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Soros-Man Organizes a New Genocide in Congo
The Curse of Bush Struck Home on Nov. 4
Why Obama Must Dump George Soros

**Whereas: The World Monetary
System Is Hopelessly Bankrupt**



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The Banking System Has Already Collapsed!



“There is no possibility of a non-collapse of the present financial system—none! It’s finished, *now!*”

—Lyndon H. LaRouche, Jr., webcast, July 25, 2007

Unless the Homeowners and Bank Protection Act “is enacted as a first order of business of the 110th Congress in September [2007], many millions of Americans will be evicted from their homes.... The foreclosure tsunami is occurring, not as a result of a mere housing or mortgage crisis, but a disintegration of the entire global financial system.”

—EIR Editorial, Aug. 31, 2007

“My view of the economy is that the fundamentals are strong.”

—President George W. Bush, Dec. 20, 2007

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EIR

From the Assistant Managing Editor

Twenty-five hundred years ago, Plato wrote a number of dialogues on the question of sophistry, the practice of which had contributed, in no small way, to the collapse of the Republic of Athens. They are a good reference for understanding the Obama phenomenon today. In general terms, a sophist is one who has developed the ability to seduce with words; his rhetoric is aimed at persuasion; his arguments seem convincing—until they are exposed as empty, by the Socratic method: to draw out the truth of things through a process of dialogue, thus forcing the student (or sophist) to finally utter the truth himself.

Today, we see millions of Americans, battered by eight years of the Bush-Cheney-Rove madness, and the terrifying pace of the unravelling of the economy, desperately grasping for something to believe in (see Jeffrey Steinberg's "The Curse of Bush Struck Home on Nov. 4," in our *Feature*). The shapers of the Obama phenomenon used this yearning for "change" to manipulate Americans into projecting their hopes onto a chimera—a sophist. It is tragic to watch so many who should know better, succumb to the self-delusion of seeing Obama as "The One" who will lead them out of the desert.

Let's look at reality. As Lyndon LaRouche has repeatedly underscored: We are now *in the midst* of the worst economic/financial disintegration since the 14th Century Dark Age. And, as John Hoefle writes in *Economics*, we are running out of time to avert the greatest catastrophe mankind has inflicted on itself since the Lombard bankruptcies of the 1340s. For a glimpse at what this might look like today, see our *International* lead, on London's genocidal handiwork in the Democratic Republic of Congo.

LaRouche's "Nov. 11th Resolution" provides the actual (not sophistical) remedy to the world's looming catastrophe. This is issued in advance of the private meeting he is convening in Washington that day, in an effort to mobilize the institution of the Presidency, to act while there is still time.

One week later, LaRouche will address a webcast from Washington, D.C. (Nov. 18, 1 P.M. EST; www.larouhepac.com). Between those two dates, it may be expected that the global financial system will enter into its long overdue death throes. Thus, without the rapid adoption of LaRouche's New Bretton Woods and related rescue measures, there is little hope we will avert that new dark age.



Cover This Week

*A closed lead
mine in
Leadington,
Missouri.*



EIRNS/Steve Carr

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Silver or lead: That is the choice the world's leading drug legalizer, George Soros, is giving Mexico, the United States, and the rest of the world. The "accidental" death on Nov. 4 of Mexican Interior Minister Juan Camilo Mouriño and former Deputy Attorney General in charge of the war on drugs, José Luis Santiago Vasconcelos, was a clear warning.

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THE NOV. 11TH RESOLUTION:

Whereas: The Present World's Monetary System Is Now Hopelessly Bankrupt

by Lyndon H. LaRouche, Jr.

November 1, 2008

1. As of Saturday, November 1, 2008, the present world's monetary system is hopelessly bankrupt. Any attempt to continue that system, would not only be a fraud by those political powers which refuse to recognize that reality, but would be, in and of itself, a perpetuation of a vast crime against that great mass of humanity which would suffer from cruelties greater in magnitude of their global effects than the practices of the Adolf Hitler machine.

2. What the world as a whole is now experiencing, is a global economic breakdown, comparable to what Europe experienced as a Fourteenth-Century "New Dark Age," a new breakdown which erupted, first, in the U.S.A. at the close of July 2007. Under present conditions, the continuing failure to recognize that fact, heretofore, as by leading powers of the planet, would be, in effect, a crime against all humanity by such powers and their responsible authorities, who, therefore, would be culpable individual leaders in both government and international economic affairs.

3. In my capacity as a successful long-range economic forecaster, I have repeatedly identified the conditions leading into this presently onrushing, global

breakdown-crisis of the present world International Monetary System. I have done so with a uniquely valid scope, and with specific warnings, during the period leading into and following the beginning of the present, global breakdown process, since July 25, 2007. Clearly, any agency, or government which fails to take that crucial evidence into account, is, like the U.S. Congress itself, to date, acting with reckless disregard for economic realities and the social consequences of their negligence.

4. While there is presently wide-spreading acknowledgment among leading governmental and related circles of the world, that a reform deserving of the rubric "New Bretton Woods System," is urgently required for this situation, there is no clarity among those powers, as of yet, as to exactly what that means in terms of the most essential principles of such a reform. It is essential that clear fundamental principles be defined, and that quickly, "The system is coming down right now," as I do here!

5. Therefore, it is indispensable that a special, closed-door meeting among selected, suitable personalities be convened in Washington, D.C., on November 11, 2008, preceding the scheduled general meeting with U.S. President George W. Bush, Jr., to advise President Bush and other relevant parties on what would be justly de-



The world is now experiencing a global economic breakdown, comparable to Europe's 14th-Century New Dark Age, such as that depicted by the German artist Hans Holbein, in his woodcut series, "The Dance of Death" (1538).

manded of them in the matter of the virtual doomsday character of the world's presently, immediately looming general breakdown-crisis. This November 11th meeting, has been selected as the opportunity to develop some broad guidelines on the nature of the required immediate agreement from the President of the U.S.A., to launch the call for the immediate declaration of commitment to a return to a present-day agreement in global economic reform which would be consistent with the avowed intention of U.S. President Franklin D. Roosevelt at Bretton Woods, prior to that President's death.

6. In view of the unmatched, great credibility which I have earned as a long-range forecaster; it is indispensable, in the interest of securing a competent agreement, that I initiate, and be a sponsor of this present call.

7. It is intended that a limited number of responsible U.S. political officials and suitable other notables be included among a select, initiating group of those invited. Too many cooks will ruin the pot. That body should recommend extension of invitations to relevant international figures known to be sympathetic to this type of event, to discussions for the purpose of continuing discussions immediately following that of Nov. 11th. We must move on this quickly; the world's pres-

ently, hopelessly bankrupt monetary system is already on the verge of imploding.

8. The intent of assembling this as a private meeting and, also, its probably immediate, private sequels, is to create a proposal as free as possible of what were otherwise likely diversionary disruption by "lobbying" by obvious circles opposed to the very idea of a proceeding in bankruptcy against the presently ruling, but, hopelessly failed, global, and implicitly fraudulent, Anglo-Dutch Liberal, "monetarist" form of international monetary system.

9. We must not permit circles of governments, such as the already failed circles of President George W. Bush, Jr., himself, to control the agenda of deliberations to such a degree that essential elements of issues of agreement be excluded from the deliberations in that fashion. It is the governments themselves which have failed in this matter thus far; a judgment of that failure is, therefore, an essential part of any competent draft proposal.

General Finding On Background:

The crucial issue posed by the current, general bankruptcy-in-fact of the present world monetary-financial system, dates, in its notable origins, from that February 1763 Peace of Paris which established the British East India Company of such as Britain's virtually Satanic Lord Shelburne as a world empire-in-fact. Without taking that fact into account, as central to any competent understanding of both the causes and remedy for this presently onrushing, global breakdown-crisis of the existing world system up to this point, there will be no competent action to prevent an immediate general collapse of global civilization into a new dark age.

From that inception of what is known today, variously, as the British Empire, or that Anglo-Dutch Liberal system which has reigned afresh, increasingly, as a world empire-in-fact since August 15, 1971 and the subsequent petroleum-price crisis, this empire, which is what came to be known as "The British Empire," was essentially a "New Venetian" empire of international financier interests, an empire (or, if you prefer, vampire), led by the followers of Paolo Sarpi, which had employed its captive United Kingdom as a leading, subsumed instrument of a supra-national power of relevant circles

constituted as a ruling monetary system.

The core of that ancient and modern imperial power has been the establishment of international monetary systems which have functioned as, ostensibly, partners with governments, but whose essential form of power has been as a power operating from outside of, and over even governments with which they are associated as ostensibly mere partners.

This pathological habit, known as monetarism, was already this form of monetarist imperialism, which prompted the initial, 1763 break of the patriots of English-speaking North America from the rapine associated with Lord Shelburne's British East India Company. The constitutional monopoly of the later U.S. republic over its lawful utterance of credit, has been, from its inception, that principle of U.S. patriotic resistance against what was then, and again today, the globally crucial, imperialist power of global Anglo-Dutch Liberalism which is still the presently crashing world monetary-financial system of today.

The systemic implications of that crucial difference between the U.S. constitutional credit-system, and the Anglo-Dutch imperial, world monetary system, is the issue on which the survival or doom of the present world economic and social system depends, inevitably, and immediately.

This fact must be seen in terms of reference to the 1782 establishment of the British Foreign Office under the thumb of Shelburne's British East India Company's Jeremy Bentham, then, which has been the characteristically imperialist feature of the emergence of the Anglo-Dutch Liberal financier interest as the imperial power it remains, still, today.

Whereas, that Anglo-Dutch Liberal form of imperial monetary power, which President Franklin Roosevelt had intended to bring to an end as soon as the war against the Hitler forces had been won, acted, after his death, to employ U.S. President Harry S Truman to thwart President Roosevelt's anti-colonialist intentions



The February 1763 Peace of Paris established the British East India Company, of the Satanic Lord Shelburne (inset), as a world empire-in-fact. Shown: a representative of the British East India Company in Darjeeling, in the 19th Century.

for the post-war world. Truman betrayed the United States, and assisted London in re-establishing colonial power, either overtly, or under subterfuges, from that time to the present day.

In fact, no new monetary system, for reason of its very nature, could cope successfully with a crisis of the origin and present characteristics of the presently onrushing general breakdown-crisis of the planet as a whole. Only the institution of a credit system of the type intended by that President Roosevelt in 1944, as a Bretton Woods reform introduced by him, represents the true model of any efficient remedy for the effects of the presently onrushing, concluding phase of an ongoing, assured, general breakdown of the entirety of each and all among the world's present monetary-financial systems.

The only type of reform which could combat the present breakdown-crisis efficiently, as had been intended by President Franklin Roosevelt in 1944, would be an international monetary system based on the principle of public credit embedded in the intention of the U.S. Federal Constitution, as emphasized by Treasury Secretary Alexander Hamilton, rather than the Keynesian mode of implicitly imperialist monetary systems associated with the Anglo-Dutch Liberal world-imperial financial-monetary systems of Europe, as also the U.S.A., which are breaking down today.

A reference to the original, German edition of

Keynes' proposal of a general theory, in 1937 Berlin, reveals the truth about the Keynesian conception as having been a wittingly pro-fascist sort of imperial model, a model of the type which has been in increasingly full effect since those radical U.S. developments of 1968-1973. This has been the model which has been the genesis of what was to become something like the world breakdown-crisis reaching the point of a general, global collapse during these present weeks.

To appreciate the implications of what I have just written here, we must recall those conditions of British strategic policy during 1937-1940, which led to the British financial establishment's break with what Britain had created as the Adolf Hitler regime.

Prior to the Nazi Wehrmacht's breaking into France, an action which violated the terms of Britain's earlier accommodation with its sometime protege Hitler, nearly all notables, including Winston Churchill, had been willing to "tolerate" a Hitler whom they presumed to be committed to the targeting and conquest of the Soviet Union. When Hitler struck France, first, and that successfully, the former Anglo-American and other financier circles, such as Harriman's Prescott Bush, the grandfather of President George W. Bush, Jr., which had had a policy of tolerating and co-operating with the Hitler regime, joined with Churchill et al. in turning against their former crony, the Hitler regime. It was only the Nazi breakthrough into France, thus breaking through what had been presumed to have been agreement not to breach the western diplomatic barrier, that prompted Britain to turn against its former crony, Hitler.

Today, the genocide against Black Africa maintained by the British Empire and its U.S. sympathizers among financiers in official positions of influence, typifies the essential difference between the U.S. Constitutional principle of President Franklin Roosevelt and that British imperialism whose colonial and related imperial interests were defended by President Truman. Truman's folly has been continued to the present day, as to be seen in Truman's legacy itself through the time of President Richard Nixon and those of Presidents George H.W. Bush and his son, George W. Bush, Jr. This monetarist



FDR Library

Today, the British empire's genocide against Black Africa typifies the difference between the U.S. Constitutional principle of President Franklin Roosevelt, and the British imperialism defended by President Truman. Truman, shown here, between FDR (left) and Henry Wallace, November 1944.

view alien to our republic, is the axiomatic root of the horror we must recognize as unfolding in Congo right now, as these words are written at this present moment.

Where on this issue, we might ask, for example, does President George W. Bush, Jr. stand today? Where Barack Obama, for example?

1. Back to President Franklin Roosevelt!

In such circumstances as these, one must inquire:

What is, speaking practically, the essential difference between the Bretton Woods System of President Franklin Roosevelt, and that pro-Keynesian system shaped by the influence of his successor, President Harry S Truman?

All imperialist, and quasi-imperialist systems known to our history to date, as known from studies of the "bow tenure" system traced to Sumer, through the time of the implications of the Homeric *Iliad* for ancient Greece, depend, as in the case of the fraudulent set of definitions, axioms, and postulates of *Euclid's Elements*, on the assumption of the existence of arbitrarily presumed, *a-priori* assumptions respecting at-

tributed, so-called “self-evident,” essentially arithmetic definitions, axioms, and postulates.

Yet, the roots of ancient through modern European physical science are located in a notion of science explicitly contrary to the *a-priori* presumptions associated with the dogma of *Euclid's Elements*. Such is the case for the ancient Pythagoreans and Plato, and for the founding of modern European science by Cardinal Nicholas of Cusa and such among the students of Cusa's discoveries as Leonardo da Vinci, Johannes Kepler, Pierre de Fermat, Gottfried Leibniz, Carl Gauss, Lejeune Dirichlet, and Bernhard Riemann, and, later, Max Planck and Albert Einstein, among others. Einstein's celebrated public adoption of the work of Kepler and Riemann as providing the actual foundations of a competent modern physical science, is an expression of this distinction.

See the opening several paragraphs of Bernhard Riemann's 1854 habilitation dissertation for a conveniently authoritative statement of the problem.

The most crucial of the relevant points bearing on the present crisis respecting matters of the roots of competent economics in matters of universal physical principle, is that all so-called “reductionist” sets of axiomatic presumptions, such as the reductionism of *Euclid's Elements* and the modern empiricists, positivists, and existentialists generally, are based on axiomatic-like, *a-priori* assumptions whose effect is to exclude consideration of the existence of those universal physical principles, such as Johannes Kepler's uniquely original discovery of the principle of gravitation, which are to be found only “outside” the domain of the kind of *a-prioristic* presumptions typified by the role of sense-perceptual-premised, definitions, axioms, and postulates in *Euclid's Elements*.

The particular, most crucial significance of this point for understanding the presently ongoing, general, economic breakdown-crisis striking all of our planet's societies today, is that such systems, premised *a-priori* on ideas respecting human sense-perception as such, are not merely incompetent scientifically, but are the most frequent concomitant of the great, self-inflicted physical-economic disasters of once proud nations and their cultures.

The crucially relevant issue posed by that vulgar practice, is the essential distinction of the human species, from all forms of inhabitants of the Biosphere. That is the issue of the functional denial of the existence and role of *human individual creativity in en-*

abling a society both to avoid otherwise inevitable attrition, and even collapse into a relevant new dark age of that part of the entirety of humanity. This is especially notable for the case of modern economy, in which the employment of discoveries derived from the context of universal physical principles, is the only source of the power of the human species to rise to potential relative population densities beyond the capacity of the higher apes.

I defy any among you to show me the expression of such creativity within the economic-policy doctrines taught in the universities, or governments, of leading nations of our planet today. On this account, all financial accounting systems known to us are sources pregnant with ultimate disasters of the type which now menaces the continued existence of civilization on our planet today. In these inevitably failed systems prevalent today, the notion of profit is the notion of the looting of the labor of man, by other men, rather than promoting the shared benefit of human creativity, through discovery of those applicable principles by means of which mankind's potential relative population-density is increased: an increase which can be sustained only through the use of creative mental powers which are nowhere to be found in the doctrines of systems of generally accepted modern financial accounting or generally accepted academic economic theories.

It is precisely for that reason that, in matters of economic forecasting, I have succeeded repeatedly in long-range forecasting, where all my leading putative rivals have failed so miserably, especially at the present point in global developments.

2. The Only Remedy Available

There are two principles of physical science which are of crucial importance for the shaping of economic policies among nations today.

First and foremost, is the principle of *dynamics* as Gottfried Leibniz raised the issue of this principle in exposing the inherent incompetence of the influence of such modern reductionist followers of Paolo Sarpi as Rene Descartes.

Sarpi adopted a method copied from the medieval irrationalist William of Ockham, under which mathematical and kindred formulas were substituted for the actual discovery of proof of universal physical and re-

lated kinds of universal principles. So, today, in typical schools and universities, mere mathematical formulas are substituted for what are actually provable, experimentally, to be universal physical principles. Johannes Kepler's uniquely original discovery of gravitation, as proven for the first time in his *The New Astronomy*, and his discovery of a universal principle of gravitation within the Solar system as a whole, as proven, uniquely, for the first time, in his *The Harmonies of the World*, have served as the foundation of all competent modern physical science through the work of such as Max Planck and Albert Einstein. As the case of Harvard University illustrates the point, neither of these discoveries are recognized in the typical university curriculum of today.

It is mankind's discovery and application of discoveries of this universal quality which define the method by which the increase of the physical productivity of nations, per capita, and per square kilometer, is actually accomplished. That is to say, that it is through the discovery of universal physical principles, and the application of those methods of discovery to the practice of society, that the maintenance and net increase of the productive powers of labor, per capita and per square kilometer, are not only maintained against decrease, but enjoy a net increase.

3. The Role of the Nation-State

However, contrary to some relatively popular mythologies, the increase of the productive powers of labor is not secured through the mere application of discovery of principles to the legendary "point of production." Progress in productivity is chiefly through the combined spread of technological progress at the point of production, as combined with the increase of the quality of general infrastructure in which production occurs.

This principle of economy was introduced to modern economy by Gottfried Leibniz, especially in Leibniz's exposure of the scientific frauds of Rene Descartes. It



The creative qualities of the human individual mind are associated with physical scientific progress, and with the progressive development of Classical modalities in culture, notably, within the body of national language-cultures. Dante Alighieri is shown here in a painting by Domenico di Michelino (1465) celebrating the Commedia (written ca. 1300), in which Dante invented Italian as a vernacular national language.

is only in the domain of physical dynamics, as physical dynamics was developed as a conception by Bernhard Riemann, that the actual functional role of universal physical principles was made adequately clear to modern economy.

The source of this creative power expressed by the individual and his or her society, is located in the same specific qualities of the human individual mind which are associated, on the one side, with physical scientific progress, and, at the same time, with the progressive development of Classical modalities in culture which are typified only by Classical modes in artistic composition, as in Classical poetry, Classical drama, and Classical musical composition and performance in the vein of J.S. Bach, Mozart, Beethoven, et al. The expression of these specific forms of creative powers is located, primarily within the body of Classical expressions of national language-cultures.

