

# EIR

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Building Sun Yat-Sen's Great Rail Project in China  
Why Larry Summers Must Go Now  
IPCC's Lies: Himalayan Glaciers Are Not Melting

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by *Laurence Hecht*

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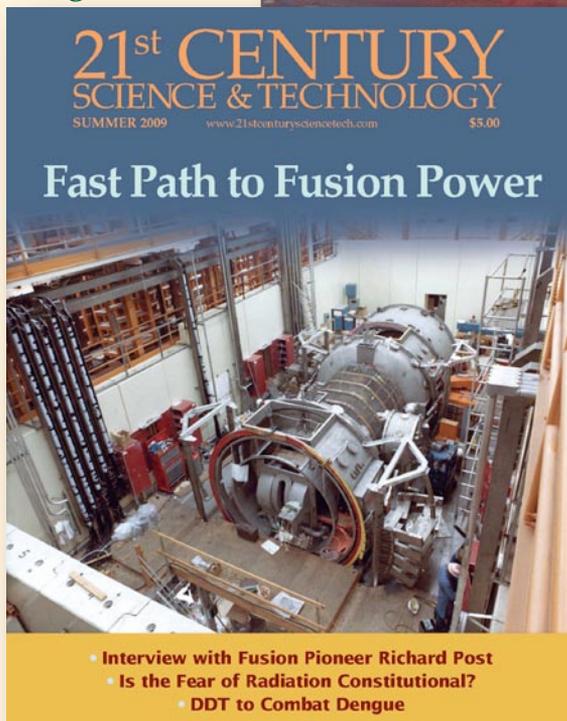
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# EIR

## From the Managing Editor

**B**elieve it or not, the source of our cover photo of the President preening before the mirror, was the White House itself. You'd think somebody there there would realize by now that Narcissus has become an international laughingstock (at best). Our cover story draws the lessons of the Jan. 19 vote in Massachusetts, which shifted the political geometry of the U.S. Senate away from the Obama agenda, with potentially momentous implications.

What's the next step? Lyndon LaRouche will address that in a webcast on Jan. 30, at 1:00 p.m. Eastern time, at [www.larouchepac.com](http://www.larouchepac.com).

In an audiotaped report prepared for a Jan. 23 Boston town meeting, featuring LaRouchePAC Congressional candidate Rachel Brown, LaRouche touched upon themes that he will amplify in his webcast, and which are reflected in this week's issue:

- We must absolutely return to the Glass-Steagall standard in banking, to save the commercial banking component of the system, and put all the garbage into receivership. See John Hoefle's article (p. 10) on why President Obama's new "anti-Wall Street" rhetoric is a fraud—and why Paul Volcker isn't going to save the system.

- The Federal government can then issue credit to rebuild the physical economy of the United States. This should be done as part of a Four-Power alliance, with Russia, China, and India, as the core of a new international credit system. See Mary Burdman's report (p. 30) on China's huge program to criss-cross the nation with high-speed rail. Beijing is determined to keep building up the economy, no matter what. But only within the Four-Power alliance—with the United States, and against the City of London—can such national development programs succeed. If the United States goes down, it will bring the whole world with it.

- Right now, "Obama is going down," said LaRouche. He cannot correct his policies, due to the "intrinsic insanity of his personality." But he could do something useful, on his way out: "Fire Larry Summers, and Geithner, and his whole behaviorist crowd. Fire 'em! That would be a good thing to do." See Scott Thompson's and Paul Gallagher's dossier on the crimes and foolishness of Larry Summers, the President's chief economic advisor (p. 12).



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*Narcissist-in-Chief Barack Obama: He just doesn't get it.*



White House/Pete Souza

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By Lyndon H. LaRouche, Jr. Since the recent Massachusetts Senatorial election, President Barack Narcissus Obama is about to take himself down. This should be taken very seriously, because the destiny of republic, and the present civilization as a whole, depends upon some very early second thoughts about the policies which many had implicitly adopted up to this point.

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Scott Brown's election in Massachusetts was not a victory for the Republican Party per se, because voters have repudiated both political parties, for presiding over the disintegration of life as they knew it. President Obama and his flunkies remain delusional about the significance of the victory.

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China’s response to the global  
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speed ahead, with construction  
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on Earth, expanding economic  
development into its vast  
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WILL NERO NOW MURDER SENECA?

## The Charade Is Ending

by Lyndon H. LaRouche, Jr.

January 20, 2010

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*In an April 11, 2009 international webcast, I had already identified that evidence, fact by fact, which indicated to me, with certainty, that unless President Barack Narcissus Obama took a virtual Damascus Road, he were already virtually as good as self-doomed to live out his brief tenure in the White House in a relatively short-term, staged reenactment of the reign of the Roman Emperor Nero. Intelligent people who had doubted what I said on that occasion, should be now already blushing a very bright red.*

*Now, the point has been reached, with the recent Massachusetts Senatorial election, that this Nero is about to take himself down in way which will shock the world. I am not a predictor—I have contempt for simple predictions; but, I am, rather, a very good forecaster. Intelligent and well-informed people take my warnings in such matters very seriously, especially after what happened in Massachusetts yesterday.*

*Obama is about as intelligent as a pre-programmed wind-up toy; like the characters of Shakespeare's **King Lear, Macbeth, and Hamlet**, his self-inflicted doom is written into his personal character; he is the fool who believes in his image of himself. It is the poor Seneca in the Obama story, whoever a pre-programmed Obama*

*might choose for that predestined role in his dream, who might be worth your pity in this affair!*

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It is important that you, among others, take the present moment of President Obama's discomfiture very seriously. The destiny of not only our republic, but the present civilization as a whole, depends upon some very early second thoughts about the policies which many of you, in particular, had implicitly adopted up to this point.

Had President Franklin Roosevelt lived to launch the post-World War II world, the history of this planet, from April 12, 1945 onward, would have been far different than what has happened on this planet since that time. The O.S.S.'s General Donovan, and probably his associates Max Corvo and Bill Casey would have agreed with me, were they alive today, that there would have been no nuclear bombing of Hiroshima and Nagasaki, and no Cold War had Roosevelt lived. The colonial system of the world would have been broken up soon after the war had ended. The United Kingdom would have become a prosperous nation, but no empire.

It is necessary to view such matters as the model presented at the close of Percy Bysshe Shelley's **A De-**



White House/Pete Souza

*President Obama's greatest misfortune, LaRouche writes, is that "he represents a quality of the worst kind of spirit of the time." Here, the President and friends watch a TV commercial in 3D, in the White House theater, during last year's Super Bowl.*

**fence of Poetry** implies. It is Gottfried Leibniz's notion of dynamics, as expressed by Shelley in those pages, which does, in the guise of setting the spirit of an age, as great poets and Classical dramatists do. The moment of victory at the close of World War II was the moment of great opportunity from which the course of subsequent, post-war history would, hopefully, flow.

General Donovan's grimly soft-spoken remark to Max Corvo, as both left the anteroom of a dying President Franklin Roosevelt's Presidential office, was, "It's over." A great moment in world history was about to be lost at the moment the President's death were certain.

At this moment in world history, we have come, once more, to such a dynamically defined, historical moment in a long wave of history since that time. If the United States, Russia, China, and India, can combine efforts on behalf of a new system of a nuclear-power-driven renaissance of today's almost destroyed world civilization, the world has one brief moment of opportunity to resume the postponed destiny which had existed up to the moment President Franklin Roosevelt was about to die.

Unfortunately, the role of the special individual in history, is often badly misunderstood.

The truly great individual Classical artist, such as a J.S. Bach, a Friedrich Schiller, or a Percy Bysshe Shelley, radiates an aura of creativity, an aura which assumes an influence which existed before that artist had emerged, and which radiated in society's culture more or less long after that artist's mortal demise. Such figures of science or poetry, radiate an aura while they live, and after they are deceased. The image of the widow of Friedrich Schiller passing out snippets of her husband's poetry to the volunteers marching to the Liberation war against the tyrant Napoleon, typify this principle, as I recall the image of a just deceased President Franklin Roosevelt as I told a group of fellow-soldiers coming to speak with me, in India, on the evening of that day we received

the news of President Franklin Roosevelt's death.

In science, Leibniz typifies this expressed immortality of the role of the extraordinary creative personality, as Bernhard Riemann did for such great geniuses of the Twentieth Century as Albert Einstein and Academician V.I. Vernadsky. In politics, those of us of my generation, such as the O.S.S.'s Donovan, and such of his close associates known to me as Casey and Corvo, were bearers of such an immortal torch, a torch akin to Shelley's notion of the spirit of an age.

Poor President Barack Obama's greatest misfortune, is that he represents a quality of the worst kind of spirit of his time, a spirit of vassalage to an alien British Empire, a virtually treasonous, virtually Satanic spirit of the age of trans-Atlantic civilization's decline. He could suffer no greater punishment than to be what he has come, in such a short passage of time, to represent: the spirit of evil which his health-care policy represents today. He and all who share his destiny are, like Hitler's surviving Nazi doctors in post-war trials, or Britain's former Prime Minister Tony Blair, foredoomed to infamy accordingly.

What happened in Massachusetts this Tuesday must be understood in such terms of spiritual-life reference.

The Erinyes are gathering for the storm!

# Nerobama Defies the Mass Strike

by Jeffrey Steinberg

Jan. 25—The voters of Massachusetts delivered a devastating vote of no confidence to President Barack Obama and his Nazi-styled health-care and austerity policies on Jan. 19, by overwhelmingly electing a Republican State Senator, Scott Brown, to fill the U.S. Senate seat vacated by the death of Edward Kennedy. Both Brown and his Democratic rival, State Attorney General Martha Coakley, were, by conventional standards, qualified to fill the Senate seat. Under “normal” circumstances, even an uninspired campaign by Coakley would have likely been enough to win the seat in the state, which is traditionally strongly Democratic.

But nothing is normal about the situation in the United States today. Politics in America, for the past two and a half years, has been increasingly dominated by a dynamic political explosion, of the sort which Polish revolutionary intellectual Rosa Luxemburg (1871-1919) called “the mass strike.”

