

EIR

Executive Intelligence Review

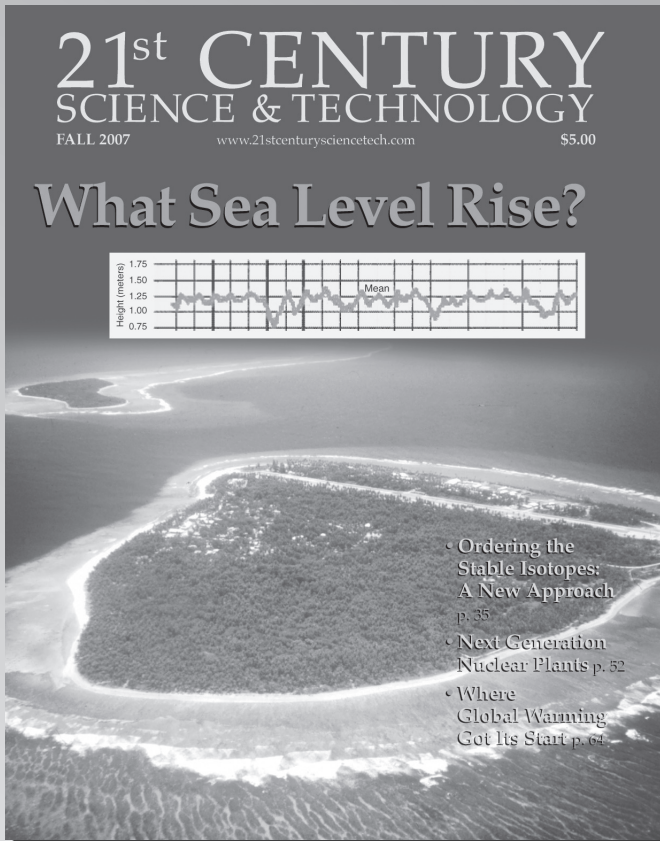
March 7, 2008 Vol. 35 No. 10 www.larouchepub.com \$10.00

Bloomberg Lies: 'I Am Not Running,' Only Dripping
The Federal Reserve Has Become Irrelevant
British Strategists Push EU To Confront Russia

**LaRouche in Rome: Financial
Crisis Raises Fascist Threat**



KEEP UP WITH 21st CENTURY SCIENCE & TECHNOLOGY



Featured in Fall 2007

- **Sufficient Harmony: The Scientific Method of Kepler and Gauss**

by Sky Shields, LaRouche Youth Movement

An introduction to the scientific method of Carl Friedrich Gauss, which looks at it as a continuation of that of Johannes Kepler, is part of an ongoing project of the LaRouche Youth Movement.

- **An Interview with Sea-level Expert Dr. Nils-Axel Mörner: 'It's Not Rising!' and The Sun Rules the Climate, and There's No Danger of Global Sea-Level Rise**

by Nils-Axel Mörner

After 35 years of measuring sea levels worldwide, a Swedish expert reports that observational data seriously contradict the global warming scare scenario of rising sea levels.

A Work in Progress:

- **A New Approach to the Ordering Principle Of the Stable Isotopes**

by Laurence Hecht

A new interpretation of the meaning of Planck's constant suggests a solution to the yet-unsolved question of the ordering of the stable isotopes.

Also featured:

- **Nuclear Energy and the CO₂ Fiction**

by Zbigniew Jaworowski

- **It's Time for Next-Generation U.S. Nuclear Plants**

- **INL Plans to Put Next-Generation Nuclear Plant Online by 2018**

Interview with Phil Hildebrandt

- **Fourth-Generation Reactors Are Key to World's Nuclear Future**

- **Bush Nuclear Program Is Technology Apartheid**

- **Report from Colombia: LaRouche Movement Organizes For a Nuclear Renaissance**

- **Conference Report: Why Is the ANS Tolerating Malthusianism?**

- **1975 'Endangered Atmosphere' Conference: Where the Global Warming Hoax Was Born**

- **In Memoriam: James Frazer (1928-2007)**

21ST CENTURY SCIENCE & TECHNOLOGY

Single copies \$5 each (\$8 foreign)

6 issue subscription \$25 (\$50 foreign)

Purchase with credit card online at

www.21stcenturysciencetech.com

or with check or money order by mail from

21st Century P.O. Box 16285

Washington, D.C. 20041

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editorial Board: *Lyndon H. LaRouche, Jr., Muriel Mirak-Weissbach, Antony Papert, Gerald Rose, Dennis Small, Edward Spannaus, Nancy Spannaus, Jeffrey Steinberg, William Wertz*

Editor: *Nancy Spannaus*

Managing Editor: *Susan Welsh*

Assistant Managing Editor: *Bonnie James*

Science Editor: *Marjorie Mazel Hecht*

Technology Editor: *Marsha Freeman*

Book Editor: *Katherine Notley*

Photo Editor: *Stuart Lewis*

Circulation Manager: *Stanley Ezrol*

INTELLIGENCE DIRECTORS

Counterintelligence: *Jeffrey Steinberg, Michele Steinberg*

Economics: *Marcia Merry Baker, Paul Gallagher*

History: *Anton Chaitkin*

Ibero-America: *Dennis Small*

Law: *Edward Spannaus*

Russia and Eastern Europe:

Rachel Douglas

United States: *Debra Freeman*

INTERNATIONAL BUREAUS

Bogotá: *Javier Almaro*

Berlin: *Rainer Apel*

Copenhagen: *Tom Gillesberg*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Melbourne: *Robert Barwick*

Mexico City: *Rubén Cota Meza*

New Delhi: *Ramtanu Maïtra*

Paris: *Christine Bierre*

United Nations, N.Y.C.: *Leni Rubinstein*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

ON THE WEB

e-mail: eirms@larouchepub.com

www.larouchepub.com

www.larouchepub.com/iw

Webmaster: *John Sigerson*

Assistant Webmaster: *George Hollis*

EIR (ISSN 0273-6314) is published weekly (50 issues), by EIR News Service, Inc., 729 15th St. N.W., Washington, D.C. 20005. (703) 777-9451

European Headquarters: E.I.R. GmbH, Postfach 1611, D-65006 Wiesbaden, Germany; Bahnstrasse 9a, D-65205, Wiesbaden, Germany Tel: 49-611-73650

Homepage: <http://www.eirna.com>

e-mail: eirna@eirna.com

Director: Georg Neudekker

Montreal, Canada: 514-855-1699

Denmark: EIR - Danmark, Sankt Knuds Vej 11, basement left, DK-1903 Frederiksberg, Denmark. Tel.: +45 35 43 60 40, Fax: +45 35 43 87 57. e-mail: eirdk@hotmail.com.

Mexico: EIR, Manual Ma. Contreras #100, Despacho 8, Col. San Rafael, CP 06470, Mexico, DF. Tel.: 2453-2852, 2453-2853.

Copyright: ©2008 EIR News Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited.

Canada Post Publication Sales Agreement #40683579

Postmaster: Send all address changes to EIR, P.O. Box 17390, Washington, D.C. 20041-0390.

EIR

From the Assistant Managing Editor

“We are close to the end of civilization,” Lyndon LaRouche said in a discussion with friends on March 1. As *EIR* reported last week, there is a drive on, in both the United States and Europe, to impose a “New Feudalism,” or, what resurfaced, in the 20th Century, as “Fascism”: the oligarchy’s *predictable* response to the global financial catastrophe now overtaking us. But, because LaRouche had forecast the collapse, and proposed solutions to it that will work, the LaRouche political movement is prepared today to take leadership, and light the pathway out of a threatened New Dark Age.

Those solutions—the Eurasian Land-Bridge, including a Bering Strait Tunnel; a four-power combination, among the U.S.A., Russia, China, and India, to lead a scientific and industrial recovery of the world economy; the Homeowners and Bank Protection Act, and others—have been featured in *EIR* for many years, and have circulated worldwide. Now, the time has come for those ideas to become reality. And they have not fallen on deaf ears.

At the end of February, the LaRouches were again in Rome (see *Feature*), where they addressed several audiences, including a forum co-sponsored by leading Italian politicians; Lyndon LaRouche discussed the “FDR methods” needed to bring the world out of the present nightmare; Helga Zepp-LaRouche called for a European-wide mobilization against the European Union’s fascist Lisbon Treaty.

A crucial component of our battle to save civilization, is the fight to defeat the oligarchy’s “Bloomberg option” in the United States. In “Bloomberg Lies: ‘I Am Not Running,’ Only Dripping Copiously,” Jeffrey Steinberg pulls the wraps off the bankers’ scheme to install New York’s fascist mayor as President, after destroying first the Clinton and then the Obama campaigns. Only under conditions of a series of shocks to the system could such a scenario work—but by exposing it now, it can be defeated.

One of LaRouche’s allies in the fight, is South Carolina banker Michael Sperry, who has written an Open Letter to American bankers, calling on them to join LaRouche in supporting a restructuring of the banking system to promote economic growth, not speculation (*Economics*).

On March 12 (1 PM Eastern time), LaRouche will hold an international webcast from Washington, D.C., titled, “Averting Doom” (at www.larouchepac.com). Don’t miss it.



Cover This Week

Lyndon H. LaRouche, Jr. addresses a conference in Rome on Feb. 28. EIRNS/Daniel Grasenack-Tente



4 LaRouches in Rome: Financial Crisis Threatens Return of Fascism Today

Lyndon LaRouche and Helga Zepp-LaRouche addressed a forum in Rome on “The International Systemic Crisis and a Roosevelt-Like Solution.” Both speakers delivered a shock to the audience, warning of the twin threats posed by financial collapse and a drive for corporate-style fascism, in both the United States and Europe.

5 LaRouche: FDR Methods Can Lead the World Out of the Nightmare

Lyndon LaRouche’s speech to the forum. The world faces the prospect of a New Dark Age, he said, like that which wiped out much of Europe during the 14th Century. But there are solutions for it, as the Renaissance showed. Europe must draw on the best of its own cultural history, in alliance with a United States reviving the methods of Franklin D. Roosevelt.

8 Demand a Referendum on EU Lisbon Treaty

Helga Zepp-LaRouche’s speech to the seminar. The Lisbon Treaty, if ratified, would destroy the sovereignty of Europe’s nation-states.

10 Dialogue with LaRouche: Revive the Principles of the Renaissance

National

14 Bloomberg Lies: ‘I Am Not Running,’ Only Dripping Copiously

Despite New York Mayor Michael Bloomberg’s denials, the City of London-centered financial oligarchy, and its Wall Street allies, have designated him as their man to be installed in the White House in January 2009.

16 Media Gear Up: Promoting Bloomberg, Setting Obama’s Trap

17 LaRouche Said Giuliani Was Set Up for Bloomberg

18 ‘The Second Coming of Felix Rohatyn’

The Partnership for New York City is the high council of the Bloomberg Fascism Project.

21 Obama’s Last Hurrah: LYM Fights for the Souls of America’s Youth

A report from the LaRouche Youth Movement in Boston.

Economics

- 24 The Federal Reserve Has Become Irrelevant**
 Financiers, technocrats, and elected officials are putting on a clown show, as they push to bail out the already dead financial system, trying to shift the huge asset losses to the taxpayers.
- 26 Ethanol Won't Solve Food Price Inflation**
- 31 Restructuring the Banking System**
 An open letter to U.S. bankers by Michael W. Sperry, a South Carolina banker, and collaborator of the LaRouche movement.
- 33 Special Economic Zones: India's Land Scams Hurt Poorest the Most**
- 37 Business Briefs**

International

- 38 British Imperial Strategists Push EU To Confront Russia**
 Rising acrimony in British-Russian bilateral relations has been carried over into relations between the European Union and Russia. British politicians and strategists most committed to cementing the EU's Lisbon Treaty are simultaneously leading a drive to put Russia in its place—never again to be a great power.
- 40 'Economist' Editor Slams Westphalia; Lauds Lisbon**
- 42 Israel at a Crossroads: War in Gaza, or LaRouche Plan for Peace with Syria**
- 44 Pakistani Elections: Is U.S. Blackmailing the PPP; If So, Why?**
- 46 Merkel Ignores Crisis, Supports EU Treaty**

Reviews

- 48 The Dangerous Babblings of a French Neocon**
Savage Century: Back to Barbarism, a book by Thérèse Delpech.
- 50 Exposé of Cheney's War Crimes Wins Oscar**
Taxi to the Dark Side, a film by Alex Gibney.

Science

- 52 Ocean Temperature and CO₂: Global Climate Change Has Natural Causes**
 Prof. Lance Endersbee, a civil engineer from Australia, writes that the widespread belief in man-made climate change, is an example of a public delusion—like the belief during Europe's Middle Ages that witches caused crop failures. He describes the actual causes of climate variation, and demonstrates that the oceans are presently cooling, not warming.
- 56 Sci-Tech Topics**

LAROUCHES IN ROME

Financial Crisis Threatens Return of Fascism Today

by Claudio Celani

On Feb. 26-28, Lyndon LaRouche and Helga Zepp-LaRouche visited Italy, for a number of political meetings and discussions. The high point of the visit was a conference in Rome on Feb. 28, hosted in a room of the Italian Senate, under the title “The International Systemic Crisis and a Roosevelt-Like Solution.” Lyndon LaRouche debated this issue in dialogue with Hon. Alfonso Gianni, Undersecretary of State for Economic Development, and Catia Polidori, national chairwoman of *Giovani Imprenditori* (Young Entrepreneurs), known as *Confapi*, an association of small and medium-size enterprises. Sen. Luigi Ramponi, who helped organize the event, was present in the first part, but had to leave because of electoral obligations (parliamentary elections have been called for April 13-14). And Giulio Tremonti, the vice president of the Chamber of Deputies (lower house) of the Parliament, who had added his name to the invitation to the event, was unable to attend, also because of electoral obligations.

Economist Nino Galloni, a LaRouche supporter, who spoke from the floor, warned against the danger that, as usually happened in the past, the program of the kind of Grand Coalition government being discussed in Italy today would be written by the financial oligarchy, and would consist of so-called “reforms” that would smash the welfare and health systems. Alfonso Gianni stated that, also thanks to LaRouche, there is a shift in favor of reversing free-market policies that go across factions in all parties. Questioned by a journalist, LaRouche said that everything depends largely on the outcome of the electoral process in the United States.

LaRouche’s visit to Rome found attentive ears, even though many political leaders were caught in the frenzy of negotiations for candidates’ lists. “We have a threat of a return to fascism on a scale far beyond anything that we’ve known in the past” (see below for LaRouche’s speech).

LaRouche’s ideas are highly respected and supported in

different political circles. Some government representatives, who could not come to the *EIR* seminar on Feb. 28, sent greetings to LaRouche, with messages such as, “Your policies are winning.” Gianni acknowledged that “LaRouche has demonstrated that free-market policies have failed,” and that “government power is needed for an economic recovery.” Polidori stressed LaRouche’s lesson on the primacy of physical economy; both leaders, in dialogue with LaRouche (see below), endorsed his proposal for a “New Bretton Woods.”

In another seminar, on Feb. 27, at the *Istituto Italiano Quadri*, an association of medium-size business leaders, LaRouche discussed the role of the British empire and the question of nuclear energy. In all his private and public meetings, LaRouche delivered a shock, stressing that the world is facing a collapse potentially bigger than the 14th-Century collapse of the Lombard League banking system—a touchy historical reference for his audience, as the epicenter of the crash was right in the center of Italy, with the bankruptcy of the House of Bardi in the city of Lucca. However, this danger can be averted, LaRouche said, if European nations revive their Classical culture, a culture born 3,000 years ago, through the meeting of three Mediterranean cultures, and revived in the Italian Renaissance, that brought civilization out of the Dark Age.

LaRouche was accompanied by his wife, Helga Zepp-LaRouche, chairwoman of the *BüSo* (Civil Rights Solidarity) party in Germany, who delivered the second shock to audiences: the exposure of the conspiracy to enforce a “constitutional” dictatorship in Europe through the EU’s so-called Lisbon Treaty. She called for support for her initiative for a public debate on the Treaty in all EU nations, and a popular referendum on it.

Following the Rome seminar, LaRouche responded to a question about what he thinks the effect of his visit will be: “The fire will spread!”

LaRouche: FDR Methods Can Lead the World Out of the Nightmare

Here is Lyndon LaRouche's address to a forum in Rome on Feb. 28, on "The International Systemic Crisis and the Rooseveltian Way Out."

On the 25th of July last year, I gave an international webcast, announcing that we were on the edge of the immediate collapse, the greatest collapse in modern history, of the present world financial-monetary system. Within a week, that collapse began. It began particularly with the collapse of a real estate bubble which had been building up in the United States for some time.

But that bubble was only the weakest point in the entire world system. The entire international financial system is now in the process of disintegrating. There is no possibility for its continued survival during the period of months ahead. And there are certain reactions by leading forces which recognize, exactly, that months ahead, this whole system in its present form will disappear. The development of the election campaign in the United States currently, and also the developments around the Lisbon 2 agreement being proposed, which would eliminate the existence of nation-states in Continental Western Europe, are symptoms of this kind of preparation.

This has a long history, which I could explain, but we have limitations of time here, and also since we have to do the sequential translation, I will play down some things which are extremely important, which may come up in discussion.

I'll indicate what the two great problems are: First of all, both events are being steered from London, not from the United States, but from London. Both represent the fact that, especially since 1971, the U.S. dollar has nominally been a leading factor in the world; but it has not been a U.S. dollar, it has been an international dollar. I'll describe the one well-known feature defining that difference, between the 1968 picture of the dollar, and the 1971-1972 picture: Up to the middle of 1971, the U.S. dollar had been a keystone of a fixed-exchange-rate system. Up until the assassination of John Kennedy in the United States, that had been a solid arrangement. A wave of assassinations, including that of Kennedy, changed the world situation politically, and as the result of the assassination of Kennedy, we had the prolonged Vietnam War, Indo-China War.

Then we had, in 1968, the breakdown of the political system, in part with the "68er" phenomenon. The political structure of the system began to crumble with '68. Nineteen sev-



EIRNS/Daniel Grasack-Tente

Despite the threat, again, of fascism, this time in the United States, as well as Europe, Lyndon LaRouche is optimistic, that there is the potential, embedded in the people, and their culture, to overcome the danger. Here, LaRouche listens to a comment from the floor, at the Rome seminar.

enty-one: The floating of the dollar led to another big swindle, which most people have not recognized yet. Most people should know that the British pay the Saudis \$3 for each barrel of oil the British take from the Saudis. And by the time that oil reaches the market in Amsterdam and similar places, it's now \$100, or approximately that. A very unmagical trick.

So, the entire system is fraudulent. But what happened to cause this, was that we had a so-called "oil price crisis," in the early 1970s, as a result of the '71-'72 change in the monetary system. We had the orchestrated "oil price shock" of the '72-'73 period. As a result of that, we had the creation of the "Amsterdam dollar," and we can say, in an English pun, that was the beginning of the "damn dollar" to replace the U.S. dollar. So, from that point on, the U.S. dollar was no longer U.S. property, in effect, but became an Anglo-American dollar, controlled through the oil spot market out of Amsterdam and similar places. There were chain reactions centered largely on London, in the international markets on all kinds of commodities, which erupted from that point on.

A Fundamental Shift

And in this process, you had a fundamental shift occurring, between 1968 and 1975, in which, instead of having the nations of Europe and the United States be the prime drivers of the world physical economy, there was now a great shift in



New York Mayor Michael Bloomberg (right) is a fascist, LaRouche stated. His policy is corporativism, the same as that of Mussolini's finance minister, Volpi di Misurata (left). London is today promoting a Bloomberg Presidency for the United States.

and Europe, or the United States: We have, for example, the mayor of New York, who, in my view, never earned any money at all, was confronted with the fact that he allegedly is worth \$11 billion. He protested: "I am not worth \$11 billion! I'm worth \$40 billion!"

London's Fascist Bloomberg Project

Now, I should tell you that this same mayor of New York, which is to come to another part of this point, is, by Italian standards of the 1930s: He is a fascist. His policy is that of corporativism, the same thing as Mussolini and Volpi di Misurata. The same program that was brought into Hitler through Schacht. There's a similar policy that's coming out of London under different names right now. And London is also running Bloom-

progress. You've seen that in Italy, where in northern Italy at least, there was a significant improvement in industrial and agricultural activities into the late 1970s. Since the 1968-1975 period, there has been a general decline in the physical productivity in agriculture and industry in Europe and North America, in particular. What has happened is, production has been shifted to the cheap labor markets of the world. In fact, China, for example, is actually losing money on its relationship with the United States. Because the money that China as a nation gets for producing for the United States, is less than what it costs China to produce that product.

You have a similar situation, but a different one, in India. India has 1.1 billion people, which is compared to 1.4 billion people in China. In India, about 70% of the population is extremely poor, as poor as it was years ago, and the most acute expressions of poverty are increasing and spreading. It's like Africa. We have parts of the world which are producing products cheaply for the world market; but, if you look at the population of the countries which are doing this, they are not able to sustain their own population from this production.

There has been no success in the world economy since the end of the 1960s. There has been contentment for some people who are very rich, and a diminishing quality of life for those who are not very poor. For example, just looking at the price and availability of health care in countries such as Italy

berg in New York. London is also working now, in the public press, actually, to destroy one of the leading candidates in the United States: Barack Obama. But at the same time, London is also supporting Obama against Hillary Clinton. The intention is to make Bloomberg the leading national candidate in the United States.

Well, this is not unusual for European experience, for those who know the history of Europe in the 20th Century. Periods of great financial crisis, particularly financial breakdown crisis, lead to desperate measures by those relevant financier interests who have political power. And throughout the euro system, that is already present, *at the same time*, that it's happening inside the United States. However! There's a problem: The present financial crisis can only be compared to what happened in Europe when the Bardi bank from Lucca collapsed, and Europe went into a dark age, the so-called New Dark Age, where half the parishes of Europe disappeared, and one-third of the population disappeared. We face potentially a greater crisis than that, today.

Worse Than the 14th Century

But there are alternatives. There are solutions: What I propose in particular, to all relevant circles, is that the United States government undergo a change of heart, and of personnel, in which, *in this year*, in the first half of the year, the

United States government should be induced to approach Russia, China, and India, to enter into a new agreement on a fixed-exchange-rate system.

You have to look at two key facts about the world situation to understand this. First of all, there has been no global prosperity in the past 20 to 30 years. There have been pockets of actual income, and some artificial income, which is purely monetary, but not real. For example, the housing boom in the United States and Europe is totally fraudulent: The cost of housing is greater than the salary-incomes of the people who can sustain it; and these prices are not real prices, they're inflated prices. As you see now, the prices of real estate will tend to collapse back to one-quarter or one-fifth of what they are today. And even that amount of economic activity, is not based on reality, it's based on credit. It's based on credit which is purely fictitious. It's based on bills that could never be paid, credit that could never be repaid. On top of that, the total *nominal* obligations of the world, are in *hundreds of trillions of dollars*, and in [derivatives], it's up in the quadrillions. So that, under these conditions, there's no possibility that you could ever resolve this debt in its present form.

At the same time that we've got a worse crisis than in the 14th Century, we have the major producing countries of the world, like China, India, and so forth, operating below breakeven for the population as a whole. In other words, the shift of production from Europe and the United States, into the developing sector, was not based on competitive considerations. That production was exported from Europe and the United States, to countries which had not received sufficient income to maintain their own populations. So therefore, the collapse of Europe and the U.S. in particular, would mean a chain-reaction collapse of the economies of Asia, as well as Africa and South America. You have to look at Europe in the terms of the 14th Century, to understand this phenomenon.

This is a 21st Century New Dark Age potential!

Now, if you study the rate of collapse of population in the Middle Ages, in the middle of the 14th Century, which is something Italian historians ought to be able to master, when the chain-reaction collapse of the Lombard banking system occurred. The collapse of credit resulted in a beginning of an increased death rate in the population of Europe as a whole. This rate of decay, this rate of shrinkage of the population, then accelerated into a steep decline in population. Half the parishes of Europe vanished! The population of Europe collapsed by one-third, within a period of about a generation. And then, continued to collapse at a more leveled-off rate. This is the typical S-curve of collapse of a population of this type: a slow decline, then a steep decline, then a slower decline.

The world population today, under these conditions, is between 6.5 to 7 billion people. What happens with this kind of collapse? You get a global new dark age collapse if we allow it to occur. Civilization as we know it now would disap-

pear. The level of population would ebb toward about 1 billion people.

But there are solutions for it, as the Renaissance showed, and that's why my proposal for the United States to Russia, China, and India, is very important. As you know, Europe no longer—that is, west of Russia and so forth—no longer has any real sovereign independence in dealing with these kinds of problems. Globalization has undermined, grievously, the sovereignty of the European states.

But we have an irony at the same time: China knows, more clearly than any other country, its vulnerability to this kind of crisis. India has a slightly greater resilience in its system. But the threat is existential, nonetheless. The basic problem is, that the world is not presently producing the amount of *physical* wealth, including infrastructure, required to sustain a population of over 6.5 billion people.

Infrastructure and Nuclear Power

But! In Europe and in North America in particular, we have the potential in terms of technology, embedded in the people, embedded in the culture, to have a *revival of physical economic output*. As you look at the history of the Mussolini regime, you know you can't do it with just infrastructure. You have to do it with the kind of infrastructure which is based on *increasing manufacturing and agriculture output*. It means high-technology innovation. European civilization has still the ability, under emergency conditions like Roosevelt faced, to reactivate the potential of productivity in the European population: a reversion to modern, mass transportation as opposed to reliance on the automobile; unleashing the now-largely-suppressed nuclear energy potential. The actual cost of nuclear power, which is reported to be high, is a fraud: It is not that high, it's artificially high! If you actually put a mass investment into nuclear power, you will convert the world from dependency upon petroleum, into developing not only nuclear power for local use, but for the generation of synthetic hydrogen-based fuels, to replace petroleum.

We have, admittedly, a population which has lost production skills—they've been out of work for 25 to 30 years. They depend upon old men, you know, like me, to get production going again. But, we know how to do that, from past experience. Roosevelt did that, with the recovery in the United States.

So therefore, if we have 30-50-year agreements, with China, with India, and with other countries—long-term monetary and financial treaty agreements—China in particular has a great need for European technology, to deal with *its own internal population crisis*. And since Deng Xiaoping, this has been their policy. India is committed to going to the thorium cycle in nuclear power, for small-scale thorium plants, because the people in India are very poor and very unskilled, as you find, generally, in Africa. The African farmer is productive by African standards, but he lacks the infrastructure to make his productivity efficient. So we in Europe,

if we are wise, and in the United States, can make agreements with these countries—we have a great need for imaginative leaders, who will react to the stupidity of much of our politics over the past 30 years—for programs we already have developed, which we know exist. There is no problem that humanity has, which is not potentially solvable under good leadership of a traditional type that we used to have in the United States.

The Threat of Fascism

Now the problem is this—my concluding point here—is this: We have a crisis in elections and government in Europe and in the United States. We have it on both sides of the ocean. It's acute. We have a threat of a return to fascism on a scale far beyond anything that we've known in the past. You have a dictatorship threatened for Europe, under the new treaty agreement, the Lisbon agreement—no longer will there be any [national sovereign] government control over the government of Europe. At the same time, we face that in the United States in the current election campaign.

All right: Obama is not going to be elected. Obama is being backed by London to bring down Hillary Clinton, and then they're going to put him out of business. Look at the leading British press: The scandal is brewing, they're going to bring him down. They've been backing up Obama to bring down Hillary Clinton. If they think that Hillary Clinton is brought down, they'll bring him down. Then the Mayor of New York becomes the Democratic Presidential candidate. And his program is fascist, just as fascist as you can imagine from past European experiences.

So naturally, I'm part of the organization inside the United States, determined to make sure this does not happen. And there is a great number of people in the United States of influence who share my concern, including senior figures who've been part of government or the institutions of government over a long period of time. I'm determined to crush this. And I'm doing everything possible to goad my friends into joining me in doing it.

My concern, also, at the same time, is, though I admit that Western Continental Europe does not have much political power any more, and if this Lisbon agreement goes through, we'll have a lot less. But I think we can mobilize things, and build up the confidence to take the measures which are needed to lead the world out of this nightmare, by the methods of Franklin Roosevelt. The nations which represent European civilization must awaken to their mission, of restoring the kind of technological progress, which made Europe great in the past.

