

children. While the world community mobilized to send troops to the expanded United Nations force in southern Lebanon, nothing has been done to stop the killing in the Occupied Territories. This is all the more dangerous, considering that the capture of the Israeli soldiers by the Hezbollah last July, which served as a trigger for the recent war, was, in part, a reaction to the Israeli offensive in Gaza. On Aug. 28, the UN World Food Program warned that Gaza was facing an escalating economic and food crisis, in which no less than 70% of the population is suffering from a severe shortage of food. This situation has been made far worse by the international economic blockade against the Hamas government, which has made it impossible to pay the Palestinian National Authority's 165,000 employees, whose dependents number almost a million people.

Arab diplomatic sources told *EIR* that the continued offensive against the Palestinians serves only to undermine any attempts to promote a peace process such as a Madrid II. The operations are destabilizing attempts by Palestinian President Mahmoud Abbas (Abu Mazen) to form a unity government between Hamas and his own Fatah movement as a means of breaking the financial blockade against the government. The Israeli military has targeted both Hamas and Fatah operatives. Furthermore, the week of Aug. 28, an Israeli military court indicted 15 Hamas Parliamentarians who were illegally arrested in June.

Linking the continued attacks on the Palestinians to the Lebanon war, Danny Rubinstein, the leading commentator for the Israeli daily *Ha'aretz*, called on Sept. 4 for a state commission to investigate the occupation. "For all its importance, and all the shock in Israel over what happened in the Lebanon war, this war cannot be compared to what has been happening for almost 40 years in the territories occupied by Israel during the Six Day War. Such a commission would probably discover that there is a strong connection between the wars in Lebanon and what occurred between us and the Palestinians during those years, and that our control over the West Bank and Gaza contributed quite a bit to the continuing deterioration in the north."

And, there are other sane voices which continue to be heard within Israel. Former Foreign Minister Shlomo Ben-Ami, in a commentary appearing in *Ha'aretz* Sept. 7, warned that only an international peace conference could forestall the "doomsday" outcome facing the region because of the belligerent policy toward Iran of the Bush Administration and its supporters in Israel, combined with Israel's refusal to resolve its conflict with the Palestinians. Ben-Ami wrote that only "an international peace conference, which would renew the momentum for ending the Israeli-Arab conflict, would remove the basis for Iran's belligerency. Neither sanctions nor even military action can disperse the doomsday cloud hanging over the region. Only divesting Iran of nuclear arms as part of a comprehensive Israeli-Arab settlement could do so."

Russian Radio Features LaRouche, Eurasian 'Great Projects'

On Aug. 29, the "Looking for the Exit" talk show on radio Ekho Moskvyy (Echo of Moscow) was on the topic "The crisis of the dollar is a crisis for Russia." The choice of this topic for the popular, mainstream station is a sign of the times. Host Matvei Ganapolsky discussed the world financial crisis with guests Prof. Yuri Gromyko (director of the Institute for Advanced Studies), Mikhail Delyagin (director of the Institute for Problems of Globalization), and economist Mikhail Khazin, who runs the worldcrisis.ru web site.

Gromyko and Khazin stressed that the dollar crisis is a crisis of the entire world monetary system. Gromyko introduced other strategic elements, including the international momentum for a "New Bretton Woods" monetary conference. Citing Lyndon LaRouche's analysis, Gromyko noted the relationship of "the crisis of the world financial system, to a whole string of military adventures, which are essentially set in motion by the neo-cons." The further collapse of the world financial system, Gromyko said, "will inexorably be linked with a shift to asymmetric warfare." The development of these and other points is shown in the translated excerpts, below.

On the Systemic Crisis

Gromyko: "For me the central point is what Mikhail [Khazin] said. Because the question is not the crisis of the dollar, but the question of the world monetary and financial system. And therefore, there is a movement which is being discussed in all countries. For example, the Italian Parliament last year formulated a whole movement, 'Back to Bretton Woods.' What does that mean? That it's necessary to return, at the very least, to what there was in 1944 and until Nixon introduced floating exchange rates in 1971, uncoupling the dollar from gold. And there are three parts to the basic question: what's happening in the American economy as a whole, compared with other economies?; what's happening with the dollar as an internal matter of the U.S.A.?; and what's happening in the world financial system . . . ?