This is not a partisan or class matter. The lower 80% of American households by family-income bracket are in a state of revolt against the politics of Washington. Brown’s election was not a victory for the Republican Party per se, because voters have repudiated *both* political parties, for presiding over the disintegration of life as they knew it.

They hate the fact that millions of productive jobs have been lost in the last year, on top of more than a decade of erosion. They hate the fact that at least \$12 trillion in taxpayers money went to bailing out Wall Street; and that the “too-big-to-fail” financial institutions that have profited, with taxpayers’ cash, have shut off credit to business, cancelled credit lines, im-



Courtesy of Colleen Muscato

*LaRouche PAC organizers in Leominster, Mass., prior to the Jan. 19 election. LPAC’s iconic “Hitler mustache” poster mobilized the mass strike around the country.*

posed usurious interest rate hikes, and foreclosed millions of mortgages, leaving more and more once-middle-class families out on the street.

They hate the Afghan War and the troop buildup; and they hate Obamacare, which, they correctly conclude, is going to make the health-care and health insurance system worse, not better. In many cases, they know that, behind the so-called health-care reform drive by the White House, is a commitment to impose Nazi-style euthanasia on especially the poor, the elderly, and the chronically infirm.

This is why the LaRouche Political Action Committee’s famous “Hitler mustache” poster of President Obama has become the de facto banner of the mass strike.

## LaRouche's HBPA

The mass strike revolt began in Autumn 2007, soon after the collapse of the housing bubble, the first sign (to many people) of the general financial and monetary breakdown. Its first political manifestation was the substantial grassroots political support for Lyndon LaRouche's Homeowners and Bank Protection Act of 2007 (HBPA), which was endorsed by scores of city councils and state legislatures, and hundreds of local elected officials, all over the country. LaRouche's HBPA would have frozen all home foreclosures for the duration of the crisis, reinstated the Glass-Steagall Act's separation of commercial banks from investment banks, and forced the restructuring in bankruptcy of the Federal Reserve System, in effect reconstituting a National Bank and a return to Constitutional sovereign credit.

Through the intervention of Wall Street- and London-backed corporatist fascists like George Soros and Felix Rohatyn, working through their Congressional flunkies such as Rep. Barney "Bailout" Frank (D-Mass.), LaRouche's HBPA was killed, and now, tens of trillions of dollars in bailout money later, the system is *more* bankrupt than ever. A hyperinflationary spiral has doomed the global financial and monetary system to an early death. The question on the minds of the vast majority of Americans is: Will the nation go down with the bankrupt banks?

## Obama's Narcissistic Delusions

The mass strike process broke out in a qualitatively different form in August 2009, when hundreds of thousands of citizens turned out for town hall meetings to confront their Congressmen and Congresswomen over their capitulation. Every time an opportunity presented itself, the American people displayed their fury over Congress's and the Obama Administration's refusal to act on behalf of the general welfare. In November 2009, Democrats were cast out of the governorships of Virginia and New Jersey.

Then came the shock heard 'round the world, in Massachusetts on Jan. 19, 2010.

President Obama responded to Scott Brown's vic-



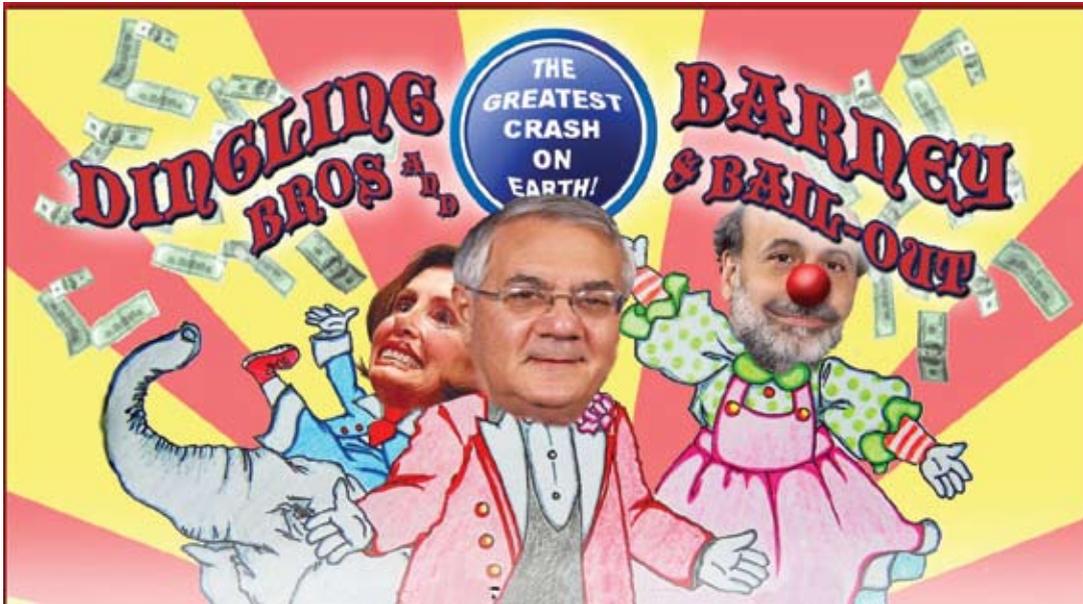
*Republican Scott Brown campaigns for Senate on Jan. 1. His defeat of Democrat Martha Coakley was not a "pro-Republican" shift by Massachusetts voters, but a repudiation of both parties, for presiding over the disintegration of the economic and social fabric of the country.*

tory with a display of narcissistic self-delusion, that shocked the top echelons of the Democratic Party, and further fueled the anger of the American people.

The day after the Massachusetts vote, the President gave a TV interview to ABC News' George Stephanopoulos, in which he displayed total oblivion to what had just happened. Not only did the President attempt to claim that the Brown victory was a reaffirmation of his own November 2008 electoral victory ("The same thing that swept Scott Brown into office swept me into office"); he made it clear that, in his own judgment, he had made no significant mistakes during his first year in office. His only sin? He failed to anticipate how ignorant and ungrateful the American people would be.

This clinical display of Nero-like narcissism was not well received by leading Congressional Democrats, who saw their own political survival rapidly slipping away.

With the election of Brown to the U.S. Senate, the Democrats lost their filibuster-proof 60-vote majority. And Sen. Jim Webb (D-Va.) shut off any chance of a White House wing-ding to ram the health-care bill through the Senate before Brown could be sworn in, by declaring that the health-care vote should not take place before the new Senator was seated. It was an obvious institutional move from a leading Democratic Senator, who had held a Cabinet post in the Republican Reagan Administration. Not everyone in Washington was delusional about the meaning of Massachusetts as President Obama and his Chicago flunkies.



LaRouche PAC

*The Dingling Brothers—Reps. Nancy Pelosi and Barney Frank, with Federal Reserve Chairman Ben Bernanke—blocked LaRouche's Homeowners and Bank Protection Act, then pushed through the bailout of the banks*

Obama's health-care bill, which took up most of the first year of his Presidency, was now dead—unless he could get House Democrats to simply pass the Senate version without any changes. When Speaker of the House Nancy Pelosi (Calif.) tried to whip House Democrats, at their weekly caucus meeting, to cave in to the President, she faced an overwhelming revolt. According to one House Democrat who attended the caucus meeting, Pelosi could not muster a single vote for the Senate bill, which was, in reality, drafted at the White House by chief of staff Rahm Emanuel and budget director Peter Orszag.

Pelosi came out of the caucus meeting, according to senior Democratic Party sources, badly shaken, and aware that the health-care bill was dead-on-arrival.

But, on Jan. 24, Obama dispatched his three top spin-doctors—David Axelrod, Valerie Jarrett, and Robert Gibbs—to the Sunday morning talk shows, to repeat, in slightly less delusional language, the President's claim that Massachusetts had never happened, and that nothing was wrong. The health-care bill? Still on track for passage. The prospects of heads rolling at the White House? Nobody's job is in jeopardy.

That was the President's message in the first five days after Massachusetts voters spoke for the vast majority of Americans, who are looking for every opportunity, within the bounds of the Constitutional system, to display their anger. That growing chorus of Americans

is finding a President who remains tone deaf to their cries.

### **The End of National Sovereignty**

Going into the Massachusetts vote, White House sources had reported that the President's first State of the Union Address would be devoted to one central theme: austerity. While those same White House sources are saying that the President will change the tone of his Jan. 27 address, to focus the rhetoric on the middle class plight and the need to create new jobs, nothing, so far, has changed from the policy standpoint.

Indeed, the President's coterie has been involved, since Massachusetts, in nearly non-stop negotiations with Congressional leaders, to establish an unconstitutional independent commission, to impose murderous austerity against Social Security, Medicare, Medicaid, veterans' benefits, and every other entitlement program.

In tough negotiations with Senate Republicans, the President has pressed for a legislative mandate for creation of a commission to devise a radical austerity plan to cut the Federal deficit. Congress would have no authority to modify the plan—just to cast a simple "yes" or "no" vote.

On Jan. 19—the day that voters in Massachusetts were delivering their verdict on the first year of the Obama Presidency—Obama reached a deal with Con-

gressional Democratic leaders Pelosi, Senate Majority Leader Harry Reid (Nev.), and House Majority Leader Steny Hoyer (Md.), that if Congress fails to legislate an austerity commission, he will sign an Executive Order mandating it.

On Jan. 23, the President endorsed the legislative initiative, which is likely to be defeated, paving the way for his Executive action.

The Senate is scheduled to vote on Jan. 26, on an amendment introduced by Senators Judd Gregg (R-N.H.) and Kent Conrad (D-N.D.), creating the austerity board. In a Jan. 20 speech on the floor of the Senate, Gregg proposed a bill that would, in effect, place the United States under the same austerity dictatorship that was imposed on continental Europe—from London—in the 1992 Maastricht Treaty. Under Maastricht, every European state is mandated to limit the government deficit to 3% of its annual gross domestic product (GDP), which means a ban on any government capital investment, and a surrender of national sovereignty. In the aftermath of Maastricht, with the ratification of the Lisbon Treaty in 2009, the situation in Europe has gotten even worse.