And you can count on one thing: We can all go to Hell, in a sense, but we have a chance to win. The chance to win lies in the achievements of our culture, and if we can awaken ourselves to confidence in our cultural legacy, we can win! It is a war we can win, but it is a war we could lose. Do we have the will to win? That's my message.

Helga Zepp-LaRouche

Demand a Referendum On EU Lisbon Treaty

Moderator Claudio Celani introduced Helga Zepp-LaRouche, the chairwoman of the German political party Civil Rights Solidarity Movement (BüSo). She spoke on the European Union's Lisbon Treaty, and the need to uphold national constitutions.

Celani: Why do we have to save the constitution, Helga?

Zepp-LaRouche: I think that Europe is confronted with a much bigger danger than the average person knows. In November, French President Nicolas Sarkozy had a closed meeting in Strasbourg with some French European Parliamentarians, and said, according to the British press, that if there were a referendum on the Lisbon Treaty, in every country where such a referendum would take place, it would be lost. So, on Dec. 13, the heads of state had the summit in Lisbon and signed the so-called reform treaty, the Lisbon Treaty. And there can be no doubt that the strategy was to say, "Let's ratify it as quickly as possible, through the parliaments, without public debate—neither in the media nor in the parliaments—of any significance, because if such a debate would take place, it would not go through."

So in Germany, the new text was not published, and if people wanted to find out what was agreed upon, they would have to take the old text of the European constitution, which was vetoed in France and in Holland in 2005 [and therefore did not take effect anywhere in the EU], and then look at the changes separately, alongside it, and then inject "Article 5, point 9, subsection 2—the word changes from A to B," and then inject that some 400 times. You can be sure that maybe two parliamentarians and maybe one journalist did that, but the majority, for sure, did not. Because the text is so impenetrable in the first place, that nobody can understand it, who is not a skilled state jurist.

Only after a law student in Leipzig undertook the labor to inject these changes and then publish it on some websites of one parliamentarian, was the government of Germany forced to take the unofficial version and circulate it, because they would have made a *bruta figura* if they had not done it. [laughter]

In the meantime, some extremely honorable law professors have written expert analyses, which I want you all to urgently look at, because they reveal what is really going on, and I'm quoting in particular Prof. Karl Albrecht Schachtschneider, who was one of the four professors who filed a law-

suit against the Maastricht Treaty and the introduction of the euro; Prof. Hans Klecatsky from Austria, who is one of the founders of the Austrian Constitution; and other professors, like Professor Hollander, and many others. I have studied the new text, from the standpoint of the expert analyses which they wrote, and I will give you a short summary of what I found.

The most important is, that it would change the relation of the European states, from an alliance of states into a single federal state, which from that point on, once it's ratified, would be ruled as an oligarchy, without the participation of the national parliaments. For example, the so-called General Clause means that the European Council and the European Commission would have to decide policies in all areas, except foreign policy and security policy. The European Parliament would be heard, but have no say, and the national parliaments have no say whatsoever. So parliamentarians, rather than fulfilling 80% of the Brussels guidelines, would fill 100% of the guidelines.

The Road to World War III

Then you have the so-called Solidarity Clause, which really is a bombshell, because it means that if there is the need to fight against terrorist actions in any country—and the notion “terrorist action” is not defined, it's a very vague notion—each country, even if it disagrees, has to participate in military action, in wars of aggression, in peace missions in third countries—so, out of area of the European Union—and it basically means there is no more veto right for those countries that do not agree. So, without public debate, or debate in national parliaments, the European Union is being transformed also into a defense alliance with the explicit obligation for rearmament and out-of-area interventions.

Now, if you look at the fact, that of the 27 European Union countries, 22 are also in NATO, where the Solidarity Clause naturally exists also, you have an intertwining of NATO and the European Union, in an almost 90% fashion, and that, if you think about the implication of that, then you understand why Russia and China have, for a while, equated NATO's eastward expansion with the European Union's eastward expansion. The Russians, I know from many discussions, look at NATO's policy of encirclement of Russia as the potential road to World War III.

Now the way this European Union transformation is sold



EIRNS/Daniel Grasenack-Tente

Helga Zepp-LaRouche: “This is such a grave change of the constitutions of Europe, that there must be a debate and referendum!”

to the Europeans, is to say, “Oh, Europe must be strong, we must unite against the aggressive American unilateralism with Bush and Cheney in the whole world, so we must have a strong Europe.” But this is one of the many lies which are spread, because if you look at this interfacing of NATO and the European Union, then you actually see the danger.

If you have a Bloomberg fascist government in the United States and a Lisbon dictatorship in Europe, I have the distinct fear that we are on a road to World War III. And how quickly this can go, you not only see in the demand of U.S. Defense Secretary Robert Gates for more troop engagement in Afghanistan in the south; you see it in the quick action of the European Union in moving on the independence of Kosovo, long before the independence of Kosovo was declared, and where you had complete disagreement among European Union members, but the European Union bureaucracy anyway deployed 1,800 soldiers and police, and therefore,

they said, “We don't care what the opinion of the members is all about.” The recognition of the independence of Kosovo opens a Pandora's Box: Because now you have the Basques, you have the Turks in [Cyprus], you have Ossetia, Akhazia, Taiwan—this opens a box which is very dangerous, and as one Russian statement said, it threatens to bring down the entire Peace of Westphalia order in the world.

One last point: Professor Schachtschneider pointed out that it also reintroduces the death penalty in Europe, which I think is very important, in light of the fact that, especially Italy was trying to abandon the death penalty through the United Nations, forever. And this is not in the treaty, but in a footnote, because with the European Union reform treaty, we accept also the European Union Charter, which says that there is no death penalty, and then it has a footnote, which says, “except in the case of war, riots, upheaval”—then the death penalty is possible. Schachtschneider points to the fact that this is an *outrage*, because they put it in a footnote of a footnote, and you have to read it, like really like a super-expert to find out!

So, I think we need to have a public debate about that. I think that this is such a grave change of the constitutions of Europe, that there must be a debate and referendum! I do not say I'm for or against, but I think it's so grave, there needs to be openness and then the people have the right to vote, do they want this or not? I want to ask you all to join me in mobilizing the European populations for such a debate and such a vote.

Revive the Principles Of the Renaissance

This discussion took place following Helga Zepp-LaRouche's speech in Rome. In response to comments by Hon. Alfonso Gianni, Undersecretary of State for Economic Development, and Catia Polidori of the Young Entrepreneurs association, LaRouche replied:

I would say in response to this, that there's one underlying issue here, which is most important—and the significance of the meaning of culture, the actual meaning of culture. The success of European civilization, in the times that it has been successful, is a development of culture. For example, you have essentially, a very long dark age, despite Dante's great work, until the beginning of the Renaissance, with 1439. There's a great gap in European history between the breakdown of culture about 200 B.C., until the Renaissance in 1439, and so forth. But it's possible to understand this cultural phenomenon, if we look back far enough, say about 3,000 years. Because European culture was formed by certain maritime agreements among certain powers in Europe about that time, about 3,000 years ago, about 7,000 B.C., with the Etruscans, the Egyptians, and the Ionians, which led to the emergence of what is a specifically European culture. There were earlier roots of this, but it took place about that time. It's the post-Homeric period, which comes out of a period of crisis before then.

So therefore, with the ebbs and flows of the success of European culture, its defeats, its retreats, European culture has been the source of all of the successes of Europe. Now this culture's gone along with another problem: the problem of the separation of the rulers from the ruled. And the great periods of European culture have always been periods in which the people themselves are uplifted into an integrated population. For example, Dante tried to start that, and made a legacy which is still alive today. The Council of Florence [1439] was a great watershed of all European culture, modern European culture.

So that we have, in European culture, we had the most magnificent development out of many periods of crisis. And we in the United States had a very special advantage. Most of the people who came to settle the United States were not running away from failure in Europe. The colonization was motivated by the desire to find a place *away* from Europe, in order to get away from the oligarchy! And the distinction of the United States from Europe, is that we don't have an oligarchical tradition in the United States. We don't have a Black

Nobility—we don't have any of these curses! When we want a curse, we import it from England! They follow us.

The key thing here, is the question of culture, and culture means the difference between man and an animal. It means that we try to organize the work and the life of people, in depth, in communities, so that the creative factor of the individual mind is the dominant expression of what they're doing. For example: In employing people, if you employ people with the idea that they're going to do their work and shut up, you're not a good leader. If you're a leader in a community or in a business, you're doing the most to promote the development of the employees. Animals are the same from one generation to the next. People are not animals. (Well, some politicians I know are, but that's a different matter.) But the function of society is to promote the development of the creative powers of the mind of the individual, and to promote as much creativity as possible in work, in addition to simply doing their job, to enrich the community with ideas.

And this is where the society succeeds or fails; in which you have the greatest amount of participation of the individual in development, their own development and that of others, is the primary source of success, because that's where profit really comes from.

And this is where the loss occurs, is this idea of cheap labor being good. Cheap labor is not good. What does cheap labor mean in terms of the community, the children of the community? What does it mean to be *bestialized* by routine? And the promotion of culture, and the use of a language-culture and its development as the way of promoting that, is the most crucial thing, *which we have been losing in Europe*, especially since World War II.

Just take Classical music as an example: Should we make noises like animals, or should we use the Classical culture? And do we promote these kinds of cultural activities among the people who are doing the work in the community? A respect for the mind of a human being, in terms of a culture which goes on to successive generations. The great-grandfather said, "I did this for my grandchildren." People coming into the United States would come in as laborers, and their grandchildren would be doctors and scientists. Success in the ordinary sense is not the standard: It's the improvement of the development of the individual mind, the culture development, which is precious. If that is the political standard of behavior, then I think everything would work. This is the only expression of love of humanity, is this form.

Walking an Elephant Through a Mousetrap

Here, LaRouche responds to several questions: one on the difference between President Franklin D. Roosevelt's policies and those of John Maynard Keynes with respect to Bretton Woods; Ukrainian-Russian scientist V.I. Vernadsky and nuclear power; and banking and monetary policy.

First of all, there is no relationship between Roosevelt's de-



There was “a very long dark age, despite Dante’s great work, until the beginning of the Renaissance, with 1439” and the Council of Florence. This painting, “Dante and His Poem,” by Domenico di Michelino (1465), shows Dante holding his Divine Comedy, with the great dome on the Cathedral of Florence (completed more than a century after Dante’s death), where the Council took place, in the background.

sign and Keynes’ design. Keynes presented his design originally, in Germany, in Berlin, in an edition of his famous book, in which he said that he was publishing the book in Germany, because he thought that under Nazism, his ideas would have a more favorable hearing than in a democratic state. In principle, Keynes was correct in his estimation.

Now, on the question of the Bretton Woods system: The Bretton Woods system was not a Keynesian system. Keynes made a presentation in 1944 at the Bretton Woods conference, and the speech is on record—there’s no doubt of that. But those who were trying to equate Keynes’ with Roosevelt’s conception of Bretton Woods, are really trying to walk an elephant through a mousetrap.

There’s a point of history here, which is the most fundamental thing to understand about the entire period of history from the 1920s, from the end of World War I. The whole history as generally taught is completely nonsense. Mussolini and Hitler were both put into power by the British monarchy. And the biggest supporter of Mussolini from England was Winston Churchill, until the verge of the war. On the inside of Italy, for example, a known British agent, involved in the Young Turk operation of the British monarchy, Volpi di Misurata, was the key architect of the Mussolini leadership, and he was the actual guy on the inside, who ran it during much of the 1920s and 1930s!

Hitler was brought into power by the British monarchy. They changed their mind later, but they put him in power. He was personally put into power by the head of the Bank of England, whose agent was Hjalmar Schacht. What you call “fascism in economics” is Schachtianism. Mussolini got his fascism from Britain! It was a product of Versailles!

Now, what happened here was simply that Roosevelt and Churchill, Roosevelt and the British, had no agreement whatsoever. Roosevelt hated the British, as all patriotic Americans do, because we hated their damn colonial system, their imperial system. We knew there would never be peace in the world until we could bring justice to people who were victims of colonies.

See, Roosevelt’s policy from the beginning of the war, was to shut down the British Empire at the end of the war! My life has been—I’ve been on the Roosevelt side against the other side on this thing ever since then. The Roosevelt policy was, as he said to Churchill: When this war ends, there

are not going to be any more colonies! “You have to understand, Winston, when this war ends. . . .”

So therefore, what happened is, Roosevelt died. Now, I happened to belong to the faction which was the pro-Roosevelt faction against the Truman faction. And actually Truman was backing the U.S. faction that was backing Hitler, up till Roosevelt made him stop! So now, 1944, Roosevelt had made the Bretton Woods design. The Bretton Woods design and the statement on the forming of the United Nations are the same thing. First, the United Nations was to create an alliance of states which would prevent the existence of colonialism. The intention of the United States was to use the great military power we had, military-industrial power, by converting military power back to technology power, which include a long, big project for Northern Africa. And for the entire world.

All right. The minute Roosevelt died, the policy went in the opposite direction. Therefore, under Truman and his followers, they interpreted Bretton Woods *against* Roosevelt, and for Keynes!

Organizing the Planet with Nuclear Power

Now, on the question of nuclear power: People should study Vernadsky, the great Russian scientist Vernadsky, who defined the fact that the universe is composed of three known



World Bank

“There is no relationship between Roosevelt’s design and Keynes’ design,” LaRouche stated. John M. Keynes is shown addressing the Bretton Woods conference, July 4, 1944.

different qualities of universe: The non-living, which comes from the Sun; it includes fusion and nuclear power. Our Solar System is a product of nuclear power. Everything in it depends on nuclear power. Now you have a second thing which is higher than nuclear power: living processes. And you can not get living processes from non-living processes. No one has ever derived a living process from a non-living one *and no one ever will!*—contrary to Microsoft.

Also, there’s a third quality: Human beings are not animals. We have animal bodies, which we lose fairly easily. But the quality of humanity is immortal: It’s the power of human reason, the creative power of human reason.

When you look at our planet, we have three components to this planet: We have the non-living components, things that are not derived from living processes. The planet was originally chiefly composed of things which had not been derived from living processes. Now we have a second thing that developed, called the Biosphere. The Biosphere is composed of both living processes, and things which come into existence *only* as products of living processes. If you study the isotope structure of the Periodic Table, you will see there’s a clear distinction of this type. Certain isotopes themselves are specific to living processes. As a matter of fact, one of the most important developments of nuclear development, is the development of radioactive isotopes which are used to treat cancer and other problems.

Now, there’s a third category, which was called the Noö-sphere. This discovery was made uniquely and entirely by Vernadsky.

So, you have three layers on the crust of the Earth, which is a thin part of the total. One, is you have a non-living material; chemically non-living. You have a second part, which is increasing, which is the Biosphere. Everything, including the atmosphere, the oceans, the seas, the lakes, belong to the Bio-

sphere. A third element which is growing rapidly, is the Noö-sphere, things that come into existence only as a result of peculiar characteristics of the human mind. And we depend, now, if we’re going to continue to maintain a population in excess of 6 billion people on this planet, you’re not going to do it without nuclear power. So tell me: Which people do you want to kill?

So, the question is: Are we going to organize an organization of nation-states on this planet, which will do this, and prevent crisis? Are we going to run like rabbits from danger, or are we going to take charge of the

planet? Our job is to get the nation-states together to create an order among nation-states on this planet which is fit for human beings to live in!

And finally, on this question of debt: We’re going to have to have—one way or another, most of the monetary aggregate in existence today is doing to disappear, one way or another. Nobody can prevent this. Don’t defend the banks in that way! Don’t defend the financiers. What we have to do, is simply do what Roosevelt did, and had done before: We have to create a new monetary-financial system. And in the transition, we have to make sure that life goes on in an orderly fashion for people.

For example, I have three proposals now, on the table in the United States, for adoption. Number 1, the Homeowners and Bank Protection Act: no evictions; postpone all resolution of household debt; provide absolute protection to the homeowner by the government. Then secondly, protect the banks—the banks as instruments of credit. If you don’t protect the banks, you’re going to lose everything. You have to have a bank there, doing the job, in the community, of keeping the community alive.

Second, set up a two-tier credit system. Government-approved credit at no more than 1-2% interest rate, for all things which are in the public interest, the social welfare.

Thirdly, create a new world monetary system. The United States should immediately approach Russia, China, and India, to form a bloc of four countries, who will bring the other countries in to set up a new world monetary system. And create a system of credit, of long-term credit agreements, to transform the planet in the way required to sustain more than 7 billion people on this planet: Which means, put European civilization back to work! Do what it’s supposed to do. Keep the nation-states—just make sure they cooperate. And don’t shoot each other!

ΔYNAMIS

THE JOURNAL OF THE LAROUCHE-RIEMANN METHOD OF PHYSICAL ECONOMICS

JANUARY 2008 ISSUE

LIFE WITHIN THE NOOSPHERE: *What is the Human Mind?*

by Lyndon H. LaRouche, Jr.

WHAT, EXACTLY, IS A HUMAN BEING?

- *Analog, Digital, and Transcendental* (newly revised and expanded!)

by Sky Shields

HOW WIENER ATTEMPTED TO KILL SCIENCE:

Only Diseased Minds Believe in Entropy

by Creighton Cody Jones

WHERE YOUR COMPUTERS REALLY CAME FROM

by Peter Martinson

TRAVELING the UNBEATEN PATH:

- *Part IV of Kepler's **Astronomia Nova***

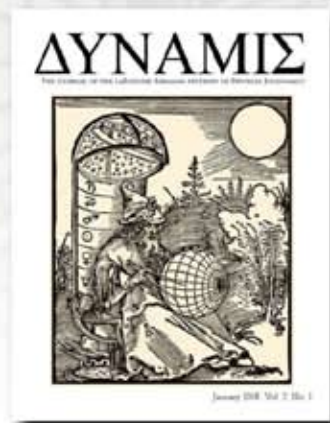
by Jason Ross

THE INTENTION of the MEAN ANOMALY

by Joseph Rye Fugate

KEPLER: TRANSCENDING the INFINITE

by Aaron Halevy



**THE LAROUCHE YOUTH MOVEMENT:
REBUILDING SCIENCE, WITHOUT THE HIGH PRIESTS.**

DOWNLOAD IN PDF FORMAT at **WWW.WLYM.COM**

BLOOMBERG LIES

‘I Am Not Running,’ Only Dripping Copiously

by Jeffrey Steinberg

Do not be bamboozled by the Bloomberg non-announcement on Feb. 28, in a *New York Times* op-ed, that he is “not running” for President. Look at the reality and hold it up against what Lyndon LaRouche has been saying for months. The financial system is already collapsed. It is doomed—this year. And under these circumstances, the City of London-centered financial oligarchy, and its Wall Street allies, have designated Felix Rohatyn’s favorite fascist, New York City Mayor Michael Bloomberg, as their man to be installed in the White House in January 2009.

When, last Autumn, everyone was touting former New York City Mayor Rudolph Giuliani as the top choice for the GOP Presidential nomination, LaRouche declared, that the Giuliani candidacy was dead in the water, based on Giuliani’s crime-tainted dossier and the wide public exposure of his corruption. Giuliani was built up to be shot down, and to take down several other candidates with him. Now Barack Obama is being set up to follow in Giuliani’s steps by the same people. LaRouche was right about Giuliani, and he is right about Obama and Bloomberg.

Over the past week, the real news is that London has launched its attack on Obama, in a number of news stories, typified by the Feb. 26 London *Times* story by James Bone and Dominic Kennedy, headlined “Mansion ‘Mistake’ Piles the Pressure on Barack Obama.” London, typified by *Times* owner Rupert Murdoch, has the file on Obama, and it has signaled that it is ready to pull the plug on him—but only after Obama has completed his final assignment: the elimination of Hillary Clinton from the Democratic Party Presidential race. Then, all hell will break loose.

The London-led attack on Obama, which has been telegraphed, but not yet launched, is the key to getting Rohatyn’s

favorite candidate, Bloomberg, in. London has everything it needs to pull the trap door on Obama, just as LaRouche has been warning for months.

The Rezko Can of Worms

The Feb. 26 London *Times* story focused on Obama’s relationship with indicted Chicago businessman Antoin (Tony) Rezko, and Anglo-Iraqi billionaire Nadhmi Auchi. Auchi, one of the wealthiest men in England, has been a business partner of Rezko since 2003, and between April 2005 and April 2007, loaned Rezko at least \$18 million. In court filings, Rezko claimed that he was in debt to Auchi to the tune of over \$29 million, indicating that the Rezko-Auchi story has yet to fully surface.

The first of the loans, for \$3.5 million, was, according to the *Times*, made on April 28, 2005, and officially recorded a month later, just weeks before Rezko’s June 15, 2005 joint real estate purchase with Sen. Obama. “The money transfer,” the *Times* wrote, “raises the question of whether funds from Nadhmi Auchi, one of Britain’s wealthiest men, helped Mr Obama buy his mock Georgian mansion in Chicago. A company related to Mr Auchi, who has a conviction for corruption in France, registered the loan to Mr Obama’s bagman Antoin ‘Tony’ Rezko on May 23, 2005. Mr Auchi says the loan, through a Panamanian company Fintrade Services SA, was for \$3.5 million. Three weeks later, Mr Obama bought a house on the city’s South Side while Mr Rezko’s wife bought the garden plot next door from the same seller on the same day, June 15.” Senator Obama has admitted that he went to Rezko, seeking help in the house purchase, and has subsequently described it as a “bone-headed” mistake. At the time of the real estate deal, it was an open secret in Chicago that Rezko was

under Federal investigation on a range of political corruption charges—for which he was later indicted.

On Feb. 28, CQ Politics, the online newsletter of the *Congressional Quarterly*, picked up on the Auchi-Rezko-Obama saga, in a piece by columnist and noted Republican Party strategist Richard Whalen. “A new headache for Senator Obama has surfaced that could have a devastating impact on his presidential campaign,” Whalen reported. Whalen quoted from the London *Times* account, adding, “We know less about Barack Obama and his political connections than we have known about any other candidate for the presidency in the past half century. . . . Obama’s media honeymoon,” Whalen continued, “may be over. A veteran journalist who covers Obama regularly provides this snapshot: ‘He’s not at all as he appears on television. He’s cold, distant and tightly wound. But when the red light goes on the TV cameras, he’s all charm and self-discipline in his choice of words.’”

“This story is not going away,” Whalen concluded. “The Rezko-Auchi connection is sure to trigger overdue press scrutiny when Rezko’s trial begins on March 3. Obama’s name could figure in the trial although he is not accused of any wrongdoing.”

Indeed, the media scrutiny has barely begun, and already, other damning scandals are bubbling to the surface. The day after the Whalen column was posted, *Washington Times* national security correspondent Bill Gertz published his own take on Obama’s “Auchi connection.” Gertz cited a 2004 Pentagon report, which described Auchi as a billionaire, “who, behind the facade of legitimate business, served as Saddam Hussein’s principal international financial manipulator and bag man.” Auchi has denied the Saddam ties, and says that his brother was executed by Saddam.

The report to the Pentagon’s Inspector General was triggered by allegations of corruption at the Coalition Provisional Authority (CPA), which administered the U.S.-led occupation of Iraq from 2003 to 2004. As quoted by Gertz, Auchi was accused in the report of “unlawful activities working closely with Iraqi intelligence operatives to . . . arrange for significant theft from the U.N. Oil-for-Food Program to smuggle weapons and dual-use technology into Iraq,” and to “organize an elaborate scheme to take over and control the post-war cellular phone system in Iraq.”

Furthermore, according to the Gertz account, Auchi was linked in the Pentagon document to British intelligence. Auchi has denied all the allegations in the Defense Department probe, although his links to “former” top MI6 officials are confirmed by a search of public records of his companies and the Anglo-Arab Organization he founded.

EIR has confirmed that the Pentagon did release a “copy of a report published by the USD/ITS, investigating the role of Nadhmi Auchi and Dan Sudnick in mobile phone licensing under the CPA in Iraq.” Several attempts by *EIR* to interview Auchi, about his business ties to Rezko and the Pentagon report, have not been answered.

The Scandal Will Grow

Tony Rezko is scheduled to go on trial on March 3, on a range of corruption charges, implicating prominent Illinois politicians. Barack Obama’s name will come up during the trial, and the scandal will continue to grow in intensity. London’s use for Obama only goes so far as to destroy Hillary Clinton. Should he succeed in that mission, he is next—whether he and his top campaign advisors know it or not.

This is the political story of the day. London will bring down Obama, and pave the way for Bloomberg—despite his claims that he is “not running.” John McCain, the current Republican frontrunner for the nomination, is already showing severe signs of strain. This is not surprising for someone who would be the oldest elected President in U.S. history, if he were to win in November. McCain was a prisoner of war in Vietnam, and is a cancer survivor. His choice of Vice President will be carefully scrutinized. He may not make it to November.

Well-placed Washington sources also reject the idea that Bloomberg is out of the race, describing Bloomberg’s announcement as a “repositioning.” They say that the obstacles to a third party or independent run are formidable, and that Bloomberg is now being positioned to be the nominee or the Vice Presidential running mate, in either the Republican or Democratic Party. The day before Bloomberg’s *Times* op-ed, the *Washington Post*’s Al Kamen hyped the idea that Bloomberg is a top pick to be the running mate for either John McCain or Barack Obama, according to a survey of his readership! And both the New York *Daily News* and Newsmax columnist Armstrong Williams have touted the idea that Obama would do well to tap Bloomberg as his number two.

The very day that Bloomberg was ostensibly “bowing out,” Josh Greenman wrote a gushing editorial in the *Daily News*, titled “Barack Obama’s dream ticket: Mike Bloomberg for vice president.” Greenman began, “If he rides the wave all the way to the Democratic presidential nomination, Barack Obama could do himself a huge favor by picking a prominent New Yorker to round out a dream ticket. No, not Hillary Clinton. Think about this: Vice President of the United States Michael Bloomberg.”

The reality, however, is that with Obama set up to take a fall; and McCain in poor health, the remaining wild card is Hillary Clinton, who is by no means out of the running.

As LaRouche has warned, there is no certainty whatsoever in the Presidential election brawl. Between now and election day in November, the financial crash will accelerate, through a series of shocks to the system. The United States will be a very different place by the time the nominating conventions occur and the votes are cast.

And if fascist SOBs like Felix Rohatyn and George Shultz are allowed to have their way, their new Mussolini, Michael Bloomberg, will be in. If that happens, one of the people who can be blamed for the treachery is Rohatyn’s pawn, Nancy Pelosi, who has played a filthy role, in setting up her own Democratic Party, as well as the nation, for a fascist hell.

Promoting Bloomberg, Setting Obama's Trap

During the month of February, the media in Britain (especially) and the United States have been devoting increasing space to bolstering Michael Bloomberg's political stock and tearing down that of Barack Obama, providing further evidence of a not-yet high-gear campaign to send Obama packing after he has completed his assigned task of denying Hilliary Clinton the Presidential nomination, while a way is cleared for the "post-partisan" austerity "manager" Bloomberg.

Here is a selection of the coverage:

Syndicated columnist Armstrong Williams, "An Independent Obama," Feb. 14.

"...The Obama campaign is now realizing that Clinton is willing to fight nasty by pushing for Michigan and Florida delegates to be included and by persuading superdelegates by all available means. Well, the Obama camp is not sitting idly by and allowing the Clintons to do what they do best: continue their trail of corruption, and total disregard for rules and guidelines.

"The word on the street is that the Obama campaign and New York Mayor Mike Bloomberg have already met and devised an incredible plan if Clinton wins the nomination. Mayor Bloomberg would give nearly \$1 billion to Obama's campaign after which Obama would bolt from the Democratic Party and run as an independent candidate with king-maker Bloomberg as his running mate.

"The Obama campaign realizes that Obama is too new at this game and doesn't have the political weight of the Clintons to bring in the true heavy-hitters of the party's hierarchy. So, according to sources, it was Bloomberg himself who suggested this cunning strategy. It's mind boggling that the Clintons are willing to destroy the entire Democratic Party, and potentially in the process lose the White House and seats in Congress, for their own selfish thirst for power and glory."