"Here I share the viewpoint of Lyndon LaRouche, the quite interesting American economist, in my view, who links this very real possibility [of a U.S. 'default' and total wipe-out of the dollar's value] with an array of very serious problems. But you know what I'd say? The question is really not posed correctly, . . . because asking what to do [personally] in the event of a crash of the world financial system is approxi-

mately the same as asking if you can get rich from an expensive atomic bomb landing in your back yard.”

Khazin: “When I started writing on this topic back in 1999-2000, the challenge was to explain fundamentally that there would be problems with the dollar as the basic currency of the world financial system. And by ‘crisis’, I did not mean a fall of the dollar. The dollar might even not fall, it might even rise, but what was at stake was the destruction of the world monetary system in the form it assumed during the 1990s.

On the U.S. Economy, and the War Danger

Gromyko: “Another interesting question is whether or not the U.S. social system can withstand a crisis of the world monetary system. Because what Khazin was talking about, when securities are devalued—those securities are the U.S. pension funds, so the question comes up, to what extent there could be an explosion or a breakdown of the social system. . . . And here I would say, that the main problem, as was shown by Katrina, is under-investment in basic infrastructure in the U.S.A., on a huge scale. The economy is uneven, with [growth] in the priority information technologies, but under-investment in basic infrastructure, and deindustrialization that is just monstrous.

“And another one of the most important elements of the U.S. economy is hedge funds, derivatives, and various securities (and the pension funds, among others, are invested in them), which could all just implode, . . . so I think there’s a rather serious social threat.

“Included is the interweaving of problems related to the crisis of the world financial system, with a whole string of military adventures, which are essentially set in motion by the neo-cons. And who, in effect, is running things? I’d have to say, . . . that fundamentally the decisions are being taken by certain financial families. But that doesn’t mean that there exists some ‘conspiracy,’ a plot, or ‘world government,’ of course not. These are networks, network groups, making these decisions. But it’s important to understand clearly, that these groups, including, for example, Bush’s grandfather, Prescott Bush, took part, in his time, in bringing Hitler to power. And from that standpoint, very often financial decisions in situations, close to Weimar hyperinflation—from this point of view, the point of view of Lyndon LaRouche, that what has happened over the past year with the rise of prices on natural resources, especially oil, is very close, in a number of ways, to what happened in 1921 (sic) in Germany.” (Khazin then interjected, that the U.S. elite is capable of uniting at times of danger, and that American society could solve the problems of infrastructure and deindustrialization, “if they became really critical.”)

Gromyko (later): “The collapse of the world financial system will inexorably be linked with a shift to asymmetric warfare, what the locals call insurgencies. It is quite probable that zones of insurgency could arise in Europe, and this would

happen as a result of what the neo-cons are doing in Southwest Asia.”

On Eurasian Development

Gromyko: “It seems to me that we have a more interesting challenge [than what to do in the event of a drop in the oil price], which either we shall exploit, or China will. Because really, the transformation and reorganization of the world financial system, among other things, could be connected with launching long-term infrastructure projects. Because in my view, world currencies could be stabilized through projects like Eurasian development corridors, and technological breakthroughs, and, from that standpoint, either we initiate such projects, or China will. And then there will be a certain kind of paradox, that the new focal points of monetary and financial decision-making will be based not on existing reserves, but on stable infrastructure projects of a specified quality. And here I think Russia could have a very big opportunity, to attract China into this, and Japan. If such projects, on a scale involving transport and technology solutions from Europe into Eurasia, with a huge resource potential, nuclear power development, water desalination—”

Khazin: “At the end of the 1990s, I proposed a project that would prevent all the crisis phenomena such as we’re talking about: a project for all mankind, to green the Sahara.”

Gromyko: “For example.”

Delyagin: “Good, but it’s not the Moon. That also wouldn’t be too bad.”

Gromyko: (later, in a wrap-up statement): “It seems to me that if the neo-cons remain in power . . . , meaning the group that is now advising Bush—Cheney, first and foremost, also Wolfowitz and a few others, then the crash of the world financial system is highly probable, and can entail very bad and sad scenarios. The main reserve [for use against this] is the development of the non-speculative economy in breakthrough infrastructure projects, for which our elite—and here I agree with both Mikhaels—is not prepared. But it is the only way out, the only chance. And in my view, the Shanghai [Cooperation] Organization is important in this regard; a whole array of interesting solutions are possible there.”

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