

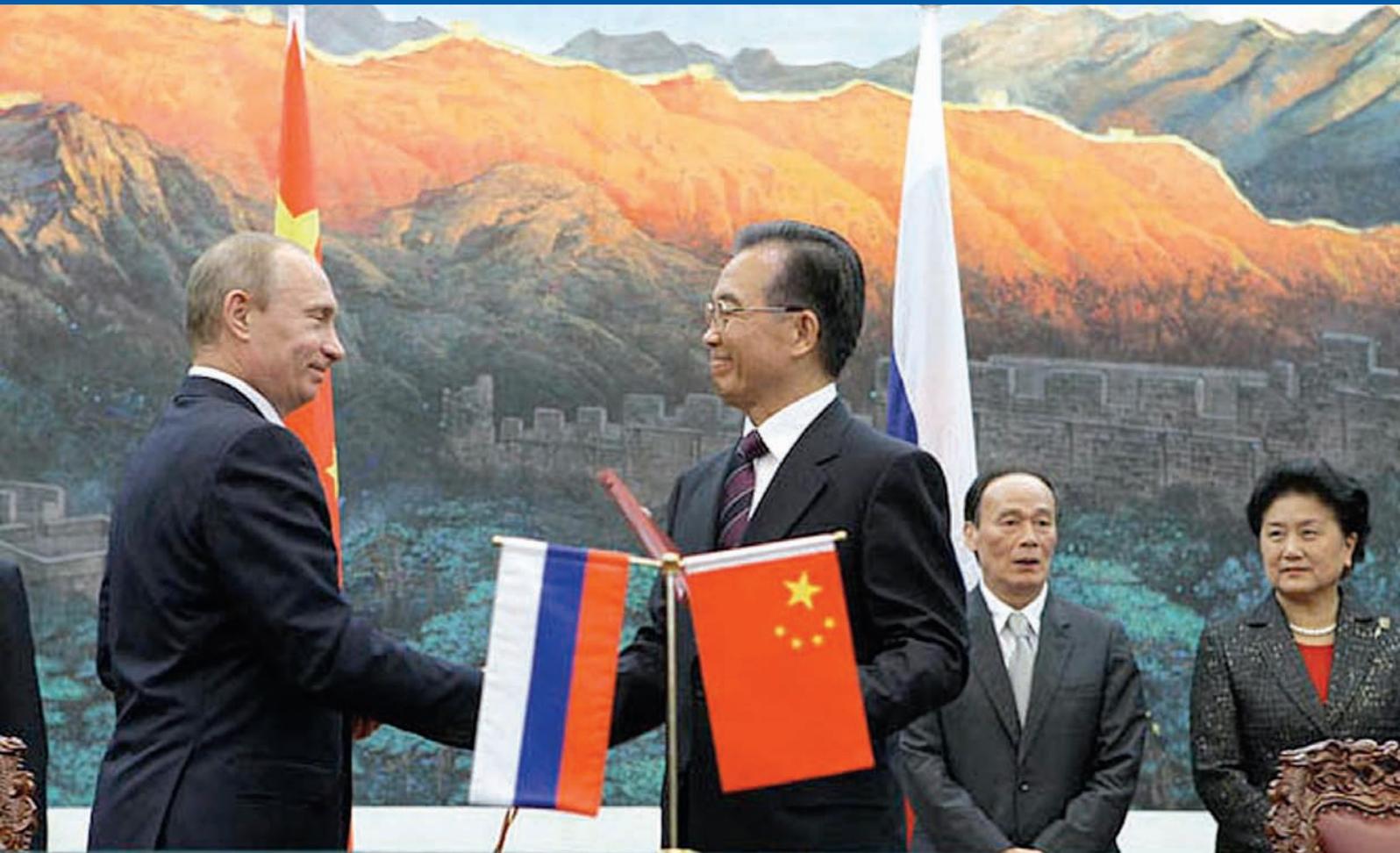
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Ukraine's Natalia Vitrenko Exposes IMF Genocide
LaRouche Interview, 'Our Last Chance,' Sweeps Russia

LaRouche: A Heartbeat Is Heard in Asia



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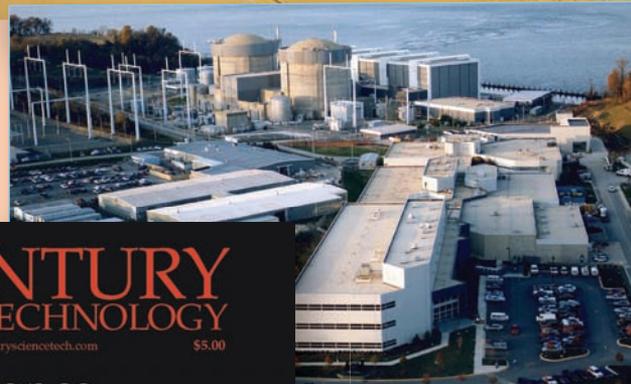
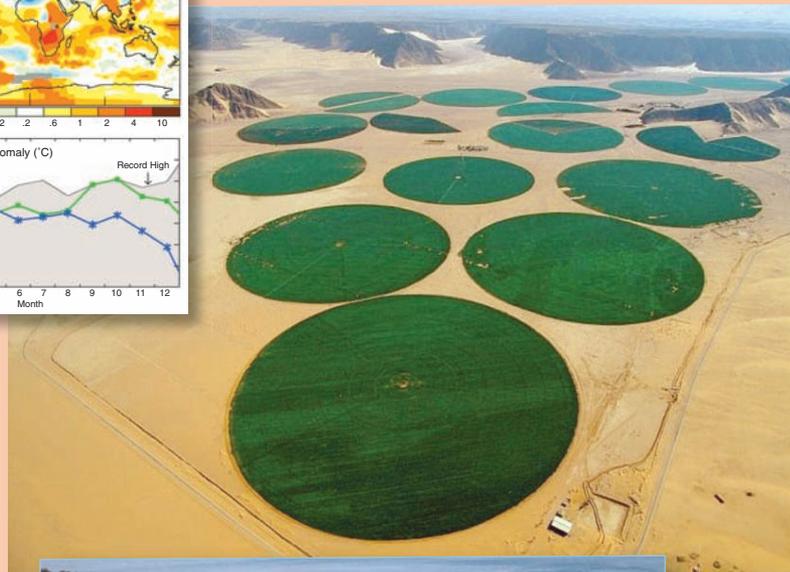
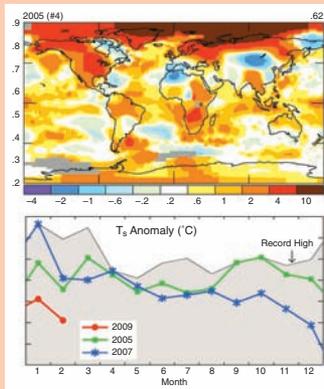
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EIR

From the Managing Editor

Our *Feature* this week, led by Lyndon LaRouche's "A Heartbeat Is Heard in Asia," tells us there is cause for optimism, however cautious. As our cover photo, showing the historic meeting between the prime ministers of Russia and China, indicates, there is a spirit of Westphalia loose in the world today—and not by accident. The intervention, in mid-October, by Lyndon and Helga LaRouche, at the Rhodes "Dialogue of Civilizations" Forum (*EIR*, Oct. 23), was both the culmination of a process of organizing, and the beginning of a new reality: that LaRouche's proposal for a Four Power agreement on a new world credit system, is coming into being. Along with this, you will find a transcript of his interview with the widely read Russian weekly *Zavtra*, which has already been picked up and reprinted, or given in audio format, all over the Internet. Complementing all this, is a contribution from Russian human rights activist Victor Kuzin, whose open letter to Dmitri Medvedev, has been posted on the Russian President's blog, calling his attention to the *Zavtra* interview with LaRouche.

Continuing the theme of cautious optimism, the Economics section leads with "The World Is Waiting for the U.S. To Rise Again," ridiculing the lying claims of an "economic recovery"—believed only by the self-deluded—but, the Wall Street-London financial empire is afraid, because it knows we can destroy it. Rounding out the picture is a review of how the U.S. machine-tool sector has been destroyed, since LaRouche laid out a plan to save it in 2005; and an update on the H1N1/09 flu crisis, centered on the genocidal policy failure.

A report on Helga Zepp-LaRouche's Oct. 29 webcast, leads the International section (the full transcript will be printed in an upcoming issue), followed by: Ukrainian economist Natalia Vitrenko's hair-raising report to EIR's Wiesbaden staff on IMF genocide against her nation; and three articles from Asia: the blow delivered to British geopolitics in South Asia at the ASEAN conference; how the Shultz crowd is responsible for the genocidal results of the recent typhoons in the Philippines; and from India, the British/Soros crowd's move to sabotage hydro-power projects, using the tired old claim of "protecting indigenous peoples."

And mark your calendar: LaRouche's next webcast, Nov. 11, 1 pm EST. (www.larouchepac.com).



Cover This Week

Historic agreements between Russia and China sealed with a handshake between the two nations' prime ministers, in Beijing, Oct. 13.



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4 A Heartbeat Is Heard in Asia

As the participants departed from the Seventh Annual Session of the World Public Forum “Dialogue of Civilizations,” in Rhodes, Oct. 12, a hopeful heartbeat of economic recovery was about to be heard among the three world-giants of Eurasia: Russia, China, and India. That encouraging heartbeat, heard from Russia and China, tells us that the world, although still in a state of mortal peril, is not dead yet.

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Zepp-LaRouche kicked off a series of high-powered international interventions, around the breakthrough developments toward a Four-Power agreement for a new world credit system, with her Berlin webcast on Oct. 29. Zepp-LaRouche presented the stark alternatives which face mankind: a collapse into a new Dark Age; or a new world financial system, to reconstruct the world economy through projects like the Eurasian Land-Bridge.

21 Ukrainian Economist Natalia Vitrenko: Finding a Noble Path Out of the Crisis

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A Heartbeat Is Heard in Asia

by Lyndon H. LaRouche, Jr.

October 30, 2009

As the recent negotiations between Russia and China have shown, the only way in which the presently accelerating, global breakdown-crisis of the world economy could be avoided now, is through a combination of shutting down the kind of intrinsically hyper-inflationary monetarist system set into motion by incoming Federal Reserve Chairman and his crew, following the October 1987, Hoover-style crash of the stock exchange system. This could be done successfully, through shutting down the failed post-1987 system of Alan Greenspan, et al., by a turn away from present monetarist policies, toward a return to the U.S. Constitutional credit-system as it had been restored under the direction of President Franklin D. Roosevelt. Now, Russia and China have made an important, and massively impressive step in that same direction. It is time for the U.S.A., to come to its senses, and follow.

As the participants departed from the Rhodes Seventh Annual Session of the World Public Forum “Dialogue of Civilizations” on this recent October 12th, a hopeful heart-beat of economic recovery was about to be heard among the three world-giants of Eurasia: Russia, China, and India. This hopeful development occurs now at the same time as an accelerating global economic breakdown-crisis of the present, “post-Keynesian” world monetarist system enters a new, greatly accelerated phase of oncoming world economic breakdown-crisis, which now dominates affairs throughout the Americas, western and central Europe, and central Asia, and still predominates in Africa.

That encouraging heartbeat heard from Russia and China, tells us that



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Russian Prime Minister Vladimir Putin (left) and Chinese Prime Minister Wen Jiabao in Beijing on Oct. 13, where they reached broad-ranging agreements for economic cooperation. "That encouraging heartbeat heard from Russia and China," LaRouche writes, "tells us that the world, although still in a state of a mortal peril, is not dead yet."

the world, although still in a state of a mortal peril, is not dead yet. While the sick man of trans-Atlantic political-economy enters what must appear to all competent economists as the almost certainly, terminal phase of its existence, during the weeks and months ahead, developments such as those which have erupted in Eurasia during the last two weeks of October, could still be the hopeful process of recovery which could save the world economy as a whole.

The shocking element of truth in what Russia and China have accomplished during the recent two weeks, points implicitly to the ways of thinking which are exerting a top-down force of incompetence in ways of thinking which have continued to exert controlling influence over the nations of the Americas and of Western and Central Europe now. Despite that mass-strike quality of contempt for President Obama, and his henchmen, among a mass-strike process which prevails among the greatly injured majority of the U.S. under the present Obama regime, the reins of political power are still in the hands of such foreign controllers of the infamously lying, virtually Tony Blair puppet President Obama, as the circles of both the former British Prime Minister, and of those same Wall Street-London circles whose ancestors put Adolf Hitler and his Blair-Obama-like, pro-genocidal, "health-care" policies and pro-

posed initiatives into power in Hitler's Germany earlier.

Presently, the only way in which the United States could survive the present Obama-led dive into national-political suicide, is to bring the U.S.A. itself into the role of a keystone partner in a project of the type exemplified by the most recent steps of economic cooperation between China and Russia.

Events have now shown, that were I President, that rescue would happen, and, assuming that I were not assassinated as Presidents Abraham Lincoln, William McKinley, and John F. Kennedy were assassinated by the same foreign enemies (and their U.S. accomplices), this rescue of the United States' economy, and those of our partners, could be accomplished quickly now. Any President fit to be President under these present circumstances, would be obliged to do the same that I would do.

What You Must Understand

The lesson which needs, urgently, to be learned, is the nature of that popular stupidity, which reigns, shared, within popular opinion among our republic's predators and their victims alike. This is a point which I have recently emphasized more than I had done publicly ever before, respecting the importance of the principle stated as the conclusion of the poet Percy Bysshe Shelley's **A Defence of Poetry**. As Gottfried Leibniz, more than a century-and-a-quarter earlier than Shelley's essay was written, had pointed out the essential stupidity underlying the total failure of Rene Descartes and his followers in matters of science, Leibniz showed that the guiding forces controlling the universe's reactions to exertion of the human will, are to be located under the topical heading of Leibniz's notion of *dynamics*, as *dynamics* pertains not only to the nature of the efficiency of laws pertaining to physical processes generally, but also, as Shelley emphasized in his **A Defence of Poetry**, processes of mass social behavior.

When that creature known as an individual person, says, these days: "But, I am a free thinker," the gods laugh with tears of pity streaming down their cheeks.

That poor creature believes in the nonsense shared among those who rely on a close relationship of their beliefs to “popular opinion,” even when all evidence shows that opinion, such as prevalent pro-monetarist opinion today, to be utterly ruinous in its effects on both that person, and those who think as he, or she does. All failed societies, are in fact, examples of the results built into the behavioral traits of similarly misguided popular opinion and codes of behavior, dynamically.

A post-Franklin Roosevelt U.S.A., is a case of the effects of such perverted types of mass-behavior rooted in what is generally shared as “popular belief.” The post-John F. Kennedy U.S.A. was far more wildly, and increasingly foolish than the U.S.A. of the post-Franklin Roosevelt decades.

Therefore, we must see the good news just recently radiating from Asia, as being the fact that Russia and China have taken a step of freedom from those opinions which have been sending both the Americas and western and central Europe to the present brink of a world-wide new dark age for all mankind.

The actions which they have taken, thus far, are, in fact, congruent with my own use of my uniquely successful capabilities as a long-range economic forecaster over decades, in my rejecting the essentially silly practice of usually taught doctrines of statistical forecasting. I have employed a Riemannian approach to economy which is rooted in the same underlying principles as those made famous for physical science generally by the leading followers of Riemann during the Twentieth Century, both Albert Einstein, and the enormously fertile mental practice of Academician V. I. Vernadsky, and his immediate associates.

Since my first publication of this method of forecasting in physical-scientific terms, as I did in my opening U.S. Presidential campaign for Democratic nomination in January 1996, my forecasts have been presented, explicitly, in terms of three primary physical-economic causal factors. This method, known as the “Triple Curve” principle, had already been in use by my work as an economist since my mid-1956 study of the then-onrushing conditions for a late-Winter 1967 deep recession. The use of the “Triple Curve” since January 1996, made the test simpler and more precise.

The failure of nearly all academic and related approaches to economic forecasting has been rooted, chiefly, in the application of what are fairly classed as Cartesian methods addressed on the purely monetarist forms of behaviorist presumptions associated with

purely monetarist assumptions respecting the nature of “economic value,” in contrast to that reality, that the only competent measure of economic performance of societies, or of the world at large, is found in the relative increase of the potential relative population-density of a society, a benefit achieved largely through the improvement of those creative-intellectual powers typified by the improvement of the Classical-artistic and physical-scientific creative powers of the individual within the reigning culture of a specific society.

The method of the Triple Curve, which I have developed, avoids the typical reasons for failure of all generally taught empiricist dogma respecting economies and their performances.

The great world-wide crisis which menaced both Russia and China, among many neighboring nations within Eurasia, was an effect of the systemic errors built into the prevailing international monetary system; but the crucially important effect was within the domain of the relative increase, or decrease of the physical-productive powers of labor, as measured per capita and square kilometer. Policies respecting the creation and use of money, must, therefore, be the subject of physical economy, rather than that other way around which has guided the entirety of the planet into the ruinous condition coming upon us all, today.

LaRouche Plan Is on The Table in Russia

Oct. 30—The intervention by Lyndon LaRouche at the World Economic Forum, “Dialogue of Civilizations,” on the island of Rhodes, Greece in mid-October, has caused reverberations worldwide. Within days, LaRouche’s speech, entitled “A Four Power Agreement Can Create a New World Credit System,” had been published by the Indian Foreign Ministry in its daily briefing. There was also a proliferation of coverage of LaRouche in Russia.

The Oct. 21 issue of the popular Russian newspaper *Zavtra* features on its front page, a discussion with LaRouche, under the headline “Our Last Chance.” Based on an interview of LaRouche by *Zavtra* deputy editor Alexander Nagorny done Oct. 10, on the sidelines of the Rhodes conference, the publication pres-

ents LaRouche's incisive ideas on dealing with the crash of the existing global, monetarist system.

The *Zavtra* interview is rapidly spreading through Russian-language Internet sites, appearing Oct. 23 on Biznes Online, the Rossiya—Ring of Patriotic Resources portal, and the site of the Movement for the Rebirth of Russian Science. Quotations in this report are from *Zavtra*'s version of what LaRouche said, a Russian translation which paraphrased LaRouche's original formulations with considerable accuracy.

Following this report, we include our transcription of the full interview.

'Our Last Chance'

LaRouche told *Zavtra* that the world is facing two interrelated historical problems. One, is the utter bankruptcy of monetarist economic policies, which are rooted in the Middle Ages. Those policies are now "leading the world to a total crash." The second problem, LaRouche linked with Ukrainian-Russian scientist V.I. Vernadsky's conception of the Biosphere and the Noösphere: the exhaustion of natural resources by human activity, faster than mankind is restoring and creating such resources through technology.

In *Zavtra*'s words, LaRouche says that "the current crisis cannot be harnessed and defeated, without solving both these problems; we must do away with the world monetarist system of global finance, and build a new system, a productive economy in accord with Vernadsky's principles."

Zavtra highlights LaRouche's counterposition of the Hamiltonian American System of political economy, oriented toward "physical economy," to the monetarist swindles and financial bubbles of recent years. In addition, the write-up of LaRouche's briefing includes his sharp distinction of the post-Roosevelt Keynesian approaches—because of Harry Truman's dirty deals with Winston Churchill, as against Franklin Roosevelt's continued orientation toward American System physical economy. Also included, is LaRouche's denunciation of the phoniness of current claims that a recovery is going on in the United States, or anywhere else.

