic Party and re-registering as Independents in states where there are no upcoming Democratic primaries; requesting refunds for contributions made to the DNC; and reaching "Unfaithful Superdelegates" whose constituents voted for Clinton, but who have nonetheless, for now, committed their vote to Barack Obama.

Another committee, Hillary Rapid Responders (www.hillaryresponders.com), reportedly is circulating petitions to encourage Clinton to continue the nomination fight, as well as petitions to have Obama select her as his running mate. The Rapid Responders site features Hillary's eight-page campaign Economic Blueprint. (A recent Pew Research Center poll showed that 88% of Americans consider the economy to be the top 2008 election priority.)

EU Presses Its Offensive Against Russian Interests

by Rachel Douglas

Without waiting for certification of the European Union (EU) as an British imperial cat's-paw through adoption of the Lisbon Treaty—now, stunningly defeated by the June 12 Irish “No” vote—EU leaders have stepped up their challenges to Russian interests, by asserting their prerogative to act *inside* the former Soviet Union. Lisbon Treaty or no, the apostles of the EU as Empire intend to make it the arbiter of relations in East Central Europe, eclipsing the United Nations in places where the UN, or Russia under a UN mandate, has played a role since the 1990s. The result is an aggravation of tensions that threaten to pull Russia's southwest border areas, especially the Caucasus region, into a general escalation of warfare across Eurasia.

The latest EU interventions around the Republic of Georgia and its breakaway region of Abkhazia coincided with an ostensible move to seek more cooperation with Russia. On May 21, the EU agreed to resume negotiations with Russia over a new Partnership and Cooperation Agreement (PCA) to replace the one that expired last year. Those talks on replacing the PCA will proceed at a June 26-27 EU-Russia summit, in Khanty-Mansiysk, western Siberia.

The May 30-June 6 issue of the *Economist*, the City of London mouthpiece that has vigorously campaigned for using the EU to cut Russia down to size, exulted over the success of Lithuania, a new EU member from formerly Soviet-dominated Eastern Europe, for having held off this decision for months. Even after EU member Poland's new government resolved a long-standing dispute with Russia over meat exports and approved the new PCA talks, Lithuania held out until the EU formalized a pledge to monitor Russian behavior in Georgia, press the issue of guaranteed Russian energy deliveries to EU members, and force a discussion of Lithuania's demand that Russia pay reparations for deportations done by the Soviet government after World War II.

‘The Best Traditions of the Cold War’

The *Economist* article attacked Germany for wanting the cooperation talks to move ahead quickly. To be welcomed, by contrast, was the fact that, “Other countries are moving to counter what they see as Germany's overly Russia-friendly policies.” Carl Bildt and Radek Sikorski, the foreign ministers of Sweden and Poland, respectively, have launched a plan they call “eastern partnership,” which will offer preferential trade terms and other EU membership preparation enticements to Georgia, Ukraine, and even Belarus, and “Russian regions such as Kaliningrad” (which, as the formerly German city of Königsberg, is located between Lithuania and Poland).

In an editorial, the *Economist* claimed that the consolidated pool of cheap labor, created through the EU's enlargement into Eastern Europe, has helped all the member countries! “Teething troubles with a few new members,” the *Economist* said, “should not become an excuse for slamming the door on others.” Of greatest interest, the commentary insisted, is eventual EU membership for Ukraine, which is currently involved in quarrels with Russia over the Black Sea Fleet and other issues, as well as experiencing intense internecine political conflicts in Kiev itself.

Sergey Yastrzhembsky, the former Kremlin special representative to the EU, said on May 29 that the new EU-Russia talks will be “long and difficult.” A Novosti information agency release, also dated May 29, cited an unnamed Russian government source who expressed doubt that a new umbrella agreement could be reached this year.

A follow-up Novosti analysis piece, published June 9, quoted an anonymous high-ranking Russian security official, who charged that British intelligence was attempting to establish control over the EU's political institutions, and direct them against Russia. One technique being used, said the of-

ficial, is allegations of Russian spying, such as appeared in yet another article in the same issue of the *Economist*.

The *Economist* published an article titled “Can the EU defend itself?”, which said: “Russian spying in Brussels and Strasbourg ... is far better financed, better aimed and better coordinated than ever before.” It said the efforts of Russia’s elite foreign-intelligence services have been supplemented by the Federal Security Service (FSB), which used to deal solely with internal issues, and that they involve not only intelligence officers, but also journalists, consultants, and even students.

The Russian security expert responded to the *Economist* “spy” article, saying that, “It is not a coincidence that the article was released almost immediately after EU foreign ministers had approved a mandate for talks on a deal to replace the current PCA.” The expert said that after Russia had resolved its disputes with Poland and Lithuania, London decided to fuel fear of Russia with “Cold War type” spy stories. “The British are not happy with the fact that Russia is maintaining a constructive dialogue with the main European capitals, including Paris, Berlin, and Rome,” he said. In his opinion, London has long been trying to strengthen its position in the European Union by placing British officials in key posts in the EU’s political structures, while preserving the U.K.’s special status with regard to the main mechanisms of European integration, such as the common currency, free travel, and a draft European constitution.

He said London was pursuing its own political agenda, and was attempting “to impose on European officials a system of loyalty checks and constant surveillance in the best traditions of the Cold War,” to protect its regional interests and promote far-reaching ambitions.

Attempt To Replace UN

On May 30, fifteen emissaries from EU countries arrived in Sukhumi, capital of Abkhazia, to prepare the way for mediation efforts by EU leaders to follow. The mission was part of a campaign, fully endorsed by Georgian President Michael Saakashvili, to end the United Nations mandate, under which Russian peacekeepers have policed Abkhazia since the end of its civil war with the central Georgian government in the early 1990s.

Ideologues of an “imperial European Union” under the Lisbon Treaty, such as the London-connected analyst Ivan Krastev of the Center for Liberal Strategies (Bulgaria), saw the EU’s role in Kosovo’s declaration of independence from Serbia last Winter as a foot-in-the-door for meddling throughout western Eurasia. Crisis-monger Krastev has argued that a full-scale crisis over Kosovo’s declaration of independence—a guarantee, among other things, of increased tension with Serbia’s historical ally, Russia—is “the crisis that the European Union badly needs” to prove its “historical viability.”

One popular scenario in such circles is that the example

of Kosovo unfreeze the so-called “frozen conflicts” around autonomous regions within former Soviet republics, including Abkhazia and South Ossetia in Georgia, and Transdnistria in Moldova. The scene of fierce fighting in the early 1990s after the break-up of the U.S.S.R., each of these autonomous regions has special ties with Moscow and/or is policed by Russian peacekeepers under UN auspices, setting the stage for the governments of Moldova and, especially, Saakashvili’s in Georgia, and their EU and American backers, to accuse Russia of threatening their sovereignty.

Now, as a series of articles in the Russian daily *Nezavisimaya Gazeta* has documented, the EU is moving in on the frozen conflicts. In “steps that Europeans are taking quietly and without pomp in the field of mediation which quite recently was Russia’s priority,” the staff of EU foreign policy chief Javier Solana has arranged “dialogue” visits to Brussels by leaders of the breakaway autonomous regions of Transdnistria and South Ossetia, *Nezavisimaya* reported May 16. “Tbilisi [Georgia] is trying to squeeze the UN (where Russia has the right of veto) out” of the Abkhazia negotiations, the paper wrote on May 19, quoting Georgia’s State Reintegration Minister Temur Iakobashvili on how he wants the EU to step in as mediator.

Under the headline “The Unrecognized Republics Are Surrendering to the West,” *Nezavisimaya Gazeta* reported that parliamentary leader Yevgeni Shevchuk of Transdnistria had enjoyed his recent visit to EU headquarters in Brussels, which the EU cleared by removing him from a list of banned officials, and had gone on to London for consultations immediately thereafter. Shevchuk represents a different faction from that of Transdnistrian leader Igor Smirnov, suggesting that there is a fine-tuned effort to cultivate EU assets there.

On June 6, Javier Solana staged a visit to Abkhazia. And in St. Petersburg, on the sidelines of an informal Commonwealth of Independent States (CIS) summit, the same day, Saakashvili met with Russian President Dmitri Medvedev, who rejected a shift to foreign mediation of conflicts within the formerly Soviet CIS region. Medvedev told the meeting, “I think we can sort out our relations by ourselves.”

Within the past month, a deputy foreign minister of Georgia has described Russia and Georgia as being “on the brink of war” over Abkhazia, while Saakashvili himself proclaimed in May, “We are the fighting ground for a new world war.”

Saakashvili claimed an overwhelming Parliamentary victory for his party last month, but over 100,000 people have turned out in several rallies to protest vote fraud. Shalva Natelashvili’s Georgian Labor Party, which did cross the vote threshold to enter Parliament, and other opposition forces have refused to take their seats because of the fraud.

For background, see “British Imperial Strategists Push EU To Confront Russia,” EIR, March 7, 2008.

Are Putin's Plans For Real?

Concluding his presentation of a \$570 billion five-year transportation infrastructure development program for Russia, Prime Minister Vladimir Putin said May 20 at the Russian Transport-2008 show in Sochi, "We worked on this program for a long time, and those were difficult discussions for essential reasons, not only technical ones. But we understand that the future of the Russian economy largely depends on its implementation, because you cannot build a modern economy without infrastructure. . . . Without developing infrastructure, there is not and will not be any economic development. . . . If we do not develop infrastructure, we have no future. And the development of infrastructure is an exceedingly important task, which falls precisely to the government. In many other sectors of industry, we can merely provide support to private business and be confident of success, but here, that is absolutely inadequate. The development of infrastructure is the direct obligation of the government."