It is the affirmative co-operation of national cultures to the common ends so identified, which is the dynamic principle of creative progress on which the future of a presently menaced humanity now depends absolutely.

Monetarism Is Dead; Bury It Before It Buries Us

by John Hoefle

Nov. 7—We are quickly running out of time to avert the greatest catastrophe mankind has inflicted upon itself since at least the Dark Age of the 14th Century. It does not have to happen, but it will, unless we wise up pretty damn quickly. The world as we know it is breaking apart, economically, politically, culturally, and morally, as the financiers of the Anglo-Dutch Liberal empire scramble to steal all they can as their global financial system dies, leaving the vast majority of the population to fend for itself.

These imperial financiers have launched a concerted push to stampede nations into capitulating to their demands for a global corporatist dictatorship. We must act quickly, they assert, since they intend to ram their fascist reorganization through before people realize what is being done.

The monstrous policy they are presenting as a “solution” to the financial crisis is a fraud. First, it must be clearly understood that what is being proposed is geopolitical, not financial—under the guise of saving the values of financial assets, they are targeting for destruction the nation-state system itself, intending to take the world back to the days when empires ruled the world, and the people had no governments to protect them. Second, their attempt to “downsize” the global population, is explicitly genocidal. The financiers of the empire plan to wipe out large swaths of what they see as “useless eaters” and unwanted competition for global resources. In their view, these resources belong to the empire, not to the nations within whose borders the resources are located. Third, what these rabid imperialists do not understand is that they, by these ac-



M. Minderhoud

A gantry crane loads ships in Rotterdam harbor. If the banking system cannot lend for global shipping, what good is it? It has to be put under bankruptcy reorganization!

FIGURE 1

Shipping: Baltic Dry Index, 2008



Source: Capital Link Shipping.

tions, are triggering a holocaust which they can not control and can not themselves escape. There will be no safe havens when the Four Horsemen of the Apocalypse are fully unleashed, and civilization crumbles into a new Dark Age.

Breakdown Crisis

We will look at how we got to this point, but first we should look at the consequences we face in the immediate period ahead, as the credit upon which global economic activity evaporates, starting with the breakdown of international trade.

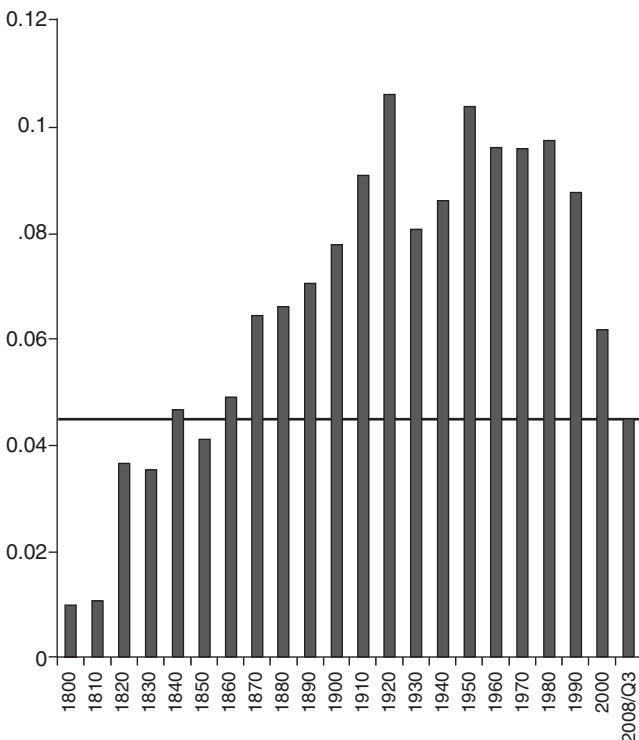
The shipping of goods around the world revolves around a system of credit lines and letters of credit, in which the banks of the buyers guarantee payment for goods to the banks of the sellers. Shippers are reluctant to put cargoes on boats and planes without a guarantee that the buyers on the other end will pay for the shipments, and due to the banking crisis, such guarantees are becoming more expensive, and harder to come by.

Banks worldwide have significantly curtailed lending for shipping, both for cargoes and for the construction of new ships, with disastrous effects. The situation has gotten sufficiently serious for the World Trade Organization to issue a warning, and request a number of big trade-finance banks to attend a Nov. 12 meeting on

FIGURE 2

U.S. Manufacturing Workers Per Capita, 1800-September 2008

(Workers, Per Capita)



Sources: Bureau of Labor Statistics; Census Bureau.

the subject. This comes on the heels of the problems caused by high fuel costs in the past year.

The lag in global shipping statistics makes it difficult to show short-term trends, but the Baltic Dry Index does serve as an indicator, of sorts, of shipping activity; and it has dropped precipitously, off some 90% since its peak in May (Figure 1).

For the banking system to restrict world trade is insane, since without trade the world can not function. If the banking system can not perform this essential service, then the banking system must be reorganized. Banks which can not meet their responsibilities are of no use to anyone other than the parasites themselves.

Similar problems can be found in the United States, where unemployment reached 6.5% in October, the highest in 14 years. Some 1.2 million jobs have been lost this year, half of them since August. Manufacturing workers, a useful proxy for productivity, fell to 13.28 million in October, and on a per-capita basis below the level of 1860, before the Civil War (Figure 2)! The effects of globalization and foreign competi-

tion have devastated domestic manufacturing, most notably the auto sector, which is being further damaged by reduction in the credit available to potential customers. GMAC, the credit company owned by GM and Cerberus, is exploring the possibility of becoming a bank holding company, to tap into the Treasury bailout.

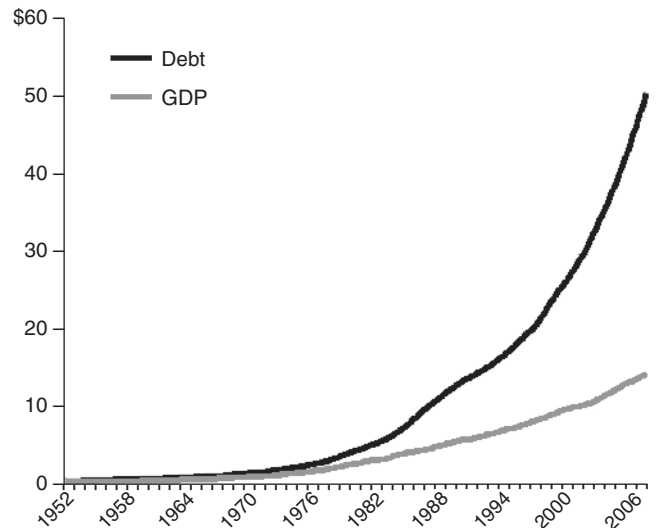
The lack of credit, coupled with other economic problems, is also causing problems for retailers, a significant problem for an economy as dependent on consumer spending as ours. Without credit, consumers can not buy, and if they don't, a large section of our economy, and the economies of our trading partners, such as China, will also collapse.

The issue here is not simply credit—in fact, one could argue that under current conditions, additional loans should not be issued, given the bankruptcy of the global financial system and the hyperinflationary effects of adding further debt to a world the productive capacity of which is rapidly falling.

We are in a breakdown crisis, in which the financial system has died, and can not be revived. The world is collapsing under the weight of an enormous mountain of debt, a debt which can not be paid. One need merely compare the rate of growth of debt in the U.S. economy with the rate of growth of GDP, to get an idea of the problem (Figure 3). Adding more debt makes the situation even more untenable, while cutting off new lending will stop the economy in its tracks. The same can be said for having the Federal government bail out the banks, since even before the new bailout program, the U.S. faced a severe budget deficit (Figure 4).

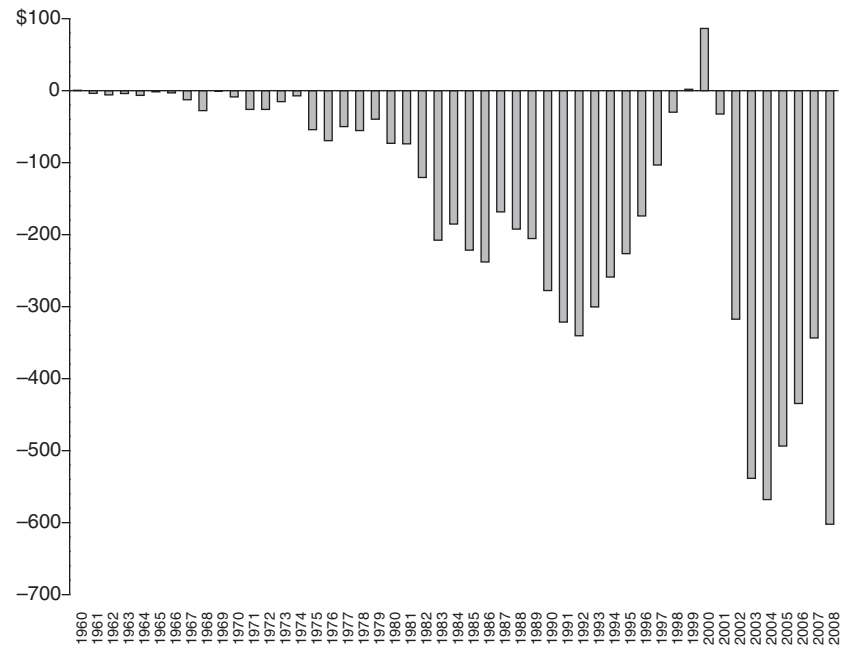
This is a problem that can not be solved by monetary policy, as the solution lies in the realm of physical economy, and the application of human creativity to raising productivity and energy flux-density. We must produce our way out of this crisis, and the first step is to write off the debt incurred by four decades of financial parasites under the thumb of the Anglo-Dutch Liberal system. It is that system which

FIGURE 3
U.S. Debt Outstrips GDP, 1952-June 2008
(\$ Trillions)



Sources: Bureau of Economic Analysis; Federal Reserve.

FIGURE 4
U.S. Federal Budget Awash in Red Ink
(On-Budget Surplus/Deficit FY 1960-2008, Pre-Bailout, \$ Billions)

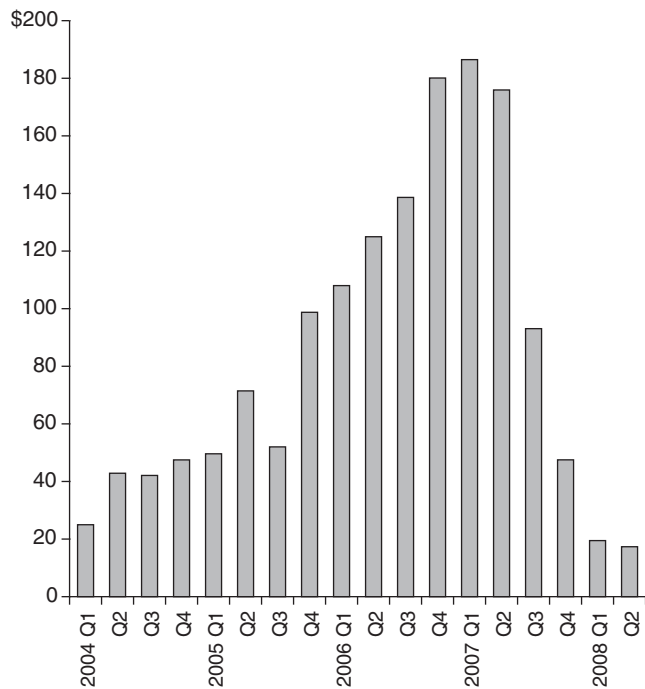


Source: Office of Management and Budget.

FIGURE 5

CDO Market Dries Up

(Global Issuance of Collateralized Debt Obligations, by Quarter, 2004-June 2008, \$ Billions)



Source: Securities Industry and Futures Market Association (SIFMA).

has failed, and we must abandon it, and return to the American System of political economy, with its emphasis on scientific development and a Hamiltonian credit system. We are quickly running out of time.

Watershed

September was a watershed month for the financiers, as one element after another of their system collapsed. Fannie Mae and Freddie Mac were taken into Federal conservatorship; Lehman Brothers failed; the Federal Reserve intervened to protect the credit-derivatives market from a failure of AIG; Merrill Lynch sought the illusion of safety via a takeover by Bank of America; Goldman Sachs and Morgan Stanley became bank holding companies in an attempt to survive; Washington Mutual became the biggest admitted bank failure in U.S. history, when it was closed by the Office of Thrift Supervision and sold to J.P. Morgan Chase. In Britain, two big banks, Lloyds TSB and HBOS, announced a merger, while the smaller Bradford & Bingley was nationalized, and its branches sold to Abbey, the bank owned by Spain's Banco Santander. Iceland began the

nationalization of its banking system with the purchase of a stake in Glitnir, and the Belgian, Dutch, and Netherlands governments took effective control of Fortis, one of the world's trillion-dollar giants. September also saw a flight forward on the regulatory front, with U.S. Treasury Secretary Henry Paulson demanding virtually unlimited powers to intervene in the financial system, and the Fed significantly expanding emergency lending programs.

Now, in early November, we have reached the point where the U.S., British, and other governments are pumping hundreds of billions of dollars into their top banks, and the Fed, the European Central Bank, the Bank of England, and other central banks have injected more than \$7 trillion into the banking system through a hodgepodge of bailout programs. Yet, after nearly a year of ever-increasing bailout operations, the system remains as Lyndon LaRouche described it in July 2007: dead. Trillions of dollars have already been spent, and far more has been committed via government guarantees.

One might be tempted to think that the bailout has therefore been to no avail, but the truth is far worse: The bailout has been quite destructive, from the standpoint of both triggering hyperinflation, and of blocking the attempt by LaRouche to organize a real solution.

Run on the System

Global financial markets are now in the deadly embrace of a run on the system, as banks, hedge funds, and other speculators (or "investors," as they prefer to consider themselves) flee to what passes for relative safety in a dead system. This run is centered in the derivatives markets, a multiquadrillion-dollar unregulated casino where bets have been placed on virtually every bond, stock, currency, company, and index known to man, and perhaps some which are not. As these derivatives bets proliferated, a vast pool of off-balance-sheet "funny money" was created, and treated as if it were real. As long as the derivatives market was growing, large profits were booked, even larger piles of assets were accumulated—all of which created the illusion of great wealth. Making things worse, this speculation occurred with large amounts of leverage, or borrowed money, which allowed speculators to place bets in amounts many times in excess of what they could have bet had they been limited to using their own money. The result has been the greatest specula-



EIRNS/Christopher Lewis

German autoworkers from the IG Metall union on a warning strike at a GM Opel plant near Frankfurt on Nov. 5. The global credit squeeze has slammed the already hard-hit automobile sector particularly hard.

tive bubble—and pyramid scheme—in world history, creating the largest pool of fictitious capital the world has ever seen.

That bubble has popped (see **Figure 5** for one indicator), and the edifice that was built with that leverage is collapsing with far greater speed, in a reverse-leverage death-spiral.

Reverse-leverage may sound complicated, but the process is easy to understand. Leverage was used to allow speculators to borrow money at low interest rates, and bet that money in the markets. When it worked, the profits on the bets were sufficient to allow the borrower to repay his loans, and turn a larger profit than would have been possible without the loans. The danger was that the speculators could lose their bets, leaving them in a position of not only losing their money, but still being on the hook to repay their loans. That is, their losses could exceed their capital many times over. Banks, hedge funds, and other gamblers caught in such a trap, could quickly incur losses far in excess of what their economic models claimed were possible.

As this pyramid scheme collapses, speculators worldwide are being hit with repayment demands and margin calls; and they are being forced to liquidate assets, to come up with the cash to meet their obliga-

tions. The result is a mob of desperate sellers driving down prices; and the more prices fall, the greater the losses, the more margin calls, triggering further selling, and so on, like water circling in a toilet.

At the same time, all the players are desperately trying to convert their funny money to real dollars before the system collapses completely. The problem is, despite the central banks' money-pumping frenzy, there isn't anywhere near enough money to go around. In this game of musical chairs, the music is stopping, and there are way too few chairs.

Stealing from the Public

When everyone wants to sell, who does the buying? Increasingly, the answer to that question is: a government or a central bank. In the early days of the crisis, before it exploded so publicly, the big banks would unload their bad paper on state and local governments, but that only worked for a while, until those governments started taking big losses. The banks also sold some of their bad paper to vulture investors who believed that the markets would return, and big profits could be had by buying assets "cheaply"; the vultures were soon disabused of that notion. The banks also sold off bunches of their bad paper to hedge funds and special purpose vehicles they set up as toxic waste

dumps, often lending the buyers the money to make the purchases. At this point, the financial world is littered with more buried bodies than a mafia garbage dump.

As the speculators' desperation grew and they ran out of suckers to rip off, they increasingly turned their attentions to governments. Initially, the banks began unloading their bad paper on the central banks as collateral for loans, and as the crisis deepened, the central banks both increased the size of their loan programs and loosened their collateral standards, taking in ever-larger amounts of bad paper. The nominal reason for these loans was to deal with the "credit crunch," but they were really intended to deal with a solvency crisis by exchanging worthless securities for cash.

It was not enough—by a long shot. Though the tens of billions turned into hundreds of billions and then into trillions of dollars, the losses grew even faster, leaving the banks with more bad paper than ever before. With the hole growing faster than it could be filled, a new plan was launched, to have the Federal government buy the bad paper directly.

The result was Secretary Paulson's bailout plan, submitted to Congress in mid-September, accompanied by a demand that the plan be passed without modification. What Paulson got was a bill that gave him most of what he wanted, including giving him the power to decide which institutions might survive for a while and which would not. In presenting the plan, Paulson asserted that it was well thought out, carefully crafted to deal with the problem, and absolutely necessary.

Then, a week after he got what he said he needed, he threw out the plan, and adopted one cooked up by the British.

Under the British plan, the governments would inject capital directly into the banks, by buying equity stakes. The British injected some \$87 billion into several large banks—the Royal Bank of Scotland (RBS), Lloyds TSB, and HBOS. All three banks had been mortally wounded, with RBS suffering the indignity of runs at its Coutts unit, bankers to the Queen. RBS had also been one of three banks which won a battle for Dutch giant ABN AMRO; the other banks in the consortium were Fortis, the Belgian-Dutch bank, and Spain's Banco Santander. Like RBS, Fortis was semi-nationalized by its governments, while Santander is on life-support from the European Central Bank.

Despite having rejected the idea of buying equity in

the banks, Paulson adopted the British plan. We suspect it wasn't entirely voluntary, since the change followed a visit to the United States by the plan's spokesman, British Prime Minister Gordon Brown. Paulson quickly announced that the Treasury would spend \$250 billion of the \$700 billion authorized by Congress to buy bank stocks, with the first half of that money going to nine banks (J.P. Morgan Chase, Citigroup, Bank of America, Wells Fargo, Goldman Sachs, Morgan Stanley, Merrill Lynch, Bank of New York Mellon, and State Street), with the rest to be spread among smaller banks.

However, the real purpose of the cash injections was not simply to save banks, but to force a consolidation of the U.S. banking system. This intent was demonstrated in the takeover by PNC Financial of National City Corp., when Treasury denied National City the funds it needed to stay independent, instead telling it to find a buyer, while giving PNC significantly more in cash than it needed to buy National City.

Corporatism, and Worse

Unless we break with these Anglo-Dutch Liberal system policies, we are heading inexorably into corporatism, a world run by a small group of global financial and corporate interests which will savagely loot the people of the world to protect what they see as their right to rule the world, and exercise control over all of its resources. The oligarchs have made their intent clear in many public statements, despite the veneer of the "saving the little people" propaganda they spin around their plans for public consumption.