This gets to the heart of what the Obama White House has in store for Americans. America is to be placed under a Wall Street/London bankers' dictatorship, overturning the U.S. Constitution, and stripping the nation of its sovereignty.

### **Evans-Pritchard Spills the Beans**

It is ironic that British Tory propagandist Ambrose Evans-Pritchard of the London *Sunday Telegraph* newspaper has blown the whistle on the scheme to strip Europe of its last vestiges of sovereignty.

On Jan. 17, Evans-Pritchard penned an op-ed headlined “ECB [European Central Bank] Prepares Legal Grounds for Euro Rupture as Greece Festers.” Incredibly, the story was soon air-brushed out of the paper's electronic archive, and would have been buried forever—except for the fact that several obscure financial blogs had snatched the text before it could be buried by the powers behind the Telegraph Plc.

In the extraordinary column, Evans-Pritchard revealed that the European Commission mandarins have eliminated the last vestiges of national sovereignty for the countries that signed on to the European Monetary Union (Britain and Denmark, although members of the European Union, did not join the EMU—otherwise known as the Eurozone).

Taking up the question of an imminent sovereign default by at least four European Union states—Portugal, Ireland, Italy, and Greece (the so-called “four little PIIGs”)—Evans-Pritchard revealed:

“Fears of a euro breakup have reached the point where the European Central Bank feels compelled to issue a legal analysis of what would happen if a country tried to leave monetary union. ‘Recent developments have, perhaps, increased the risk of secession (however modestly), as well as the urgency of addressing it as a possible scenario,’ said the document, entitled “Withdrawal and Expulsion from the EU and EMU: Some Reflections.”

“The author makes a string of vaulting, Jesuitical, and mischievous claims, as EU lawyers often do. *Half a century of ever-closer union has created a ‘new legal order’ that transcends a ‘largely obsolete concept of sovereignty’ and imposes a ‘permanent limitation’ on the states’ rights* [emphasis added—EIR].

“Those who suspect that the European Court has the power pretensions of the medieval papacy will find plenty to validate their fears in this astonishing text. . . .

“This is a warning shot for Greece, Portugal, Ireland, and Spain. If they fail to marshal public support for draconian austerity, they risk being cast into Icelandic oblivion. Or for Greece, back into the clammy embrace of Asia Minor.”

The same City of London-centered apparatus that has declared the Maastricht Treaty a death knell for national sovereignty on the European continent, is moving to impose the same conditions on the United States.

Bad legislation can be repealed, but an overthrow of the sovereign Constitutional order is irreversible. It is this danger that lurks behind the Nero-like glare of President Barack Obama, as he stares into the mirror—and the teleprompter—and challenges the American people to be as disconnected from the reality of the hyperinflationary breakdown crisis as he is.

Power in America has shifted. It is once again the American people, the source of all legitimate authority in Washington, who are moving. The challenge to be answered in the immediate days and weeks ahead is that posed by Benjamin Franklin, to a woman who approached him on the streets of Philadelphia, during the closing days of the Constitutional Convention in 1787, to ask what sort of government the Convention had given us: “A Republic, if you can keep it.”

## Time To Stop Lying And Get It Right!

by John Hoefle

Jan. 22—Watching Barack Obama rail against the banks brings to mind an indulgent parent who, after giving in to his children's every demand, spoiling them rotten, suddenly decides to talk tough when the kids' actions prove embarrassing. The parent knows he's bluffing, and more importantly, so do the kids. For all the posturing, nothing will change, and the kids will still run the show.

This is Obama's third foray into anti-bank posturing. In mid-December, he railed against the "fat cats" and called the heads of the major banks into the White House for a scolding. That didn't work out so well. Several of the bankers didn't even bother to show up.

A month later, still plunging in the polls, President Mustache tried it again, doing his effete, Harvard-educated best to sound like one of the common folk.

"My commitment is to recover every single dime the American people are owed. . . . We want our money back, and we're going to get it," Obama promised on Jan. 14.

That blustering assertion was amplified by an e-mail, sent out under Vice President Joe Biden's name, claiming that Obama's proposed Financial Crisis Responsibility Fee would "recover every penny loaned to Wall Street during the financial crisis and stop the reckless abuses and excesses that nearly caused the collapse of our financial system." The powerful bankers are fighting back, Biden continued, but "Barack and I aren't backing down. But to win, we'll

need the American people to add their voice right away."

Do these clowns really expect us to believe, after their bending over constantly to the bankers, after their collapsing the physical economy even further costing more jobs, more foreclosures, more misery for the nation, that the Obama Administration is now going to "recover every penny"? Do they think we are so dumb that we don't realize that the financial system remains on a Federal life support system, which continues to turn private debts into government debts in the mortgage and mortgage-securities markets? That claiming to be taking the money back, while still shoveling it into the markets, is not the height of hypocrisy? Do they even *think*, or are they so impressed with their ability to spin, that they believe reality is whatever they claim it to be?

### Animal Spirits

In the wake of the resounding rejection of the President and his fascist "health care" plan in the Massachusetts Senate election this week, the Obama Administration is now making its third attempt to win back the people, by talking tough against the bankers. With less than a week before the State of the Union address, the President desperately needs to at least pretend to be doing something right.

President Obama held a press conference Jan. 21, to announce, yet again, his "resolve to reform" a fi-

nancial system that “is still operating under the exact same rules that led to its near collapse.”

We suppose it would be rude to point out that he is implicitly admitting here, not only that he hasn't done a single thing to fix the problem, but that he has actually made matters worse. Otherwise, he wouldn't feel pressured to keep posturing.

The Administration portrayed its latest set of reforms as being in the “spirit of Glass-Steagall,” and even trotted out former Fed chief Paul Volcker to underscore that perception. But, in a background briefing for journalists before the press conference, senior officials took great pains to make it clear that the President had no intention of actually reinstating Glass-Steagall, which Volcker has called for, much less reorganizing the banking system along a Glass-Steagall standard, as Lyndon LaRouche has demanded. Apparently, someone at the White House realized that the “spirit of Glass-Steagall” was a better populist slogan than the “spirit of Hitler and Mussolini.” Corporatism with a smiley face.

“We're about to get into a big fight with the banks,” Obama bluffed to ABC News the day before his press conference. But his legislative proposals themselves were minor, designed to sound dramatic without actually doing much. There are two major components. One would restrict any commercial bank or thrift, or any financial institution which owns a commercial bank or thrift, from owning, investing in, or sponsoring a hedge fund or private equity fund, or engaging in proprietary trading unrelated to serving its customers. The second would limit the size of financial institutions in the future, by setting limitations on percentages of market share, with the details to be worked out later.

We don't doubt that Obama is angry with the banks, as they roll in the public-supplied dough, and he takes the political hits—but what did he expect? Just because you nurse a poisonous snake back to health, doesn't mean it won't bite you when it gets the chance.

## **Nothing's Been Fixed**

Obama is trying to have it both ways: selling out the American people to his British masters, while pretending to be the great national hero. It is true that he inherited a crisis, but it is also true that virtually every action he has taken has made the crisis worse.

If our nation is to survive, we must begin by admitting that our economy is in an accelerating collapse, and that this collapse can only be reversed by returning

to physical-economic production. All the bailout has done is to temporarily stop the panic in the financial markets through government subsidies and regulatory forbearance, sweeping the problems under the rug, and transferring prodigious losses to the taxpayers. The underlying problem remains: an increasingly non-productive economy, propped up by ever-increasing debts, made worse by all the debts incurred in the bailout. The panic remains, waiting in the wings, to break out again and again, until a real solution is implemented.

By bailing out the financial system instead of putting it into bankruptcy protection, the Federal government and the Federal Reserve have put themselves in the position of defending, and covering up, all manner of illegal activity on the part of the financiers and the regulators. The case of AIG exemplifies this problem, with the New York Fed caught red-handed covering its role in the AIG affair and interfering with AIG's filing of legal documents.

Such crimes illustrate the need for a new Pecora Commission, with the mandate and the authority to thoroughly investigate the crimes of both the financiers and the regulators. The truth must come out, wherever it leads—including to the City of London. That is a prerequisite for making sure it never happens again.

That is not enough, of course. Exposing the corruption of the dead system does not bring about its replacement.

We must replace the monetary system with a Constitutional credit system, and reorganize the banking system along the principles of the Glass-Steagall standard. Debts related to economically useful activity will be honored, while the mountain of debt produced by the speculation among the parasites will be written off. Credit will be directed at upgrading infrastructure and productive activities.

We need nuclear power, high-speed trains, water-management projects, and the like. We don't need Wall Street, and we don't need the City of London and its imperial looters. We need the American System.

While he postures about taking on the banks, Obama remains a loyal servant of the British Empire and its monetary system. In addition to pushing the independent board to decide who gets health care and who does not, he is pushing a similar board for the Federal budget. He remains committed to fascist policies that benefit the imperial system at the expense of the American people. If Obama wants change, that's the direction to go.

*johnhoefle@larouche.com*

# Why Larry Summers Must Go Now!

by Scott Thompson and Paul Gallagher

If the rising movement of American patriots is going to clean out the London/Wall Street swamp of the Obama Administration, not only must Treasury Secretary Tim Geithner go immediately; but Larry Summers, Obama's chief economic liar and cheat, must get the boot, as fast, or faster.

In a national condition of economic collapse, financial speculation, and swindling, brought on since the 70-year-old Glass-Steagall principle of sound national banking was thrown away a decade ago: This is the government official who repealed it. In the national misery of mass unemployment topping 30 million Americans: This is the "theorist" of doing away with unemployment insurance to "make people find a job." With the Obama "stimulus" act having clearly failed to reverse that mass unemployment: This is the head of Obama's economic team who, a year ago, ruled out any program of large-scale credits for infrastructure public works, such as was proposed by economist Lyndon LaRouche, and sought by Democratic constituencies and some Congressional Democratic leaders. With more millions of homes being repossessed, nearly 40 million Americans depending on food stamps to eat, and real unemployment rising over 20% of our national workforce, this is the economics chief who loudly repeats, "The economy is recovering," even drowning out members of his White House team who know the opposite is true.

As we will show below, Larry Summers' economic blunders and crimes are many, and some of them have had devastating consequences for this nation and others.