New York Times editorial, "In Search of a Real Urban Policy," Feb. 19.

"... Urban policy does not get a billing.

"It's not like there is no leadership on these issues, it's just not coming from Washington or the presidential candidates. In fact, they might take note with some concern that the national leader on handgun control and a range of other urban issues from environment to public health is Mayor Michael Bloomberg of New York, who has presidential aspirations of his own.

"Like other mayors and governors, Mr. Bloomberg has been forced to step into the yawning gaps left by a feckless federal government. He has sued out-of-town gun dealers in an effort to combat violent crimes; advocated congestion pricing and green buildings and mandated hybrid taxis to help the environment; and banned smoking in public places to fight cancer. Without much spending, he is changing things for the better.

"Of course, that is just one city, and it does not change the sad truth that states and cities have been forced to assume more fiscal obligations from Washington while getting fewer of their citizens tax dollars. There can be no substitute for national leadership. The president must provide it, and Americans deserve to know how the candidates would step up to the challenge."

"Barack Obama criticised over 'cult-like' rallies," London Sunday Telegraph, Feb. 24.

The article compares Obama's political rallies to "the hysteria of a cult, or the fervour of a religious revival."

"The week the Obama backlash started," London Sunday Observer, Feb. 24.

"A media backlash is now showing clear signs of gathering pace," and "all over America, reporting teams are now investigating Obama's record."

"America starts to sober up from a heavy dose of Obama-mania," The Times of London, Feb. 25.

"Barack Obama embarrassed by billionaire link to home deal ... Exclusive: British-Iraqi billionaire lent millions of dollars to Barack Obama's fundraiser just weeks before an imprudent land deal," The Times Online, Feb 25.

The story raises the question of whether an earlier \$3.5 million loan from Iraqi-British billionaire Nadhmi Auchi to indicted Chicago political fixer Antoin Rezko in May 2005, "made it possible for the Obamas to purchase a mansion they could otherwise not afford."

Al Kamen, "Vice Presidential Contest Heats Up—at Least Here," Washington Post "In the Loop" column, Feb. 27.

"New York Mayor Michael Bloomberg is emerging as consensus pick for vice president among both Republicans and Democrats.

"Well, not exactly, but, based on a perusal of the nearly 600 entries in our contest to pick a running mate for Sen. John McCain (R-Ariz.) and the 2,600 entries to select one for Sen. Barack Obama (D-Ill.), a fair number of Loop fans speculated that either candidate might pick Bloomberg as his No. 2."

Mayor Michael R. Bloomberg, "I'm Not Running for President, but..." New York Times op-ed, Feb. 28.

"Watching the 2008 presidential campaign, you some-

times get the feeling that the candidates—smart all of them—must know better. They must know we can't fix our economy and create jobs by isolating America from global trade. They must know that we can't fix our immigration problems with border security alone. They must know that we can't fix our schools without holding teachers, principals and parents accountable for results. They must know that fighting global warming is not a costless challenge. And they must know that we can't keep illegal guns out of the hands of criminals unless we crack down on the black market for them. . . .

“As a businessman, I never believed that either party had all the answers and, as mayor, I have seen just how true that is. . . .

“I believe that an independent approach to these issues is essential to governing our nation, and that an independent can win the presidency. I listened carefully to those who encouraged me to run, but I am not—and will not be—a candidate for president. I have watched this campaign unfold, and I am hopeful that the current campaigns can rise to the challenge by offering truly independent leadership. . . .

“If a candidate takes an independent, nonpartisan approach, and embraces practical solutions that challenge party orthodoxy, I'll join others in helping that candidate win the White House.”

Republican Party strategist Richard Whalen, “Obama and the Billionaire,” *Congressional Quarterly's* online political newsletter, Feb. 28.

“A new headache for Senator Obama has surfaced that could have devastating impact on his presidential campaign. According to *The Times* of London a British-Iraqi billionaire lent millions of dollars to Obama's fundraising effort only weeks before an imprudent land deal.” After quoting extensively from the Feb. 26 *Times* of London story, and noting the pro-Obama bias of the U.S. media coverage of Obama's duel with Hillary Clinton, Whalen concludes, “We know less about Barack Obama and his political connections than we have known about any other candidate for the presidency in the past half century. . . . Obama's media honeymoon may be over. A veteran journalist who covers Obama regularly provided this snapshot: ‘He's not at all as he appears on television. He's cold, distant, and tightly wound. But when the red light goes on the TV cameras, he's all charm, and self-discipline in his choice of words.’

“This story is not going away. The Rezko-Auchi connection is sure to trigger overdue press scrutiny when Rezko's trial begins on March 3. Obama's name could figure in the trial although he is not accused of any wrongdoing.”

LaRouche Said Giuliani Was Set Up for Bloomberg

Lyndon LaRouche released a statement on Nov. 10, 2007, forecasting that New York Mayor Michael Bloomberg would be run as a “surprise” Presidential candidate, saying: “The build-up of former New York Mayor Giuliani as a ‘hot prospect’ for the man to beat Hillary Clinton in the coming U.S. Presidential election, was a crafted set-up, designed . . . for the present New York Mayor to emerge, as if ‘miraculously,’ as Senator Hillary Clinton's really intended Republican challenger.

“All of the relevant Republican king-makers had known fully in advance of the scandal which would bring Mafia creation Giuliani down, using the case-in-preparation against Bernard Kerik to spring the trap being set against Giuliani. To make Mayor Michael Bloomberg a serious contender, Giuliani had to be brought down, but only after



Former New York Mayor Rudolf Giuliani

. . . Giuliani's brief trip to euphoria had cleared the deck. . . . [Bloomberg would be] a ‘man on a white horse’ . . . ‘People's Choice’ . . . a politically saleable product under the presently shattered reputations of both the Republican Party, and a Pelosi-discredited Democratic pack.

“Giuliani must be built up to the degree that his sudden, disastrous fall into a political ‘Black Sox’ scandal, would wreck [and] . . . discredit both Giuliani and all his leading current rivals for the Republican nomination. That is exactly what has been done, as (obviously) pre-scripted.

“The standard, expert method for bringing a dictator, such as Mussolini or Hitler, to power by popular acceptance

of a duped electorate, is to stun that electorate with a shocking scandal against the leading, existing party systems.”

On Nov. 23, 2007, *EIR* published “The Rudy Bomb, Defused,” exposing the financiers' intention to dump Giuliani's candidacy in favor of Bloomberg, and noting, “We intend to help make such an outcome impossible, by reporting, ‘prematurely,’ what would have inevitably come before the general public.”

‘The Second Coming of Felix Rohatyn’

by Anton Chaitkin

When Michael Bloomberg was elected Mayor of New York City just months after the Sept. 11, 2001 attacks on the World Trade Center, leading financier-oligarchical circles in London and on Wall Street celebrated *their* victory. If the celebrations were behind closed doors, they might have flashed a Nazi or Fascist salute at each other. Because in the wake of Bloomberg’s narrow election (it was the 59,000 votes cast on the New York Independence Party line of kook therapists Lenora Fulani and Fred Newman that secured Bloomberg’s win), a hard-core corporatist fascist apparatus was given the keys to City Hall, and has been running New York in their interests ever since.

The corporatist fascist organization, out of which Bloomberg himself came, and which now owns New York, has a name: the Partnership for New York City. It fits all of the classic definitions of corporatist fascism, such as was imposed on Italy under the bankers’ dictatorship of British agent Count Giuseppe Volpi di Misurata and his clown-prince, Benito Mussolini.

This corporatist fascism is modeled precisely on the 14th-Century Lombard system of banker-run warring city-states, which brought on the greatest catastrophe of modern history—the Black Death and the New Dark Age, when half the population of Europe was wiped out by disease, famine, and the onset of the Hundred Years War. The present generation of would-be Lombard bankers in London and on Wall Street is promoting policies which, if implemented, would bring on another Dark Age, in which the present population of approximately 6.5 billion, would be reduced to under 1 billion, over one or two generations, through the same combination of war, pestilence, and famine.

The Partnership for New York City, founded in 1979 by David Rockefeller, proudly spells out its corporatist outlook and agenda on its website:

“The Partnership is a nonprofit membership organization comprised of a select group of two hundred CEOs (‘Partners’) from New York City’s top corporate, investment and entrepreneurial firms. Partners are committed to working closely with government, labor and the nonprofit sector to enhance the economy and maintain New York City’s position as the global center of commerce, culture and innovation. . . .

“By leveraging its network of Partners, the Partnership has the unique ability to go beyond advocacy to action. Through its affiliate, the New York City Investment Fund, the

Partnership directly invests in economic development projects in all five boroughs of the city.”

The Partnership’s own official history highlights the role of the Rockefeller family in launching and running the corporatist takeover:

“Following in the tradition of three generations of Rockefellers who were closely associated with the Chamber [New York Chamber of Commerce and Industry—ed.], David Rockefeller transformed the organization in 1979. In that year, he founded the New York City Partnership and affiliated it with the Chamber. Although the original Chamber had taken a broad look at what it considered to be ‘business interests,’ it was primarily a business advocacy group. Under Rockefeller’s vision, the new Partnership would allow business leaders to work more directly with government and other civic groups to address broader social and economic problems in a ‘hands on’ way. In 2002, the New York City Partnership and Chamber of Commerce became the Partnership for New York City.”

As documented in the Feb. 29, 2008 issue of *EIR* (“Fascist in an Armani Suit: Bloomberg Channels Mussolini’s Corporatism”), Bloomberg’s Partnership is, to New York City, what Mussolini’s Fascist Confederation of Industrialists was, to Italy. They set the policy, always serving the needs of the financial oligarchy at the expense of the public good, and their political front man did as he was told. The fact that Bloomberg, a multi-billionaire, owed his entire career to the very Partnership colleagues that he put in charge of New York City, simply made the takeover all the more efficient and seamless.

Partners in Fascism

The current co-chairmen of the Partnership are Lloyd C. Blankfein, who became chairman and CEO of Goldman Sachs & Co. when Henry Paulson became Treasury Secretary; and Victor F. Ganzi, president and CEO of The Hearst Corporation. David Rockefeller, former chairman of Chase Manhattan Bank, the Trilateral Commission, the Council on Foreign Relations, and the Rockefeller Brothers Fund, is listed as “Founding Chairman.” The remaining 200 CEOs come from the upper echelon of the corporatist elite—bankers, insurance executives, hedge fund managers, media bosses—reflecting how advanced the deindustrialization of New York City and the United States as a whole has become in the past 30 years, since the Partnership was launched.



EIRNS/Margaret Fairchild

Mouse-olini on the streets of New York: a LaRouche PAC rally on Feb. 29. Benito visited City Hall, Wall Street, and other prime locations. Mayor Bloomberg, the clone of Felix Rohatyn and admirer of Mussolini's infrastructure policies, was not amused.

Here is a sampling of the Board of Directors: Stephen Berger, chairman, Odyssey Investment Partners, LLC; Kevin Burke, chairman, president & CEO, Con Edison; James Dimon, chairman, president & CEO, JPMorgan Chase & Co.; Alan H. Fishman, chairman, Meridian Capital Group, LLC; Robert Greifeld, president & CEO, The NASDAQ Stock Market, Inc.; Robert P. Kelly, CEO, The Bank of New York Mellon Corporation; Jeffrey B. Kindler, chairman & CEO, Pfizer Inc.; Henry R. Kravis, Founding Partner, Kohlberg Kravis Roberts & Co.; William P. Lauder, president & CEO, The Estée Lauder Companies, Inc.; Rochelle B. Lazarus, chairman & CEO, Ogilvy & Mather Worldwide; John Mack, chairman & CEO, Morgan Stanley; K. Rupert Murdoch, chairman & CEO, News Corporation; Richard Parsons, chairman, Time Warner, Inc.; Alan Rappaport, vice chairman, US Trust, New York president, Bank of America; Steven Rattner, managing principal, Quadrangle Group LLC; James D. Robinson III, co-founder & general partner, RRE Ventures; Wilbur L. Ross Jr., chairman & CEO, WL Ross & Co. LLC; Barry Salzberg, CEO, Deloitte & Touche LLP; Alan D. Schwartz, president & CEO, The Bear Stearns Companies, Inc.; Stephen A. Schwarzman, chairman & CEO, The Blackstone Group; Sy Sternberg, chairman & CEO, New York Life Insurance Company; Martin J. Sullivan, chairman & CEO, American International Group, Inc.; John A. Thain, chairman & CEO, Merrill Lynch & Co., Inc.; James S. Tisch, president & CEO, Loews Corporation; John B. Veihmeyer, U.S. deputy chairman and Americas chairman, KPMG LLP; Seth Waugh, CEO, Deutsche Bank Americas; and Robert

Wolf, chairman & CEO, UBS Group Americas.

The Partnership boasts that they have set the Bloomberg agenda, since his arrival at City Hall, including such classic fascist schemes as the move, currently under way, to impose a draconian “congestion tax” on all cars and trucks entering Manhattan, from 86th Street down to Battery Park. Mayor Bloomberg is a hard-core “greenie,” peddling Al Gore’s global warming swindle, and the accompanying carbon tax futures market, which is but the latest financial bubble to be attempted by London, to deindustrialize the industrial world and assure that no modern industry or infrastructure is developed in the developing world. And the Partners are in the lead in the nationwide drive, spearheaded by Bloomberg and his “soul-mate,” California Gov. Arnold Schwarzenegger, to loot America’s dwindling infrastructure through privatization, under the scheme they call “public-private partnership initiatives.” It is this drive to privatize infrastructure that was built for the public good, and with taxpayers’ money, that most clearly echoes the 14th-Century Lombard schemes, which led to the same kind of financial crash that is now again under way.

Leading members of the Partnership, such as Rupert Murdoch, Steven Rattner, and James D. Robinson III, are up to their eyeballs in the drive to install Mussolini-clone Bloomberg into the White House in January 2009.

The Big MAC Roots of Rockefeller’s Partnership

The takeover of New York City by Bloomberg’s Partnership allies and controllers is most closely associated with two

names: Felix Rohatyn and Rockefeller. The Rockefeller Foundation funds and sponsors the Bloomberg-Schwarzenegger “Build America’s Future Coalition.” The Rockefeller Brothers Fund pays for and coordinates much of Mayor Bloomberg’s PlaNYC and C40 planning agendas for radical gentrification and shrinking of living standards—all on behalf of a frontal assault against the very notion of sovereign nation-states.

The launching of the Partnership was directly tied to the brutal looting of New York City, administered by Felix Rohatyn, beginning in the mid-1970s, when New York was still one of the leading industrial hubs of America. A *New York* magazine article (“The Power of Partnership,” Nov. 19, 2001) extolled the group’s use of the fear and shock from the 9/11 attack, whereby “the apathy on the part of the business community ... was blown up.” And an “alliance of A-list business leaders formed in the wake of the last fiscal crisis, is coming together to lead the counterattack.” Regional Plan Association executive director Robert Yaro is quoted saying, “Rather than lighting candles for the second coming of Felix Rohatyn, we just have to move on here.”

New York went under Rohatyn’s dictatorship in 1975. Fearful, reeling from post-industrial economic shrinkage, and meeting a coordinated credit freeze from Wall Street, the city had turned as a last resort to David Rockefeller’s Chase Manhattan Bank, to head a loan syndicate. Rockefeller’s refusal drove the city to accept the bankers’ plan, for Rohatyn to run a Municipal Assistance Corporation (known as Big MAC) to slash city services and crush unions.

Rohatyn brought outright Schachtian fascist austerity methods to New York City, which was on its knees before him. Under his direction, Big MAC sent hundreds of thousands of manufacturing jobs, including crucial small machine-tool shops, out of New York.

In 1979, with local self-government at an end, David Rockefeller founded the New York City Partnership to make Rohatyn’s looting of the city permanent. Rockefeller brought together leading bankers with some chosen labor leaders, as Felix had done. As seen above, the corporate Partnership members were exclusively financiers, speculators, and a few media or service-sector monopolists, with no industry represented; they became billionaires, flying high on mergers, derivatives, and junk bonds, until the plunge began in 2000.

Then the planes hit the Twin Towers.

As *New York* magazine explained of the Partnership, “The Monday after the attack, the group called an emergency breakfast meeting at the Regency Hotel—the birthplace of the famous fiscal-crisis Power Breakfasts that Felix Rohatyn, [real estate moguls] Lew Rudin [and] Bob Tisch, and [“labor leader”] Victor Gotbaum inaugurated in the seventies. [Regency owner] Tisch [was] there this time, too.”

Conferring with Rohatyn and Michael Bloomberg—then a mayoral candidate and the billionaire advisor to speculators—and under the co-chairmanship of Rockefeller Center

owner Jerry Speyer and mega-speculator Henry Kravis, the Partnership forged plans for a “new” financial district after the attacks, and a new regime for the city.

Two months later, Bloomberg was elected mayor. The group, now called Partnership for New York City, absorbed the old New York Chamber of Commerce, which had represented the city’s business interests since colonial times. The Partnership had become the city’s equivalent of Mussolini’s councils, combining corporate cartels and government into one ruling body.

The 2001 *New York* article politely described the new post-9/11 power arrangement: “Now the Partnership is supplying Bloomberg with the independent, nongovernment-sourced numbers he needs ... just as the Manhattan Institute, the conservative think tank, provided [for former Mayor Rudolph] Giuliani. ... ‘The Partnership has replaced the Manhattan Institute,’ agrees Mitchell Moss, director of NYU’s Taub Urban Research Center and an adviser to Bloomberg.”

In 2004, as Mayor Bloomberg hit his stride, Martin Lipton was brought in as the Partnership’s co-chairman. Lipton had been the city’s special counsel for the 1970s fiscal crisis, coordinating with Big MAC dictator Rohatyn, and over the years he has been a principal attorney for Lazard Frères’ merger and acquisition operations.

Bloomberg and Schwarzenegger

Bloomberg and Schwarzenegger announced the Build America’s Future Coalition on Jan. 19, 2008 (see *EIR*, Feb. 1), seeking to bind other governors and mayors to their fascist program for privatization of infrastructure. Bloomberg took his cue from Rohatyn’s recent demands for privatized infrastructure, and, with old George Shultz, for worldwide mercenary war-making; Schwarzenegger is entirely the political creature of Shultz and his circle.

Bloomberg’s Jan. 19 announcement carried the subhead, “Rockefeller Foundation Commits To Funding Coalition Staffing and Resources To Make Infrastructure Funding a National Priority,” and quoted Rockefeller Foundation President Judith Rodin claiming that, “for almost a century, the ... Foundation has supported breakthrough solutions to society’s most pressing problems. ... This coalition represents another milestone on the road to policies that protect the environment [and] keep citizens safe. ...”

Indeed, the Rockefeller legacy has left its mark. In the 1920s and ’30s, Rockefeller foundations bankrolled the eugenics movement, and its worldwide head, Ernst Rudin, a pioneer in “race hygiene.” Rudin was a prominent Nazi. Forty years later, the Rockefeller Foundation’s Bellagio Conference Center in Italy was the site for launching the Club of Rome, which called for genocidal measures to reduce the population of the world, targeting the developing sector. Today, Rockefeller money is backing the drive to install Bloomberg as the new “Il Duce.”

Some things just never change.

Obama's Last Hurrah: LYM Fights For the Souls of America's Youth

by Ivan Corpus, LaRouche Youth Movement

Democratic Presidential contender Barack Obama is being trampled by a London-guided media campaign, as the Anglo-Dutch Liberal oligarchy pushes their last resort, fascist Mayor Michael Bloomberg. Yet, 25,000-30,000 young Obama supporters assembled at the Seaport World Trade Center in Boston on the eve of "Super Tuesday," Feb. 4. The mostly college-educated crowd had come to "stand up for change," waiting outside for six hours to partake in the rock-concert ambiance of an Obama campaign rally, one of many occurring around the country.

As economist and American patriot Lyndon LaRouche observed in "Mitt Romney Walks Out" (*EIR*, Feb. 15), Obama "has captured the imagination of a significant minority of the electorate." The notable fact that confronted LaRouche Youth Movement (LYM) organizers at the Boston rally is that, while these upwardly mobile youth avowedly want change, in reality, they are a reactionary, populist mob, who would, without the escalating intervention of the LYM's "The Noösphere vs. the Blogosphere: Is the Devil in Your Laptop?" pamphlet, be at tremendous risk of being herded by social networking sites into supporting a corporate fascist takeover of the U.S. Presidency by London-backed Mussolini-clone, Mayor Michael Bloomberg.

Digital Youth

The Anglo-Dutch Liberal oligarchical faction behind Bloomberg is wealthy, influential, and what's worse, increasingly desperate, making them all the more dangerous. These fascists are backed into a corner, by the ongoing blowout of their speculative financial system—a system whose demise economist Lyndon LaRouche alone forecast as early as the 1970s, and which he has attempted to uproot ever since, fomenting the mortal conflict between himself and the financial oligarchy. Therefore, no matter what stable of candidates may appear before the public now, the oligarchy will tear down any candidate not controlled by them who stands a serious chance of winning the Presidency, especially if that candidate is poised to embrace the model for legislation that Franklin Roosevelt adopted to save humanity from the scourge of European fascism in the 1930s and 1940s. Barack Obama may not be a fascist, but he serves the oligarchy's interests with uncanny flair: as a populist pied piper to a generation of computer-weaned youth.

It is plain to see the ways in which Obama's young supporters will be swept part and parcel into a movement to sic a Bloomberg dictatorship on an unaware populace, either as an independent, or as running-mate to Republican John McCain (with the assistance of Felix Rohatyn-mouthpiece, House Speaker Nancy Pelosi), after the present contenders have been wiped out.

For instance, early supporters of Bloomberg at Boston University and at Brown University in Providence, R.I. have exhibited the mentality that makes them consignees to a popular wave of support for fascism. For instance, one student claimed, "I love Bloomberg. He gets things done."

Youth, rejecting the indolence of the Baby-Boomer generation, loathe the inefficiency of big bureaucracies. Bloomberg's promises to streamline government and curtail spending will appeal to many of them. Compare Obama's vapid sloganeering about change, of which even he is growing tired, to Bloomberg's dictatorial plans to "build infrastructure," enunciated at a Jan. 19 Rockefeller Foundation event in Los Angeles under the mantle of "Building America's Future." This George Shultz/Felix Rohatyn policy package is second-hand Mussolini-corporatist fascism, peddled to an unwitting, ahistorical population.

Obama's young supporters are heavy users of Facebook.com and other social networking websites. The LaRouche Youth Movement has revealed the wicked intentions behind social control mechanisms like Facebook, in a way which is already sending shock waves through society, especially among youth.¹ Many students, alarmed at having become addicted to these empiricist wastelands, have reported deleting their Facebook accounts.

Another Brown University student admitted to having joined a "Draft Michael Bloomberg" Facebook group one day while poking around cyberspace, for no particular reason. He was looking for some group to join and the "Draft Bloomberg" group lured him in.

Obama supporters are young and computer-literate, and limited in their intellectual and cultural development by digital forms of thinking. They will be dangerously impressionable when Obama is finally brought down; the financial oli-

1. "The Noösphere vs. the Blogosphere: Is the Devil in Your Laptop?" LaRouche PAC, November 2007. And at a campus near you!

garchy orchestrating the Bloomberg fascist coup is keenly aware of that. Given the kind of sophisticated data-mining and social research that the Bloomberg camp has already engaged in, many more politically aimless youth, many of them created in the void left by Obama's downfall, are to be targeted and snatched up by the multi-billion-dollar Bloomberg apparatus.

The LaRouche Factor

“Oh, no! Not LaRouche!”

This was the political backdrop for the LYM intervention among thousands of young Obama supporters outside the Seaport Hotel rally on Feb. 2, and the resulting dynamic between youth and LaRouche Youth organizers was, as they say in fusion research when the necessary threshold of plasma density and temperature has been reached, “above break-even.” Groups of 10 and 20 youth were briefed on LaRouche’s warning of the imminent danger of a hyperinflationary blow-out of the entire world’s monetary system, and his call to defend the dollar with a two-tiered credit system.

There were some very thoughtful responses, and many people were seizing the latest LaRouche PAC literature. Later, we unfurled a shower-curtain sized banner that read, “Will Fascism Reign in the Post-Partisan Era?” This portrayed a sheepish Barack Obama holding an umbrella over the unscathed head of Mayor “Benito” Bloomberg As crowds of 100-200 Obama supporters anxiously waited for the mile-long line to advance, they were briefed on the fascist plot to make Bloomberg dictator.

This potent intervention on the fantasy-ridden, ready-to-party Obama crowd provoked a number of spectacular freak-outs by youth and Baby-Boomers alike, but it also drove home a desperately needed paradox for the more contemplative youth in that crowd. Sure, some digitally minded youth echoed the tormented cries of their empiricist captors Paolo Sarpi and Bertrand Russell,² screaming, “Oh, no! Not LaRouche!” At the same time, there were many more youth who were prompted by the LYM intervention to activate the “analog” faculty of their minds, that which is unique to the sovereign individual, to inquire, on a higher level than simple sense-perception, whether what the LYM organizers were saying was truthful.

Youth will approach LYM organizers and say, “Hey, I’m on Facebook/MySpace/video games...” prepared to confess to having a secret identity in cyberspace. But, this we already know.³ The relevant paradox is this: Unless young Americans



EIRNS

“Will Fascism Reign in the Post-Partisan Era?” This is the question the LYM organizers are posing to youth and the rest of the population. Here, Boston LYM members at a February conference of the American Association for the Advancement of Science.

can admit to participating in a mass-based fascist movement—which LaRouche has exposed as the intended Bloomberg dictatorship, with the backing of George Shultz and Felix Rohatyn of the “Revolution in Military Affairs”—they will not become conscious of the fact that their chosen form of recreation is a program of voluntary behavioral training, being run top-down by such excretions of that Anglo-Dutch financial slime mold as Rupert Murdoch and Sir (Knight Order of the British Empire) Bill Gates.

Those enthusiastic supporters of Barack Obama, just like devotees of Digit-AI Gore’s global warming, must stop pretending that the Internet is a “good way to keep in touch with people.” Thus far, the main thing the Internet has been used for is eroding national cultures, hastening the implementation of globalization. It is time for Americans to do some serious thinking about our shared future, at a safe distance from the decrepit “opinions” of electronic media, or we will all be the unfortunate subjects of the incredibly awkward sexual advances of a flirtatious virgin, fascist Michael Bloomberg.

in the world, out-ranking most of the nations of sub-Saharan Africa and Central Asia.

2. Creighton Cody Jones, “How Wiener Attempted to Kill Science: Only Diseased Minds Believe in Entropy,” *EIR*, Jan. 4, 2007.

3. If MySpace users, with over 300 million accounts, declared independence from political reality, their newly formed sovereignty would be the fourth most populous country in the world. If 64 million Facebook users followed suit, it would be the 20th most populous (not counting dual citizenship). Their economies could be supported by the video-game industry, the \$9.5 billion annual profits from which would make it the 110th most prosperous country

The American Way

In an ironical, and typically American way, the LYM has organized for LaRouche's proposed legislation, the Homeowners and Bank Protection Act (HBPA), in such a way as to have delivered the central argument of "The Noösphere vs. the Blogosphere" loud and clear: "Log off and change history!" On Jan. 28, in Springfield, Mass., one of America's first manufacturing cities, now wracked by the effects of post-industrialism and insane speculation on home mortgages, the LYM went to a Hillary Clinton speaking event at Springfield College to organize support for the HBPA, and within 10 minutes, unloaded their entire stock of LaRouche PAC pamphlets on more than 1,000 students waiting outside the event. (This repeated a process that was critical in the New Hampshire primaries.⁴)

When Hillary Clinton spoke at Clark University in Worcester on Feb. 2, the same day as the Obama rally at the World Trade Center in Boston, a similar phenomenon occurred. Clark University is a campus where consistent organizing by the LYM has reinforced efforts to have the HBPA passed in the Worcester City Council.

On "prestigious" university campuses, students more closely resembling Pod-People might walk past HBPA organizing events, apparently oblivious to the economic crash under way, but later, those same students are reading and debating the incendiary contents of "The Nöosphere vs. the Blogosphere." In this way, the LYM is changing the anti-social dynamic on many campuses.