As the physical economy collapses, our ability to support human life plunges. People will die not only in Asia, Africa, and Ibero-America, but in the United States and Europe as well. People will die, nations will die, cultures will die, all because those who could turn the situation around—people who could force a change in policy that could save humanity—refuse to act.

This great tragedy does not have to happen. The policies to solve the problem exist, as do significant numbers of people devoted to organizing the solution.

To those of you still on the sidelines, we say, join with Lyndon LaRouche and his political movement, and help us save mankind. Taking on the empire is not nearly as risky as refusing to do so, and there is precious little time left.

johnhoeftle@larouche.org

Failure of G-20 Summit Would Pose Threat of Financial System Meltdown

by Helga Zepp-LaRouche

This article was translated from German, and subheads added.

Nov. 7—All the recent Obamamania aside, the storm warnings are out for the world financial system. At any rate, there's no "Obama effect" on Wall Street. Over the two days following the U.S. Presidential election, stock markets experienced their steepest declines since the Crash of 1987, only to skyrocket upward again on the third day, after concerns over the demise of General Motors first pulled the market down, but then, after its stock was removed from the index, the market quieted down momentarily. If the G-20 summit on Nov. 15 in Washington fails to decide on a new financial system in the tradition of the Bretton Woods System, i.e., as a credit system as Franklin D. Roosevelt intended, then we will be facing the immediate threat of even more destructive waves of financial tsunamis, which will sweep away ever greater chunks of the real economy.

Only if the full program for a New Bretton Woods System is put onto the agenda, as Lyndon LaRouche has formulated it—the bankruptcy reorganization of the present financial system, and the establishment of a new system on the basis of the credit system envisioned by the U.S. Constitution—can the danger of a total collapse be averted. A great number of nations would agree to such a financial architecture in the tradition of Hamilton, Lincoln, and Roosevelt; in Russia, Italy, France, and some developing countries, such as Argentina and Mexico, influential forces have expressed as much.

A Rotten Consensus

But if, instead, the European Union's "consensus," and the U.S. position as it has been outlined up to now by Bush—and also emphatically by Obama—prevail, then the groundwork will have

been laid for the coming catastrophe. The call adopted by the EU heads of state today does indeed contain a series of proposed rules, such as more transparency, unified rules for balance sheets, strict oversight of hedge funds and rating agencies, and a code of behavior for financial managers. But this list also demonstrates that the EU is clearly incapable of grasping the fact that the dogmas of neoliberalism have failed; and they don't have a clue about the principles of physical economy. Their proposed measures might have been useful during the early 1970s, but now they are tantamount to efforts to revive a long-deceased patient. And meanwhile, they didn't find it worth even mentioning what should be done with the trillions in derivatives obligations.

Barack Obama, for his part, stated today that when he assumes office, he will organize an economic stimu-



The G-20 summit should follow the model of President Franklin D. Roosevelt, who reorganized the bankrupt U.S. banking system as soon as he came into office, and toward the end of the war, sought to organize an effective global financial system, the Bretton Woods system.

lus program, along with aid to small businesses and the middle class (including extended unemployment benefits!—i.e., not a trace of a New Deal in Roosevelt’s sense), and he called for global reforms. But here, too, we have not heard a single word about bankruptcy reorganization, nor any clear idea of the principles upon which the new financial architecture is to be based. During the run-up to the election, the U.S. news media openly admitted that Wall Street had thrown its weight behind Obama, and that in the last four weeks of the campaign alone, he had raked in \$150 million in campaign contributions.

Moreover, the EU’s idea of strengthening the International Monetary Fund (which is likewise predicting an economic downturn), and of assigning it the task of reestablishing trust in the system, has little prospect of success, given how many countries now question the IMF’s credibility and legitimacy, and consider it to have outlived its relevance. Developing and so-called emerging nations feel that the IMF will abandon them whenever dramatic crises such as the 1997 Asia crisis break out. Everything about the IMF—from its quota system, to its voting rights, and emphatically its infamous conditionalities—is viewed as running deeply contrary to these countries’ interests.

British Prime Minister Gordon Brown, of course, has recently also been talking about the need for a new Bretton Woods, but it remains to be seen what that would mean for the British tax paradise in the Commonwealth, and for oversight over the City of London. Up to now, every attempt to protect the toxic financial waste sitting in banks, hedge funds, and investment houses, has failed miserably. Over the past four weeks, the Bank of England has lowered its interest rates twice, first by 0.5% and then by 1.5% (!), but so far the banks have refused to make loans at the lower interest rate, apparently because they need the liquidity to deleverage their own derivatives positions.

Contrary Views from Eurasia

One opposing voice of reason is Yang Sung-chul, South Korea’s ambassador to the United States until



Bill Clark, Jr.

Sung-chul Yang, South Korea’s former ambassador to the United States, declared that the only solution to the crisis is to implement FDR’s full program, the New Deal.

2002, who was quoted, in the *Korea Herald* and *China Daily*, saying that only Roosevelt’s full program, the New Deal, which he launched during the Great Depression, can end the crisis, and that this must occur immediately, long before the next U.S. President assumes office in January. The prerequisite for such a new, visionary program, he said, must be created right now, before it is too late to avert the tsunami.

And China? Will this country, with its economy so closely interwoven with that of the United States, stick with its current policy? China is being dramatically gripped by effects of the crisis on many fronts, and according to the Nov. 6 *China Daily*, a member of China’s State Council said that the economy is

currently experiencing a dramatic decline: The rate of growth for October was negative (!) (as opposed to the previous 8% growth), resulting in massive factory closures, bankruptcies, and layoffs; and so China now needs a radical economic stimulus program. In the iron and steel industry, 30% of all firms have already halted production. Ziu Hongren of the Ministry for Industry and Information Technology stated that the global crisis has had a catastrophic effect on China’s economy (see following article).

Along the same lines, Russia’s Foreign Minister Sergei Lavrov, speaking today after a meeting with Chinese State Councillor Dai Bingguo, said that Russia and China will now have maximum advance consultation on their intended actions, both on the financial crisis, and in regard to military policy. President Dmitri Medvedev said the same, following his visit with Italian Prime Minister Silvio Berlusconi in Moscow: that they are in full agreement on the need for a new financial architecture. Both in Russia and in Italy in recent weeks, LaRouche’s ideas have been circulating—in Russia on television, print media, and websites, and in Italy, where Finance Minister Giulio Tremonti credited LaRouche with having initiated the debate over a New Bretton Woods. Moreover, both houses of the Italian Parliament are currently considering resolutions which make explicit reference to LaRouche’s ideas on a New Bretton Woods.



Russian Presidential Press and Information Office

Italian Prime Minister Silvio Berlusconi (left), in Moscow with Russian Prime Minister Dmitri Medvedev on Nov. 6. Medvedev stressed the need for a new global financial architecture.

Military Security

But it is not only the world financial system which is obsolete and in need of replacement by a new one; the same holds true for the global system of military security. Since Georgia's war against South Ossetia, President Medvedev has been putting this onto the agenda with renewed urgency. During his debate with John McCain, the future President Obama made it quite clear that he is in favor of Georgia's rapid inclusion in NATO, and nowhere has he stated that he would make improving relations with Russia one of his priorities. It is therefore hardly surprising that on the day after the U.S. elections, Medvedev announced that Russia, as its reply to the planned U.S. stationing of antiballistic-missile systems in Poland and the Czech Republic, will station short-range missiles in Kaliningrad.

It is worse than unfortunate that Germany's Foreign Minister Frank-Walter Steinmeier has seen fit to conclude that Medvedev's announcement was "the wrong signal, at the wrong time." On the contrary: Medvedev had waited until it was clear who the next U.S. President would be, and then he made it crystal clear that a continuation of NATO's encirclement policy toward Russia, as it has been pursued by the Bush Administration, will have consequences. What's wrong with that?

Let us recall that after the George Soros-financed puppet regime in Tbilisi, with assistance from U.S. military experts, launched a brutal war of aggression against South Ossetia, this attack was repulsed by Russia's justified reaction, but the United States neverthe-

less utilized the crisis to make the sudden counterthrust of stationing antiballistic-missile systems and radar installations in Poland and the Czech Republic, thereby threatening to bring on a situation not unlike the 1962 Cuban Missile Crisis.

Will Obama Dump Soros?

Let us make the point even more explicit: It is certainly very good for the United States that a candidate whose father was an African, can become President of the United States, just as it would have been good if Hillary Clinton had become the first female U.S. President. But it would be foolish to overlook the methods that were used to force Hill-

ary—who had received more votes in the primaries than Obama—to back down.

And it would be equally foolish to ignore the role played by George Soros in Obama's victory. This victory was primarily a vote by the U.S. populace against the national catastrophe that Bush has meant for the United States worldwide and historically—against the Iraq War, against Guantanamo, against Bush's behavior during the Katrina catastrophe, etc., etc. But despite enormous investments by such organizations as ACORN, actual voter participation was less than 1% (!) higher than in 2004.

The test of truth for the whole world will become evident quite soon now. Will Obama break with George Soros and Wall Street on Nov. 15, and will he opt instead for a Bretton Woods System and a New Deal in the Roosevelt tradition?

Will Obama advocate a new financial architecture, one which will spell the end of colonialism for the nations of the so-called Third World, and which will include the end of warfare over raw materials, such as what is currently under way in Congo?

Will Obama put an end to the geostrategic encirclement of Russia, China, and India, and instead permit the establishment of a peaceful world order for the 21st Century?

We shall see, and in short order. One thing, though, is certain: With every passing day that Lyndon LaRouche's proposed solutions are suppressed or sabotaged, many people will have to suffer, whether it be in Africa, in the United States, or in Germany.

Chinese Economy Reels from Shock Of Global Financial Catastrophe

by Mary Burdman

The collapse of the world financial system hit the enormous Chinese economy like a shock wave in October. On Nov. 6, a senior official of the State Council, the national cabinet, told the *China Daily* that the nation must take “comprehensive and radical measures.” The wake-up call for him, the official said, was the rapid contraction of electricity usage, where the rate is now negative. Over 70% of China’s electricity is used by industry, especially heavy industry such as steel. The official said that the electricity supply growth rate collapsed from 5.1% in August to 3.6% in September; but he was most “shocked by the October growth rate, which is below zero, which means more closures, bankruptcies and job cuts. . . . We have entered into a hard time,” he said. “Without radical remedies, it will become even harder.”

In fact, this was an understatement. Without a new world monetary system as Lyndon LaRouche has proposed, China is facing destruction of genocidal proportions. Many industries are being hurt, the official, said. He was not named, but *China Daily* reported that he is “close to the nation’s highest decision-makers.” “Major economic gauges indicate that we have entered into an excessive economic slowdown and need a radical stimulus package right now,” the official said. Only three to four months ago, the Chinese government was most concerned about economic “overheating”; now, the danger is the opposite. He reported that in China’s steel and iron industry, at least 30% of firms have already *stopped production*, and this is hitting other industries.

The government is putting together a program for massive investment in railways, ports, and energy infrastructure, and increasing treasury bonds to finance them, for the annual Central Economic Working Conference in late November. But, if LaRouche’s proposals—bankruptcy reorganization of the whole system,

breaking the control of the “globalized” Anglo-Dutch financial empire, and restoring national sovereignty over national economies—are not carried out, China will not be able to make the urgent strategic shift away from its dangerous dependence upon processing and exporting low-cost consumer goods, and toward building a national economy which can meet the present and future needs of its 1.3 billion people.

Underpricing Kills

President Hu Jintao emphasized that China wants to make this economic shift, when he spoke to government leaders from Asia and Europe, in Beijing Oct. 24 at the Asia-Europe Meeting summit. “The global financial crisis has clearly increased the uncertainties and unstable factors in the Chinese economy’s development,” Hu said. With its 1.3 billion population, “China’s sound economic growth is, in itself, a major contribution to global financial stability and economic growth. That is why we must first and foremost run our own affairs well.”

The greatest problem, as LaRouche has repeatedly said in discussions with Chinese policymakers, is that the export sector has actually been *an enormous cost* to the Chinese economy. “Chinese” exports are, in reality, hardly Chinese: Foreign-invested companies produced almost 60% of China’s exports last year, and almost 90% of high-tech exports. As leading Chinese economists know, these operations use up Chinese transport infrastructure, energy, water, and other resources—all at the costs of China’s own industries. But the greatest cost, as LaRouche emphasizes, is that China’s workforce is producing at prices far *below* what is needed to meet the population’s needs—now, or in the future.

This year is the 30th anniversary of the inauguration of China’s reform and opening up policy. Despite the

enormous changes in China since 1978, this policy has ultimately only worsened the gap between China's urban, industrial economy and the huge rural sector—where 700 million people live. A special report just issued by the State Council in September, showed that although rural incomes rose last year by the highest percentage in two decades, the gap between the urban and rural economy was at its greatest since 1978. The most serious gulf between what are, in fact, two separate economies, is not so much in incomes, as in the education, medical care, and welfare available to the people.

The crisis hitting the export sector will make the situation much worse. Millions of migrant laborers from the countryside work in these factories, and send funds back to their families.

China's other vulnerability is its foreign-exchange reserves, the biggest in the world, which hit a record \$1.91 trillion by end-September, up almost 33% over a year. These huge reserves are the result of its trade surplus with the U.S. and other Western nations, and the notion, prevalent among Asian nations since 1997-98, that monetary reserves could offer protection to national currencies from speculators and currency flight. The problem is that the dollar is now the currency of the Anglo-Dutch financial empire, and is being shredded by the mega-bailout operation. While China's banking system is, to some degree, protected, because it never abandoned currency and foreign exchange controls, only LaRouche's policy, to restore U.S. national sovereignty over the dollar, can prevent the hyperinflationary evaporation of China's huge dollar holdings.

Globalization Backfires

China is going to see worse to come, Prime Minister Wen Jiabao wrote. The nation "must be aware that this



Millions of migrant workers in China have seen their jobs vanish, as industrial and agricultural production shuts down; these two unemployed men wait for handouts in Yantai, Shandong province.

sixty4

year would be the worst in recent times for our economic development," Wen wrote in an article published Nov. 1 in *Qiushi [Seeking Truth]*, the leading theoretical journal of the Communist Party of China. "Against the current international financial and economic turmoil, we must give even greater priority to maintaining our country's steady, and relatively fast economic development," which will be hard, because of the "unfavorable changes" in the international economy. Wen warned that "it is very difficult to maintain high growth and a low inflation rate in the long run. . . . The [global economic] situation is worsening," and the negative impact of the volatile international market on the Chinese economy will become more obvious as the days go by. "We must be crystal-clear that without a certain pace of economic growth, there will be difficulties with employment, fiscal revenues, and social development . . . and factors damaging social stability will grow." Inflation is another threat—one taken seriously in China, which was hit by uncontrollable hyperinflation in the last years before the Chiang Kai-shek government collapsed in 1947.

At this point, globalization is backfiring, *China*

Daily acknowledged in a commentary published Oct. 6. International freight costs have shot up over 30% already, and rising materials costs are eliminating whatever “advantages” there had been for producers to use cheap labor and infrastructure in China and other nations. The globalizers will have no choice but to return “international manufacturing industries to the developed countries and their neighbors”—if they keep manufacturing at all.

While many Chinese reports focus on the growth rate of exports to the U.S. and Europe—already down by 5-6% to around 10% this year—that is not the real story. The 6% rise of the Chinese yuan this year alone means that half the reported growth in export value—reported in dollars—is due only to the currency rates. The actual volume of U.S.-China bilateral trade fell 3.1% outright in the first eight months of the year, the *International Herald Tribune* reported Oct. 15.

The crunch in textile and other low-cost export industries began early in 2008; now, hundreds of toy and textile firms are closing down every week. The National Development Commission reports that more than 10,000 textile firms have collapsed so far this year, and two-thirds have had to restructure, such as by shifting from cotton to cheaper synthetic fibers. One result is that, at the beginning of November, half the Autumn harvest of China’s largest cotton-growing region in Xinjiang, which produces about one-third of China’s cotton, was left unsold. From August to October, the cotton price crashed from 13,700 yuan to just 2,000 yuan a ton. Not only the regular farmers, but impoverished migrant workers, are hurt—millions of them find seasonal jobs picking cotton in Xinjiang, and as production shrinks, those jobs will vanish.

The growth rate of textile exports to the U.S. and the EU was already down by almost 20% in September, from a year earlier, the General Administration of Customs reported. In August, when exports are usually highest, they actually fell outright by 0.95%. Investment growth is also shrinking. Chinese textile producers operate on very thin profit margins, and cannot survive a shrinking market. Already, several hundred shoe producers have shut down just in the city of Dongguan, Guangdong, a center of the export industry, as orders fell by 30-40%, and production costs soared by over 20%. Last year, China exported 73% of the world’s shoes. Thousands of workers are being locked out of bankrupt factories.

On Oct. 13, the Customs reported that half of

China’s toy exporters have shut down this year. These were mostly smaller producers, who produced less than \$100,000 worth a year. Export growth rate was just barely over 1%, which is 22% lower than a year ago.

Crisis in Steel

“More than 60%” of China’s steel producers “are in the red, and many small steelmakers are facing closure,” China Iron and Steel Association (CISA) vice-chairman Luo Bingsheng announced at a national meeting in Beijing on Oct. 31. The situation has deteriorated very fast. Prices for steel products have crashed by up to 60%, according to steel industry sources, *China Daily* reported, while exports are dropping. In the first nine months of this year, exports were 390 million tons, down by 11.6%. “Exports may be halved in October and the sharp decline will continue until March, as the global financial crisis worsens,” Luo Bingsheng warned.

Chinese steel production had more than doubled in the past five years, rising from 180 million tons in 2005 to 489 million tons in 2007, and China shifted from being the world’s biggest steel importer to its biggest exporter, exporting about 12.5% of its production in 2007. But, as the chairman of Baosteel, one of China’s biggest producers, told a recent steel conference: “We have come to the turning point.” The shrinking demand for steel, due to cutbacks in housing construction and car sales in China, forced steel prices down 40-50% just in October. Baosteel Group has already cut production 20% and other producers are cutting 30% or more. It is the smaller, private steel mills which are being hit hardest.

One result is that the production cuts have left a record 89-million-ton stockpile of iron ore at China’s big ports. Peter Kraemer, CEO of Marine Services Group, one of Germany’s leading shipping companies, told *Junge Welt* in an interview published Oct. 29, that China, a leading raw material importer, has not imported a single ton of iron ore in the past four weeks.

China’s shipbuilding industry—another big steel consumer—is also in trouble, *China Daily* reported Oct. 27. China has some 3,000 shipyards, and has become the second-biggest shipbuilder after South Korea. The China International Capital Corporation Limited recently reported that the number of new ship orders worldwide dropped 66% year-on-year in September, and Chinese yards were hit with a 34% drop in



Edward Burtynsky Manufacturing #6A

The global financial shutdown has closed hundreds of shoe factories in China, which last year exported 73% of the world's shoes. Thousands of workers are now being locked out of bankrupt factories. Shown, a shoe factory in Wenzhou, Zhejiang Province, 2004.

new orders in the first nine months of this year. Guangzhou Shipyard International Company Limited received orders for only five new ships in the first half of 2008, compared with 24 in 2007.

The next question is, what will happen to the ships already ordered? The shipping industry worldwide had ordered 600 million deadweight tons of shipping, to be completed over the next three years. China alone has about 200 million deadweight tons on its order books, and new, smaller private firms will be especially vulnerable to the trade crash.

