

[return to home page](#)

**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 break-down, 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....

**In-Depth articles from EIR, Vol. 35, No. 45**

**...Requires Adobe Reader®.**

## Cover Story

- **The Nov. 11th Resolution:**

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

**Lyndon H. LaRouche, Jr.** calls for a 'special, closed-door meeting among selected, suitable personalities' on Nov, 11, preceding the G-20 summit, to advise President Bush and others on what is demanded of them 'in the matter of the virtual doomsday character of the world's presently, immediately looming general breakdown-crisis.'

- **Monetarism Is Dead; Bury It Before It Buries Us**

Monetarist 'solutions' to the crisis will only lead to a fascist corporatist dictatorship.

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

**by Helga Zepp-LaRouche**

- **Chinese Economy Reels from Shock of Global Financial Catastrophe**

- **Will IMF 'Quacks' Finish Off Pakistan?**

## Feature

- **The Curse of Bush Struck Home on Nov. 4**

After eight years of Bush-Cheney wreckage of the U.S. economy, destruction of America's image around the world, and the take-down of

civil liberties at home, the American electorate was overwhelmingly ready for 'change.' The mandate of the election was for anybody but Bush, and the Republican Party of Bush, Cheney, and Karl Rove.

- **Why Obama Must Dump Soros**

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.

- **George Soros:**  
**Nazi Thug**

## International

- **Soros-Man Organizes a New Genocide in Congo**

The British London financial cartel is igniting a crisis in eastern Democratic Republic of Congo, to establish a precedent for intervening against any country in Africa.

- **London Uses ANC Split Against South Africa**

- **Tory Ideologue Speaks!:**

**What's Left for Evans-Pritchard?**

**by Lyndon H. LaRouche, Jr.**

'Left' or 'right'? The Telegraph journalist misses the crucial point, that socialpolitical principles can not be competently defined by the seating arrangements in the French parliament of the time of the Martinist plots of such as Philippe Egalité, the brothers Robespierre, Danton, Marat, and Napoleon Bonaparte.

- **Saudi Arabia's Prince Turki Tells Washington:**

**Stop the Double Standard**

## Editorial

- **The Change We Need: From Money to Credit**

## U.S. Economic/Financial News

**U.S. Unemployment Rate Hits 14-Year High of 6.5%**

**Hedge Funds Selling Billions, as Investors and Lenders Demand Money**

**'Big Three' Automakers Near Death, Beg for Bailout**

### U.S. Unemployment Rate Hits 14-Year High of 6.5%

Nov. 7 (EIRNS)—The official U.S. unemployment rate climbed to 6.5% in October, the U.S. Bureau of Labor Statistics reported today. Employers cut 240,000 workers last month, after a loss of 284,000 in September. Employment has fallen by 1.2 million jobs since January 2008.

In October, the number of long-term unemployed (those jobless six months or more) rose by 239,000, to 2.3 million; the

number of persons who work part time for economic reasons (which includes those who would like to work full time) increased by 645,000 workers, to total 6.7 million.

Last month, manufacturing employment lost 90,000 jobs; construction, 49,000; professional, business, and employment services lost 51,000; retail lost 38,000, and financial activities lost 24,000 jobs.

## **Hedge Funds Selling Billions, as Investors and Lenders Demand Money**

Nov. 7 (EIRNS)—The *Wall Street Journal* and others have now admitted that hedge fund sales of billions of dollars in securities to meet demands for cash from their investors and their lenders are a major factor in the drop of markets around the world.

Today's *Wall Street Journal* spotlights Kenneth Griffin's \$16 billion Citadel, which has lost 40% of its value, and is being asked by several major banks to post additional collateral to cover big losses on its investments. Besides selling to cover losses, hedge funds are sitting on cash, as they face mounting redemption requests from investors who are only allowed to withdraw money a few times a year. Corporate raider Carl Icahn has received \$1 billion in redemption notices from his \$7 billion fund. Highbridge Capital Management, a \$17 billion fund, has received redemption notices that will pull out more than 15% of its capital, while Highbridge's largest fund lost 22%. Seems the bridge is burning at both ends. And so it goes for Och Ziff Capital Management, Plainfield Asset Management, and Blue Mountain.

*EIR*'s John Hoefle commented, "What we have is a run on the entire system, as the derivatives unwind. Everybody is trying to cash out, but can't do it, because the assets have vaporized. In September, the system fell off a cliff; now, we see the results." With many companies that are going bankrupt, the real reason is not collapsing sales, etc., but rather their derivative investments, Hoefle said.

## **'Big Three' Automakers Near Death, Beg for Bailout**

Nov. 7 (EIRNS)—Desperate auto companies General Motors and Ford released their huge 3Q losses today, following meetings by the companies and United Autoworkers president Ron Gettlefinger with House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid yesterday.

Ford posted a \$2.98 billion 3Q operating loss, and said it used up \$7.7 billion in cash.

GM, which reported a \$4.2 billion 3Q operating loss, and has lost almost \$73 billion since the end of 2004. It said that it may not have enough cash to keep operating this year.

GM has suspended merger talks with Chrysler. Chrysler is not required to report its earnings, since was swallowed by private equity fund Cerberus.

The Big 3 now are demanding \$50—not \$25—billion. The obtuse Pelosi insists that any money be tied to producing fuel-efficient cars sooner, while it is clear the companies will be bankrupt within weeks. President-elect Barack Obama is quoted as favoring \$50 billion in aid to the industry, but is also emphasizing fuel-efficient cars.

GMAC, GM's financing arm, is separately trying to get Treasury TARP money, which may mean converting GMAC quickly into a bank holding company. Meanwhile, GMAC has left thousands of individuals with \$15 billion of junk-rated debt called "SmartNotes," which were sold in denominations of \$1,000, and have now lost two-thirds of their value.