The article we publish here, by Prof. Stanislav Menshikov, which appeared May 25 in the Moscow weekly Slovo, looks at the tension over economic policy between two wings of the new Russian cabinet, which was formed on May 12 with former President Putin as prime minister. Different policy approaches—one traditionally monetarist and the other state-interventionist—are contending within Russia, in the midst of the financial and economic crisis unfolding on a world scale. Speaking at the XII St. Petersburg Economic Forum on June 7, President Dmitri Medvedev took note of the utter failure of the existing "global financial architecture." While welcoming Medvedev's recognition that the current crisis is "systemic"—the Russian leader used this term with regard to the role of derivatives contracts in driving food and raw materials prices—EIR founder Lyndon LaRouche characterized Medvedev's proposals for "new rules of the game" as not just inadequate, but "rotten," because they would attempt merely to reform the current, disastrous system.

Professor Menshikov's report, showing that Putin's best intentions to modernize the economy are already threatened by rampaging inflation, illustrates how high the stakes are for Russia, and all Eurasia, in the matter of creating a new, development-oriented monetary system. Rachel Douglas translated the article from Russian.

Now that the new Russian government has been formed and has taken its first steps, the question might be asked with



EIRNS/Julien Lemaître

Prof. Stanislav Menshikov, shown here speaking at a Schiller Institute conference in Kiedrich, Germany, in September 2007, identifies the tension over economic policy within the new Russian cabinet, between neoliberals and state-interventionists.

some perplexity: Are they really going to try and implement the Putin Plan, and make a shift to an innovation economy?

As prime minister, Vladimir Putin himself now has the reins in his own hands, giving him the ability to manage the economy, whereas earlier he could only exert his influence indirectly, not through hands-on management.

Are the Neo-Liberals Too Strong?

At the same time, the composition of the government is striking. Although Putin chose its members, the make-up of the cabinet does not cohere with the announced goal. The economic section of the government remains essentially the same, with Alexei Kudrin as minister of finance and Elvira Nabiullina as minister of economics. Then there is the addition of First Deputy Prime Minister Igor Shuvalov, which only compounds the problem, since he, too, is a monetarist and a neo-liberal. These people are opposed, as a matter of principle, to active intervention in the economy, to the pursuit of an industrial policy, and to financing innovation investments out of the Stabilization Fund.¹ It would be difficult

1. Russia's over \$150 billion Stabilization Fund, formed from duties on oil and gas exports since 2004, was divided early this year into a Reserve Fund (\$125 billion) and a National Welfare Fund (\$32). While monetarist doctrine says these monies must be kept out of circulation within the Russian economy, for fear of their driving inflation, their investment is a matter of intense debate. The term "Stabilization Fund" continues to be used for this whole category of assets.



Presidential Press and Information Office

As President, Vladimir Putin, now prime minister, projected that Russia would emerge as one of the world's top five economies by 2020. The current economic slowdown contradicts that projection, Menshikov writes. Putin is pictured here (center) at the Kurchatov research institute in Moscow, April 2007.

to imagine a worse team.

At the very first full cabinet session, on May 14, Putin criticized these ministers for the inadequacy of their proposed innovation program and for their inability to deal with inflation. That was a bad sign. Coming from these officials, such failures are caused not merely by inefficiency or incompetence. They are a kind of quiet sabotage, which reflects their covert rejection of the fundamental principles underlying the prime minister's program. These neo-liberal ministers are neither allies nor helpers for Putin, and he won't get very far with them.

The opposite tendency, that of the active *gosudarstvenniki* [officials oriented toward a strong role for the state], was previously represented in the cabinet by Sergei Ivanov. Now he has been joined by Igor Sechin, Putin's former right-hand man at the Kremlin. Sechin and Ivanov, as deputy prime ministers, are in charge of industry, while First Deputy Prime Minister Victor Zhukov oversees agriculture. Their direct role in determining macroeconomic policy, however, would appear to be relatively small in comparison with that of the neo-liberals.

This division of responsibilities is already producing its first negative effects. The Ministry of Economics has stated an average expected growth rate of 6 to 6.5% of GDP annually, whereas 7%, or even 8% annual growth was achieved in recent years. The projected slowdown contradicts Putin's long-term program, since such growth rates would not allow Russia to emerge as one of the world's top five economies by 2020. Whether or not this growth rate will be corrected, is not yet known.

Another striking piece of news came out in the press: The government will abandon the fight against inflation, handing this task entirely to the Central Bank. At first, I found this report hard to believe, since Putin has by no means suspended the fight against the explosion of prices. But then it became clear that what was meant is the abandonment of things the neo-liberals don't like, such as any anti-monopoly measures or restrictions on excessive price hikes by retailers and other middlemen. This is all the more surprising, in view of President Medvedev's having spoken in favor of such restrictions, during the electoral campaign. But it appears the neo-liberals are sticking to their line, without meeting the kind of resistance that should be there.

It may be noted that the prime minister himself, intentionally or not, aided the neo-liberals with several of his statements. During his confirmation hearings before the State Duma, Putin mentioned

only one way of fighting inflation: increased agricultural production. But our inflation has many causes, of which protecting domestic food production is only one. The inflation fight requires systematic efforts on several fronts at once.

The prime minister is correct to emphasize the urgency of boosting agriculture and reducing food import-dependence. But agriculture did not collapse in a single year, and it will take a long time to restore it. Meanwhile, double-digit inflation is an immediate problem that must be addressed without delay. By not moving to limit the actions of monopolies and middlemen, the neo-liberals are only delaying a solution.

The price increases Russia is experiencing are not solely a monetary phenomenon. Therefore the Central Bank alone will not be able to deal with them. The monetarists propose, for example, to fight inflation through an upward revaluation of the ruble, which would cheapen imports for Russian consumers. But the anti-inflationary effect of such an action will simply be wiped out with the next round of price mark-ups.

Another proposal is to increase bank lending rates, thus restricting market demand. But tightening credit will slow down the entire economy, contradicting one of the main objectives of Putin's program.

Another indication of the government's priorities is the recently announced steep hike in rates charged by the natural monopolies [natural gas, electric power, and railways—ed.], which are scheduled over the next three years. This decision was taken by the Zubkov cabinet at its final session, with Putin expressing complete agreement with it, and issuing a special statement to refute criticism of this step. He was not at all bothered by the fact that an effective doubling of the cost of



Presidential Press and Information Office

While President Dmitri Medvedev has spoken in favor of anti-monopoly measures and restrictions on excessive price hikes, it appears the neo-liberals are sticking to their line, says Menshikov, without meeting much resistance. Here, Medvedev visits the Chelyabinsk Electrometallurgical plant, January 2008.

electric power, gas and railway freight charges will make all other goods and services more expensive, driving overall inflation even higher.

Putin believes that these rate hikes are proper, since there is supposedly no other source of financing for capital investment in these industries. If the rates were not raised, in his view, such investment would have to be financed out of the federal budget, at the cost of reductions in spending on social programs.

Such arguments would be fair, if the natural monopolies were operating at a loss, having neither profit nor depreciation allowances from which to form their own sources of financing. According to the corporate reports of [the national electricity utility] United Energy Systems (UES), Gazprom, and Russian Railways, however, such internal sources of financing do exist. There are also such potential sources as the Stabilization Fund.

Whether or not such resources would be sufficient is another question, but in answering it, certain other factors ought to be considered, such as the spending these companies do outside of their main areas of operation—for things like acquiring mass media outlets, paying outsized bonuses to their executives, and other administrative extravagance. Substantial resources could be found here by economizing.

It would appear that the prime minister underestimates both the true size of the investment sources that exist, and the real danger of inflation. Evidently he is using official statistics, which seriously understate the price rises that have occurred. The more thorough calculations, done by the Statistics Institute on the basis of the household budgets of tens of

thousands of families, show that the cost of living rose by around 30% in 2007, rather than the 12% claimed by the Federal Statistics Service. This means that a significant segment of the population continues to live in abject poverty. Comparison of the prices for food staples in Russia and in Western Europe reveals that prices in Moscow are currently double the West European levels, and 2.5 to 3 times greater than U.S. prices, while most of our population has incomes that are only a fraction of the household incomes in those countries. A few more years of refusing to combat inflation, and the government will confront a rising level of public protests.

One more danger, from an unexpected quarter, is that the comparison of Russia's GDP with that of other countries is based on the relative purchasing power (RPC) of the ruble and other currencies. Our rate of inflation is already diminishing the RPC of the ruble. If this continues, there

is no way Russia will be among the world's top five economies in 2020.

The Industrial Policy Is Alive!

It may well be, however, that what we are seeing here is a tactical maneuver by the *gosudarstvenniki*, who are regrouping for an offensive in the most important area: implementation of the industrial policy, announced earlier, and a shift of the economy into an innovation-based phase of development.

The prime minister's own activity points in this direction. Putin is not sitting in the Moscow White House [government headquarters—ed.] and governing from there, but has gone on the road to visit major economic facilities. During these tours, he is drawing public attention to the most important components of his long-term program.