Auto, power, and other industries are also reporting big production cuts and profit contractions. Chinese auto producers, as opposed to affiliates of foreign producers—will have to be “consolidated” beginning next year, as slower sales and rising costs hit, an official of the National Development and Reform Commission (NDRC) said Oct. 16. “Some weak brands and less competitive players will start to be pushed out next year,” Cheng Xiaodong said. The process is already underway. China produces over 50 different cars, most low-cost. There will be pressure on the bigger producers, such as Dongfeng Motor Group Co., to buy the

smaller ones out, but that will be a big drain on the Chinese companies. Chery Automobile Co. Ltd., the fourth-largest, and a fully Chinese company, announced Nov. 2 it was planning layoffs of as many as 30% of interns and provisional workers.

The power sector has suffered the most, as coal costs soared. Losses of the country's top five power companies were 21.4 billion yuan (\$3.14 billion) in the first nine months, while the profits at China's two biggest power grids plunged 80.9% from a year ago. Even the China Yangtze Power Co. Ltd., which operates the famous Three Gorges hydroelectric dam, had to announce that its net profit was down almost 15% from a year ago. The petrochemical sector saw profits plunge by 81.1% in the same time. The China Petroleum & Chemical Corp. (Sinopec), Asia's biggest oil refiner, reported a 67% fall in net profit so far in 2008, despite government subsidies, because

of high crude oil prices.

‘Catalyst of Development’

Beijing is already moving to expand development of infrastructure, to attempt to stop the industrial shutdown. In mid-October, the State Council approved 2 trillion yuan (\$292 billion) for the construction of a series of railway projects. “Increasing investment in fixed assets has remained a catalyst of China's economic development,” *China Daily* wrote Oct. 25. The day before, Ministry of Railways spokesman Wang Yongping said that, “New rail investment will become a shining light in efforts to push forward economic growth.”

Senior government policy advisor Zheng Xinli told *China Daily* that, “In 1997, we dealt with the Asian financial crisis by stimulating domestic economic growth by investing in the construction of highways. This time the money will go on improving the rail network.”

These programs are urgently needed, but can only work if other nations, especially the U.S., Russia, and India, join in building the international “Land-Bridge” proposed under LaRouche's New Bretton Woods.

Will IMF ‘Quacks’ Finish Off Pakistan?

by Ramtanu Maitra

Nov. 5—Barring a miracle, it is almost a certainty that Pakistan will have to accept the International Monetary Fund’s standby arrangement, with stringent conditionalities, currently being offered, to avoid defaulting on foreign loan repayment. Pakistan has been pushed into a corner to accept an IMF program that will reportedly provide Islamabad with \$9.6 billion over three years, including immediate assistance of \$4 to \$5 billion. It is expected that the IMF agreement will come through by Nov. 15.

It is interesting to note that Pakistani President Asif Ali Zardari was keen not to go to the IMF with the begging bowl. He sought help instead from a group formed in September, named Friends of Pakistan. However, these “friends,” the U.S.A., Britain, France, and Germany, along with China, the United Arab Emirates, Canada, Turkey, Australia, and Italy, plus the United Nations and the European Union, provided nothing. Reports indicate that once Pakistan accepts the “quack remedies,” as IMF prescriptions are rightly called—cut down government expenditures (including subsidies), increase the taxation base, and devalue the currency—the so-called Friends of Pakistan will hand out some money to ease the pain. But, despite Pakistan’s repeated requests, these friends were unwilling to part with even a dime.

What To Expect

What will the state of Pakistan, already barely holding together as a nation, be, after the IMF quackery is applied? Chances are the patient might not survive.

According to a Pakistani news correspondent, Mazhar Tafil, who claims to have seen the document discussed at Dubai between the Pakistani government and the IMF, it says that if Pakistan were to accept the IMF funds, it would have to reduce its defense budget by 30% between 2009 and 2013, and reduce the number of government and semi-government posts entailing pensions, from 350,000 to 120,000.

“The IMF will propose a taxation structure under a

package of reforms in the Federal Board of Revenue and an Rs50 billion [about \$600 million] increase in the current target of revenue under the head of general sales tax,” the document says.

“Imposition of the agriculture tax will be made mandatory at the rate of seven per cent on wheat production and 3.5 per cent on other crops,” it maintains. The Federal Board of Revenue (FBR) would submit a quarterly report to the Islamabad office of the IMF for the monitoring and analysis of revenue collection as direct and indirect taxes. The IMF would propose changes wherever it wanted.

The document says the IMF representative would be part of the FBR administrative structure and offices of the fund would be set up in all the provincial headquarters to monitor the sales tax collection at the provincial level.

The proposals also say that six IMF directors and two World Bank directors would monitor preparation of the federal budget in the finance ministry. They would make budget proposals and the government would be obliged to comply.

“The Pakistan government will have to provide details of loans it got from all other lenders, including China, 48 hours before signing the funding agreement with the IMF and 25 per cent of the government assets pledged as securities for such loans will be the property of the IMF,” the document says.

According to another Pakistani analyst, Raza Rumi, the results of the IMF program will be nothing short of a social holocaust. Reducing the budget deficit to 4.3% of GDP from current levels of 8-9% means that public spending vital for social programs will be seriously reduced. “Whilst the Western governments are nationalizing banks and bailing out the economies, we will be advised to reduce and eliminate food subsidies, [and] scrap development expenditures translating into puny allocations for public goods such as health, education and infrastructure,” Rumi pointed out.

Another commentator, Pakistani economic analyst Farrukh Saleem, was succinct when he said recently that the IMF’s poverty reduction is all about killing the poor. America, already in a depression, is buying textiles no more. Pakistan’s textile sector employs 38% of the country’s labor force, and its share in total exports stands at 62%. With no electricity and no gas, Pakistan’s textile mills are shutting down like never before. The banks have lent billions to the textile industry, so the banks are soon going to be in trouble. The IMF prom-



UN/Marco Castro

Pakistani President Zardari has not been keen to go the IMF with a begging bowl.

ises to pour even more salt on our open wounds, Saleem said.

A Long and Difficult Relationship

Pakistan has had a long and difficult relationship with the IMF. Since 1988, the IMF, directly and indirectly, was involved with macro- and micro-managing Pakistan's economy. On the one hand, it provided direct bilateral support to help the country cope with its balance of payment deficits. On the other hand, the Fund had indirect influence on lending by other donor agencies. The IMF also influenced policies of lending countries to a great extent.

But throughout this period, the IMF was continually "dissatisfied" with Pakistan's economic performance, and usually refused to lend the full amounts which it had promised. Moreover, the IMF's relations with Islamabad were strained in 1997 by the alleged large-scale corruption by the late-Prime Minister Benazir Bhutto's Pakistan People's Party (PPP) and its resistance to structural reforms initiated by the IMF and World Bank. When the new government of Nawaz Sharif took office in 1997, relations were somewhat revived, but then soured when Sharif refused to impose the 3% sales tax on selected retail trade, a demand high on the IMF's list of conditionalities. In fact, Sharif's government failed to meet IMF conditionalities throughout its tenure (1997-99). Negative international

reaction to Pakistan's 1998 nuclear weapons tests only aggravated an already difficult financial situation.

Following the Oct. 12, 1999 military coup, which brought Gen. Pervez Musharraf to power, the government, at the very outset, appealed to the IMF for restoration of economic assistance and showed its willingness to meet the associated conditionalities. The Fund responded by recommending a ten-month Stand By Agreement (SBA) for Pakistan and the resumption of the medium-term (Extended Structural Adjustment Facility/Extended Fund Facility (ESAF/EFF) program.

But when Pakistan came off an IMF program in December 2004, the government insisted that it would never borrow from the agency again.

What Ails Pakistan's Economy?

So, why is Pakistan forced to approach the IMF now? One of the most serious problems that Pakistan faces is its depleted foreign-currency reserves. According to a Pakistani economist, by mid-October, the foreign-currency reserves of the central bank (exclusive of foreign-currency accounts of \$3.2 billion held by other Pakistani banks) were down to \$3.71 billion—an amount equivalent to five weeks of imports (that would take it to the end of the third week of November)—from the all-time high of \$14.24 billion a little less than a year ago.

The Pakistani currency, the rupee, has lost 25% against the U.S. dollar since the beginning of the year. Fresh foreign capital inflows have dried up or slowed down. According to the Prime Minister's finance advisor, Shaukat Tareen, \$6-10 billion has been taken out of the country in the last six months. Inflation is running at a 30-year high of 25%.

The government estimates that it needs \$3.5-4.5 billion in the next 30 days to cover its balance-of-payments obligations and rebuild foreign-currency reserves. "We're in a situation where money has to come from somewhere—even if it has to be the IMF—to end turmoil in the markets and restore confidence in the economy," the former chief economist Pervez Tahir argues.

Another leading Pakistani economist, Shahid Javed Burki, pointed out recently in a column in *The Dawn*, that from Pakistan's perspective, its economic crisis couldn't have come at a more awkward time, since Islamabad's need for the infusion of foreign capital continues to increase, while the developed countries are all absorbed in trying to deal with the meltdowns in their own financial sectors.

Saudi-British Nexus

There are perhaps two reasons, why Pakistan's "friends" decided it has to go to the IMF. First, Pakistan had long been in difficulties with the United States over its unwillingness to go the whole nine yards to meet the Bush Administration's demands over the Afghan War. It is not that Pakistan has not helped the U.S. and NATO during these seven years of bloody war in Afghanistan, but it did not do "enough" to satisfy the White House, or Capitol Hill, or the Pentagon. In other words, the unleashing of the IMF on Pakistan should be read as punishment handed out for non-compliance of demands made by the U.S. and the NATO.

(What is not discussed, is what the state of the Afghan War would be today, and where the reluctant warriors of NATO would be, if Pakistan hadn't helped the foreign occupiers as much as it did and, in the process, gotten pummeled by the jihadis. Nor is there any indication that the bloody war on Pakistani soil will end in the foreseeable future.)

The second reason is that Islamabad is steadily slipping out of Washington's sphere of influence and the United States is hated by most Pakistanis. In this environment, Saudi-British influence is growing. This duo is involved in helping the Pakistani militants, who are helping the Afghan Taliban, who are fighting the U.S. and NATO, and the Pakistani Taliban, who are fighting the Pakistani Army.

Following the global economic collapse, Britain is in the forefront of trying to maintain the existing financial architecture by strengthening the IMF. British Prime Minister Gordon Brown was in Saudi Arabia to seek funds for the IMF. Putting Pakistan under the strengthened IMF will enhance both London's and Riyadh's control, which they lack now, over Islamabad.

Britain is keen to have a stronger influence over Pakistan for geopolitical reasons. In recent years, through its intelligence wing, MI6, and its endless promotion of opium in Afghanistan, Britain has succeeded in creating a permanent state of chaos along the Pakistan-Afghanistan borders. The British objective behind the creation of chaos is multifold. The old colonial rascals are trying to weaken the United States in Pakistan; working to prevent the Chinese from having access to the Persian Gulf through Pakistan's western borders, and thus develop a network of trade and development linking Pakistan and China to Central Asia; and moving to position itself next to the Central Asian nations where

three major powers—Russia, China, and India—meet.

On the other hand, the Saudis have an altogether different agenda, centered around spreading the extreme orthodox form of state Islam, Wahhabism in Pakistan, and beyond in Central Asia, all the way to the southern flanks of Russia.

Resuscitate the 'Quack'

There is yet a third reason for Pakistan's "friends" sending it to the IMF: the international effort, led by Britain, to reestablish the IMF as the global monitor (dictator) of the collapsed financial system. In order to strengthen the IMF, which has little monetary strength, and had only Turkey as its client prior to netting Pakistan, Hungary, Georgia, and Ukraine in recent days, Gordon Brown went to Saudi Arabia just before Pakistani President Asif Ali Zardari went to Riyadh on Nov. 4. There, Brown demanded that the oil-rich Gulf States and China contribute funds for the IMF to lend to countries at risk of financial collapse.

In Riyadh, Zardari met with virtually no success. Pakistani media cited diplomatic sources saying the Saudis are not enthusiastic about easing the economic crisis confronting the country. Diplomats have attributed the coolness of the Saudi response to its unease over Pakistan's quest for an oil facility from Iran, a realignment of Saudi goals in the region, and political changes in Pakistan.

Brown claimed success in his attempt to persuade Saudi Arabia to help stricken economies by pumping more into the IMF, but this is by no means confirmed. However, it is almost a certainty that at the G-20 summit on global finance, scheduled to be hosted in Washington Nov. 15 by a reluctant U.S. President George W. Bush, the British, along with the Saudis, and perhaps some others, will push for putting some teeth into the IMF's conditionalities.

What is most disgusting about this situation is the American behavior. At a time when the U.S. Treasury was handing out sacks full of billions of dollars to bail out the corrupt investment bankers et al., it ignored Pakistan's dire need for a loan of \$10 billion. Instead, the United States, which has used Pakistani soil for almost eight years now, to supply 70% of the logistics for its Afghanistan War, allowed the British and the Saudis to push Pakistan into the arms of the "quack." This may well complete the process of destruction that Washington's "war against al-Qaeda" has done so much to bring about.

The Curse of Bush Struck Home on Nov. 4

Special to EIR

Nov. 8—With the 2008 Presidential elections over, and nearly all of the final tallies in, one simple truth stands out, above all of the media hype over the victory of Senator Barack Obama: The election was a clear repudiation of George Bush. Nothing more, nothing less.

After eight years of Bush-Cheney wreckage of the U.S. economy, two wars, the destruction of America's image around the world, Abu Ghraib, Guantanamo Bay, and the brutal take-down of civil liberties at home, the American electorate was overwhelmingly ready for "change." The mandate was for anybody but Bush, and the Republican Party of Bush, Cheney and Karl Rove.

Thus, Republican Presidential nominee John McCain, no friend of the Bush family, and an avowed enemy of Vice President Dick Cheney, nevertheless found himself in the thankless position of fighting a two-front political war, campaigning simultaneously against his Democratic rival Barack Obama, and against the intense popular hatred for the Bush White House and everything associated with it.

No Change in Voter Turnout

Statistics on the voter turnout, compiled and reported Nov. 6 by American University's Center for the Study of the American Electorate (CSAE), buttress the case that the election was a mandate against Bush and anything associated with the Bush family.

According to the CSAE data, and contrary to media

hype, voter turnout on Nov. 4 was only slightly higher than the turnout four years earlier. Between 126.5 and 128.5 million Americans cast their votes in the Presidential elections this year, a total of between 60.7% and 61.7% of the eligible voters. In 2004, 122 million Americans voted; a total of 60.7% of eligible voters.

In line with the anti-Bush mood, the largest decline in voter turnout was from registered Republicans, with the percentage of Republican votes down by 1.3%, to 28.7%, compared to 2004. The registered Democratic turnout increased by 2.6%, from 28.7% in 2004, to 31.3% this year.

Curtis Gans, the head of the American University Center, and one of the nation's most astute analysts of voting patterns, put it simply: "In the end, this election was driven by deep economic concerns and the prevailing emotional climate. While there probably has not been, since 1932, the confluence of factors that underlay this election—90% of the American people seeing the nation on the wrong track, 75% disapproving of the president's performance, more than 80% perceiving a recession and feeling that things will get worse, and the reality of growing economic distress—on one level this election was typical. When economic conditions go bad, the party in the White House gets blamed and they lose."

Compound the economic crisis with the mass-hatred of Bush and Cheney, over the Iraq war, the suppression

Eight years of the Bush-Cheney Administration left the nation's political and moral fabric ripped apart, the economy devastated, and thousands of Americans dead from senseless wars.



Torture at Abu Ghraib prison.



White House/Eric Draper
President
George W. Bush



EIRNS/Stuart Lewis
Vice President
Dick Cheney



U.S. Army/Pvt. Terri Rorke

Last rites are performed for soldiers killed in Afghanistan.



EIRNS/Stuart Lewis

Foreclosed home in upscale Leesburg, Va.

of liberties at home, and all the other factors that rendered George W. Bush the most unpopular President in history, and the electoral results stand out as a stark repudiation of eight years of catastrophe—all associated with the family name Bush.

Nothing Has Been Settled

In his first post-election comments, Lyndon LaRouche, the leading political economist and Chairman of the LaRouche Political Action Committee (LPAC), declared, “This election has settled absolutely less than nothing... We’ve got ourselves a real crisis on our hands. We’ve got a guy who’s been elected who’s not qualified for anything. And we have one of the worst crises in world history, which is the other part of the story—and you’ve got people who are saying: ‘Well now this is going to change the fate of humanity.’ Well, that may be, but not the way they mean it.”

It is this overarching reality of the present global crisis that led Lyndon LaRouche to issue an Oct. 30 statement, asking: “Is Assassination of Obama Britain’s Next Move?” (see *EIR*, Nov. 7, 2008). The statement began: “The highly probable threat that Barack Obama,

especially if he wins the election on Nov. 4, could be assassinated, is currently a matter of the utmost concern among serious political circles in both political parties. It is therefore urgent that there be built a bipartisan commitment to deal with this threat potential....”

True to Their Word

Precisely in line with LaRouche’s Oct. 30, warning of a British-engineered assassination of President-elect Obama, the London media immediately began gloating over the prospects that the Illinois Senator may not live to take his oath of office on Jan. 20, 2009.

Typical of the kind of “propaganda of the deed” filling the pages of the British media since the Nov. 4 elections, were the screaming headlines in the British tabloid, the *Daily Express*, on Nov. 6, which read, in bold letters: “TARGET OBAMA—FEAR OBAMA MAY NEVER MAKE IT TO THE WHITE HOUSE.”

The text of the article, which was subtitled, “A MILITARY-style operation to keep Barack Obama alive was under way yesterday within hours of his victory,” included a detailed report on the President-elect and his family’s Secret Service protection, and details

of a dispute between Obama and his bodyguards over his refusal to wear a bullet-proof vest at all times.

The *Daily Express* story, which was picked up by British newspapers and other media outlets throughout the Commonwealth, began with a graphic description of the 12-foot-high bulletproof shields surrounding Obama as he greeted a crowd at Chicago's Grant Park, just moments after his victory. "Americans will have to get used to such scenes," the article gloated. "Such are the concerns for Mr Obama's safety that many are already voicing their fears he may not even reach the White House. . . . Fears for Mr Obama's safety began the moment he entered the race for the White House and investigations are on-going into potential threats from race-hate groups in and outside the US." The rest of the story was punctuated by such comments as: "Many fear an assassination attempt is simply a matter of time. . . . Two assassination conspiracies have already been uncovered and the plotters arrested as the special task force to preserve Mr Obama scours the internet and telephone calls for clues."

And in a tongue-in-cheek menacing reference to an earlier British assassination of an American President, the article quoted from the Secret Service website: "After the assassination of President William McKinley in 1901, Congress directed the Secret Service to protect the President of the United States."

"This kind of behavior by the British media does not surprise me in the least," LaRouche commented Nov. 7. "The British are gloating, in public, about their plans to assassinate the U.S. President-elect. This must be stopped, at all costs."

In his Oct. 30 warning, LaRouche noted that the British had boosted Obama's Presidential campaign, "but it would be highly unwise to forget the age-old tradition of betrayal with a kiss."

LaRouche further warned, "In the midst of the on-going, unprecedented financial and economic breakdown crisis, there is nothing the Anglo-Dutch financial establishment wants more desperately than to destroy the Constitutional, sovereign United States. . . . The looming danger, however, is that the British, having succeeded in getting 'their' man into the U.S. Presidency, will decide that their objectives will best be accomplished by assassinating him."

LaRouche concluded, "In the face of that threat, sane Republicans and Democrats have to come together as a national force, to defend the country's integrity, and adopt the policies that will save it."