# Global Economic News

## Berlin Chamber Calls for Ban on Derivatives

## Korean Economist Warns Against Derivatives

## British Imperialism: Iceland Facing Reparations Worse than Versailles

## China Reported To Freeze Overseas Mining Investments

### **Berlin Chamber Calls for Ban on Derivatives**

Nov. 6 (EIRNS)—At a press conference today, Eric Schweitzer, president of the Berlin Chamber of Industry and Commerce (IHK Berlin), said that he has been forced by the dramatic developments of the past few weeks to change his report, whose original outline was done in September. The effects of the crisis on the real economy are immense, he said, in the automobile sector and the export industries, and the downturn in construction has been exacerbated. There is urgent need for state intervention, and especially for tighter regulation of the financial sphere; and regulation of speculative activity would not be enough, but a *total ban* of these kinds of dealings, which are destructive from the standpoint of industrial firms, is necessary. Schweitzer also called for banning short-selling, adding that controls over the banking sector need a real overhaul, apparently because the existing supervisory and control instruments have not functioned.

In terms of making loans available to the *Mittelstand* (medium-sized and small firms—of which Berlin has many), he said, the state should intervene through the Berlin Investment Bank, because the private banks are shutting off credit to the smaller firms, and are asking them to reduce their existing debt because of the "risks." Schweitzer said that the IHK is not at all confident that the present crisis is over, especially in respect to the real economy. Because of the profound crisis, the public sector should advance all infrastructure projects that are on the timetable for the next decade, in order to give an incentive to the construction sector now.

### **Korean Economist Warns Against Derivatives**

Nov. 5 (EIRNS)—The rabid free traders in the government of South Korean President Lee Myung-bak are hell-bent on turning Seoul into another London or New York. They intend to use the newly passed Capital Market Integration Act, which takes effect in next February, to drastically deregulate South Korea's investment firms and banks.

At a time when exactly that model of financial speculation is crashing and burning around the world, some Koreans don't think that's a good idea.

Lee Dong-gull, president of the Korea Institute of Finance, warned yesterday against excessive deregulation of the capital market, warning that the Financial Services Commission's plan of easing regulations on financial firms is too risky, taking the U.S. Securities Exchange Commission's lax regulation on mortgage brokerage firms in 2003 and 2004 as an example.

"The U.S. investment banking model, which is based on leveraging practices, is losing ground now. If the purpose of the Capital Market Integration Act is to [encourage firms to] seek a Korean version of Goldman Sachs, it should be reconsidered." Korea is already being burned by currency hedging derivatives sold to businesses when the won was rising, which are bankrupting many firms today because of the collapse of the won.

## **British Imperialism: Iceland Facing Reparations Worse than Versailles**

Nov. 2 (EIRNS)—Iceland, having worn out its usefulness as a playground for the hedge funds and other speculators, is now being destroyed. First the British government—using its "anti-terror" laws!—seized the British-based assets of Icelandic banks, and now is demanding that the tiny nation reimburse British accounts for their losses. Under European regulations, the *New York Times* reported today, Iceland is obligated to pay \$25,000 to each individual account-holder in Icesave, for a total of some \$5 billion. As Iceland Foreign Minister Ingibjorg Solrun Gisladdottir points out, that amount is the equivalent of 60% of Iceland's GDP.

"The compensation that we would give would be twice as much per head as the reparations Germany faced in the Treaty of Versailles after the First World War. That is something we cannot afford," she said.

The reparations imposed upon Germany after World War I drove Germany into a ruinous hyperinflation and paved the way for Nazism, as was intended by the British. The use of anti-terror statutes by the Brits was especially nasty, as by officially declaring Iceland to be a terrorist entity, the Brits effectively cut the nation off from the global financial system. "A lot of Icelanders are asking, 'Excuse me: who's the terrorist here?'" said Andres Magnusson of the *Icelandic Financial News*.

Britain's decision has set Iceland back a generation or more, back to the time when it was a poor, isolated country dependent upon fishing. "This is a major crisis," she said. "We haven't been in this situation for, probably, ever. We cannot solve it alone. We need solidarity from partners, from friendly countries, and we thought the U.K. was one of them."

## **China Reported To Freeze Overseas Mining Investments**

Nov. 7 (EIRNS)—China has issued a directive to the government mining and mineral processing companies to freeze all overseas investments, according to the British intelligence network, *Asia Sentinel*. China has extensive mining investments across Asia, as well as in Africa, Australia, and Russia.

Quoting sources in Beijing, the *Asia Sentinel* writes that companies which have expanded overseas investments rapidly over the past years are now contracting, despite the falling costs of the potential investments due to the global collapse of prices.

Equity values in mining interests have fallen sharply, especially in lesser-known metals like molybdenum, wolfram, and antimony, says the report. Hunan Non-Ferrous Metals stock fell by 90%, while Xinxin Mining, a nickel producer, and Minmetals Resources, both fell by 75%.

## **United States News Digest**

[Barney Frank Pushes Soros's Drug Decrim](#)

[Who Is Rahm Emanuel?](#)

[Schwarzenegger, California Melting Down](#)

**Barney Frank Pushes Soros's Drug Decrim**

Nov. 7 (EIRNS)—As Barney's Bailout Circus was moving into high gear after the collapse of Bear Stearns, Fannie Mae, Freddie Mac, and IndyMac in July 2008, Rep. Barney Frank (D-Mass.), chair of the House Financial Services Committee, was calling for the "repeal of Federal criminal statutes dealing with personal possession of marijuana," at a press conference with Rob Kampia, the head of the Marijuana Policy Project. The MPP financed and/or organized the ballot initiatives for drug decrim in California, Michigan, and Massachusetts this year. (About ten other House Democrats have signed on to the bill). H.R. 5843, introduced on April 17, is known as the "Personal Use of Marijuana by Responsible Adults Act of 2008," and was referred to the House Subcommittee on Crime, Terrorism and Homeland Security.

A note on Frank and Nazi-collaborator George Soros: On Sept. 7, 2004, when somebody dared to suggest that Soros's offshore money centers could be linked to "drug cartels" (in this case, Chris Wallace of Fox-TV asking a question to Rep. Dennis Hastert (R-Ill.), Frank rushed to Soros's defense, and organized a letter from 11 House members inviting Soros to come to Congress to talk about "important public policy issues," as part of their attempt to "apologize for the defamatory innuendo aimed at you by others."