But worst among them: He is a British product, an agent of British imperial monetarism. When he was disgraced and booted out as Harvard University President in 2006—narrowly protecting his associates there from prosecution for theft from U.S. government foreign aid programs—it was the very imperial London *Times* which picked him up, via a financial column, which made him an "international economics expert" again. That enabled his reinsertion into international banking

and financial circles as one of their favorite economists and public speakers—and then, his 2008 insertion, at the top, into the Barack Obama economics team as the controller of Obama's disastrous economic policies. Obama's complete embrace of British imperial monetarist policy, beginning at the G20's great London global bailout conference of Feb. 20, 2009, would not have been carried off without Summers.

Ten trillion dollars in central bank/IMF global bank bailouts later, physical economic reality is still a crash threatening a new Dark Age. Stopping it requires ending the British imperial monetary system often called "globalization," and returning to credit systems like Alexander Hamilton's American System of national banking, by alliance among great powers to defeat British monetary strategy. It requires restoring the Glass-Steagall principle of sound national banking immediately.

We need to get the man who crushed Glass-Steagall, out.

## Not Just Part of the Problem

Urgent bills to restore the Glass-Steagall Banking Act of 1933, repealed by Congress in 1999, on demand of Larry Summers, as the Clinton Administration's last Treasury Secretary, were introduced into both Houses in December 2009. The step has been identified by former Federal Reserve chairman Paul Volcker as crucial to take "Federal [bailout] protection" away from investments banks and other speculative financial operations, and put it over deposit-taking commercial banks alone, breaking up failing "megabanks" in the process. As could be expected from Volcker's circles, these proposals do not go far enough. What is required is LaRouche's plan for recovery from the crash, reviving the Glass-Steagall principle to *take back* the trillions of dollars in bailouts extended to these casinos of financial leverage, and to put the *entire banking system* through bankruptcy reorganization, and thereby, restore commercial banking under a Federal credit regime.

In late 1999, at a time when President Bill Clinton was politically weakened and distracted by the im-



swiss-image.ch/E.T. Studhalter

*Obama's chief economic advisor Larry Summers is the proverbial "elephant in the room," the British agent in the Oval Office, who is largely responsible for the insane and destructive policies that have led to the current financial-economic donnybrook.*

peachment attempt, then-Treasury Secretary Larry Summers "led efforts to modernize the financial system ... and insure the viability of the over-the-counter derivatives market," as his official Treasury biographical sketch puts it. "Modernization" refers to Summers' killing of the Glass-Steagall Act (Section 12 U.S. Code, "National Banking"), which had kept commercial banks regulated and "out of the casino" for 65 years. "Insuring the viability of the over-the-counter derivatives market" refers to Summers' blocking any regulation of the destructive speculative riot we now identify by the deadly name of "AIG."

Glass-Steagall was repealed by the Gramm-Leach-Bliley "Financial Services Modernization Act," passed in November 1999. Then-Fed chairman Alan Greenspan had enacted three separate Federal Reserve regulations between 1987 and 1997 to weaken Glass-Steagall regulation, allowing banks, by 1997, to derive up to 25% of their earnings from speculation in debt securities, financial derivatives, etc. Gramm-Leach-Bliley knocked the gate down entirely, immediately allowing Citibank and Travelers Insurance to merge; even then-

Citibank CEO John Reed now acknowledges that both the repeal and the merger were disastrous mistakes.

As late as March 1998, the Clinton Treasury under Robert Rubin was publicly opposing HR 10, the Financial Services Competition Act, a year-earlier version of Gramm-Leach-Bliley, which did not pass. Summers took over from Rubin in July 1999, and reversed Treasury policy to actively support repeal of Glass-Steagall. When that was done, on Nov. 17, 1999, he immediately hailed it. "Today," Summers crowed, "Congress voted to update the rules that have governed financial services since the Great Depression, and replaced them with a system

for the 21st century. This historic legislation will better enable American companies to compete in the new economy."

President Clinton has recently admitted that the repeal of Glass-Steagall was the worst mistake of his Administration, and Rubin said, in his autobiography, that he would have "gone slower" with financial derivatives—but his deputy Larry Summers kept comparing the superiority of these "financial weapons of mass destruction" to that of the new graphite tennis rackets over their wooden predecessors.

Summers was not only the seminal influence in the repeal of Glass-Steagall, but assisted Greenspan and pushed Rubin, in 1999, to stop opposing the fantastic explosion of derivatives contracts. The so-called "notional value" of these derivatives was already then reaching the tens of trillions; it reached the *quadrillion* level by late 2008, before vast batches of these contracts suddenly became worthless.

In early 1999, Summers learned of a plan by Brookley Born, chairwoman of the Commodity Futures Trading Commission (CFTC), to regulate derivatives



[www.people.fas.harvard.edu](http://www.people.fas.harvard.edu)

*As Assistant Treasury Secretary in the Clinton Administration, Summers demanded repeal of the FDR-era Glass-Steagall Act, with support of Fed chief Alan Greenspan (left); they convinced Treasury Secretary Robert Rubin (right) to allow an explosion of derivatives contracts instead.*

and force them to be traded only on registered exchanges. Summers immediately called Born and dressed her down, reportedly, shouting and badgering. He said that any move to regulate derivatives would cost the United States billions in lost financial business, and cause international chaos. He marshalled calls from major bankers opposing Born. And Summers got Rubin to write a letter to Born saying the regulation of derivatives by the CFTC would be illegal. Summers and Greenspan called Born to the Treasury for further dressing down.

When all this failed to stop the CFTC chairwoman, Summers and Greenspan got Congress to stop her by passing the Commodities Future Modernization Act of 2000. This act mandated that financial derivatives could be traded over the counter by financial institutions without regulations.

That is what AIG's Financial Products Division was doing for the next eight years, until it imploded in September 2008, and AIG suddenly sucked in a taxpayer bailout of \$200 billion to compensate Summers' graphite-racket investment bankers for their worthless derivatives contracts. Multiply that by 25, and you have a

conservative estimate of what the unregulated OTC derivatives trading, "insured" by Larry Summers a decade ago, has cost taxpayers of the OECD nations.

Another of Summers' "graphite-racket" economic policy views is a threat and an outrage in the current economic collapse, although it's a theory he developed 30 years ago under his Harvard mentor Martin Feldstein. With nearly 12 million Americans currently receiving unemployment insurance benefits, and the number constantly growing, a "theory" has begun to circulate in Washington economic policy circles, that workers tend not to look hard for a new job until their (average \$340/week!) unemployment benefits are exhausted. Cut them off rather than extend them, and the recipients will be forced to find work faster, goes this line.

In fact, this theory does not originate with "right-wing Republican" economists, but with chief Obama economic advisor Larry Summers. Summers' most important academic paper, published in 1979, argued that workers planned to use their unemployment benefits not as a stop-gap, but to their maximum limit. Implicitly, Summers argued that unemployment insurance harms the economy. He hasn't given up that view. Decades later, in 2006, Summers (now along with Rubin) began pushing an idea through their "Hamilton Project," that unemployment insurance should be replaced by "wage insurance," a limited, short-term payment, to be used for job-search, retraining, relocation, and "low-wage subsidy" to acclimate the worker to a lower-paying job.

### **Globalizer and Russia Looter**

As Deputy Treasury Secretary during the 1990s, Summers promoted globalization, as the ascendant idea that after the collapse of the Soviet Union, all nations were wide open to looting by U.S. and British financial institutions.

During the "Asian" and "Long-Term Capital Management," and "Russian GKO Bonds" financial crises of 1997-98, Summers was effectively in charge of the



*In early 1999, when Summers learned of a plan by Brooksley Born (above), chairwoman of the Commodity Futures Trading Commission (CFTC), to regulate derivatives, he went ballistic. When she stood her ground, Summers and Greenspan went to Congress, which then passed a measure to allow derivatives to be traded over the counter—unregulated.*

IMF. And he wanted foreign governments to open their capital markets to foreign investors, and lower their trade barriers; he himself wanted to restructure the relationships between governments and banks, and even make specific personnel appointments. Strobe Talbott, Deputy Secretary of State under Clinton, later reported that Summers was able to control the appointments of ministers in the Russian government. “Conditionality in IMF lending was the economic equivalent of the spinach treatment,” Talbott wrote in *The Russia Hand*, “and the master chef was Larry Summers.”

The British/U.S. control of Russia’s economic policies in the 1990s (in which Obama’s Budget Director Peter Orszag was also directly involved, out of London) was far worse than “spinach”; it was foreign looting on a vast scale, and was nailed as genocide by honest Russian economists such as Sergei Glazyev. It reduced Russia’s population by 7 million in ten years. When World Bank chief economist Joseph Stiglitz publicly criticized Summers over it, Larry’s friend James

Wolfensohn fired Stiglitz.

While Summers ran Russia’s policy during the Clinton Administration, Harvard’s best and brightest went to Russia to teach the Russians economic austerity, privatization programs which produced Russia’s billionaire tycoons and criminal syndicates, and British Liberal free trade. Andrei Shleifer of Harvard—Summers’ protégé, one of his closest friends among the “behavioral” economists—in August 2005 agreed to pay at least \$31 million to settle a lawsuit resulting from his and others’ corruption during this process, in a lawsuit brought by the U.S. government. Harvard’s Shleifer and Jonathan Hay had been charged with conspiracy to defraud the U.S. government. Their group’s crimes resulted in the entire Harvard International Institute for Development (HIID) being shut down—just as Larry Summers had become president of Harvard after the 2000 U.S. Presidential elections.

Shleifer was working with Deputy Prime Minister (approved by Summers) Yegor Gaidar on the privatization schemes, managing USAID funds for that purpose, and managing the HIID Russia Project. In late August 1996, Summers, vacationing with Shleifer as they had for years, warned Shleifer and his wife, hedge fund manager Nancy Zimmerman of Farallon Capital Management, about the possible consequences of their investing in the very privatization swindles they were creating and “advising” in Russia. But Summers did nothing about it, and the Shlieferes stole both USAID and Russian government funds, brought down Harvard’s Russia Project and HIID, and “damaged the U.S.-Russian relationship,” as Summers himself testified in the 2002 U.S. lawsuit. The theft also cost Harvard \$26.5 million in fines and \$15 million in legal fees. Shleifer was finally fired from HIID—but not from his Harvard teaching position—by Jeffrey Sachs, but Sachs could not save HIID itself.