Why Obama Must Dump Soros

by Dennis Small

"Silver or lead."

It's a time-tested drug mafia method, which gained special notoriety in Colombia in the 1980s and 1990s: The British-run drug-runners give you the choice of playing ball with them, and getting lots of money; or bucking them, and getting a bullet instead: Silver or lead.

That is how the world's leading drug legalizer, the British agent George Soros, is operating today in Mexico, the United States, and worldwide. His continued activities and influence in Washington, D.C., especially in the camp of U.S. President-elect Barack Obama, poses a national security threat to the U.S. itself, a threat which "must be eliminated," in the words of Lyndon LaRouche.

Exemplary of the danger, is the way that Soros and his narco-allies struck on both sides of the U.S.-Mexico border on Nov. 4, election day in the United States. In Mexico, a government Lear jet carrying Interior Minister Juan Camilo Mouriño and former Deputy Attorney General in charge of the war on drugs, José Luis Santiago Vasconcelos, crashed in downtown Mexico City, killing all nine on board, and many on the ground. Santiago Vasconcelos had been on a drug cartel hit-list for years, with at least three known attempted assassinations against him—in 2004, in December 2007, and in January 2008.

On that same day, Nov. 4, drug legalization ballot initiatives sponsored by Soros were approved in Michigan and Massachusetts.

"Drug-pusher Soros's influence has to be entirely eliminated from Washington," LaRouche demanded on Nov. 5. "This is a Soros move, and Soros's moves are those of a foreign agent, an enemy of the U.S. He is a British agent. The guy's a damned Nazi anyway," LaRouche stated, recalling Soros's war-time collaboration with Hitler's Waffen SS in Nazi-occupied Hungary, actions of which he remains proud down to the present day (see box).

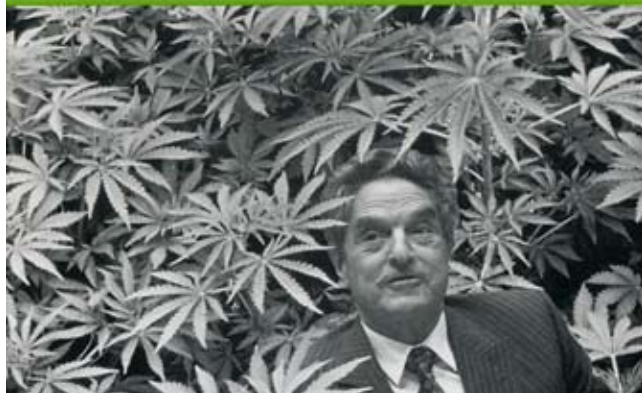
"The legalization of marijuana has to be cancelled," LaRouche continued. "It's unconstitutional. It's against

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Hamas suicide bombers came from London
Teamsters' UPS victory can be a turning point

George Soros: drug
pusher for the Queen



“Drug-pusher Soros’s influence has to be entirely eliminated from Washington,” Lyndon LaRouche declared. EIR exposed British agent Soros’s drug pushing in this Aug. 29, 1997 cover feature.

the law. Federal law is responsible here; state law can not do it. That will be nullified under a decent administration.”

British imperial interests, however, are acting with confidence that the financial and other influence that their agent Soros had in the Obama Presidential campaign—which this magazine has documented extensively—will be maintained during the Obama Presidency. City of London mouthpiece Ambrose Evans-Pritchard, for example, fretted in the Nov. 6 *Daily Telegraph* that, “As soon as next week the leaders of the G-20 bloc gather in Washington to construct the new financial order, a revived Bretton Woods.” But Evans-Pritchard added with a sigh of relief, “Thankfully, Mr. Obama is well advised by Paul Volcker, Warren Buffett and George Soros.”

Lead...

The airplane crash in Mexico City has all the earmarks of a sophisticated drug mafia hit. Mouriño and

Santiago Vasconcelos had been in the city of San Luis Potosí on official business on Nov. 4, and were returning to Mexico City that evening. At some point in its approach to the Mexico City airport, the control tower lost contact with the Lear jet, which subsequently plunged into rush-hour traffic in downtown Mexico City. Although the Mexican government has scrambled to insist—unconvincingly—that the incident was caused by “human error,” that of an air traffic controller, who allowed the Lear jet to get too close to a larger commercial jet’s turbulence, Mexico is awash with rumors and fears of the worst: that the drug mafia was able to strike down the country’s second-most powerful official, Interior Minister Mouriño, and a top anti-drug agent, with impunity. The message to President Felipe Calderón, who was a close personal friend of Mouriño’s, is unmistakable: “We are in charge here, not you. Now do as we say.”

The context of the plane crash strongly suggests that same conclusion. The crash occurred one week after the government arrested the #2 and the #3 officials in the Attorney General’s special anti-drug intelligence unit (the SIEDO)—for passing intelligence on to the Sinaloa drug cartel, in return for a half million dollars a month each—“silver.” Some 30 officials and agents were caught in the operation to clean out this nest, which even included cartel infiltration of the U.S. Embassy’s anti-drug unit, via the SIEDO.

Santiago Vasconcelos had been the head of the SIEDO until January 2008, when he was transferred out to become anti-drug advisor to Mouriño. According to some press accounts, Santiago Vasconcelos played a direct role in uncovering the Sinaloa cartel penetration of the SIEDO, and in the subsequent arrests.

Those arrests were made public on Oct. 27, and in the week that followed, there was a wave of bloody drug-related killings across the country. On Nov. 3, 58 people were killed in a single day. Among those executed by the drug mafia were at least 12 police officers from the municipal, state, and federal police, including the commander of the federal police force in the state of Mexico, and the commander of the state police of Sonora, who was ambushed in the border city of Nogales. In this last case, the mafia’s access to highly trained personnel and sophisticated technology was evident, when the police Comandante was shot by a sharpshooter from a great distance, using a laser-guided high-power rifle. The hitmen then tossed grenades into the area—to create confusion and cover their escape.



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Eric Shalov

Interior Minister Mouriño (left) and Assistant Attorney General Santiago Vasconcelos, were killed in the Nov. 4 crash in Mexico City. Santiago Vasconcelos was on a drug cartel hit-list.

... or Silver

As the bullets were flying, Soros's allies in Mexico jumped into the fray to de facto offer terms of surrender: Just legalize the drug trade, and the violence will stop.

On Oct. 30, Sen. René Arce of the leftist opposition PRD party presented draft legislation to "legalize the cultivation, production, transportation, trafficking, transfer, distribution, supply, marketing and consumption of marijuana," according to the Nov. 6 Mexican daily *El Financiero*. Arce's legislation would also "authorize the cultivation of up to five cannabis plants for personal therapeutic consumption, or for non-commercial ornamentation in private homes, and the government could export the drug in accordance with national and international laws," the daily reported.

Arce motivated his proposal by saying it was designed to "protect boys and girls and adolescents from being victims of the drug trade and subject to the application of criminalizing policies which turn them into delinquents."

Earlier this year, the PRD presented drug legalization legislation to the lower house of the Mexican Congress, gathering widespread support across party lines in an increasingly terrorized Mexico, including from the Calderón government itself. Ironically, the murdered Interior Minister, Mouriño, was a strong proponent of drug legalization.

Similar drug legalization ballot resolutions, financed by Soros and his allies, were approved in the U.S., in

Michigan and Massachusetts, in the Nov. 4 elections. In Massachusetts, Soros reportedly financed the bulk of the costs of the "Question 2" ballot initiative, which reduces the crime of possession of marijuana to an offense punished with only a fine. Soros put at least \$400,000 into promoting the measure.

Michigan's "Proposition 1" permits the use of so-called "medical marijuana." It was primarily backed by the Soros-linked Marijuana Policy Project. Michigan is now the 13th U.S. state to approve medical marijuana.

However, in California, voters rejected "Proposition 5," which would have allocated limited court authority to put some offenders behind bars. It was backed by Soros, but opposed by five former Democratic and Republican governors.

Ethan Nadelmann, the Executive Director of the Soros-funded Drug Policy Alliance and Soros's long-time hitman on drug legalization issues, welcomed the news of the Michigan and Massachusetts initiatives, noting hopefully that, with the incoming Obama administration, "We have an opportunity to reshape drug policy for a generation."



On the same day, Nov. 4, of the Mexico City plane crash, Soros-backed drug legalization initiatives were approved in Michigan and Massachusetts. Shown: Mexican police guard the site of the crash.

Soros flaunts his own views on the matter as proudly and brazenly as he does his earlier involvement with Hitler's Waffen SS: "The war on drugs was doing more harm than the drugs themselves," Soros argued in *Public Affairs* in 2004. "When I decided to extend the operations of my own Open Society Foundation to the United States, I chose drug policy as one of the first fields of engagement."

Back in June 1999, then-U.S. drug czar Gen. Barry McCaffrey (ret.) had denounced Soros in no uncertain

terms, in testimony before the House Government Reform and Oversight Committee: "International financier George Soros, who funds the Lindesmith Center, has advocated: 'If it were up to me, I would establish a strictly controlled distributor network through which I would make most drugs, excluding the most dangerous ones like crack, legally available.'"

Today, nine years later, LaRouche has once again warned: "Drug-pusher Soros's influence has to be entirely eliminated from Washington."

George Soros: Nazi Thug

George Soros's drive to legalize and spread the murderous drug-trade throughout the world, flows logically from his first job back in the early 1940s—serving as a courier for the Waffen SS's genocidal operations in Nazi-occupied Hungary.

While a teenager, Soros was given a job aiding in looting the properties of Jews under the regime of SS Lt. Gen. Kurt Becher. Becher's killing machine is "credited" with the slaughter of 500,000 Hungarian Jews.

In at least two TV interviews, given in the 1990s, Soros recalled his youthful experience working for the Nazis, and seeing his fellow Jews be shipped off to death camps. Questioned by CBS's Steve Kroft on *60 Minutes*, on Dec. 20, 1998, about how he reacted to this experience, Soros displayed not only his total lack of conscience at the time, *but his continuing justification of what he did, down to the present*. Soros today is the same person he was then:

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

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

"Kroft: In what way?

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

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

"Soros: Yes. Yes.

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

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

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

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

"Kroft: No feeling of guilt?

"Soros: No.

"Kroft: For example that, 'I'm Jewish and here I am, watching these people go. I could just as easily be there. I should be there.' None of that?

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

Soros's own father wrote that he eventually ordered George to quit the job, even though George was thoroughly enjoying the "work." As for George, he damned himself in his introduction to his father's book:

"It is a sacreligious thing to say, but these ten months [of the Nazi occupation] were the happiest times of my life... We led an adventurous life and we had fun together."

Fun by facilitating mass murder? That's what Soros has kept up to the present day.

Soros-Man Organizes A New Genocide in Congo

by Douglas DeGroot

Nov. 7—The London-based financial cartel has seized upon the flare-up of an anti-government rebellion, and resultant humanitarian crisis, in the eastern Democratic Republic of Congo (D.R.C.) province of North Kivu, as a pretext to target the sovereignty of any African nation that stands in the way of British imperial designs.

The current Minister of State in the Foreign and Commonwealth Office of the British government with responsibility for Africa, Asia, and the United Nations, Lord Mark Malloch-Brown, has called for British military intervention, indicating a shift to a more aggressive strategy by the financial cartel. The millions of people who have died in this region since 1998, never previously evoked this kind of professed concern, and call for direct action from the British.

At the same time that Malloch-Brown, who is a close associate of self-confessed Nazi-lover George Soros (see article, p. 31), was making his repeated calls for British intervention, Prime Minister Gordon Brown said, in Saudi Arabia, that there was a danger of a repeat of Rwanda (a reference to the orchestrated 1994 genocide there) which, he said, must not be allowed to repeat itself. The British empire is preparing a more activist thrust against the nations of Africa, to drastically reduce their populations, a policy promoted by Henry Kissinger in his National Security Study Memorandum 200 (NSSM 200), during the Nixon Administration. That memorandum states that available resources are dwindling worldwide, and that

less-developed nations must reduce their populations so as not to use up the scarce resources coveted by the United States and Europe.

This British shift is taking place just before the installation of the U.S. Obama Administration, and the British intend that the new reality being created on the ground in the D.R.C. will enable them to get the new American administration to implement a more activist anti-African policy of genocide.

What the British intend will make the Rwanda genocide in 1994, or that which has been taking place in eastern D.R.C. since 1998, seem moderate in comparison. An International Rescue Committee report in January 2008 put the number who have died in the eastern D.R.C. region since the second “Great War” began in August 1998, with invasions from Uganda and Rwanda, at 5.4 million. Most victims died from disease and starvation. That makes this war, and its continuing effects, the deadliest conflict since World War II. By comparison, in the often referred to 1994 anti-Tutsi genocide in Rwanda, at least 800,000 are said to have died.

The second “Great War,” an ongoing Thirty Years War-style conflagration, was the second invasion of the D.R.C., backed by Uganda and Rwanda, which got near to the capital, Kinshasa, before it was turned back, with the aid of Angola, Namibia, and Zimbabwe. The first invasion, in support of those in opposition to President Mobutu Sese Seko, in what was then called Zaire, led to the toppling of Mobutu, who, at the end of the



UN Photo/Paulo Filgueiras

Baron Mark Malloch-Brown, Britain's State Minister for Africa, Asia, and the United Nations in the Foreign and Commonwealth Office, is a longtime collaborator, and likely controller, of billionaire speculator and Nazi collaborator George Soros. He was Soros's business partner, vice-chairman of Soros's Quantum Fund hedge fund, and vice-president of the Open Society Institute. Their joint mission is to destroy nation-states, their latest projects being in the Caucasus and Africa.

“Cold War” was no longer needed by his former Western backers.

In the ten years since Mobutu has been out of power, the industrialized nations have done virtually nothing to help the D.R.C. become a viable, sovereign nation. No cooperation for significant infrastructural development has been forthcoming, and the industrial countries, themselves obsessed with security, have done nothing to help develop a strong, integrated army. Had this kind of aid been made available, the crisis being whipped up now would not be able to take place.

As a result, 80% of the population live in an insecure and vulnerable state of existence. It is very clear to any thinking observer, that the axioms of NSSM 200 are determining policy toward the D.R.C.

An African Solution?

A regional UN/African Union summit is taking place today, in Nairobi, Kenya. Before the summit, AU chairman, Tanzanian President Jakaya Kikwete, said that the AU was ready to take a leading role in the restoration of peace in North Kivu. He stressed that swift action was necessary to prevent escalation of the humanitarian crisis, calling for a ceasefire, in addition to building up the UN force. To this end, Kikwete called

for support from regional leaders, and the international community. In attendance at the Nairobi meeting, besides Kikwete, were the Presidents of the D.R.C., Rwanda, Uganda, Kenya, Burundi, and South Africa, in addition to UN Secretary-General Ban Ki-moon, and former Nigerian President Olusegun Obasanjo, whom Ban has named special envoy for the North Kivu conflict.

An extraordinary summit of the Southern Africa Development Conference (SADC) set for Nov. 9 in South Africa, has also been called to discuss the D.R.C. crisis, as well as the situation in Zimbabwe.

The AU hopes to avoid foreign intervention by reinforcing the UN peacekeeping force in the D.R.C. Well aware of this, London financial forces had Malloch-Brown attend the summit in Nairobi today. Discussion of the D.R.C. situation in the House

of Commons yesterday, expressed a great concern about violence toward civilians, and fully endorsed Malloch-Brown's trip.

After renegade Gen. Laurent Nkundabatware (usually referred to as Nkunda in the Western press) surrounded the city of Goma, Malloch-Brown said that EU military action in the D.R.C. cannot be ruled out, and reiterated, that, from the British standpoint, the military option is on the table. He said that plans for British intervention have been drawn up, and that British troops are on standby (using the pretext of providing security for aid convoys). African leaders, on the other hand, want to beef up the UN peacekeeping force from the present 17,000—of whom 6,000 are in eastern D.R.C. The peacekeepers' task is not easy since Nkunda's well-armed forces use hit-and-run tactics, and intermingle with the civilian population, making it very difficult for the UN forces to intervene to prevent harm to civilians.

British Foreign Secretary David Miliband arrived in Kinshasa, on Oct. 31. British UN Ambassador John Sawyers said Miliband intended to push D.R.C. President Joseph Kabila to engage in direct talks with Nkunda, as Nkunda was demanding: “It's good for President Kabila to talk to Laurent Nkunda,” said

Sawyer, which is precisely what Nkunda has been saying. In sharp distinction to the British position of advocating talks with the rebel grouping, French President Nicolas Sarkozy is “fully backing” Kabila in the crisis. Kabila set up a transitional unity government in 2003, and Nkunda deserted some months later, in 2004.

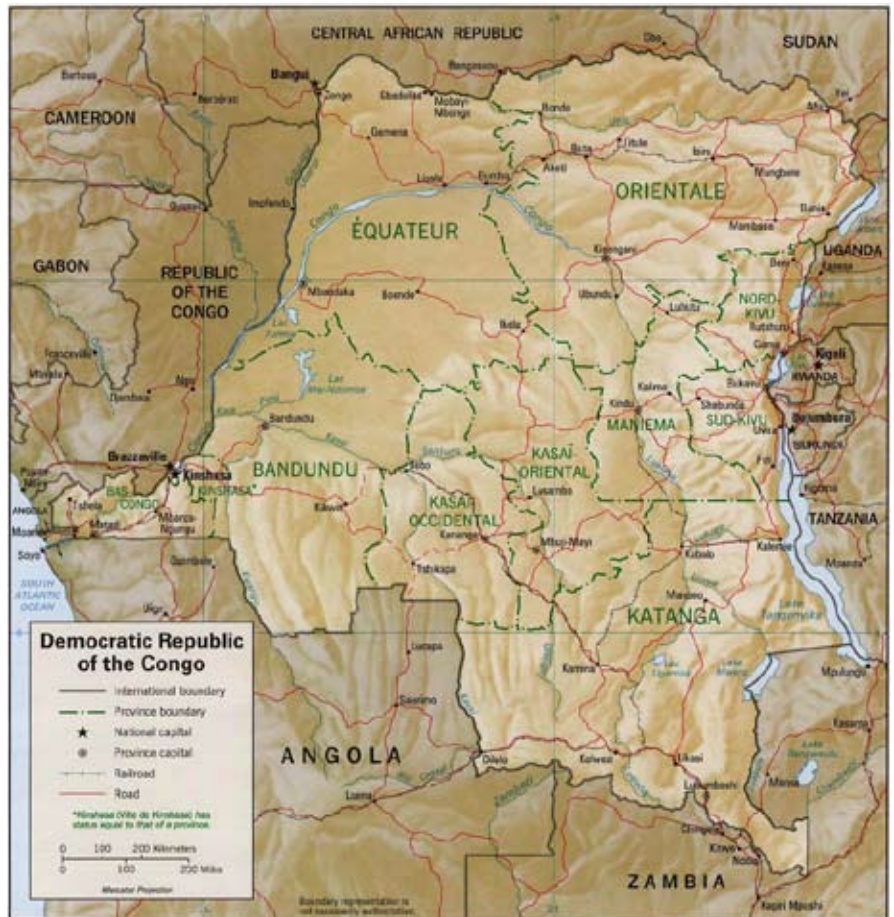
Before Miliband traveled to Kinshasa, the London *Guardian* attacked the UN peacekeeping force, with the outrageous statement that the UN stood in the way of solving the problem, because it is picking sides in the conflict, by supporting the government.