A single meeting of the LaRouche Youth Movement in December brought together students from six college campuses: Boston University, Northeastern University, Bunker Hill Community College, Berklee College of Music, Worcester State College, and the Massachusetts Art Institute. Many of the conversations between LYM organizers and Obama fans outside the Seaport Hotel were repeat encounters with students who had already received "The Noösphere vs. the Blogosphere," and been in dialogue with the LYM on their campuses. The consistent, on-the-ground leadership of the LYM is the only fail-safe option that could transform a disappointed mass of Obama supporters into the decisive political support for emergency legislation to bring our banking system under Federal protection.

Thus, when Obama is brought down, there will be two options. Millions of young Americans will be confronted, explicitly, with the choice of appeasing the Bloomberg corporate fascist takeover, or joining the LaRouche movement's campaign to return to the principle of the General Welfare, to put the banking system through a reorganization-in-bankruptcy, and to do it all in the name of LaRouche's HBPA. Many of those who would otherwise flee from reality altogether, to a world of instant messaging and video games, now correctly

perceive that option as ensuring their own self-ruin, thanks to the change seeded by members of the LaRouche Youth Movement. As complex as the political situation is, reality, which reveals itself to the human mind as a paradox, has brought the full weight of history to bear on Obama's rapidly growing band of young supporters.

Epilogue: 'Those Youth Did Not Write This Pamphlet'

When Obama supporters awaken from their reverie, they must open their eyes to see a United States in which the LaRouche Youth Movement has lowered its shoulder, and is driving the HBPA legislation through every body of government in the United States on the long march to Capitol Hill. When they come to their senses, they must behold the analog-quality of creative genius infused in the 80-minute documentary, "Firewall: In Defense of the Nation-State,"⁵ that the LYM's Project Gauss team has recently prepared for the mass education of the American people on the hyperinflationary process (which has the incompetent monetary economists of today hyperventilating). They must know better by now than to pay too much attention to "Popular Opinion," that spell-binding force that lurks in the dark recesses of Facebook, and pokes, pokes, pokes them in their moments of doubt, and will not stop poking, even after the Facebook account has been cancelled.

We must extend the most heartfelt sympathy to Digitalkers, like Pedraig Scanlan of the McGill University *McGill Daily*, who, despite his obvious fascination with Lyndon LaRouche and his Youth Movement, behaves as if impersonating a man who has been gagged and bound, squirming and grunting maniacally for somebody to release him from captivity. In the digital world inhabited by creatures like Scanlan, change, of the type reflected by the LYM's emergence onto the stage of history as the most powerful creative movement in the United States—that is, the kind of change that belongs to a universe organized dynamically, not mechanistically—cannot be comprehended by a digitalized mind. Scanlan writes, with reference to "The Noösphere vs. the Blogosphere": "I have no doubt that there are youth involved in the Youth Movement. But those youth did not write this pamphlet."

If the United States will continue to exist, then young supporters of Obama, when soon faced with the political immolation of their Lancelot, will not choose hysterical flights-from-reality as Scanlan has done, but will, after taking the appropriate pause to allow themselves to adjust to the properly, analog action of their creative human mind, realize that the LaRouche Youth Movement is not hoping for change, but is itself changing, and, without any excessive theatrics. And they will join us to smash the Bloomberg option and put the corporatist fascist plans of the financial oligarchy out of business.

4. "The LaRouche Show: Clinton Campaign Pulls Nation Back From Brink," *EIR*, Jan. 25, 2008.

5. Available at www.larouchepac.com.

The Federal Reserve Has Become Irrelevant

by John Hoefle

Could they really be that stupid? That is the question which comes to mind watching the recent spate of statements by government officials discussing what they see as the problems facing the economy, and what needs to be done to solve them. Rather than admitting the global financial system has failed, and must be put through bankruptcy, they blather on about whether or not we have entered into a recession, and about the need to protect asset values from the effects of what they prefer to call the “housing crisis.”

Take the case of poor Ben Bernanke, who had the misfortune of taking over as chairman of the Federal Reserve just in time for the worst financial crash in six centuries. Bernanke has a reputation for being an expert on the Crash of 1929 and the banking problems which surrounded it, but judging from his public statements, he still believes we are in the midst of a housing crisis.

“Many of the challenges now facing our economy stem from the continuing contraction of the U.S. housing market,” Bernanke told the House Committee on Financial Services in his Feb. 27, Semiannual Monetary Report to Congress.

We do not dispute that there is a housing crisis in the U.S.; home sales and home prices are indeed falling, precipitously, with predictable effects. What we reject, and emphatically so, is the idea that housing is the *cause* of the present crisis: As we have detailed in prior articles, it is the bankruptcy of the system as a whole, which blew out the real estate markets. The so-called “subprime crisis” is actually an *effect* of a financial system which depended upon ever-higher mortgage debts to feed a financial bubble. The subprime loans were a response from the banking system to continue to sell homes when prices rose so high people could no longer afford them.

What we are facing is a crisis of the banking system itself, and of the securitization and off-balance-sheet apparatus

which the banks created to hide their own bankruptcy, and anyone who is afraid to say that, is irrelevant.

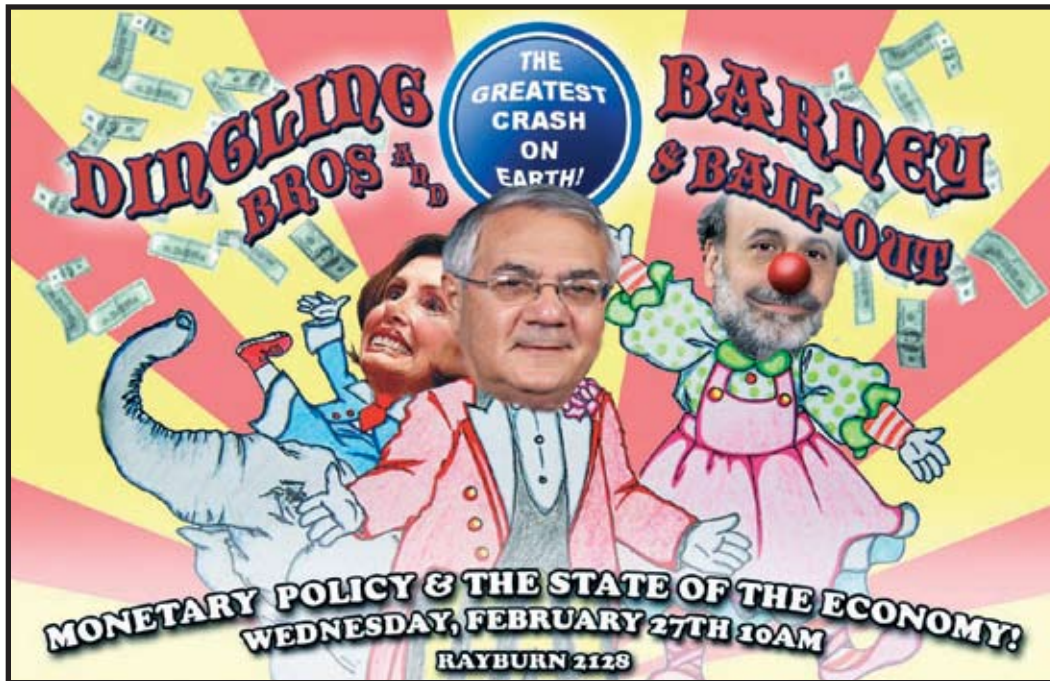
Banking Crisis

The fact that they refuse to say it, doesn’t mean they don’t understand it, at least in part. It is clear from the Fed’s money-pumping and collateral-soaking operations that the Fed realizes the banking system is in meltdown mode, and it is fair to suspect that the Fed is doing far more than it would dare publicly admit, to keep the banks’ doors open.

The problem facing the regulators is that the financial system is collapsing, held together more by denial than anything else. The vaporization of trillions of dollars of nominal wealth has triggered an avalanche of losses, losses which the system cannot withstand, and so considerable effort is being expended to maintain the fiction that the bond market hasn’t exploded, the paper still has value, and the banks are not broke. The problem is that the event—the collapse of the global financial system—has already occurred, and what we are now witnessing are the effects of that collapse.

The FDIC has already begun adding staff to its Division of Resolutions and Receiverships in preparation for a wave of bank failures, and has placed job postings on its website for those with the skills in “duties associated with a financial-institution closing.” Three banks failed in 2007, compared to none in the two previous years, and the number of institutions on the FDIC’s “problem” list jumped 50%, from 50 in 2006, to 76 in 2007.

One need but look at the headlines of the agency’s latest Quarterly Banking Profile to see signs of trouble ahead. “Quarterly Net Income Declines to a 16-Year Low,” said one; “One in Four Large Institutions Lost Money in the Fourth Quarter” said another. The banks still reported a



Chris Jatzat

Financiers, technocrats, and elected officials are putting on a clown show, as they push to bail out the already dead financial system. Circus performers, left to right: House Speaker Nancy Pelosi, Rep. Barney Frank, and Fed Chairman Ben Bernanke.

profit of \$5.8 billion for the quarter, the lowest such total since 1991, and down 84% from the \$35 billion the banks reported for the fourth quarter of 2006. For the year, the banks claimed \$105 billion in profits, down 27% from \$145 billion in 2006. In an era where write-offs of double-digit-billions have become almost common, the handwriting is on the wall.

The ominous tone of the normally upbeat FDIC report continues well beyond the headlines. Non-current loans—loans 90 days or more behind in payments—rose by \$27 billion, or 33% in the last three months of the year, the largest percentage rise in the 24 years the FDIC has been tracking the figure, and net charge-offs jumped sharply. The banks as a whole added a net \$15 billion to loan loss reserves, despite which, the level of reserves fell to just 93 cents for every dollar of reported non-current loans, the first time since 1993 that non-current loans have exceeded reserves.

In a development of significant interest, the level of derivatives reported by the banks fell during the quarter, to \$165 trillion at year-end from \$173 trillion on Sept. 30. The level of derivatives for 2007 was still up 25% over 2006, and quarterly drops in derivatives holdings have happened before, but in dollar terms, the \$8 trillion drop in the fourth quarter was the largest quarterly drop ever, and in percentage terms, at 5%, it was second only to the \$6 trillion (12%) drop in the fourth quarter of 2001, the quarter following 9/11. If the derivatives markets have peaked, then the problems facing the banks are far worse than anything the banks and their regulators have admitted.

Other signs of a banking crisis abound. The big banks

which own Visa, the world's largest credit-card processor, are planning on selling roughly half of the company in an initial public offering. The IPO is intended to raise some \$15-19 billion, giving the banks some badly needed capital, and helping them reduce their exposure to credit cards, one of the many nightmares on the horizon. Raising capital has become serious business for the banks, with Citigroup, Merrill Lynch, Morgan Stanley, Bank of America, and Wachovia raising over \$55 billion in the last few months, to offset some of their losses.

While the biggest banks are the most bankrupt, the smaller banks are also in trouble. Figures from the Comptroller of the Currency (OCC) show that the commercial real estate exposure of the nation's community and mid-sized banks is in the range of 275% of their capital as of 2006, compared to about 80% for the large banks.

Bailouts

Numerous bailout proposals are circulating in Washington, all of them based upon the idea that the current asset decline is an aberration, and that the government should step in and protect the asset valuations until the market returns to normal. FDIC chairman Sheila Bair has proposed freezing scheduled interest rate hikes on troubled mortgages. Sen. Chris Dodd (D-Conn.), head of the Senate Banking Committee, proposed that the Federal government purchase and refinance mortgages headed for foreclosure. Bank of America and Crédit Suisse are circulating their own proposals. Many of these proposals involve having the Federal Housing Administration insure loans, and then having Fannie Mae and Freddie

Mac buy them; Freddie and Fannie have been instructed to begin buying so-called jumbo loans—those over \$417,000—despite the fact that both institutions are already hemorrhaging money. Freddie Mac reported a loss of \$2.5 billion for the fourth quarter, while Fannie Mae lost \$3.6 billion.

All of the plans, while claiming to protect the public, are actually intended to protect the valuations of mortgage-related securities, as a way of protecting the banking system. Rather than admit that housing prices are too high, that debt levels are unsustainable, and must be adjusted through bankruptcy proceedings, the plans would convert the debt to government obligations, in effect shifting the huge asset losses to the taxpayers.

Treasury Secretary Henry Paulson has attacked some of these proposals as bailouts of speculators, even while advancing his own bailout plans. While some bankers are clamoring to be saved, Paulson is smart enough to realize that the bankers—or at least some of them—will have to take their lumps. He has been adamant that banks must write down their losses and recapitalize, even while he has attempted to organize private-sector bailouts like his ill-fated M-LEC Super-SIV plan, and his Hope Now Alliance.

Paulson, as a former Goldman Sachs banker, knows quite well that the financial system is finished, and is determined to save the core institutions of that old system—a handful of big banks, investment banks, and other institutions—to survive as part of the new system the bankers are attempting to put into place. Much of the old system will have to be let go, with the new system to be raised, Phoenix-like, out of its ashes. The politicians are to be kept out of this as much as possible, in Paulson's view, because the new system will rely much more on technocrats than politicians, much more on the private sector than the government.

While the technocrats attempt to decide our fate, the news media is doing its best to distract us with minor dramas like the fate of the monoline bond insurers, and all the losses that will follow should the monolines fail to retain their crucial AAA credit ratings. If they fail, we are repeatedly and breathlessly told, all hell will break loose. But, all hell has already broken loose. The monolines wouldn't even be an issue were the bond market not collapsing, a point which ought to be obvious, but which the media continually misses.

California Gov. Arnold Schwarzenegger and New York Mayor Michael Bloomberg, acting on behalf of fascist bankers like Felix Rohatyn, are touring the country pushing privatization of public infrastructure. They claim the private sector, with all its cash, can afford to build projects the governments cannot, but it is the old bait and switch scam. These private sector funds are rapidly evaporating. The bankers don't intend to spend billions, they intend to make billions by charging ordinary citizens for using infrastructure the citizens have already paid for. It is a very old-fashioned rip-off, and you can expect to pay through the teeth. Assuming, of course, that you survive.

Ethanol Won't Solve Food Price Inflation

by Marcia Merry Baker

The World Food Program—the UN food relief agency—said in its February “emergencies” report, that it is has begun plans for rationing scarce aid among 73 million people in 2008, because food prices are out of control, and supplies are so scarce. This is just one of many responses to the fast-worsening inflation of food prices; others include street riots in Southwest Asia and unilateral, defensive actions by China, the Philippines, and other governments to secure food.

Three major factors are at play. First, grains and other staples are in short supply after decades of underproduction; globalization of farming and food trade has downgraded agriculture output potential, as ratios fell per unit area of availability of water, power, high-tech inputs, and transport. Worldwide, grain production has been less than consumption in seven of the last ten years. Stocks of rice, wheat, and corn are at severe danger levels.

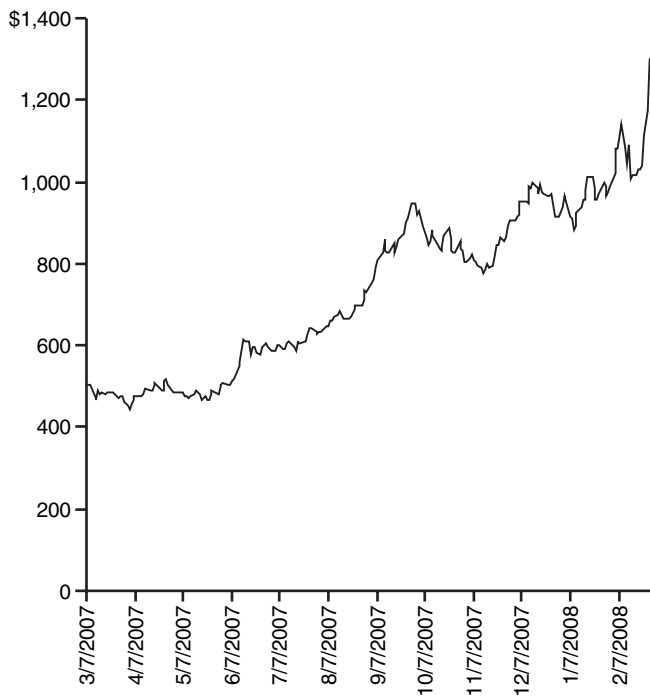
Second, the switch of farm land to producing biofuels instead of food crops, has turned a crisis into a catastrophe, especially since the 2005 ethanol-use mandates were set in the United States, France, and elsewhere. In 2008, fully 12% of the world's corn output will go to ethanol, up from barely 1% a few years ago.

Finally, the impact of wild speculation on the Chicago Board of Trade and other grain exchanges in Kansas, Minneapolis, London, and elsewhere, is driving up prices by the hour. In February alone on the CBOT, the daily allowable limit for the price of a bushel of wheat was raised multiple times, to accommodate the fact that it kept being hit, and trading had to be suspended. Before Feb. 11, the limit was 30¢; then upped to 60¢; then 90¢. On Feb. 26, it was at \$1.35 a bushel limit, but still it was hit. The futures price for a bushel of wheat (May delivery) in Minneapolis has doubled since September. **Figure 1** shows the past year's rise in wheat futures prices on the Kansas City Board of Trade, reaching the vertical stage by the end of February.

No wonder that the food chain is breaking down all along the line. For example, vast liquidations of livestock are threatened, because feed prices have shot up. **Figure 2** shows monthly cattle futures prices during 2007, indicating that cattle producers are taking a hit by having to pay soaring feed prices, while what they receive for their beef stays relatively the same. Hog producers are hit very hard.

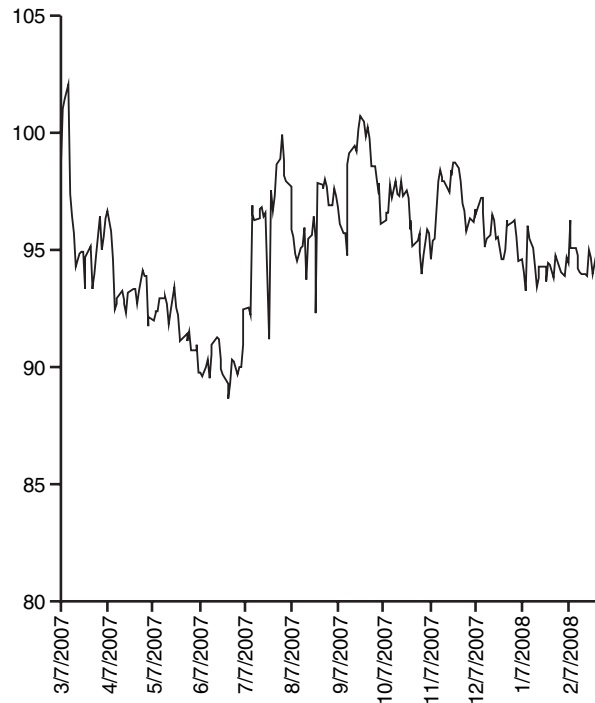
In Britain on March 4, pig farmers plan to stage a demonstration against the fact they are losing 4 to 7 pounds a head on every animal marketed. Feed-grade wheat is one of their prin-

FIGURE 1
Price of Wheat Futures on the Kansas City Board of Trade, March 2007 to February 2008
 (\$ per Bushel)



Source: EIR, KCTB.

FIGURE 2
Live Cattle Futures Prices, U.S.A., March to December 2007
 (Cents per Pound)



Source: EIR.

cial animal rations. On Feb. 21, an announcement was made by Smithfield Foods, Inc., the cartel meat company, that it will reduce its U.S. sow herd by 5%, which will result in a cut of 800,000 to 1 million hogs a year in output. Corn is one of the principal U.S. hog rations. Corn futures prices, as well as soy meal hog feed, are setting records. Smithfield alone accounts for 18 million hogs a year—which is 20% of total U.S. hog production—so any downsizing of their operations has an automatic big effect on the food supply.

Despite this breakdown process, an emergency-measures approach could begin to turn the situation around. National “food mobilization boards” could work to restore production, and collaborate internationally to build up agriculture capacity. There are many historic precedents—for example, the way U.S. farm output surged during World War II, despite young men being away in the military.

But re-establishing food security depends on sovereign governments re-asserting their nation-serving responsibilities, most immediately to deal with the financial system blow-out. Lyndon LaRouche addresses this task directly with his call for a “New Bretton Woods” financial system, initiated by the four major powers—the United States, Russia, China, and India.

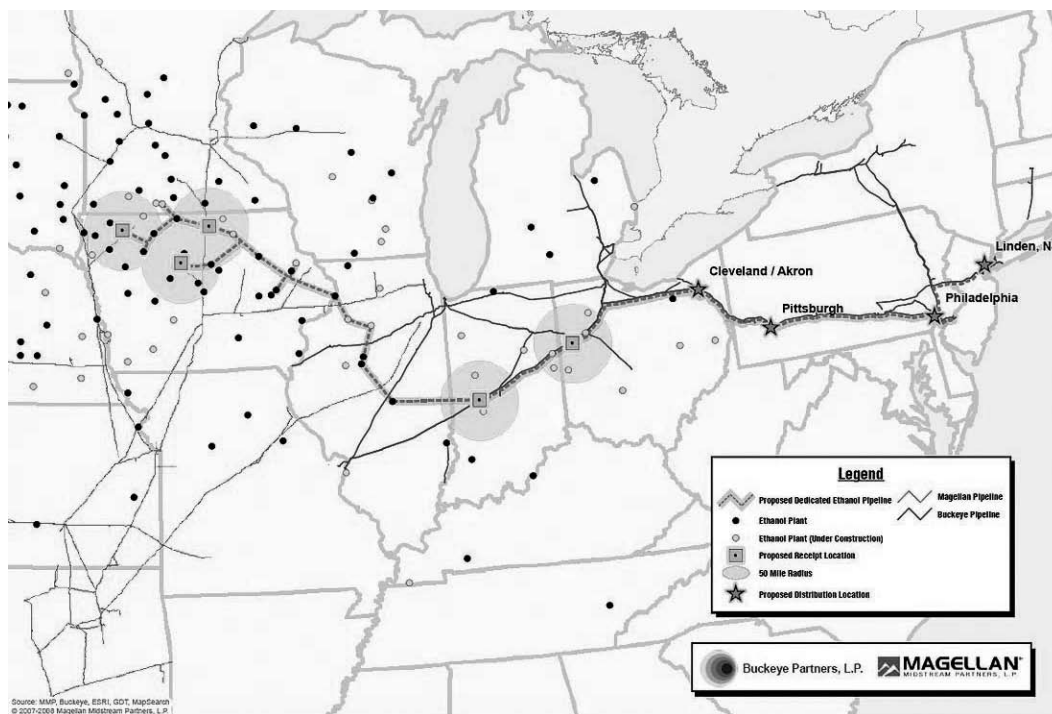
The enemies of this approach, when it comes to the clear and present danger of food scarcity, are doing everything to make it worse. The intent is seen in their positioning for post-crash domination of what’s left. In general, there is a tightening of control in the already highly consolidated globalized food system, as exemplified by billionaire Warren Buffett’s February purchase of a huge stake in Kraft Foods, the dairy giant. But for institutionalizing food scarcity, the most dramatic recent developments are the proposals for ethanol pipelines in North and South America, to run from the grainbelts to the ports. Though biofuel projects may be pipedreams, as one Texas energy expert proclaimed, “This is where the money is going right now—green, clean, and mean.”

Pipedreams: Ethanol Pipelines

Major announcements were made this month to build two ethanol pipelines: one in the U.S.A., going 1,700 miles from Iowa to New York Harbor, with inland regional distribution points at Cleveland/Akron, Pittsburgh and Philadelphia (see **Figure 3**). The pipeline proposed for Brazil is going 800 miles from the inland state of Goias, through Minas Gerais, to the port at Paulinia/São Paulo. Ethanol is corrosive to the surfaces of existing pipelines; but if specialty carbon steel is used, the

FIGURE 3

The 1,700-Mile Ethanol Pipeline from Iowa to New York Harbor, Proposed by a Private Partnership



Source: Feb. 19, 2008 press release, Buckeye Partners, L.P.

Two major petro-product companies, Tulsa-based Magellan Midstream Partners, L.P. and Pennsylvania-based Buckeye Partners, L.P. propose to build an ethanol pipeline from the cornbelt through to Pennsylvania and New York/New Jersey, to distribute ethanol throughout the Northeast, as shown on their map released in February.

new dedicated lines can resist damage. Their impact? The new projects would institutionalize food shortages and guarantee famine.

Both pipeline proposals are associated with major financial players—hidden and public—behind globalization and the biofuels push. Big beneficiaries of the Brazil pipeline include Cargill, George Soros, and Bill Gates—all part of the cane ethanol expansion in Brazil. In February, a partnership was announced to construct the pipeline, composed of Brazil’s Petrobras; Mitsui & Co., the Japanese commodity cartel; and Camargo Correa S.A. of São Paulo. The \$1.6 billion project is expected to take over two years to complete.

In the United States on Feb. 19, two of the world’s biggest petro products companies (terminals, blending stations, pipelines) issued a statement and map of their plans for the U.S. pipeline: Tulsa, Oklahoma-based Magellan Midstream Partners, and Pennsylvania-based Buckeye Partners. Their pipeline would gather ethanol from Iowa, Illinois, Minnesota, and South Dakota, to ship to the Northeast states, and abroad. The pipe would run up to 24 inches in diameter, and carry 300,000 barrels of ethanol a day. Their feasibility study is expected to be completed later this year. Estimated to cost in the range of

\$3 billion, the system would take several years to build, and follow rights-of-way that are in large part, already owned by Buckeye Partners.

Buckeye now blends ethanol into gasoline at 24 terminals, with more under construction. Magellan operates an 8,500-mile petroleum products pipeline system in the Midwest, with 42 terminals that blend ethanol. The company was in on the ground floor in the 1980s, when the Federal subsidy of 51¢ a gallon was initiated to the firms that blend ethanol into gasoline. Both companies are also structured as “master limited partnerships,” thus evading corporate income taxes.

Now Magellan and Buckeye expect more Federal support.

“Buckeye and Magellan are leaders in the pipeline industry and can play an important role in developing the infrastructure needed to efficiently meet the renewable fuels requirements of the recently enacted Energy Bill [2007],” states Eric Gustafson, Buckeye’s Chief Operating Office, in the company’s Feb. 19 pipeline announcement press release. It states, “Congressional support and assistance is necessary for a project of this nature...” Sen. Tom Harkin (D-Iowa), chairman of the Senate Committee on Agriculture, Nutrition and Forestry, has already pledged his support. “I applaud these two companies’ efforts,” he said.

‘Gorey’ Grain Shortfalls

To emphasize the question of science involved: The energy required to grow, transport, and process corn or cane for biofuels, exceeds the energy output. Therefore, the net result is negative, even if there were not a grains scarcity. But under the circumstances of the absolute drawdown of food stocks and output capacity as of the turn of the 21st Century, the biofuels policy means famine.

For the current crop year, 2007-08, consumption of grains (all kinds), for all uses (food, animal feed, biofuels) is pro-

jected at 2,120.3 million metric tons, which is 17.7 mmt more than the projected production this year, according to the February estimates by the UN Food and Agriculture Organization. “World reserves are heading to yet another decline from their already low levels,” stated the FAO. “World cereal stocks by the close of the [crop] seasons ending in 2008 are expected to fall to just 405 mmt, down 22 mmt, or 5%, from their already reduced level at the start of the [crop] season and the smallest since 1982.”

All grains are in short supply. In the United States, wheat stocks are at their lowest level since 1948, in absolute tonnage. Among other reasons, this reflects the diversion of wheat acreage into producing corn for the biofuels craze. Sig-

nificant amounts of arable land are being removed from food crop use in grainbelts around the world. In China and India, huge amounts of agricultural land have been taken away for creating special export promotion zones and residential needs of the *nouveaux riches*. In China, almost 7 million hectares of arable land has been “lost” to the new scourge of the globalization-led economy.