LaRouche's reply to Nagorny's question, as to whether or not President Obama would support LaRouche's initiatives, *Zavtra* gave as follows: "In no way. Obama is an agent of influence of that same oligarchical finance capital, which I describe as the British Empire. Among his appointees are a great number

of people like Larry Summers, a direct representative of these circles, who is known in Russia and the world as a thief. He's the one responsible for the pseudo-anti-crisis program in the Obama Administration, which is only funneling additional gigantic sums of money to its friends."

The Four-Powers Conception

By way of contrast, *Zavtra* included LaRouche's description of his Homeowners and Bank Protection Act, which would have worked in 2007, when originally proposed. Now, the paper cites LaRouche as saying, a point of no return has been passed. Derivatives and similar financial instruments must be banned. "But, that is not enough," said LaRouche in *Zavtra*'s summary, going on to present the American thinker's "Four Powers" conception:

"Now we are in the middle of a crisis, which could blow up the entire planet in a chain reaction at any moment. . . . While 80% of what a country needs for its economic security used to be internally provided, in the period of globalization the ratio goes the other way. That is why I propose to approach the global crisis, not so much from a national platform, as through joint actions by key nations in the world economy. That means China, the U.S.A., India, and Russia. If these nations take a unified line for the reorganization of world finances, and initiate and force the implementation of a restructuring of the world financial and credit systems in the framework of a Rooseveltian model of physical economy, then the world has a chance to avoid catastrophe."

According to *Zavtra*, LaRouche called monetarism "the plague of the world," since the time of the Peloponnesian Wars. "We must subordinate the money system to the power of sovereign nations," *Zavtra* concludes its report of LaRouche's words.

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LaRouche Tells Russian Weekly: Four-Power Initiative ‘Our Last Chance’

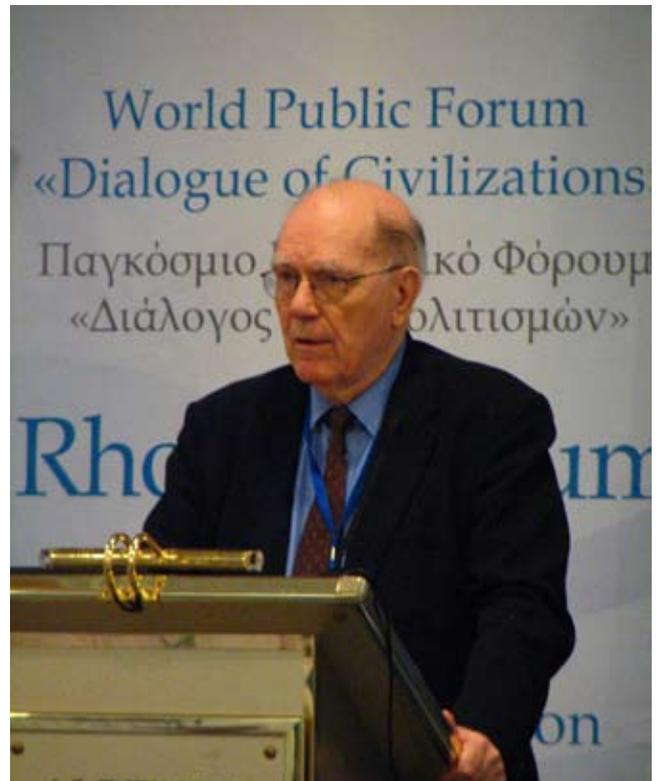
Lyndon LaRouche gave the following interview to Alexander Nagorny, deputy editor of the Russian weekly Zavtra, on Oct. 10, 2009. They were attending the 7th annual World Public Forum—Dialogue of Civilizations, on the Greek island of Rhodes. Zavtra published Nagorny’s report on his discussion with LaRouche in its Oct. 21 issue. This transcript of the original exchange will be published, after editing, by permission of both participants.

Zavtra: This is Professor LaRouche, one of the most famous, sage persons, the one who actually predicted so many mega-trends, which have taken place in the world economy and world politics. Mr. LaRouche, I have several questions to you, related to your statement.

First of all, what would you characterize as the immediate sources of the current economic crisis, and how do you interconnect them with the current situation of the political scene of the United States?

LaRouche: We have two historic problems. One, is that, we’ve had monetarist systems before, but the present world systems have stemmed, hereditarily, from the failure of the Persian Empire to succeed in conquering the Mediterranean, which meant that the Greek form, which is a maritime form of monetary system, was the foundation or the beginning point of all European economy, which was based on a maritime model. And that has always been, in a sense, a failure, because maritime models are trading models, they are not production models, and the real model is the production model.

The second thing is, Vernadsky is key in dealing with something, more than ever before: Vernadsky’s conception of the Biosphere, the distinction, is extremely important, because it makes a distinction: First of all, we are living on a planet—most of our resources come from dead bodies of plants and animals. So we are now drawing down those dead bodies, because we take the richest resources first, the most easily accessed ones, which become the more costly, apparently.



EIRNS/Stefan Tolksdorf

Lyndon LaRouche addressed the World Public Forum—“Dialogue of Civilizations,” in Rhodes, Oct. 9; he was interviewed by Zavtra editor Alexander Nagorny during the conference.

Therefore, we have to have technological progress, to increase the productivity of man to compensate for depletion of resources. Not depletion of the amount of resources, but depletion in terms of accessibility, convenience. Which means we have to constantly go to what we call “higher energy-flux density.” It’s not the quantity of measure of energy, per se, it’s the intensity, that is, the per square kilometer, per square centimeter, concentration of power.

We have gone from burning wood, up to coal, oil, and so forth; we now are nuclear. Where, if you don’t

have a nuclear economy, you can't really have a modern economy. We're also going to have to have a fusion economy very soon, in order to keep up with these demands on us. So therefore, we have to look at the attrition of old methods of economy, because we're drawing down old resources. We compensate by going to new technologies, which have higher energy-flux densities, or the equivalent.

Zavtra: I think Mr. Obama would share most of your statement.

LaRouche: Obama?

Zavtra: No?

LaRouche: No—not at all. Not at all. He's not really an intellect, he's a mouth.

The Physical Economy of the U.S. Constitution

Zavtra: But yesterday, in your remarks, actually, you mentioned a very interesting detail, which was quite unexpected, at least to me. You said that during the 1944 [Bretton Woods] conference, actually the concept of Mr. [Franklin] Roosevelt was much different from the concept which was introduced by Mr. [Harry] Truman.

LaRouche: Truman, yes.

Zavtra: What was the difference between those two approaches?

LaRouche: It's in the U.S. Constitution. The U.S. Constitution is unique. It is actually a physical economy: It was designed by Alexander Hamilton.

Zavtra: Hamilton, mm-hmm.

LaRouche: Before the Constitution.

First of all, the states were bankrupt from fighting the war against the British, and the banks of each of these former colonies, which were now states, were bankrupt. So Hamilton set up a national banking system, as a concept. In order to make the national banking system work, that is, to keep the various parts of the nation working together, you had to have a Federal government in place of a federation of—

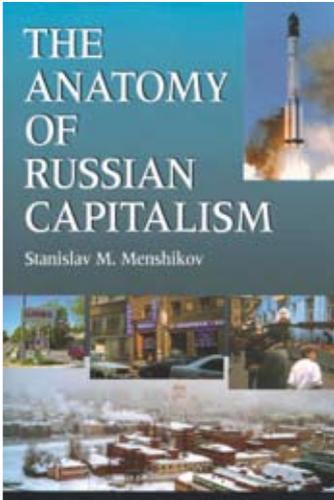
Zavtra:—of states.

LaRouche: Right. So, this resulted in the U.S. Federal Constitution. In the Federal Constitution, at the beginning, the foundation is a credit system. First of all, the principle of the Preamble of the Constitution, which is a principle of nature, that is, a principle of mankind,

a fundamental law. In that, you can not create a monetary system, you have to have a credit system. And now, we've had changes in the behavior of government, but the Constitution remains the same. The conception of the United States is not a European monetary system, but a credit system. We have adapted to a world monetary system.

What Roosevelt did, Roosevelt then said—we had China, Russia, and so forth—the Soviet Union, then. All right. Roosevelt's conception was to use the powers which were coming out of the war, to create a new world system, which would be a feeder for the United Nations. The United Nations would be a federation of sovereign nation-states, and the purpose of Roosevelt was to eliminate the British Empire, and every other empire.

When Roosevelt died, on the 12th of April, on the 13th, Truman, the new President, made a deal with Churchill, and they went back to empire. And they went back to a monetary system, under the fixed-exchange-rate system, rather than a credit system. Roosevelt's intention was to establish a credit system based on the debt—that is, only a nation can recognize money. It is



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A fixed exchange rate among sovereign national currencies—not a gold standard—LaRouche told Zavtra, will promote economic cooperation and development. Shown, Russia's Lukoil Uhtaneftepereerabotka Refinery, in Uhta, Komi Republic.

their money, it's their credit, they control it. But then, you have to have a fixed-exchange-rate system *among* nations, so you do not have rising interest rates—

Zavtra: Even no fluctuation in some corridor?

LaRouche: The idea was fluctuation could occur only by negotiation.

Zavtra: Mm-hmm.

LaRouche: But the point was to avoid this escalation of interest rates, through inequities in terms of fluctuations in interest rates. In other words, if a currency goes down, then the compensating interest rate goes up. Therefore, you have to have a fixed-exchange-rate system to prevent inflation in borrowing. Because an internal economy can generally tolerate only 1.5-2% interest rate, which we need to keep in order to develop the economy fully. And you have to accomplish this by cheapening the power, all kinds of power.

A Keynesian System, or Glass-Steagall

Zavtra: But you mentioned that, actually, Truman introduced a Keynesian system—

LaRouche: Yes, Keynes—

Zavtra: Which, for me, sounded a little bit different, because liberal values are going against Keynesian regulatory methods.

LaRouche: Well, no. It's the same thing. The Keynesian system is a monetarist system. We're still operating under a Keynesian system, internationally. What they did is, they introduced several things: First of all, they introduced fake money, called "financial derivatives." That was essentially done, officially, in 1988, '87-'88; it was done under [Federal Reserve chairman Alan] Greenspan. That was the change. And then, with the expansion of this gambling money—it's really a form of gambling—this thing has polluted the whole system.

For example, just look at the United States' economy. The U.S. economy is, right now, bankrupt. Well, how do you deal with a bankrupt economy? You put it through bankruptcy reorganization. In the U.S., we had a statute formerly, which was based on the Constitution—it's called the Glass-Steagall Act. Which meant that you kept commercial banks separate from investment banks. The commercial banks are protected; the regular banks, savings and deposits, you protect them. And if they have to go into bankruptcy, you control it, to protect the public interest. And the standard is, the Glass-Steagall standard. That was the standard that Roosevelt introduced. But that's actually a Constitutional standard, but that was the legislation to deal with a very specific problem at that time.

What we have, in the last period of the administration of my dear friend President Clinton—he was in trouble, because of this impeachment effort. So, Larry Summers, who is a real swine, worked to sabotage that, to get Glass-Steagall cancelled. Glass-Steagall is now cancelled.

Zavtra: Actually, Larry Summers is the author of the Russian debacle with the state bonds, you know.

LaRouche: Yes! I know. He's a thief!

Zavtra: Because, they were working together with Chubais on this thing.

LaRouche: That's right, they're thieves!

Zavtra: Yes, exactly, exactly. It's a very interesting thing. But, theoretically speaking, of course, the introduction in 1944, the system was anchored to the gold standard, as part of that. . .

LaRouche: Not really. No, that's a mistake. I heard that [said] yesterday. It's a mistake.

The gold standard is not the basis—it's not a monetary standard. The British had a gold standard, in the 19th Century, which was cancelled, of course, in the 1930s, the beginning of the '30s. The gold standard is not the basis of the currency. The standard for the currency is the credit system standard. Now, what we did, was we used the gold as a reference point, not as a gold standard—

Zavtra: Just a reference.

LaRouche: A point of reference, of a common agreement among different currencies, which would enable them to coordinate as an international currency system. But based on each nation being a sovereign nation, in agreement with other nations. So therefore, you do not want fluctuations in interest rates between different countries, because that will destroy the economic cooperation. Therefore, you want to fix the interest rate. You want to fix the currency. So that is a protection measure, it is not a standard of value.

The Second Phase of the Crisis

Zavtra: Yes, but if we take the situation as of now, after Obama was awarded with this funny prize of Nobel [laughs]—which was absolutely a crazy thing! But still, you are mentioning that actually the dollar world system has maybe one or two months ahead before the second phase of the crisis.

LaRouche: Look at the debt. Look what happened. I was going to mention, in a statement of remarks here—but, on the 25th of July, in 2007, I gave one of my regular international webcasts, and I announced, on that date, that we were on the edge of a breakdown crisis of the entire international system, the dollar system, in particular, but it would be international. That's what's happened. We're now in the last weeks, before something happens, when the whole system

will go into a chain-reaction collapse of the entire world economy.

Zavtra: You mean, through the hyperinflation cycle? Or, how?

LaRouche: What happened is that, what I proposed in that time, back in 2007, in the Summer, I proposed that we put the entire banking system under protection, with a single act, which I drafted. And I put it through the states first, the Federal states—get votes from the Federal states, and then from the governors of states. There was agreement to do that; we had enough power to do it, but there was intervention from the Federal side to stop it. What my provision would be: We would freeze all these mortgages, all these home mortgages. You don't foreclose.

Zavtra: All? All of them?

LaRouche: All, exactly. Until we straighten the mess out. And we protect the banks, the commercial banks; and we protect the mortgages, because that was the vulnerable point then. If we had done that, as I proposed with my legislation, if that had been carried through, we would be out of the mess. We'd have had a reorganization—

Zavtra: Of the banking system, and of the Federal Reserve System, probably?

LaRouche: Well, the Federal Reserve System has to be cancelled. It's actually—squat. You can not save it.

Zavtra: You're a very dangerous person [laughs]—for some people in the Federal Reserve!

LaRouche: No, it has to be done! Because there's no solution if you don't do it.

Zavtra: Yes, I understand this.

LaRouche: It's like wartime: You have to win the war once you start one. Or, you have to make a peace, quick.

Zavtra: But then, emission mechanism should be transferred to the Federal Reserve System to—

LaRouche: The Treasury.

Zavtra: The Treasury.

Establishing the National Bank

LaRouche: Well, what we would actually do, is go back to the system that we had under Hamilton, of na-

tional banks. The National Bank is a quasi-private bank. The Treasury is responsible for the currency and for the law. A National Bank, a regulated, commercial National Bank, is what is needed in order to coordinate credit, the mixture of foreign, public, and private credit, because that's what you have in reality.

So you have a National Bank, which is the institution of reference, which is controlled, to organize the relationships among private banks and similar kinds of interests. This institution operates under law, under protection, under Federal protection. And my view is, you need a system of national banks which are quasi-private, because they represent private interests as well as public ones, but under protection of law, under Federal governments or national governments.

So, this was the proposal, this was what we were going for.

What they did, is, they went immediately into utterance of vast amounts of financial derivatives, in the form of debt: The so-called bailout operation. We now have—we don't know how much there is, in terms of paper debt out there, in terms of monetarist debt. We have, for example, \$26 trillion officially on the books of the United States, which suddenly were slapped on there for bailing out bankrupt institutions—worthless! We have a similar thing in Europe.

Zavtra: But smaller scale, I think.

LaRouche: No! No!

Zavtra: No? Don't you think?

LaRouche: It's bigger. In Europe, the whole euro market is contaminated with it! The euro is totally bankrupt; every nation in western Europe and central Europe is bankrupt, hopelessly bankrupt! The only way you get them out of bankruptcy is by putting them through bankruptcy reorganization.

Zavtra: But if such a vast, I would say, huge reform is taking place in the United States, then Europe should go through the same procedure.

LaRouche: Europe won't. Because Europe, it will have to revolt to do it.

Zavtra: Otherwise, you know, the European Union will go into pieces.

LaRouche: They will, the European Union will go to pieces, and that will be good: It'll be better to go back to sovereign nation-states. The way to do that, you have

to have power to do this: And the power to do it exists within the United States, with Russia, China, and India. And other nations that cooperate with them in the initial action, to create a fixed-exchange-rate system, based on a credit system, not a monetary system. In other words, the national currencies, if each of these countries agree, would go into essentially a fixed-exchange-rate system among themselves.

Zavtra: Between U.S., China, Russia, India, and probably Brazil, yes?

LaRouche: No, not just that. You have also Japan would go in.

Zavtra: Japan, of course.

LaRouche: Japan would go in; you would probably have some other countries in South Asia would go into this. So you would have a majority—

Zavtra: But then, it would be some general—well, another Bretton Woods conference.

LaRouche: It would have the effect of being a new Bretton Woods conference. It would have the effect, which would establish a system of regulated states, with fixed-exchange-rate credit systems. In other words, you would have no international monetary system. You would have credit systems of sovereign nations, which is what Roosevelt intended by the Bretton Woods—

Zavtra: With separate currencies?

LaRouche: With separate currencies, but they would have a fixed exchange rate.

The Role of China

Zavtra: But don't you think that, right now, the world financial system hosts the arena of clashes between differentiated political centers? What I mean, what I have in mind, that I see that China actually is trying to camouflage the situation, and they are preparing for some drastic steps.

LaRouche: They are doing—

Zavtra: They are right now under intense negotiations with Japan.

LaRouche: I know—with everyone.

Zavtra: Trying to make common ground—

LaRouche: Well, China's preference would be, to have an agreement with the United States directly, of the

type they want. Under the present Obama Administration, that's not possible. What there is, is a compromise, and China does not trust the Obama Administration.

Zavtra: No. They don't trust anyone.

LaRouche: Well, I have a good relationship with some of the people in China on this question. Because I've been talking about this for a long time, and they know what I've been saying. They realize I'm right. But the question is, we have to have an *efficient* agreement.

Now, the problem is this: China's great growth had a big mistake built into it.

Zavtra: Mm-hmm, which one?

LaRouche: The one where you have Communist Party billionaires? Right?

Zavtra: But sometimes, they are shooting them, you know.

LaRouche: I know, I know.

Zavtra: Like the case with the president of the national oil company.

LaRouche: Oh sure. Sure. This is Chinese decision-making. The Chinese have a very special way of thinking about things. I like them, but they have their problems.

But the point is, they don't trust the United States, and rightly so. Because here's what the primary China problem is: The development of China's economy was limited to a small portion of the total population.

Zavtra: Absolutely. Maybe 25%.

LaRouche: Right. And the majority of the population is still pretty much in as bad, or worse conditions than before. Now, this can be fixed. Because China's destiny—first of all, China's problem was, it gained this problem, gained this interest, because they were able to *produce more cheaply* than—

Zavtra: Absolutely, yes.

LaRouche: All right. So therefore, by producing more cheaply, they went below the cost of reproduction, physical reproduction. That is, their income was not sufficient to reproduce the entire population of China and its development, so therefore, you had a cheap-labor policy for a so-called dependent country, which is a very bad policy. What is needed is a long-term development policy, which means you need a

system of credit for about 50 years.

Zavtra: Now, besides that, they have a plan for huge projects, as hydro-dams, and construction, and things—

LaRouche: Oh, this is fine. That's fine, this is what they need. Largely what they need is heavy, basic economic infrastructure development, which is not marketable by them immediately.

Zavtra: No. And that's why it creates a longer cycle of—

LaRouche: That's right. You get away from short-term cycles to long-term agreements. And you have many parts of the world with that characteristic: Where they need a long-term credit system, for development of the basic economic infrastructure, to bring them into parity of ability to function within an international market. Therefore, you need an agreement among states, where the states are sharing credit to other states, under long-term agreements.

Zavtra: So you don't think that for China, it could be a much more plausible way to create some mega-regional currency, and mega-regional economic cooperation—if they strike certain agreements with Japan, for example?