Nkunda Challenges the Government

The latest flare-up of the crisis began Aug. 28, when Nkunda lit the fuse by breaking a peace agreement that his and 22 other armed groups had reached with the government on Jan. 23. The agreement had committed the groups to a ceasefire, and disengagement of their respective forces (Nkunda has an armed force of about 4,000, according to reports, and receives support via Rwanda).

Nkunda’s forces surrounded Goma, the provincial capital of North Kivu, on Oct. 28. He halted his troops, and demanded that Kabila negotiate with him. He singled out the \$9 billion joint venture deal Kabila had made with China, which he objects to. China is to provide \$6 billion worth of road construction, two hydroelectric dams, and hospitals and schools, in addition to rail connections to southern Africa, and a railroad between the mineral-rich province of Katanga, in southern D.R.C., and the D.R.C.’s Atlantic port at Matadi, in return for copper and cobalt. Another \$3 billion is to be invested primarily in developing new mining areas.

Strengthening the nation in this manner runs counter to the British goal, which is shared by Nkunda, which may say something about how he is ultimately supported. He, along with other groups, run rogue mining operations in North Kivu, stealing minerals which they sell. Eastern D.R.C. is the second-richest



mining area in the D.R.C., after Katanga in the South. The mineral merchant companies in Rwanda that buy these minerals, are no longer owned by the government, which has privatized them.

On Nov. 4, Nkunda threatened that if the government didn’t talk to him on his terms, he would link up with other groups and overthrow Kabila. “We will continue fighting and we will fight all the way to Kinshasa,” he said. That Nkunda would be able to do this with his 4,000 men, is considered ludicrous. No insurgency has been able to march from eastern D.R.C. to Kinshasa, in the past ten years, without the help of the Ugandan or Rwandan army. But until the D.R.C. has an adequately trained and equipped army, Nkunda will be able to keep the killing machine at work in North Kivu.

Kabila has refused to talk only to Nkunda, insisting on talking to all the groups in North Kivu. In addition to the over 20 militias, there are over 400 ethnic groups in the province, according to African sources. After Kabila’s refusal, Nkunda’s forces, over the last four days, asked the people to leave certain towns, and

began systematically killing men who didn't heed their orders, according to news reports, because they considered them pro-government, and therefore, their enemies.

This activity is now being played up in the British press, allowing Malloch-Brown to militate for a greater role by Britain in this crisis, in order to bypass the UN and AU. Some are deluding themselves into thinking that because of the demands on Britain militarily, because of the Afghanistan deployment, the British won't have the troop strength to intervene into the D.R.C., and mess up the UN peacekeeping deployment. In fact, London's financial cartel would consider a British intervention into Africa, which would ultimately lead to a great population reduction, as having a higher strategic significance than Afghanistan, where other nations have been sucked in, to do little more than protect the drug production.

The intense ethnic conflict in Burundi and Rwanda, between Tutsis and Hutus, a legacy of the Belgian colonial period, continues to be the basis for manipulation in the region. No leader who ever tried to overcome this ethnic conflict, in either Rwanda or Burundi, has survived. The Tutsi-Hutu conflict has now spilled over into North Kivu, where members of both groups have migrated or fled. Nkunda is an example of this: He was born in the D.R.C., is a Tutsi, and fought alongside the Tutsi opposition in Rwanda, after the anti-Tutsi genocide there.

This conflict, which has claimed thousands of victims in both countries, has been easy for the London-based Anglo-Dutch financial cartel to manipulate. It provided the basis for the interventions into Congo, which was collapsing at an accelerating rate during the last seven years of the Mobutu dictatorship. In fact, the 1994 genocide was orchestrated by the British to worsen the conflict, and set in motion long-term prospects for destabilizing this part of Africa. No one outside the region who knew how it was set up, did anything to stop it.

D.R.C. Crises, New U.S. Administrations

The conflict in North Kivu is viewed ominously by concerned Africans because it is taking place right as a new administration is coming to power in the United States. African sources report that crises in the D.R.C. which have taken place before the installation of a new U.S. administration have, on previous occasions, been a signal for significant policy shifts. They note that on

Jan. 16, 1961, nationalist leader Patrice Lumumba, who was allied with Ghana's Kwame Nkrumah, was assassinated just days before John F. Kennedy's Jan. 20 inauguration. This occurred during a brawl between the newly independent Congo and the Anglo-Dutch financial cartel over who would control the country. Because of its mineral wealth and size, it was a potential economic powerhouse, once the Belgian policy of denying education and training were reversed. Kennedy was never able, during the short while he was President, to overcome the resulting manipulated chaos, and help get the country on a development track.

These sources also point to the assassination of President Laurent Kabila on Jan. 17, 2001, just before George W. Bush was inaugurated. They point out that Kabila, who succeeded Mobutu, had been opposed to taking on the massive debt, as demanded by the IMF/World Bank, that had been racked up by Mobutu. His son, Joseph Kabila, who succeeded him, got the message, and agreed to the IMF/World Bank demands. While these sources have no illusions that anything good would have happened for the D.R.C. during the Bush Presidency, this debt question was dramatically settled before Bush took office. As a result, the country was unable to develop, or to create a unified army, which has led to continued conflict. This left the way open for private arms dealers to supply local militias, feeding into the process of settling old scores, etc. Sources report that the EU had promised to help build up the D.R.C. military, but didn't do it.

In light of the recent blowup in North Kivu, Africans will be watching very closely to see if President Obama will play a leading role in implementation of a murderous de facto balkanization of eastern D.R.C. The fact that Soros, who is dedicated to wrecking nations, was a big funder of the Obama campaign, does not bode well. Neither does the report that Obama admires Malloch-Brown. These same networks are pressuring President-elect Obama to take strong action against the government of Sudan, because of the crisis resulting from the manipulated anti-government rebellion in Darfur.

Africans have also observed that some of the same figures who were in high-level positions in the United States when the 1994 Rwandan genocide was set up, have been gravitating to the Obama camp.

Eastern D.R.C. is one of the most fertile regions in Africa, and could become a breadbasket for the continent. But, if the British scenario is played out, it will take the rest of the country down with it.

London Uses ANC Split Against South Africa

by David Cherry

Nov. 4—The thousands of attendees at a national convention in Johannesburg Nov. 1—called to solidify support for a new party that will split the ruling African National Congress (ANC)—cheered and chanted when Helen Zille, leader of an existing, pro-British opposition party, the Democratic Alliance (DA), came to the rostrum. Historically, the DA has been steered from London and is committed to “free enterprise.” In cheering Zille, the audience gave a strong indication that the new party could be used as an arm of the British operation to weaken and control the South African government, just as it faces the challenge of world economic collapse. Estimates of attendance varied from 4,800 to 6,300; all were treated to a very pleasant meal.

Former Defense Minister Mosiuoa Lekota, who heads the new party effort, has said that the party would be happy to ally with the DA. Lekota claims that South Africa’s best chance to eliminate poverty is to maintain free-market policies to attract foreign investment. But, what foreign investment can South Africa expect in this period of economic collapse and financial explosion that is dealing South Africa a body blow?

The other arm of the British operation is the takeover of the ANC leadership itself, by Brit-friendly billionaires Cyril Ramaphosa, Tokyo Sexwale, and Mathews Phosa (see “A Slow-Motion British Coup in South Africa,” *EIR*, July 11, 2008). Ramaphosa and Sexwale are members of the ANC national executive committee; Phosa is ANC treasurer. The Sept. 20 coup, against former President Thabo Mbeki, provoked the split in the ANC that is now playing out.

The themes of the convention speakers were limited to support for the South African Constitution, the rule of law, and participatory democracy, taking the thugish behavior of the ANC under its new triumvirate as the point of departure. There was not even a hint of any recognition by the speakers of the economic crisis—the worst in modern history—not to mention any solution.

A team from the LaRouche movement of South Africa (LaRouche SA)—which does understand the

crisis and how to resolve it—attended and distributed more than 2,000 leaflets and pamphlets. The LaRouche presence represented a clear alternative: a New Bretton Woods proposal founded on the Westphalian principle of “the advantage of the other.”

It is precisely the lack of any serious solution—from those on either side of the split—to South Africa’s 40% unemployment and the attendant poverty and squalor, that underscores the emptiness of their words and their vulnerability to outside control.

As London Sees It

To maintain control under conditions of economic collapse—for which the empire is itself responsible—the British imperial managers intend to install governments that will crush resistance wherever they can. The late Carroll Quigley, of the Georgetown University School of Foreign Service in Washington, exposed the nature of these imperial operations in the first part of the 20th Century in *The Anglo-American Establishment* (1981).

South Africa, so rich in raw materials, is a major target of the imperial managers. South Africa is also key to their control of sub-Saharan Africa as a whole. And within South Africa, the ANC is the crucial institution. It has credibility with South Africans as the instrument through which apartheid was destroyed. It is disciplined and reaches into every dorp and township. The managers foresaw the current collapse and the sinking of the population into agony; they asked whether, under these developing conditions, they could control and use the ANC. The current political conflict is the working out of that question.

In the rapid onrush of economic collapse, however, the outcome is uncertain. The managers may move too fast and expose themselves. Elder statesmen of the liberation struggle may come to recognize what is at stake and start a fight for a policy in the interests of the country. Alliances may shift or dissolve. Individuals may change course. Doing the dirty work of empire need not be a lifetime commitment.

What Left Turn?

It is widely reported that the ANC, having dumped Mbeki, is now making a left turn. The ANC leadership encourages its membership and the larger public to think so, and there is much confirming noise, gesturing, and bully-boy militancy. Lekota also claims there is a left turn, and says the ANC is now following the policies of the South African Communist Party (SACP). Saying so



World Economic Forum

Wendy Luhabe (seated, left), described as “SA’s most powerful businesswoman,” and a member of the malthusian Club of Rome, and ANC president Jacob Zuma (seated, right) are among the British imperial tools for the destruction of South Africa.

helps Lekota differentiate his party from “the leftists.”

But there is no left turn. When the new leadership of the ANC made Kgalema Motlanthe acting president of the country, did Motlanthe make appointments to consolidate the power of the SACP and Cosatu, the trade union umbrella organization? He did not. When ANC president Jacob Zuma spoke to the press in Washington (with Mathews Phosa present as his handler), he said he was going to New York to meet with hedge-fund managers—that is, the British empire’s obedient speculators. What left turn?

On a deeper level, it is necessary to ask: Is there, in fact, an independent left? When the SACP in KwaZulu Natal held a provincial council July 25-27, the first of three major speakers was Patrick Bond, director of the Centre for Civil Society in Durban. Bond and his closest associates draw funding and resources from megaspeculator and drug-pusher George Soros’s Open Society Institute and the Ford Foundation. Hedge-fund manager Soros is a close associate of Lord Mark Malloch-Brown, Minister of State in the Foreign Office for Africa, Asia, and the UN. Malloch-Brown was, until recently, vice president of Soros’s Quantum Fund and vice chairman of his Open Society Institute. Despite his “vices,” Malloch-Brown, who overthrows governments, is more senior than Soros in the British empire. The SACP’s Foreign Office communism is low on the food chain, but useful.

What, Then, Is Happening?

To ensure their control, the British managers used the popular Zuma as a battering ram to remove Mbeki from the ANC presidency, allowing the managers’ puppets—Ramaphosa, Sexwale, and Phosa—to take control. An early task of the trio was to provoke a split in the ANC by treating Mbeki and his supporters so roughly that they would leave. In fact, they have forced them to suffer in silence or leave.

The imperial managers could not allow the new party to defend the interests of South Africans either. We see the result in the free-market love-fest between it and the Democratic Alliance. The names of the big funders of the party being founded by Lekota and former Gauteng provincial premier

Mbhazima Shilowa, are not known, with one exception. But the exception is one more indication of overall British imperial control.

Her name is Wendy Luhabe, celebrated by the *Financial Mail* in 2004 as “undoubtedly SA’s most powerful businesswoman.” She is a member of the Club of Rome, the infamous institution of the European oligarchs that sponsored *The Limits to Growth* study (1972) calling for world depopulation, a program championed by a cast of dirty characters including Aurelio Peccei, David Rockefeller, Henry Kissinger, and Maurice Strong.

According to the Club of Rome study, even thinly populated Africa had too many people. When *EIR* demonstrated to the study’s computer modellers that Africa could support a vastly larger population if it were industrialized, they replied that one of the assumptions built into their model is that there will be no industrialization of Africa!

Luhabe also sits on the board of the Duke of Edinburgh’s Award International Foundation, overseeing award programs for nearly a million young people worldwide. The Duke (Prince Philip) is best remembered as the creature who wrote, in his preface to Fleur Cowles’ book, *If I Were an Animal* (1987), “In the event that I am reincarnated, I would like to return as a deadly virus, in order to contribute something to solve overpopulation.”

What's Left for Evans-Pritchard?

by Lyndon H. LaRouche, Jr.

November 3, 2008

*Despite the disgusting figure he cut in Washington, D.C. during the late 1990s, the "Torygraph's" Ambrose Evans-Pritchard had come to appear to be a well-informed observer of current financial-crisis-events, until lately, when the financial crisis turned really serious, and he appeared to be stunned and confused by that effect. Since then, apart from my very brief, probing, passing glances in his direction, his comment on economic developments had not been worth reading by serious people, nor comment on his apparently changed mood from me. However, for good reason, I now break that earlier silence on Evans-Pritchard's recent output, to refer to a piece by him which appeared in the **Telegraph's** November 2nd edition.¹*

*Within that **Telegraph** piece, he makes two points to which I should respond here. One, the leading topic of his piece, is that the present global collapse threatens to turn the planet back, in desperation, toward something, in effect, like the pre-August 1971 Bretton Woods system under the influence of President Franklin Roosevelt, a system which Evans-Pritchard implies as being a likely, epochal turn toward the "left," a use of "left" which is, frankly, misleading to the point of being absurd. The second point is one which he himself summed-up fairly within his closing, interesting sentence: "... I, for one, will take the enlightened socialism' of Barack Obama any day over the Hegelian broth nearing the boil in Europe."*

There is, I admit, a certain, and even useful coherence in his presentation of those latter two points, especially his well informed selection of the term "Hegelian."

His use of "Hegelian," there, to identify what the literate will recognize as actually signifying the fascist

tradition of Adolf Hitler, is to his credit. Unfortunately, his categories do not include what would have been a specific, highly relevant reference to the matter of the despicable George Soros' colleague Lord Mark Malloch-Brown and the horror show which British interests expressed by what were better named "Moloch-Brown," are currently staging against Africa's Congo.

As I have emphasized in my recently published, and presently highly relevant "Today's British Imperialism," when one speaks of the "Left" today, avowed Adam Smith disciple Karl Marx was, after all, essentially an ideological creation of that British Foreign Office which Lord Palmerston had inherited from his patron Jeremy Bentham.

Therefore, in speaking of the British "Left," we must not overlook the still very relevant significance of the fact, that Karl Marx himself entered British service under the patronage of a branch of Lord Palmerston's operations run by Palmerston's Giuseppe Mazzini, the Mazzini who, on one celebrated occasion, publicly displayed his asset, the same Karl Marx who had, on an earlier occasion, denounced their proprietor, Lord Palmerston, as a Russian spy.

Worse, to bring Evans-Pritchard's readers up to date, what has passed for "the left" since events of 1968 in the U.S.A. and Europe, has most often been fascist types, Dionysians such as the Weatherman organization, or the comparable Baader-Meinhof Gang, as post-modernist sorts of Dionysian cults crafted as an echo of Sorel's and fascist Benito Mussolini's cult of "purgative violence." Notably, some of the worst fascists which I recognize as of kindred sort, are concentrated, within the United Kingdom, in Fabian elements found among leading figures of the presently governing Labour Party.

After all, G.W.F. Hegel was not only a fascist in fact, but came to that as, once, a passionately wet, Romantic worshiper of the Emperor Napoleon Bonaparte, and

1. Ambrose Evans-Pritchard, "Revenge of the Left across the world," <http://www.telegraph.co.uk/finance>, Nov. 3, 2008.



Evans-Pritchard's reference to the "Hegelian broth nearing the boil in Europe" is apt—but his notion of "the Left" misses the point. Hegel (above) worshipped Napoleon Bonaparte (left, in a painting by J.A.D. Ingres, 1806).

the legacy of U.S. President Franklin D. Roosevelt; I have been that, consciously and consistently, since nearly seventy-four years ago; yet it is no contradiction that I have also been among the best qualified internationally in the assessment of Karl Marx's work as an economist, and have been associated, occasionally, with nominally Marxist ventures. However, despite my early 1943 assessment of the Marx of what became known as the first volume of his *Capital*, as admissible for legitimate consideration among reasonable people, I was, and have remained, essentially, what I had already become years earlier, a follower of both Leibniz, since my adolescence, and, later, of Riemann since early 1953.

I have fought many intellectual wars, including political ones, since my concluding months in overseas U.S. military service in India, the latter during the early months of 1946, where I came to understand the meaning of "British imperialism" in full, then, as to the present day. As a U.S. patriot, I am an opponent of the British empire and of the far-reaching, brutish imperial tradition which it presently represents still, as in Congo or Zimbabwe, today.

Such, are the credentials of my serious political dedications. My politics has the systemic quality of dynamics, as Leibniz and Riemann adopted the dynamics of such ancient Classical predecessors as the Pythagoreans and Plato. Real politics, as I define politics, is not a matter of something like a pupating caddis-fly which has packaged itself in assorted litter; competent and serious political thinking, which is admittedly rare among individuals these days, expresses a coherent systemic outlook on the way the universe is, and should be organized.

Thus, in politics, as in other matters, I regard the mind-set of most among expressed political opinions which I have encountered, as a pitiable basket-full of whatever odds and ends a member of some political faction has happened to drag home with it. Political

later, with the same enthusiasm, an early fascist ideologue, and, as relevant letters attested, a virtual Metternich spy.

After all, what were the once-avowed fascist H.G. Wells and his "Open Conspiracy" companion Bertrand Russell, but, in fact, clearly fascist authors of Orwellian doctrines of general nuclear and thermonuclear warfare? "Left" as a name for a residue, yes; as a political-scientific category, that term has become virtually meaningless in the world of today.

The Politics of Dynamics

After all, I possess certain, special credentials in speaking on that subject. The point to be made on this account, is that assigning political pigeon-holes such as "right" and "left" was always a tricky business, or worse, even at its relatively best.

To ridicule the silly way in which some people today speak of political ideologies, I am, philosophically, a hardened adherent of the work of Gottfried Leibniz and Bernhard Riemann, but also, similarly, an adherent of

converts usually tend to become impassioned devotees of whatever some assorted pranksters have dropped into their political shopping-bag.

On that point: in point of fact, most of the new breed of professed “leftists” since 1968, have belonged to anarchoid formations spawned by violence-prone, existentialist brain-washing projects such as the Congress for Cultural Freedom, including such projects as the U.S. Weatherman cult, or the German hordes of extremely violent, leftist fascists, virtual warriors against nuclear technology of the 1970s and 1980s. The beliefs of such poor creatures are usually what has been dropped into the basket of bric-a-brac they carried, often as fascists-in-fact. Like animals, these poor fools can and must be labeled, although, like the nasty beasts which their behavior tends to mimic, they rarely have a sensible notion of what the labels which they have attached to them — like proudly borne dog collars — actually signify.

All of these considerations just catalogued here, have a clearly defined role in any competent method of long-term economic forecasting. I explain, as follows.