Alongside agriculture, transportation infrastructure quickly took center stage. Visiting new port facilities that are under construction on the Gulf of Finland, Putin emphasized the importance for Russia of the Baltic pipelines system. Even more important, and fundamentally new, was the highway, railroad, and airport expansion program announced in Sochi [May 20]. This five-year program is to receive 13 trillion rubles of financing [see *EIR*, May 30, "New Russian Leaders Turn to Economic Security, Eurasia"], of which 4.7 trillion rubles will come from the federal budget. In dollar terms, this \$570 billion program is the largest in Russia's modern history.

The story behind the transport project is quite telling. It began to be developed a year and a half ago, but its adoption

was constantly postponed, due to objections from several government ministries. It was unveiled at the Sochi transportation event over the objections of Finance Minister Kudrin. At the beginning of the session, there was an unusual incident. Deputy Prime Minister Sergei Ivanov, who was chairing the meeting, proposed that everyone opposed to the program leave the room, thus making it clear that he was not prepared to tolerate further objections. Only then did he turn the microphone over to Putin to make his report.

That incident could set the tone for deliberations within the new government. The neo-liberals will have their say, but only if the prime minister permits it. Under such a system, the neo-liberals' position in the cabinet may be significantly weakened.

Nonetheless, although the infrastructure project was adopted in Sochi and approved by Putin, much about it remains unclear. First of all, the relative shares of highway and other infrastructure construction were not spelled out. That opens the gateway to rivalry among various agencies, which will inevitably delay implementation of the project.

There are various opinions about who will oversee these construction projects. Minister of Transport Igor Levitin quite correctly believes that specialized state companies should be created, since the private sector has no road-building capability ready to swing into operation. The neo-liberals, naturally, believe that all construction contracts should go to private companies. There are intense battles ahead on this account, as well.

Financing for the transport program remains murky. The 4.7 trillion rubles that are to be earmarked from the federal budget, constituting a little more than one-third of the 13 trillion ruble total, appear to be solid. All the rest, almost two-thirds, of the investments will have to be raised from private sources. It is proposed to issue government-backed transportation bonds for this purpose at fairly high rates, like 9% per annum.

Will there be an adequate influx of investments from the private sector? There are grounds to doubt that. As a rule, investing in infrastructure is not a high-yield proposition. Nor is it clear what the government's source of money for paying interest on the new bonds will be. Most likely these payments will become a new burden on the budget. There was some discussion in Sochi of investing a portion of long-term pension fund resources in these bonds. It is hard to avoid the impression that at a certain point, the project will encounter an acute shortage of financing.

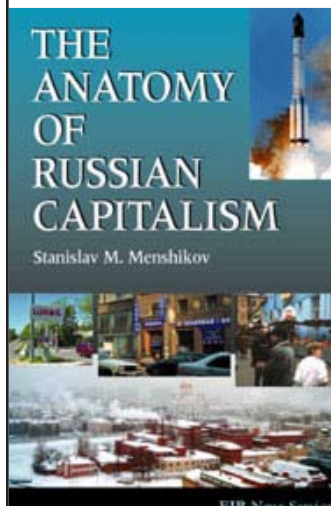
A number of other difficulties and obstacles can be anticipated. Still, an important first step has been taken at the very outset of the new government's work. It will be good if the bold, energetic style that can break through the bureaucratic morass becomes the hallmark of Putin's work as prime minister.

Another positive sign that the long-awaited Superjet-

100, a regional airliner developed by the Sukhoi Design and Test Bureau under the state-owned United Aircraft Corporation (OAK), made its first flight in May. The development of this new aircraft took several years, and has been seen as a turning point in the revival of the Russian civilian aircraft industry. The delays were connected with insufficient financing. The establishment of OAK [in 2006] sped things up. Within a few months, mass production will start, and there are customers lined up to place orders. This is a first for the post-Soviet period.

In Sochi, Putin expressed his pleasure over the Superjet's success. His plans include boosting the Russian civilian aircraft industry to third place in the world. Initially, the target date for accomplishing this was 2015, but it has been set back to the mid-2020s. Nonetheless, the objective remains of creating an entire new aircraft fleet. Sergei Ivanov is in charge of the industry.

Another of the new deputy prime ministers, Igor Sechin, is handling shipbuilding, in addition to some defense sectors. Another unified state corporation is to be created for shipbuilding, but the organizational preparations have not been completed. Sechin is known as a talented administrator, though he has not yet proved himself as an economic manager. The subjective factor is just as important for economic leadership, as in politics.



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What About Innovation?

While progress in the industrial policy is visible, there is not yet much motion in the direction of an innovation-based economy. Great expectations are connected with the person of Sergei Chemezov, who has become head of a state-owned corporation called Russian Technologies. A substantial portion of Russia's machine-building capacity is concentrated in this organization, leading to hopes that it might become the driving force for a powerful technological surge.

Chemezov, however, unexpectedly put forward the idea of establishing a state-owned mining and metallurgical concern. The logic behind this proposal is puzzling, to say the least. The Russian steel industry is well-developed and there is sufficient private capital engaged in it, to make supplementary state investment a matter of no special urgency. The same cannot be said for machine-tool production, where private capital is less eager to invest.

Furthermore, the steel industry is not the main sector for the development of new technologies at the present time. It would seem that Chemezov's project might deflect attention from the most import areas for technological innovation.

To date, it is almost exclusively the government and the state-owned corporations that are doing anything about innovation, while the private sector is less interested in developing and producing new technologies and new, improved, and high-quality types of products.

When Russian private companies need new machines, they prefer to buy them elsewhere, preferably abroad, than to produce them themselves. That is understandable, since the development and production of new equipment and technologies requires special R&D departments, which most of our private firms lack. This is why our industry has a systemic problem of technological backwardness. The lag can be overcome, only if we establish our own capacity to generate and produce innovative technologies. There is no other pathway than for companies to set up their own design bureaus, testing facilities, experimental plants, and other institutions for the development of science and technology.

This would be something entirely new for them, and very expensive. The private sector will not do it without special tax incentives. Merely an overall relaxation of the tax regime, such as lowering the value-added tax, will not help, if it is not linked to making investments in new technology. There are not yet any indications that the government is prepared to adopt special tax breaks, expressly designed to promote technological progress.

But it makes no sense to wait for favors from neo-liberal Minister of Finance Kudrin in this area. Prime Minister Putin will need to take the initiative here. With regard to technological advance, as well as other in areas of the economy, there will be no motion without his decisive intervention.

Russia, India, China

The Strategic Import of Eurasian Relations

by Ramtanu Maitra

A series of high-level discussions on global issues among Russia, India, and China in recent weeks, although blanked out by the Western media and most political leaders of the developed nations, has provided an opportunity to prevent a worldwide conflict, in the face of the financial meltdown, economic collapse, and irregular wars that threaten the world's people.

The three-nation combination—Russia, India, China, known as the RIC group—and representing a strategic triangle encompassing nearly half the population of the world, has begun to come to grips with deteriorating world situation, caused by the financially devastated and militarily overstretched United States, and the consolidation of the colonialist policies embodied by Britain. In other words, the RIC has come to realize that, if the present trend is allowed to continue, the nation-states will be torn apart by the pro-colonial forces, as they were in the 18th and 19th centuries, which led to two world wars in the 20th Century.

RIC Meeting

The first message on this new Eurasian combination was sent out from Yekaterinburg in Russia, where the foreign ministers of the RIC nation held a day-long discussion on May 15, followed up with a first-of-its-kind meeting with the foreign minister of Brazil, discussing the world situation at length. This meeting was followed by the May 23 visit of the newly elected Russian President Dimitri Medvedev to China and the June 4-7 visit of Indian External Affairs Minister Pranab Mukherjee to China. In addition, Syrian President Bashar al-Assad is scheduled to visit India in mid-June. One of Assad's prime objectives is to infuse the strategic triangle's input into the worsening Middle East situation.

The RIC meeting, the fourth annual meeting of this kind, the last having been held at Harbin, China in 2007, took place only a few days after Vladimir Putin had stepped down as President of Russia, and handed his mantle to Medvedev. *EIR* (May 23, 2008) reported on the importance of that meeting, but it is worth noting that in Yekaterinburg, the three foreign ministers dropped from the communiqué of their 2004 meeting, a reference to their nations' "divergent interests," and instead "reaffirmed the commonality in the approaches of the three countries" to global and regional problems.



Ministry of Information & Broadcasting/Gov't of India

Indian External Affairs Minister Pranab Mukherjee has evidenced a visible shift in India's position on international affairs, on such issues as Kosovo's "independence," Iran, and India's wish to join the Shanghai Cooperation Organization (SCO).

The RIC communiqué is particularly remarkable because of the visible shift of India's position in international affairs made clear by Mukherjee. On Kosovo, India shifted its position from "studying the evolving situation," to denouncing the Serbian enclave's unilateral independence as being "contrary to UN Security Council Resolution 1244," and calling for a resumption of talks between Belgrade and Pristina.

On Iran, Mukherjee reiterated India's recently developed stance on Iran's nuclear program, and asserted that all outstanding issues of Iran's nuclear program were to be resolved through the IAEA (International Atomic Energy Agency). Making clear that India supported Tehran's right to peaceful uses of nuclear energy, provided it fulfilled its international obligations, Mukherjee used the platform to warn the warhawks of the United States and Britain that "confrontation and destabilization" in the region have already adversely affected regional peace and stability.

In addition, Mukherjee's statement in Yekaterinburg, "Of course India would like to be a member in the SCO" (Shanghai Cooperation Organization), drove home the point that the strategic triangle is now getting ready to see the broader picture, and is willing to stabilize the vast Eurasian landmass. The SCO unites Russia, China, and four Central Asian states.