### **Summers Made Harvard Loot Itself**

In spite of all this, Summers and Shleifer remained close friends, and when Shleifer got word that Summers was on the short list to become president of Harvard, he threw meet-and-greet parties for Summers at his Cambridge home, where Summers stayed on visits. When Summers was named president, in March 2001, Shleifer was able to remain on the Harvard economics faculty through Summers’ pressure on Jeremy Knowles, the dean of the Faculty of Arts and Sciences.

It was this act, and Summers’ blatant lying about it

three years later, to a Harvard faculty already angry at a whole series of abuses by Summers, that triggered his ouster from Harvard in disgrace. And that was before they knew that he had nearly bankrupted the place.

Larry Summers had the shortest tenure of any president of Harvard University (except for one president who died in office during the Civil War), less than four years, from July 2001 to June 2006, when he was ousted by an enraged university faculty and corporation. During that brief interlude, his performance was praised by McCarthyite right-winger William F. Buckley, but opposed by just about everyone else. Summers tried to shut down anti-globalization and anti-WTO protests at Harvard during those years; he preached that those engaged in civil disobedience should look to be punished and jailed in the great tradition of Gandhi and Dr. King. He made one major speech as president, which identified as anti-Semitic any criticism of the policies of Ariel Sharon's Israeli government; and tried to force out numerous faculty members who disagreed with him politically. He finally infamously pronounced that women were innately less fit for scientific and mathematical understanding than men, provoking intensified opposition which led to his firing. And he planned a giant expansion of Harvard University itself across from Cambridge toward downtown Boston, to build a new campus center for the study of the human genome—a project which was completely abandoned after his removal.

But perhaps Summers' most telling actions as Harvard president were not remarked on at all, until several years after his disgraced departure—when the university's endowment went into financial collapse. In this, Summers showed his qualities as an “economics expert”—those qualities which demand that the American people oust him in disgrace now.

On Dec. 18 and 20, 2009, Bloomberg news service revealed that while serving as president of Harvard, Summers had cost the university's endowment billions of dollars through the purchase of derivatives, called interest rate swaps. Summers had purchased these interest rate swaps from JP Morgan, Goldman Sachs, Morgan Stanley, and the Bank of America. The purpose of the interest rate swaps, he maintained, was to build the science complex in Allston, across the river from Harvard. Summers had purchased a working-class neighborhood through third parties, so no one would know that Harvard was involved, and drove up prices. The interest rate swaps, which were incredibly risky for their size and duration, would guard against interest

rate increases at the time of construction in 2008, he argued.

After Summers' forced resignation from Harvard in 2006, interest rates fell, until they reached 0%. Summers had invested Harvard's \$36.7 billion endowment in equity funds, derivatives, and other risky investments. When the crash began in July 2007, Harvard's endowment dropped, and kept shrinking, down to \$26 billion—and it is questionable how much of this is solvent and not toxic waste.

When interest rates fell to 0%, JPMorgan Chase and Company demanded cash collateral payments; Drew Faust, Harvard's new president since July 2007, tried to sell \$1.5 billion of the endowment to cover the costs, but it proved unmarketable. Instead, Harvard applied for \$2.5 billion in emergency bonds from the state of Massachusetts. JPMorgan Chase was paid for its \$1 billion in penalty fees, and the interest rate swaps were cancelled.

But the collapse in the endowment's value continued, and continues to this day. The latest (January-February 2010) issue of *Harvard* magazine reports that, in addition to the endowment's huge losses, the university's operating cash fund has lost \$1.8 billion, having been invested along with the endowment, on Summers' orders, in the same toxic speculations. Larry Summers had clashed with two previous financial advisors, to invest 80% of Harvard's hefty cash holdings in thoroughly “modernized” derivatives, equity funds, and other risky investments. Harvard has lost 27% of its previous cash holdings, or \$1.8 billion, in the crash, and hundreds of its faculty have been laid off—Summers' revenge on the faculty, perhaps. Apart from the university's operating expenses, the cash holdings were the chief source of financial aid for students.

While some others have suffered significant losses, no other major university's endowment and/or operating fund has been devastated as Summers devastated the very economic existence of Harvard.

This is the work of the chief economic advisor to President Barack Obama, who now claims “the recession is over.”

### **British Agent**

While this disastrous cake was still baking in early 2005, the disgraced former president Summers clung onto the Harvard faculty roster. He was saved with the appointment as Charles W. Eliot University Professor with offices in the Kennedy School of Government and



White House/Pete Souza

*Summers was instrumental in putting Tim Geithner (left) in as president of the New York Fed in 2003. From that position, Geithner (now, Treasury Secretary) carried out the criminal bailout of AIG, on behalf of the Wall Street and foreign financial firms—the crimes which now promise to drive Geithner out of office.*

the Harvard Business School, and given a seven-figure presidential severance payment. He stayed there, and at the large DE Shaw hedge fund, for two years, until Obama became President.

But politically, Larry Summers was finished.

Then, British imperial finance “bailed him out” of well-deserved oblivion. The London *Financial Times* offered him a weekly column.

Summers used the *Financial Times* for his rehabilitation, with appeals to the “left” which he had alienated. Writing on globalization, he discovered its “flaw” was that the rich and middle class had not shared their new-found wealth with the poor. In October 2007, he began forecasting a recession—three months earlier Lyndon LaRouche, the world’s leading economist, had announced to all that a financial crash was underway as of July 25. LaRouche’s solution was to put the major banks through immediate bankruptcy reorganization and eliminate trillions in toxic debt “assets” choking the physical economies of the world’s nations.

Summers’ solution—the British imperial monetarist solution he circulated through the *Financial Times*—was directly opposite LaRouche’s. Summers called for an end to concern with inflation, and a massive bailout of the banks, combined with a Keynesian “stimulus package.”

These columns brought him to the attention of the Obama campaign, where he began regular briefings to the candidate. “He is brilliant,” said Obama. Obama’s choices for Treasury Secretary were quickly whittled down to two: Summers and Tim Geithner, who had been Summers’ deputy at the Clinton Treasury Department.

Summers had been instrumental in getting Geithner his position as president of the New York Federal Reserve Bank in 2003. This was the position from which Geithner carried out his criminal bailout actions through AIG, for Goldman Sachs and Wall Street and foreign financial firms—the crimes which are driving Geithner out of office now.

### **Still Pushing Derivatives Bubbles**

On his April 3, 2009 financial disclosure form, Larry Summers revealed that he made \$2.7 million in 2008 from speaking engagements, many of which were with troubled Wall Street firms—some of which later received government bailouts at taxpayer expense. JP Morgan Chase, CitiGroup, Goldman Sachs, Lehman Brothers, and Merrill Lynch all paid Summers handsomely for his speaking appearances in 2008. In addition, he received roughly \$5.2 million in compensation for a one-day-a-week job at DE Shaw. In that job, “thoroughly modernized Larry” has continued to push the

derivatives that have brought down the global financial system.

LaRouche has asked whether Summers is still, today, receiving any compensation from the giant hedge fund, while monopolizing Obama economic policy.

Summers' main job at DE Shaw has been meeting with potential investors and telling, say, pension managers how much to invest in DE Shaw-originated derivatives. In the Fall of 2007, as the financial crisis simmered, Summers flew to Dubai, the hot money spot that replaced Hong Kong for the British Empire. Dubai is rife with drug money laundering from Afghanistan, real estate speculation, and is a world center for terrorism.

In Dubai, Summers held a series of meetings with

potential investors. Bankers flew in from around the world. Summers spoke at several lavish dinners and met with several parties involved with DE Shaw's real estate holdings in the area—so, Summers was up to his eyeballs in the British Empire's drug money laundering, terrorism, and real estate speculation swamp.

Like every other economic project Summers has worked on, the Dubai speculative bubble is now notoriously blowing out.

But Barack Obama still follows Summers' British imperial monetarist advice. That is part of the reason that there are grounds for impeaching Obama. His chief liar about the economic collapse, Larry Summers, must go, *now*.

## Behaviorism and Summers' Bad Behavior

The anti-social behavior which was most publicly discussed by observers of Larry Summers during his presidency of Harvard, was part of the tinder for the fire of revolt, by faculty and students alike, which forced him out of the university. That behavior was characterized by arrogance, social distance bordering on unawareness of others, and, above all, by a lack of affect—an inability to recognize or deal with the state of mind and intentions of other people.

Summers' "Red Queen" propensity to fire those at Harvard who disagreed with him politically; his hostile behavior over the crisis faculty meetings which eventually led to his removal; and his lack of empathy, led several faculty members to think there was a clinical, or even genetic explanation. Some speculated that it was a form of autism, called Asperger's Syndrome, after its discoverer, Hans Asperger, a Viennese psychiatrist. Asperger's Syndrome was officially recognized by the American Psychiatric Association in 1994. It affects mostly boys, and is commonly known as the "little professor" syndrome.

Summers' family legacy is that of experts in "mathematical economics," based on the idea that human beings in society form their behavior on the

basis of mathematical logic, or *can be made to do so*, by government policy and regulation: i.e., behaviorism. One of Summers' uncles, Nobel Prize winner Paul Samuelson, was the inventor of "mathematical economics"; his belief in controlling behavior by mathematical logic led him to the idea, enshrined in his famous textbook, that "built-in government stabilizers" made it impossible for financial institutions' behavior ever to cause another crash! Another uncle is mathematical economist Kenneth Arrow; and Summers' father, a mathematical economist, obsessively trained him in mathematical logic as a boy.

Thus, Summers has, for many years, been a true believer in the work of the kooky group of "behaviorist economists"—Peter Orszag, Cass Sunstein, et al.—exposed in the April 2, 2009 *Time* magazine as shaping Obama Administration economic policies. His notorious Harvard pal Andrei Shleifer was another of them.