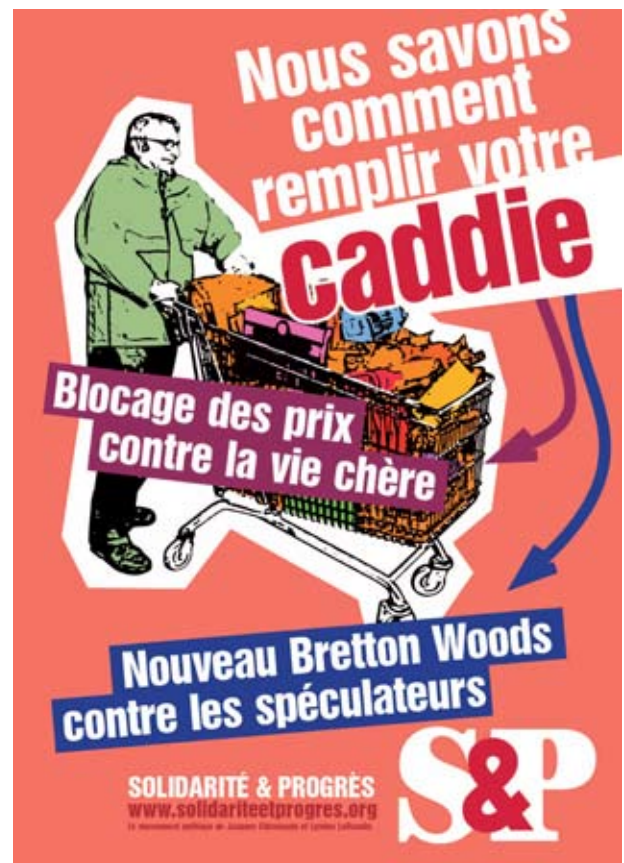
Therefore, capping all these trends, is the “Gorey” catastrophe of the biofuels mania that is increasingly diverting grains and oil crops away from the food chain. At present rates, in 2008, 95 mmt of corn will be consumed for ethanol, which is 12% of the expected total world corn harvest, according to the FAO. On top of that, 10 million tons of wheat

Uproar in France over Food Price Inflation

The French party associated with the LaRouche movement, Solidarité et Progrès, is fielding four candidates in the March 9 municipal and district elections, using the poster (shown here) with the slogan “We know how to fill your shopping cart.” It also calls for a New Bretton Woods global financial system, against the speculators. The widespread concern in France over soaring food prices was illustrated by a cartoon in the daily *Le Monde*, showing President Nicolas Sarkozy shocked at the high price of the euro, while a little mouse who represents the “normal citizen” pushes an empty shopping cart.

Just as the election campaign got started, the French consumers’ union magazine, *60 Millions de Consommateurs*, published a survey of food price hikes in France between November 2007 and January 2008. Over that two-month period alone, prices for dairy products increased 5-48%, pasta 31-45%, and ham 10-44%.

The huge increase of the cost of living is the main reason that Sarkozy’s party, the Union for a Popular Movement (UMP), is expected to suffer a huge defeat in the local elections. While Sarkozy was elected by a solid majority of some 54% just nine months ago, his support has been in a free fall, and is now 36%, having lost 9 points in the past month. While the press has focussed much attention on his love affair and new wife, Carla Bruni—which indeed has turned away many of the older people who had been his main base of support—the middle class and the lower 80% in general are furious. He had campaigned on the slogan, “I will be the President who will restore buying power to the population.” It is in those areas where he had raised expect-



tations the most and gotten voting results of over 60%, that the reactions against him are now the most intense.

Solidarité et Progrès is running candidates in four districts for the post of general counselor, the person responsible for running the departments. The party has a potential for rapid growth in this time of crisis, as shown by an electoral meeting for candidate Christophe Paquien on Feb. 26 in a district of Lyon; 45 people attended. Solidarité et Progrès national leader Jacques Cheminade was also there, to show his support.—Christine Bierre

and other grains are going into biofuels. This doesn't count the capacity going into cane ethanol in Brazil, or Asian and European oil seeds for bio-diesel.

Food Riots, Government Fallback Defenses

The FAO figures show that food prices globally soared nearly 40% in 2007, sparking riots and desperation on every continent. There have been food riots in Myanmar, Pakistan, Indonesia, and Malaysia. But since Jan. 1, 2008, the food inflation has leaped up still faster, with wheat prices, for example, having added another 22% in the past two months. In Morocco in February, 34 people were sentenced to prison for protesting over food prices.

In Pakistan, where the internal security situation is worsening by the day, food prices in January soared by more than 18%, the highest-ever monthly increase, following more than a 14% jump in October. Higher food price inflation meant that the poor and vulnerable groups, who make up almost two-thirds of the population, had to either cut their non-food expense to make room for spiking food budgets, or consume fewer calories than required.

India, China, and Vietnam have cancelled most types of grain exports. Traditional wheat exporters Argentina, Russia, and Kazakhstan have placed restrictions on foreign purchasers. Governments of import-dependent nations are scrambling for supplies, especially going to the United States, which is an open-access market. During the big wheat price run-up on the Chicago Board of Trade at the end of February, Iraq bid for 550,000 tons. The American Bakers Association wants the U.S. Agriculture Department to review its wheat export regulations, to better protect domestic users.

There is also a mad rush for rice. Half of the world's 6.6 billion people rely on rice as their daily staple. In the past three months, rice on international markets has risen 30-40% in price, while over the past five years, the volume of rice traded on the Chicago futures market has increased by *four* times.

Philippines President Gloria Macapagal Arroyo has contacted Vietnamese Prime Minister Nguyen Tan Dung to request that he pledge an undisclosed amount of rice for the Philippines, officials said on Feb. 21. The Philippines wants a political pledge from Vietnam that it will be able to purchase the amount of rice the country needs, even though Vietnam recently suspended rice exports.

The Philippines government is the first to take an overtly political route to protect the food supply. Rice is the staple



The “green, clean, and mean” biofuels mafia has announced plans to build 1,700 miles of ethanol pipelines in the United States. Here, one of many advertisements promoting this insane non-solution to the world’s energy needs.

food in the Philippines, but the country is not self-sufficient in the grain. “This is a wake-up call,” Robert Zeigler, director general of the Philippines-based International Rice Research Institute (IRRI), told Reuters on Feb. 22. “We have a crisis brewing in terms of rice supply.” Dr. Zeigler travelled to Washington, D.C. in December 2006 to warn of a disaster in Asia if the grain collapse were not reversed. In an interview with *EIR* published on March 2, 2007, he warned of food shocks ahead, unless preventive policies were resumed.

Other Asian governments are taking action in the face of soaring grain prices and fears over the security of food supplies. Indonesia has raised taxes on palm oil shipments and pushed to increase soybean imports. Malaysia is building up stocks.

In China, where food inflation leapt by 18% in the first month of this year, the government is imposing controls over retail prices. Producers of all kinds of

products—grain, meat, dairy, oils—must get approval from national, and/or local authorities, to raise their prices. As of Jan. 26, 31 provinces, municipalities, and autonomous regions had introduced control procedures to review price-hike requests.

The situation in Afghanistan and Tajikistan is at the stage of dire emergency, under conditions of this year's harsh Winter east of the Hindu Kush mountain range. In Afghanistan, the frigid temperatures killed 300,000 livestock—sources of meat, and milk for children—since December, and led the FAO to issue a warning of worse to come. For Tajikistan, the FAO issued a flash appeal at the end of February, calling for an immediate international infusion of \$25.1 million in assistance. At least 260,000 people require food and fuel.

In Southwest Asia, there is a special ironic twist on the combination of food hyperinflation with soaring fuel prices, since many of the Persian Gulf states are rich in oil, but are still slammed by “the markets.” Even in Saudi Arabia, there have been public demonstrations and boycotts over rising prices. In Qatar, the government has resorted to price controls. In Jordan, rising fuel costs forced the government to remove all fuel subsidies recently, sending the price of fuels up 76%, and doubling the cost of basic foods like eggs, potatoes, and cucumbers. A Jordanian merchant told the *New York Times*, “We have to choose: We either eat or stay warm. We can't do both.”

Ron Castonguay and Ramtanu Maitra contributed research to this article.

Restructuring the Banking System

This open letter to U.S. bankers is by Michael W. Sperry, a South Carolina banker, and longtime collaborator of the LaRouche political movement.

My concern is that banks must play a key role in solving the economic crisis, but two challenges confront us. First, the industry has (justly) earned the disdain of the public due to its irresponsible behavior over the past three to four decades. We have to re-earn the public trust. Second, the current generation of bankers is in desperate need of re-education.

Replacing the defunct global monetary system is a necessary precondition for solving our economy's problems, and a government-sponsored industrial redevelopment program is a necessary part of the solution. However, also essential, the private banking system must be restructured. It has devolved into a mutant caricature of its former self. Focused exclusively on the pursuit of profits, a compliant fellow-traveler (if not witting co-conspirator) in the transformation of our economy into a gambling casino of financial speculation, it has debased itself. It wasn't always so.

In happier times, before interstate banking, bankers defined themselves as facilitators of commerce, as contributors to the economic prosperity of their communities. Profit was viewed as a means to that end, not as an end in itself. Banking was considered as an honorable profession by virtue of its contribution to the common good. Today, with more than 70% of bank deposits concentrated in the ten largest banks, these core principles no longer pertain. Shareholder value is now the banker's Holy Grail, and the welfare of Main Street competes with the vicissitudes of Wall Street for the soul of its bankers.

The principles of the American banking system, conceived by Alexander Hamilton, derive from the defining principles of our republic and differentiate it from all others, just as our republic is different from all others. The uniqueness of our republic was the subject of a book by one of our early patriots. In his introduction to *The Bravo*, James Fenimore Cooper explains:

A history of the progress of political liberty, written purely in the interests of humanity, is still a *desideratum* in literature. In nations that have made false commencement, it would be found that the citizen, or rather the subject, has extorted immunity after immunity, as his growing intelligence and importance

have both instructed and required him to defend those particular rights which were necessary to his well-being.... It is scarcely necessary to tell the reader, that this freedom, be it more or less, depends on a principle *entirely different* from our own. Here the immunities do not proceed from, but *they are granted to*, the government, being, in other words, concessions of the natural rights made by the people to the state, for the benefit of social protection. So long as this vital difference exists between ourselves and other nations, *it will be vain to think of finding analogies in their institutions* [emphasis added].

In this nation, where authority resides with the people, the government is obliged to a different sovereign than that which wields power in nations otherwise constituted. Likewise, the justifications for its institutions are located in their contribution to the public welfare. For those who think banking is not an institution of our government, a review of the so-called "free banking era" (1837-1862) discredits this fantasy. But any doubts that might linger are dispelled by the current exigency. The current breakdown crisis, like its precedents in our history, is the consequence of a willful political decision to de-link the banking system from its mandate to serve the public.

As Hamilton, Lincoln, and Franklin Delano Roosevelt understood, the power to create money is the exclusive province of the Federal government. Banks are allowed to exercise this power as the most appropriate means of—*but exclusively for the purpose of*—promoting the interests of the nation. This delegation of power does not absolve government from its responsibility to regulate the value of the currency, and it does not empower the banks to create money in pursuit of other objectives. Over the course of our nation's history, every episode of economic advance or decline correlates with the adherence to, or deviation from, this principle. Now, once again, we relearn this history lesson.

Hamilton's idea was to structure the banking system in a manner which ensured that money growth flowed into productive activities. The distinction between productive and non-productive economic activities was critical, as the former created wealth, while the latter debased the currency. Creating money to finance a new steel mill results in more

steel at lower costs; money growth is “stored” in the value of newly produced tangible goods. Conversely, money created to finance speculation in pork bellies merely results in moving capital from a loser to a winner of a gambling bet; nothing is created, and the value of all money declines.

The job of banks was to grant loans that were economically justified (i.e., produced, or increased the productivity of producing, tangible goods). The banker’s duty was to base loans on their potential impact on the economic health of their communities. Loans for other purposes were not prohibited, but they were to be funded with existing deposits, not newly created “fiat” money. A fair return on capital was justified; however, loans that expanded the currency were to be limited to activities that created new tangible wealth. It is not the rate of growth in money, but the direction of its flow, that was regulated by government policy.

Munn’s *Encyclopedia of Banking and Finance*, first published in 1924, is a widely recognized source of banking industry terms. In its seventh edition, published in 1973, this aspect of the banker’s role was addressed in its discussion of the term “credit” as follows:

While the relationship between the volume of credit and the volume of business and the movement of prices is not always simple to interpret, it appears to be sufficiently close to make it *a matter of first importance* that the volume and flow of credit should at all times be tested by the contribution which additions to the volume of credit make to the total of economic production. Additions to credit which cannot be economically validated by a commensurate effect in actual production are speculative, and as such should be closely watched, so that business and industry may be maintained in a healthy state.¹

This unambiguous statement of the relationship between *credit expansion* and *actual production* does not appear in the tenth edition of the encyclopedia, published in 1994. The entire paragraph is edited out! Somewhere between 1973 and 1994, this principle—the definitive characteristic of the American banking system—became passé, and the current generation of bankers is totally unaware of it.

In his 1790 *Report to Congress on a National Bank*, Hamilton left no room for doubt concerning the relationship between a bank’s duty to its shareholders and its duty to the public:

It is naturally to be expected, that . . . the interest and accommodation of the public . . . are made more subservient to the interest . . . of the Stockholders, than

1. Glenn G. Munn, *Encyclopedia of Banking and Finance*, seventh edition, revised by F.L. Garcia (Boston: Bankers Publishing Company, 1973), p. 239.

they ought to be. It is true, that unless the latter be consulted, there can be no bank . . . but it does not follow, that this is alone to be consulted, or that it even ought to be paramount. *Public utility is more truly the object of public Banks, than private profit.* And it is the business of Government, to constitute them on such principles, that while the latter will result, in a sufficient degree, to afford competent motives to engage them, the *former be not made subservient to it*² [emphasis added].

The notion that private banks existed to benefit the public, that profit was merely a necessary means to that end, was revolutionary. No nation ever before contemplated such an idea. But then, no nation ever before founded itself on the principle that government existed solely for the benefit of its people. It was a concept drawn directly from the Constitution, exactly what one would expect from the man whose efforts contributed more than those of any other Founder to the design, public support, adoption, ratification, and implementation of that document.

The American System of Political Economy was not modeled on any system that preceded it. It was a new approach to the relationship between public and private economic interests, designed for a new approach to the relationship between a people and its government. Accordingly, its banking system was a new twist on the functional relationship between its public and private components.

The banking industry must be reacquainted with its purpose and reoriented to its proper economic function. It must reassume its role as a private sector delivery system for the execution of public policy, thereby justifying the government guarantee of the public’s claims on its assets. In the current exigency, this transformation cannot be achieved without intervention. Congress must act to rescue the banks from their folly, but it must also reassert its sovereign power to dictate that they conduct themselves in a manner conducive to the welfare of the public.

This transformation cannot be accomplished except as a component of a broader effort that will enable us to resolve asset valuation inequities in an orderly manner, replace the defunct monetary system with one that will work, and put in motion necessary economic recovery initiatives. The proposal authored by Lyndon LaRouche, Jr., known as the “Homeowners and Bank Protection Act,” contains the essential elements of such a plan. It includes actions to deal with the immediate crisis, redesign the global monetary system, and reorient national policy to the rebuilding of a sound economy. It is the only viable strategy, and requires the support all who count themselves among the nation’s patriots, most especially its loyal bankers.

2. Alexander Hamilton, *The Papers of Alexander Hamilton* (New York and London: Columbia University Press, 1963), Vol. VII, p. 325.

India's Land Scams Hurt Poorest the Most

by Ramtanu Maitra

In 2006, the Manmohan Singh-led United Progressive Alliance (UPA) government gave birth to a new scam to rob the poor, and to make money for the rich and the government: Special Economic Zones (SEZs). At the time, it was touted as a yet another great economic discovery to modernize India and emulate China's rate of growth of GDP.

Two years later, the policy has been recognized as exactly what it is—a free-trade looting operation. Nevertheless, the government untiringly continues to appease those who can generate foreign exchange, thus making India's economic future increasingly dependent on Western consumption and the financial directives of Wall Street and the City of London. And so, on Feb. 25, despite strong opposition from many against the Special Economic Zones, New Delhi granted formal approval to ten more SEZs.

The one thing that stands out in this organized scam, is that both New Delhi (under the advice of the Washington "consensus") and the so-called Communists of India, who have ruled the eastern state of West Bengal for a donkey's age, have identical goals and have been carrying out the policy with no holds barred.

This grand land scam began when the present government, mesmerized by China's foreign exchange growth, began copying in full earnest the "China Model," to make India a money generator—for some. Their objects of emulation were China's huge, city-size special export zones.

India's late Commerce and Industry Minister, Murasoli Maran, was the one who got "inspired" by what he saw in China. Later, his successor, industrialist-politician Kamal Nath, promoted the SEZs as a means to create oodles of foreign and domestic investment, which would bridge the gap between China and India in infrastructure and exports, and create "massive employment opportunities."

When it was pointed out to him that India does not have as much land as China, Kamal Nath agreed: "India will have a very India-specific model, as we do not have large lands available." The model that the government has adopted has given rise to large-scale demonstrations by the farmers in the states of Maharashtra and West Bengal. On at least one occasion, the state government resorted to shooting and killing farmers in order to push ahead with the SEZs.

It is important to note that the SEZs have not impressed all



FAO

Women harvesting rice in India. India's government has ignored the plight of its 900 million rural poor, expropriating productive agricultural land for what it perceives as "high-yield" Special Economic Zones.

of the UPA government's partners. Mrs. Sonia Gandhi, chairman of the Congress Party, has publicly commented about the ill effects of the SEZs on poor farmers. On Sept. 21, 2006, she said, "Prime agricultural land should not normally be diverted to non-agricultural uses," and she called for satisfactory compensation to be paid when land was taken over. Also, the Reserve Bank of India, India's central bank, has told the banks that investments in SEZs must not be considered as investments in infrastructure, but in "real estate."

Bad Economics, Bad Attitude

The government went for the scam for two primary reasons. The first is tied to the government's abysmal policy of generating growth without "wasting" money developing infrastructure in rural India. Basic physical infrastructure in India, such as power, clean water, and fast transportation (not to mention primary education and health care), has remained so dilapidated that investors, foreign and domestic alike, got dispirited and began to move away.

Manmohan Singh and his partners-in-anti-poor-economics believe that investment in infrastructure in rural areas is not

“profitable.” The reason that the returns are slow, is that the almost 900 million people who reside in India’s rural areas are not productive enough to generate the loot that the urban, educated Indians rake in, given the present global context. Therefore, “wasting” money by developing infrastructure in rural areas is “bad economics,” according to Manmohan Singh’s version of Economic 101.

The other reason that Manmohan Singh and his economist co-thinkers all went for the scheme, is that they think it makes sense to procure undeveloped land for a song from poor farmers, and hand it over to the industrialists, along with hefty concessions. These industrialists, or IT providers, will get a tax holiday for a few years and, in return, will develop “captive infrastructure,” which would be adequate for their industries, and for the productive people who would reside there.

In other words, in New Delhi’s book, “good” economics in a land teeming with poor and farming people is to create self-contained enclaves of a few square miles where infrastructure, developed by the industries, could be on the level of developed nations. The author visited one of those places, replete with Pizza Huts and McDonald’s in Bangalore, although getting to the industrial park from the city is a nightmare.

Prior to the SEZs, Indian authorities had export processing zones (EPZ). These EPZs came into existence after the 1991 reforms, which were presided over by Manmohan Singh in his earlier incarnation as finance minister, when the reforms did not result in a sustainable growth in manufacturing. In the late 1990s, to give the manufacturing sector the proverbial leg-up, the government reverted to EPZs, promising that they would act as “engines of growth” to propel the manufacturing sector.

But the so-called engines of growth did not do much, and later their failure was blamed on many shortcomings, which the SEZs are now supposed to adequately deal with. The EPZs were small industrial estates. In contrast, the SEZs are industrial townships, which provide supportive infrastructure such as housing, roads, ports, and telecommunications.

The scope of activities undertaken in these SEZs, therefore, is much wider, and their linkages with the domestic economy are stronger. At the same time, there are commonalities between the SEZs and the EPZs. Both have a delineated area and permit duty-free import of capital goods and raw materials. Both aim to attract foreign investment for setting up export-oriented units, by providing developed infrastructure, along with a package of fiscal incentives. However, the objectives of SEZs are much larger than mere promotion of export-processing activities.

By the end of the last century, New Delhi was enthralled with the success of Chinese SEZs, which were making money hand-over-fist, by shipping out every last shred of consumer goods to American buyers. Lured by the prospect of similarly making money, New Delhi replaced the EPZ scheme with the SEZ scheme in 2000. Under the new scheme, all existing zones were converted into SEZs. However, the real direction

to the SEZs came five years later, with the enactment of the SEZ Act of 2005.

Lots of Government Giveaways

The 2005 SEZ Act offered industrial firms a highly attractive fiscal incentive package, which ensured:

1. Exemption from custom duties, central excise duties, service taxes, central sales taxes, and securities transaction taxes, to both the developers and the existing units.
2. Tax holidays for 15 years (currently the units enjoy only a 7-year tax holiday). This means a 100% tax exemption for five years; 50% for the next five years; and 50% of the ploughed-back export profits for the next five years.
3. A 100% income tax exemption for ten years, out of a block period of 15 years, for SEZ developers.

The problems with this approach are multifold. The sectoral breakdown of SEZ approvals shows that the largest number of approvals (61%) has been in the IT sector, where non-skilled jobs are few in number. On the other hand, although the Manmohan Singh government had told the Indians that the share of manufacturing SEZs in principle would be 69%, in reality, manufacturing accounts for only one-third of the total approvals. Thus, although the availability of non-skilled jobs was assured to the farmers before their lands were bought up by the government, the number of such jobs generated by these SEZs was many fewer than promised.

Then, there were other structural problems for the SEZs that were overlooked in the emulation of China’s program. To begin with, in China the landholder is the government. As a result, the government can hand over its land, agricultural or otherwise, to the export-promotion zones and the land still belongs to the government; the government just changed the activities that were taking place on its land.

In the case of India, the land belongs to the farmers, many of whom are poor. The government yanked away a chunk of their land, paying them a price which, more often than not, was less than prevailing market price. At the same time, the sale put the farmers out of their livelihood.

After procuring the land, the same government turned around and handed over the procured land to a number of large industrialists at a considerable concession. The farmers consider this as a criminal act, and rightly so. To them, and others as well, the SEZs are a blatant land grab, carried out by New Delhi on behalf of big business. It is also understood that without the help of New Delhi, big business could not have organized the purchase of land of that size and at that price.

There is yet another element which makes the government’s deals downright suspect. In most cases, the procured size of the land is often much larger than what the industry actually needs. This raises the possibility that the industrial firms involved have something else on their minds. For example, some critics point out that the SEZ Act of 2005 cannot prevent the industrial firms within the enclave from relocating their now tax-paying facilities outside the enclave, to the tax-free



Advertisements for India's Special Economic Zones, which are actually free-trade looting operations, robbing India's poor to make more money for the rich, and the government.

space inside the enclave, to enjoy the tax holidays and other benefits that the SEZs offer.

Since the Reserve Bank of India has advised banks not to define investment in the SEZs as investment in infrastructure, let's look at exactly what kind of infrastructure will be developed in these SEZs. According to the SEZ Act, provisions have been made for 1) the establishment of free-trade and warehousing zones to create world-class, trade-related infrastructure to facilitate import and export of goods aimed at making India a global trading hub; 2) setting up offshore banking units and international financial service centers; 3) public/private participation in infrastructure development; and 4) setting up an "SEZ authority" in each central government SEZ for developing new infrastructure.

Hopelessness—and Violence

As a result of this highway robbery committed by New Delhi and the involved states, all under the cover of industrializing and modernizing India, violence has erupted in many areas where land was grabbed from poor farmers. These land grabs are occurring in an environment where the UPA government is correctly perceived to be blatantly anti-agriculture, anti-farmer, and anti-poor. It is no secret that the Indian agricultural sector, where almost 60% of India's workforce is located, has been ignored for years. The growth rate in this vital sector over the last decade was less than 2% annually, on average. This is in contrast to the 8-9% overall growth of India's GDP.

More than the sheer poverty, there is an increasing sense of hopelessness stalking India's rural land. Thousands of angry poor have become militant, and violent Maoists are operating in a number of states of India.

While New Delhi tends to underplay the growing menace of the Maoists in at least seven states (Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, Orissa, Andhra Pradesh, and Karnataka), blaming the violence instead on misguided youths, what even the UPA authorities with their eyes closed cannot ignore, is the high level of suicides among Indian farmers. In the state of Maharashtra alone, more than 800 farmers committed suicide in 2007.

The land grab is further weakening India's already fragile security. One of the fiercest battles is being fought over a proposed SEZ at Dadri, in western Uttar Pradesh. Here the Reliance Energy Group (REG) plans a gas-based 3,500-megawatt plant. The plant will not be located on wasteland, or marginal land, but on agricultural land considered to be some of the most fertile in India! REG has acquired more than 2,100 acres of this land, and is aggressively pursuing the acquisition of another 400 acres in the surrounding seven villages. Experts point out that 700-800 acres would be sufficient to situate the plant. Meanwhile, the farmers to whom the lands belong were reportedly unaware of the REG "acquisition" until the foundation stone for the plant was unveiled.

When the farmers demonstrated against this surreptitious land grab, the Uttar Pradesh Provincial Armed Constabulary was deployed, and over two days, July 7-8, 2006, clashes oc-

curred between the farmers and armed constabulary, causing injury to many, including women, disabled, and old people.

Is the British East India Company Back?

The state-owned land was allocated to REG on a renewable lease for 99 years, at minimal cost, but the forced acquisition of private land was to be paid for by the company. The state government went about acquiring agricultural land under the Land Acquisition Act of 1894.

This 1894 Act was developed by the British as an amendment to an 1824 Act established by the British East India Company. After the withdrawal of the British, and India's declaration of independence in 1947, this Act was given a second look by the Indian Parliament, but the amendment that followed was nominal.

The Act says that the central government or the state government is free to acquire land for a non-state body, such as a company, as the Communist government in West Bengal did for the Tata Motors factory in Singur. The Act specifies that the government has to give notice to the owners of the land and compensate them according to the "market value" of the property. The owners can challenge the acquisition, but the government can overrule them on the grounds of "public purpose." Once the deal is done, the acquisition itself cannot be questioned. The former landowners can only challenge the compensation decided by the government. In case of urgency, the Act allows the government to acquire the land without waiting to hear any objections to the acquisition.

This imposition willy-nilly of the British-instituted land acquisition act, which was designed for the British to run their colony, is being interpreted as a forced acquisition of land.

In the Raigad district of Maharashtra, the state government has served "acquisition notices" on some 20 villages with 1,200 farmers, to make way for the Mumbai Special Economic Zone, which is to be developed by the Reliance Group. This land is particularly valuable to the farmers because of the promised (but not delivered) irrigation water from the 1980 Hetwane Dam project. Now the state government is forcibly buying the land for a pittance, even though its market value is expected to jump more than 15 times when zoned.

Because of the callous approach of the state of Maharashtra to its farmers, who are in dire straits, thousands of farmers are demonstrating against the 10,120-hectare SEZ land-acquisition by the state government. Of the total, 5,720 hectares are irrigated by the Hetavane Dam, and "large tracts belong to the saltpans or wetlands, mangrove" essential to "carrying capacity and sustainability of this area." The company plans to use this area for manufacturing, trading, services, processing, logistics, repacking, warehousing, and so on.

In the state of West Bengal, ruled by the Communist Party of India-Marxist (CPI-M), the state government, approved by the Cabinet, has invoked the colonial Land Acquisition

Act of 1894 to acquire 43,028 acres of land, mostly agricultural, in different parts of the state. At Singur, near Kolkata, 1,253 acres is planned to be acquired to set up a small car factory for the Tata group. Another 2,000 acres will be procured, also near Kolkata, to set up a private factory for two-wheel vehicles.

In addition, the West Bengal state government has already signed an agreement with a consortium led by the Indonesia-based Salim Group to set up the largest real estate development project in the state, on nearly 40,000 acres of farmland. The Salim-Bengal Project includes a chemical SEZ on 10,000 acres in Nandigram, as a joint venture, and a multi-product SEZ on 12,500 acres, near Kolkata.