Less than a year ago, India, which enjoys the status of an observer in this six-nation grouping, indicated that it would not align with the SCO in military, strategic, and political terms, even though it would fully cooperate.

Mukherjee in China

The quickly arranged four-day visit of Mukherjee to China made evident that India is keen to consolidate the stra-

tegic triangle. Over the last few months, prior to the Yekaterinburg meeting, Mukherjee, who is the architect of India's new foreign policy direction, had made two important statements. The first was in January in an address to the Indian Statistical Institute in Kolkata, in which he said, "The entire world is looking at India and China as potential economic powers in the future, and in this connection, the two countries should cooperate and not compete."

The second statement was made public on April 3, when Mukherjee assured his Chinese counterpart, Yang Jiechi, over the phone, that India would not tolerate any political anti-China activities by Tibetans on Indian territory. It is evident that these two statements helped to bring about a better understanding between India and China, and, in a way, played

an important role in what happened in Yekaterinburg on May 15 and 16, and subsequently during Mukherjee's visit to China.

The shift in India's strategic thinking vis-à-vis China, and the strategic triangle as a whole, was revealed at Mukherjee's June 6 speech before the prestigious University of Beijing student body. titled, "A Century of Great Opportunities." Not cowed by the challenges that lie ahead, Mukherjee said: "I believe that India-China relations will be one of the more significant factors that will determine the course of human history in the 21st Century..."

Pointing out that India, like China, will continue to pursue an independent foreign policy, Mukherjee emphasized in his speech the importance of the recently held India-China-Russia trilateral meeting, and, for the first time, the stand-alone meeting of the foreign ministers of India, China, Russia, and Brazil, to discuss issues of common interest.

Noting that in an interdependent world, the prosperity and growth of both India and China is linked intimately with that of the world, Mukherjee said: "Today, both our countries require a peaceful external environment. Therefore, we should work together towards peace, security, and stability in Asia and beyond. For this, we will need to evolve a security architecture which takes into account the conditions prevailing in Asia. We cannot transplant ideas from other parts of the world. Nor should we seek to create such sub-regional security arrangements that are narrow and ultimately ineffective. An open and inclusive architecture, which is flexible enough to accommodate the great diversity which exists in Asia, is needed..."

Vasudhaiva Kutumbakam

Mukherjee also cited the classical Sanskrit text *Vasudhaiva Kutumbakam* (the world is one large family), to indicate that India continues with “an independent foreign policy based on the principles of non-alignment laid down by our first prime minister” (Jawaharlal Nehru), and which remains “anchored to the principles of *Pansheel* (five principles of peaceful coexistence), which were jointly articulated by India and China” in the 1950s.

During his speech, Mukherjee addressed the paralytic state of the world financial institutions and said that during Indian Prime Minister Manmohan Singh’s visit to China in January, India and China outlined a Shared Vision for the 21st Century, and agreed that there should be continuous democratization of international relations and the world order. “It is now widely recognized that the center of gravity of international relations is shifting towards Asia. However, global governance structures—be they in the political domain, such as the UN, or the economic domain, such as the IMF and World Bank—are still based on a world order that is a 60-year-old relic from the middle of the last century. There is an urgent need to restructure and democratize these global institutions, so that they are more attuned to the realities of the day.”

Mukherjee’s visit to China, his reordering of India’s foreign policy, and the enthusiasm that it has generated in Russia and China, were virtually ignored by Western press. Fortunately, it has not gone unnoticed altogether. In fact, it was noticed very clearly in the war-threatened Middle East, where the British-designed colonial policy is to keep the Israelis and the Arabs at each other’s throats, keep Shi’a and Sunni Muslims suspicious of each other, and keep the oil and gas fields of the Middle East under the control of Western multinationals.

As a result of the consolidation of the strategic triangle, Syrian President Assad has announced that he would be visiting India in mid-June—the first Syrian head of state to visit India since 1978.

Syrian Recognition

In a June 8 interview from Damascus with the Indian news daily *The Hindu*, widely acknowledged in New Delhi as close to the External Affairs Ministry, Assad made clear the purpose of his visit: “Now we are talking about a different India,” he said. “We are talking about the rise of India. With the rise of India and China we have a different Asia and a different world. We have, let us say, more hopes than we had in the past. Maybe the policies of India at that time were different as part of the Non-Aligned movement. At that time we used to look at India as a closer country, but now we see it a big country, an important country; so we have different hopes but in the same way. So, the question is what role India can play in the world, especially regarding our issues, like the peace issue, the Iraq and Palestine issues and all

these problems. How we can cooperate on them. So, this is about politics. India and China should play a role with other countries in making a balance that we have missed for more than 18 years now. It is almost 20 years, because this happened in the late 1980s, even before the dissolution of the Soviet Union.”

When *The Hindu* interviewer asked if he thought that India should involve itself in the peace process, Assad’s answer was a categorical, “Yes.” Explaining, Assad said: “It has two aspects: the first aspect [is], if you are interested, you can play a direct role between the two sides, Syria and Israel, and the Palestinians and Israel. That will make the region more stable, and that will affect India itself in the long run, and the world at large, especially Asia. Second, it’s about the role that you can play through your weight or your position as India, a big country, in making dialogue with other powers of the world, that is, the United States, then Europe, your region. How can you help the Middle East become more stable; because you are going to be affected by our problems anyway, and you are already affected, I think. . . .”

What is decidedly driving Syria, which is carrying out indirect talks with Israel, through Turkey, to bring about peace on its borders, is the outcome of the Yekaterinburg meeting, Medvedev’s visit to China, and New Delhi’s realignment of its foreign policy.

In January 2006, when India decided to buy into a Syrian oilfield in partnership with China, the United States had issued a *démarche*, a copy of which is in the possession of *The Hindu*. The aide-mémoire had asked the Singh government to “reconsider” its proposed investment and was handed over to India’s Ministry of External Affairs.

Washington’s indignation stemmed from the fact that in December 2005, India’s ONGC Videsh Ltd. (OVL) and the China National Petroleum Corporation (CNPC) teamed up to purchase a 37% stake in the Syrian al-Furat oil and gas fields from Petro-Canada for \$573 million. The mature fields, jointly run by Shell, have proven reserves of 300 million barrels of oil equivalent. Indian officials consider the Syrian venture to be of enormous strategic significance, both for the value of the underlying assets, and the role it will play in cementing the China-India partnership for acquiring oil and gas equities in third countries.

While these developments are relatively recent, Russia has enjoyed long-term security relations with Syria. Reports were emerging long before the Israeli attacks on Lebanon that Russia had begun work on deepening the Syrian maritime port of Tartus, used by the Soviet Union, and later Russia, as a supply point since the time of the Cold War, and widening a channel in Latakia, another Syrian port. Both ports are significant for Syria and Russia, in that they are near Ceyhan, Turkey, the receiving end of the Baku-Tbilisi-Ceyhan oil terminal, giving Russia and its partners the ability to secure the port and route during the outbreak of any potential future war.

Africa Intelligence

South Africa Goes Nuclear To Beat Electricity Shortage

Confronted with nationwide power cuts since January, when the power grid nearly collapsed, the South African cabinet has approved the government policy of increasing the role of nuclear energy in providing electricity for the country. According to a June 12 Reuters report, chief government spokesman Themba Maseko told reporters after a cabinet meeting that “The objective of this policy is to increase the role of nuclear energy as part of the process of diversifying our primary energy sources to ensure energy security.” South Africa’s government is the majority owner in the Pebble Bed Modular Reactor (PBMR) project, the company set up to develop and market the accident-proof reactors nationally and internationally.

South Africa, the key country which could upend Anglo-Dutch financier plans to take control of all of Africa to shore themselves up as the world economy collapses, has been experiencing critical electrical power shortages. The short-term solution adopted by the government electricity utility, Eskom, has been to ration power by reducing consumption with rolling blackouts throughout the country, in an attempt to have enough electrical power to keep the mining sector functioning. Investors are already turning their attention away from mineral-rich South Africa, and are focusing on Brazil instead, according to reports, because of the electrical shortage.

South African gold and platinum mines are operating with 90-95% of their normal power supply. The January power cuts had forced them to shut down operations for five days. Eskom warned citizens May 14 to expect more power outages. Eskom produces 95% of South Africa’s electricity, mostly from coal plants. On May 29, Eskom CEO Jacob Maroga said that the power shortage that has slowed South Africa’s growth, and frightened investors, will go on for years.

The ratings agency Moody’s Investors Service increased the pressure on Eskom in

May when it placed Eskom’s A1 local currency and A2 foreign currency ratings on review for possible downgrade. To deal with the electricity crisis, Eskom proposed to double electricity fees over a two-year period. However, the government has allowed the utility to raise tariffs gradually over a five-year period, instead, which could still lead to unrest because of the effect on the poor.

The only long-term solution to the crisis is the development and implementation of the PBMR. The June 12 South African daily *Mail and Guardian* reported that the government plans to build 24 to 30 PBMR high-temperature nuclear reactors, with the first one scheduled to be in service by 2014. There are also proposals for additional conventional reactors. South Africa plans to spend \$43.56 billion on increasing generating capacity over the next five years.

In what would be a further boost to the project, Japan’s Mitsubishi Heavy Industries is reportedly considering a 10% stake in the PBMR. Mitsubishi is Japan’s biggest machinery company, and is designing and building the core barrel assembly and a helium turbine generator for the reactor.