## **Who Is Rahm Emanuel?**

Nov. 7 (EIRNS)—President-elect Obama's close friend, soon to become White House Chief of Staff, Rahm Emanuel, is a backer of the Zionist Lobby, the hedge fund "industry," and globalization. Elected to Congress in 2002, in four years he became the fourth most powerful Democrat in the House.

Both his father and brother were members of the Israeli Irgun, the group that bombed the King David Hotel in Jerusalem to win independence for Israel. In 1991, Rahm Emanuel volunteered to serve as a civilian advisor to the Israeli Defense Forces during Operation Desert Storm, to protect Israel from the Iraqi scud missiles. Rahm, like his father, has dual American-Israeli citizenship. One source quoted Rahm's father on his new job: "Of course he's going to defend Israel. After all, he's not an Arab."

Emanuel's mother calls him "Rahmbo." Said the Democratic Congressional Campaign Committee's John Lapp, "The genius about the pick is this 'good cop' you will have in President Obama, and the absolute enforcer you will have in Rahm. He knows where the bodies are buried, and what people's wants, desires, needs and vulnerabilities are. He does not tolerate mistakes. He does not tolerate human error."

Emanuel was a top fundraiser for Bill Clinton, and stayed on as advisor until 1998. From 1999 until 2002, he worked for the investment bank Dresdner Kleinwort Wasserstein, where he earned \$18 million. Wasserstein moved to Lazard Frères in 2000. Congressional disclosure forms in 2003 showed Emanuel earned \$16.2 million as an investment banker. Wasserstein was one of Clinton's most active fundraisers in the financial community. There, his client base included many of the Democratic Party's major contributors. Emanuel's two biggest deals involved politically connected utilities: one representing Commonwealth Edison's corporate parent in a merger, and the other representing a buyer of a home security business from Telecom giant SBC Communications. Soon afterward, SBC hired William Daley, Clinton's Commerce Secretary and the brother of Chicago's mayor.

Emanuel was the top recipient of donations from hedge funds, private equity firms, and the securities/investment sector in the 2007-08 election cycle, according to [opensecrets.org](http://opensecrets.org). Since being elected to Congress in 2002, Emanuel has received more money from individuals and PACs in the securities and investment business than any other "industry," according to [opensecrets.org](http://opensecrets.org).

Emanuel was a Clinton appointee to the Board of Freddie Mac, at a time when an Administration ruling allowed Freddie and Fannie to satisfy their affordable housing obligations by purchasing subprime mortgages; these were ultimately used to add a trillion dollars in junk loans to the Freddie balance sheet, and develop a market in worthless securities.

Emanuel held a meeting with Clinton campaign advisors following Clinton's 1992 victory. The group discussed who had opposed them. The *New York Times*' Elizabeth Bumiller reports: "Suddenly, Emanuel grabbed his steak knife, and as those who were there remember it, shouted out the name of another enemy, lifted the knife, then brought it down with full force into the table. 'Dead!' he screamed.... And so went the knife, and the chant 'Dead!' through a litany of 'enemy' names."

In 2006, Speaker of the House Nancy Pelosi tapped Emanuel to be head of the Democratic Congressional Campaign. Emanuel, a Democratic Leadership Council Democrat, selected and funded Democratic candidates who supported the Iraq War, where he could. Many of those elected joined the "Blue Dog Caucus" balanced-budget ranks.

Many in the Congressional Black Caucus have well-founded grievances against Emanuel, and it is widely suspected that he is a force behind moves to force Rep. Charles Rangel (D-N.Y.) out as chair of the powerful House Ways and Means Committee. Obama's first appointment is thus seen as a slap in the face to the CBC.

## **Schwarzenegger, California Melting Down**

SACRAMENTO, Nov. 7 (EIRNS)—As California's financial circumstances plummet, the erratic and dangerous Gov. Arnold Schwarzenegger continues to demonstrate that he has no idea what to do, except to slash living standards. On Nov. 5, he called a special lame duck session of the legislature, to address the latest set of devastating figures. Due to the collapse of revenues, the deficit for FY 2008-09 is now \$11.2 billion. The budget for the coming year, which was completed nearly three months late, must be re-done, as the so-called balanced budget deal has unraveled. In all, it appears that the deficit from the original budget's spending plan presented last January by Schwarzenegger—which was an austerity plan to begin with—is now verging on \$30 billion!

This deficit has been growing at the rate of more than \$1 billion per week! This shows that 1) the figures used by Arnie in crafting his bogus budget were fraudulent; and 2) that the state's economy is in a free fall.

It is now up to Schwarzenegger to deliver on his promise that he will "fix the broken budget system." The fix Arnie is pushing, is fascist austerity. After a brief meeting yesterday with legislative leaders, he sent the legislature home. Schwarzenegger has proposed a 1.5% increase in the state sales tax, and a non-paid day off per month for state workers. One Democratic insider reported that, since this will do little to reduce the deficit, the governor's planned "savings" will include massive cuts in an already gouged public health sector, and deep slashes in the safety net for poor, elderly, and disabled Californians. Expect further cuts in the state's antiquated and inadequate infrastructure, as well.

## **Ibero-American News Digest**

[Head of Mexican Congress Calls for New Bretton Woods](#)

[All Not So Quiet on Brazilian Banking Front](#)

[Argentine President on Real Economics](#)

[Argentine-Russian Ties Developing](#)

[LYM Revolutionizes National Peronist Leaders](#)

## Colombian President Joins Calls To Ban Speculative Capital

## Chilean Blair-ite Pushes British World Dictatorship

### **Head of Mexican Congress Calls for New Bretton Woods**

Nov. 5 (EIRNS)—The President of Mexico's Chamber of Deputies, PRI Cong. César Duarte, called for "a new Bretton Woods of the 21st Century ... to change the current extremely financial, speculative and savage orientation [of the system], which is in crisis," in his speech to the opening of the Biarritz Forum on Europe-Latin American Relations on Nov. 4.

