

# International Intelligence

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## ***Nobelists Ponder Dollar Crisis at Venice Meeting***

The dollar crisis was at the center of discussions at a Dec. 2 meeting in Venice, which featured four Nobel Prize economists—Michael Spence, Betty Williams, Robert Merton (of LTCM fame), and Robert Mundell. The event was sponsored by Telecom Italia.

Synarchist Mundell pushed his idea of world monetary union, adding an urgent call for an “emergency committee” to dictate policy to the European Central Bank. Mundell said he shares Paul Volcker’s view that there is “a 75% probability that the dollar crisis will turn into a financial crisis for the USA. . . . We must acknowledge that we are in an emergency moment and undertake emergency measures . . . creating an emergency committee with very few members, technicians coming from the three main Euro-land economies, France, Germany, and Italy—and at most, Spain.

As reported in *La Repubblica* on Dec. 7, Mundell said that “such a committee must be established in an emergency meeting, after which it must very quickly elaborate a defense strategy, substantially a series of direct interventions on the markets to counter the apparent strength of the euro, and above all it must work national political authorities out, so that they accept the idea of real and decisive active measures. . . . If the United States intends to go ahead with this policy of unlimited [credit], they must realize that such an enormous deficit is a growing threat to the entire planet. And it is no longer a fiction to speak about global recession.”

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## ***Banker Felix Rohatyn Grilled in Paris***

Felix Rohatyn, the man who forced fascist austerity measures on New York City with his “Big Mac” reorganization in the 1970s, was unexpectedly reminded of his crimes during a speech at the French National Library in Paris, Dec. 7. Rohatyn was the American Ambassador to France during the Clinton Administration. He gave an anecdotal presentation to an audience of 300. But then came the questions, from one after another of the LaRouche Youth Movement (LYM) members present.

When asked whether we are now headed toward a Schachtian type of financial reorganization—such as the one he carried out in New York City—or another New Deal, similar to that of President Roosevelt in the 1930s, Rohatyn defended his “Big Mac” austerity as successful and necessary. You can’t pile up debt indefinitely, he said, and the Ford Administration wouldn’t help pay off the debt. Both the right wing (represented by the *Wall St. Journal*) and the left wing were for the bankruptcy of New York. The former, he said, with the intention of crushing the trade unions, and the latter wanting the banks to swallow the losses. But the latter was not possible, so he created the Emergency Financial Control Board to enforce austerity—and pay the banks.

Rohatyn skirted the next two LYM questions on Bretton Woods, Argentina, LaRouche’s warning of the dollar collapse, and the need for infrastructure projects. But when another LYM member called on Rohatyn to tell the French what he was really saying, which they didn’t want to hear: that the country needed draconian austerity, that cutbacks like those in New York in the 1970s were necessary, and that France would have to weed out the poor and the sick, as happened in the Vichy regime under the thumb of the Nazis—all hell broke loose. Half the audience started applauding, while the other half sat in shocked silence.

Rohatyn abruptly ended the meeting. All in attendance received LYM leaflets with the details of Rohatyn’s Schachtian measures in New York City.

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## ***Swiss Bankers Examine Their Gloomy Future***

At an investment seminar for a select audience in Zurich, a gloomy future was portrayed for the global financial markets by investment experts, and a zero-sum game dominated the scene, as reported in the Swiss media on Dec. 9.

The present slump will last for a couple of more years at least, Crédit Suisse CEO

Oswald Gruebel said, and the fact that U.S. mega-investor Warren Buffet is presently staying away from any activity on the markets, is indicative. Profits can, for the time being, be made not on the markets, but rather (if at all) through saved expenses with lower transaction fees offered by one of the other banks, he said.

The trend toward investment in commodities will continue, and even intensify, however, and international investment expert Marc Faber would not rule out the price of gold shooting up to \$3,000 an ounce in the coming years.

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## ***UNICEF Sounds Alarm at State of World Children***

The United Nations children’s organization, UNICEF, reported on Dec. 9 that more than half the world’s children are suffering extreme effects from poverty, war, and HIV/AIDS.

This year’s report found that more than 1 billion children were growing up hungry and sick, with schools that may be subject to attack by warring parties, and conditions where entire villages are being wiped out by AIDs.

The report points to a failure of governments to live up to the 1989 Convention on the Rights of the Child. Carol Bellamy, UNICEF Executive Director said: “Too many governments are making informed, deliberate choices that actually hurt childhood. Poverty doesn’t come from nowhere. When half the world’s children have become targets and whole villages emptied by AIDs, we’ve failed to deliver on the promise of childhood.”

The report was compiled by UNICEF and researchers at the London School of Economics and Bristol University.

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## ***French Senators Call for Reindustrialization Plan***

A bipartisan working group of 15 French Senators published a report on Dec. 8, on how out-sourcing is affecting the industrial power of France and Europe. The group out-

lines how France's wealth as a nation, from the time of the industrial revolution to the 30 glorious years of post-war reconstruction, was determined by its industrial power—which is now being outsourced.