Abyei Peace Deal in Sudan May Avert New Civil War

On June 8, a deal was struck between northern Sudan leader, President Omar al-Bashir, and southern leader, First Vice-President Salva Kiir, a former rebel leader, over the disputed region of Abyei, located in the border area between the two regions of the country. Conflict between troops from the North and South had erupted there in May, forcing as many as 90,000 residents to flee, according to UN officials.

The agreement could bring the country back from the brink of civil war, which together with other internal conflicts being manipulated by the British financial cartel, could lead to the dissolution of Sudan. The conflict in Abyei had threatened to wreck the Comprehensive Peace Agreement signed in 2005, which ended years of civil war between the North and South. During

the fighting in Abyei, Kiir’s immediate deputy in his Sudan People’s Liberation Movement, Pagan Amum, had said “the two parties are on the verge of a civil war.”

Abyei is economically significant because it is an oil-producing area. In addition to allowing for the return of local residents, the agreement includes setting up an interim administration, and seeking international arbitration to resolve the dispute.

Truce Between Factions In Somalia a Non-Starter

Somalia’s weak transitional government on June 9 signed an agreement with the moderate leaders of one splinter faction of the Islamic opposition, called the Alliance for the Reliberation of Somalia (ARS), headed by chairman Sheikh Sharif Sheikh Ahmad, which called for a cessation of violence within 30 days, in return for the withdrawal of Ethiopian troops within three months. The talks in neighboring Djibouti were organized by the UN. The UN Security Council promised to provide 8,000 peacekeepers in three months, if the Islamic movement adhered to the agreement. However, the negotiations were boycotted by al-Shabab, the military wing of Somalia’s Islamic movement, which controlled much of Somalia in 2006, and was then ousted by the Ethiopian invasion at the end of that year. The Ethiopian invasion was part of a global British imperial policy implemented by the Bush Administration, which has led to permanent conflict in Somalia.

The day after the agreement was made, Sheikh Hassan Dahir Aweys, also in the leadership of the ARS, denounced the agreement, indicating that fighting would continue. On June 10, Shabelle Media Network from Mogadishu, Somalia, reported that “the ARS will hold a meeting next week to make a decision to dismiss ARS chairman Sheikh Sharif Sheikh Ahmad from his post and appoint a replacement to him,” referring to him as a collaborator. Thus, this agreement seems to have very little chance of succeeding.

Da Wei: China's Role in Solving the Global Crisis

Da Wei, the Deputy Director, Department of American Studies, China Institutes of Contemporary International Relations (CICIR), was a guest June 7 on The LaRouche Show, the web-cast radio broadcast, hosted by Michael Billington of EIR's Asia Desk. Joining the discussion was LaRouche Youth Movement member Liona Fan Chiang, whose family is from Taiwan. The program was videotaped for public access cable TV broadcast on The LaRouche Connection, and is archived at http://www.larouchepub.com/radio/archive_2008.html. The discussion has been edited by EIR, and subheads have been added.

Michael Billington: We are pleased to have a very special guest today, Mr. Da Wei, from the China Institutes for Contemporary International Relations in Beijing, who is staying now in Washington D.C., and with whom we are very pleased to have a full hour for discussion. Joining us will be Liona Fan Chiang from the LaRouche Youth Movement. She is currently in the famous “Basement,”—the “Basement” team has been working with Mr. LaRouche on developing, or recreating, the great discoveries of Kepler and Gauss, moving on now into Riemann, and at the same time finding the time to make some very important strategic videos which we'll be able to discuss later on in the program. She'll be joining us for this discussion. . . .

I want to start by asking Da Wei to say a few words about his institute, the history, what its role is today.

Da Wei: It's my honor to be here with you, and I'm also very glad to introduce briefly about my institute, CICIR, China Institutes of Contemporary International Relations, and this is, I would say, in terms of the number of researchers and the faculties, the largest thinktank in the field of international relations in China. We can trace its history back to the 1960s. I think it's in 1965. China had very difficult relations with both the Soviet Union and the United States, so the Chinese government felt that it was urgent to know more about the outside world, and to find a way to break those difficult situations in our foreign policy. So, at that time, Mao Zedong and Zhou Enlai ordered the set-up of three institutes—that is the Institute for American Studies, for Japan Studies, and for European Studies.

Many hundreds of experts from all over the country came to Beijing to the location where we are now, and began to

work, to study. But unfortunately, in the second year, the Cultural Revolution broke out, so many of the researchers were dispatched to the rural areas for the labor there, and only after three or four years, the majority of them went back to Beijing. So, they started their research, even in that climate of the Cultural Revolution; and they played a very important role, for example, in the process of the mobilization of Chinese and U.S. relations, because they wrote policy papers for the highest leaders in China. So, I could say they accelerated the mobilization of the two countries.

In 1980, we took this name CICIR, China Institute of Contemporary International Relations, because it's after the opening up and the reform, so we had the need to have some international communication, international exchanges, with our foreign colleagues. I think it was in 1981. And also, our research field expanded to the whole world, not only those three countries but the whole world, and I think it was in 1999, we changed our name again. We put an “s” after the Institute; now it's Institutes of Contemporary International Relations, because we now have seven institutes under CICIR: American, Russian, Northeast Asian, Southeast Asian, and Middle East Studies; and we also have World Security Studies and World Economy Studies. So it's the biggest thinktank in China, and our main task is to write the policy papers for China's leadership, on the current situation in the world, and some policy recommendations for them.

We also do some research for the private companies in China and some organizations, foreign organizations, under contract, and we have a lot of international exchanges with all kinds of universities, thinktanks, government agencies, all over the world.

It's only after I got to the U.S., that I came to know that our research and our institute have academic cooperation with the LaRouche movement. I'm very glad to know that, because I think that at least two of my colleagues—one is Professor Su Jingxiang; another is Professor Ma Jiali—have had cooperation with the LaRouche movement and participated in joint meetings in Berlin. And I think they also have been receiving information and briefings from *EIR*; so I think that's a very good start. And in the future, I hope that my institute can have more cooperation with the LaRouche movement and with *EIR*.



EIRNS/videograb

Da Wei, of the China Institutes of Contemporary International Relations (CICIR), appeared on *The LaRouche Show* June 7, with LYM “Basement Team” member Liona Fan Chiang (right).

Hyperinflation: Its Effect in China

Billington: I hope so too.

Liona, I wanted you to discuss what you’ve been doing with the production of the LaRouche PAC’s “Firewall” video with the youth, and the implications of that in terms of the global hyperinflation.

Fan Chiang: Sure. In January of this year, LaRouche said that the U.S. has gone flight-forward for a policy of hyperinflation, intentionally, knowingly. At that point, we launched a project to get out the concept of what the hyperinflation in 1923 Germany actually looked like. Because specifically, in Germany, you have all these rumors about how hyperinflation actually occurs, that money just goes up, there’s just printing. But actually, as in the German situation, it comes first from the destruction of the entire economy, the productive capability of the economy. And you see that now, you see it worldwide. You see hyperinflation worldwide, but it’s all from the standpoint that there’s very little productive capability of the individual. The productive capability of the individual has fallen.

Since then, we’ve produced a video going through the British role in destroying Germany, and creating a situation of hyperinflation, which eventually led to the bringing in of Hitler to so-called “solve” the problem. And then, we also produced some short versions that we have translated into Russian, Chinese, Spanish, and all those can be watched on the website www.larouchepac.com.

Actually, what I wanted to know, is [addressing Da Wei]: You see it as a general trend globally, but how is the hyperinflation affecting and being treated, by the Chinese government?

Da Wei: I think the inflation problem is maybe the most important task that the Chinese government is facing. China has a large number of people still living in poverty, so that will be a challenge for them.

But I think—you just now talked about the British attempts—but in China, I have to say that the scholars, those experts, they don’t see the situation from that perspective. They notice the same problems, but they don’t explain it from, for example, British or any other countries—their attempts. But I don’t think that’s very important. I think the most important point is they notice the problem.

Actually, in China, for a long time, we have based discussions among those scholars and experts on the way of development. On the one hand, is the so-called new lib-

eralism; on the other hand, is, let the country, let the government, the state, play a more important role in the development. For example, the financial market: The government should play a more important role in that as a stabilizer; and for example, in the food supply, the Chinese government has, for a long time, from the mid-1990s, already noticed that there could be a very severe problem for China if the food supply had some problem, because we have such a huge population and our arable land is quite limited compared with the U.S. and other countries, so, at that time, they already began to build many huge storage places for the food, for the grains.

So, yes, we are facing some very serious problems in terms of food and energy and gas prices also rising in China, but generally speaking, I think the situation there is still under control and not very serious.

It’s still a big problem for us, but I think the more difficult thing for us to face up to, is the energy [problem], because we are more dependent on that. Of course, we have already done some things—like we built the Three Gorges Dam on the Chongqing, and we also are trying to build more nuclear plants. But, we don’t have much oil and gas resources in China. We depend heavily on coal, and that also produces the environmental problem. So we are facing a very difficult issue, and we don’t have the silver bullet to solve it very easily. So it’s a long-term problem, I think.