Duarte supported French President Nicolas Sarkozy's call to discuss a new global financial accord, "which will help us get out of the morass we are in.... We have to recognize that the State has a great responsibility. It previously abdicated its responsibility as the regulatory agency.

"We demand of the countries participating in the [Nov. 15] Washington Summit that they establish new rules, not based on submission, which will help us get out of the crisis that is shaking the world, and that will project for the world a new global agreement of shared development."

Duarte comes from the National Peasant Federation (CNC) sector of the PRI party; the CNC also supports the proposed tri-state Northwest Hydraulic Plan (PLHINO), as a great infrastructure project urgently needed to secure Mexico's food sovereignty and provide jobs.

### **All Not So Quiet on Brazilian Banking Front**

Nov. 5 (EIRNS)—If Brazil's banking system is as solid as it insists, why is the Lula government pressing Congress to urgently approve a decree enabling the state banks, Banco do Brasil and Caixa Economica Federal, to buy up the bad paper of the private banks, while at the same time encouraging the just-announced merger of two large private banks, Itau and Unibanco, to create what would be the largest private bank in Ibero-America?

Could it be that the whole Brazilian banking system is blowing out?

### **Argentine President on Real Economics**

Nov. 4 (EIRNS)—Economics "is not an exact science, or econometrics, as we've been taught in certain places. It's not just the value of currencies; it's not just monetarism. Rather, economics is a profoundly social science, which reflects the desires, needs, aspirations and hopes of society," Argentine President Cristina Fernández de Kirchner reminded fellow Heads of State at the Oct. 30 Ibero-American summit in El Salvador.

Noting that she will participate in the G-20 financial summit in Washington on Nov. 15, she called today's crisis one of the most serious in history.

Those who conceived of the so-called Washington Consensus—as the neo-liberal model is known in Ibero-America—thought it was possible for money to just reproduce itself, without industry or labor. They had "brilliant young men who sat at computers and dreamed up financial instruments which promised unending and infinite profits to the banks, without anyone understanding how this would work, or prosper." It was inevitable that such a system would fail, the

Argentine leader said.

When there is no proper conception of economics at the service of humanity, she said, you get phenomena such as the private pension system—the AFJPs—that was imposed on Argentina in 1994, and looted its enrollees to the point that the State was forced to step in and guarantee their pensions. The pension fund administrators made off like bandits, earning exorbitant commissions and profits, leaving the retirees to die. And the debt the State had to incur to prop up the private system accounted for 50% of Argentina's total foreign debt.

## **Argentine-Russian Ties Developing**

Nov. 5 (EIRNS)—A large delegation of Russian diplomats, businessmen, legislators, and other officials is visiting Argentina from Oct. 17 until Nov. 17, in the run-up to President Cristina Fernández de Kirchner's trip to Moscow on Dec. 8.

According to Konstantin Kosachov, head of the international affairs committee of the Russian State Duma, Russia is interested in going beyond traditional trade relations with Argentina, to establish "profound cooperation" in industry, agriculture, science, and technology. Top priorities should be nuclear energy, rail, and other infrastructure development, and defense cooperation, he told Ria Novosti press service.

## **LYM Revolutionizes National Peronist Leaders**

Nov. 3 (EIRNS)—The Argentine LaRouche Youth Movement (LYM) shaped discussion at the First National Leadership Conference on Development, Growth and Social Inclusion, and enjoyed silencing a British agent in the process.

Organized by the Kirchner apparatus within Peronism known as "Compromiso K." the Oct. 31-Nov. 1 conference was attended by 500-1,000 leaders of various groups, NGOs, trade unions, and their rank-and-file.

The opening presentation was given by Ricardo Etchegaray, director of the agricultural trade regulatory agency ONCCA, who said the financial crisis wasn't going to affect Argentina. Not so, said Emiliano Andino of the LYM, who spoke later that day on the youth panel. He introduced LaRouche's concept of the "Brutish Imperialist" threat the world is facing, and demanded that the very attentive audience mobilize to ensure Argentina that play an adequate role in the dramatic economic, political, and social changes that will be taking place between now and the end of the year.

After the intervention, the six-member LYM delegation was bombarded with questions: "What's *really* going to happen?" And, the majority of the speeches which followed, demonstrated the impact of LaRouche's ideas, since no one after that questioned whether the financial crisis was going to affect Argentina.

The LYM happily did its part in cancelling the scheduled speech by Stephen Wheeler, a Brit by birth and imperialist by outlook, who has recently been promoted by oligarchic outposts as an alleged "guru" of the Kirchners. Funny thing: While Wheeler argued that Argentina should be one of the powers leading the change in the world system, and not the United States, which he denounces as "the problem," he pushes the old colonial line that Argentina must stick to agriculture, and not develop technology.

## **Colombian President Joins Calls To Ban Speculative Capital**

Nov. 3 (EIRNS)—Calls for the world to "put up the barricades" against speculative capital came from an unusual quarter last week, when Colombian President Alvaro Uribe addressed a summit of Ibero-American leaders in San Salvador on Oct.

Harvard-trained economist that he is, Uribe has heretofore stridently defended the free-trade system in a region where that system had been widely discredited. But now, he told the assembled heads of state: "I think we were all, in some way, fooled by this speculative crisis." Speculation brought about the international financial crisis, he said, and nations of the region must unite, hear all proposals for what actions to take, and consider what measures must be taken jointly.

"The world has to establish all the regulations necessary to guarantee that there be only one expression of capital: productive capital as a factor for the creation of social wealth. By putting full barricades around it, we will put an end to the possibility for speculative capital," he argued; we, together, must contribute to coming up with the plans for new regulations of the global economy, with the goal of ensuring capital only has one form: "productive capital creating social well-being."

This includes defending government spending on labor and social programs, he said. "Let's hope at this point, the usual old prescriptions do not start arriving: that public spending has to be cut."

Uribe insisted yet again that "the world is wrong" in proposing a debate over whether to legalize drugs, which he called nothing but "the path to link children and youth to criminality."