LaRouche: That won't work. It has to be global. Because you have to have a stable, global system.

LaRouche Proposals Are on the Table

Zavtra: Then another question: What would be your general scenario for the coming several months, maybe one or two years? Do you think that the American administration—not Obama—but maybe a new one, an administration would come to such conclusions as you put on the table?

LaRouche: It's on the table. I'm part of it. I'm part of it, on the table in the United States.

Zavtra: But you actually characterized Obama as a British spy, and—

LaRouche: No, not a British spy, he's a puppet. Not a spy.

Zavtra: He's a puppet, of course. I understand. It was figuratively speaking.

LaRouche: He's totally owned, he's totally owned by British interests—totally.

Zavtra: But he's from the Harvard group, as I can understand. He's from the Harvard group.

LaRouche: Not really, no. He's actually the Chicago group, it's the Chicago mob. That's what it is.

Zavtra: [laughs] The Chicago mob is interesting!

LaRouche: That's what it is, really! But anyway, he's a puppet. He's a total puppet.

Zavtra: But who is actually—?

LaRouche: Oh, Tony Blair's his controller.

Zavtra: Larry Summers?

LaRouche: No, Tony Blair.

Zavtra: Tony Blair?

LaRouche: The former prime minister of Britain, is his controller.

Zavtra: Don't you think that [Gordon] Brown is also kind of a person, qualified for understanding all the complexity of the financial system?

LaRouche: Who?

Zavtra: The current Prime Minister of Great Britain.

LaRouche: Brown? No. He is a financial specialist—he's a thief, an expert thief, and a murderer. [laughter] I mean, he's British.

No, the British have an ideology. People talk about the British Empire. The British Empire is not the United Kingdom. The British Empire is an international monetary system, which the British have managed to get control of. In other words, it's a Venetian type of system, like Venice operated in the Dark Age in the 14th Century: The Venetians controlled the Italian bankers. The Italian bankers were the instruments of the Dark Age.

Zavtra: Controlled a wider circle?

LaRouche: But the Venetians controlled the Italian bankers. And what they did, is they switched between a



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While China's growth has had a big mistake built into it, LaRouche said, namely, cheap labor for export production, it has also had a long-term development perspective, as evidenced in great infrastructure projects, like the Three Gorges Dam.

gold and a silver system, and by that switch, they trapped all of Europe into a Dark Age. And what you have, is a new version of this Venetian-style banking, which created the British Empire.

The Gold Standard Is a Danger

Zavtra: But, how about, then, the gold standard? Don't you think that the movement and actually the purchases of gold, which is now—

LaRouche: I know.

Zavtra: Everywhere shows that gold is returning back as a kind of—

LaRouche: That could be a danger. A gold standard is a danger.

Zavtra: It's very narrow, I think. It can not be a basis for the complex global economy.

LaRouche: What you need is a production standard. See, because we're using up natural resources, in their present form. Therefore, we have to have an economy, which is not based on a fixed standard, but based on a constant rate of technological growth, an increase in productivity, to overcome the depletion factors. So therefore, you have to have a movable standard. And

the movable standard is actually a production standard: What's your standard of productivity?

So you have to have a science-driver orientation these days, in agriculture, industry, and infrastructure. And if you're not meeting that standard of improvement of technology, you're not going to be able to maintain your position with respect to economy.

Zavtra: Yes.

LaRouche: So therefore, you have to have long-term views, which are like 50-year, or century views, which is one thing the Chinese will understand.

Zavtra: I think they are much closer than any other part of the global system to that standard.

LaRouche: They do understand that. What they understand is, they have to think in century terms, but they are operating in a world which operates on less than one-generation terms.

Zavtra: Yes, but, actually, the predominant political thinking, on the part of the United States establishment, or the European/British establishment, of course, they won't change. They will drag their own line as long as possible, until it falls down into the abyss.

LaRouche: Yes, well, that's going to change. We're in a point where you have a new administration, and what I'm working with in the United States: We had a group, a team of people, who were selected originally, to be the advisors to Obama. Now, the administration was actually worked out, where Mrs. [Secretary of State Hillary] Clinton conceded to become of the Obama Administration, that's before the actual completion of the election process. As a result of that, you have two basic elements, and some other elements in the Obama Administration. One is Mrs. Clinton, together with people like [Defense Secretary Robert] Gates, and others; [National Security Advisor Gen. James] Jones and others, who are doing a fairly good job in foreign policy, within the bounds of having an Obama Presidency. You see this with [Russian Foreign Minister Sergei] Lavrov, here. The relationship will be very good. Russia, with Lavrov and Clinton on the question of dealing with Iran, for example. It was a modest accomplishment, but it was a necessary one.

So, we have the Obama Administration, which is now faced with a mass strike, a literal mass strike, in the sense of Rosa Luxemburg's definition of mass strike.

Eighty percent of the U.S. population want to get rid of Obama.

Zavtra: Yes, but it's impossible, I think.

LaRouche: No, it is not! It is *not* impossible.

Zavtra: So, the way of impeachment, you mean, or how?

LaRouche: Well, there are various ways. You have impeachment, that's a formality. You also have a number of powerful people go into a President and say, "Mr. President, you made a mistake. Time for you to quit."

Zavtra: Yes, but, you remember, there was a case in recent history with the Russian Tsar Nicholas II. [laughter]

LaRouche: No, well, Nicholas II was a different kind of problem. Nicholas was a victim, in terms of the British operation.

Zavtra: Yes, absolutely. It was a kind of conspiracy against [Russia], and he was stupid enough—

LaRouche: When Bismarck was fired, actually by the King of England at the time—or before that—he was then Prince. He was fired, because Bismarck, among other things, had made an agreement with Tsar Nicholas.

Zavtra: Yes, on cooperation.

LaRouche: That's right, on the question of the Balkan cooperation against the Habsburgs. And that's when he was fired. Once he was fired, then the British were able to orchestrate a war throughout the continent, throughout the world, called World War I. Right? And so, Nicholas was caught in the crossfire of that, because in terms of the Bolshevik Revolution, it was a very complicated phenomenon. It was not a very simple phenomenon at all. It was a frictional phenomenon, and went *whwkw!* [laughter] You couldn't blame people on that. You have to understand—

Approaching Events...

Zavtra: But in terms of approaching events, what would you see?

LaRouche: I would see, right now, that we're in a breakdown crisis; within a matter of this month, or next month, or something like that, the whole world system is going to disintegrate. It's going to be chain-reaction,

because once the U.S. dollar goes, then every part—. See, you also have something else, which people don't mention here: Globalization. The globalization process has made each nation a victim of other nations, because it no longer has the protection of a margin of sufficiency, self-sufficiency within its own economy.

Zavtra: Naturally.

LaRouche: So therefore, now, nobody is independent. Everybody's dependent, because if they eat something, somebody else produces it; if they produce something, somebody else produces it. They have to pay for it. And the middleman controls them. That's the way the empire works: It's like a Tower of Babel, which is operating in the planet today.

So, when you have a margin of two or three nations go into bankruptcy, then, the trading relationships will retransmit the bankruptcy to every country in the world. No country will come out of it alive. So therefore, you have a situation, which is about to hit now, contrary to the discussion I've been hearing here—this is not real! People are having fantasies, still—it goes down.

And my concern is the timing. The timing is, the crisis is coming. We're on the verge of a complete breakdown crisis, not a gradual depression—nothing of that sort. We're in a breakdown crisis, *because the amount of credit outstanding*, in terms of debt, in terms of financial derivatives, which are totally worthless, is so great, and the demand is, the system now demands protection, of support, of bailout, of these financier interests which are largely derivatives. You have to cancel that.

Zavtra: It's a kind of revolutionary measure, you know.

LaRouche: But it has to be made. And the point is, it's either going to come as chaos, which can last for a generation or two, or it can come by decision of a few governments that use their heads.



Russia's Tsar Nicholas II (r. 1894-1917) was a victim of the British imperial machinations, leading up to World War I. He "was caught in the crossfire" of the Bolshevik Revolution.

Zavtra: And how would you comment on the G20?

LaRouche: It's a farce.

Zavtra: Some kind of a PR action.

LaRouche: That's all. It's a farce. Nobody agrees on anything that's any good. It's all a farce. And if the United States goes through a crisis, in which Obama is put under control, by that grouping—

Zavtra: You know, Obama, of course, is a very gifted person, because when I listened to him for the first time, maybe two years ago, I could spot that his ability or his rhetoric is on a much higher level than any other participant in the political process.

LaRouche: Yes, but what's the content of his rhetoric?

Zavtra: That's, you know, he's wooing the public, the crowd.

LaRouche: Yes.

Zavtra: Like a Christ, you know.

LaRouche: It doesn't work any more.

Zavtra: But maybe it would be the best weapon to introduce some new—

LaRouche: No, it won't. It won't. I know, he's controlled. He's not an independent factor. There's no brain there.

Zavtra: Then, you think that Mr. [Vice President Joseph] Biden could be much more independent of these same forces?

LaRouche: Oh, Biden wouldn't, no. If Obama is brought under control, which I've said openly—if Obama is brought under control, with the circles that I'm working with, we know what to do.

Zavtra: Thank you very much.

LaRouche: Good to meet you.

Kuzin to Medvedev: Listen to LaRouche

Oct. 27—Appearing in the commentary section of President Dmitri Medvedev’s blog today was an open letter from Victor Kuzin, a Moscow lawyer who was famous as a human rights activist in the late 1980s and early 1990s. Kuzin’s letter refers to the report published in this week’s issue of the weekly *Zavtra*, based on journalist Alexander Nagorny’s interview of Lyndon LaRouche during the 7th annual Rhodes Forum—“Dialogue of Civilizations,” in early October on the island of Rhodes, in Greece.

In addition to Medvedev’s blog, Kuzin’s letter has been posted on the commentary pages of *Zavtra*.

Kuzin’s letter says:

“Mr. President!

“I have decided to write to you personally, for the first and perhaps the last time, taking advantage of this new means of communication you offer through the Internet.

“My letter is occasioned by the publication in the newspaper *Zavtra*, of an interview with the well-known American economist and political figure Lyndon LaRouche. In 1993-1994, I had the good fortune of taking part in a human rights defense campaign on his behalf, and I know him well personally.

“His views and his approach to researching world economic and global political processes represent a good contrast, in their competence, depth, and insight, to the behavior of our well-known nightingales of monetarism, and the scientific liberal extremists with their henchmen in government institutions, such as A. Lifshits, Ye. Yasin, A. Kudrin, A. Chubais, and Co., whose most recent statements most probably are already known to you.

“If we wish to restore a sovereign Russia, I believe that LaRouche’s position on the current financial and economic crisis deserves special, very serious attention, because it is not based on short-term considerations, it is competent (backed up by experience of accurate forecasts over recent decades), it is globally



Renowned human rights activist Victor Kuzin has urged Russian President Medvedev to give “special, serious attention” to LaRouche’s proposals.

responsible, and it indicates real ways out of a general catastrophe.

“It would be most regrettable if, in determining foreign and domestic policy priorities in such a critical situation for Russia, you were to ignore the experience and knowledge of this outstanding public figure, which are substantial, quite multi-faceted, and very much needed, especially now.

“In the cause of serving our common Fatherland, my wish is for you to be more consistent in upholding Russia’s national interests and, relying on the people, to shift as quickly as possible from mere words, as correct as they might be, to their practical implementation.

“I flatter myself with the hope that this will be the case.

“V.A. Kuzin, lawyer”

Kuzin was a co-founder of Democratic Union, the first political party formed in the Soviet Union other than the Communist Party. Horrified by the assault on Russia under the Yeltsin regime’s liberal economic reforms in the 1990s, Kuzin became an ardent opponent of the regime. From 1993 through 1996, he took part in international campaigns for the release of American economist Lyndon LaRouche from prison, and then for LaRouche’s exoneration. His interview of LaRouche, done in November 1993 at the U.S. Federal prison facility in Rochester, Minn., continues to circulate on the Russian Internet to this day.

HELGA ZEPP-LAROCHE WEBCAST

‘Russia-China Accord Can Be the Start of a World Credit System’

by Alexander Hartmann and Nancy Spannaus

Oct. 30—Helga Zepp-LaRouche kicked off a series of high-powered international interventions planned for the days ahead, around the breakthrough developments toward a Four-Power agreement for a new world credit system, with her Berlin webcast on Oct. 29. Coming out of the mid-October Rhodes conference on the Dialogue of Civilizations, which included speeches by herself and her husband, American statesman and economist Lyndon LaRouche, Zepp-LaRouche presented the stark alternatives which face mankind. If nations cling to the casino economy, she said, there will soon be a “mega-crash” which brings mass suffering and a collapse into a new Dark Age. But, on the other side, there is the clear potential for building a new world financial system, which will reconstruct the world economy through projects like the Eurasian Land-Bridge.

Lyndon LaRouche will address the same crisis and opportunity with his own international webcast, scheduled for Nov. 11, from the U.S. capital.

Zepp-LaRouche, who, as head of the Civil Rights Movement Solidarity (BüSo), just completed an election campaign for Chancellor, confronted her German audience with the reality that the solution to the global crisis cannot come from Germany. In fact, Europe’s nations have no ability to competently address the crisis, since they have lost their sovereignty under the treaties of the European Union. Rather, the solution to the greatest crisis mankind has ever faced, is going to have to come from cooperation among the Four Powers with

the ability to confront the British-centered global financial empire: Russia, China, India, and the United States.

However, Zepp-LaRouche went on to report, there has been a dramatic new development on this potential, centered on the visit of Russian Prime Minister Vladimir Putin to China Oct. 13-15, which resulted in a series of breakthrough economic agreements, which qualify as a stepping stone to the Four-Power agreement which LaRouche has called for.

Realization of an Idea

She briefed the audience on the role that she and her husband have played in bringing this about, as the “idea-givers.” She described their interventions at the Seventh Rhodes Conference on Dialogue of Civilizations, and the impact that their presentations had on the conference dynamic.¹ She noted, in particular, the beginnings of overcoming a certain distrust between the Russians and the Chinese, by means of their prospective technological cooperation (Chinese rail technology to the Russians, Russian nuclear technology to the Chinese).

1. See *EIR*, Oct. 23, 2009 for a report on the conference and the text of the speeches by the LaRouches. http://www.larouche.com/eiw/public/2009/2009_40-49/2009-41/pdf/04-05_3641.pdf http://www.larouche.com/eiw/public/2009/2009_40-49/2009-41/pdf/06-10_3641.pdf http://www.larouche.com/eiw/public/2009/2009_40-49/2009-41/pdf/11-13_3641.pdf



EIRNS/James Rea

Helga Zepp-LaRouche gives her webcast presentation on Oct. 29 in Berlin. The speech was entitled "A New Credit System After Worldwide Bankruptcy Reorganization."

Reporting further on developments in Russia, she described the newspaper *Zavtra*'s interview with her husband, and the open letter written by human rights lawyer Viktor Kuzin to President Medvedev, which she said is being broadly discussed (both are published elsewhere in this issue).

Mrs. Zepp-LaRouche then reviewed the 20 years of work that she and Lyndon and their associates have put in, to developing the ideas that China, Russia, and India are working on today. From the European Productive Triangle after the fall of the Berlin Wall 20 years ago, to the concept of the Eurasian Land-Bridge, she said, we worked to create high-technology infrastructure corridors; we addressed hundreds of conferences and seminars on these topics. We worked as if alone in the desert for a long time, but eventually things took off.

Among the events she highlighted were her trip to Land-Bridge cities in China (with Russian Academician Dmitri Lvov), discussions in India, conferences in Europe that brought in Eurasian political leaders

and economic experts, Lyndon LaRouche's various interviews on Russian TV, and a seminar he gave in 2001 to a committee of the Russian State Duma. I report all this, she said, to show you that we were not just making suggestions, but working to realize this concept.

She then elaborated the content and significance of the proposal to build a railroad and tunnel across the Bering Strait, which would link the Eurasian and North American continents, opening up vast potential for world progress. She emphasized the importance of the development of the raw materials of the Russian Far East, which can also bring China out of the globalization trap. China had concentrated on building up coastal industries for exports to the West, but the economic collapse of the past two years has created a tremendous crisis there. The only solution is to develop China's internal market, particularly the poor inland regions. Chinese specialists helping to tap Russia's economic potential, for the benefit of both nations, will help enormously.

She contrasted the China that she saw in 1971, with that she saw in 1996—but noted that 70% of the Chinese population is still living in virtually Stone Age conditions, in the rural hinterlands. Now, however, with the recent agreements, China has begun to give its massive dollar reserves real physical value.

The Crisis in the West

Zepp-LaRouche then described the existential crisis which the United States is experiencing, ranging from the deserved collapse of President Obama's popularity, to the worsening conditions of life for the population. Five million people have lost their jobs since the onset of the crisis, she said; 1 million have also lost their unemployment compensation, and 3 million have lost their homes. Cities and municipalities are bankrupt and can do nothing to help. Meanwhile, \$23 trillion has been spent for stimulus packages to save the banks, and now Obama is trying to recoup those losses by "health-care reform": massive cuts in health-care payments. This has sparked a mass strike process.

She forecast the next phases of crisis that can be expected—in commercial real estate and credit default

swaps—and the policy fight in the U.S., including the debate over restoring the Glass-Steagall standard. Economists are currently studying Mr. LaRouche’s writings, she said, especially his “Triple Curve,” the schematic of a typical collapse function that shows monetary and financial aggregates sucking the life out of the physical economy, and soaring into hyperinflation.

As for Germany, she briefly discussed the situation after the recent elections, which resulted in the formation of a governing coalition of the Christian Democratic Union and the Free Democratic Party. The government’s line is that the worst of the economic crisis is over, she said, but in fact, the future of a decent human society hangs by a thread. Germany, due to the strictures of the European Union, has no control over its own economy, and thus the destiny of mankind does not immediately depend upon Germany’s actions. There are hopeful signs that the new German government will not submit totally to the EU supranational imperialists in Brussels, but its thinking is still imprisoned in globalization and monetarism.

She went on to describe the brutal austerity policies being considered by the new government—including with regard to health care and the swine flu pandemic, where the intentions of Britain’s Prince Philip to reduce the world’s population are being carried out.

Detailing the protests of Germany’s dairy farmers, who are being driven out of business, she then gave a presentation on the cartelization of the food industry, which is actually the cause of the destruction of farming and farmers. She concentrated on Cargill’s immense global power, but also described the crimes of Monsanto and Nestlé, among others.

Put the LaRouche Plan on the Table

The final section of the presentation was devoted to how the LaRouche Plan for global recovery of the physical economy must be put on the table by the Four Powers that have sufficient power to crush the cartels, which are now stronger than governments. We’re not there yet, with the China-Russia agreements, she said, but we can see motion in that direction, in a seed-crystal form. We need an emergency conference to put these programs on the agenda. In reality, we’re at a very dangerous moment, where, unless we make this change, we could see the 6.8 billion people on the planet reduced to less than 2 billion.

This is not a small suggestion, she concluded. We

have to take up the concepts of Cardinal Nicholas of Cusa and V.I. Vernadsky—the Cusa who argued that man’s creative potential is the only source of wealth, and the Vernadsky who developed the concept of the Noösphere, the domain of the human mind, which constantly increases relative to the Biosphere and the Lithosphere. We need to adopt their passionate love for mankind, to promote the budding of this new system, she said, and I want to recruit you to this image: The image was represented by a short video of a young Asian boy playing the ’cello, accompanied by a pianist, performing beautiful Classical music.