The Four Powers Agreement: The FDR Model

Billington: Mr. LaRouche’s view of the urgency of the four powers agreement—among Russia, China, India, and the

United States—along the FDR model, is that this was the basis on which those nations defeated German and Japanese fascism in World War II. The question I'd like to pose to you is, you indicated that many Chinese don't understand or don't see it as a British problem, but that they recognize it as a global strategic crisis, and are moving dramatically toward alliances with Russia, India, and hopefully with the United States. But do you think that the distrust which has existed historically between these countries can be overcome? Or, how do you see that as a roadblock to forming this kind of an alliance, including with the U.S.?

Da Wei: I think you touched on a very important point in China's relations with Russia, and with India. Among these three countries, the two bilateral relations, China-Russia and China-India, the biggest problem is mutual trust, especially between the two peoples. In recent years, after the Cold War, the high level of relations between China and Russia, China and India—we can say it is getting better and better. We have closer cooperation, and we have summit mechanisms, and the leaders of the three countries meet frequently; and also the foreign ministers have a mechanism for meeting regularly. So, I would say, it's good for the three countries to develop their relations. But the problem lies in the average people, because as you said—I think you are very correct—the Chinese people, the Russian people, the Indian people, they have historically some distrust among them, and it's not very easy to solve, of course, because I think the peoples, their feelings, their sentiments, their mindset is always very hard to change. We need time.

Something that makes it more difficult, is that we lack—if we're comparing it with the relations between China and the U.S., I think U.S.-China relations are better in this regard because we have many people-to-people contacts, we have many personal exchanges between our two countries. For example, many American businessmen do business in China, and many Chinese students study here, so the two peoples, I would say, their understanding of the other side is more accurate. But the relations between China and Russia, and China and India—we don't have those lower-level communications.

For example, our economic relations with Russia: We have many kinds of cooperation, like we import their gas and oil, they have arms sales, so there are all those high-level economic relations. We don't have many small businessmen, either Chinese businessmen running their business in Russia, or Russian enterprises investing in China. We lack that kind of cooperation. And it's similar with the China-India relations.

I think that side, that level of exchanges, can enhance the mutual trust of the two peoples, but now, unfortunately, that is still low—at least, it's not enough. So, in the future, I hope the three countries can do more to enhance the people-to-people communications. Then we can have better and more solid relations between China and Russia, China and India,

that can support the high-level economic and political relations.

Fan Chiang: It reminds me that the way the U.S. and Russia collaborated was through building their transcontinental rail system. We had U.S. engineers go there and help them build their country up. So, that type of collaboration, for example, what's being promoted on the Eurasian Landbridge, the international rail system, is not just having a rail system, but it's also the collaboration around building that system, including the energy, the sharing of knowledge, that's really what's going to create the type of collaboration where you're going to be working on ideas together, not just trading back and forth.

Tibet: It's Not an Ethnic Conflict

Billington: I want to move on to the Tibet issue, which I know you've looked at very closely. You're familiar with the situation there from before the recent crisis, and, as you know, the Western world went crazy after some of the Dalai Lama's followers unleashed a violent, deadly riot in Lhasa. And yet all of the world press denounced China for this racial riot by a small clique of Tibetans under the Dalai Lama's control. What happened, and what's going on?

Da Wei: In regard to Tibet, or the Tibet issue per se, I would say it's first, not an ethnic conflict. It's a problem, or issue, in the process of social development pretending to be an ethnic conflict, or it shows up as ethnic conflicts in China. You know, many Westerners, when they look at China, when they research China, they use the models, for example, in American politics or in European politics. They use that model in China's case, and that will always oversimplify the situation there.

For example, in China, I don't think we have the problem of discrimination. By saying that, I'm not meaning there are no problems in ethnic relations. I mean, there are some ethnic conflicts in China, but it's not because the majority people, like the Han Chinese, discriminate against the minorities. Or, when they have some behavior of discrimination, it's not because they believe the minorities are inferior to them. It's because of the ignorance about the other side. They don't know, for example, their traditions, their customs, their culture. That causes some conflict, but the context is different than that in the Western world.

And back to Tibet itself: I think the Tibet issue is, first, an historic problem. We have the Tibetan issue after the British—yes, that's the *British*—invaded Tibet [in 1904—ed.], and actually, I think that invasion created the Tibetan issue. And now, in recent years, because China's economy is developing very fast, and that happens too in Tibet. After the Chinese Communist Party came into power in 1949, it established an ethnic autonomous region in Tibet, and adopted some affirmative action there. For example, they gave Tibetans some support for their education opportunities, or their working opportunities.



EIRNS/Ali Sharaf

Young Chinese patriots abroad held pro-China rallies in many cities around the world at a time when their nation was unjustly attacked in Western policymaking circles and media for its Tibet policy. These photos show demonstrations in Berlin, Germany April 19 (left), and Melbourne, Australia April 13.



EIRNS

But now, in recent years, we have more and more small businessmen and small businesswomen—for example, they run their restaurants or run their small shops in Tibet, and this is the development of the local market economy. But those old affirmative actions don't affect these parts—for example, when you run a restaurant or shop in Tibet, you will not follow those old government instructions or policies on affirmative action. You don't have the duty or obligation to hire some local people. So there are some conflicts in the economic development process.

And this kind of problem happens all over China, not only in Tibet. Like me: I am from Shaanxi province, a western province in China; it's also an economically backward province. We also have a similar problem. Those businessmen from the coast, they have their own factories there, but they also bring their own engineers and their staff, so we're still facing some unemployment problem. That happens all over the country. So it's a problem in the process of development. But because when that happened in Tibet, people think that it is due to the ethnic conflicts, that is, due to the discrimination of Han Chinese, but I don't think that is true. I think that is a problem in the economic development.

But I do think we can do more in Tibet to solve this problem, to push new affirmative actions which are suited to the

market economy, the new economic situation there. I think that can be helpful to solve the problem there.

And beyond the Tibet issue, I think more important for us, since we sit here in the United States, is the implication of the riots, and the uproar about the Olympic Torch relay. I think that is more important, because what I saw from recent developments after the riots, was a feeling of frustration among the elites, and among the younger generation of China. I think that has a very, very important influence in the future relations between China and the U.S., and also China and the European countries. I think that's really important.

There is a very interesting poem on the Internet that expresses the feeling of frustration very well. It's very long, but basically it says, "When we're poor, you say we are Yellow Peril. When we are rich, you say we are a threat to the world.

When we have a large population, you said we will use all the resources. When we try to control the population, you say we are violating, abusing the human rights.” So the feeling is, whatever we do, we will always be criticized by the Westerners. Maybe that kind of argument is not fair. I’m not saying it’s fair or not fair; but what I want to say is, this kind of feeling of frustration has a very long influence on China’s foreign relations with the Western world, especially what we saw in April: those demonstrations happened in Paris, in London, in Los Angeles, and also here in D.C., organized by those young Chinese who started here, who started in Europe and in the U.S. They know this society very well, they can speak English or the local language very well. They are not those xenophobic people who don’t know the outside world. They know the outside world, but still they feel that it’s unfair that China, or themselves—they feel that they were treated unfairly.

Both Sides Need To Reflect

Billington: You’re referring to the demonstrations by the Chinese supporting China against the accusations.

Da Wei: Yes, yes, they are pro-China or pro-Olympic demonstrations. For example, a friend of my friend organized that demonstration in Paris. More than 10,000 Chinese students participated in that demonstration. They are called April Youth in China, just like the May 4 movement. What happened outside China formed, or shaped, the opinion of the younger generation, and that will have a longer-lasting implication for China, and on China’s foreign policy with European countries and the U.S. I think that is very important. I think both sides, both China and the U.S., or the Western world, need to reflect on what happened. I think both sides should be criticized to some extent. Of course, China has some things it needs to do, needs to improve. Also, I think China’s media, their reporting or their coverage, needs to be more balanced. I think so. But, here in the U.S. and especially in Europe, I think the problem is more serious, because I think many Westerners don’t understand China’s situation.

I can give you a very small example. When you read all those Western media, when they report about Tibet—this is the research of one of my friends—he told me that, look at this: They always use Tibet vs. China, and the Tibetans vs. the Chinese; they use this kind of language to describe the issue. What they implied from that usage is: Tibet is not part of China, Tibetan is not Chinese, they are different from Chinese. So for the American audience, you can imagine, if a Chinese media did not use “African-American,” but they use “African vs. American,” to describe some riots in Los Angeles, what would you feel?

So you know, for us, you can find that this kind of mindset is already very deep in many Westerners’ mind, it’s hard to change. They think the only thing Chinese is Han Chinese, while Tibetan is not Chinese. That is really offensive to some minorities. Like me: I am not Han Chinese. I am Hui Chi-

nese, but according to their standard, I am not Chinese! So that’s ridiculous, I would say.

So I think that both sides need to reflect on the Tibet riots. Of course it’s a bad thing, but it provides us the opportunity for deeper reflection. You know, what is missing in our knowledge toward the other side. I think that’s very important.

Billington: How has the earthquake affected this?

Da Wei: The earthquake, I would say, shifted the focus of the public media, public opinion, very quickly, because of course it’s so massive and, you know, the Chinese people suffered so much, we lost so many—almost 100,000 people. I think the earthquake also provides us a challenge and opportunity at the same time. Just now, we discussed the Tibet issue and Olympic Torch Relay, and that already posed a challenge, or raised a challenge to both Chinese and Westerners. After the earthquake—that itself is, of course, a bad thing—but it provided us an opportunity, it gave us a good starting point, because after the earthquake, public opinion in China is cooled down. Their strong feeling toward the outside world has been cooling down, because they, on the one hand, are preoccupied by the earthquake, but on the other hand, they saw the help from the outside world, including the U.S. and many other countries, and also, very important, from our neighboring countries and the regions, like Japan, Korea, Taiwan, Hong Kong, Singapore, Pakistan, and Russia, of course.