## **Chilean Blair-ite Pushes British World Dictatorship**

Nov. 3 (EIRNS)—Former Chilean President Ricardo Lagos (2000-05) proposed yesterday that the Ibero-American countries join him in championing the British plan to use today's breakdown crisis to consolidate global financial dictatorship.

"The time has come to speak frankly.... Why not an International Central Bank? Why not a new currency for world exchange?" Lagos wrote in a guest column in Argentina's leading daily, *Clarín*. Lagos asserts that the discussion of "a New Bretton Woods" means a new world conference to establish some global financial institution, and asks if the International Monetary Fund could be transformed into an International Central Bank.

Such arguments could be expected from a Chilean Socialist Party leader who, as President, presented himself as a supporter of Tony Blair's Fabian imperialist "Third Way," made a point of associating himself with British agent George Soros, and refused to dismantle dictator Gen. Augusto Pinochet's genocidal economic system.

Lyndon LaRouche's comment? "Fascism."

## **Western European News Digest**

**[Merkel Calls for New Financial Architecture](#)**

**[French Economist Endorses FDR Bretton Woods; Denounces Brown](#)**

**[EU Report: Britain Is Drug Capital of Europe](#)**

**[WWF Genocidalists in France React to LaRouche Exposé](#)**

## Crisis Hits German Auto, Farming

## EU Orders Poland To Shut Down Shipyards, Repay State Aid

### **Merkel Calls for New Financial Architecture**

Nov. 4 (EIRNS)—In her keynote address to the German Entrepreneurs Convention in Berlin today, Chancellor Angela Merkel spoke of a "great challenge posed to politics by this crisis," and she said that "things in parts of the financial sector cannot remain as they have been." She added that "a mandate for concrete talks about a new financial architecture internationally has to be passed by the world financial summit on Nov. 15." Moreover, she underscored, the new architecture must be worked out "within the next few months—not a few years from now."

Lyndon LaRouche commented that a contributing factor in producing this shift by Merkel was the failure of Andrea Ypsilanti of the German Social Democratic Party (SPD) to create a "red-green" coalition with the support of the Linkspartei (Left Party). That failure produced a "major shock" inside Germany, LaRouche said.

Speaking to participants on the sidelines of the event, *EIR*'s correspondent found that people are much more fearful about the next waves of the collapse than Merkel would publicly admit.

### **French Economist Endorses FDR Bretton Woods; Denounces Brown**

Nov. 6 (EIRNS)—In an interview granted to the French weekly *Nouvel Observateur* of October 30, the 65-year-old French economist Jean-Luc Greau, author of *The Future of Capitalism*, clearly draws the lines between a real FDR-style new Bretton Woods in favor of the general welfare, and the financiers' perversions of the idea, such as that floated by Gordon Brown, "a declared advocate of the City [of London]."

Asked what one can expect of an new Bretton Woods, Greau responded: "It's either one thing or the other. Either the new Bretton Woods is in the lineage of the preceding one, which tended to stabilize the world from the economic, monetary and financial standpoint to favor prosperity, employment and the material, intellectual, and moral progress of populations. Or it proceeds—even more than at the point the crisis erupted—trying to subject companies and populations to the demands of those financial operators just saved by the states."

He indicated that "if one speaks, as does Gordon Brown, the declared advocate of the City, to nominate international supervisors of the largest banks in the world, is one not proposing nothing other than the enlargement of ever-more power outside government control?"

### **EU Report: Britain Is Drug Capital of Europe**

Nov. 6 (EIRNS)—The European Monitoring Centre for Drugs and Drug Addiction has issued a study finding that the U.K. has the highest prevalence of amphetamine use in its adult population, the most adults who have used Ecstasy, and the highest use of cocaine in the 15- to 34-year-old age bracket, the London *Daily Telegraph* reported today. Britain also has the third-highest use-level of cannabis (behind Denmark and France), though it is reported to be declining there, partly because of new anti-smoking laws. The *Telegraph* and the *Guardian* say that cocaine use in Britain has stabilized at its high level, though it is unclear whether that assertion is from the Monitoring Centre report or from the British Home Office. The *Telegraph* says the study "also found that the UK is now an international hub for the sale of drugs over the internet."

The *Guardian's* report on the EU study focuses on the aspect, that the record Afghan opium harvest this Autumn is threatening a "new heroin crisis" in Britain and across Europe. The article is accompanied by a photo of an opium poppy in bloom, which is captioned, "Afghanistan has produced two record opium harvests, with Helmand province, where British soldiers are based, accounting for more than half the poppies grown."

### **WWF Genocidalists in France React to LaRouche Exposé**

Nov. 6 (EIRNS)—The posting on the website of Lyndon LaRouche's associates in France, the Solidarity and Progress party, of a small news item on the recent World Wildlife Fund report calling for world population reduction, provoked an hysterical reaction from the French section of WWF. The item received over a thousand visits in less than 24 hours, and was picked up on several other websites.

The WWF's official press officer called the Solidarity and Progress office to express their anger that the news item, first published on the website of LaRouche PAC, [www.larouchepac.com](http://www.larouchepac.com), had mentioned that one of the WWF's founders, the late Prince Bernhard of The Netherlands, had signed his letter of resignation from the Nazi SS with "Heil Hitler."

The S&P spokesman said it would welcome a comment from the WWF for posting on the S&P website.

### **Crisis Hits German Auto, Farming**

Nov. 3 (EIRNS)—BMW, Germany's second-largest carmaker, announced it is halting auto production for five days, and sending 40,000 of its workers in Germany home. Whereas management says this would be a one-time measure, insiders are pointing out that BMW sales have slowed in recent weeks, and that the company may have to halt production again, in early 2009.

Germany's farming sector is badly affected by the global crisis, with operating expenses during the past 12 months having shot up. Speculation has driven the price of a ton of wheat up to Eu200, and for the first time in many years, wheat growers were making some marginal profit. But in recent weeks, the price of a ton has dropped to Eu120-130, cutting farmers' income drastically, whereas their expenses have stayed high. If the government does not intervene now to support the farmers, many of them will reduce sowing, with the relevant consequences for next year's harvest.