The Goal Is the Common Good

During the discussion period, quite a few questions came up about Germany’s role in such a reconstruction policy. In her answers, Zepp-LaRouche repeatedly emphasized that the most important requirement, if we are to overcome the crisis, is to think differently: “There are no shortcuts on the road out of the systemic crisis,” she said. “Now an even greater crash threatens. If we really want to get out of this crisis, then everything that has to do with globalization has to go into the garbage.”

The new credit system must, first and foremost, encourage the creative capacities of the individual. The state must do everything possible to promote the development of its citizens. “A developed, cultured person has better things to do than to maximize profits and sacrifice his life to vile Mammon. People will realize that globalization was the wrong way to go.” The world order, she said, must be brought into harmony with the order of Creation.

In another reply to a question, she said: “For the first time in history, we are all in one boat. If part of the world goes under, then we all do.” Therefore, what is needed is a broad discussion of these questions; but unfortunately, the mass media are not at all helpful. Therefore it is the citizens who must insist upon it.

In conclusion, she said, “I really want to ask you to get active. We have too few real citizens.” In this period of dramatic tumult, “we must bring together a new elite, that is not wallowing in Mammon, but is dedicated to the common good.”

A translation of Mrs. Zepp-LaRouche’s full speech will appear in a forthcoming issue of EIR. It is currently available in video in German, and with English simultaneous translation, at <http://bueso.de>.

Ukrainian Economist Natalia Vitrenko: Finding a Noble Path Out of the Crisis

Natalia Vitrenko, chairman of the Progressive Socialist Party of Ukraine, spoke at a seminar held Oct. 18, 2009, in Wiesbaden, Germany, with Lyndon LaRouche and Helga Zepp-LaRouche. A doctor of economics, Vitrenko is known for her combative activism against the politics of the International Monetary Fund, and outside attempts to exploit Ukraine for geopolitical purposes, such as conflict with Russia. In 1997, she and Zepp-LaRouche together issued the international call for a New Bretton Woods conference.

Her presentation has been translated from Russian.

Guten Tag, good day, I am very glad to see you. I am very glad of the opportunity to tell you about our struggle against the world crisis; about my own personal activity, as well as that of our Progressive Socialist Party of Ukraine.

My presentation will have three parts. The first, is our evaluation of the causes and the scope of the world crisis. The second, is the situation in Ukraine, and a comparison of that situation in Ukraine, with what is happening in Russia and China. And the third part will be our proposals for how to get out of the crisis.

The topic of my doctoral dissertation was macroeconomics. In view of the shortcomings of the Soviet economic model, we—Soviet scholars—were developing some approaches and proposals for reform. In the course of my research, I saw that the policy of the International Monetary Fund is essentially anti-human. It destroys the national economy and leads to the bestialization and degeneration of the population.

In the beginning of the 1990s, my research brought me to the name of Lyndon LaRouche. It was very important for me, that a U.S. citizen, an economist, could see from inside the U.S.A., what a threat the International Monetary Fund represents for humanity. I became very interested in the studies being done by the Schiller Institute. Beginning in 1994, we began to work closely together, and I made the acquaintance of Lyndon LaRouche and Helga Zepp-LaRouche personally.

For me as a Ukrainian scholar, it was especially precious that Lyndon and Helga responded to our invitation, and, in 1995, came to Ukraine, to Kiev, in order to warn the leaders of Ukraine first-hand, about the threat represented by the IMF reforms. Representatives of the Schiller Institute also came to visit us, and we did everything in our power to warn the Ukrainian population that our country was about to be torn, limb from limb, by the IMF, by the international financial organizations.

Since there were no political forces in Ukraine at that moment, who would have been capable of defending the country, and the Ukrainian leadership was listening exclusively to the “British” representatives from Washington and Brussels, Vladimir Marchenko and I founded a new party, the Progressive Socialist Party of Ukraine. The opening sentence of our party program contains the following idea: “Our planet is experiencing a profound environmental crisis, which means that the Biosphere cannot support the existence of six and a half billion people. That is because an economy has been created, which eats up resources and destroys the human habitat. The inevitably approaching crisis of imperialism threatens the world economy with collapse, compounded by the financial crisis connected with the collapse of the dollar pyramid.”

Firm Scientific Foundations

Our party’s activity is based on firm scientific foundations. The research done, in continuation of Vernadsky’s work, for example in Russia, by such people as the well-known contemporary scholar Arkadi Fedotov, also has confirmed that toward the end of the first quarter of the 21st Century, our planet will face a very serious, global environmental crisis. While Vernadsky presented the relationship of the Biosphere and Man, Fedotov has taken this idea forward, working through the details, showing the Biosphere, mankind as a whole, and the situation in specific regions. And his conclusion, which we share completely, was that the only con-



EIRNS/Christopher Lewis

Ukrainian economist and political leader Natalia Vitrenko briefs the EIR staff and friends in Wiesbaden, Germany Oct. 18. Her campaign poster shows her pointing to LaRouche's "Triple Curve."

dition for saving civilization on Earth, would be to make a transition from “spontaneous” civilization, to a type of civilization on Earth which would be directed—based on reason, and on the human spirit and intellect.

The economic basis of the coming world environmental crisis, this global catastrophe, is created by the economic model which the IMF seeks to impose on all humanity—the liberal capitalist model.

As a Member of the Parliament of Ukraine—and I was simultaneously coordinating a group of researchers—I developed an economic program for the prevention of national catastrophe. In October 1995, I presented it on the floor of the Ukrainian Parliament.

This program was published in my book, *Save Ukraine*, which came out in 1997. And, of course, it is with profound respect, that I would like to give this book to Lyndon LaRouche, and to Helga Zepp-LaRouche, who are here today, because their ideas, interwoven with my own research, are presented in this book.

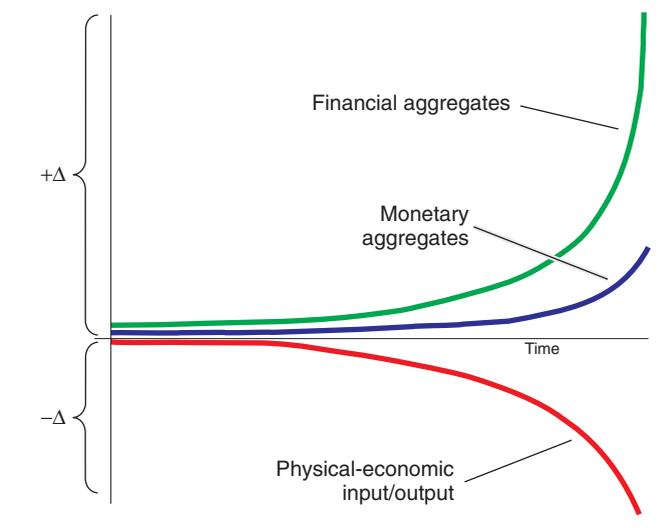
The main theme of the program, which I presented from the tribune of the Parliament, was the need to develop real production: the need to invest resources into industry, agriculture, the development of transport, infrastructure. The state needs to regulate—to regulate prices, to establish a strict monetary exchange rate. That is, the state is obliged to create a powerful economic base for society, and to address social problems effectively.

What happened, however, is that the “world government,” which is represented by this British gang, has reached its tentacles into many countries of the world, if not all of them, and, certainly, into Ukraine. The President at that time, [Leonid] Kuchma, and Prime Minister [Yevhen] Marchuk, and Speaker of the Parliament [Olexandr] Moroz, did not listen to me and the other Ukrainian scientists. They listened to what they were being told from Washington and Brussels.

I would like to make clear right here, that we distinguish various currents within the United States: the industrial, Democratic North, and the colonial South. And, thus, we understand the different types of influence on the world, which may come from one tendency or another, heading up the U.S.A. at any given time. Unfortunately for mankind, however, the good, progressive U.S. Presidents get killed, they are eliminated. And the ones are left, who carry out tasks for London. Therefore, when I say “the U.S.A.” or “Washington,” this refers to the representatives of that British grouping, which is in power in the U.S.A.

And so, in 1995, our proposals were rejected, and Ukraine continued to take loans from the IMF, which it joined on June 3, 1992. And everything in Ukraine developed absolutely as shown on this graph (**Figure 1**). Production of material goods collapsed, unemployment grew. Financial speculation was stepped up. Commercial banks appeared, which Ukraine hadn't had before, along with various insurance agencies, stock exchanges; all of these financial assets were built up. At the same

FIGURE 1
LaRouche's Triple Curve



time, printing of the national currency was suppressed, for the purpose of—through barter deals, and dollarization—enriching a small layer of the population.

One-Third of Ukrainians Supported LaRouche's Ideas

In 1999, ten years ago, Presidential elections were held in Ukraine. I was a candidate for the Presidency, and this is my official campaign poster, with which I ran for President. I explained that if the reform policy were not changed, there would necessarily be a collapse of the economy.

Here's what is written on this poster [shows Vitrenko with LaRouche's Triple Curve]: "From the moment that Ukraine began reforms according to IMF recipes, I have been warning everybody about the collapse of the economy, the degradation of the population, and transformation of the country into a colony, if this policy were carried out. I proposed, and I do propose, what must be done to overcome the crisis. I know how to save Ukraine. And, with our team of like-minded economists and specialists, we are prepared to act to save our people."

I ranked highest in the polls, with 32%. And all the political analysts, at that point, were saying that Vitrenko was the only one with a chance to defeat Kuchma. I repeat, especially for Lyndon LaRouche, that 32% of the Ukrainian population, in 1999, supported his ideas. They understood his ideas, his proposals and his fight. The Ukrainian population responded to the proposals of Lyndon LaRouche.

But, one month before the Presidential vote, two live grenades were thrown at me—RGD-5 grenades. This happened on Oct. 2, 1999. I was wounded; Vladimir Marchenko was wounded; 44 people who were near me were hurt. One woman had her leg blown off. Some people received deep head lacerations, others had multiple injuries to the back or their limbs.

Ten years have passed, but those who ordered this crime have not been found. When I was asked why I, the only female candidate for President, had been the target



www.vitrenko.org

One month before the Ukrainian Presidential elections, on Oct. 2, 1999, two grenades were thrown at Vitrenko, and her political ally Vladimir Marchenko (left), in a crude attempt to defeat their electoral efforts. Despite the attacks, their party won 32% of the vote, a vote for LaRouche's policies, Vitrenko insists.

of a bomb attack, I replied immediately: "Because I am the only one whose program sets the objective of taking Ukraine out of the IMF and changing the reform policy."

After it happened, this terror attack was exploited. Some people yelled that Vitrenko had organized it herself; others, that people should not vote for Vitrenko because she has three children—she'll become President of Ukraine, they'll kill her like Kennedy, and her children will be orphaned.

Kuchma remained President, and the IMF continued to run the economic policy of Ukraine.

In 2001, I managed to introduce in Parliament, from the tribune of the Parliament, a bill for the withdrawal of Ukraine from the IMF. But it received only 157 votes in support, falling short of the 226 needed to pass. It only got 157, because, already then, there were a large number of very wealthy

people in the Parliament, who had obtained their wealth through financial speculation. And they had absolutely no desire to change the reform policy.

The 2004 Presidential elections, in which I ran again, and the Parliamentary elections of 2002, 2006, and 2007, showed that Ukraine was increasingly under the control of the United States, and that the puppets who are allowed to get elected would do what Washington and Brussels want.

I emphasize that when I say "Washington and Brussels," that is because Brussels is the location of NATO headquarters. And NATO, as the aggressive military bloc that it is, very much needs Ukraine to join it, and become an enemy of Russia, because it is from Ukrainian territory that they intend to attack Russia.

It should be noted that all the elections which have taken place in Ukraine were under the direct oversight of the U.S. Ambassador to Ukraine. There was massive vote fraud, and the political results were prepared on order. As we were told at the Central Electoral Commission, the U.S. Ambassador was on the case: Natalia Vitrenko should not get into the Parliament. Suffice it to say, that, in the most recent Parliamentary elections, the



www.vitrenko.org videograb

With the situation in Ukraine deteriorating precipitously, Vitrenko's Progressive Socialist Party has begun attracting large numbers of people to its protest demonstrations, whose slogan is, "We cannot keep living like this." Vitrenko is shown here addressing a rally.

bloc of Natalia Vitrenko missed getting into the Parliament by 0.0093%. In other words, we were 7/100 of 1% short, supposedly, of the threshold for entering the Parliament. And we were denied a recount at even one single polling place, although we had presented evidence in court.

'We Cannot Keep Living Like This'

Now we have Presidential elections coming up in Ukraine, which are scheduled for Jan. 17, [2010], but the only people who can participate are those with enormous amounts of money, which means they have criminal connections. Suffice it to say, that, in order to register for the elections, you have to make a deposit of \$350,000.

To put a campaign video on national television costs from \$6,000 to \$10,000 per second. So you can understand, who can possibly get elected in Ukraine today.

The Council of Europe says nothing about this. The OSCE says nothing. Nobody sees what is happening in Ukraine: how human rights are being violated, and how the rights of political parties are being violated.

But, we continued to fight, and in 2006, we were able to get over 1,000 deputies elected to local and regional legislative bodies, from our party, from our slate. Throughout southeastern Ukraine—the city of Kharkov,

the Don Valley, Zaporozhye, Crimea, Sevastopol, Odessa—we have deputies from our slate in all those places, and they are highly respected. Naturally, these representatives stand for our ideas, coming out against the IMF and NATO, and against the “world government.” They are waging this fight both on the floor of those local parliaments, and in the street, rallying people around them.

Since the situation in Ukraine is deteriorating precipitously, we are able to attract large numbers of people to our protest demonstrations in the street. Now, I would like you to see these protests, from this year in Ukraine; we brought videoclips only from this year, 2009. The slogan for our demonstrations was “We cannot keep living like this.” (The sound track is supposed to be the “Marseillaise.”) This is Odessa on Feb. 21.

Look at the number of people. “We cannot keep living like this.” Donetsk, Feb. 21. “Call the IMF to account, for the poverty and destruction.” People are marching in the streets. And there’s the poverty, the destruction which there has been in Ukraine.

Sevastopol. “Ukraine in alliance with Russia.” “Down with the Orange junta.” Simferopol: this is a demonstration on March 14 in Simferopol. Zaporozhye. This is people marching in the streets in Zaporozhye. There you can see the banners of our political bloc. “U.S.A.—hands off Ukraine”—that’s in Zaporozhye.

Kharkov, March 14. You can see the flags of our bloc, and the same slogans. Lugansk, Feb. 21.

Khmelnitsk. Now this is more toward the Western part of Ukraine. Look how many people there are. “We cannot keep living like this”—this time in the Ukrainian language, rather than Russian. Zhitomir, March 14. “We cannot keep living like this.” You see that people came out pushing baby carriages, because they can’t live.

And here’s Kiev. On May 1, we led the biggest demonstration, in Kiev, with over 5,000 people. “Call the U.S.A. and the IMF to account.” You can see the pots and pans; we marched with these pans to the government building, and demanded that the Prime Minister answer the question, why there is a situation like this in Ukraine.

Now we'll go to the next disc, and on this other disc we're going to see how the Ukrainian authorities act against us, against these peaceful protest demonstrations.

What it comes down to, is that the reforms which were implemented led to a horrendous polarization of incomes within the Ukrainian population. According to expert estimates, 85% of the national wealth is in the hands of 500 families. These millionaires and billionaires fear losing their stolen riches. It suits them quite well to collaborate with Washington and Brussels. They have purchased whole companies; they have purchased villas and yachts, at the finest resorts in the world. They have acquired companies in foreign countries, including the United States and Western Europe. So this policy suits them fine.

And they finance pro-fascist, neo-Nazi parties and organizations, for the purpose of having those parties head up the popular protests.

Two Civilizations

We were discussing this yesterday with Lyndon LaRouche, that Ukraine is special, in that it contains representatives of two different civilizations, Eastern and Western. It was representatives of Western civilization, living in western Ukraine, whom Hitler made his agents, financing the creation of armed units which fought behind the lines, in occupied territory, against the Soviet Army and the civilian population, and in support of the fascists.

I stress that, in 2004, the Orange coup took place in Ukraine. And the United States insisted that [Viktor] Yushchenko become President of Ukraine. He did not win the election. He became President, because the U.S.A. insisted on it. And, not long before that, in an apparent coincidence, he acquired a new wife, Katherine Chumachenko, who was born in Chicago and worked for the U.S. State Department. She makes no secret of the fact that she was a member of a Banderist youth organization. And Bandera was none other than an agent of the Abwehr [German military intelligence], who fought against the Soviet Army, and organized actions against our population.

And while, up until 2005, Ukraine was being gradually pulled away from Russia, and dragged into the market of the West, with constant propaganda in favor of the World Trade Organization, the IMF, the World Bank, and NATO as the saviors of our country, beginning in 2005, under the Presidency of Yushchenko, this

all went onto a forced march. Everything was done as quickly as possible, to complete the transformation of Ukraine into a colony.

It was in 2005, that the neo-Nazis wanted to march down Kreshchatik, [the main street in downtown Kiev].

I never saw my father. He died two months before I was born, in October 1951. He fought from the beginning to the end of the [Second World] War, and, in the post-war period, 1945-51, he was seriously ill from his wounds. Vladimir Marchenko's grandfather fought in the War, and millions of our compatriots fought. And that means that, to acquiesce to such a crime, to the rehabilitation of fascists, is something we could not do.

In October 2005, we led people into the streets for the first time. You could see in that picture that along Kreshchatik, on the other side, were standing... Here, the police are breaking up our demonstration, a peaceful anti-fascist demonstration.

This is our fight, in 2006. That was Oct. 14. The fascists wanted, on Oct. 14, to march through the streets of Kiev.

Look at the size of the forces brought out against us. That's 2007. Here they are beating our people. These events took place in 2007, on Kreshchatik, in Kiev. Here we went on strike, a sit-down strike.

Here's more documentation: Oct. 14, 2009, just one week ago, or less. Four thousand police and special forces were deployed against us. They wanted to drive us out of Kreshchatik, and clear Kreshchatik for the neo-Nazis. There I am, speaking. The slogan says "The UPA are bloody butchers." UPA stands for the Ukrainian Insurgent Army, which was created by Bandera and [General] Shukevich, as an armed unit, which was completely financed by Hitler, and supplied with weapons—all this has been historically proven. But, nonetheless, Yushchenko, under the influence of his pro-Bandera wife, wants to make these people national heroes.

Here, you see our protest demonstration. Look, you can see the police standing all around there. The police were there, and their job was to clear us out of Kreshchatik. But they did not drive us off Kreshchatik, and the fascists did not pass.

Nonetheless, the fascistization of Ukraine is intensifying before our very eyes. Yushchenko has already made Shukevich a Hero of Ukraine. And now he is being asked to make Bandera a Hero of Ukraine. Streets are being renamed in Ukraine. Monuments are being built to people who abetted the fascists.



ceramictechweekly.org

In 1992, Ukraine joined the International Monetary Fund, and began to carry out its reforms, as conditions for loans. Today, Ukraine's total foreign debt is \$103 billion, or 85.4% of GDP, and its productive farms and industries, like this steel mill, are shutting down.

On Friday [Oct. 16], before our departure for Germany, I sent an appeal to the United Nations, the Council of Europe, and the OSCE. I presented these facts, attached photographs, and showed that the Ukrainian authorities are rehabilitating fascism. This is not an internal affair of Ukraine. Mankind sacrificed 70 million lives to fascism in the middle of the 20th Century. Do we really need to repeat this?

The same thing, this rehabilitation of fascism, is taking place in Estonia, in Latvia, in Lithuania. As the crisis deepens, there is a simultaneous rehabilitation and rebirth of fascism. It is natural that when, because of the crisis, there are more and more unemployed, and more poor and hungry people, they become bestialized, and fascist ideas can latch on to their minds.