So all those countries sent their rescue teams to China and provided many relief materials to China. We can feel this kind of help and the friendship from the outside world. So this is a positive development. It gave us a good starting point to, just as I said just now, have reflection. But if we can base this reflection on this positive development, I think it will be better, rather than be forced by those bad things to reflect. So I think that provides us an opportunity in terms of China’s relations with the outside world.

And also, I think it has a very important domestic implication in China. What amazed me after the earthquake is the civil—actually, I’m reluctant to use the term civil society, but it’s a kind of civil society in China—their mobilization after the earthquake. I read statistics that said that more than 100,000 volunteers went to the earthquake zone, to help the relief [effort], and you know, the PLA, the People’s Liberation Army, also sent their rescue teams. They only have 140,000 people there, but the volunteers have almost the same number. It’s amazing for me. Many people, some live in Beijing—they drove 1,000 miles down to Sichuan. They drove their SUVs—they are the new middle class in Beijing; they have some money, so they want to reach out and help their people.

This kind of development is very important for China, because we are in a huge transformation, not only a political and economic transformation; it’s also a social transforma-

tion from a more traditional society to a more modern society, and those kinds of civil organizations are very important for future China. I call it a political awakening of average Chinese people. So I think that's very important. It's an opportunity for China.

The Impact of Globalization

Billington: I thought I'd bring up a discussion between yourself and LaRouche earlier. As you know, one of the points that LaRouche has made very strongly, is that the globalization process which made a handful of people very rich in China, was based on underpaying China for the output of its industries, its exports. And the underpayment is evidenced by the fact that you did not have, from this, the resources to begin to deal with the poverty of the vast majority of the population in the rural areas, nor even the urban workforce, which you've indicated did not increase its standard of living that significantly over the past years. And also, you have severe air and water problems, meaning that you simply weren't paid what it really costs to produce in that kind of economy, and you're now paying for that. I believe you see the current administration as recognizing that as their primary concern, to deal with this. Do you want to discuss that a bit?

Da Wei: Of course. I think the social equity, generally speaking, is the most important, or the top priority of the current administration. I think after they came into power in 2002, they began to talk about politics based on—we can translate it as “for the people, of the people, by the people.” In Chinese, we call it something like: “You should build your politics, your ruling legitimacy, on the people's needs, the people's demand.” And then, after the SARS crisis and other things, they raised the concept of the harmonious society. Actually, that means the society needs to be more equal, or people have to have more equal opportunities. You are pretty correct that we have huge gaps between the rural area and the urban area, between the poor and the rich, and between the coastal area and the inner land; they already realized these three huge gaps, and began to try to solve this problem.

For example, they invested more money in the West, and they, like in the U.S., issued a new labor law to guarantee the labor standards in the joint ventures and the foreign investment. So all this kind of development, the evidence of this administration, their efforts to solve this problem, to solve this gap; I think they have done a lot, but it's not very easy and, if the effort is only from the top down, I think the effect is limited. At the same time, we need some bottom-up efforts, from the society itself. Only when we can combine these two kinds of efforts together, can we achieve the biggest effect in this regard.

The challenge here is, these two kinds of direction, how can they build mutual trust in this process? Because China is a big country and very complicated, so the government, but also the average people, think political stability is very, very important. So they don't want to see any instability, inability

in the process of economic development and in the process of the social achievement of social equity. Mutual trust between the government and the society is very important. When we see some bottom-up efforts like after what we saw after the earthquake—I think that is also an opportunity that the earthquake gave us. It's mutual trust between the society and the government in the efforts to build a better society.

Billington: That's where the youth come in. I know that our youth movement here actually ended up making a lot of contact with the young Chinese who were angry about the Torch demonstrations. Do you think we can build a LaRouche Youth Movement in China?

Fan Chiang: We can begin to; we'll see.

Billington: We have things moving here, in terms of a lot of contacts, I understand.

Fan Chiang: Yes, of course. We've got a nationwide youth movement, a worldwide youth movement, actually, and this, especially over the past several months, dealing with the whole food crisis leading up to the FAO conference, the youth have responded. You know, there's something to say about not having food, something you really can't deny, as opposed to other things, other political issues. And so, we've had several town hall meetings. We've finally been able to pull at least state officials, but also several U.S. Congressmen, into the fight. Because the real fight right now is really around this question of globalization.

I don't know how well it's recognized among the Chinese government that all these other issues about collaboration and the class divide and things like that—a lot of it's caused from outside, by this push for so-called liberalization of trade, which is pretty much freedom to loot from anywhere you'd like. So, I don't know if you'd like to say any more on that.

Da Wei: I agree with you that, now what we are facing—because my specialty is U.S.-China relations—the most important issues in the bilateral relations are almost all related to the globalization process. For example, we have the product safety problem here, and the toys. But those kinds of toys or other products are merely produced by those foreign investors, and they invest in China, and they pollute China's environment, and because China's laws and the regulations are not so strict, that's the reason they invest there. Then they produce unsafe products and import again to the U.S., and then it becomes a problem of China. And many people here [in the U.S.] began to criticize China. And also we are facing the global climate problem, because they move those factories to the developing countries and they pollute our Earth, but then they criticize China and India, saying, “You are polluting the Earth, the planet, you should take more responsibility.” All this I think is related to the globalization process. What we need is a fair process, fair economic globalization, and that needs the cooperation, collaboration between the major countries.

International Intelligence

Strikes and Protests ead Through Europe

Truckers' strikes and protest actions against escalating diesel and other fuel prices are spreading throughout Europe, causing fuel and food shortages. The hard line that governments and the European Union are taking against the strikers suggests that the crisis is being used to further the EU's fascist dictatorship, creating a paradigm-shift and forcing the implementation of a genocidal energy policy. Both the national governments and the European Commission have been protecting the British-Rotterdam spot market and all other forms of speculation, while calling for an increase in biofuels and implementation of more neoliberal restructuring policies.

In Spain, 70,000 truckers, more than 20% of the industry workforce, mostly independent operators, continue their strike and road blockages. The government has deployed 25,000 police to break up the road blockages. Gas stations all over Spain are running out of gas, while fresh meat, vegetables, and fruits are disappearing from supermarket shelves. Car manufacturers SEAT, Nissan, and Mercedes have suspended production for lack of parts.

In Portugal, the Lisbon airport has run out of aviation fuel for commercial planes. Only military and emergency aircraft are being fueled.

There is fear in the capitals of Italy, France, and Britain that the strike actions could spread. Italian truckers are planning a five-day strike at the end of the month. The British government is drafting contingency plans for July 2, when British truckers plan to target London for a mass protest. There were reports of cars lining up at gas stations as it was announced that truck drivers from Shell are planning a four-day walkout.

In Poland, 50,000 truckers staged one-hour protests across the country.

Dutch truckers announced plans to block roads at 18 points for 30 minutes June 12.

Truckers Across Asia Mount Stoppages, Strikes

In addition to the well-publicized truckers' strikes across Europe, similar strikes are spreading across Asia where consumers and truckers are no less hit by the skyrocketing price of oil. Major trucking strikes are reported in South Korea, Thailand, and Hong Kong at present.

In South Korea, the Korean Transportation Workers Union announced a general strike to start June 13. Strikes have already begun in some industrial cities.

The Transportation Federation of Thailand claimed on June 11 that it has idled 120,000 of Thailand's 700,000 trucks to protest high fuel prices. "If we work, we lose money, so it's better not to work," said Thongu Kongkhan, secretary-general of the union.

Thai fleet and private operators have demanded that the government help solve the rising cost of fuel. They threatened to drive trucks into midtown Bangkok June 17, if "the problem" is not solved. Trucks were parked along the shoulders for 10 kilometers back from a major entrance to the Bangkok expressway system, and trucks lined the sides of other major highways in provinces around Bangkok.

Thongu told the news agency Deutsche Presse-Agentur, "If we don't get the subsidy [for diesel] by June 17, the entire national truck fleet of 700,000 vehicles will go on strike and descend on Bangkok."

Central Hong Kong was brought to a standstill June 11, when drivers blocked two of the island's key thoroughfares. Just before peak rush hour, four container trucks blocked Queen's Road Central and three trucks sealed off Connaught Road Central, causing a tense 45-minute stand-off with police—creating traffic chaos. The drivers want the government to scrap a fuel tax. Some 500 protesters also staged a rally outside Government House, and until the night of June 10 about 50 remained outside, demanding a meeting with chief executive Donald Tsang Yam-kuen.

Mexican Senator: Get Out Of WTO To Feed People

Pointing to free trade as the cause of the world food crisis, Sen. Heladio Ramírez López, chairman of the Mexican Senate's Rural Development Committee, called on June 10 for agriculture to be removed from the World Trade Organization (WTO) and all free trade accords, including the North American Free Trade Accord (NAFTA), as the only way to end the world food crisis.

Speaking to a hearing of his Senate committee, with representatives of the World Bank and the UN Food and Agriculture Organization present, Ramírez López charged that the "revolt of the hungry" in 40 countries has exposed those governments which let themselves be "seduced by the economic model which turned developing nations into grain importers."