As World Bank chief economist in 1991, Summers signed a memo which, on the basis of pure mathematical economics, argued that the industrial countries should ship their toxic waste to Third World countries. "The economic logic is impeccable," the memo argued. The LDCs would benefit from the fees for this service, and their peoples' average lifespans, being shorter, wouldn't be so much affected by the toxic waste.

The reaction to this memo's exposure was one reason, nearly 20 years later, President Obama did not nominate Summers as his Treasury Secretary.

# Himalayan Glaciers Are Not Melting

by Ramtanu Maitra

Jan. 22—When the Copenhagen Summit on Global Climate Change came to naught last December, by the action of a bloc of nations (China, India, South Africa, and Brazil), which refused to accept a binding diktat on carbon emissions, the promoters and benefactors of the global warming fraud were left in a tizzy. However, the worst was yet to come: when on Jan. 22, the Nobel Prize-winning UN-propped-up Intergovernmental Panel on Climate Change (IPCC) was forced to eat crow, and admit that the Himalayan glaciers, which it had claimed would be melted by 2035, were *not melting at all*. The finding has put a cat among the pigeons, and the proponents of global warming are ducking for

cover.

What happened is the following: In mid-November, when the IPCC and its promoters, such as the BBC and other mass media, were issuing a flurry of reports saying the glaciers in India's Himalayan mountains were melting at a furious pace in response to so-called climate change, V.K. Raina, the former deputy director-general of the Geological Survey of India, sought to correct the lie. His report, endorsed by the Indian Environment Ministry, asserted the plain truth: that there was no evidence that the Himalayan glaciers were melting, and that there is no scientific evidence, whatsoever, that the glaciers would disappear by 2035, as claimed by the IPCC experts. "It's not true," Raina said.

## A Cabal of Liars

Being a scientist, and not a member of the globalization and money-hunters' cabal, what Raina did not realize was that he has grossly interfered with a gang who are on a "mission" to set up a supranational body which would have the authority to undermine all nations' development plans, along with their sovereignty. To these people, real science is a nuisance. They had the capability to make up numbers, falsify evidence, build castles in the air, and then use their media to "prove" their



Creative Commons/Siegmund Stiehl

*The IPCC gang of anti-science kooks was forced to eat crow, when an Indian geologist exposed as fraud, its claim that the Himalayan glaciers were melting. Shown: Kanchenjunga mountain in the Himalayas, the third-highest in the world (5.3 miles).*

point. That was exactly what they had in mind, when the promoters of global warming descended, with their three-piece suits and briefcases, at Copenhagen Summit. They were armed with all the lies they thought they needed to achieve their goals.

Also unbeknownst to Raina, he had stepped inside a den of thieves. His findings immediately were drowned out by a cacophony of lies. Even when faced with data showing the errors in its work, the IPCC was unwilling to admit it was wrong. Murari Lal, chair of the Climate, Energy and Sustainable Development Analysis Centre in New Delhi, and lead author of the 2007 IPCC report's Asia chapter, rejected the notion that the IPCC was off the mark on Himalayan glaciers. Even more petulantly, IPCC chairman Rajendra Pachauri (more about him later) accused the Indian Environment Ministry of "arrogance" for reporting that there was no evidence that climate change has shrunk the Himalayan glaciers. He also called Raina's findings "voodoo science."

While the Pachauri-led gang was ready to tear Raina's report apart, support came from some researchers, such as the University of Nebraska Himalayan glacier specialist, John "Jack" Shroder, who said the only possible conclusion he could draw, is that the IPCC's Himalaya assessment got it "horribly wrong." Shroder adds, "They were too quick to jump to conclusions on too little data."

How little was the amount of data on which the Nobel Prize-winning experts had staked their claim? In fact, it was less than very little: It was *none at all*. Last week, the *New Scientist* reported that, in 1999, a Indian glaciologist and a professor at Jawaharlal Nehru University in New Delhi, Syed Hasnain, had said in an interview, that all the glaciers in the central and eastern Himalayas could disappear by 2035. Hasnain, who was then chairman of the International Commission on Snow and Ice's working group on Himalayan glaciology, has never published the prediction in a peer-reviewed journal. He now says the comment was "speculative."

### **IPCC and Pachauri in the Dock**

The claim found its way into the "rigorous" IPCC fourth-assessment report, published in 2007. Moreover, the "rigor" of the IPCC was of such a high level, that the claim by Hasnain, who had never made the kind of serious study of the Himalayan glaciers that Raina had, was extrapolated to include *all* glaciers in the Himalayas.

Chapter 10 of the report says, "Glaciers in the Himalayas are receding faster than in any other part of the world."

When this cat jumped out of the bag, the IPCC went into damage-control mode—a standard operating procedure. The Panel issued a statement admitting that the prediction in its landmark 2007 report was "poorly substantiated," and resulted from a lapse in standards. "In drafting the paragraph in question the clear and well-established standards of evidence, required by the IPCC procedures, were not applied properly," the Panel said. "The chair, vice-chair and co-chairs of the IPCC regret the poor application of IPCC procedures in this instance."

The usually talkative Pachauri is silent now. "I want a personal apology from the IPCC chairperson R.K. Pachauri who had described my research as voodoo science," Raina told the Indian news daily, *The Hindu*. "Forget the IPCC. Dr. Pachauri has not even expressed regret over what he said after my report—'Himalayan Glaciers: a state-of-the-art review of glacial studies, glacial retreat and climate change'—was released in November last year," Raina added.

One reason Pachauri is ducking for cover is that he is now being investigated for having allegedly established an astonishing worldwide portfolio of business interests that have been investing billions of dollars in organizations dependent on the IPCC's policy recommendations. One news report indicates that the outfits in which the IPCC chairman has personal business interests include banks, oil and energy companies, and investment funds heavily involved in "carbon trading" and "sustainable technologies," which together, make up the fastest-growing commodity market in the world, estimated soon to be worth trillions of dollars a year.

In other words, in addition to his role as chairman of the IPCC, Rajendra Pachauri occupies more than a score of such posts, acting as director or advisor to many of the bodies that play a leading role in what has become known as the international "climate industry." But that is always the nature of the individuals who peddle bad science.

### **In Fact, Glaciers Are Advancing**

While Pachauri was using heaps of lies and distorted truths to feather his nest, Raina produced a report that many scientists found compelling. It drew on published studies and unpublished findings from half a dozen

Indian groups that have analyzed remote-sensing satellite data, or conducted on-site surveys at remote locations, often at elevations above 5,000 meters. While the report surveyed a number of glaciers, two particularly iconic ones stand out. The first is the 30-kilometer-long Gangotri glacier, source of the Ganges River. Between 1934 and 2003, the glacier retreated an average of 70 feet (22 meters) a year, and shed a total of 5% of its length. But, in 2004 and 2005, the retreat slowed to about 12 meters a year, and, since September 2007, Gangotri has been practically at a standstill, according to Raina's report.

The second glacier, the Siachin glacier in Kashmir, is even more stable. Global warming activists armed with lies, had claimed in the popular press that Siachin has shrunk as much as 50%. Raina objected. In fact, he pointed out, "the glacier has not shown any remarkable retreat in the last 50 years." These conclusions were based in part on field measurements by ecologist Kireet Kumar of the G.B. Pant Institute of Himalayan Environment and Development in Almora. Much like the lies that Greenpeace promoted about Greenland's ice cap, it seems reports of the glaciers' demise were a bit premature.

According to a report in the Nov. 13, 2009, journal *Science*, "No Sign Yet of Himalayan Meltdown, Indian Report Finds," "several Western experts who have conducted studies in the region agree with Raina's nuanced analysis—even if it clashes with IPCC's take on the Himalayas." The "extremely provocative" findings "are consistent with what I have learned independently," said Jeffrey S. Kargel, a glaciologist at the University of Arizona, Tucson. Many glaciers in the Karakoram Mountains, on the border of India and Pakistan, have "stabilized or undergone an aggressive advance," he said, citing new evidence gathered by a team led by Michael Bishop, a mountain geomorphologist at the University of Nebraska.

Canadian glaciologist Kenneth Hewitt, who recently returned from an expedition to the world's second-highest mountain, located along the Pakistan-China border in the northwestern Himalayas, says he observed five advancing glaciers, and only a single one in retreat. Such evidence "challenges the view that the upper Indus glaciers are 'disappearing' quickly and will be gone in 30 years," said Hewitt. "There is no evidence to support this view and, indeed, rates of retreat have been less in the past 30 years than the previous 60 years."

## Dutch Commission Spells Trouble for Tony Blair

by Dean Andromidas and  
Vyron Lymberopoulos

Jan. 21—An independent commission in The Netherlands on Jan. 12 became the first such body in the world to declare that the Iraq War violated international law. The Davids Commission was appointed by Dutch Prime Minister Jan Peter Balkenende and chaired by Willibrord Davids, a former chairman of the Supreme Court. The commission's report puts the heat on former British Prime Minister Tony Blair, who will testify at Great Britain's own Iraq War inquiry, led by Lord Chilcot, on Jan. 29.

The Davids Report is unambiguous on the fact that the Balkenende government acted as a full partner with Blair and the George W. Bush Administration, and used the same lies to bring the Netherlands into a war that the vast majority of the population did not want. "The Dutch government lent its political support to a war whose purpose was not consistent with Dutch government policy," the report said. "The military action had no sound mandate in international law."

It charged that there was "a certain insincerity" in the way the government insisted that the dismantling of Iraq's weapons arsenal was the goal of the invasion, while it knew full well that the objective was "regime change"—the overthrow of Saddam Hussein.

It further stated that the government did not inform the parliament that its own intelligence service had a more "nuanced" assessment of the allegation that Iraq had weapons of mass destruction. While the report claims it found no evidence of Dutch military involvement in the invasion itself, it contested the claim that the Patriot missile launchers it stationed near the Iraq border were purely for defensive purposes, noting that their deployment without parliamentary consent was a violation the Constitution.

The report's harsh conclusions have sent shock waves through the political landscape in The Netherlands, and could bring down the government of Prime Minister Balkenende, who can be considered the Tony Blair of The Netherlands, and who was also Prime Minister when

the invasion began.