Ukraine has arrived at such a state of affairs now. Why are such things happening in our country?

Economic Psychosis

So: In 1992, Ukraine joined the International Monetary Fund, and began to carry out its reforms in complete accord with the demands of the IMF, and while receiving loans from the IMF. Ukraine received its first such loan in 1992 for \$400 million. At the time, this was 0.2% of GDP. Today, Ukraine's total foreign

debt is \$103 billion, or 85.4% of GDP.

Implementing all of the IMF's demands, Ukraine introduced privatization. So-called free competition was introduced in industry. Commercial banks began to be set up, while, in the agriculture sector, the land holdings of collective farms and state farms were broken up.

As a result, Ukraine's GDP in 2008 was only 59.5% of the 1990 level. In 1990, the Soviet Union ranked second in the world in industrial output, and Ukraine, within the U.S.S.R., ranked second after Russia. As a result of the reforms, industrial output fell by 80%, to a level of only 0.2% of world industrial output.

When these reforms were being imposed, their apologists shouted about all the foreign investment that would now come pouring into Ukraine. But, what happened? In all the years since the reforms began, Ukraine has received \$36 billion in foreign direct investments. This is laughable! It is equal to \$800 per capita. And where did these investments go? Eighty percent of them went to banks, into the banking system. The banking system began to bloat up before our very eyes. Bankers' incomes soared.

Beginning in 2005, a general psychosis broke out, related to the issuance of consumer loans. In the period from 2005 to 2008, the amount of consumer credit extended to individuals increased 14-fold. Where were these credits directed? They did not go into the development of production. They went for consumption. Production, meanwhile, was collapsing more and more, during this same period of time.

Essentially, what was built in Ukraine during the Soviet period is still functioning, but nothing new is being built. The physical depreciation, the obsolescence of fixed assets, is increasing at an ominous rate. For housing and utilities infrastructure, it is over 70%.

Everything is collapsing, and disasters caused by this worn-out equipment can happen any day of the week. We're talking about large cities, urban areas, utilities systems, water mains, heating systems, and so forth. Nothing is being modernized. Virtually no maintenance is being done. All the resources are going into consumption.

By the time that the world crisis broke out, Ukraine was a weakened, half-destroyed, bankrupt country, with a foreign debt in excess of 80% of GDP. Our foreign trade deficit was \$18 billion in 2008. The budget deficit was \$13 billion. This is the condition in which Ukraine met the world crisis.

This is the answer to the question of why Ukraine

has experienced greater destruction of the economy than any other CIS member country. In the first half of this year, Ukraine's GDP fell by 18%. Industrial output dropped by 30%. Exports fell by 44%. Imports fell by 51%. Construction was down 65%. Transport by 30%, and investments by 43%.

[At this point, Zepp-LaRouche asks: "Are these percentages for the year, or the entire period?"]

They are a comparison of the first half of 2009 with the corresponding period of 2008.

You might ask, what is the country living on? The country is living by building up its foreign debt. Ukraine's direct foreign debt doubled in 2008, and has increased by another 48% so far in 2009.

In addition, the Ukrainian government came up with a special Ukrainian innovation: to collect taxes on businesses for periods of time in the future. In September, they collected the taxes for October, November, and December. As far as I know, this practice does not exist in other countries, but in Ukraine, to date, 30 billion hryvnias (UAH) have been collected in this fashion. Expressed in dollars, that's about \$3.5 billion at the current exchange rate.

What else is the Ukrainian government doing? They don't return the value-added tax to the producer. These un-returned taxes already total \$2.5 billion.

A Terrible Game

What else is the Ukrainian government doing? The government of Ukraine requires the Ukrainian Ministry of Finance to issue bonds, which it then forces the National Bank to purchase. The National Bank turns on the printing press, and with the money it prints, backed up by nothing, purchases this paper from the Finance Ministry. In the first half of this year, this method has been used to print around \$4 billion—UAH34 billion.

In other words, Prime Minister [Yulia] Tymoshenko is playing a terrible game, setting loose a monstrous fraud, in that there is no economic capacity, but she puts up the pretense that wages are being paid, pensions are being paid, and that life goes on in the country. And although the real wages of the population fell by 10% in this same period, and wage arrears of \$200 million have piled up (if we express the amount in dollars), there are no general, universal uprisings. Think about it: People go to work, and do not receive their wages. \$200 million in unpaid wages, if we recalculate it in dollars.



Prime Minister Yulia Tymoshenko, shown here at the Kremlin with Russian President Medvedev (left) and Prime Minister Putin, Jan. 17, 2009, "is playing a terrible game," says Vitrenko, lying about the state of the economy, as real wages collapse and unemployment soars.

People are working without pay. Ukraine has 2 million unemployed. That is about 10% of the potential working population of the country. And people say nothing.

Why do they remain silent? Because money with nothing backing it up is being issued, and although inflation is rising, the government constantly promises that tomorrow will be better, and that Ukraine is already exiting from the crisis.

At the same time, of the debt that has been taken on—the IMF having made the decision one year ago to give Ukraine \$16.4 billion—half of the total is immediately funneled into the banking sector. What you are studying and seeing in the world as a whole, is exactly what the case of Ukraine demonstrates. Enormous financial resources, while the population is dying and destitute, are being thrown into the banking sector. From October 2008 through September 2009, UAH225 billion were pumped into the banking sector. That's \$30 billion.

Thus, the IMF loan, plus the national budget revenues, plus resources from the reserve fund of the National Bank—all of this is being pumped into the Ukrainian banking system.

I would like you to compare the figures. Ukraine's direct government foreign debt today is \$35 billion. Meanwhile, the national budget is UAH237, or around \$37-38 billion—the entire national budget. Thus, the direct government foreign debt is about equal to the national budget. But it has to be serviced, with interest. The highest level of debt payments will be due in 2011.



The Orange coup of 2004 placed Viktor Yushchenko (right), shown here with Speaker of the Parliament Olexandr Moroz, in the Presidency of Ukraine. Under former President Leonid Kuchma, and now, Yushchenko, Ukraine was handed over to the financial oligarchy, which is committing genocide against the nation, Vitrenko charges.

What is Ukraine going to pay with? I think that the plans of Washington and Brussels are to drive Ukraine to total bankruptcy, in order then to buy up our land at fire sale prices—Ukraine has 20% of the world's black earth soils—and take over our natural gas transport network, as payment of the debt.

Ten days ago in Parliament, the Accounting Chamber gave its report. And the head of the Accounting Chamber stated that, during the period of the crisis, not one single hryvnia has been invested in production or infrastructure construction. Everything went into consumption—consumption and the banks, and that's all.

Genocide

What is the social situation in Ukraine? What does the population's income look like? The average per capita income in Ukraine is 90% lower than in Germany. In Germany, the average annual income is EU27,500 per capita; in Ukraine it is EU2,600. We walked around Wiesbaden and looked at the prices for food and gasoline. The prices of food and gasoline in Germany are three or four times higher than in Ukraine—five times, maximum; but the incomes are ten times higher.

Totally disgraceful levels, for the civilized world, have been established in Ukraine, as government-guaranteed minimum wages, pensions, and the minimum income for subsistence. The official poverty line in Ukraine in 2008 was UAH778, which is \$95 for one person for one month. But the subsistence minimum,

established in the national budget for 2009, is UAH622, or \$76. Think about that: \$76 per month. Meanwhile, the minimum wage, established in the national budget, is lower than the subsistence minimum.

Thus, 70% of the Ukrainian population, officially, lives below the poverty line.

Now the budget is supposed to be passed for 2010. For two months, the Ukrainian Parliament was out of session. A fight was going on there, supposedly over raising these minimum social guarantee levels. And what was this fight about? It was over the issue of raising the subsistence minimum by \$20, to raise the monthly minimum wage by \$20. But the Tymoshenko government categorically refused to do this—to raise these social guarantees, even by \$20 per month. There will be a session of Parliament on Oct. 20, and I don't know what the outcome will be.

There is your answer to the questions of why the Ukrainian population is dying out, and what Ukrainian youth is turning into. In 1990, we had a population of nearly 52 million. If nobody had changed anything, if we had continued living the way we were before, the population would be 59.4 million in 2009, simply by extrapolation. The Ukrainian population would have increased by 7.7 million people. But today, the population of Ukraine is 46.1 million. There were 52 million of us, now there are 46. But if we compare this with what the population should have been, 59 million, Ukraine has lost 13 million people.

Thus, the Ukrainian authorities, starting with Kravchuk and continuing through Kuchma and Yushchenko, who have carried out these reforms, should be put on trial for genocide against our people. They are annihilating our people.

Maybe you heard about the psychosis, whipped up by Yushchenko worldwide, in the United States, and from the tribune of the UN General Assembly, to get the *holodomor*, the famine which occurred in Ukraine in 1932-33, recognized as genocide. What was Yushchenko's purpose in doing this? To set Ukraine and Russia against each other, to accuse Russia of committing genocide in Ukraine. But this is a lie. There was not ethnic genocide. It was not Russians wiping out Ukrainians. There was truly a famine at that time, but it was occurring in Krasnodar Territory in Russia, as well as in Ukraine. Ukrainians were dying, Russians were dying, Armenians were dying—people of all different ethnic groups starved to death in Ukraine. Because there was forced industrialization, and the agriculture sector

wasn't keeping up, and there were also mistakes committed by the Soviet authorities. In that period, 6.5 million people died in the famine. 3.6 million of them were in Ukraine.

But today, when there would appear to be no war going on, and there's no drought, Ukraine has already lost 6 million people. And nobody wants to take responsibility for it.

And from the official current population of 46 million, we also have to subtract another 7 million who have left the country to find work abroad.

Then, compare how long people live in Ukraine and in other countries. The average life expectancy in Germany is 79.1 years. In Poland it is 75.4 years. The average life expectancy in Ukraine is 66 years. This is simply a disgrace. Meanwhile, the IMF demands that the pension age be raised in Ukraine. Speaking in the Parliament, I explained that half of the men in our country do not live to pension age, to the age of 66.

As a result of poverty, mass emigration, and the polarization of incomes, the youth are degenerating. Ukraine has the world's highest level of alcoholism among youth. Ninety percent of young people, aged 13 to 15, are alcohol users. Sixty-three percent of them smoke.

How Ukraine Compares to Other Countries

Against the backdrop of the catastrophe in Ukraine, it is easy to see that the situation is different in other countries. The situation in China, which has not taken IMF loans, and did not implement a reform strategy like this [points to Triple Curve], is completely different. The situation is different in Belarus, and the situation is different in Russia, which stopped taking IMF loans a few years ago and is developing its own capabilities.

China had a very difficult situation in 1976, but nonetheless, did not go to the IMF for loans. Now, with the outbreak of the world crisis, which of course hit China very hard, the economic strength which China does have, makes it possible to mitigate the impact of the world crisis on its economy and its population. The fact that China, during the crisis period, has increased budget spending on health care by 30%; and the fact that China, during the crisis period, has allocated 3.5 billion yuan to support small and medium-sized business; and the fact that China, during the crisis period, has sharply lowered lending interest rates, in order to support industrial production—providing incentives

preferentially to industrial production; all of that strikingly differentiates China from Ukraine.

It is difficult to compare Russia with Ukraine, since Russia is a much larger and wealthier country. The economic policy in Russia has been much more intelligent. In particular, the government debt is only 2% of GDP.

But, if we compare Ukraine with Belarus, then it becomes absolutely clear what a disaster the policies in Ukraine have been. Belarus is smaller, and previously was a much weaker country than Ukraine. But in Belarus, the reforms were carried out according to the scenario we proposed. [President Alyaksandr] Lukashenka began to implement this kind of a program, starting in 1995, with the aim of developing real production. He did not privatize the factories, but made sure they had orders for their output, and made it possible for people to be employed. As a result, the position of Belarus in the world crisis is much better.

Here are January-August data for this year. Decline of GDP: 9% on average for the CIS as a whole. The worst situation is in Ukraine, where the drop was 20.3%. Russia: 12.5%. Belarus: 0.5%. Industrial output declined by 12% in the CIS as a whole during those eight months. Again, Ukraine led the way with a decline of 29.6%. Russia: 14% decline. Belarus: 4.6% decline.

Projections of GDP growth, for 2009 as a whole, show that China will have 6.5% growth; the U.S.A. will have a 2.9% decline in GDP; Russia's GDP will fall by 6%; and Ukraine's by 15%.

What Is To Be Done?

The last section of my presentation concerns what is to be done in this situation. Of course, the first thing to do to cure a disease is to understand its causes. We must understand the nature of the crisis: Is it merely the latest, which will soon pass and everything will be fine, or is this a fundamental crisis? We assert that this crisis is the fundamental crash of the liberal capitalist model. An economic model constructed on the race for profits, on obtaining profit at any cost, on fanning financial speculation and creating huge amounts of speculative capital, is a fundamentally flawed model, whose collapse is inevitable.

If the outcome of current processes is that the leaders of the major countries manage merely to patch the holes, and preserve this model, this will be a catastrophe for civilization on our planet. Because the ultimate goal of mankind is to preserve and develop civilization on Earth, but this economic model is misanthropic. It



EIRNS/Christopher Lewis

The “wonderful ideas” of Lyndon and Helga LaRouche, to establish Four-Power cooperation among the U.S., Russia, China, and India, are what is needed, Vitrenko said. Here, she is shown (left) with the LaRouches and Youth Movement member Polina Kurtova, in Wiesbaden, Oct. 18. They are looking at Vitrenko’s party paper.

is a model for genocide and exploitation.

Therefore, I am deeply convinced that we must push the leading countries of the world toward an understanding of the need for a radical change of the economic model.

For our part, we are trying to do what we can. In particular, I recorded a lecture called “How To Save Ukraine and Transform the World.” This lecture is available on DVD and on the Internet, on our site [www.vitrenko.org], and we printed it as a pamphlet which we are distributing throughout Ukraine.

But the situation of mankind cannot be mended by the efforts of a single country, especially one like Ukraine. And therefore, it is very important for us to turn, today, to a document from 14 years ago. This is the “Memorandum to Mankind,” from 1995. This was when, at a conference in Eltville, Germany, when Lyn said, “Propose something for mankind!”—we drafted this document. There were 32 countries represented at that conference. The representatives of only two of them abstained; all the others supported this document.

I shall read just the first three points of this memorandum, in order to underscore its relevance for today, and how right we were 14 years ago.

The Memorandum said that, “true progress for mankind can be guaranteed by a fundamentally new policy of partnership among sovereign nation-states, based on the following principles:

“I. Declaration of the bankruptcy of the international financial institutions, and creation of a new world

financial and credit system to revive the productive economy;

“II. Recognition of the exclusive responsibility of governments and national banks for the utterance of national currencies and issuance of long-term credits, for the regulation of banking systems, and financing of production and infrastructure development;

“III. Recognition of the leading role of the state in determining economic strategies which correspond to its obligation respecting social protection of the population.”

Thus, my idea is that the Schiller Institute should again take this on, and organize a very representative international conference; to bring together leading political figures and economists from various countries, and elaborate this strategy for saving humanity, at a new conference.

Without reform of the banking sector, without the elimination of the financial bubbles based on derivatives, without bringing order to the world currency system, it will be impossible to save humanity. The correct ideas, wonderful ideas, which Helga Zepp LaRouche puts forward, and which Lyndon LaRouche talks about, on uniting the efforts of four leading powers—the United States, Russia, India, and China—and creating credit for long-term infrastructure projects: These are the solutions we have to force them to adopt.

And if it proves impossible to save the United States, such that the British wing would not dominate, but rather the progressive democratic wing, then humanity still must think about how to defend itself against the dollar, and shift to regional currencies. This kind of work is now under way. Within EurAsEC, the idea of creating a new currency is under study. This kind of idea is under study also in Latin America, in the Near East. China and India are discussing this kind of idea.

That is, humanity simply must save itself. But, I think that the agency to focus these ideas, and bring them to the leaders of the world’s leading countries, should be a new international conference of the Schiller Institute.

My wish is for us all to achieve success on this noble path. Thank you.

Blow Dealt to British Subversion in Asia

by Mike Billington

Oct. 31—On the first day of the summit of the ten members of the Association of Southeast Asian Nations (ASEAN) in Thailand Oct. 23, two events coincided to give the British a well-deserved black eye. First, the continuing British imperial interference in the affairs of the former European colonies in Asia under the guise of “human rights” was unceremoniously dumped, when a scheduled meeting of the ASEAN heads of state with self-selected representatives of “civil society NGOs” completely collapsed. Five heads of state, from Cambodia, Laos, Myanmar, Singapore, and the Philippines, refused to meet with the specific NGO representatives who had been chosen by the ASEAN Peoples’ Forum to represent their countries, several of whom were well-known spokesmen for Anglophile drug promoter and hedge fund criminal George Soros and his human rights mafia. The NGO reps from the other five countries staged a walkout in protest, collapsing the entire event.

Cambodian Prime Minister Hun Sen then dropped a bombshell on the proceedings, which were being hosted by Thailand in the resort town of Hua Hin. Hun Sen announced that he had invited the former Prime Minister of Thailand, Thaksin Shinawatra, who had been deposed in a military coup, backed by the monarchy, in 2006, to live in Cambodia as an economic advisor to the government. This sent the usurper Thai Prime Minister Abhisit Vejjajiva, who was born, raised, and educated in London, into a raving fit, accusing Hun Sen of interfering in Thailand’s affairs, threatening to invoke an extradition treaty if Thaksin were to show up in Cambodia, and warning Hun Sen not to be “used as a pawn.” This is particularly ironic, in view of the British imperial hand which ran the coup against Thaksin, and placed Abhisit in power.

Hun Sen’s response to this rant put the identity of the actual “human rights” violators squarely on the table. He reminded the Thai Prime Minister that the extradition treaty had a clause exempting those charged for po-

litical reasons, thus giving the lie to the phony corruption charges imposed on Thaksin by the controlled Thai courts. Making clear that he would not respond to any attempted extradition, Hun Sen added: “Without the coup d’état of 2006, such things would not have happened.”

Hun Sen then noted that ASEAN was constantly being lectured that it should condemn Myanmar for the house arrest of (British agent) Aung San Suu Kyi, so why should there be any concern for discussing the blatant military coup against Thailand’s popular Prime Minister Thaksin? He added that it was well known that Thaksin had been a close friend of Cambodia—a covert reference to the fact that Thailand’s current Foreign Minister Kasit Piromya is behind an effort to start a war with Cambodia over old, long settled territorial issues. Thaksin, in fact, had made a central tenet of his administration that Thailand would provide special aid and friendship to its far poorer neighbors, Cambodia, Laos, Vietnam, and Myanmar, and the leaders of these neighboring countries make no effort to hide how much they miss Thaksin as Thailand’s leader.

The Thai Prime Minister was given another snub at the opening ceremony of the ASEAN Summit, where, as the host, Abhisit had the chance to wave his Union Jack. However, half the ASEAN leaders—Philippines, Cambodia, Indonesia, Malaysia, and Brunei—failed to show up in time for the ceremony. There are even reports that when the Sultan of Brunei finally arrived, he refused the offered accommodations, choosing instead to stay at the nearby home of the exiled Thaksin Shinawatra!