The Matter of Expertise

What is most notable about me, politically, and internationally, at this moment, is that I have, not at all accidentally, a unique record as a successful long-range economic forecaster, a fact illuminated most brightly by events since my international webcast of July 25th 2007. This kind of international celebrity has been largely the fruit of my refusal to accept what are considered the conventional methods of statistical economic forecasting. This accomplishment of mine has, as one might put the point, “everything to do with” my commitment to the specific meaning of dynamics as associated with the names of Gottfried Leibniz and Bernhard Riemann. What I mean by that is essentially identical with the refined definition of a competent physical science by Albert Einstein’s clarification of his locating himself as a product and follower of the founding of the only competent strain of applied modern physical science, that of the work of Johannes Kepler.

This method, as described summarily by Einstein, is that Kepler’s great discoveries had demonstrated the properly assigned meaning of “universal physical principle,” a meaning which is at the core of Kepler’s discovery of a general principle of gravitation, respecting the organization of the Solar system. This was to be conceived, as in Kepler’s addressing the ironical juxtaposition of two, mutually exclusive human senses, sight and sound, in locating a principle external to both senses, but an irony defining the principle which subsumes the evidence of the two, as if from beyond each.

This case, by Kepler, was recognized by Einstein as defining any actually efficient universal physical principle as expressing our universe as finite, but also self-bounded by the common intersection of its negentropically expanding roster of discovered universal physical principles. Einstein’s insight to this effect depended, as he had emphasized, on Bernhard Riemann’s treatment of the challenge of insight into the principles which generate mathematical forms, rather than the erroneous method of defining principles as if they were to be derived explicitly from within the confines of mathematical forms.

In Classical terms since the ancient science of Sphaerics, this is the same principle of *dynamics*, which had been revived, by Leibniz, during the 1690s, from the ancient Classical Greek *dynamis* of the Pythagoreans and Plato, we have the following.

To restate that point in a manner required for this discussion, if we trace the origins of ancient calendars which can be verified experimentally today, ancient transoceanic navigators had been impelled to “objectify” the ironies of long spans of records of transoceanic navigation by a method not essentially dissimilar to Kepler’s first general solution for the Sun-Earth-Mars orbit. The method is to uncover a higher rule of qualitative action which transforms a general quality of paradox of global observations, into the notion of an ontological actuality of an efficient principle of action.

In actually scientific work, the object of thoughtful experience is not the image of the sense-object, but of an object of the form of a universal physical principle, such as Kepler’s uniquely original definition of the object known as universal gravitation. Thus, the commonplace intellectual failure experienced even among what are otherwise quite respectable scientists of today, is that they are self-victimized by being systemically reductionists of the form of such followers of the irrationalist, Ockhamite schools of empiricism, Ernst Machian mechanics, or the wildly schizophrenic lunacies of the followers of the ultimate nominalist Bertrand Russell. They attribute the quality of a physical principle to its mere shadow, a mathematical formulation, rather than that which casts the shadow which is merely that formulation.

Science, as in the founding of competent modern

physical science by Kepler, is adducing the object, which is the cause of the phenomenon, from an experimentally demonstrated meaning of the mere shadows. Hence, Einstein's finite, self-bounded, Riemannian universe of Johannes Kepler. This is the only competent method of approach to effective, long-range economic forecasting.

Why Long-Range Forecasts?

If one wishes to become an accomplished forecaster in the domain of political-economy, as I have become outstanding as a successful expert in this field, one must, similarly, break from all semblance of a Cartesian ideology, to think in terms of dynamics as the successive work of Leibniz and Riemann defines such qualifications. The human mind is essentially dynamic, as are all forecastable trends which the actions of the human mind generate within an economy.

I refer you to the LaRouche Youth Movement's (LYM) monumental treatment of Johannes Kepler's *The Harmonies of the World*,² for what is actually, in academia today, a little known proof of Kepler's uniquely original discovery of the harmonically ordered principle of Solar gravitation. There, we have a relevant example of the way in which the universal principles of the real physical universe are distinguished from the merely adumbrated form of mathematical shadows.

To apply that lesson to any economy, we must take a kindred approach to discovering the relationship between principled scientific progress and the decline, or increase of the potential relative population-density of human cultures (e.g. nations, groups of nations), as distinct from any comparable function within the domain of animal ecological systems.

The "ecological" progress of the human species, unlike any other living species, presents us with a human species (e.g., societies) which successfully outruns, vastly, the kinds of ecological functions which bound ecological sets of other living species. Nonetheless, for any human culture, this increase of the potential relative density, per square kilometer, of the human species does deplete, relatively, the preconditions of the Biosphere on which the access to an increased potential

relative population-density depends. So, the remarkable progress of the human population to an estimated six-and-a-half billions living individuals today, reflects improvements in the ecology of society vastly beyond anything "mere nature" could have effected.

Thus, it was necessary, scientifically, as for Academician V.I. Vernadsky, to elaborate a specifically Riemannian concept of the Noosphere as a universal physical principle distinct from the ecology of the Biosphere otherwise.

The source of mankind's power not only to increase, but even to maintain our species' potential relative population-density *ecologically*, against attrition in the Biosphere, in this way, is, principally, the human mind's uniquely distinct capacity to discover universal physical principles of the distinct quality comparable to Kepler's uniquely original discovery of a principle of general gravitation, a principle lying outside the domain of formal mathematics as such. Thus, in order to transmit the knowledge of these principles which lie outside the reach of what is taught as mathematics, the human mind must decode the existence of these principles from knowledge of those footprints' authorship in the non-mathematical powers which are that potential of the individual human mind absent in all lower forms of life.

The presentation of the concept of the infinitesimal, uniquely, by Leibniz, was therefore crucial, on precisely this account. The principle does not lie in the mathematical formulation, but in the development of the mental powers of the scientist to generate the actual concept to which a certain place in the mathematical map points. Thus, the Leibniz infinitesimal is not a magnitude in Euclidean or Cartesian space, but an ontological principle of action which has no smallest magnitude, as Cardinal Nicholas of Cusa had insisted in the founding of modern European physical science, but which is a pure discontinuity in the simply sensory domain, which marks the control of the relevant process by the relevant "outside," higher physical principle.

Therefore . . .

Therefore, why the problem? Answering that question, now, will bring us now, by way of physical science, to the matter of the tragic principle in mankind's history. This will lead us, then, to the scientific relevance of the *Iliad* and its reflection in later Classical Greek tragedy.

All competent physical science today, is premised

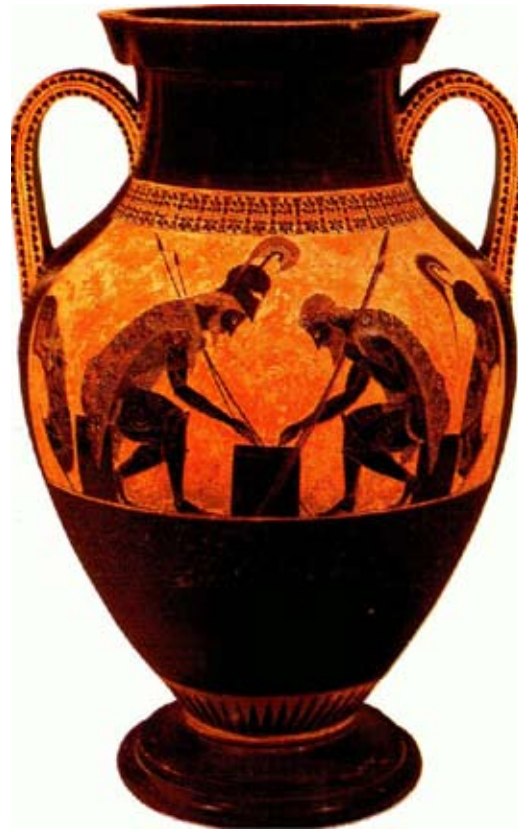
2. See <http://wlym.com/~animations/harmonies/index.php> The usual academic pretenses in this subject-matter of a principle of general gravitation, as in the case of claims for Newton, are not a different opinion, but purely a fraud.

on those efficient, universal principles which are defined as being principles through the same types of methods employed by Johannes Kepler in his uniquely original discovery of the principle of universal gravitation. The combined effect of the relevant array of these physical principles bounds the limits of mankind's potential relative population-density.

In this process, the potential relative population-density of any society is both depleting and expanding its potential relative population-density at any moment. The discovery of new qualities of principled practice, allows us to increase that potential; the failure to continue to progress in such applications of scientific principles, has tended, since the rise of influence of the predominantly anti-science, even anti-reality, white-collar-spawned Baby-Boomer generation, to bring society toward a potential, "ecological" decline — all in the name of "defending" the ecology, or even collapse of its potential relative population-density.

For example, one of the most significant measurements of a relevant, principled character is the increase of the qualitative level of energy-flux density, from raw sunlight, which defines the lowest form of human life, through increases in that density through combustion of charcoal, coal, coke, petroleum, natural gas, synthetic hydrogen-based fuels, nuclear fission, thermonuclear fusion, and, somewhere in the future, a manageable resource which corresponds to what we would describe today as "matter-anti-matter reactions."

This parameter, conveniently termed "energy-flux density," or cross-section of flow of power per square-centimeter of cross-section, and the way in which that quality of power is used, or not, defines the most obvious of the parameters which define both the limits of human sustainable, ecological population-density, and, in this way, the collapse of societies which fail to increase this cross-section into a reduced population-



The tragic principle of the Iliad, and its reflection in later Classical Greek tragedy, is of great scientific relevance today. Here, Achilles and Ajax are pictured during a lull in the fighting around Troy. Vase from Athens around 530 B.C.

density, and more debased condition of both biological life and mental-cultural life.

Thus, by examining the direction in which current habits, and their expressed policies, respecting potential relative, human population-densities occur, we are enabled to foresee where trends in policies and habits are carrying a contemporary society. Since 1968-1973, the direction of potential relative population-density of the planet as a whole, has been consistently downward, especially as the unpopularity of physical-scientific revolutions defines an attrition of the planet's potential relative population-density.

That set of relatively raw, physical parameters as such, is controlled by the shift in social parameters which are associated with cultural trends, including physical ones, and with relevant features of the political outlooks which control the physical choices, more or less top-down.

In a competent economic forecasting, those political and comparable parameters of policy-shaping which affect — and effect — education and life-spans of physical-capital investments in the factors of potential relative population-density, are the most crucial, since they determine the way society will find itself inclined to choose its policies affecting education, physical-capital factors, and so on.

Since the 1963 assassination of President John F. Kennedy, the trend has been definitely down. The downward trend has been not only in the U.S.A. and Europe, but, in net effect, global. Since Spring 1968, a cultural trend has set in, which has ensured that in continuation of trends which were set into motion by the rise of the "Baby Boomer" generation of the "68ers," there has been no competence within the majority of our political-cultural establishment, for effecting the needed reversal of cancerously self-feeding downward trends in society's general ability to select behaviors which would enable society to survive.



Newscom/Elliott Landy's

The '68ers en masse at Woodstock, 1969. Since that time, "there has been no competence within the majority of our political-cultural establishment," for reversing the downward plunge of the physical economy.

A competent science of physical economy is therefore based on study of the controlling factors of cultural-political trends which are governing the way in which choices of "capital" in policy-shaping are leading society. It is sufficient, once this pattern is determined, to correlate those patterns of trends of direction in society affecting the physical potential of society, to forecast the principled types of breaking-points in a culture trend which will tend to bring the society into a severe existential crisis, even a breakdown crisis like that reaching its end-game status, globally, right now.

It is the combined effect of such trends, and of the mental habits among the sundry cultural strata of the society as a whole, even the planet as a whole, which lend what might appear to be "predictability" to one observing my unique degree of repeated success, since 1956, in long-term forecasting.

Note, however, that no short-term forecast is competently formulated, except as it is an expression, for the short-term, of a long-term pattern of more or less habituated decision-making. The failure of virtually all forecasters to accept my approach to forecasting, has been the most crucial factor in all of the relevant catastrophes of recent decades.

Friedrich Nietzsche's Horrid End

All Classical Greek tragedy, as echoed by Shakespeare and Friedrich Schiller, can be traced in known European culture to the tragic principle of the *Iliad*. We have all of these awful gods and demi-gods ever-whispering in the ears of the poor ancient mortals, instilling those fears of the whispering gods which are impelling the mortal members of that culture to do the things by which they destroy themselves. We meet the same principle of tragedy in the subsequent Classical Greek tragedies, in the relevant dramas of Shakespeare, and, treated from a still higher vantage-point, by the great modern poet and historian Friedrich Schiller.

The idea of the personal tragedy of the important leader, or comparable figure, was always utter nonsense. A true tragedy is that which a people has brought upon itself, a tragedy which was unleashed not because of a certain leading figure such as the Romantic's deluded fascination with the notion of the "tragic individual," but because of the lack of the quality of leader in place needed to guide

the people away from their own foolish ways.

We should recognize this in Friedrich Schiller's presentation of the true-to-life case of Jeanne d'Arc. France destroyed itself by abandoning its only competent leader, the real-life Jeanne d'Arc, but France was saved under Louis XI through the reverberation of the torture of Jeanne d'Arc within the council of the Christian church, the reverberation which brought forth that great ecumenical Council of Florence which made the great Louis XI possible, and also England's Henry VII after him.

The root of real-life tragedy lies in the whispering of the evil pagan gods, as the case of the *Iliad*, and the best of Classical Greek tragedy illustrates this point. Genius never lies within popular opinion, but within the quality of leadership embodied within the individual who is capable of rising above the evil which is the whispering of those evil gods and demi-gods against which Athena fights, in both the *Iliad* and the *Odyssey*.

Who, if such individual heroes are the instruments for rescue of a society from the popularity of its own folly, is responsible for the evil which returns, again, and again, to impel a society, such as the nations of the U.S.A. and western Europe, for example, today? Aeschylus presents us the case of the Olympian Zeus, who serves in *Prometheus Bound* as the embodiment of the evil otherwise



Athena (left) fought against the whispering of the evil gods and demi-gods—that root of real-life tragedy. Similarly, Jeanne d'Arc (right) took leadership and saved France. The bust of Athena is a copy of a statue from Athens of 430-420 B.C. Joan is portrayed in a miniature painting from the 15th Century.

identified with Moloch (or, perhaps “Moloch-Brown”?), or the Delphi cult’s Gaea, Apollo, Dionysus, et al. It is the prohibition of mortal man’s knowledge of the “fire” of science, lest man risk the displeasure of the pagan gods, which is the expression of the enemy of mankind within the body of mankind, a notion of the true evil on whose combat we have, thus far, relied to rescue societies from the perpetual whispering of those malignant gods and demi-gods of the *Iliad*.

There should be no mystery in this need for man’s redemption from the willful grip of such evil as that. The notion of a Messiah, of the Christian God, reveals what is not actually a secret from the true history of mankind. In the meantime, we depend upon leaders with the knowledge and courage to act for the rescue of societies from the self-destructive habits they harbor within their popular opinion, on which we must rely as instruments for rescue of nations from the horrid flaw of the people of the *Iliad*.

Such necessary individual men and women are of the class of those poets of whom Percy Shelley writes in the conclusion of his *In Defence of Poetry*.

This is a necessary principle, respecting the role of the individual in society. The science of physical economy, as I express this in my own work, is the relevant expression of that needed principle, in the present world crisis, the present threat of doomsday, now. The names

for that evil, are legion; they include “environmentalism” and “free trade,” which represent a set of beliefs specific to a society which has willfully abandoned the moral fitness to survive, and which, at this moment, is hovering near the precipice of extinction for precisely such crimes as those.

Satan is the Olympian Zeus, Apollo and Dionysus, or the emissary of both as Friedrich Nietzsche.

The Work of Our Devils

So, of course, in such matters as those, we must remain aware of the distinction of the persons who operate the house of prostitution, and those who merely dropped in for the evening’s occasion.

For example, I recall, vividly, eyewitness accounts delivered to me by observers of the swapping of affiliations between Nazi Brownshirts and Communist supporters in the famous Berlin trolley-car

strike preceding the successful backing of Hitler’s cause, by the Bank of England’s Montagu Norman. We must recall the content of John Maynard Keynes’ introduction to the first, 1937 appearance of his *General Theory*, in German, in which he professed German political trends of the Nazi period as a more hospitable habitat for his economic dogma than even Britain itself.

Looking at modern European history over a longer term, as since 1789, the relevant comment on today’s ideological confusion is the warning that we must learn from the French Revolution that social-political principles can not be competently defined, as to principle, by the assortment of seating arrangements in the French parliament of the time of the modern Dionysian fermentations of the Martinist plots of such as Philippe Egalite, the brothers Robespierre, Danton, Marat, and Napoleon Bonaparte.

In summary, to understand the world’s crisis of today, we must recognize the depravity of the methods of strategically-significant cultural and other policy-shaping habits of most of humanity during more than four recent decades of cultural decadence, globally.

To rescue humanity from its present lurch into a global dark-age over two or more generations to come, we must recognize the factors which I have sampled, and emphasized in these pages today.

Saudi Arabia's Prince Turki Tells Washington: Stop the Double Standard

by Michele Steinberg

On Oct. 31, Saudi Arabia's Prince Turki al-Faisal, former head of Saudi intelligence, and son of the late King Faisal, delivered a blunt, and well-received policy address at the 17th annual conference of the National Council on U.S.-Arab Relations, in Washington, D.C. The annual two-day NCUSAR conference is the most far-reaching of Washington's events on the Arab and Muslim world, bringing together a broad array of former and current U.S. diplomats, military officers, and former cabinet members, with extensive audience participation. This year's event included the Syrian Ambassador to the United States, Dr. Imad Moustapha; former U.S. National Security Advisor Brent Scowcroft; former Commander in Chief of the Central Command (CENTCOM) Gen. Joseph Hoar (USMC-ret.); the last five U.S. ambassadors to Saudi Arabia, including Ambassador Chas. Freeman, head of the Middle East Policy Council; and an array of intelligence and policy experts who provided much insight, on three panels devoted to the Geopolitics of Israel and Palestine; Lebanon and Syria; and Iraq and Iran. Dr. John Duke Anthony, president of the NCUSAR, presided over the two-day event.

Following Prince Turki's speech, he took questions from the audience on a wide range of subjects, including recent statements by Israeli President Shimon Peres about the need for pursuing a comprehensive peace in the region, as laid out in the 2002 Abdullah Plan. Here is an excerpted transcript of the speech by Prince Turki as delivered on Oct. 31, followed by his reply to a ques-



Prince Turki Al-Faisal

tion on the nuclear issue put to him by EIR. Subheads have been added.

Kissinger Weighs In

Last September, at the Republican Party's National Convention, the former Secretary of State, Dr. Henry Kissinger, in replying to a question about the United States' relationship with the Kingdom and the effect of oil on it, had this to say: "It is an issue that has defeated every administration that I've observed. I think everybody, if they were given truth serum, would recognize that this is an unviable system, and nobody has been willing to face the consequences of overthrowing the system."

And, what does Mr. Kissinger propose to remove this constraint to overthrowing Saudi Arabia? He proposes the following: "Of course, we ought to reduce our dependence on oil, and we know how to do it on two levels." He then describes how alternatives can be used, and he also describes how it was possible in the '70s to organize the consumers to act collectively in the face of what he calls a monopoly. He finishes by saying this: "And, if you could do the consumer group, then the relative position of the oil producers would rapidly decline, and then the issue of political evolution would be less fraught. If it didn't matter so much whether there was a period of uncertainty in Saudi Arabia, then you could tackle the problem in a different way than you can under present circumstances."

This, ladies and gentlemen, is from one who is considered the elder statesman of America. Not a very statesmanlike statement. Is Dr. Kissinger calling for the overthrow of the Kingdom? And for what? The next President and administration should discard such jingoistic propositions. America should resist the call made by many influential people and organizations to regard the issue of energy in terms of "them and us." There can never be energy independence because oil is a fungible commodity, bought and sold, in many cases and in-

stances, while the oil tankers are out at sea. It will also remain the cheapest source of energy for the foreseeable future. So, instead of calling for energy independence, the United States should take up the hand that King Abdullah has offered and join in a collective effort to meet this grave challenge. The United States should also stop deluding itself, if that is what Mr. Kissinger has described that Saudi Arabia can be overthrown.