The British daily *The Guardian* reported on Jan. 13 that the commission was unable to acquire a letter Blair had sent to Balkenende in 2003, which influenced the latter's decision to back the war. The letter had been sent "personally" from Blair, with instructions that it be returned after Balkenende read it, so it would not end up in the Dutch government's archives. A spokesman for the commission told the newspaper: "It was a surprise for the committee when we discovered information about this letter. . . . We asked the British government to hand over the letter, but they refused." The contents of this letter has never been revealed.

### First Independent Assessment

Philippe Sands, professor of International Law at University College, London, who was interviewed by the Davids Commission, told Radio Netherlands Worldwide that the findings of the Dutch inquiry are unambiguous. "They concluded that the war was unlawful, so I think the findings are very helpful on the international issue of legality," said Sands. "It's the first independent assessment by anybody, anywhere in the world, of the view of the legality of the war. The fact that the report has been written by distinguished law experts gives it authority."

As for Blair, Sands said, "It can't be helpful for him that the Davids Commission has concluded in the opposite direction. They've even gone further; they've said the UN resolutions were used as unreasonable arguments."

Sands is the author of *Lawless World*, which documents how Bush and Blair conspired to invade Iraq, in violation of international law.

The Davids Commission was convened in February 2009, after six years of stalling by the Balkenende government. While refusing to convene a parliamentary commission, Balkenende named Willibrord Davids to establish an independent body. Davids pulled together a prominent group, which included Prof. Dees Fasseur, retired civil servant and expert in international law; Tim

Koopmans, former Advocate General at the Supreme Court; and Prof. Dr. Nico Schrijver, professor of international Law at Leiden University.

In addition to concluding the war was illegal, they noted that, until the government entered the war, there was very little public debate, because of the "turbulent social and political developments" in the country at the time. This is a



Committee of Inquiry Iraq  
Committee Chairman  
Willibrord Davids



UN Photo/Sophie Paris

*The British government refused to give the Davids Commission access to former Prime Minister Tony Blair's secret 2003 letter to Dutch Prime Minister Jan Peter Balkenende, which influenced the latter's decision to back the invasion of Iraq.*

reference to the after-effects of the assassination of the populist Pym Fortuyn in May 2002, while he was campaigning in the national elections, which were held later that year. (See "Strategy of Tension Now Targets the Netherlands," *EIR*, May 17, 2002.) Fortuyn's party was expected to be a big winner, perhaps becoming the largest or second-largest party. He was anti-immigration as well as anti-European Union, and wrote, at the time, that Blair was "an extremely dangerous man, candidly a threat to world peace."

According to the report, in this "politically unstable situation," then Foreign Minister Jaap De Hoop Scheffer, was able, without consulting any other member of the government, to draft, in August 2002, what would become the government's policy for entering the war. De Hoop Scheffer was a true believer in the war from the beginning, and, in 2004, he was named Secretary General of NATO.

Balkenende has refused to acknowledge much of the criticism in the report, especially the charge of illegality. A government crisis has developed, since his current coalition partner, the Labor Party, was not in the government at the time Balkenende backed the war. Balkenende was forced to issue a statement admitting that a better mandate in international law was required. His political future remains in question, as the latest polls give him a 17% approval rating.

# Globalization Endangers Food Relief, Production

by Marcia Merry Baker

Jan. 21—The scale and desperation of food relief needs in Haiti spotlight the fact that worldwide food production and reserves are routinely far below requirements, including for emergency aid.

As of Jan. 18, the U.S. World Food Program (WFP) announced that it had distributed 1 million relief rations to 200,000 people in Haiti, and would shortly be ramping up to 10 million. The U.S. military is providing the logistics to distribute tons of MREs (meals ready to eat). All well and good.

But what about the *re-supply lines*? For Haiti, and for other points of need?

Decades of increasing globalization of the food supply have furthered shortages and tight cartel control of what is available. In fact, the tenet of the World Trade Organization (WTO) is that any food “surpluses” or “reserves” must be eliminated, because they “distort” the markets. A select few companies dominate commodities, genetics (seeds, livestock), processing, and distribution, while traditional and potential farming regions are being destroyed. Meantime, speculation is rampant. The most hated name in this process has come to be Monsanto, which led the way, partnering with Cargill, in grabbing patent-rights to food seeds—the means to life itself.

## Food Aid Decline

Over the past two years, WFP director Josette Sheeran has repeatedly announced the cutback or elimination of relief rations, because of lack of food and financing. But she has never bucked “the system” behind it.

Cereal grains production, an obvious marker for food sufficiency, is falling per capita worldwide. Likewise for other basic foods, including tubers, and also animal protein, including dairy.

The volume of food aid of all kinds, from fortified relief food products, to grains, milk powder, and other commodities, has declined drastically over the last 15 years, while the need has increased. As of November 2009, the UN Food and Agriculture Organization (FAO) estimated that 1.1 billion people—one-sixth of the world’s population—are going hungry.

**Table 1** shows the dramatic decline of tonnage of aid delivered worldwide, and also the rising percent of that aid that went for emergency, as opposed to pre-planned, assistance projects.

A drive to reverse all this was initiated by Helga Zepp-LaRouche, before the June 2008 FAO World Food Summit in Rome, as part of a mobilization for a new world credit system, to replace the collapsing monetarist globalization, and build up nations and their economies again. Zepp-LaRouche called for doubling world food production in the shortest time possible. Today, this objective is part of the effort by Lyndon LaRouche for a Four Powers initiative by Russia, China, India, and the United States, for a new credit system and massive agro-industrial and infrastructure advance.

## Dairy Sector Battle

Farmers in several of the world’s leading dairy regions are in a do-or-die battle with globalization, fighting for the right to continue producing food. They are being financially ruined by receiving prices far beneath their costs of production, and by the refusal of their governments to intervene against WTO rules. Throughout Europe, farmers have conducted strikes and protests. In the United States, there are defensive actions. Likewise in Australia and Argentina.

Total annual world milk production is remaining in the inadequate range of 700 million tons, and set to drop, whereas rapid growth is needed. About 5.5% of this, or 40 million tons, is traded globally in various forms. A cartel of mega-dairy firms controls this, and dominates many domestic markets.

Leading names in the world dairy cartel: Nestlé (headquartered in Switzerland), Dean Foods (U.S.A.), Danone (France), Fonterra (New Zealand/British Commonwealth), Unilever (U.K./Netherlands), Kraft (U.S.A.), Lactalis (France).

TABLE 1  
**Food Aid**

Year	Metric Tons in Millions	Percent to Emergencies
1993	17.4	25%
2003	10.2	62
2007	5.9	62

Source: World Food Program’s Interfaix.

## Dairy Farms: 'A War' For the Food Supply

*In 2009, farmers across Europe staged demonstrations against the policies of the European Commission and globalist food processors, which are financially ruining dairy farming throughout the European Union and beyond. One of the leaders of this protest movement is Pascal Cousté of Brittany, the leading dairy region of France. Cousté is affiliated with the Association of Independent Milk Producers (APLI), which in turn is part of the European Milk Board drive to achieve a Europe-wide fair milk price for farmers—a parity pricing policy, an end to the dumping of below-production-cost milk by the processor cartels, and supply of wholesome dairy foods at decent prices for consumers. Cousté was interviewed Jan. 16 by Marcia Merry Baker.*

**EIR:** We now have a worldwide degrading of agriculture capacity underway, destroying traditional, high-tech dairy farming in particular. What is your movement doing against this?

**Cousté:** In Europe today, the biggest organization, a union of the biggest trade union and the biggest cooperative in Europe, is fighting to get open markets, without any milk quota or mechanisms to stabilize prices for the farmer, and last year the milk price to the farmer fell by over 30%. So our organization, EMB, the European Milk Board, decided—after one year of meetings to inform farmers about all aspects of the dairy crisis—to organize a milk strike.

Farmers stopped delivering milk to the processing industry. We sprayed some milk onto the fields—you can see this on the Internet.

And now, we are trying to find the right way to organize ourselves to have power on the market and over industry. It's not so easy, but I think it's always possible.

Over 40% of the farmers will be in bankruptcy in a few months.

**EIR:** This is considered “success” by the globalizers.

**Cousté:** I think that if we continue to globalize, with dairy deregulation, we will have a big problem because we will lose any control, and we will get the same situation as two years ago, with what happened on Wall Street to the banks.

**EIR:** Meaning a total blowout?

**Cousté:** Yes. Everything will be falling in a period of only a few days, because if we lose all the control of all the products at the same time, it will be a total bankruptcy, but for the economy too, especially for food.

Today, the system in Europe with the milk markets, and with pork and with grains, confronts us against industry and politics—because they are responsible; we must say it: It's a war.

### American Dairy Farmers

**EIR:** In the United States, there are defensive actions by dairy farmers—not the strikes such as you have been leading over the past year, but demonstrations and lawsuits. For example, protest meetings in the capital of New York State [Albany], and elsewhere. In December, the Federal government gave out a little money to dairy farmers, towards the gap between the low prices they are getting and the high costs they have. But no solution.

And of course, the entire world monetarist market system itself is collapsing towards total breakdown.

What is your message to Americans, and farmers generally?

**Cousté:** I think now that we are trying to organize something in Europe, to get more power in the markets, I invite them to keep in contact with us, because we have information; we are thinking about many aspects of this. A “French solution” is not the solution. A European solution is a solution. But *a worldwide solution will be the solution.*

Today, 2% of our visitors on our website—between 200 and 500 visitors today on our French website—are visitors from the States. So that means American producers. I think it's really urgent that we be in contact to discuss and exchange, to find a solution.

**EIR:** We have the terrible situation in Haiti. Food relief, especially milk powder, is urgently required, while at the same time, there are many other points of need, given the decades of destruction of national economies and agriculture.

But world stocks of milk powder and other dairy



youtube videograb

French dairy farmer Pascal Cousté addresses a rally in Guingamp, Bretagne, Nov. 19, 2009, protesting the globalization of food production. The signs says, “Milk, Life, the fight continues!!” (EMB is the European Milk Board, the dairy farmers’ organization.)

supplies aren’t there. In fact, globalization disallowed building up reserves for emergencies, calling it “trade-distorting”!