China’s Role

There are international implications. Hun Sen had just returned from a visit to China, and gave effusive praise to the Chinese investments in Southeast Asian infrastructure development, which, he said, come “without demands on human rights and other strings,” unlike those required in return for credits from the West. This was further demonstrated when Chinese Premier Wen Jiabao, attending the ASEAN+3 (ASEAN plus China, Japan, and South Korea) Summit which followed the ASEAN Summit, announced a \$25 billion infrastructure fund for Southeast Asia. Of this, \$10 billion had been announced last April, in the form of a China-ASEAN Fund on Investment Cooperation, while an additional \$15 billion has now been offered as credits, with an additional \$40 million in aid to the poorest of the ASEAN countries.

This Chinese offer followed by days the historic

agreements between China and Russia, setting in motion a policy of using China's huge dollar reserves, which are now being turned into toilet paper by the Obama Administration's hyperinflationary money-printing binge to bail out the speculators in London and New York, to invest in great infrastructure projects in the Russian Far East. This is a step which Lyndon LaRouche has long promoted, and which is a significant shift towards the realization of LaRouche's proposal for a Four-Power agreement among Russia, China, India, and the U.S., to create a new global credit system based on physical economic development, in place of the collapsing monetary system. China is now bringing Southeast Asia into the process, representing another dramatic step forward.

Thailand: Britain's Royal Outpost

Thaksin Shinawatra was, and still is, the most popular political leader in Thailand's recent history. He won two elections by overwhelming margins, primarily due to his "general welfare" approach to the nation's development. While emphasizing technology-driven industrialization and major infrastructure projects internally and regionally, he also created a national health system which provided extremely inexpensive access to hospital care for the poor, low-interest credits for farmers and the urban poor, and scholarships for the poor to assure access to quality education. While he did not challenge the monarchy, his program effectively challenged the King's "self-sufficiency" policy, which argues that Thailand should remain technologically backward, depending on basic agriculture and local crafts to sustain the economy.

It became increasingly clear to the British Royals, and the other royal families of Europe, who treat the Thai monarchy as a primary asset in Asia, that Thaksin was becoming more popular than the King. Thaksin's ouster, and the ouster of two subsequent prime ministers who were supporters of Thaksin, through blatant corruption of the legal system, were carried out by the military, but depended on support from the Thai and European monarchies.

Again, there is a Chinese connection. Last month, former Prime Minister Gen. Chavalit Yongchaiyudh, who has always been very close to China, took over the leadership of the pro-Thaksin party, the Pheu Thai. A number of retired generals who were close to Chavalit also joined the Pheu Thai, threatening a split in the military, which has generally been subservient to the head of the King's Privy Council, Gen. Prem Tinsulanond.



UN Photo/Joshua Kristal

Cambodian Prime Minister Samdech Hun Sen (shown here in 2005) shocked the British and other royals on Oct. 23, when he announced that he had invited his friend Thaksin Shinawatra, the deposed former Prime Minister of Thailand, to live in Cambodia and serve as an economic advisor to the government.

Chavalit is close to China and to Thailand's poorer neighbors. Immediately preceding the ASEAN Summit, Chavalit visited Cambodia, met with his old friend Prime Minister Hun Sen, and announced on his return that Hun Sen would be inviting Thaksin to move to Cambodia—just as Hun Sen confirmed at the ASEAN Summit. Chavalit also announced that he would visit Malaysia and Myanmar, further mobilizing the region against the British puppet ruling Thailand.

Also terrifying the European and Thai monarchies is the rumor that Thaksin is gaining support from Crown Prince Vajiralongkorn. King Bhumibol, at 82, is ill, and not expected to live much longer, after 63 years on the throne. The British are so terrified by the vision of the Crown Prince coming to power and pardoning Thaksin and his supporters, that Britain's Prince Andrew is reported to have visited the ailing King in his hospital bed to plead the case for naming a Princess as the successor, rather than the Crown Prince!

Thaksin has announced that he will soon visit Cambodia to thank his friend Hun Sen for the kind invitation. Sources in Thailand indicate that this would be most welcome by the majority of Thais.

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George Shultz Is Still Killing Filipinos

by Mike Billington

Some are saying [the flooding of Manila] is an act of God. It's not. It's neglect on the part of the government. We've told government all along this would happen, because of the flooding the same month in 1970. Because the recommendation was not heeded, what occurred was virtually a massacre.

—Urban planner and architect Felino Palafox, who helped design flood control measures under President Ferdinand Marcos in the 1970s

Oct. 31—The February 1986 military coup against Philippines President Ferdinand Marcos, as *EIR* reported at the time, and has subsequently documented in great detail, was carried out under the sponsorship and direction of U.S. Secretary of State George Shultz, with help from his deputy Paul Wolfowitz, Henry Kissinger, and AIG CEO Maurice “Hank” Greenberg, among others. Shultz, in fact, brags in his autobiography of his successful imperial conquest, behind the back of his boss, President Ronald Reagan. His purpose: to set a horrible example for the developing nations, that the United States was no longer a nation-builder, but was joining the British Empire in a policy of keeping the world in forced backwardness, as a source of cheap raw materials and cheap labor for the new imperialism, to be called “globalization.”

The first acts of the puppet President placed in power by Shultz’s coup, Cory Aquino, included:

- Scrapping the fully completed, but never activated, Bataan Nuclear Power Plant, produced by Westinghouse, the first nuclear power station in the developing world, and a powerful symbol of progress and decolonization. Aquino was even forced to agree that the Philippines would pay the entire cost of the unused plant;
- Scrapping the Marcos industrialization programs;

- Scrapping the “Green Revolution” launched by Marcos, which had made the Philippines self-sufficient in rice for the first time in its history, while helping to lift millions of farmers out of poverty.

EIR has now learned, thanks in part to public revelations by Felino Palafox, an urban planner who helped to design the flood-control projects and policies in the 1970s for President Marcos, that these plans, if fully implemented, would have largely prevented the devastation visited on the people of the Philippines by Typhoon Ondoy, which struck Manila on Sept. 26, 2009—devastation which is continuing today in the form of disease and mass dislocation of the wretched poor of Manila.

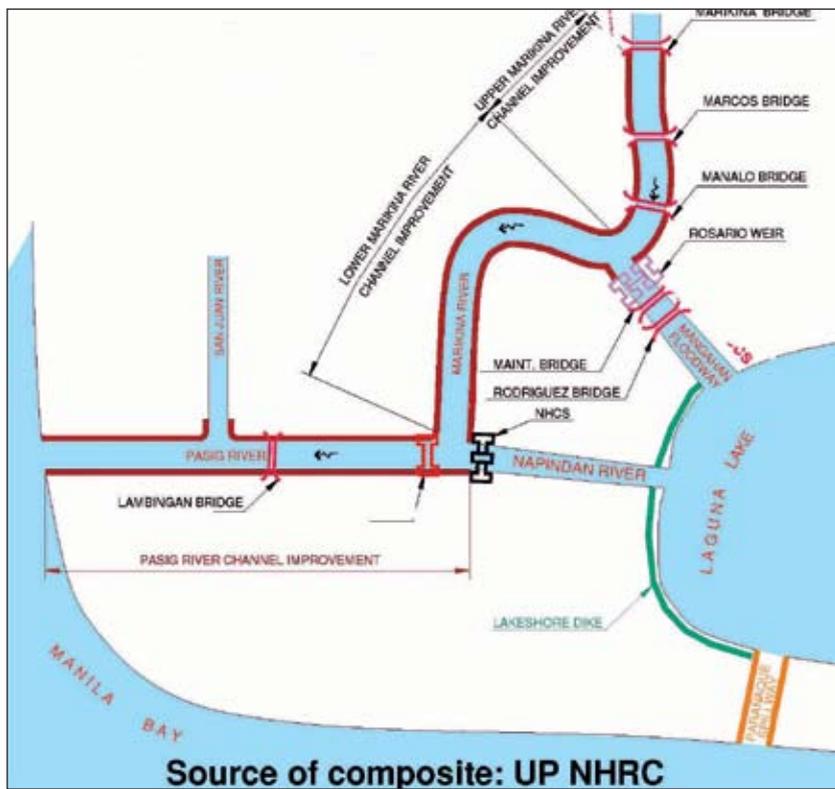
Why were the flood-control plans not completed? Like the Bataan Nuclear Plant and the Green Revolution, these projects would have pulled the Philippines out of its status as a semi-colonial, dependent nation, and improved the welfare of its people. *It is for precisely this reason that Shultz and his British imperial-minded cohorts brought down the Marcos regime.*

The Marcos Water-Management Program

Following devastating floods in 1970 caused by a series of typhoons, Marcos established new institutions to prevent a recurrence. Two primary policies were established: Prevent urban sprawl (both housing and squatters) in areas prone to flooding and incapable of sustaining adequate sewage systems; and build a system of sluice gates and spillways to quickly divert threatening floodwaters from the city.

The water-management program included four major projects for diverting floodwaters from the Marikina River, which flows from the Sierra Madre Mountains into Manila, joining the Pasig River, and draining into Manila Bay. Floodwaters from the Marikina were to be diverted into Laguna de Bay, a large lake adjacent to Manila, with a spillway to the ocean. The first three parts were completed in 1983, 1984, and 1986, the year of the coup against Marcos. The fourth and final part—the spillway from Laguna de Bay to Manila Bay, in case the lake overflowed in a massive flood—was one of the many projects with the name “Marcos” attached to it, that were scrapped by President Aquino, on behalf of her sponsors in London and Washington. When the super-flood caused by Ondoy hit in September, Laguna de Bay overflowed, entirely because the final necessary project, the spillway to the ocean, was never constructed (**Figure 1**).

FIGURE 1
Schematic of Manila Flood Control



The last phase of the Marcos government's plan for flood control, the Paranaque Spillway, at the bottom right of the map, was never built. It would have drawn off floodwater from Laguna Lake into the ocean, preventing the disaster that now afflicts Manila.

A study by Palafox in 1977 warned that allowing squatters or housing construction in the areas prone to flooding would prove disastrous in a major flood. The Metro Manila Commission, chaired by First Lady Imelda Marcos (who had also been elected governor of Metro Manila), began implementing the Palafox plans, until Shultz's assets took over in 1986.

Manila Today: Devastation

The picture of Manila today, even before the floods, is a disgrace and a blotch on the honor of the United States. Fully 20% of the Manila population, or over half a million families, are squatters, living along railroad tracks, sewage canals, and creeks throughout the city. An estimated 400,000 squatters lived on the banks of Laguna de Bay. Not only were their dwellings wiped out, but the wreckage of the dwellings themselves clogged the inadequate drainage channels from the lake.

The flood inundated 80% of Metro Manila and several other provinces. Hundreds were killed in the flood itself, and hundreds more from leptospirosis, a killer disease spread by rat urine in floodwater. The city has virtually no means to pump the water out, and today, six weeks after the flood, large portions of the city are still flooded, with estimates that the situation will last through January!

A second typhoon hit the far northern provinces of the Philippines just days after Ondoy, causing killer mudslides and more flooding. Between the two floods, an estimated 4 million people lost their homes. Among the nearly 1,000 dead was a longstanding member of the Philippines LaRouche Society, Glenn Narez, a healthy and dedicated young man who was killed by leptospirosis after being forced to wade through floodwaters for two weeks.

Approximately 13% of the nation's rice crop was destroyed by the storms and floods. Not only is the Philippines no longer self-sufficient in rice, it is now the world's largest rice importer. The global rice panic last year saw desperate Filipinos in emergency rice lines for several weeks. While the panic has

subsided for now, the Social Weather Station reports that hunger, which affected about 15% of the population during the 2004-08 period, as of June 2009, had spiked to 20.3%. With the ongoing collapse of the world financial system and world trade, a new global food crisis is inevitable, just as the Philippines is forced to go to the world markets for hundreds of thousands of tons of grain.

The blood on the hands of George Shultz is getting thicker and thicker as time goes by. It is time to reverse this man-made disaster, and return the Philippines, and the United States, to the principles which President Franklin D. Roosevelt promoted for both our nations (see John Morris, "The FDR Tradition in the Philippines," <http://www.schillerinstitute.org/educ/hist/araneta.html>), and which Lyndon LaRouche is promoting today.

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Pro-Drug Mafia Behind Opposition to Dam-Building in India's Northeast

by Ramtanu Maitra

Recently, during the course of a lecture in Shillong, in the Indian state of Meghalaya, Victoria Tauli-Corpuz told the audience that she opposes the plan to build large dams in northeast India, because such development projects would infringe upon the rights of the local indigenous people. Using the authority bestowed on her by the international drug-legalization lobby, Tauli-Corpuz, who chairs the UN Permanent Forum on Indigenous Issues, said: "I have learnt that the government proposes to set up some 100 dams in the northeast of India. It may be a clean source of energy, but it should not be carried out at the cost of the rights of the local indigenous people."

Tauli-Corpuz is but a run-of-the-mill environmentalist, who was given her authority by international pro-drug kingpin George Soros's partner, Britain's Lord Mark Malloch-Brown. Malloch-Brown, as UN Development Program Administrator in 2000, had set up the UNDP-Civil Society Organizations (CSO) Advisory Committee to advise him on the orientation, thrusts, and programs of the UNDP from a civil society perspective. He assigned Tauli-Corpuz to head the UNDP-CSO, where she pushed for the creation of a UNDP Policy of Engagement with Indigenous Peoples.

One does not have to look far to see the process in progress here. This author, in an article titled, "The Soros/Malloch-Brown Factor in Afghanistan" (*EIR*, Feb. 27, 2009), documented that Soros, who has a hook into the world's narcotics cartels, benefits immensely from the explosion of drugs. The Soros-funded Senlis Council, having enlisted a number of drug-loving bureaucrats, holds seminars on the "impossibility" of eradication of Afghan opium. Behind these shenanigans, the prime objective of the Senlis Council, and its benefactor Soros, is to legalize opium production in Afghanistan.

Soros & Malloch-Brown: Drugs & Empire

In 2005, a visiting scholar of the Carnegie Endowment for Peace, Frederic Grare, in his article, "Anatomy of a Fallacy: Senlis Council and Narcotics in Afghani-

stan," wrote: "In the present situation, the Senlis proposals would, on the contrary, speed up the transformation of Afghanistan into a narco-economy. . . ."

While Soros goes about openly promoting drug legalization worldwide, using his ability to hand out money created through speculation, currency manipulation, hedge funds, etc., to "purchase" individuals willing to push his agenda, Malloch-Brown, who, in July 2009, announced his stepping down from his position as Minister of State for Africa, Asia and the United Nations at the end of July 2009, citing personal and family reasons, was adequately trained by Her Majesty's Service. He serves the interest of the offshore banks and the City of London by helping to procure the much-needed liquidity to keep the imperial wheels greased.

Soros's and Malloch-Brown's common interests have brought the two men close to each other. Malloch-Brown is not merely a collaborator of Soros and his New York house guest, who helps to finance Soros's anti-nation-state warchest with UN money; he is a business partner, as well. In April 2007, Malloch-Brown was appointed vice-chairman of Soros's Quantum Fund, whence Soros's billions come. The *Financial Times* of London reported that "Sir Mark will also serve as vice-chairman of the billionaire philanthropist's Open Society Institute (OSI), which promotes democracy and human rights, particularly in Eastern Europe and the former Soviet Union." The *Financial Times* added, in a May 1, 2007 article: "In a letter to shareholders in his Quantum hedge funds, Mr. Soros said Sir Mark would provide advice on a variety of issues to him and his two sons, who now run the company on a day-to-day basis. With his extensive international contacts, Malloch-Brown will help create opportunities for [Soros Fund Management] and the fund around the world."

Who Cares About the Manipuris? Keep the Drug Money Flowing

This brings us to the question of why Malloch-Brown's paw, Tauli-Corpuz, was deployed to under-



Tehri Dam/Arvind Iyer

The British/Soros drug mafia has deployed into northeast India to stop New Delhi's ambitious dam-building projects (like this dam on the Bhagirathi River), under the guise of "protecting indigenous people." The real purpose: to stop development and protect the drug-trafficking networks.

mine the Government of India's efforts to build hydroelectric dams in the northeast, by bringing together local environmentalists, insurgents, and the anti-India faction within Bangladesh. Those who, in New Delhi, care to know about the state of Manipur, bordering Myanmar, and one of the easternmost states of India, where dams have been proposed, know that the drug traffickers' stakes in that area are very high. This thinly populated state, with hardly 0.2% of India's population, is perhaps the worst affected state, as far as drugs are concerned.

Sharing a long border with Myanmar, Manipur is one of the major entry points of heroin from Myanmar and Laos. The effect is quite visible on the streets of Manipur towns, and in the statistics of HIV/AIDS-affected victims in that state. As a result of the free flow of drugs, and perpetuation of poverty and lack of development, which keeps unemployment, especially among youth, at a very high level, the state has become highly vulnerable to trauma and death from HIV/AIDS.

On the other hand, the entry of drugs and the disproportionate number of drug addicts in the state is visible to anyone who wants to know. The major entry point for

drugs from Myanmar is through the small town of Moreh, also known as "Millions Of Rupees Enter Here." No doubt, that is what attracts Soros and Malloch-Brown, and that is why Tauli-Corpuz has been deployed to maintain the status quo, under the pretext of "protecting" the indigenous people of that area.

But that is not the only danger. If one starts looking at Central Asia, where Soros, helped by his Wall Street-City of London drug-laundered money, has carried out a number of "color revolutions," the conditions that helped him to push his agenda, were the instability in those countries caused by terrorist activities—facilitated by the U.S./NATO war in Afghanistan, and the British-

Saudi network's creation of "Islamic jihadis" in the region. While Soros kept plugging for continuation of drug production in Central Asia, particularly in the Ferghana Valley, he also funded widely the "dissidents." In 2004, Soros's OSI, chanting its "I love democracy" mantra, made its move to dislodge the Uzbek President, Islam Karimov. Soros's objective was to put in place a "democratic, liberal government," which would allow, among other things, huge opium production in the fertile Ferghana Valley to "ease the cash flow" for both Soros and the country he was planning to control. In 2008, he tried the same game in Georgia, using his henchman, President Mikhail Saakashvili. That effort was thwarted by the angry Russians.

In 2004, Karimov was under security threat from two jihadi groups. One was the Islamic Movement of Uzbekistan (IMU), funded and armed by the Saudi-British nexus and protected by the Pakistani ISI in the unchartered tribal areas of Pakistan. The other group was the Hizb ut-Tahrir (HuT), banned in all the Central Asian republics and headquartered in South Kensington, England, and which was extremely

active in the Ferghana Valley, calling for unification of Muslims worldwide under a single caliphate, proclaiming that Western democracy was unacceptable to Muslims.

Northeast India: A Bowl Full of Insurgents

Another open secret in India, in line with the drugs pouring into the country, causing addiction all across the northeast, is that the area has remained in deep turmoil for decades, and has nurtured secessionist rebels using the waters of the Bay of Bengal and Andaman Sea. Neighboring Myanmar has a number of powerful insurgent groups that are interlinked with the Indian northeastern rebels.

A large portion of the illegal lethal weapons that come into northeast India originate in Cambodia. The underground route to South Asia is said to begin on the Ranong islands off the Thai coast, from where the arms are shipped through the Andaman Sea to Cox's Bazar along the Bangladesh coast. From here, the weapons are divvied up into smaller consignments and carried to various destinations in Myanmar and northeastern India through different routes.

In early April 2004, on a tip-off, Bangladeshi joint forces seized ten truckloads of submachine-guns, AK-47 assault rifles, and other firearms and bullets, in a swoop on the Karnaphuli coast in the port city of Chittagong. It was the largest-ever arms haul. Police and coast guard forces found the new submachine guns, AK-47 rifles, submachine carbines, Chinese pistols, rocket shells and launchers, hand grenades and bullets, stuffed into about 1,500 wooden boxes.