### **EU Orders Poland To Shut Down Shipyards, Repay State Aid**

PARIS, Nov. 7 (EIRNS)—Today's London *Financial Times* reports that the long-running European Union probe into Poland's tottering shipyards came to a dramatic end, as the EU Commission declared that billions of euros of state aid had been given unlawfully, and must be repaid. The Commission also said it would welcome a plan that would see Polish authorities sell off assets at the Gdynia and Szczecin shipyards through an open tender system, and then liquidate the existing companies there. Only the privatized Gdansk shipyard escaped the ruling, though the EU also demanded its restructuring.

EU Competition Minister Nellie Kroes, who called her decision "one of the hardest" ever made, was challenged yesterday on why shipyards employing thousands of skilled workers got an adverse decision, while speculative bankers were rescued.

## **Russia and the CIS News Digest**

## Medvedev on Financial and Strategic Crisis

## Armenia, Azerbaijan Sign Accord To Settle Conflict

## New York Times: Georgia Invasion of South Ossetia Unprovoked

### **Medvedev on Financial and Strategic Crisis**

Nov. 5 (EIRNS)—Russian President Dmitri Medvedev today delivered his first annual Presidential Message to the Federal Assembly of the Russian Federation. The speech was revealing of the Russian leadership's view of its role in the world and the current strategic crisis, as well as the shortcomings thereof. In the passionate language of a Russian patriot, blunted by his lawyerly confidence in the effectiveness of procedural changes, Medvedev expressed a determination that Russia will survive the current crisis, but—at least as far as expressed in this speech—he made too much obeisance to a global system that has utterly failed, for that determination to be successful. Medvedev stated that Russia has prepared its proposals for the Nov. 15 Group of 20 nations summit in Washington, on the international financial crisis, and has submitted them to other participants. He revealed their content only in part.

Striking in how Medvedev framed his report, was the evidence that Russia has by no means forgotten the U.S.- and British-backed attack on South Ossetia, and Russian peacekeepers, by Georgia last Summer. Medvedev tied together that "barbaric aggression" with the global financial crisis, as the two great events of 2008, from which lessons must be drawn. Citing the arrival of NATO ships in the Black Sea and the go-ahead for U.S. ABM systems in Eastern Europe, after the Ossetia crisis, Medvedev said that these events had increased tensions far beyond the borders of that region, throughout Europe, and in the whole world. In effect, this destabilized the very basis of the global order. He spelled out Russian countermeasures, announcing that he had rescinded the order to scale back and dismantle three strategic missile regiments of a division deployed at Kozelsk (in Kaluga Region, southwest of Moscow). He confirmed that Iskander surface-to-air missile will be deployed in the Kaliningrad Region, between Lithuania and Poland, "to neutralize the [U.S.] ABM systems if necessary," and added that submarine-launched ballistic missiles in the Baltic can play a similar role.

Medvedev called for radical reform of the international political and economic system. He said that Russia is prepared to work with the U.S.A., the EU, the BRIC (Brazil, Russia, India, China) countries, and others to achieve this. Russia will take leadership, he said, based on its being a nation with a thousand-year history, which assimilated and civilized a huge territory. By the same token, Russia does not intend to be pushed around, he said, specifying that there will be "no retreat in the Caucasus."

The bulk of Medvedev's speech was devoted to governmental and related procedural reforms, aimed at defeating corruption and increasing representative democracy. When he returned to the topic of the economy, Medvedev outlined a range of measures to promote innovation, technology, and science-based progress. This would include several programs for promoting science education and developing skilled personnel.

On foreign policy, Medvedev said that the attacks on Georgia had marked "a moment of truth," the formation a qualitatively new geopolitical situation. It was in this context that he listed Russia's intended military response to the U.S. ABM deployment. He said that Russia will rely chiefly on its relations with the Union State (Russia and Belarus), EurAsEc (Russia, Belarus, and four Central Asian countries), and the Collective Security Treaty Organization (CSTO—consisting of the same nations, plus Armenia). He called for bolstering the role of the United Nations and making it more effective. Medvedev also said that relations with the United States will be crucial in the area of arms control, taking the opportunity to add, "I emphasize that we do not have problems with the American people, and we have no ingrained anti-Americanism. We hope that our partners, the new U.S. administration, will choose in favor of full-fledged relations with Russia."

At the end of his speech, Medvedev returned to the challenge of shaping a "world financial architecture," although he framed this in terms of "new rules." He talked about the need for "the possibility of warning about the emergence of crises and minimizing their effect," and, at a minimum, "developing new risk-evaluation systems, which would take into account the interrelationship of financial institutions and the real economy." Medvedev cited the late Russian emigré economist Wassily Leontieff, who said that a free-enterprise system was like a gigantic computer, but that large computers need to be properly managed.

The President repeated his desire for Russia to host a new "leading world financial center," and said that movement toward this could begin with pushing ahead on the denomination of oil and gas trade in rubles. Russia wants to develop diverse economic ties within EurAsEc and the CIS, as well as with the EU, China, India, and other major Asian countries, while not ignoring Latin America and Africa.

## **Armenia, Azerbaijan Sign Accord To Settle Conflict**

Nov. 3 (EIRNS)—The Presidents of Armenia and Azerbaijan met over the weekend outside Moscow, at the invitation of Russian President Dmitri Medvedev, and the three leaders signed an agreement to accelerate diplomatic efforts to solve the Nagorno-Karabakh dispute. Presidents Ilham Aliiev of Azerbaijan, Serzh Sarksyan of Armenia, and Medvedev all signed the precedent-setting document, pledging to accelerate diplomatic efforts, and to resolve the dispute through diplomacy.

"The Presidents aim to improve the situation in the South Caucasus and confirm the importance of OSCE mediation and the need to support the peace settlement process with legally binding international guarantees," the joint communiqué stated, according to Itar-Tass on Nov. 2.

## **New York Times: Georgia Invasion of South Ossetia Unprovoked**

Nov. 7 (EIRNS)—The *New York Times*, months after the fact, reported that the Aug. 7 invasion of South Ossetia by Georgia was an unprovoked act, targeting innocent civilians and foreign peacekeepers.