To solve a world food crisis in which 845 million people worldwide are underfed, and another 100 million are on the verge of malnutrition, markets and international trade must be regulated and controlled; agriculture must be removed from the WTO and NAFTA; free access must be provided to water, seeds, and land for peasant and farm families; and a stop must be put to speculation in agriculture stocks, he told the hearing.

The world has to decide between producing crops to eat, or for fuel, he added. Where does the Mexican government stand on this?

Argentine President: We Will Defend the Nation

In a nationally televised speech June 9, Argentine President Cristina Fernández de Kirchner delivered a sharp message to agricultural producers who have been on strike intermittently for more than 90 days, to protest taxes the government increased last March, on exports of soybeans and sunflower seeds. The strike is an attempt by the British Empire faction to bring down the government, alleging that an "authoritarian" President is "robbing" producers' profits, by

Briefly

demanding more regulation. That argument has not worked too well, and the agro producers, led by the oligarchical Rural Society, are on the defensive.

The increased taxes are protectionist in nature, Fernández underscored, and are necessary for two purposes: to guarantee the nation's food security, and to ensure fair income-distribution, aiding those still-poor citizens without jobs or homes. To those producers who are screaming about higher export taxes, the President noted with some irony, that perhaps she had failed to sufficiently explain her policies, or had been disingenuous in assuming that producers would understand the need to contribute to assisting those who have less.

Let's get one thing straight, Fernández de Kirchner said. If we are serious about tackling poverty, people should understand that it is "impossible" to do so, "without income redistribution and without touching the extraordinary profits" of certain sectors.

She then proceeded to announce the creation of a Social Responsibility Fund, which will use the revenue from the higher taxes to build a series of projects nationwide, including 30 large hospital complexes, 300 primary health-care centers, and affordable housing and roads in rural areas.

Fernández stated emphatically: "I am the President of the Republic," not just the other side in some argument. "I must govern for all Argentines, and when I make decisions, I do so to benefit all Argentines."

British Seek To Oust Afghan President

The leaked release of a confidential report by the U.K. government may set the stage for British troops' planned extended stay in Afghanistan and takeover of Kabul. The document, allegedly compiled by British diplomats, contends that Afghanistan's growing drug trade and the corruption of its government will prolong the Taliban insurgency against British troops. The document was designed to undermine the authority of U.S.-backed President Hamid Karzai, and

could be used as a vehicle to push for his removal. Britain has long been trying to remove Karzai, and take control of Kabul.

The document was leaked following Prime Minister Gordon Brown's insistence that British troops would stay in Afghanistan for the foreseeable future, despite the U.K. death toll in the country, which has now reached 100.

The reaching of that milestone has put renewed focus on the 7,800-strong UK mission in Afghanistan, and fuelled fears among some that Britain has been sucked into an unwinnable war in the country.

Israeli Early Elections Seem Almost Inevitable

Early Israeli elections are almost inevitable. A bill dissolving the Knesset and calling for new elections is expected to pass the Israeli parliament the week of June 16. It will be submitted by the opposition Likud party, but is said to already have the support of 74 of the 120 Knesset members, including members of the Labor and Shas parties, who are in the government, and the pro-peace Meretz party. If the bill passes, elections will be held most likely in November, after the U.S. elections. The odds are still that Likudnik Benjamin Netanyahu would gain the most seats if elections are held.

The issue now is Prime Minister Ehud Olmert's legal entanglements, including ongoing police investigations for corruption and fraud. Olmert, after meeting with top Kadima Party officials, announced June 11 that the party has to prepare for primaries, which will most likely take place in September.

Olmert's troubles come at the point when his government has made increasingly open overtures toward peace negotiations with Syria over the Golan Heights.

If Olmert is indicted, and has to step down, he is widely expected to be replaced by Foreign Minister Tzipi Livni, who is expected to pursue the same policy of negotiations with Syria. All other negotiations, specifically with the Palestinians, are at a total standstill.

BRITISH LORDS VOTED on June 11 against holding a referendum on the Lisbon Treaty, 280 to 218. Baroness Liz Symons was the lead speaker in favor of pushing through the Treaty without scrutiny. She claimed, as does Prime Minister Gordon Brown, that the Lisbon Treaty is totally different from the European Constitution which was defeated in 2005.

CHINA'S STOCK market dropped dramatically on June 10, in the wake of the Bank of China's having sharply raised the reserve requirement for Chinese banks. The Bank of China itself was responding to the news of a dramatic rise in inflation in the country's Producer Price Index.

MARIO DRAGHI, the head of Italy's Central Bank and of the Global Financial Stability Forum, said in Amsterdam June 11 that "we are still on the razor's edge," and that "things could still get worse." "It is now clear that at the root of the problem there are strong uncertainties on the quality of financial products amounting to thousands of billions of dollars," he added.

SOUTH KOREA'S government is in a precarious situation, following mass demonstrations that brought an estimated 200,000 people into the streets of Seoul, and virtually shut down government operations. Demonstrations took place in about 80 other cities as well. The ostensible cause was a free trade agreement with the United States on beef imports, but economic conditions are building up the mass ferment as well.

CHINA AND TAIWAN signed historic deals on air travel during their discussions June 13. On the second day of landmark talks in Beijing aimed at easing decades of tensions, negotiators agreed to establish regular direct flights between China and Taiwan starting in July, finally ending time-consuming forced stopovers in Hong Kong.

A Shock Heard 'Round the World

The entire British Imperial plan to ram through the fascist Lisbon Treaty ran into a brick wall in Ireland on June 12, where the “no” vote won the referendum by 53.4% to 46.6%. With a heavier voter turnout than expected (over 50 percent), all but 8 of the country’s 43 voting districts voted against the treaty. Even more significant, the treaty was overwhelmingly defeated in urban working class and rural areas, where the “no” vote reached 60-65%, and more.

What was delivered was a brutal shock to an oligarchy gone mad with its own arrogance. The Irish people from the lower 80 percent of income brackets came out to make known their utter rejection of the plan for a Europeanwide dictatorship. And with that rejection, they have opened up a flank internationally, to destroy the globalized British Empire.

What’s the significance of this vote for the United States? It contains lessons that are absolutely crucial, as well as throwing the same oligarchy that is out to destroy the U.S. off balance, at a critical time of decision.

As Lyndon LaRouche put it, the crucial fact about the Irish referendum is the fact that it was the lower-income stratum of the population, the forgotten men and women from the working class and low-income farming class, who played the decisive role. LaRouche has continuously stressed that the only competent approach to reversing the degeneration that British ideological and financial domination have imposed on the United States, and other nations, is to mobilize people from the lower 80% of income brackets. It is this stratum, for example, which Hillary Clinton effectively aroused in the latter part of her primary campaign, bringing her to the point of a popular-vote victory over Barack Obama. History is changed not by back-room deals, but by mass organizing, galvanizing and educating masses of people into action through leadership with the right ideas.

But Hillary ended up losing, you might reply. Ah, but, in the wake of the Irish vote—not to mention the onrushing financial and economic breakdown crisis—you should think again. The election campaign in the United States, even the candidate selection process, is

far from over. The lower 80%, if they are not demoralized by the virtual coup d’etat over the nomination carried out by the Soros-controlled Democratic Party leadership, can still wield the decisive blow.

Indeed, the European oligarchy was convinced that it had the Irish referendum in the bag as well. Almost all the powers-that-be in that nation had come out in support of the Lisbon Treaty, and even the anti-EU farmers had ultimately come around to accepting a deal in exchange for nominal support. But the parties who opposed the obliteration of sovereignty for their nation, especially the Sinn Fein, took a mass organizing approach, with leaflets, posters, and the like. They created enough motion and excitement that people did not accept what the press told them was “inevitable”; they came out to vote.

It is also crucial to understand the catalytic leadership role that was played by the LaRouche movement in delivering this “no” to imperialism. In mid-February, Schiller Institute founder Helga Zepp-LaRouche issued a clarion call of mobilization against the Lisbon Treaty. At that time, it was clear that virtually everyone believed its ratification could not be stopped, especially since Ireland was the only nation which had to have a referendum.

But Zepp-LaRouche refused to accept what others call “reality,” since it meant the creation of a fascist superstate, as a precursor to global war and destruction. She launched an intensive process of organizing which spread all over Europe, by Internet and otherwise, encouraging other opponents to come forward, and the discouraged to fight. In a very real sense, the Irish vote is her personal victory, as well as one for democracy.

The Irish “no” should evoke a memory of what Lyndon LaRouche wrote last week about the temporary defeat of Hillary Clinton: the oligarchy is not all-powerful. It is faced with its own existential crisis, brought on by the bankruptcy of its own policies, and the opposition which those policies have created. Armed with LaRouche’s ideas, that opposition has a precious opportunity to defeat that oligarchy. As LaRouche said then, that’s the only thing worthwhile fighting for.

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- WAYNE COUNTY CC Ch.16/18: Mon 6-8 pm

MINNESOTA

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- COLD SPRING US Ch. 10: Wed 6 pm
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- MONTVALE/MAHWAH CV Ch.76: Mon 5 pm
- PISCATAWAY CV Ch.22: Thu 11:30 pm
- UNION CC Ch.26: Irregular

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- ROANOKE COUNTY CX Ch.78: Tue 7 pm; Thu 2 pm

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- TRI CITIES CH Ch. 13/99: Mon 7 pm; Thu 9 pm
- WENATCHEE CH Ch.98: Thu 1 pm

WISCONSIN

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