But both the Singur and Nandigram land acquisition projects have run into local opposition. On Aug. 22, about 5,000 Singur farmers encircled and trapped the local office of the block development official, and delayed the hearings with claims and objections to the acquisition of land for the Tata Motors factory. The farmers tried to prevent officials from proceeding to the area, and then boycotted the hearings after the officers were able to reach the area under police escort.

Throughout 2007, tensions over control of land in Nandigram led to violent incidents between supporters of the ruling Communist Party of India-Marxist and the farmers. Protesting villagers blockaded the Nandigram area to oppose a government plan to acquire land for industry. Instead of responding appropriately to violations of the law by protesters, the authorities appeared to treat the protest as a challenge to the CPI-M, and used excessive force against the protesters, resulting in at least 30 deaths, injury to hundreds, and eviction of thousands from their homes.

In November 2007, CPI-M supporters and armed thugs forcibly ended the blockade. In retribution for the protest, they attacked villagers who had supported the protest, burned down their homes, threatened further violence if villagers went to the authorities, and humiliated them by compelling them to join CPI-M rallies.

By contrast, the tiny state of Goa by the Arabian Sea has dealt a firm blow to the land grabbers. It is the first state in India to declare that no more SEZs would be set up there. The struggle against SEZs in Goa has been led primarily by the educated middle class and professionals. Begun in early December 2007, the anti-SEZ campaign reached a fever pitch by mid-January 2008. Almost the entire state, including members of the political establishment, villagers, the churches, and the media stood united in their demand for scrapping the SEZs. Finally, the state government was forced to cancel all approved SEZs and recommend de-notification of the not-yet-approved SEZs by the central government.

One Indian analyst said that if one were to sum up the SEZ policy in one sentence, it could perhaps be this: The policy fails on every count, economic, political, and historic; and, most of all, it fails the test of social and political justice, by promoting a policy which hurts the neediest the most.

Business Briefs

Energy

Sarkozy: France Pledges Investment in Africa

France will invest about 10 billion euro in sub-Saharan Africa over the next five years, creating about 300,000 jobs, French President Nicolas Sarkozy told South Africa's Parliament on Feb. 27. The French Development Agency's initiative will indirectly or directly finance nearly 2,000 companies.

Sarkozy, who made a two-day state visit to South Africa with a contingent of 40 French business leaders, stated, "The growth potential of your continent, its natural resources and its promising market make it part of the world we cannot ignore."

France will also give a 14 billion euro coal-fired power station to South Africa as a gesture of friendship. Where and when the plant will be constructed is yet to be decided. South African President Thabo Mbeki had made a request of Sarkozy for French help in resolving the energy crisis his country is facing.

South Africa's state-owned utility and the French company Alstom signed an agreement for the supply of turbines for a new coal-fired power station in Mpumalanga.

Railways

Russian RR Signs Deal For Technology Upgrades

Russian Railways signed a deal with Mechel OAO, one of the leading Russian mining and metals companies, to supply rails and equipment for its planned railroad expansion. Mechel, which made the announcement Feb. 26, will build a modern rail and structural steel mill at the Chelyabinsk Metallurgical Plant (CMP OAO), which will be able to manufacture railroad rails up to 100 meters in length, using state-of-the-art technologies for steel melting, rolling, tempering, straightening, finishing, and rail quality control.

Railway construction in Russia is hindered by a lack in quality rails. Mechel OAO intends to implement a unique technology,

unparalleled in Russia, to produce high-quality rails, conforming to the most stringent requirements. The company plans to invest more than \$500 million in the new production development.

Rail manufacturing volume for Russian Railways will increase to 400,000 tons annually, and will include products specifically designed for high-speed operation, enhanced durability, contact wear-resistance, and operation in a low temperature environment.

Electricity

Berlusconi: Italy Will Return to Nuclear Power

Former Italian Prime Minister Silvio Berlusconi said on Feb. 27 that Italy will return to using nuclear power for electricity generation within five years, if his People of Freedom party wins the national elections on April 13-14. Berlusconi also said that Italy would stop installing wind turbines, which have been used in place of nuclear energy for the past 20 years.

Italy is a nuclear-free zone. Its armed forces never had a nuclear bomb to ban, and energy companies have not been allowed to generate power with atomic technology since a 1987 referendum banned its use. The referendum took place in the wake of hysteria about the Chernobyl accident. Ironically, after the ban, Italy had to buy nuclear-generated electricity from France to meet its energy demands.

The Italian daily *La Repubblica* reported that Berlusconi mentioned a possible "European Nuclear" alliance, with France as one of its main partners.

Climate

Harsh Winter Threatens Afghans and Tajiks

The harshest Winter east of the Hindu Kush mountain range has threatened the lives of hundreds of thousands in Afghanistan and Tajikistan. Extreme poverty, poor infrastructure, an unstable security situation,

and a shortage of food have added to the danger.

In Afghanistan, this Winter's weather has killed 300,000 livestock—sources of meat and milk for children—since last December, and the United Nations Food and Agriculture Organization (FAO) has issued warnings of impending dangers. High costs of fuel, vegetable oil, and cereals are compounding the vulnerability of poor households, reducing their access to food.

Meanwhile, free-flowing drug money in the hands of Afghani drug warlords has resulted in the smuggling of huge amounts of wheat and flour from Pakistan, which has threatened the food situation in Pakistan itself.

In Tajikistan, where the daytime temperature in February hovered at single-digit levels, the UN issued an emergency appeal, for an immediate international infusion of \$25.1 million in assistance. At least 260,000 people need immediate food aid, the UN said in its grim report. "Moreover," the UN report stated, "the government reports that up to 2 million people may require food assistance through the end of the winter, if limited food and fuel supplies in rural areas are not replenished."

Infrastructure

Malaysian Company To Lead Projects in Laos

The Laos government gave the green light to a Malaysian company, Pacific Streams, to develop a commercial and industrial park in Savannakhet province, to attract foreign investment along the East-West Economic Corridor. The infrastructure development will include roads, electricity, water supply, telecommunications, water treatment and liquid waste management of factory discharge. Companies from Taiwan and China are expected to participate.

Initially, the zone will contain light industrial factories, and is expected to provide at least 30,000 jobs for the desperately poor nation. There are now few, if any, non-agricultural jobs in this part of Laos and neighboring Thailand, along the Laotian panhandle.

British Imperial Strategists Push EU To Confront Russia

by Rachel Douglas

One week after the European Union summit of October 18-19, 2007, approved the draft Lisbon Treaty that would erase the sovereignty of its member-nations, the EU leadership proceeded to its semi-annual meeting with the President of Russia. In preparation for Vladimir Putin's arrival in Lisbon, the *Financial Times* reported Oct. 25, European Commission chairman José Manuel Barroso ordered up a series of confidential discussion papers, which gave away the other strategic thrust of the Lisbon Treaty's consolidation of supranational control, besides bankers' dictatorship over the EU members themselves: to challenge, confront, and block the comeback of Russia.

The Barroso position papers said that the EU should adopt a more aggressive policy towards Russia, which one draft characterized as "a strategic partner in many areas of common interest, notably in economic fields, but in others—such as involvement in the post-Soviet space—a competitor or even an opponent." Warning of "the dark side of growing nationalism" in Russia, it said that the Presidential election of March 2008 would result in "an assertive foreign policy, tougher domestic policies, and loud rhetoric."

Thus, rising acrimony in British-Russian bilateral relations, throughout 2007, has been carried over into relations between the EU and Russia. And no wonder, since those British politicians and strategists most committed to cementing the Lisbon Treaty regime are simultaneously leading a drive to put Russia in its place—never again to be a great power, nor even to recover from the radical free-market assault that Russia suffered in the 1990s.

The London *Economist*, flagship of the City of London financial center, and propaganda voice for a restored British Empire with the EU as its satrapy (see, for example, "Britannia Redux," *The Economist*, Feb. 1, 2007), clearly enunciates the strategy of forcing Russia to back down. In its version of

things, the EU is an instrument to achieve such a humiliation of Eurasia's keystone nation. The *Economist* of March 17, 2007 included in its EU 50th anniversary package, a piece of futurology titled, "The European Union at 100," which depicted the EU vanquishing both the United States and Russia, after a U.S. financial collapse and an EU-instigated Russian-American nuclear showdown over Ukraine.

From the projected vantage point of 2057, the *Economist* wrote: "The EU is celebrating its 100th birthday with quiet satisfaction. Predictions when it turned 50 that it was doomed to irrelevance in a world dominated by America, China and India proved wide of the mark. A turning-point was the bursting of America's housing bubble and the collapse of the dollar early in the presidency of Barack Obama in 2010.... The other cause for quiet satisfaction has been the EU's foreign policy. In the dangerous second decade of the century, when Vladimir Putin returned for a third term as Russian president and stood poised to invade Ukraine, it was the EU that pushed the Obama administration to threaten massive nuclear retaliation. The Ukraine crisis became a triumph for the EU, ... promoting the decision to go for a further big round of enlargement. It was ironic that, less than a decade later, Russia itself lodged its first formal application for membership."

The Defense of Sovereignty

In the British House of Lords debate on the Lisbon Treaty, held in November 2007, between the time of the draft Treaty's approval at Lisbon and its signing on Dec. 13, some of the ardent supporters of the scheme emphasized the strategic dimension of confronting Russia. Most vocal on behalf of the Treaty were:

Lord John Kerr of Kinlochard, the former British diplomatic service head and current Royal Dutch Shell board member. As chief of the Secretariat of the European Conven-

tion, chaired by former French President Valéry Giscard d'Estaing and Italian Interior Minister Giuliano Amato, Kerr had been lead hands-on author of the Treaty's previous version, the European Constitution that French and Dutch voters rejected in 2005;

Baroness Elizabeth Symons of Vernham Dean, the intimate of Mr. and Mrs. Dick Cheney and of British neo-imperialist writer Robert Cooper (see *EIR*, Feb. 29, 2008); and campaigner against Lyndon LaRouche;

Geoffrey Howe, former Chancellor of the Exchequer and then, Foreign Minister in Margaret Thatcher's cabinet, now Lord Howe of Aberavon.

Howe, motivating the need for the Lisbon Treaty to help Britain address "a much wider multilateral agenda" in its foreign policy, identified as a major challenge "the re-emergence of Russia, which, having lost an empire, is still looking for a role, under determined leadership, even if that is rather uncomfortable for the rest of us."

The *Economist's* lead writer on Russia, Edward Lucas, a person of language less diplomatic than Howe's, chose the eve of the March 2 Russian Presidential election to make a book tour of the United States, touting his just-released book, *The New Cold War: The Future of Russia and the Threat to the West*. Confronted by LaRouche Youth Movement activists in Washington, D.C., and again in Providence, R.I., Lucas gave a circus geek-act kind of demonstration of how the drives for a single Europe, and against Russia, go hand in hand (see box). Lucas's tirade against sovereignty is typical of a whole layer of British strategists, who are crucial to the attack on national sovereignty through the Lisbon Treaty. His book is part of their push.

The same anti-sovereignty and anti-Russian outlook was put forward in an article titled "Russia vs. Europe: the sovereignty wars," published Sept. 5, 2007 by Ivan Krastev on the OpenDemocracy website. Krastev, chairman of the Centre for Liberal Strategies in Sofia, Bulgaria, has written books on "anti-Americanism" worldwide. He was executive director of the International Commission on the Balkans, chaired by Giuliano Amato, and he has operated out of St. Anthony's College, Oxford, a British Intelligence center that is home base to numerous Central European promoters of the British imperial EU model, such as *Europe as Empire* author Jan Zielonka.

According to Krastev, the "sovereign democracy" principle put forward by Putin and his associates is a problem because it clashes with the "post-modern European order" without nation-states. This clash, according to the British-sponsored Bulgarian, is the cause of "growing tensions in EU-Russia relations." Russia "embodies the nostalgia both for the old-European nation-state, and for a European order organized around the balance of power and non-interference in the domestic affairs of other states," wrote Krastev, while the key elements of post-modern Europe—and this he explained by quoting Cooper's *The Post-Modern State*—are

"a developed system of mutual interference in each other's affairs."

Under Putin, charged Krastev, Russia has rejected these notions. Krastev denounced Moscow for breaking with the "intrusive inspections" of the Conventional Forces in Europe Treaty (CFE) and the "active monitoring" of elections by the Organization for Security and Cooperation in Europe (OSCE). "The rhetoric of EU-Russia cooperation and partnership," he wrote, "cannot mask the fact that the regime of sovereign democracy is absolutely incompatible with the post-modern hegemony. Russia's comeback has taken the form of an open challenge to the European order."

Among other complaints, Krastev worried aloud that Russia's "stress on bilateral relations with big European member-states, and its growing reluctance to deal with the EU," will feed a "re-nationalization" of foreign policy on the part of key EU member countries like Germany and Poland.

Krastev is an overt crisis-monger, writing in a series of articles since 2004 that a full-scale crisis over Kosovo's declaration of independence from Serbia—a guarantee, among other things, of increased tension with Serbia's historical ally, Russia—is "the crisis that the European Union badly needs at the moment." Managing to integrate the chaotic Balkans into the EU, claimed Krastev, will prove the EU's historical viability. Harkening back to those Cold War era founders of the future EU who in the early 1950s had pushed hard, together with Britain's Lord Plowden and American Anglophiles Dean Acheson and John Foster Dulles, for a European Defense Community as stepping-stone to a single European government, Krastev pumps the EU as a military-strategic formation. He wrote in 2005, "Europe needs leaders who remember that at its foundation the primary purpose of the European Union was to provide not jobs, but peace and security."

Energy Warfare

Russia's assertion, under Putin, of a more sovereign economic policy especially rankles. "The Kremlin thinks not in terms of citizens' rights, but in terms of the population's needs," objected Krastev, about a nation that is struggling not to plunge into demographic oblivion after losing 500,000 to a million people per year since the 1990s crisis. He also urged that Russia-EU relations not be reduced to the issue of "energy dependency" alone. Yet, the imposition of harsh conditions on Russia as an energy exporter to Europe is unquestionably high on the British and EU strategic agenda.

Even as individual EU members, including new ones in Eastern Europe, like Hungary, eagerly contract bilateral natural gas supply deals with Russia's Gazprom, the EU discussion papers target Russia's energy export operations on several fronts. One continuing demand is for Russia to allow foreign acquisition and construction of oil and gas pipelines from Russian fields, which Moscow rates as a national security matter. At the same time, EU regulators seek to keep Rus-

sian firms from gaining controlling stakes in energy-delivery and other companies in Europe.

Jean-Claude Juncker, the Luxembourg prime minister and finance minister who is a leading candidate for the single-Europe presidency under the Lisbon Treaty, called Feb. 7 for measures to block Russian acquisitions in Europe. Speaking in Japan before the G-7 finance ministers' meeting, which he attended as chairman of the Eurogroup of finance ministers, Juncker demanded roadblocks to the investment of Russia's sovereign wealth funds—accumulated from taxation of oil and gas exports—in Europe, saying, "It is unacceptable that while Russia's government-affiliated fund is sweeping into Europe, European companies are in a situation where they are unable to do similar activities in Russia."

Another British plan to curb Russia's energy clout, this time by exploiting weaknesses in its gas sector, appeared in January from the Defence Academy of the U.K. In *The Shrivenham Papers #6*, titled "Russia & the West: A Reassessment," James Sherr raised an alarm, writing: "A powerful Russia is once again a fact of life.... They have recovered pride in their own traditions and are determined to advance their own interests.... The post-Cold War partnership, founded at a time of Russian disorientation and weakness, is over.... Although Russia is not a global threat, it seeks to be both enabler and spoiler." Sherr berated Western leaders for having "underestimated" the Russian leadership's assumption that it should have "equal say" with other nations, concerning security issues in Europe.

The British analyst proceeded to catalogue weaknesses of the current Russian system, which could contribute to cutting Russia down to size. In the economic field, Sherr pointed to vulnerabilities in the energy sector, the chief one of which, he proposed, is Gazprom's failure to develop new gas fields. The Russian gas monopoly depends on purchasing gas from Central Asia, in order to meet domestic demand and also export. For Sherr, the most promising developments in the energy field are revitalized EU efforts to force Russia to change Gazprom's distribution practices.

The EU and NATO

While negotiating hard for its interests as an energy exporter, Russia is highly sensitive to the EU's military-strategic expansion eastward. On Feb. 18, dozens of Russian media carried an RIA Novosti dispatch on the reported intention of French President Nicolas Sarkozy to push, "after the Lisbon Treaty goes into effect," for the creation of elite EU military forces. Left-wing and patriotic press ran sensational headlines like "Sarkozy Prepares To Fight Russia." The Novosti article itself, while lower-key, interviewed an expert from the Institute of World Economy and International Relations (IMEMO), who reflected the close Russian attention to potential military projects that may be launched under the EU.

In the as yet unannounced Sarkozy plan, wrote Novosti,

the EU elite force would comprise 10,000 men from each of six EU countries: France, the U.K., Germany, Italy, Spain, and Poland. Dr. Vladimir Yevseyev, the IMEMO analyst, said it remained unclear whom the EU expects to be fighting, but he indicated that IMEMO and others are carefully studying how such a joint EU force would work.

In a Feb. 20 speech at the Hudson Institute, U.S. Deputy Assistant Secretary of State for European Affairs Kurt Volcker brought the energy and military themes together, saying that NATO would be the institution to "protect" European customers from any cut-off threatened by Russia. "The EU ought to impose restrictions on the bundling of energy companies and energy supply so that it breaks up monopolistic tendencies in the marketplace," Volcker said, taking aim at Gazprom. "There are also things that can be done within NATO. The things that NATO is good at are the operational things,

'Economist' Editor Slams Westphalia; Lauds Lisbon

Edward Lucas, editor for Russian and Eastern European affairs for the Economist magazine, the official publication of the British Empire, has written a book, The New Cold War: Putin's Russia and the Threat to the West (Hampshire, England: Palgrave Macmillan, 2008). During a book signing, prior to a lecture he was to deliver at the Watson Institute at Brown University in Providence, R.I., two LaRouche PAC (LPAC) organizers, Alexandra Peribikovskiy and Matthew Ogden, drew him into a pointed dialogue, during which he exposed his lust for the Lisbon Treaty process, which aims to eliminate the sovereignty of nation-states, and bring to an end the era of Westphalia.

A paraphrase of the exchange follows, with direct quotations indicated:

LPAC: What do you think of the Kennebunkport process, launched at the meeting of Putin with Bush?

Lucas: Bush said he looked into Putin's eyes and saw his soul; I would have seen the letters KGB.

LPAC: Many people have compared Putin's Kennebunkport proposal to Reagan's SDI [Strategic Defense Initiative].

Lucas: I think the concept of strategic defense is highly overrated.

LPAC: While Putin was involved in the meetings

the concrete things, where there is a security element that NATO can tackle. . . . The day-to-day things that happen in the energy field are not going to be done through NATO. But the consequence is that if you nonetheless have a catastrophic interruption of energy supplies to a NATO member, then that is a security issue. That is a strategic issue that NATO needs to think about.”

This posture would not be presented as “anti-Russian,” Volcker hastened to add, but rather as “pro-free market.”

The shift of London and the EU, during 2007, towards increased confrontation with Russia makes sense of the contrast between Foreign Minister Sergei Lavrov’s formulation of the place of Russia and Europe in the world, which he put forward at the beginning of last year, and President Putin’s stark warnings, made at the close of the Russia-EU summit in Lisbon, Oct. 26, 2007. Speaking to *Izvestia* in January 2007, Lavrov

named a “Russia-USA-EU triangle” as one important constellation of nations, which he defined not in any narrow, “Atlantic” way, but on a Eurasian scale, saying, “For us, it is of fundamental importance to establish practical cooperation in the area from Vancouver [eastward] to Vladivostok. . . . Such cooperation would also provide a material guarantee for those who fear Russia may want to ‘drive a wedge’ into relations between the USA and Western Europe.”

In October, however, Putin compared the ongoing show-down over the Bush-Cheney Administration’s desired installation of missile defense systems in EU-NATO members Poland and the Czech Republic, to the Cold War brinkmanship of the 1960s. “Analogous actions by the Soviet Union provoked the Cuban missiles crisis,” Putin said. “For us, technologically, the situation is very similar. On our borders, such threats to our country are being created.”

at Kennebunkport, many leading people in Moscow were repeatedly discussing the legacy of Franklin Roosevelt.

Lucas: Well! I think Putin has his own reasons for bringing up FDR!

LPAC: Both the Kennebunkport proposal and the SDI are reminiscent of Roosevelt’s war-time Russian-American alliance. In fact, the Russian-American partnership goes all the way back to the Civil War and even the American Revolution. And, ironically, America was always allied with the Russians, against the British!

Lucas: World politics were different back then.

LPAC: In the context of the crash of the entire world financial system, what do you think about the United States entering into an alliance with Russia and China, to stabilize the dollar, as Roosevelt did with the Bretton Woods conference?

Lucas: Why should Russia be party to that sort of conference? Economically, Russia is now a third-rate power. They have no economic power. They’re at the level of a Holland, or a Belgium. Why should the Dutch or the Belgians have a seat at the table discussing a new world system?

LPAC: Brussels wants to dictate the new world system, actually! The Lisbon Treaty would give the president of a United Europe a seat in Belgium.

Lucas: [direct quote] “I am a strong advocate of the Lisbon Treaty. I support it 100%! We should end all of this discussion and debate about an EU Constitution, and just do it! Just make it happen!”

LPAC: So you advocate the elimination of sovereignty for the nations of Europe?

Lucas: “The nations of Europe don’t need sovereignty! They no longer need to be separate states; Europe needs to create its own internal market.”. . .

LPAC: What you’re advocating would mean the end of the Westphalian System.

Lucas: “I HATE THE WESTPHALIAN SYSTEM! The world needs to move beyond the age of Westphalia!”

LPAC: You don’t believe that government should exist to promote the general welfare of its people?

Lucas: “I believe in international security organizations, like NATO . . . international governing institutions.”

LPAC: You know, here in the United States of America, we Americans value highly the idea of national sovereignty.

Lucas: I don’t know much about the American system of politics, but I don’t believe in sovereignty. By the way, are you two part of some specific political party or group? I am beginning to notice a certain consistency in your questions. . . .

LPAC: Let us ask you one last question. Would you support the construction of a tunnel across the Bering Strait, to connect Russia and the United States, as proposed by Lyndon LaRouche?

Lucas: LaRouche! I wouldn’t support anything that that crackpot LaRouche proposed!

LPAC: He was the intellectual author of the SDI, you know. . . .

Lucas: Members of your group intervened in an event that I held in Washington recently! You practically destroyed my event!

Israel at a Crossroads: War in Gaza, Or LaRouche Plan for Peace with Syria

by Dean Andromidas

A solid majority of Israelis—64%, according to a recent poll—want their government to hold direct talks with Hamas, the Palestinian Islamic group, to negotiate a cease-fire and prisoner exchange. At the same time, there is widespread support among Israelis for starting peace talks with Syria. Leading Israeli commentator Ari Shavit expressed this, in the daily *Ha'aretz* Feb. 22, where he wrote, “peace with Syria might light a torch of hope and create a meaningful strategic turning point” in a region so tense that any spark, like a major terror attack, could ignite a new war.

These sentiments clash sharply with the policy of the Israeli government as well as its so-called “friends,” including the Bush Administration and the European Union, which have refused to support such talks with either Hamas or Syria. Their refusal plays directly into the hands of the powerful British financial interests that have launched a policy of international chaos, igniting conflicts across an arc of crisis that stretches from Kenya in Africa, through the Middle East, deep into Pakistan, and the rest of Asia.

In contrast, American statesman Lyndon LaRouche has forcefully called for American and international support to start Syrian-Israeli peace talks. The establishment of a peace process between Syria and Israel would have a positive, moderating effect on Palestinian militants, and would help bring together the two warring Palestinian factions: Hamas, and Palestinian President Mahmoud Abbas’s Fatah. It would also serve to resolve the political crisis between the Lebanese governing coalition and its opposition.

A shift now to the Syrian-Israel peace track is more important than ever, in the face of the growing realization that the so-called Mideast peace initiative launched by the Bush Administration in Annapolis, Md., has become a failure.

Back-Channel Probes

A series of meetings and statements by various regional players suggests that with the unraveling of Annapolis, other options are being sought along lines similar to those proposed by LaRouche.

Former Secretary of State Zbigniew Brzezinski, for example, led a delegation from the Rand Corporation to Damascus, where it met with Syrian President Bashar Assad and other officials. Brzezinski was quoted in the Syrian media as saying that the “talks dealt with recent regional developments affirming that both sides have a common desire to achieve sta-

bility in the region, which would benefit both its people and the United States.”

Brzezinski is a key member of the Iraq Study Group, led by former Secretary of State James Baker III, which proposed stabilizing Iraq and the region by opening talks with both Syria and Iran, while at the same time, promoting peace between the Palestinians and Israel. Although Brzezinski is a foreign policy advisor to Democratic Presidential candidate Barack Obama, the delegation also included Iranian-American businessman Hassan Nemazee, who is a member of Hillary Clinton’s campaign committee.

A senior Middle East intelligence source told *EIR* that Brzezinski’s trip could be seen as a fact-finding mission by Democratic Party circles, as well as by Republicans close to Baker, who are concerned with formulating a post-Bush policy for the region. And as LaRouche has stressed, a strong U.S.-Syrian relationship would be necessary to rescue the region from the disastrous policies of Bush and former British Prime Minister Tony Blair.

It did not go unnoticed that the same day the Brzezinski-led delegation was in Damascus, the Bush Administration slapped a new round of sanctions against Syria for alleged support of terrorism.

Another group of international policy-makers, the Club of Monaco, held a conference on Middle East policy in Doha, Qatar, on Feb. 23-24. Founded in 2002, this organization is comprised of leading political, economic, and diplomatic figures from Europe, the Middle East, North Africa, and the United States. Club members include former Italian Prime Minister Giulio Andreotti; former French Prime Minister Michel Rocard; former Secretary General of the United Nations Boutros Boutros Ghali; former Israeli Foreign Minister Shlomo Ben Ami; Israeli Knesset member (Meretz Party) Yossi Beilin, who was a negotiator of the Oslo Accords; current Palestinian negotiator Yasser Abed Rabbo; and former U.S. Under Secretary of State for Middle East Affairs Edward Djeridian, who is currently director of the James Baker Institute at Rice University. Also present at the conference was former Russian Prime Minister and Middle East expert, Yevgeny Primakov.

Intelligence sources have told *EIR* that both the Hamas and Syrian questions were discussed on the sidelines of the conference. These sources pointed out that because Qatar enjoys a special relationship with Hamas, it is an ideal venue to make unofficial contact with the organization or its interlocu-



Aviel Luz

Knesset member Yossi Beilin, in Qatar, discussed the possibility of an Israeli cease-fire with Hamas.

tors. The Club of Monaco has held conferences in the past, the sources said, where there were participants who could accurately represent the views of Hamas.

In Qatar, Yossi Beilin held talks on the question of Hamas with Prime Minister Sheikh Hamad bin Jasssem bin Jabor al-Thani, who told Beilin that he would be willing to help broker a cease-fire agreement between Israel and Hamas. According to a report in *Ha'aretz*, al-Thani told Beilin, "You are making a big mistake if you think you can reach an agreement with Palestinian President Mahmoud Abbas without including Hamas in the talks."

Abbas "will not be able to sign an agreement without Hamas's consent," al-Thani said. "The possibility of separating Hamas and Abbas is an illusion." He called for reviving the Saudi-brokered Mecca agreement that could serve to bring Hamas and Fatah together.

In reply, Beilin said that he himself would talk to Hamas, but that he could not speak to them in the name of the Israeli government.

Openings with Syria

On the Syrian question, it should be noted that within days of the conference, the Saudi newspaper *Al-Sharq Al-Awsat* reported Feb. 27 that Syrian President Assad was ready to meet Israeli Prime Minister Ehud Olmert in Moscow to discuss a peace agreement. The only precondition, the paper said, would be for Olmert to follow commitments made by former Israeli leader Yitzhak Rabin, who pledged that Israel would withdraw from the Golan Heights.