Lyndon LaRouche denounced the Georgian action from day one, as a provocation by a government owned by George Soros and his British Foreign Office controller, Lord Mark Malloch-Brown. But the *New York Times*, like the overwhelming majority of the American media, portrayed Georgia as the victim of a Russian invasion. Now, the *Times* reports that Organization for Security and Cooperation in Europe (OSCE) monitors, who were in South Ossetia at the moment of the Georgian attacks, have provided detailed eyewitness accounts that make it clear that the Georgian government of Mikheil Saakashvili was the aggressor.

The Nov. 7 *Times* story contained details from OSCE briefings by Ryan Grist and Stephen Young, both retired British military officers, who were heading up the OSCE monitoring team, and confirmed that the Georgian invasion and indiscriminate rocket fire on civilian neighborhoods in the South Ossetian capital, all took place before any Russian military reinforcements entered the enclave. The OSCE monitors also disputed the key Georgian government claim, that South Ossetians had been firing rockets into Georgian villages.

## **Southwest Asia News Digest**

### **Shin Beth Chief Warns of Rise of Jewish Terrorists**

## Rabin Memorial: Warnings Voiced on Next Assassination

### Rally in Tel Aviv for Rabin Memorial

#### **Shin Beth Chief Warns of Rise of Jewish Terrorists**

Nov. 3 (EIRNS)—The backers of Israeli right-wing Likud party leader Benjamin Netanyahu in the settlers movement are planning a reign of terror inside Israel, which Yuval Diskin, the head of the Shin Beth intelligence service, is warning could target Israeli leaders.

AFP reports that Diskin told a Cabinet meeting yesterday, "As we mark the anniversary of [Prime Minister Yitzhak] Rabin's assassination the Shin Beth has identified among this extreme right-wing group ... a willingness to use firearms in order to stop political processes and target political leaders.... The Shin Beth is extremely worried about this issue."

Thirteen years ago, on Nov. 4, 1995, Yigal Amir, a member of the right-wing settler networks, assassinated Rabin immediately after the Knesset approved the "land for peace" deal that was part of the Oslo Accords. Last week, Amir, who is still in prison, was interviewed illegally by Israeli television, and said he feels no remorse for killing Rabin. The interview was done by phone from prison, with prison authorities claiming they knew nothing about it. Amir said that he was inspired politically to kill Rabin by Ariel Sharon and Rafi Eytan. Israeli President Shimon Peres denounced the TV stations that gave coverage to this terrorist.

In the last four weeks, there have been clashes between the Israeli Defense Forces and armed settlers who constantly expand the Palestinian land under Israeli occupation by setting up "outposts," i.e., new illegal settlements, on the West Bank. The settlers have been inflamed by rumors that Olmert is going to order the removal of settlers from Hebron, which houses the most rabid of the Jewish terrorists, including members of the outlawed Kach movement.

#### **Rabin Memorial: Warnings Voiced on Next Assassination**

Nov. 5 (EIRNS)—Warnings that a right-wing extremist could assassinate a leading Israeli political figure and peace advocate were voiced at a ceremony commemorating the 13th anniversary of the Nov. 4, 1995, assassination of Israeli Prime Minister Yitzhak Rabin.

In a ceremony at Rabin's grave, attended by 100 friends and family members, Minister Binyamin Ben-Eliezer warned in his opening address, "The next political murder is just around the corner. The seeds of the calamity were sown in certain towns and bizarre Messianic circles in Judea and Samaria [West Bank], but there are also outgrowths within the Green Line," i.e., within Israel itself. He also denounced two Israeli television stations for seeking to air interviews with Rabin's murderer Yigal Amir last week. He called it part of the "reckless worship of the almighty ratings." He also said that Amir "should rot in his cell. He should have been living in prison with minimal luxuries—no radio, no television, no telephone, no newspaper, no letters, no family visits.... He receives the full rights of a democracy, and laughs and makes a circus of the state of Israel.... How far can stupidity go? How far can foolishness go?"

Prof. Ze'ev Sternhell, a peace activist who was wounded in September when extreme rightists planted a bomb near his house, also spoke, describing Rabin as a man who tried to bring about a revolution based on "the idea that the War of Independence is over once and for all, and that in this country live two nations, and both of them have rights to this land." In order to kill the idea, "they murdered the man."

Sternhell recalled a doctored photograph that appeared just prior to the assassination, showing Rabin in a Nazi SS uniform,

and added that to this day, some rightists liken Israeli Defense Forces (IDF) soldiers to Nazis. "This motif is alive and well, and at times it seems nothing has been learned and nothing has changed," he said. Sternhell denounced West Bank rabbinic council head Dov Lior, for comparing the recent evacuation of a West Bank settler outpost to his experiences during the Holocaust. The professor called the comparison "a forgery, evil, despicable, a disgrace."

Former IDF Chief of Staff Amnon Lipkin-Shahak, a signer of the Geneva Peace Accord, appealed to Defense Minister Ehud Barak, who was also at the ceremony, to "stop issuing warnings, and start doing something" about the extremists, adding, "Yitzhak would not have allowed [them] to break the arms of reserve officers. Under his watch this wouldn't happen. Not to reserve soldiers, not to Border Policemen. We have learned to complain, but we have not learned to do."

Rabin's daughter Dalia told Army Radio, "Today we are also hearing the same shrill voices, perhaps with different terminology, but it is impossible to ignore their intensity."

## **Rally in Tel Aviv for Rabin Memorial**

Nov. 10 (EIRNS)—100,000 people gathered in Tel Aviv on Nov. 8, to commemorate the 1995 assassination of Yitzhak Rabin. Warnings were voiced of a repeat of a political assassination by Israel's terrorist movements.

Attending such a rally for the first time, Israeli Foreign Minister Tzipi Livni said: "I didn't vote for Rabin, but he was my prime minister, too.... There are no more unifying words than the words that were displayed here 13 years ago: 'yes to peace and no to violence.'"