But, long before the big haul was reported, it was widely known that international arms smugglers were active in the coastal belts in Chittagong and Cox's Bazar. The vast coastline in the bay near Ukhia in Cox's Bazar, and border points between Bangladesh and Myanmar, had become a sanctuary for arms smugglers, mainly in the absence of an adequate security watch. The smugglers were bringing in sophisticated firearms, including pure military hardware such as AK-47 and M-16 rifles, long-range pistols, revolvers and grenades, among other items.

In recent days, researchers have pointed out that many of the insurgent outfits in northeast India have established their bases in Bangladesh, and several of their top leaders have been operating from there for a long time now. While Bangladesh has, all along, denied the presence of these militants, or their camps, on its

soil at the official level, the military-backed regime that took over power in Dhaka, in January 2007, had sent informal feelers to India, suggesting they had cracked down on many of these insurgent networks inside its territory.

Mirza Zulfiqur Rahman, a researcher with the Institute of Peace and Conflict Studies (IPCS), in a recent article, pointed out that the proof of the Bangladeshi connection, and the support that the northeast insurgent groups receive in their territory, was revealed by Julius Dorphang, the surrendered chairman of the Hynniewtrep National Liberation Council (HNLC), one of the many insurgent groups operating in northeast India. Dorphang was the founder of the Hynniewtrep Achik Liberation Council (HALC) in 1992, along with John Kharkrang and Cheristerfield Thangkhiaw, which waged a war against the Indian state for a separate Khasiland. In 1995, all three leaders met in Dhaka and subsequently renamed the HALC as the HNLC, Zulfiqur Rahman said.

Tauli-Corpuz's Mission?

It is evident from all available reports that the northeast Indian states, isolated by the British Raj, through its centuries-long apartheid policy, have remained non-integrated with the rest of India. Also widely acknowledged, but not acted on, is the negative effect caused by the drug-gunning mafia and illegal infiltration of Bangladeshis, many of whom are working hand-in-glove with the Islamic militants. New Delhi had been in a state of denial about this matter for decades now.

Now, when New Delhi has begun to respond to the pressure for development, partly caused by China's rapid infrastructural development on the other side of the Himalayas, the Soros-Malloch-Brown crowd has made its move. The area needs water and power, both of which come from damming the river judiciously, a process with which India has decades of experience.

Tauli-Corpuz's pitch for the "protection" of indigenous people of another sovereign nation-state goes back to the days of the British Raj, under the leadership of Lord Palmerston, when the Empire made northeast India into a "zoo," where each tribe, sub-tribe, ethnic, and sub-ethnic varieties were kept in "cages" demarcated by the extent they could travel. It seems that Malloch-Brown's woman-on-the-ground is promoting the adoption of the same British Raj policy, using the "good offices" of the United Nations.

The World Is Waiting for The U.S. To Rise Again

by John Hoefle

Oct. 30—It's highly doubtful that anyone who reads *EIR* believes a word of the claims of "economic recovery" coming from the White House, Wall Street, and the major media sources. We get the sense that those clowns are mainly talking to themselves, since a significant majority of the population has tired of what they recognize as a never-ending string of self-serving lies.

Even in the days before politics was so blatantly promoted as an extension of financiers' demands, Abraham Lincoln famously stated that while you can fool some of the people all of the time, and all of the people some of the time, you can not fool all of the people all of the time. That observation is as valid today as it was in Lincoln's time, and should serve as a warning to the spin-meisters who are so determined to pass the dead duck of the global financial system off as a Spring chicken.

The point is, the recovery pimps know they're lying, and the people know they're lying. The financier-parasites of Wall Street, the City of London, and other global financial centers know they're lying about the "recovery," because they are actively hiding the losses which have destroyed them. Their supposed regulators know the system is dead, because they are actively engaged in desperate attempts to hide that truth from the public. The politicians know, because they are under constant pressure to keep the bailout money flowing, and to stop any serious attempts at re-regulating the banking system.

But most of all, the people know, because their lives

are being destroyed by the travesty that has been visited upon them by the very same system which is throwing them to the wolves in a vain attempt to save itself. We are living in a dying society. The proof is all around us, in our daily lives.

Americans do not need tweets, blogs, or corporate media to reveal that we might be in for worse than a new Great Depression. None of us need to be told, because depressions come after us; they hunt us down through all the layers of wishful thinking and denial we might care to erect.

Great swaths of the United States are already in abject depression, with families losing their jobs, their homes, their hopes, and their dreams. Obamaville tent cities are springing up all over the nation, as more and more Americans lose the capability to defend themselves and their loved ones from this onrushing horror.

Meanwhile, our government, which is supposed to protect us, remains determined to save the parasites who are destroying us, while cutting health care, and pushing euthanasia upon our suffering people. This is what has made the American people mad as hell, and rightfully so.

We have reached a breaking point. Either we, as citizens of a republic, meet our Constitutional responsibilities—and force our government to meet its responsibilities—or we will see our nation collapse, as so many others have in the past.

It is time to force Obama to shave his mustache, and

live up to the oath he took when he assumed the Presidency.

Fascism Rising

One point is crucial for all Americans to understand: *The financial system is dead, and it is not coming back.* Contrary to what we are being told, the purpose of the “bailout” swindle is not to save the system, but to keep the leading parasites of the Anglo-Venetian empire alive while they put in place its replacement, a global financial dictatorship. What we are witnessing is a global push for corporatism, more commonly known as fascism.

The proof is there for all to see. What is being saved, or at least attempted to be saved, is the system of global financial institutions and global corporations, the system which *is* the empire. The institutions within that empire are being restructured and consolidated, as it adjusts to the post-bubble reality, but the empire itself is being protected.

Compare that to the way that ordinary people are being cast aside, as indicated by the job cuts, the foreclosures, the slashing of essential services, and the rise in prices for many of the necessities of life. Promises are made, but never kept, and the conditions of life for the average American citizen continue to deteriorate.

Look at the way the Obama Administration and Congress continue to support the cartels, while abandoning the needs of the population. There is no mystery here, no confusion. It is what it appears to be: bailouts for the empire, fascist austerity for the people.

Hope Shines

The human spirit is not so easily extinguished, however, and the backlash to this ugly fascism has manifested itself and is growing. This display of defiance has terrified the oligarchy.

This same sense of revolt against the tyranny of the British Empire is driving the Russians, the Chinese, and the Indians to the outlook represented by Lyndon LaRouche’s Four Powers plan. People all around the world are realizing the wisdom of Benjamin Franklin’s famous dictum: Either we hang together, or we will assuredly all hang separately.

The empire is on a rampage to consolidate its hold over the world, not because it is strong, but because it is vulnerable. It is, after all, the empire’s monetary system which has broken down, the imperial financiers who are bankrupt. Incapable of saving themselves, they have turned to the nation-states to bail them out—that is, the

financial oligarchy’s existence now depends upon the very nation-states it is trying so hard to destroy! When those nations refuse to buckle under, the empire will collapse immediately.

The great irony is that the empire *needs* us to save it from itself, and the empire is terrified that the world will abandon it to a well-deserved fate.

One good example of this fear is the move by Mervyn King, the governor of the Bank of England, to capitulate to the growing push for dividing traditional banking activities from the speculative casino. Although it has been widely reported that King is supporting a revival of Glass-Steagall, that is not quite true. What King is actually doing, is conceding to the need for some regulation of commercial banking activities as a way of heading off regulation of the speculative casino, which is what the empire is most determined to protect.

King made that clear in an Oct. 20 speech in Edinburgh, Scotland, where he conceded that the “utility aspects of banking” should be separated “from those that can safely be left to the discipline of the market.” Such a separation, he said, might be the only alternative to “ever increasingly detailed regulatory oversight,” which the Bank of England clearly wants to avoid. By doing so, King said, “we can turn this crisis to our long-run advantage” so that “our varied and internationally competitive financial services industry will thrive”

The Bank of England knows full well that the financial crisis has only begun, and that the pressures for re-regulation will grow as nations move to protect themselves. It also knows that if it tries to resist any attempts at re-regulation, it could be defeated, and lose the empire. It is vulnerable, and afraid.

Make no mistake, however. The Bank of England is not endorsing the Glass-Steagall standard of President Franklin Roosevelt and LaRouche. FDR used Glass-Steagall as a way to assert the government’s authority over a Wall Street that viewed itself as the dominant power in the nation, and it is that principle which must be reasserted today. Then, as now, Wall Street was a tool of the empire, with the Federal Reserve as an American-flavored version of the Bank of England. The same Bank of England played a major role in creating the corporatist fascism which assaulted the 20th Century with the genocidal fascism of Mussolini and Hitler.

That empire is afraid, because it knows we can destroy it. We must do just that, if we are to survive. The world is waiting on us, and we are all running out of time.

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H1N1 Surges in Northern Hemisphere; Surge of Economic Measures Needed

by Marcia Merry Baker

Oct. 31—The H1N1/09 pandemic is advancing in the Northern Hemisphere, in various patterns forecast by epidemiologists for the Fall/Winter flu season: rapid transmission in North America; new surges in Europe; a sharp upturn in China; and many new “hot spots” across Eurasia, e.g., Ukraine. In the Southern Hemisphere, there is a continued “background” occurrence of non-flu-season cases of H1N1/09, especially in Africa.

The United States is fully into the expected Autumn “peak phase” of rate of infection, which in some locations is overwhelming the downsized intensive care infrastructure required for severe cases. This peak may prove to be the pandemic’s height for U.S. transmission, or the infection rate may yet subside, only to surge again in early 2010. This is unpredictable, according to the most experienced virologists. The latest best guess is that the United States has had 5.7 million people infected by the novel flu strain, from April to the present, according to the Centers for Disease Control and Prevention (CDC); the disease will continue to rack up millions more.

The profile of the pandemic virus infection so far remains the same for its victims: Most people experience mild symptoms; but a small fraction of persons is hit very hard, mostly in the age range below 45 years, including, particularly, pregnant women, and such cohorts as those with underlying health problems, and native peoples (e.g., of Canada, Australia, New Zealand, and Mexico, who have poor living conditions).

What stands out from the H1N1/09 pandemic—the first since 1968—is that a surge is needed worldwide in bio-science R&D, medical and public health infrastructure, and a massive upgrade in the physical conditions of life and work. This perspective is inherent in the drive by Lyndon LaRouche and associated efforts for initiating a new world credit system, by the Four Powers

of China, Russia, India, and the United States, for halting the current crash process, and restoring national economic functioning. This objective, by definition, requires the assertion of national sovereignty, on behalf of the health and welfare of citizens everywhere.

In turn, this means ending anti-nation-state, anti-development “world markets” thinking, which created the conditions for physical breakdown, multiple pandemics, and biological holocaust. Our mission today is *not humanity versus “nature” and disease, but, humanity versus the evil of globalization.*

Obama Lies

In the United States, an outstanding feature of the pandemic, is the lying by President Obama and the White House. In April, when the H1N1/09 virus first showed up in Mexico, California, New York City, and elsewhere, it posed an automatic problem for the new Administration, which was bent on implementing a Nazi-style health-care “reform” to cut U.S. medical treatment. The specifics of the Obamacare campaign come from London, in service of the same financial interests behind the Tony Blair government’s 1999 innovations of Hitlerian medical rationing by the death board, NICE (National Institute for Health and Clinical Excellence).

The arrival and spread of the new flu required measures that ran counter to London’s evil policy: expansion of health-care facilities, research, gearing up inoculation capacity, etc., to care for people and save lives. However, President Obama remained in firm opposition to such national interest policies, and stood alongside his advisor-controllers, especially Budget Director Peter Orszag and the Emanuel brothers, to demand cutting/“reforming” medical treatment, no matter what. The White House, and associated Congressional flunkies such as Senate Finance Committee chair Max Baucus (D-Mont.) and Speaker of the House



James Gathany

As the H1N1/09 flu pandemic surges in the Northern Hemisphere, the medical infrastructure, including availability of vaccine, is way below what is needed—and the White House is lying and pushing Nazi-style health-care “reform.”

Nancy Pelosi (D-Calif.), continue to assert that there is “overutilization” of U.S. medical infrastructure, flu or no flu!

Two lines of lies were spun out from Washington, to maintain a pretense of action on the new flu, while still serving London, especially after the World Health Organization (WHO) officially classified the outbreak as a pandemic, in May:

- First, that “coordination” among Federal, state, and local agencies would provide for “readiness” to cope with the Fall pandemic surge. Kathleen Sebelius, Health and Social Services Secretary, has repeated this almost weekly, deliberately denying the glaring facts of the shrunken U.S. hospital base, and sweeping loss of public health staff. You can’t “coordinate” what doesn’t exist. In 2008, an estimated 12,000 state and territorial public health jobs were eliminated; and another 8,000 so far this year.

Even during the U.S. outbreaks of H1N1/09 in the Spring—relatively limited compared to now—local hospital and public health services capacities were almost overwhelmed.

President Obama’s response? On Oct. 24 he declared an official national pandemic emergency, whose purpose was simply to release hospitals and other care systems from any Federal constraint on how they triage and ration scarce care delivery!

- Second, it was a lie all along that mass flu vaccination could be adequate and timely in the United States, to successfully protect against the worst impact of the pandemic. This lie deliberately denied the glaring fact that vaccine production and availability now depend on the very limited, and proprietary facilities and willingness of a tight cartel of private manufacturers. The former reserves of national and collaborative international vaccine capacities have been eliminated, in fact and in commitment.

In addition, it was known to the Administration that the lead-time for vaccine production, even in the best of circumstances, was running behind the pace of the spread of the pandemic, and the expected surge.

Nevertheless, Sebelius said this Summer, that sufficient vaccine doses for the Fall would be provided from orders she had placed with the Big Five manufacturers: Medimmune/AstraZeneca, Sanofi-Aventis, CSL, GlaxoSmithKline, and Novartis.

But, by late October, the lie was exposed. Instead of the 40-80 million doses (cumulatively) predicted for delivery, barely 26.6 million doses have arrived.

Thus, on all counts, reality has struck, exposing the lies and spotlighting the intent behind them to allow, or even force, people to die. It certainly raises the question: Was the Administration ever serious at all, about doing something to prevent mass deaths?

It is worth looking at aspects of the lying more closely, not simply as an internal U.S. problem of non-readiness to cope with the disease, but in order to understand and mobilize to end the Obama/Congress/Washington blockage of the Four Powers initiative needed at large.

The Vantage Point of Science

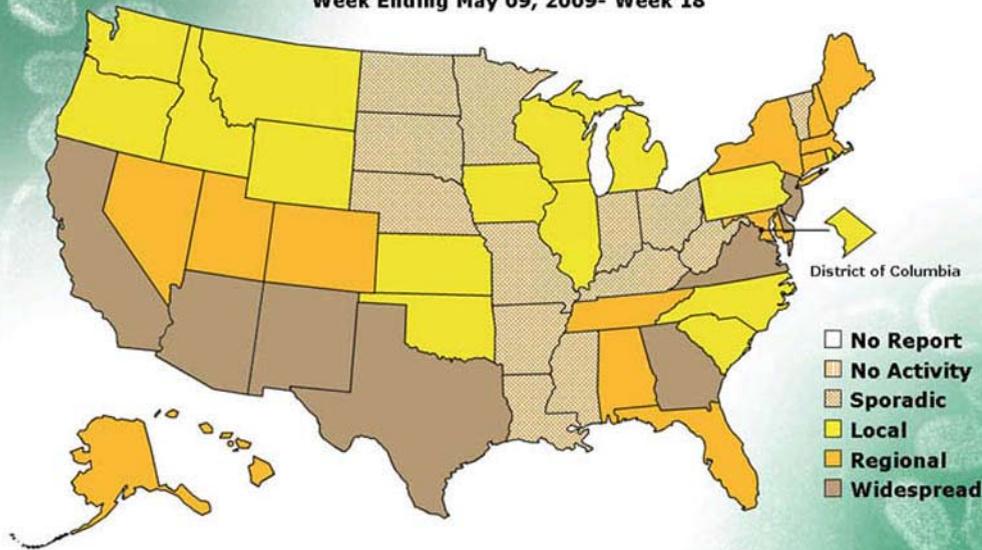
Among the voices, all along, to warn against taking the H1N1/09 pandemic lightly, was that of Dr. Michael Osterholm, director of the Center for Infectious Disease Research and Policy (CIDRAP) at the University of Minnesota, who also chairs the National Institutes of Health panel that tracks emerging influenza infections.

FLUVIEW



A Weekly Influenza Surveillance Report Prepared by the Influenza Division
Weekly Influenza Activity Estimates Reported by State and Territorial Epidemiologists*

Week Ending May 09, 2009- Week 18



*This map indicates geographic spread and does not measure the severity of influenza activity.

FLUVIEW



A Weekly Influenza Surveillance Report Prepared by the Influenza Division
Weekly Influenza Activity Estimates Reported by State and Territorial Epidemiologists*

Week Ending October 03, 2009- Week 39



*This map indicates geographic spread and does not measure the severity of influenza activity.

FLUVIEW



A Weekly Influenza Surveillance Report Prepared by the Influenza Division
Weekly Influenza Activity Estimates Reported by State and Territorial Epidemiologists*

Week Ending October 10, 2009- Week 40



*This map indicates geographic spread and does not measure the severity of influenza activity.

To begin with, Osterholm warned in mid-September, that the U.S. national flu vaccination campaign, even if everything went perfectly, *would be too late for the flu peak*. Speaking at a Pandemic Summit in Minnesota on Sept. 15, he said, “I still believe, and I wish I was wrong, and I hope everybody proves me wrong on this ... but I’m afraid too little vaccine is going to get here before the peak really hits.... I honestly believe that the next six to eight weeks will be the peak. By early to mid-October, I think we’re going to see the peak in the Northern Hemisphere.”

Six weeks later, when his concerns were borne out, Osterholm told the *Minneapolis Post* (Oct. 23), “Well, I wish I were wrong, but I have been concerned from the beginning about over-promising and under-delivering on this issue. Just knowing this vaccine and what it takes, when they put the 140-million-dose estimate out that would be here in mid-October, I just knew that that was going to be a great overreach....”

“Go to ‘flu.gov’ and they have a flu vaccine locator sitting right on the front page. You go to that and it’s a dead end everywhere you go. And that’s because there is no place that has vaccine. When I say, ‘no place,’ it’s coming out in dribbles.”

Osterholm explained the lead-time necessary for the vaccine: “It’s a lot like planting corn in Iowa. You can’t harvest until it is ready to go. They were predicting, ‘If we did early silage, what could we get?’ versus, ‘what could we get if we had to pick it when it was dried and ready to go.’ It’s not hung up on anything that is administrative or a mess-up; it just takes this long. I’m not the only one that just said, ‘That time is not realistic.’ And so I’m not surprised, and I find no fault at all—in fact I find it remarkable that we have as much as we do as early as we do, given the timeline. Like I said, any time you have a vaccine now that literally takes as long to make as it does to plant and harvest corn in Iowa, then you know you’ve got a problem with your vaccine.”

There are direct questions of science and R&D raised by today’s lag-time on the pandemic vaccine, and the task of how to enhance immunity. Osterholm states bluntly that we are resorting to antiquated, 1950s-era vaccine production methods; and that our understanding of resistance to infection is primitive. He included these considerations in a recent keynote address to a National Institutes of Health vaccine research conference, and spoke of them in his Oct. 23 *Minneapolis*

Post interview with Dr. Craig Bowron.

Osterholm said, “It’s as simple as, ‘You know, we don’t have a clue what protects you in a flu vaccine.’ So we measure hemagglutinin [the ‘H’ in H1N1] using outdated measures for antigen [a molecule on the surface of a virus that our immune system uses to key in on it], but we don’t really know.”