The report pleads for rebuilding that industrial power in European nations, and for the State to use whatever means it has to encourage it. The initial industrial demise occurred with the first oil shock of 1974, the report states. From then on, the industrial model gave way to a service economy; industrial workers in France went from 38% to no more than 18% in 2001; and in the meantime, the service sector grew to enormous proportions. Although outsourcing has not yet created dramatic problems of unemployment, all the authors recognize that this tendency will get worse and worse. France and Europe as a whole will see more jobs shift to the highly qualified labor of eastern Europe, and increasingly to India and China.

How can France, and Europe, face up to this problem? By stopping the "financialization," of the economy which imposes short-term profits and undercuts the future of companies and society, the report says, and giving a new orientation to the European Central Bank. France is the best in high-technology infrastructure projects: nuclear, dams, and high-speed rail. The nation must reorient in this direction, and reinvest massively in its R&D, which is now insufficient. The report, however, does not pose the question directly of how to bury the present monetary and neo-liberal system.

## ***Motion Toward East Asian Community 'Irreversible'***

Speaking at a Sasakawa Peace Foundation forum at the Carnegie Endowment in Washington, D.C. on Dec. 7, Dr. Zhang Yunling, China's representative to East Asian regional negotiations, said that the motion toward an East Asian Community, or EAC, is now irreversible. Zhang is also the director of the Institute of Asia-Pacific Studies at the Chinese Academy of Social Sciences.

Although the Asian nations want to engage with the United States in the process,

he said, "we will not give in to U.S. opposition," as happened after the 1997-98 crisis, when the U.S. stopped efforts to form an Asian Monetary System. "We learned from the crisis of 1997-98 that the responses from the international institutions were wrong, and they have admitted that they were wrong," Zhang said. "Nor can we depend on them in the future. Therefore, we *must* have some arrangement within Asia."

He said that neither Japan nor China, for different reasons, can be the "leader" of this community of interest—Japan because of the history of World War II, and China "because some in the U.S. think we aspire to being too powerful." Nonetheless, he said, the "+3" countries (Japan, China, Korea) look at the Franco-German alliance as a model to study, if not copy, and noted that the meeting of the leaders of these three nations was a truly historic development, which is now institutionalized.

## ***Murawiec Exposed As A Liar, Once Again***

Former Saudi intelligence director and current Ambassador to London, Prince Turki al-Faisal, sued Hachette Filipacchi Associés, the publishers of *Paris Match*, for libel, and was granted "substantial" damages and a public apology, reported the online *arabnews* on Dec. 8. The publication had printed excerpts from Laurent Murawiec's book, *La Guerre d'Après*, in which he accused Prince Turki of being the controller of al-Qaeda. Murawiec is a former associate of Lyndon LaRouche, who was an agent for the synarchist bankers and the neo-conservatives. The prince's lawyer, Rupert Earle, told London's High Court: "In particular, he [Murawiec] described Prince Turki as having set up al-Qaeda and thereafter used it as his military operation." The article also charged that Prince Turki had been behind 9/11, and al-Qaeda terrorism worldwide.

The lawyer also stated: "Mr. Murawiec's views have been rejected at the highest level in the United States as well as by the 9/11 Commission, and French authorities have distanced themselves from Mr. Murawiec."

**EVERY DOLLAR** invested in the fight against hunger in developing-sector nations will have an economic and social benefit of 5 to 20 times the sum spent, reports the United Nations Food and Agriculture Organization. The FAO also estimates that underdevelopment means that real productivity of developing sector nations, in the range of \$500 billion to \$1 trillion, is left untapped, because their citizens are prevented from being productive members of a functioning industrial economy.

**THE ITALIAN** Industrial Association and the Chinese province of Jiang-Su signed an agreement for joint-venture cooperation between small and medium enterprises. The agreement was signed at the end of a five-day visit to China by an Italian delegation, led by President Carlo Azeglio Ciampi, and announced during a meeting in Shanghai with 250 Italian and 800 Chinese businessmen. Although Italy is not now involved in any major infrastructural project in China, this deal is a step in the right direction, as advocated by Lyndon LaRouche during his numerous visits to Italy in recent years.

**THE LONDON SUBWAY** system has been so run down by cost-cutting private owners, that its engineers have contacted museums to look for "antique" spare parts. The former producers of parts, reported the *Guardian* Dec. 9, have been out of business for years.

**THE ALGIERS** newspaper *L'Expression* reported on Dec. 5 that "Algeria has just replaced Morocco as strategic partner of the Atlantic Alliance on the southern rim of the Mediterranean." Unnamed military experts cited by the newspaper claimed that Morocco is not suitable as a base from which to fight drug trafficking and illegal immigration, and "is already exposed to a fever of terrorism that is profoundly sapping the strength of the throne of [Moroccan King] Mohammed VI."