President Shimon Peres said, "We are facing a crisis. There is no point in trying to hide it. The disputes between us have worsened and they damage the wondrous human fabric that is called the State of Israel. People ask themselves how they can personally benefit from things rather than asking themselves what all of us can gain from them. Instead of lending a hand, they pull their hand back. If we won't pull ourselves together, shake hands and make the effort, our future will be difficult."

Warning of the Israeli right-wing extremist threat, Labor Party chairman and Defense Minister Ehud Barak told the rally: "We used to call them bad seeds, but now they are tumors with secondary growths. This is no longer a warning sign, it's a threat to democracy, the IDF, the police and on all the authorities of a normal society. I promise you we will uproot this evil from within us."

After the rally, right-wing political figures accused Barak of incitement. Shas party leader Eli Yishai said the statement "incites against the right, a sector that constitutes the majority in Israel...."

Sources close to Barak said in response that the right-wing political factions are ignoring the intelligence on violent actions against soldiers and policemen by a growing group of Jewish extremists in the West Bank.

Rabin's daughter Dalia told the rally, "We all came here to tell you, father, clearly and loudly, that we guard your spark and we will never stop doing it." She called on the people of Israel to vote in the national election on Feb. 10 for "a leadership that will uproot the hatred and will be wise enough to give hope and prosperity to the silent majority."

Speaking at the Nov. 2 Cabinet meeting, Prime Minister Ehud Olmert said: "We want to hope that what gave rise to the atmosphere that, in the end, allowed someone to murder the prime minister, has changed within public discourse in the State of Israel. I am not sure that this is so. I am not sure that the atmosphere has changed ... that the incitement has changed ... that the attempt to delegitimize a political line that does not jibe with the expectations of a section of the public

has changed, and that the situation today is better than it was on the eve of Yitzhak Rabin's murder. We must ask ourselves if we are really doing what needs to be done, if we know how to fight the forces that threaten the stability and integrity of Israeli democracy."

## Asia News Digest

### Prince Charles in Indonesia: Starve To Save the Planet

### Korean Diplomat Demands FDR's New Deal—NOW!

### President Hu's Approach to G-20 Meeting

### Bangkok Quiet After Thaksin Addresses Rally

#### **Prince Charles in Indonesia: Starve To Save the Planet**

Nov. 4 (EIRNS)—Britain's Prince Charles gave an interview to the London sex-tabloid *The Sun* while touring Indonesia. His "Rainforest Project," which began last year, wants to stop development in rainforest areas, and even "return" current agricultural areas to rainforests.

Writes *The Sun*: "Indonesia is one of the nations where Charles hopes his Rainforest Project can help to reverse years of destruction. Rainforest countries have, for years, been forced to cut down vast areas so the land can be put to more lucrative use. Instead of natural habitats that help filter the world's oxygen supplies, the acreage was used to produce goods such as beef, palm oil, and soya. The Rainforest Project wants all that to change so that mankind and Earth can flourish in the future."

Indonesia contains 9% of the world's rainforests, and is also the fourth most populous nation on Earth, with about 237 million people, making it a target for the British Empire's depopulation policies. Charles told *The Sun*: "We risk provoking a crisis between man and nature and that is what I fear we are beginning to see all around us. Now is the time for the whole world to come together as one to find a solution. We have just proved we can do it to tackle the global financial crisis. The credit crunch is causing real pain to countless people across the world. The climate crunch, however, will affect every man, woman and child on this planet."

Charles wants his pilot project in genocide to serve as a model for adoption at the UN Environmental Summit, to be held in Copenhagen in 12 months, to replace the Kyoto Protocol.

#### **Korean Diplomat Demands FDR's New Deal—NOW!**

Nov. 6 (EIRNS)—Yang Sung-chul, the South Korean ambassador to the U.S. until 2002, published a call in the *Korea Herald*, republished in the *China Daily*, arguing that "Nothing short of F.D. Roosevelt's 'New Deal' amid the Great Depression is called for, *even before the inauguration of the new US president next January*. The groundwork for the new visionary program must start now, before it is too late to avert the 'tsunami.'"

Yang has been a leader in the effort to reunify the Koreas for many years, was educated in both Korean and American universities, and authored several books on the two Koreas. His article pointed to the sad state of American infrastructure,

which must be the focus of the new New Deal, while insisting that a new Bretton Woods to benefit "both developed and developing nations" must not be sabotaged by the "US-led 'currency-swap'" as a stopgap to the systemic problems.

## **President Hu's Approach to G-20 Meeting**

Nov. 6 (EIRNS)—Briefing reporters on Chinese President Hu Jintao's planned attendance at the Nov. 15 G-20 meeting in Washington, Vice Foreign Minister He Yafei said that there were three main tasks for deliberation, which have set by the host country, the United States: 1) to evaluate the effect of the measures that have hitherto been taken in response to the international financial crisis; 2) to discuss the causes for the outbreak of the crisis; 3) to explore the issues of regulatory standards and systemic reforms, striving to reach an agreement of principle on these matters.

He underlined that China will, in line with its posture of constructive engagement, assist in the common efforts of each nation, work to reach an agreement with practical results and "a timely, comprehensive and effective international response to the financial crisis."

## **Bangkok Quiet After Thaksin Addresses Rally**

Nov. 3 (EIRNS)—Thailand's capital remained quiet after a rally of more than 80,000 supporters of the government on Nov. 1. There were no reported clashes between the pro-government demonstrators and the PAD anarchist demonstrators who remain occupying the Government House.

The highlight of the rally was a live address by telephone from deposed ex-Premier Thaksin Shinawatra, speaking from exile in Hong Kong. He attacked the coup that overthrew him in 2006 and the recent show-trial conviction and sentence to a two-year jail term. He also criticized the judicial system for "ending justice" instead of serving it. The former premier, still hugely popular among the poor and in rural areas of Thailand, said the current political turmoil was a result of the coup, an assassination attempt, and other moves against him. "It goes against the feeling of the people, and that's why the situation is as messy as it is today," he said.

## **Africa News Digest**

*See InDepth this week for two articles on Africa:*

### **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....

### **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."...

All rights reserved © 2008 EIRNS

[top of page](#)

[home page](#)