Beilin revealed that his fellow conference participant, Yevgeni Primakov, who now heads Russia's Commerce and Industry Chamber, had discussed such a possibility with Assad in Damascus in November 2007. Although Beilin said

that he had personally informed the Israeli leadership of the Syrian President's position, he did not disclose the government's response. Beilin called on the Israeli leadership to take Syria's proposal seriously: "It is the first time Bashar al-Assad has announced his readiness to meet with Olmert to discuss a deal on comprehensive and stable peace," Beilin said.

While Beilin was in Doha, former Israeli Foreign Ministry director-general Alon Liel was in Washington, lobbying for Israel-Syrian peace talks. Between 2004 and 2006, Liel conducted unofficial talks with Syrian-American businessman Ibrahim Suleiman. "I'm sure the bottleneck is here in this city," Liel is quoted as saying. The *Jerusalem Post* reported Feb. 24 that Liel said this during a speech to the Middle East Institute, referring to the Bush Administration's anti-Syrian policy. Liel asserted that if the United States reversed its position, Israeli Prime Minister Ehud Olmert "will jump at" the opportunity to hold talks with Syria.

Peace talks require U.S. participation, Liel said, otherwise they will not occur. He lamented: "It's the first time in the history of the country [Israel] that we have an enemy country saying it wants to talk, on record and in every diplomatic channel, and we say no. It's not our national policy. This is an American policy we were dragged into."

A New War on the Horizon

Without a Syria-Israeli peace process, a new war is on the horizon. Already the failure of the Bush Administration to move on any of the promises it made at the Annapolis peace conference has led to threats by the Saudis and the entire Arab League to withdraw the Arab initiative for peace with Israel, first put forward in 2002 and reiterated at the Annapolis conference.

Speaking in Cairo, Saudi Foreign Minister Prince Saud al-Faisal, who played a leading role at the Annapolis summit, said, "It is unbelievable that we keep blaming the weak part in the equation, which is the Palestinian people, with all the suffering they live under while ignoring what Israel does by expanding settlements, tightening the siege, humiliating the Palestinians, and carrying out mass punishments against them." He warned that the issue will be taken up at the Arab League Summit to be held in Damascus this month. If no progress is made, Faisal said, the initiative would be withdrawn. He added rather ominously, that "other means" could be sought for dealing with the conflict.

Israel is also seeking "other means," which include a major military operation into the Gaza Strip, on the scale of the Israeli-Lebanon War of 2006. According to numerous media reports in mid-February, Israel would not make the same "mistakes" as during the Lebanon war, but would launch a massive ground offensive that would occupy the entire Gaza Strip, overthrow the Hamas government, and remain there until an international force, like NATO, deployed peacekeepers.

The Israelis are considering this option, knowing full well that it could lead to a conflict with Lebanon and Syria, as well as with the West Bank-based Palestinian National Authority.

Is U.S. Blackmailing The PPP; If So, Why?

by Ramtanu Maitra

On Feb. 22, the co-chairman of the Pakistan People's Party (PPP), winner of the largest number of seats in the Feb. 18, 2008 National Assembly elections, Asif Ali Zardari, told Pakistani reporters that the United States is pressuring his party to form a coalition with the Pakistan Muslim League (Quaid), widely known as President Pervez Musharraf's party, which was crushed in the last elections, losing almost 80% of its previously held 118 seats, and securing less than 15% of the votes cast.

Washington is also exerting pressure on Zardari to bring into the coalition the arch-rival of the PPP in Sindh province, the Mohajir Qaum Movement (MQM), which won 19 seats. MQM, beside its close cooperation with the Pakistan Muslim League (Q) in the earlier government, has often been identified for terrorist activities, particularly against the PPP.

What Washington Wants Now

The reason the Bush Administration is aggressively interfering in coalition talks between Pakistan's political parties is that it wants to isolate the Pakistan Muslim League (N), the party of Nawaz Sharif. According to Arif Rafiq, an analyst with the *Daily Times* of Lahore, Vice President Dick Cheney's office is playing an active role.

The Bush Administration finds the PML(N)'s nationalism and antagonism to Musharraf troublesome. It must be noted that although Sharif has called for Pakistan's foreign policy to be debated in parliament, he supports continued cooperation with the United States. But he also wants the Supreme Court justices, who were sacked last November, to be restored. Washington had endorsed Musharraf's firing of the justices, seeing the court's insistence on constitutional accountability for Musharraf as a roadblock to its regional game plan. The court, for instance, had asked Musharraf to present for trial alleged terror suspects—some of whom were likely “rendered” to Pakistan by the CIA—and who have been detained for years without government acknowledgment.

Moreover, there are reports that, with the possibility of a strong uprising of the Afghan-Pushtuns in the coming Spring against the foreign occupying forces inside Afghanistan, and along the Pakistan-Afghanistan borders, the U.S. State Department and the Pentagon are planning to expand their presence in Pakistan's Tribal Areas by creating “special coordina-

tion centers” on the Afghan side of the border for information-sharing among U.S., Afghan, and Pakistani officials.

U.S. officials are constructing two new coordination centers on the Afghan side of the Torkham border. Four more are under consideration, according to a senior U.S. Defense Department official, the *Daily Times* reports. The CIA is also pushing to enhance surveillance capabilities and intelligence cooperation at a covert location in the Tribal Areas, according to a Pakistani official based in that area.

Pakistani newspapers had published earlier accounts of “invisible American commandos” operating inside the Tribal Areas for years, but Pakistani officials have become more open about the CIA presence there only in recent months. “What the U.S. would like is closer, on-the-ground intelligence coordination, U.S. intelligence boots on the ground, and more freedom of action in the tribal territories,” said Robert Grenier, a former CIA station chief in Pakistan, and director of the CIA's counterterrorism center.

It is generally accepted by the Bush Administration that Washington has a God-given right to interfere in Pakistan's domestic politics, and for those who really do not have any commitment to the people of Pakistan, or Afghanistan, it is easier to deal with “one man” (Musharraf, for instance). Nonetheless, it is still important to know, and understand, that these “champions of democracy” within the Bush Administration, and elsewhere in the United States, are not standing up for a “friend in distress,” such as President Musharraf. Washington claims it has no permanent friend, it has only a “permanent interest,” however sinister that could be.

On the other hand, the process, or the efforts required, to protect that “permanent interest” may lead to the collapse of the much-vaunted, and yet to be formed, democratic government in Pakistan. The 2008 election, which took many lives, including the life of the two-time prime minister and undisputed leader of the PPP, Benazir Bhutto, who was sent back to Pakistan from exile by none other than Bush Administration officials, may come to naught if the democratic government is collapsed from the outside.

The failure to form a government at all, or to form one that will be dysfunctional, may push Pakistan toward a new cycle of violence. This time around, it is expected that the militants will push the level of violence a notch higher, and that it will be targeted primarily against the United States. That is exactly the direction that Britain wants Pakistan to go. Britain will wring its hands and blame it on Washington, while promoting the secession of Baluchistan and the North West Frontier Province (NWFP) from Pakistan, putting firmly in place Lord Palmerston's “permanent interest” concept.

Meanwhile, former premier Nawaz Sharif's PML(N) has shown some flexibility, by stating that it would support a PPP-led government from outside, as it does not want to be part of an administration with President Musharraf in power.

When asked what would be the working relationship between the two parties, PML(N) spokesman Ahsan Iqbal said the PML(N) will “respect the PPP’s mandate for forming a government at the center,” and “would not let its government be destabilized.” Another PML(N) leader said his party’s top leadership has informed the PPP about their reservations on the proposal to include the MQM, which backed Musharraf, in the Federal government.

These statements by the PML(N) reflect that the party does not want to be looked upon as the carpetbagger, and more importantly, as non-accommodating. But, it is almost a certainty that on the issue of reinstatement of the judiciary, all three contending parties—PML(N), President Musharraf, and Washington—will be inflexible.

As an indicator of such inflexibility, on Feb. 25, Nawaz Sharif and Qazi Hussain Ahmad, the head of Jamaat-i-Islami and of the MMA, a coalition of six Islamic parties, asked Musharraf to step down, and warned that otherwise, he would face impeachment. Addressing a joint press conference, the PML(N) leader said that after the formation of a new government, the PML(N) would take steps to restore the judiciary and the Constitution.

A Joint Rescue Team

Musharraf, who is much weaker now since he had to take off the Chief of Armed Services uniform and become a civilian President, still has the authority, using the amended Constitution, to dismantle any elected National Assembly. Musharraf has exploited the extra-legal latitude he had extracted from the court he set up after sacking the previous one, to amend the Constitution, removing the right to declare martial law from the army, and giving it to the President.

Notably, he has not yet asked the winning parties to form a government. Legally, he can wait till March 8 before setting up the new government, or dismiss the elections for failing to give a clear verdict. It is evident that Musharraf is looking to Washington to deliver what could be beneficial for both of them.

At the same time, on his own initiative, he has reinvigorated a Swiss corruption case against opposition leader Zardari, on the eve of post-election power-sharing talks with the PML(N).

Pakistani analysts point this out as a pressure tactic against Zardari, the husband of the assassinated Benazir Bhutto, as he prepared to start negotiations for a coalition government with the second-placed opposition leader, Sharif, who has campaigned to oust Musharraf. Government lawyers urged a court in Geneva to prosecute Zardari on 10-year-old charges of stashing \$55 million in kickbacks in a Swiss bank account.

There are other indications that the Washington-led blocking of the formation of a PPP-PML(N) government is now getting a second look. The defeated PML(Q), on Feb. 22, decided to reconsider its option of sitting on the opposition benches at the center, as its parliamentary party has given a mandate to its president, Ch. Shujaat Hussain, to hold a dialogue with the political parties and explore possibilities for the formation of a government.

On the ground, the American ambassador, Anne Patterson, has become very active. She held a long meeting with Zardari, and another PPP leader. Zardari then denied she had tried to pressure him to work with Musharraf. “I don’t think the diplomatic corps works on political lines. They do not give political positions,” he said.

Where’s the Rub?

To the average American observer, the Washington initiative to “protect” Musharraf makes much sense. The Pakistani President has been a staunch ally during the difficult days of the “war on terror.” He has taken punches from all sides, but has not wavered from his conviction that Nirvana against the Islamic militants lies in joining hands with the United States to militarily eliminate them.

Now that the former two-time prime minister and close ally of the Saudi royal household, Nawaz Sharif, is poised to become part of the ruling elite in Islamabad, there should be concern about Musharraf’s future. Sharif has made clear that he wants Musharraf removed. Washington is justifiably concerned about it, although the number of seats that the PPP and the PML(N) have won in the Assembly, is not even close to the two-thirds of the total required to impeach a sitting President.



White House/Tina Hager

The Bush-Cheney Administration thinks it has a “God-given right to interfere in Pakistan’s domestic politics,” but it is not coming to the rescue of its “friend in distress,” President Musharraf. Here, Musharraf meets with George Bush in the Oval Office, December 2004.

Merkel Ignores Crisis, Supports EU Treaty

by Rainer Apel

There are other reasons that Washington might not want to see Sharif's party in power. Sharif has said his party wants a political solution to the virulent militancy in the country's tribal areas. "Extremism and terrorism can be resolved by political parties, which symbolize sovereignty and integrity of the country," he said. Moreover, he has questioned the intent of the United States in providing Pakistan non-NATO-nation status (i.e., under the NATO defense umbrella). Sharif has said that Washington gave this status to Pakistan in order to get full access to the port of Karachi, through which 70% of food, arms, ammunition, and other logistics of the war against the Afghans, and Pakistan's tribals, is brought in by the United States, and its European allies.

Sharif has sent a warning to Washington by saying he would resist "foreign interference" in Pakistan. During a campaign rally at Haripur, in the troubled North West Frontier Province, before the Feb. 18 elections, he said: "We will not bow to U.S. pressure, just as when we went ahead with conducting six nuclear tests without caring for their pressure." At his meetings with the British and French envoys, Sharif is reported to have said that he will not budge from his position that the Supreme Court judiciary has to be restored to its pre-Nov. 3, 2007 position.

But there is more to this than meets the non-probing eye. What Sharif wants is especially to reinstate Chief Justice Iftikhar Muhammad Chaudhry. Chaudhry was looking at the validity of Musharraf's Presidential election, and it was likely that he would have nullified that election. But, that was not what concerned Musharraf and Washington as much as what else Chaudhry was investigating.

Since the "war on terror" was unleashed in 2002, and Pakistan became an active partner, reports indicate the government has swept up at least 5,000 Pakistanis, most of them Baluchis and Sindhis seeking ethnic or regional autonomy, who have nothing to do with the U.S. campaign against terrorism.

Chief Justice Chaudhry came under attack from Musharraf when he claimed that his court had obtained the release of 25 detainees, out of 41 cases of disappeared persons under investigation by the court. The fact is that they were not released by the orders of the court, but during *habeas corpus* proceedings conducted by the secret service agencies.

According to one Pakistani analyst, if a reinstated Chief Justice Chaudhry insists on obtaining all records about the disappeared persons from intelligence agencies and tries to rein in such practices, the U.S. will have serious concerns. The fear is that such a judicial process may expose the role the CIA may have played in some cases. The evidence collected in Pakistan may be used in the United States. Some human rights organizations may also initiate litigation against American intelligence agencies. Hence, the analyst pointed out, the U.S. will try its very best to avoid the development of such a situation.

Although German Chancellor Angela Merkel's Grand Coalition government of Christian Democrats (CDU) and Social Democrats (SPD) has a majority of more than two-thirds in the national parliament, it has been surprisingly inactive, in the face of the onrushing economic collapse. That inactivity has to do with the founding document of this coalition, which defines its one and only priority to be implementing the budget-cutting process required by the European Union's Maastricht Treaty. This government could, therefore, never do what the historic Grand Coalition that ruled 40 years ago, did: It could not launch a national industrial mobilization to create jobs and consolidate the health insurance system and pensions. The Maastricht Treaty bans any government interventions into the physical economy, on the monetarist grounds that "freedom" of the market (the free hand of the speculative funds, that is) must not be touched, and Merkel has been more loyal to Maastricht than any German government since the treaty was signed 16 years ago.

Even worse, Merkel is pursuing a plan to rewrite the German Basic Law (its constitution) to bring it into harmony with the Maastricht criteria, and she is at the center of a London-steered conspiracy to transfer the national sovereignty of the European Union's 27 member-states to a European president, to be established under the Treaty of Lisbon.¹ And Merkel has also proclaimed the "fight against global warming" to be an absolute priority in national and international politics. With all that, Merkel neither has any intention, nor any time left, to deal with the real challenge: the world financial collapse which occurred last July.

This has caused a massive erosion of public support for Merkel, whose CDU lost heavily in three state elections held since the beginning of this year—5.8% in Lower Saxony and 12% in Hesse on Jan. 27, and 4.6% in Hamburg on Feb. 24. In Hesse and Hamburg, the CDU losses have not only forced the party to share power, but have created a situation of ungovernability, because the "black-yellow" coalition which the CDU would prefer—itsself and the Free Democratic Party (FDP)—does not have a majority in Hamburg, because the FDP did not make it into the city's parliament. The three-party alternatives that exist—CDU-FDP-Greens (the multicolor "Jamaica" model) or SPD-FDP-Greens ("traffic light" model) or SPD-

1. See Helga Zepp-LaRouche, "Demand a Referendum on the Lisbon Treaty! Abolishing Democracy by Stealth: Constitution for Feudalism in Europe," *EIR*, Feb. 29, 2008.



EIRNS/Helene Moeller

The BüSo party organizes for a national referendum on the European Union Treaty—“a second Versailles?” Chancellor Merkel is intent on getting the treaty ratified, without discussion, by May.



EIRNS/Helene Moeller

Greens-Linkspartei (Left Party)—are fraught with so many diverging views that each would lead to pre-programmed un-governability. The other alternative, grand coalitions in Hesse and Hamburg, promises nothing good either, because they would be a mirror-image of the paralyzed national Grand Coalition of Chancellor Merkel.

The fact that in Lower Saxony, the CDU can govern with its favorite partner, the FDP, does not show much stability either, because that state’s CDU governor, Christian Wulff, is a spokesman for a strong current in the CDU that opposes Merkel’s hard-line free-market policies in economic and social affairs, such as the minimum wage (which Wulff supports and Merkel opposes). The vote for the CDU in Lower Saxony was, to a large extent, a vote against Merkel.

In a panicked attempt to drum up a “Jamaica” coalition to keep Hesse and Hamburg under control of a CDU-led state government, Merkel has given her okay to CDU talks with the Greens, which implies the big concession not to discuss nuclear power, the only option that offers secure energy supplies for Germany in the future. The Greens vehemently oppose nuclear power. Merkel has thereby opened another Pandora’s box, because if the CDU in Hamburg is pushed into a coalition with the Greens and the FDP, the SPD in Hesse will be driven into a coalition with the Greens and the Linkspartei. Apart from the fact that an SPD-Green-Links coalition would be paralyzed by both the radical ecologism of the Greens and the pseudo-socialist populism of the Linkspartei, that kind of state government for Hesse would blow the national Grand Coalition apart—and it might happen on April 5, the deadline for election of a new governor of Hesse. But should the SPD’s Andrea Ypsilanti (a radical ecologist) be elected governor of Hesse, the SPD in Hamburg might try the same tactic, so that Merkel’s CDU would lose two states.

Moreover, the Merkel government is faced with a national strike of the public-sector labor unions, over the government’s refusal to ease its budget-cutting policies. The beginning of

hyperinflation, a direct result of Merkel’s loyalty to the speculative funds and of her inaction, has become the main driver for strikes in Germany.

Merkel’s increasingly unpopular chancellorship would not survive that, and it were more likely that Germany would go into early elections than muddle through until the next scheduled election in Autumn 2009. One cannot rule out, therefore, the fall of Merkel’s government before she can push through her priority project, the ratification of the Lisbon Treaty. She wants it ratified by the national parliament by no later than May 23, which is German Constitution Day.

All in all, these power games among the five establishment parties of Germany are being conducted as if the reality of the global financial collapse simply did not exist. But it does exist, and voters know that with certainty. So the next round of major banking collapses, industrial layoffs, and the like will find the establishment parties totally unprepared for such a situation.

By contrast, the LaRouche movement’s continued campaigns through its Civil Rights Solidarity Movement (BüSo), for a complete overhaul of the global banking and credit sector in favor of productive investments, and at the expense of speculative ventures, and for a defense of the common good, have qualified the party, in the eyes of a growing number of voters, for political mandates. The political establishment will come to realize that at the peak of ungovernability, the power of ideas will play a dominant role, and that they do not have the ideas that are needed in such a time of crisis. And having ideas is the trademark of the LaRouche movement. The tens of thousands of brochures, leaflets, and other campaign material distributed by the LaRouche Youth in Germany over the recent weeks, are a good investment in a real future.

The Dangerous Babblings Of a French Neocon

by William Jones

Savage Century: Back to Barbarism

by Thérèse Delpech

Washington, D.C.: Carnegie

Endowment for International Peace, April 2007

232 pages, hardcover, \$27.95

While few Americans are acquainted with the name of Thérèse Delpech, she is considered a leading light among the French neoconservatives, and a “fellow traveler” of sorts to our own neoconservative gurus like Richard Perle and Michael Ledeen, especially on the Iran nuclear issue. The purpose of this book, her second to be translated into English (*Iran and the Bomb: The Abdication of International Responsibility* was published in November 2007), is to rally the troops for the new fascist world order.

Of course, Delpech has credentials. She is the director of strategic affairs at the French Atomic Energy Commission, a member of RAND’s European advisory board, a member of the Council of the British International Institute of Strategic Studies, and served as an advisor to former French Prime Minister Alain Juppé.

Now, the Carnegie Endowment for International Peace has published a translation of *Savage Century* in order to introduce her to a broader non-French-speaking public.

The Real World of 1905

Delpech proposes to compare 2005, the year of publication of the French edition (*L’Ensaucagement, essai sur le retour de la mondialisation*), with 1905, and to compare the past century’s development with what will unfold beginning 2005. Delpech gives a somewhat quirky rendition of the importance of that year. While it was the year of the defeat of Russia in the

Russo-Japanese War, there were some hopeful signs on the horizon, Delpech argues, pointing to the publication of Einstein’s “Theory of Relativity,” Freud’s “Three Essays on the Theory of Sexuality,” and the initiation of the Modernist movement in painting, with the 1905 Salon d’automne in Paris—an odd combination, to say the least.

But, all in all, things were going south quickly, she concludes. Russia’s defeat led to the Revolution of 1905, the prelude to the great 1917 Revolution which finally destroyed the Tsarist Empire, established Bolshevik Russia, and changed the destiny of Europe. Thence, there flows inexorably, the First World War, the Second World War, all the way down to Rwanda and Darfur today.

Delpech’s argument is that the world was then unable to see the portents on the horizon and act accordingly, and, perhaps, now, at the beginning of a new century, the world is in a similar situation, and will suffer even more barbarism, lest it take heed of her prescriptions.

While lining up a succession of these disparate events in that fateful year, she fails to communicate any real sense of causality. Rather like a Kafka novel, or a Sartre play, the events unfold in a totally arbitrary, and therefore terrifying, manner. In order to present a plausible rationale for her arguments against the “bogeymen” of today, in particular, Russia and China, she has had to obfuscate the real historical record of 1905. Nowhere in Delpech’s depiction of events is a British hand anywhere to be seen!

There are a number of strategically important events of 1905 that Delpech chooses to ignore. First, the near completion of the Trans-Siberian Railroad. The Eurasian continent would henceforth be linked, like the United States, coast-to-coast, by rail, effectively eliminating the monopoly of the sea trade controlled by Great Britain. Second, this would provide the basis for an extension of trade and development to all the

nations of Eurasia which the new rail lines touched.

The publication by Halford Mackinder in 1904 of *The Geographical Pivot of History*, was a clear presentiment by the British of the danger represented by this new development. The key now was to foment war among the continental powers. By 1900, the great Russian finance minister, Sergei Witte, had achieved a remarkable series of treaties among Russia, France, and Germany, the most likely belligerents in any potential war. Similar treaties with China and Japan, which nations would also benefit from the new railroad, seemed to bode well for the continent.

Sensing the danger to their Empire, the British began immediately to unravel the web of relationships that Witte had carefully built up. Japan was being cultivated by the British to become, like them, an enforcer island-kingdom, capable of intervening into Asian continental affairs. The British were instrumental in promoting the first Sino-Japanese War in 1884, and, through a series of Anglo-Japanese treaties, provided Japan with the backing it needed to launch an attack on Russia in Manchuria in 1904.

At the highest level, the British gameplan was choreographed by the Prince of Wales, later King Edward VII. Since the monarchs of Europe were all related, it was easy for Edward “the Caresser” (so nicknamed for his bisexual escapades) to manipulate the psychological profiles of all the parties in order to foment conflict.

Targeting Russia and China

While Delpech rambles through the rubble of the century’s horrors, one gets the impression that the problems facing the world today seem well-nigh insoluble, short of total submission to the will of some supranational entity. Indeed, her real target seems to be the nation-state itself, but Russia and China are the particular objects of her wrath.

Her greatest vitriol is reserved for Russia. She berates the European Union for not coming more strongly to the assistance of Ukraine during the heady days of the Orange Revolution. “The Ukrainian episode was a reality check for Russia,” she writes. “Without Ukraine, it would be impossible for Moscow to resume domination over the states that emancipated themselves in 1990. Without it, Russia cannot dream of restoring the empire.”

She attributes Russia’s attempt to revive its national strength from the economic devastation of the “free market” insanity of the 1990s, to a latent Stalinist demiurge. “The return of Stalinist imagery in Russia today can hardly be interpreted as a simple desire to return to the past,” she writes. “The spirit of revenge abroad in the land is symptomatic of a traumatized country in the process of extreme regression.” Delpech’s solution: “to demand more accountability from the EU’s authoritarian, repressive, and, above all, enormously corrupt neighbor.” For Delpech, a European Union, strengthened by the elimination of its constituent sovereign nations, might adopt a more belligerent approach to Russia.

Delpech also blames Russia for contributing to the military modernization of China, her other main target. Indeed, Communist China, Delpech demands, must repent for its sins before becoming an acceptable partner. “Europe could encourage acknowledgment of the crimes the Communist authorities have committed against the Chinese people since 1949,” Delpech writes.

On the sensitive Taiwan issue, Delpech has a simple solution. The West should simply recognize its independence from China, and be done with it! “Recognition of Taipei would be the equivalent of a declaration of independence for the island,” Delpech writes, “but it would prevent hostilities. Out of it would come a diplomatic crisis with Beijing that could not develop into an armed conflict [!]... This path, revolutionary in form but peaceful in substance, deserves consideration.”

The one-worldist Delpech also sheds crocodile tears over the “disintegration of Africa,” aggravated, she laments, by the intense interest shown in Africa by China, which is in fact investing millions in the continent’s infrastructure. Delpech’s solution to the problem: redrawing the map of Africa in order “to reflect the ambitions of some and weaknesses of others,” deployment of more UN peacekeepers, and, if need be, “targeted investments” but “subject to oversight.”

Indeed, the most striking feature of Delpech’s survey of *la condition humaine* is the total lack of any consideration of economics, either as the cause of, or the solution to, the problems facing humanity. “In all of human history there has been no period when the dangers of politics and the limits of the economy have been made so brutally manifest as in the past century,” she laments.

Götterdämmerung?

Her purpose is not to solve anything, but to raise the specter of a world gone mad, a world which needs the firm hand of a global enforcer, led by the “unity of the Western camp”: “Europe should understand better than any other part of the planet what is at stake in this twilight, for we are familiar with the signs of decline and have an age-old experience of catastrophe.”

For Delpech, even reason is no longer sufficient for dealing with this world of the absurd. “Reason has been disqualified in the twentieth century of allowing everything to be justified, including the unjustifiable, under every sky. Ideologies were products of the overdevelopment of rational activity—the first aberrations appearing in the eighteenth century in Europe—and it was rational activity that gave birth to the monsters announced a century later by visionaries like Nietzsche,” Delpech says.

The 21st Century would indeed become a “savage” one, were our political leaders to adopt the nostrums of Thérèse Delpech. Let us rather leave them to the ravings of the inmates of the present-day equivalent of the Marquis de Sade’s Charenton, and devote our activity to defeating the real fascist threat that faces us today.

Exposé of Cheney's War Crimes Wins Oscar

by Edward Spannaus

Taxi to the Dark Side

Written, directed, and narrated by Alex Gibney.
Released by ThinkFilm.

To the surprise of many, on Feb. 24, the Academy Award for the Best Documentary Feature went to *Taxi to the Dark Side*, a powerful and graphic portrayal of the abuse, torture, and murder of prisoners held by the U.S. in Afghanistan, Iraq, and Guantanamo. The film pins the ultimate responsibility for these atrocities on Vice President Dick Cheney and his collaborators at the top of the Bush Administration.

In any other period, by any normal standard to which the United States has adhered throughout its history, what is depicted in *Taxi* would be regarded as war crimes—including by our impotent, do-nothing Congress.

And, as the film points out, by the standards which the United States and its allies applied at the post-World War II War Crimes Tribunals at Nuremberg and Tokyo, the most culpable for these crimes are not the enlisted men and women, the soldiers on the ground, who carried out what they believed to be the policies from the top. The culpable ones are those who designed the policy, and who let it be known down the chain of command, whether by direct orders, or innuendo, that the old rules of war no longer applied.

The film's very title constitutes an indictment of the leading war criminal in this Administration. It is a reference to chilling comments made by Vice President Dick Cheney, just five days after the 9/11 attacks, and the full meaning of which has only become apparent over the past two or three years.

In an Sept. 16, 2001 appearance on NBC's "Meet the Press," Cheney put the world on notice as to what he was planning. After dismissing the role of lawyers and legal process, Cheney laid out his intentions.

"We also have to work, though, sort of the dark side, if you will," Cheney explained. "We've got to spend time in the shadows in the intelligence world. A lot of what needs to be done here will have to be done quietly, without any discussion, using sources and methods that are available to our intelligence agencies, if we're going to be successful. That's the world these folks operate in, and so it's going to be vital for us to use any means at our disposal, basically, to achieve our ob-

jective.... It is a mean, nasty, dangerous, dirty business out there, and we have to operate in that arena. I'm convinced we can do it; we can do it successfully. But we need to make certain that we have not tied the hands, if you will, of our intelligence communities in terms of accomplishing their mission."