Dr. Bowron explained, “There are two basic ways to destroy an infection: with antibodies, which act as bullets, or by what’s termed ‘cellular immunity,’ wherein certain white blood cells identify, engulf and kill the virus. Current testing involves only antibody testing, which, as Osterholm explains, doesn’t leave us with a good sense of how effective and protective a vaccine might be.”

Bowron’s interview continues with Osterholm’s explanation: “When the CDC did their sero-survey looking for hemagglutinin antibody to novel H1N1 in the elderly, they found about 30 percent of them having pretty good titers to the H1N1 virus. But the bottom line is, the protection we’re seeing in the 65 and older age population far exceeds 30 percent, and the point of it is that there is probably a huge part of cellular immunity that’s tied to protection with the flu vaccine, and that’s something we don’t even understand.”

“So it’s something as simple as people think we know what it is in the flu vaccine that protects you, that we don’t even really know. I can give you a whole laundry list of things people would be surprised at,” Osterholm added.

These are the open questions that a crash R&D program should now be taking up. The issue of vaccine safety as such, is not a science question—there are 30 years of experience behind how to make a safe flu vaccine. It is, of course, a manufacturing-competence question, which then rightly raises the alarm of cartel control over pharmaceuticals and vaccines.

Spreading, on Course

The H1N1/09 virus is spreading across the Northern Hemisphere as anticipated. A few highlights indicate the pattern:

In **China**, the number of cases in Beijing alone rose by 60% in one week, according to an Oct. 29 announcement by the municipal health bureau, during which time 1,299 new cases were recorded; a 20-year-old student died in the city. Cases in Shanghai are steadily rising, and thousands more cases are going unrecorded in other locations.

China’s State Council (Cabinet), on Oct. 28, ordered government departments at all levels to take all possible measures to impede the transmission of the infection, and also ordered that drug manufacturers speed up vaccine production. Beijing and Shanghai have begun giving free vaccinations to students, teachers, medical personnel, police, and others. Although 400,000 people have been vaccinated so far, top epidemiologist Zeng Guang warns that people must be inoculated *now*, to avoid “endless troubles” and major challenges to the country’s health infrastructure in the near future.

In **Europe**, there are varying patterns. The rate of spread appears fastest at this time in Italy and Spain. Italy leads the European countries, with 230,000 officially reported cases. Three of the four people who died over the past 24 hours were from Naples, where health and sanitation services are poor. In France, the number of people showing up at physicians’ offices with flu-like symptoms jumped up 55% the third week of October, over the prior week.

In Scandinavia, 13 people have died from swine flu in Norway, many more than in Sweden and Denmark.

In the United Kingdom, during the past week, the number of patients being treated in intensive-care wards rose by more than 50%, while the total number of recorded cases rose from 58,000 to 78,000. Very few people have received the H1N1 vaccine, and mass vaccinations aren’t scheduled to begin until December.

There are many hot spots developing, from Finland to points south. In Ukraine, a state of emergency has been declared by Health Minister Vasyl Knyazevych, after 33 people died recently from a flu virus (non-lab-confirmed for H1N1/09) near the Polish border. Schools are shut; cinemas are closed for three weeks; political rallies cancelled. There is near panic by the public, trying to buy up anti-viral medications, masks, and drugs. Ukrainian hospitals are being stormed, and medical students may be enlisted to help. Ukrainian Prime Minister Yulia Tymoshenko said on Oct. 30 that she will impose a quarantine on nine regions, to curb the spread of the virus.

In **North America**, Mexico is very hard hit by the second wave this year. The new flu virus is now infecting more children under the age of ten. In Mexico City, the Health Secretary has increased the level of alert from green to yellow, noting that many more young children are falling ill. Shipments of H1N1 vaccine aren’t scheduled to arrive before mid-November. A

desperate Health Minister José de Cordova has warned that Mexico can't tolerate one penny more of cuts to the health budget (4 billion pesos were cut from the 2010 budget), or it will be unable to deal with the crisis.

In Canada, the virus transmission is relentless, and medics and the public fear the lack of intensive care facilities. Today in Calgary, five vaccination clinics had to stop accepting patients by 9 a.m., the lines of people waiting—some since 2 a.m.—were so long.

United States: Infrastructure Lacking

As of Halloween, flu activity is reported as widespread in 48 of the 50 states. Under the non-policy of just hoping-and-praying that clusters of severe cases do not occur in close proximity at the same time—needing intensive care units (ICUs) and other resources that do not exist in depth—hospitals and local public health services are trying to cope as best they can.

A study released by *The New England Journal of Medicine* on Oct. 8, reported finding that, from an analysis of the Southern Hemisphere H1N1/09 season, almost two-thirds of severe cases needing hospitalization, need mechanical ventilation; the average duration of this breathing assistance is eight days. Under the last 40 years of globalization, no country in the world has this kind of in-depth infrastructure as a modern standard, which it could and should be.

On Oct. 27, the ABC news service did a survey of 60 hospitals in many states, to show the difficulties involved in meeting what they called “an anatomy of the surge.”

In California, the Emergency Department at Children's Hospital of Central California near Fresno, reports that the H1N1/09 infection is straining their case-load. “Compared to last year, we're up about 25 percent from last October. Most of that is due to flu-related illness,” reported medical director Dr. Larry Satkowiak.

In contrast, the University of California Hospital in San Diego, 300 miles away, while standing ready for a surge, did not yet have it. It could come overnight.

The situation is similar cross-country. The danger is the overload points. Central Ohio is an example: The associate executive director of Ohio State University Hospital system in Columbus, Richard Davis, said that, as of Oct. 27, they had only 3 spare ICU beds out of a total of 38. He warned, “That's a pretty fine margin, frankly. We, like others, have a very thin excess when it comes down to ICU capacity.”

Machine-Tools

Congress's Sabotage Caused 2009 Crisis

by Paul Gallagher

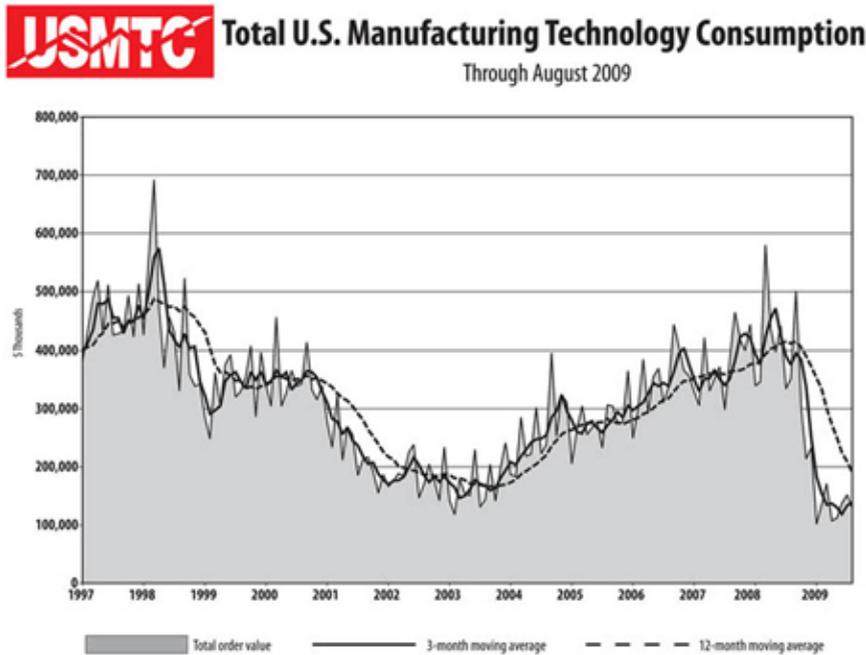
A U.S. report on Oct. 12 announced the bad news for the U.S. economy, that manufacturing technology consumption (investment in new machine tools) was 67.7% lower in the first eight months of 2009, than in the same period the year before. Machine-tool investment was already falling in 2008 from the global financial crash triggered in July 2007, so the release by the Association for Manufacturing Technology and the American Machine Tool Distributors' Association was really reporting that, in 2009, the investment in this physical-economic productivity driver has been one-fourth of its 2007 level, and one-fifth of its level in the 1990s (**Figure 1**).

Machine tools, enabling the building and precision improvement of all machines, are the strategic investment that gives an industrial economy the power to implement scientific discoveries as new technologies, and the force of rising productivity. Without that investment, a nation cannot produce the most important military, aerospace, transportation, and power technologies on its own, nor realize its own citizens' creative inventions. Investment in machine tools and related technologies in the U.S. totalled barely over \$1 billion from January through August 2009, down to just two-tenths of one percent of total U.S. business capital investment, which itself had fallen by 30%. Essentially, U.S. machine-tool investment—two-thirds of which was *imported* machine tools, already a decade ago—has now disappeared. It is at one-eighth of its 1980 level, when, in addition, 70% of machine tools used (“consumed”) in the United States were American-made. A chart of machine-tool production published by *EIR* in 2001 showed the dimensions of this 30-year collapse (**Figure 2**).

Who Killed the Economic Recovery Act?

But, in 2005, a domestic machine-tool recovery and build-up was still possible, when economist Lyndon

FIGURE 1
Total U.S. Manufacturing Technology Consumption



Reliable Plant Magazine/RP news wires

LaRouche proposed what became the Economic Recovery Act (ERA) of 2006. Of the two major strategic reservoirs of U.S. machine-tool capacity—the auto production and supply sector, and the aerospace industries—LaRouche’s recovery strategy focussed on the auto industry, then in the early, but clearly recognizable process of collapse into bankruptcy. LaRouche proposed to launch a public corporation with large Treasury credits to take the unused machine-tool capacity—before it was auctioned off and/or scrapped—and retool it to purposes of large-scale modern economic infrastructure projects. The ERA was demanded by councils of over 200 U.S. cities in 2006-07; endorsed by state legislatures, and had backing from governors. United Auto Workers organizers joined the LaRouche PAC (LPAC) for mass lobbying on Capitol Hill. But there, the ERA was killed in 2007, by the Democratic leadership, in particular “Bailout Barney” Frank, Nancy Pelosi, and Harry Reid, under strong pressure from the financial circles represented by George Soros and New York banker-fixer Felix Rohatyn.

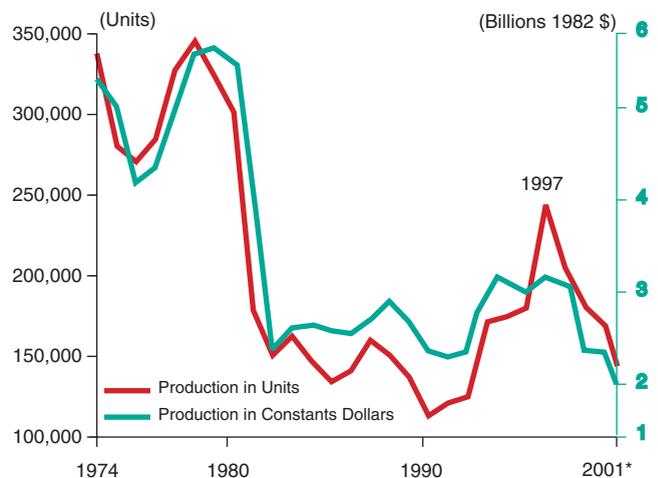
Then, in July 2007, began the crash LaRouche had forecast for that time, sweeping into bankruptcies more than half of the remaining production jobs in the American auto sector, among many other things.

As LPAC reported on Oct. 9, 2009, representatives of the machine-tool industry testified before Congress that day, that 75% of the metalworking/machine-tool manufacturing companies say they cannot secure sufficient credit for day-to-day operations, recapitalization, expansion, or retooling; the precision machine industry has shrunk its operations and employment by 40% in the past year; the auto supply industry, by 50%.

In Michigan’s auto supply companies, according to those working in the industry, the situation has passed beyond mass layoffs, to complete destruction of physical-economic capability. Even the Internet auctioning-off of machine tools from closed plants to cheap labor countries, common in 2005-07, has died away. (“Even plants in Mexico don’t bid on them anymore.”) Now, the machine

tools are simply hauled out of the plants and cut up for scrap dealers. One industry contractor named four large, closed auto plants, which have been converted to huge

FIGURE 2
Physical Economy: U.S. Machine Tools Production



* projected, based on first three quarters of 2001.

Sources: Association for Manufacturing Technology; U.S. Department of Commerce; EIR.

warehouses for copper and aluminum scrap—for speculation on international metals futures markets.

Wichita and Detroit

In 2005-06, when LaRouche was fighting for a new national economic mission and future for the auto/machine-tool sector, the aerospace/machining industries—with half their 1980s employment levels gone—were, nonetheless, in the midst of a short-lived boom. The huge, Alan Greenspan-engineered globalized speculative bubble, after the 2000-01 recession, pushed aircraft orders straight up—both Boeing and Airbus commercial planes, and the corporate and personal jets fueled by the big spenders of the derivatives-fed “liquidity boom.”

The explosion of that bubble had devastated the remaining aerospace machine-tool capacities in one short year, as of September 2009, by a combination of reduced funding for NASA space exploration, aircraft and airline bankruptcies, and the blowout of the personal and business aircraft markets in the financial collapse.

In Wichita, Kan., the center of personal/business jet production, and an important subcontracting arm for both NASA and Boeing, the leaders of the International Association of Machinists union report a sickening jobs plunge. One year ago, 11,000 machinists’ positions “went begging” in the Wichita area for lack of skilled workers to take them; but in that year, those openings have disappeared and 20,000 machinists have been laid off. The collapse is so rapid that warnings of “a new Detroit” have been heard.

Aside from these 30,000 “suddenly missing machinists jobs” in Wichita, other mass layoffs are occurring in rapid succession.

The *Salt Lake Tribune* reported Oct. 23 that the aerospace-rocketry engineering center, built around Hill Air Force Base, has seen over 1,000 layoffs since mid-Summer. Shuttle booster-rocket maker ATK Corp laid off 550 workers because of insufficient funds for NASA’s new Ares I-X rocket on which ATK is work-



U.S. Navy/Mass Communication Spc. Seaman Oliver Cole

Machine-tool production—“human creativity in industrial form”—is now dead in the U.S., killed by the Congress, in 2005. Can it be revived?

ing. Moog Aircraft, which makes flight controls for business jets, laid off 220 a month ago. SkyWest Airlines laid off 300, many of them mechanics.

In Hartford, Conn., Pratt & Whitney Canada will lay off more than 400 workers, 5% of its total workforce, including 250 by Christmas. It also will shut a plant in its home base of Longueuil, Quebec, eliminating another 160 jobs. The company’s announcement said, “there are no signs of a recovery in 2010.”

In Everett, Wash., Boeing is laying off 4,500 production workers and engineers this year, with rumors reported by Kiro-TV that an additional 300 are going in November. Boeing’s increasingly serious problems with orders and production for its new 787 Dreamliner and 747-8 freightliner planes are also causing other layoffs, including those by Sundstrom in Wichita.

In Kansas City, Mo., American Airlines announced the closing of its aircraft maintenance hub, eliminating 700 more machinists’ positions. The list goes on around the country.

Now the economic collapse has gone so far, that no “domestic” action, like the ERA alone, could turn the machine-tools crisis around. LaRouche’s “Four Powers” proposal for sovereign exchange of credits for great infrastructure projects among the United States, Russia, China, and India is the one possibility for recovery of the now-dead machine-tool industry, human creativity in industrial form.

No U.S. Land War in Asia—Ever!

Lyndon LaRouche is in the process of completing an important strategic study, that will soon appear in the pages of this magazine. His essential point, which bears repeating, over and over again, is that, under no circumstances, should the United States be trapped in a land war in Asia, as our British imperial enemy demands. In the present context, this means a total repudiation of Gen. Stanley McChrystal's folly of a counterinsurgency war, involving hundreds of thousands of American and NATO forces, in Afghanistan.

Today, in the United States, the ghosts of the Vietnam War counterinsurgency dogmas are stalking the corridors of power. A new generation of counterinsurgency advocates, many of whom were barely alive during the Vietnam horrors, are preaching, with typical irrational hubris, that "this time," the United States can defy the lessons of Vietnam and conduct a successful counterinsurgency "nation-building" war in Afghanistan.

Senior national security and foreign policy figures inside the Obama Administration, according to our best information, are seeking a middle ground, denying Generals McChrystal and David Petraeus a massive force expansion, while accepting the underlying principle of a counterinsurgency "surge." This compromise approach is deadly, and those contemplating this option should take heed of President John F. Kennedy's wise decision, back in the Summer of 1961, to reject all such proposals with respect to an American ground war in Indo-China.

At that time, the young President Kennedy conferred with Gen. Douglas MacArthur, and former President, Gen. Dwight D. Eisenhower. Both men spoke in no uncertain terms: Under no circumstances should American soldiers be drawn into a

land war in Asia. Despite immense pressure from his entire national security team and the Joint Chiefs of Staff, JFK actually cancelled an already planned deployment of 10,000 Marines into combat duty in Vietnam.

Today, the courageous decision of President Kennedy must be heeded, without any compromise, by the current Administration. President Obama's foolish declaration, that Afghanistan is "his war," and is a "war of necessity," aside, American leaders must strive to think strategically, and find an appropriate alternative to an American combat escalation in Afghanistan. Fortunately, there are some opportunities.

Recently, the foreign ministers of Russia, China, and India met. According to official statements, buttressed by reports delivered to this publication, Russian Foreign Minister Sergei Lavrov proposed that the three Eurasian powers, along with the United States, meet to devise an alternative, regional strategy for stabilizing Afghanistan, without a U.S. combat or counterinsurgency presence. Given the certain folly of a U.S. land war in Asia, this proposal must be immediately fleshed out. Every nation in the region, bordering on Afghanistan and Pakistan, has a vested interest in a regional security arrangement, that particularly destroys the opium and heroin trafficking, that is funding the insurgency and fueling domestic crises throughout Eurasia and beyond.

The opportunity certainly exists to build an alternative strategy, based on a Four Power cooperation, to defeat the British Empire on the "Roof of the World." There is no viable alternative—certainly not the "McChrystal Folly" of endless counterinsurgency warfare. It is time to think strategically!

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- WASHINGTON COUNTY (South) CC Ch.14: Thu 8 pm

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- CHESTERFIELD CC Ch.8: Wed 8 pm
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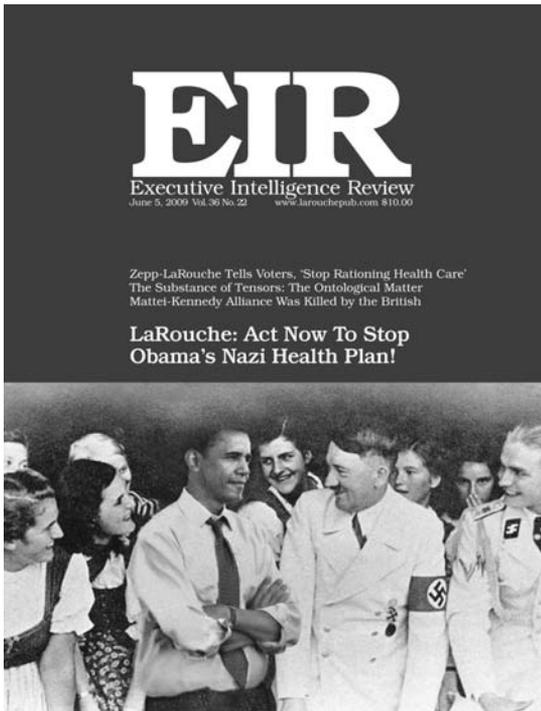
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