When Mr. Kissinger is supposed to have threatened the late King Faisal with the prospect of no more customers for Saudi oil, the king is supposed to have said that, “We will go back to our tents in the desert and live on camels’ milk and dates. But, you, Mr. Kissinger, what will you do if there is no more oil?” This is probably an apocryphal account, but it is indicative of the Kingdom’s resolve to survive, regardless of what Mr. Kissinger believes or advocates.

Doublespeak

I now refer to a speech that Under Secretary of State for Public Diplomacy and Public Affairs [James K.] Glassman gave at the Foreign Press Center briefing on July 15, 2008. In that briefing, Secretary Glassman said, and I quote: “The key goals today are to diminish the threat to America and the rest of the world posed by violent extremism and weapons of mass destruction, and to help people around the world achieve freedom. Now, those two goals are linked. As the National Security Strategy puts it, championing freedom advances our interest because the survival of liberty at home increasingly depends on the success of liberty abroad.” How true, Mr. Glassman. How about living up to those words and championing freedom for the Palestinians?

The Secretary goes on to say the following: “In the war of ideas, our core task is not to fix the foreigners’ perceptions of the United States. Those perceptions are important, but America’s image, indeed America itself, is not at the center of the war of ideas.” How extraordinary!

He goes on to say: “The shorthand of this policy is diversion . . . the channeling of potential recruits away from violence with the attractions of entertainment,



saudiembassy.net

While British agent Sir Henry Kissinger demands a reduction in U.S. dependence on oil, Prince Turki points out that oil will remain the cheapest source of energy for the foreseeable future. Shown, oil supertankers in the Arabian Gulf.

culture, literature, music, technology, sports, education, business, in addition to politics and religion.” Further on he says: “There is a widespread belief in Muslim nations—about four out of five people believe this—that the United States and other Western powers are out to destroy Islam and replace it with Christianity. It’s a widespread belief. And this is the root belief that underlies much of the passive support for the violent extremism of al-Qaeda and similar groups. The flow of new recruits has not stopped.” End of quote.

I don’t see how he squares this statement with his previous one. Can you? How can you admit that the root cause that brings recruits into al-Qaeda is the view of America as a destroyer of Islam, and say at the same time that America’s image is not at the center of the war of ideas? I cannot understand this doublespeak.

In answering a question afterwards about how important it is to capture Osama bin Laden to win this war of ideas, the Secretary answers: “I don’t think it’s particularly important. And whether Osama bin Laden is killed or captured, I think is not of great consequence.”

I remember hearing President Bush say, “We will get bin Laden.” Every day that bin Laden lives, after the President’s promise, he gathers more prestige and an aura of invincibility. His image as the untouchable enemy of the greatest power on Earth is the best recruiting means for him. His cult enhances itself and presents itself as the champion of Muslims, whom the Secretary readily admits are convinced that the United States is

out to destroy them. Again, I cannot understand the doublespeak.

Finally, in answering the following question: The Djerejian report, among its other conclusions, concluded that no matter how good your public diplomacy is, it's ultimately policy that makes the difference, and that you can only improve what you are trying or you only achieve what you're trying to achieve to a certain degree, without addressing policy issues. The Secretary, who was a member of the Djerejian Commission, gave a long and rambling answer. He parries the question but does not answer it. . . .

How about a policy that addresses what the Secretary admits is a view among 80% of Muslims that America is out to destroy Islam?

Ladies and gentleman, America will get nowhere in the Arab and Muslim worlds until it radically changes its policy, by implementing it, rather than simply stating it. President Bush has said that he wants a contiguous, viable, democratic Palestinian state living side-by-side with Israel. Do that. There is no need for further plans, or initiatives, or policies. They have all been addressed, dissected, and disseminated. All they need is implementation. I hope the next President does that.

A Message to the Next U.S. President

Now, I shall address the other issues raised in the panels.

On nuclear proliferation, the double standard is very much a factor in this issue. It was stated yesterday, that Iran has opposed every American effort in the area, and therefore should not be treated like others. Regardless of that, the reality is that the Iranian government's policy on nuclear enrichment is supported by the vast majority of the Iranian people. You have to address that public opinion by proposing, by the first step, to make the Middle East area free of nuclear and mass destruction weapons. This, ladies and gentlemen, does not reward a foe. Rather, it makes the foe unable to use the double standard to get support. . . . It also helps us, the friends of the United States, to point to the fairness [of the policy]. . . .

On Palestine, it is equally important to remember that there is a double standard towards them as well. The freely elected government of Palestine was summarily ostracized by the United States and Europe—by people who take every opportunity to lecture about espousing democratic processes. America even waged war to impose democracy on Iraq. How did that make

sense? For the sake of America's friends in the area, including Israel, instead of wearing kid gloves when dealing with Israelis, better to be wearing boxing gloves.

And on Lebanon, get Israel out of Shebah Farms and the other territories, *yesterday*, not tomorrow.

The final point that I would like to make to the next President, whoever it is: Pack your bags as soon as you are elected, and go to the Middle East and listen, and wonder what you hear, before political views and your advisors overtake you.

A Nuclear-Free Zone in the Mideast

Prince Turki was asked, by *EIR*'s Jeffrey Steinberg, in an on-the-record brief discussion following the panel, to explain how he would propose to implement a nuclear-free zone in the Middle East, given that Israel already possesses an arsenal of an estimated 200 nuclear warheads, with delivery systems. Prince Turki explained that the United States could extend the nuclear umbrella that it now has over Japan, Germany, and other Western European countries, to include Israel. Thus, Israel would be under U.S. protection. In addition, the Prince proposed that the United Nations Security Council pass a resolution, assuring the sovereignty and security of all countries in the region, including Israel. With these guarantees in place, Israel could safely dismantle its entire arsenal of nuclear weapons.

Stop Religious Wars In the Middle East!

EIR SPECIAL REPORT

This December 2000 report exposed the British and freemasonic networks that blew up the Camp David peace effort, and are still pushing for war.

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The Change We Need: From Money to Credit

There was a lot of talk of “change” in the recent election period, almost all of it without content. There is no question but that a fundamental change is required in world affairs, starting with the economic and financial situation. That change has been cogently defined by the current era’s most reliable forecaster, economist Lyndon LaRouche, in a succinct manner: the change from a “money” system, to a credit system.

In a memorandum issued on Nov. 6, he described the crucial needed action as follows:

“All negotiations pertaining to the current world financial-economic emergency are a disgusting waste of time unless they are premised on replacing the present world monetary system, through a process of reorganization in bankruptcy, with a *credit* system modelled on that provision within the U.S. Federal Constitution. Any proposed reform within the context of existing monetary system is, in effect, an act of insanity.

“If your proposed expert does not agree, it is urgent that he, or she, be prepared to improve their understanding during the interval between the special meeting with some circles on November 11 and [LaRouche’s] webcast on November 18. Any contrary approach would be the equivalent, in global economic terms, of administering aspirins as a suggested cure for the global-economic equivalent of a new pandemic of bubonic plague.”

LaRouche has issued a call, published as our lead article, in order to convene a special meeting on November 11, devoted to this crucial policy question. He will follow it up with a webcast on November 18, just a few days after the Washington, D.C. meeting of the Group of 20 nations, which has been convened to discuss emergency measures to deal with the ongoing global financial catastrophe.

What LaRouche will elaborate at those meetings, is precisely what is required to make the shift from “money” to “credit,” a shift that can also be described as moving from a monetary system controlled by the British Empire, to a system of collaboration among nations that operate according to American System economic principles: government control of credit, which is directed toward building the physical economy, and improving conditions of life. Either this is done, LaRouche says, or this planet is going to die, for generations to come.

You want to understand what this shift is? Forget your contemporary economists, and most economic professors as well. They don’t even know that the American System of economics ever existed. They worship money and the markets. Your best reliable source for understanding what the American credit system was, is the work of the first Treasury Secretary, Alexander Hamilton, and the famous Presidents who applied his work most successfully: Abraham Lincoln and Franklin Delano Roosevelt. Today, there is only LaRouche.

A good start in understanding the “change,” is to realize that the hundreds of quadrillions of dollars (or other currencies) are basically worth *nothing*, and should be treated as such, unless they can be transformed, *by government*, into *credit* for necessary useful functions of society. As for new credit, that, as specified by the U.S. Constitution, can only be authorized by Congress, for specific projects, required to improve the general welfare.

Much more can be said, of course, and will be said by LaRouche in the crucial days ahead. Focus your energies on understanding what’s necessary, and making sure it’s done. For our survival, we can do no less.

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- LONG BEACH CH Analog Ch.65/69 & Digital Ch.95: 4th Tue 1-1:30 pm
- LOS ANGELES TW Ch.98: Wed 3-3:30 pm
- LOS ANGELES (East) TW Ch.98: Mon 7 pm; Wed 6 pm
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- MIDWILSHIRE TW Ch.24: Tue 4:30-5 pm
- ORANGE COUNTY (N) TW Ch.95/97/98: Fri 4 pm
- SAN FDO. VALLEY (East) TW Ch.25: Sun 5:30 pm
- SAN FDO. VALLEY (NE) CC Ch.20: Wed 4 pm
- SAN FDO. VALLEY (West) TW Ch.34: Wed 5:30 pm
- SANTA MONICA TW Ch.77: Wed 3-3:30 pm
- WALNUT CREEK CO Ch.6: 2nd Tue 7 pm; AS Ch.31: Tue 7:30 pm
- VAN NUYS TW Ch.25: Sun 5:30 pm

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CONNECTICUT

- GROTON CC Ch.12: Mon 5 pm
- NEW HAVEN CC Ch.23: Sat 6 pm
- NEWTOWN CH Ch.21: Mon 12:30 pm; Fri 7 pm
- SEYMOUR CC Ch.10: Tue 10 pm

DISTRICT OF COLUMBIA

- WASHINGTON CC Ch.95 & RCN Ch.10: Irregular

FLORIDA

- ESCAMBIA COUNTY CX Ch.4: Last Sat 4:30 pm

ILLINOIS

- CHICAGO CC./RCN/WOW Ch.21: Irregular

- PEORIA COUNTY IN Ch.22: Sun 7:30 pm
- QUAD CITIES MC Ch.19: Thu 11 pm
- ROCKFORD CC Ch.17 Wed 9 pm

IOWA

- QUAD CITIES MC Ch.19: Thu 11 pm

KENTUCKY

- BOONE/KENTON COUNTIES IN Ch.21: Sun 1 am; Fri Midnight
- JEFFERSON COUNTY IN Ch.98: Fri 2-2:30 pm

LOUISIANA

- ORLEANS PARISH CX Ch.78: Tue 4 am & 4 pm

MAINE

- PORTLAND TW Ch.2: Mon 1 & 11 am; 5 pm

MARYLAND

- ANN ARUNDEL Annapolis Ch.76 & Milleneum Ch.99: Sat/Sun 12:30 am; Tue 6:30 pm
- P.G. COUNTY CC Ch.76 & FIOS Ch.38: Tue/Thu 11:30 am
- MONTGOMERY COUNTY CC Ch.21: Tue 2 pm & Fri 11 pm

MASSACHUSETTS

- BRAintree CC Ch.31 & BD Ch.16: Tue 8 pm
- BROOKLINE CV & RCN Ch.3: Mon 3:30 pm; Tue 3:30 am; Wed 9 am & 9 pm;
- CAMBRIDGE CC Ch.10: Tue 2:30 pm; Fri 10:30 am
- FRANKLIN COUNTY (NE) CC Ch.17: Sun 8 pm; Wed 9 pm; Sat 4 pm
- QUINCY CC Ch.8: Pop-ins.
- WALPOLE CC Ch.8: Tue 1 pm

MICHIGAN

- BYRON CENTER CC Ch.25: Mon 2 & 7 pm
- DETROIT CC Ch.68: Irregular
- GRAND RAPIDS CC Ch.25: Irreg.
- KALAMAZOO CH Ch.20: Tue 11 pm; Sat 10 am
- KENT COUNTY (North) CH Ch.22: Wed 3:30 & 11 pm
- KENT COUNTY (South) CC Ch.25: Wed 9:30 am
- LAKE ORION CC Ch.10: Mon/Tue 2 & 9 pm
- LANSING CC Ch.16: Fri Noon.
- LIVONIA BH Ch.12: Thu 3 pm
- MT. PLEASANT CH Ch.3: Tue 5:30 pm; Wed 7 am
- PORTAGE CH Ch.20 Tue/Wed 8:30 am; Thu 1:30 pm
- SHELBY TOWNSHIP CC Ch.20 & WOW Ch.18: Mon/Wed 6:30 pm
- WAYNE COUNTY CC Ch.16/18: Mon 6-8 pm

MINNESOTA

- ALBANY AMTC Ch.13: Tue & Thu: 7:30 pm
- CAMBRIDGE US Ch.10: Wed 6 pm
- COLD SPRING US Ch. 10: Wed 6 pm
- COLUMBIA HEIGHTS CC Ch.15: Tue 9 pm
- DULUTH CH Ch.20: Mon 9 pm; Wed 12 pm, Fri 1 pm
- MARSHALL Prairie Wave & CH Ch.35/8: Sat. 9 am

- MINNEAPOLIS TW Ch.16: Tue 11 pm
- MINNEAPOLIS (N. Burbs) CC Ch.15: Thu 3 & 9 pm
- NEW ULM TW Ch. 14: Fri 5 pm
- PROCTOR MC Ch. 12: Tue 5 pm to 1 am
- ST. CLOUD CH Ch.12: Mon 6 pm
- ST. CROIX VALLEY CC Ch.14: Thu 1 & 7 pm; Fri 9 am
- ST. LOUIS PARK CC Ch.15: Sat/Sun Midnite, 8 am, 4 pm
- ST. PAUL CC Ch.15: Wed 9:30 pm
- ST. PAUL (S&W Burbs) CC Ch.15: Wed 10:30 am; Fri 7:30 pm
- SAULK CENTRE SCTV Ch.19: Sat 5 pm
- WASHINGTON COUNTY (South) CC Ch.14: Thu 8 pm

NEVADA

- BOULDER CITY CH Ch.2: 2x/day: am & pm

NEW HAMPSHIRE

- MANCHESTER CC Ch.23: Thu 4:30 pm

NEW JERSEY

- BERGEN CTY TW Ch.572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- MERCER COUNTY CC Trenton Ch.26: 3rd & 4th Fri 6 pm
- Windsors Ch.27: Mon 5:30 pm
- MONTVALE/MAHWAH CV Ch.76: Mon 5 pm
- PISCATAWAY CV Ch.15: Thu 11:30 pm
- UNION CC Ch.26: Irregular

NEW MEXICO

- ALBUQUERQUE CC Ch.27: Thu 4 pm
- LOS ALAMOS CC Ch.8: Wed 10 pm
- SANTA FE CC Ch.16: Thu 9 pm; Sat 6:30 pm
- SILVER CITY CC Ch.17: Daily 8-10 pm

NEW YORK

- ALBANY TW Ch.18: Wed 5 pm. TW Ch.572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- BETHLEHEM TW Ch.18: Thu 9:30 pm
- BRONX CV Ch.70: Wed 7:30 am
- BROOKLYN CV Ch.68: Mon 10 am TW Ch.35: Mon 10 am TW Ch.572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- CHEMUNG TW Ch.1/99: Tue 7:30 pm
- ERIE COUNTY TW Ch.20: Thu 10:35 pm
- IRONDEQUOIT TW Ch.15: Mon/Thu 7 pm
- JEFFERSON/LEWIS COUNTIES TW Ch.99: Irregular
- MANHATTAN TW & RCN Ch.57/85 Fri 2:30 am
- ONEIDA COUNTY TW Ch.99: Thu 8 or 9 pm
- PENFIELD TW Ch.15: Irregular
- QUEENS TW Ch.34 & 35: Mon 10 pm; TW Ch.572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- QUEENSBURY TW Ch.71: Mon 7 pm
- ROCHESTER TW Ch.15: Sun 9 pm; Thu 8 pm

- ROCKLAND CV Ch.76: Tue 5 pm
- SCHENECTADY TW Ch.16: Fri 1 pm; Sat 1:30 am
- STATEN ISLAND TW Ch.35: Thu Midnite. Ch.34: Sat 8 am. Ch 572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- TOMPKINS COUNTY TW Ch.13: Sun 12:30 pm; Sat 6 pm
- TRI-LAKES TW Ch.2: Sun 7 am, 1 pm, 8 pm
- WEBSTER TW Ch.12: Wed 9 pm

NORTH CAROLINA

- HICKORY CH Ch.6: Tue 10 pm
- MECKLENBURG COUNTY TW Ch.22: Sat/Sun 11 pm

OHIO

- AMHERST TW Ch.95: Daily 12 Noon & 10 pm
- CUYAHOGA COUNTY TW Ch.21: Wed 3:30 pm
- OBERLIN Cable Co-Op Ch.9: Thu 8 pm

OKLAHOMA

- NORMAN CX Ch.20: Wed 9 pm

OREGON

- LINN/BENTON COUNTIES CC Ch.29: Tue 1 pm; Thu 9 pm
- PORTLAND CC Ch.22: Tue 6 pm. Ch.23: Thu 3 pm

RHODE ISLAND

- E. PROVIDENCE CX Ch.18: Tue 6:30 pm
- STATEWIDE RI I CX Ch.13 Tue 10 pm

TEXAS

- HOUSTON CC Ch.17 & TV Max Ch.95: Wed 5:30 pm; Sat 9 am
- KINGWOOD CB Ch.98: Wed 5:30 pm; Sat 9 am

VERMONT

- BRATTLEBORO CC Ch.8: Mon 6 pm, Tue 4:30 pm, Wed 8 pm
- GREATER FALLS CC Ch.10: Mon/Wed/Fri 1 pm
- MONTPELIER CC Ch.15: Tue 10 pm; Wed 3 am & 4 pm

VIRGINIA

- ALBEMARLE COUNTY CC Ch.13: Sun 4 am; Fri 3 pm
- ARLINGTON CC Ch.33 & FIOS Ch.38: Mon 1 pm; Tue 9 am
- CHESTERFIELD COUNTY CC Ch.6: Tue 5 pm
- FAIRFAX CX Ch.10 & FIOS Ch.10: 1st & 2nd Wed 1 pm; Sun 4 am. FIOS Ch.41: Wed 6 pm
- LOUDOUN COUNTY CC Ch.98 & FIOS Ch.41: Wed 6 pm
- ROANOKE COUNTY CX Ch.78: Tue 7 pm; Thu 2 pm

WASHINGTON

- KING COUNTY CC Ch.29/77: Mon 11 am
- TRI CITIES CH Ch. 13/99: Mon 7 pm; Thu 9 pm

WISCONSIN

- MARATHON CH Ch.10: Thu 9:30 pm; Fri 12 Noon
- MUSKEGO TW Ch.14: Sat 4 pm; Sun 7 am

WYOMING

- GILLETTE BR Ch.31: Tue 7

MSO Codes: AS=Astound; BD=Beld; BR=Bresnan; BH=BrightHouse; CV=Cablevision; CB=Cebridge; CH=Charter; CC=Comcast; CX=Cox; GY=Galaxy; IN=Insight;

MC=MediaCom; TW=TimeWarner; US=US Cable. FIOS=Verizon FIOS-TV.

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