NBC host Tim Russert, then asked, helpfully: "These terrorists play by a whole set of different rules. It's going to force us, in your words, to get mean, dirty, nasty, in order to take them on?"

"Right," Cheney answered.

The reference to the "taxi" in the title is to an Afghan farmer, known only as Dilawar, who was picked up while driving his taxi with three men accused of rocketing a U.S. base. In between interrogations at the improvised military prison at Bagram, Dilawar was shackled by his wrists to a ceiling grate, so that his feet barely touched the ground. When Dilawar refused to "confess," he was beaten during interrogations, and when he shouted and screamed in agony from the overhead shackling, he was repeatedly hit in the leg just above the knee, in what is called a "common peroneal strike."

Dilawar died after five days of this treatment; a suppressed report by an Army coroner described the tissue in his legs as "pulpified," and said his legs looked as if they had been run over by a bus. Despite the coroner's report, the military went into a coverup mode. Dilawar was in fact the second detainee to die from beatings at Bagram; the Defense Department's press release said both had died of "natural causes."

A later Army investigation revealed that most of those involved in the beatings that caused Dilawar's death, believed him to be innocent. The three passengers in his cab were sent to Guantanamo; they were eventually released without any charges ever being brought against them. And, as it later turned out, Dilawar and the other three had been handed over to U.S. forces by a local militia leader who himself was responsible for rocketing the U.S. base and then accusing others.

After the Abu Ghraib revelations in 2004, the Army felt compelled to demonstrate that it was doing something, so it launched an investigation of the Dilawar case. Although authorities recommended that 27 officers and enlisted personnel be charged with criminal offenses, only seven enlisted men were actually charged. No officers were charged; in fact, the officer in charge of interrogations at Bagram was promoted and awarded a Bronze Star for Valor.

The 'Fog of Ambiguity'

How did it happen, that members of an Army, which has, on the whole, conducted itself honorably with respect to adversaries and prisoners for over 200 years, could commit atrocities such as documented in this film?

In on-screen interviews with the soldiers from Bagram,

they repeatedly emphasize that they were told that the Geneva Convention rules did not apply to their prisoners, but they were never told exactly what rules *did* apply.

As is well known by now, there was a raging dispute in late 2001, within the Bush Administration and the Pentagon, over the applicability of the Geneva Convention to those captured in Afghanistan.

At the height of this dispute, on Jan. 27, 2002, Cheney went on two Sunday talk shows, to declare his victory over Secretary of State Colin Powell's insistence that the U.S. adhere to the Geneva Convention. Asserting that Geneva didn't apply to terrorists, Cheney growled:

"These are bad people. I mean, they've already been screened before they get to Guantanamo. They may well have information about future terrorist attacks against the United States. We need that information, we need to be able to interrogate them and extract from them whatever information they have."

International law specialist Scott Horton¹ was secretly contacted by military lawyers who were alarmed at what was happening. As he describes it in the film:

"My first involvement in this came when I was visited by a group of very senior JAG [judge advocate general] officers more than a year before the first story about the Abu Ghraib broke, who were very troubled by what was going on. And the focus of their concern was failing in the responsibilities that the military leadership had to soldiers in the field—that was responsibility to provide fair, clear guidance to them as to how to behave in these difficult circumstances. And what they saw was an intentional decision taken at the height of the Pentagon, to put out a fog of ambiguity surrounding all of these issues. Coupled with great pressure to bring results. To be prepared to be violent with the detainees. But this violence with the detainees is a criminal act."

One of the principal values of this film, is that it shows exactly how this "fog of ambiguity" played out, on the ground in Afghanistan—and later at Guantanamo and in Iraq. Through interviews conducted by filmmaker Alex Gibney, we see how soldiers from Bagram and Abu Ghraib succumbed to the pressures to extract "intelligence" by mistreating prisoners as they believed their chain of command demanded. The soldiers involved in beatings and deaths at Bagram are unambiguous in their certainty that their officers knew exactly what was going on. They describe how officers were always coming and going through the prison. "Everyone wanted to see the terrorists," one says.

Without getting legalistic, *Taxi* documents how the Bush-Cheney Administration's interrogation and detention policies were worked out over the adamant objections of experienced military lawyers, and how these policies were transmitted

down the chain of command to the interrogators and MPs, who were under intense pressure to "get the information"—or, in Cheney's words, to "extract from them whatever information they have."

Damien Corsetti, a hulking and poorly trained military interrogator at Bagram and Abu Ghraib, who was known as "Monster" and the "King of Torture," described the pressures on the interrogators:

"Soldiers are dying, get the information. . . . Get the information." That's all they were told, Corsetti says in the film. "Mr. Rumsfeld's office called our office frequently," he adds. "Very high commanders would want to be kept up to date on a daily basis on certain prisoners there. The brass knew. They saw them shackled, they saw them hooded, and they said, 'Right on. You all are doing a great job.'"

"It's very clear that it starts in the office of VP Cheney," says lawyer Scott Horton in the film. "He had a very strong view that we were not as aggressive in dealing with people in interrogations as we could or should be. Taking the gloves off, being rough with detainees. . . ."

Or, as former Judge Advocate General of the Navy, retired Rear Admiral John Hutson, reports in the film: "The spine of the United States Armed Forces is the chain of command. What starts at the chain of command drops like a rock down the chain of command. And that's why Lynndie England knew what Donald Rumsfeld was thinking without actually talking to Donald Rumsfeld."

War Crimes

The horrors of the policies worked out by Cheney, Rumsfeld, and a handful of rogue lawyers working outside the U.S. military's well-established legal structure, hit the nation full-force with the disclosure of the Abu Ghraib photographs in the Spring of 2004, and have continued to spill out since that time, with new disclosures and admissions of secret prisons, extraordinary renditions, waterboarding (better termed "water torture"), and the like. Over 100 prisoners have died in U.S. custody during the so-called "war on terror." At least 30 of these are officially classified as homicides.

As Cheney's lawyer David Addington warned in a memorandum sent to President Bush in January 2002, the U.S. War Crimes Act mandates lengthy prison sentences and even the death penalty for grave breaches of the Geneva Convention. This and other memos confirm the simple truth documented in *Taxi to the Dark Side*.

With its graphic and uncensored photos, this is not an easy film to watch—no matter how much you think you know about the events of the past six years. But no honest viewer can come away from it with any doubt of the fact that, for the first time in American history, top U.S. government officials deliberately and systematically directed and supervised the commission of atrocities which, by any fair definition, constitute war crimes.

1. See interview with Scott Horton, *EIR*, Jan. 28, 2005.

OCEAN TEMPERATURE AND CO₂

Global Climate Change Has Natural Causes

by Lance Endersbee

*Professor Endersbee is the former Dean of Engineering and former Pro-Vice Chancellor at Monash University in Melbourne, Australia. A civil engineer, he is a world authority on rocks and tunneling, and a life-long advocate of Great Projects. He was instrumental in the engineering of the Snowy Mountain Scheme for hydroelectric power and irrigation, launched in 1949, one of Australia's largest and most successful infrastructure projects, which is rated by the American Society of Engineers as "one of the seven engineering wonders" of the modern world. In 1964, he worked on water-management engineering on the great Mekong River system in Indochina. Now retired, he is pursuing science and infrastructure development as a "free scholar." A chapter from his 2006 book, *A Voyage of Discovery*,¹ appeared in EIR, March 10, 2006, titled "World's Water Wells Are Drying Up."*



Prof. Lance Endersbee

In the 15th and 16th centuries, the climate in Europe was cold and unpredictable. Crops failed. Famine followed famine, bringing epidemics. There was a belief that crop failures must be due to human wickedness. But who were the wicked ones? It was believed that there must be some witches who are in the grip of the devil. Witches were named, Inquisitors tested their faith, and a large number of poor souls were condemned and

burnt at the stake. For decade after decade, fires burned in most towns in Europe.

It is an example of a public delusion. In 1841, Charles MacKay wrote a book, *Extraordinary Public Delusions and the Madness of Crowds*, which has since been reprinted. MacKay describes several popular delusions such as "The South-Sea Bubble," "The Tulipmania," "The Crusades," and "The Witch Mania." We read it today with a detached amusement, but there have been many other popular delusions since MacKay wrote his book. We are not immune to the madness of crowds.

Today, there is global warming. The droughts and warm weather are regarded as punishment for the environmental sins of mankind. The particular cause is claimed to be the use of carbon fuels.

Over the past two decades, the concepts of "man-made global warming" and "man-made climate change" have come to be accepted as reality. They are repeated every day, in the papers, on TV, in schools and universities. Many governments, and the United Nations, have declared their faith that man is causing global climate change. But is it true, or is it just another extraordinary popular delusion?

In Australia, the newly elected government won support on the popular understanding that they would *stop* climate change. Such a claim is arrogant, and scientifically impossible. But there was no demur.

Many scientists, engineers, farmers, and others around the world have sound reasons to believe that global climate change has natural causes, but there is little learned discussion. The reason is that *climate change* has now become a political and economic issue, and is no longer a scientific issue. These days, scientists from various disciplines cannot even reason together on climate change. If one has a scientific opinion opposing the popular doctrine of *climate change*, it is au-

1. *A Voyage of Discovery* may be obtained from www.bookshop.monash.edu.au.

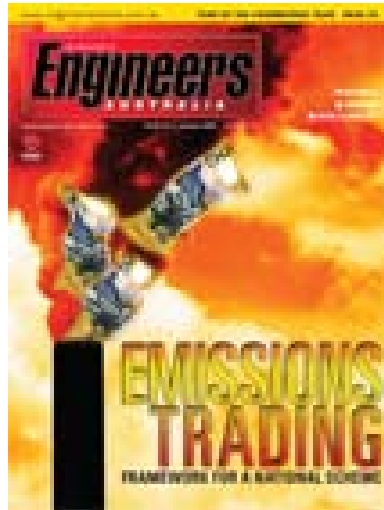
tomatically treated as a political statement.

A good example is Engineers Australia. This learned society adopted climate change as policy, without any learned discussion at all. The recent issue of *Engineers Australia* magazine for January 2008 was about “Emissions Trading,” with the footnote, “Framework for a National Scheme.” There was no room for the learned view that emission trading is a popular delusion.

In Australia and New Zealand, many farmers have noted that there is no evidence of man-made climate change in their farm records for over a century and more. Similarly, engineers have noted that the records of rainfall and runoff for over a century show no evidence at all of man-made climate change.

Setting Evidence Aside

Yet the Council of Engineers Australia decided to set all that historical evidence aside in favor of a vague notion of man-made “climate change.” I am a past president of this learned society and think that the decision was harmful to the members. Engineers carry responsibilities for planning



Endersbee: “No room for the learned view that emission trading is a popular delusion.”

and building our future infrastructure, including electricity and water. Their professional responsibilities demand intellectual independence, and a critical awareness of world knowledge in their field. They are harmed when their own learned society sets political acceptability above intellectual integrity.

An early action of the newly elected government in Australia was to attend the recent United Nations Conference on Climate Change in Bali and to sign the Kyoto Protocol. The protocol is designed to reduce carbon emissions. The scientific basis is the assumption that carbon dioxide is a pollutant. It is merely an *assumption*.

A group of about 100 scientists from around the world, including the author, united by common concern about the scandalous promotion of *man-made climate change*, made a formal submission to the Secretary-General of the United Nations at the time of the recent Bali Conference. The dissident scientists were concerned that the Intergovernmental Panel on Climate Change (IPCC) and its supporters were quite wrong in their predictions of rising carbon dioxide levels, continued warming, rising sea levels, and so on, and were thereby subverting governments



NOAA

Most of the change in atmospheric CO₂ levels results from changes in ocean surface temperature. A warmer ocean releases more carbon dioxide into the atmosphere.

and the public. The submission was made, but it was not at all welcome.

The Australian government has initiated an enquiry into the economic consequences of "Emissions Trading," chaired by Prof. Ross Garnaut, an economist. The basis of the enquiry is the assumption that man-made climate change is a fact. Another group of concerned scientists and engineers submitted a proposal for a Joint Australia-New Zealand scientific Royal Commission on Climate Change, insisting that the government should get the science right first. I am a signatory.

An example of the strength of scientific criticism of IPCC can be seen in a paper by two distinguished German physicists on the key assumptions in the IPCC computer studies. Their paper, "Falsification of the Atmospheric CO₂ Greenhouse Effects Within the Frame of Physics," by Dr. Gerhard Gerlich, of the Institute of Mathematical Physics at the Technical University Carolo-Wilhelmina in Braunschweig, and Dr. Ralf D. Tscheuschner in Hamburg, July 2007, may be found at <http://arxiv.org/abs/0707.1161v3>. It is rather advanced physics, but it certainly gives an idea of the solid scientific criticism of IPCC.

Putting Climate Change in Perspective

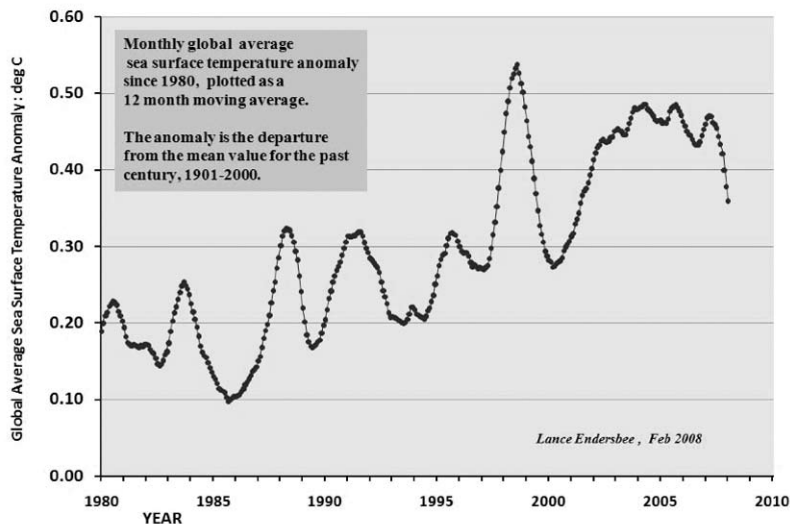
Two years ago I published my book, *A Voyage of Discovery*. It is a history of ideas about the Earth, with a new understanding of the global resources of water and petroleum, and the problems of climate change. Since then, I have continued my studies. My present understanding on global climate change is outlined below.

It is my belief that:

- Climate change is a characteristic feature of the dynamic system of the Earth, Sun, and Cosmos.
- Air pollution and global warming are scientifically separate issues.
- Emissions of carbon dioxide are not a cause of global climate change.
- Carbon dioxide is not a pollutant. It is essential for all life.
- The solubility of carbon dioxide in the oceans decreases with an increase in sea temperature, and increases with cooling.
- The oceans breathe carbon dioxide in and out with the seasons, and with major climate changes such as El Niño and La Niña events.
- The vast surface area of the oceans determines the interchange of gases between the atmosphere and the oceans.

FIGURE 1
Global Average Sea Surface Temperature Anomaly Since 1980

(12-Month Moving Average)



Note the cyclic behavior and the peak temperature in 1999, and the overall cooling since then. The causes of the cyclic behavior are not known. The major influence is probably variations in heat flow on the ocean floor from undersea volcanoes and vents.

- There is no need for carbon trading, or geosequestration.
- Carbon trading is the result of fear mongering about global warming by the IPCC and others.
- Carbon trading has not arisen from market forces, and presents enormous risks to investors.
- When it is recognized that carbon dioxide is not a pollutant, carbon trading will collapse.
- The vast areas of black pavements and dark buildings in large cities cause local heating, called an urban heat island effect.
- The deadly pollution of dust, acid gases, and water vapor entering the atmosphere in many world cities adds to the heat island effect.
- Such cities can be most unhealthy places. The problems are local, not global, and correction to this man-made pollution must be industry- and city-centered.

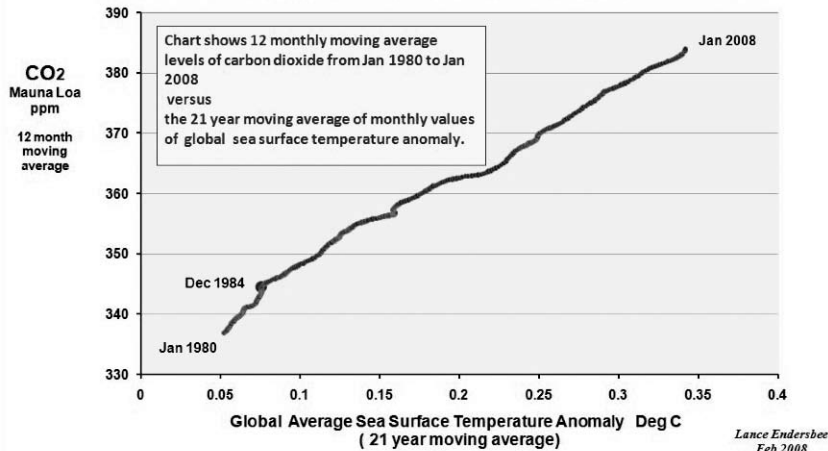
The Sun Drives Our Climate

The major driving forces causing climatic variations on Earth are the variations in the full spectrum of radiation of the Sun, the variations in the orbit of the Earth around the Sun, the varying gravitational influence of the larger planets on the Sun, and the influence of cosmic radiation on both the Sun and the Earth.

The oceans have a major influence in helping to regulate

FIGURE 2

Experience Curve Relating Actual Atmospheric CO₂ Levels With Actual Global Average Sea Surface Temperature



This is not a time scale, but just the simple relation between two physical parameters— atmospheric CO₂ and sea surface temperature— independent of time. The line shown is the sequence of actual plotted points for each end-month of the two moving averages. There is strong consistency from December 1984 onwards, which reflects the better accuracy and consistency of the temperature records from satellite data. During the period of record on the chart, the sea temperatures have been rising. Sea temperatures are now starting to fall, and it is expected that the strong relationship between sea surface temperatures and CO₂ will continue to hold.

climate on Earth. The two accompanying charts show the cyclic behavior of the surface temperature of the oceans, and the way the oceans and the atmosphere comprise an integrated system.

It is difficult to see any influence of human activity in the variations of sea surface temperatures shown in the chart (Figure 1). The gaseous emissions of our industrial world are virtually constant. However, the popular assumption is that the overall increase in temperature is due to carbon dioxide emissions.

Overall, the sea surface temperature over the period from 1980 to 2007 has been warmer by about 0.3°C above the mean temperature for the past century. Thus, on a long-term average, the sea surface temperature would be expected to be 0.3°C cooler than today.

The present Winter in the Northern Hemisphere has been the coldest for several decades. Scientists studying solar behavior report that the Sun is relatively quiet and that we may expect a further cooling of Earth climate.

Thus it seems probable that the recent cooling of sea surface temperatures will continue.

The 21-year moving average of sea surface temperatures was used in order to cover a complete solar cycle, including the change in polarity of the Sun. It also covers the cycle of El Niño and La Niña influences on global climate. Such a

long-term moving average also recognizes the vast storage capacity of the oceans for carbon dioxide, and the slow changes.

There is a clear and strong relationship between levels of atmospheric carbon dioxide and long-term average sea surface temperature. This would be expected from the solubility curves for carbon dioxide in water. At 15°C (59°F) and atmospheric pressure, water can absorb its own volume of carbon dioxide. At 5°C cooler, i.e., 10°C (50°F), water absorbs 19% more than its own volume; and at 5°C warmer, i.e., 20°C (68°F), water absorbs 12% less than its own volume. Thus a warmer ocean releases more carbon dioxide into the atmosphere. Figure 2 reflects the strong sensitivity of the solubility of carbon dioxide in water to variation of temperature of the water.

The deeper oceans have a great capacity to store and release carbon dioxide. If we just double the pressure in the water to two atmospheres, equivalent to a depth of water of 10 meters (32.8 feet), the volume of gas absorbed is also doubled.

The experience curve shows the huge capacity of the oceans to absorb the carbon dioxide emissions of mankind without departure from the experience curve.

The clear relationship in Figure 2 is only evident in the recent data on global average sea surface temperatures derived from satellite observations. The earlier data on sea temperatures from ships and moored buoys were limited in areal coverage, and in frequency of observations. It is understandable that the historical data are quite inconsistent with the recent satellite data.

It is emphasized that this chart is just a plot of actual experience. It is not a theoretical construct. If the IPCC ever included this actual experience curve of carbon dioxide and sea temperatures in its computer simulations, this would have a dramatic effect on its conclusions.

The recent observations of a quieter Sun, together with the much colder weather in the Northern Hemisphere Winter, suggest that it is probable that there will be continued global cooling. Thus we may expect a continued decline of sea surface temperatures. In that event, we may anticipate that carbon dioxide levels in the atmosphere will also decline.

In essence, I anticipate that within about three years we will be experiencing natural global cooling, and we will be recognizing that the present fears of man-made global warming were just a delusion.

Sci-Tech Topics

Yellow Fever Re-emerges In Ibero-America

Yellow fever continues to infect people in several Ibero-American countries, including Brazil, Argentina, and especially Paraguay, where the mosquito-vectored viral disease is now being spread in the urban areas of the capital, Asuncion. At least three have died in Paraguay, and 13 cases have been confirmed, leading panicked citizens to flood clinics demanding vaccination.

The area has not seen urban yellow fever since the World War II years, and jungle yellow fever was last seen in the 1970s, but lack of mosquito control—a result of budget cuts and green propaganda—has brought the deadly disease back. Authorities in the capital are now busy spraying insecticide to damp down the danger.

The World Health Organization sent 2 million doses of vaccine the last week in February, and 1 million doses have already been distributed. There is no good treatment for yellow fever, so prevention by vaccination and vigilant mosquito control are of paramount importance, as the U.S. military found out long ago when Walter Reed tackled yellow fever in Cuba at the dawn of the 20th Century.

Rodin: Development Will Cause ‘Climate Change’

Rockefeller Foundation President Judith Rodin’s address to the plenary session of the American Association for the Advancement of Science (AAAS) conference in Boston Feb. 16, focussed on how the unplanned development of cities, mostly in Third World countries, would exacerbate what she termed the “climate crisis.”

A month earlier, Rodin had shared the podium at a Los Angeles press conference with New York Mayor Michael Bloomberg and California Gov. Arnold Schwarzenegger, announcing their new plan, the “Building America’s Future Coalition,” which calls for corporatist/fascist infrastructure investment. The Foundation is bankrolling the ef-

fort, which is designed to help promote Bloomberg and corporatism into the White House.

At the AAAS conference, Rodin called for “smart globalization,” saying that the poor will suffer the most if we don’t deal with climate change, because they rely on nature so much! Her solution, however, is more tourism, which is apparently her concept of development. The private sector must play a leading role in creating “green jobs” in the United States, and we will harness the power of global markets to achieve this, she said.

Two reporters from *21st Century Science & Technology*, both members of the LaRouche Youth Movement, questioned Rodin after her speech. “Why doesn’t the Rockefeller Foundation call for a debt moratorium and the development of nuclear power for these poor countries, if you are actually even concerned about the situation there?”

Rodin was visibly disturbed by the question, replying that the Rockefeller Foundation is hampered from lobbying by stringent laws, so it can’t take a position on these things.

When challenged again on how nothing less than nuclear will develop our human economy, Rodin bolted from the discussion.

The Human Voice Shapes Wind Instrument’s Sound

Measurements with miniaturized sensors showed that the sound production of a tenor saxophone is dependent on the coupling of the vocal tract to the sounding pitch of the instrument, thus confirming a hypothesis demonstrated at an International Caucus of Labor Committees conference seven years ago by bassoonist Mindy Pechenuk.

Researchers at the University of New South Wales in Sydney, Australia, designed sensors that could be placed in the relatively large mouthpiece of a tenor saxophone, to measure the acoustic impedance (ratio of sound pressure to air particle velocity) of the sound produced by the voice. This measurement was compared to a similar one taken for the air flow within the instrument. A graph of the acoustic

impedance for the instrument, plotted against the frequency, would show peaks at the fundamental tone and its harmonics (integral multiples of the fundamental frequency). A similar plot for the acoustic impedance of the voice showed a peak at the fundamental, but not necessarily elsewhere.

Most compelling, the experimenters noted that in the high range of the instrument, known as *altissimo*, it was necessary that the voice produce a resonance at the fundamental tone, or no tone could be produced at all, as was the case for less-accomplished amateur players.

Unfortunately, the sound quality of the notes produced was not considered, and the instrumental measurements can only provide a crude approximation of the sound heard by the developed ear. Despite these drawbacks, the experiments, as reported in the Feb. 8 issue of *Science*, provide a physical confirmation of the more developed thesis presented by Pechenuk some years ago. (See Jer Ming Chen, John Smith, Joe Wolfe, “Experienced Saxophonists Learn to Tune Their Vocal Tracts,” p. 776.)

Toshiba Fast Reactor Test Facility in Japan

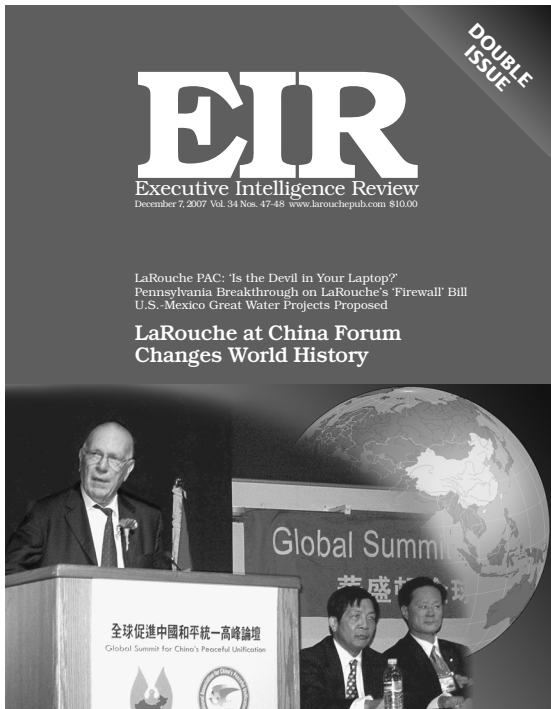
Japan’s new nuclear facility in Yokohama includes a high-temperature liquid sodium test loop for research on fast reactors. The test loop will simulate sodium coolant behavior at actual operating conditions and flow.

The fast reactor, which can breed more fuel than it uses, is slated to be the workhorse of Japan’s nuclear program in the future, and a few fast reactors are under design. In addition, Toshiba intends to commercialize the 4S reactor, Super-Safe, Small, and Simple, in the late 2010s. The modular 4S reactor uses sodium as a coolant.

Although the Bush Administration closed down its only sodium-cooled fast reactor, the Fast Flux Test Facility in Washington State, in 2005—for no good reason—the development of a new fast reactor is part of the administration’s Global Nuclear Energy Partnership.

SUBSCRIBE TO

EIR Executive Intelligence Review **EIR Online**



EIR Online gives subscribers one of the most valuable publications for policymakers—the weekly journal that has established Lyndon LaRouche as the most authoritative economic forecaster in the world today. Through this publication and the sharp interventions of the LaRouche Youth Movement, we are changing politics in Washington, day by day.

EIR Online

Issued every Tuesday, EIR Online includes the entire magazine in PDF form, plus up-to-the-minute world news.



I would like to subscribe to **EIR Online**

(e-mail address must be provided.)

- \$360** for one year
 \$180 for six months
 \$120 for four months
 \$90 for three months
 \$60 for two months
- Send information on receiving **EIR** by mail.

—EIR Online can be reached at:

www.larouchepub.com/eiw

e-mail: **fulfillment@larouchepub.com**

Call **1-800-278-3135** (toll-free)

Name _____

Company _____

Address _____

City _____ State _____ Zip _____ Country _____

Phone (_____) _____

E-mail address _____

I enclose \$ _____ check or money order

Make checks payable to

EIR News Service Inc.

P.O. Box 17390, Washington, D.C. 20041-0390

Please charge my MasterCard Visa

Card Number _____

Signature _____

Expiration Date _____