**Cousté:** For example, on the question of milk stocks in storage, it was said some months ago, that in France, we had one cubic kilometer of butter in storage. It was said, that we had incredible amounts of powder in storage. Then, after the milk strike in September, we discovered that there was no storage!

The industry had said we have a big volume in storage. But they used fictitious storage to move the price down.

And today, if we need some milk powder—because we have powder needs for Africa and Haiti today—there’s just *private* storage. It’s totally incredible.

Today, in France, we are buying butter from Poland, at prices 25% over the French market price! In September, it was said that we had one cubic kilometer of butter in storage. But then, in October, the industry said that they must go to Poland to obtain butter for France, because we hadn’t any butter in storage in France.

**EIR:** These lies are typical of the manipulation

and speculation in the cartelized world food system. Especially in view of the emergency needs in Haiti and Africa, these practices are vile.

**Cousté:** We must stop it. When I tell you that we are in a war situation, we are in a war situation. Because people are playing with the lives of other people. It’s not normal.

### Below the Cost of Production

**EIR:** For the United States dairy farmers, the price they are receiving is far below the costs they must pay to keep up their herds and continue milking.

**Cousté:** Yes. The situation we have today is that 83% of the farmers deliver

their milk at prices below their cost-of-production expenses. In France, the milk price is EU29 cents to the farmers per kilo, which is EU290 per metric ton. But the industry sells the same milk to supermarkets or others at a price of EU2,030 per ton!

**EIR:** What about the farmer’s expenses for keeping up the milking herds?

**Cousté:** The costs are all higher. The cost price for energy is higher, and it is difficult to change this. Fertilizer is the same. But now in France, we are in a bad situation, because we have a limit of 140 kilograms of nitrogen per hectare, which means it’s nothing. We cannot spray more nitrogen per hectare. This includes organic nitrogen, from animals, and chemical nitrogen. So it’s really difficult to get good vegetables, and corn, for example. Now we really have poor corn. So we must grow more and more soy and colza [rape oilseed] in place of corn. And their cost-prices to produce are also high.

**EIR:** When did the nitrogen restriction come about?

**Cousté:** It was an environmental, ecological deci-

sion, taken over one year ago. I think that in the future, it will be like this in over 50% of Europe.

But now, the biggest problem is that the European Commission decided to stop the milk quota. Last year, Brussels set 2015 as the date for when all quotas are to be phased out.<sup>1</sup>

At present, in France, each farmer must pay a tax for each liter of milk he delivers over his quota. In Germany, it's totally different. They just pay taxes if they produce over quota. If Germany is producing more than its quota, farmers just pay EU100 per ton, on 10% of the over-production.

The way it works, in effect, is that, in Germany, there isn't any quota anymore. And in eastern Germany, from the ex-Socialist system, there is a farm with over 1,000 cows. They are producing below the cost-of-production price, but nothing matters, because they get money from the processing industry and the investors, which is the problem. So they produce this way, and they drop the price for all other farmers.

In France today, there are 83,000 dairy farms. We know exactly, that if we continue like this, by 2020, it will be down to 20,000 dairy farms.

### **Mega-Herds, Mega-Processors**

**EIR:** What you describe is the imposition of factory-milk farming, in order to serve the purposes of the world dairy cartel companies—Nestlé, Fonterra, Kraft, and the others. They have become gigantic. They are even cross-hauling fluid milk all over.

**Cousté:** Today, in France and in Europe, the biggest company is Lactalis. For example, Lactalis has built a manufacturing plant in eastern Poland, that processes milk from Ukraine. It's not EEC milk, but it's brought in. Then, afterward, they import cheese into France from Poland!

And in Poland, remember, there are just 4.3 cows per farm, on average. Can you imagine the difference? The biggest investment that the Lactalis group is making today is in Poland. There they process Ukrainian milk.

**EIR:** Besides this pattern of undercutting farmers, there is also the global practice of de-constituting raw

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1. The milk production quota system was introduced in 1984 in the EU, nominally to keep milk output in line with usage, for stable prices for farmers and consumers, with limited public-funding of stored product. This was a comedown from prior Common Agriculture Program policies to build up milk capacity to meet national and international needs. Under globalization, even the quota system is to be abolished.—ed.

milk into constituent parts—whole and non-fat milk powder, anhydrous milk fat, casein (milk protein) and so on—not for storage for national security, but to serve the cartel purposes of control and profiteering.

**Cousté:** The normal way to regulate the market is to produce powder and butter. The problem today is that, after a percentage of milk is transformed into powder, normally, if we respect everything involved—the farmers, the market, and ecological considerations—we mustn't [over-]produce and we must tax powder production. Because if we produce too much powder, we deregulate the market. We know that if we just produce 0.5% of milk, over our needs, it drops the milk price all over the planet by 30% minimum.

Now, in France, we have the richest country for milk, because we produce over 500 different cheeses, and we are known for this, and we produce a lot of powder. We want to utilize this powder in different ways, but we have no market, because we import powder and butter from New Zealand!

The other problem is relative currency values. The euro is too high, next to the dollar, and it is really difficult to manage the market.

What we must do is to take care of our needs, and not totally deregulate the market in this way.

**EIR:** Now currencies and the whole monetarist system are blowing out. What do you see with the cartel shift to non-dairy “dairy” products, from canola or palm oil or other fats.

**Cousté:** Today, first, 100% of the milk drunk by the consumer is not natural milk, because this milk has been transformed. They take some fat out; they take some protein out. Now we can see, in butter and cheese, they add in some vegetable fat. They add some protein from vegetables too. It's dangerous, because more and more consumers can't drink milk, because they have an allergy. And it's really a big problem, because we destroy our own markets. We don't take care about consumer health. It's totally abnormal, because to get the vegetable fat, we destroy forests in poor countries, and we destroy the economy as a whole.

It's totally crazy.

### **LaRouche Proposal: A New World Credit System**

**EIR:** Lyndon LaRouche, and associates on all continents, are pushing for a new world credit system to serve the economic rebuilding of nations, in agricul-



European Milk Board

*European-wide dairy farmers demonstrate in front of the European Commission headquarters in Brussels, dumping milk to protest the cut-rate prices that are driving them out of business. (The cow is “dressed” in the colors of the German flag.)*

ture and industry. How would you see, under this kind of positive direction, instead of the mess we have today, the role of France, the role of the dairy sector, new technologies, new cattle breeds, new methods?

**Coûté:** For me, some things are clear. The way that productive farming is managed, is the nicest example to analyze the economic system all over the world. Because if you can see and analyze the milk market, for example, with the milk production inputs, by-products, co-products, it’s the same with the economy. Because you have the different kind of markets, and now we know that the key to speculation is food and land. *If we let speculators play with the farming system, we will destroy the planet for sure.*

**EIR:** Since milk is perishable, speculation on it is exceptionally crazy. At the same time, dairying is the highest-technology end of the farming spectrum, because it takes such expert husbandry, capital investment, and a long time to develop a good herd.

**Coûté:** Yes, but the biggest firms have analyzed that, to be a milk producer, *you must be passionate*, because all the world over, I don’t know any people who are so crazy as to work so hard, to get so poor an income!

Instead, care should be taken about dairy farming,

because we know it’s not suitable for big-scale production. The limit for a dairy farmer, is a maximum of 50 cows. Over that, and you have technical problems. It’s really difficult to have more and more big farms. You know exactly how it is in the States.

In Europe, if we want to have some workers, for low costs, it’s totally impossible. In the States, you know exactly how the situation is, with the Mexican workers.

We must take care about everything, or for sure, we will have a big crisis around the world, and *the next crisis will be a food crisis*, not an “economic” crisis, but a food crisis. Because farmers will not continue to work like this without any future.

### The Canadian Milk System

**EIR:** In the United States, international investors—especially London- and Dutch-centered money—have backed gigantic dairy herds in Idaho, Colorado, and Indiana, not just California and Texas. Meantime, traditional dairy farms are going under in Wisconsin, Pennsylvania, New England, New York, Minnesota, and elsewhere.

**Coûté:** Yes. And look at how the Canadian system works. That is instructive. In Canada, there is an association between farmers, industry, and consumers. Each year, they study the market and they produce 94% of that, with a price specified. And they decide a seasonal quota, so they don’t produce too much powder. So today, in Canada, we have a higher milk price for the farmers, and a lower price for the consumers. It works. And it’s next door to the States. It’s incredible.

**EIR:** Of course, it was in the United States, under Franklin Delano Roosevelt in the 1930s, and his Agriculture Secretary, Henry Wallace, who was from Iowa, that they began the parity price system for matching up the costs for any farmer’s expenses to produce a commodity, and the prices the farmer should receive for anything, especially milk, but also grain and other crops.

So the United States rejected its own model when deregulation came in with globalization.

# Economics in Brief

## ***Nuclear Power***

### **German Energy Summit Continues 'Exit' Policy**

Jan. 22—The German government did not make any commitment at the “energy summit” in Berlin yesterday to extend the operating licenses for the nation’s existing nuclear power plants, but scaled down the event afterwards to a “workshop,” with numerous others to follow, between now and the Autumn.

By contrast, South Korea confirmed its intent to build 18 more nuclear power plants for the domestic power supply, by 2030, plus 80 reactors for export; Russia will build six or eight reactors in India; and China plans to produce pebble-bed reactors in an assembly-line mode.

The leading German coalition parties, Chancellor Angela Merkel’s Christian Democrats (CDU and CSU), are on a general retreat now from nuclear technology, not questioning the “nuclear exit” policy, and refusing to commit to extend nuclear operating licenses for up to ten years (CSU), or only four years (CDU), past the presently projected shutdown date of 2021. And, if they agree to extend licenses, it will not be for all of Germany’s 19 nuclear power plants, but only for half, because the others are deemed “not safe from plane crashes,” and hardening them against such crashes would require costly investments.

## ***Automotive Sector***

### **GM Kills Antwerp Plant; More Layoffs To Come**

PARIS, Jan. 22—The word is out among European economists, that if 2009 was the year of John Maynard Keynes (bailouts), 2010 will be the year of Joseph Schumpeter (“creative destruction” of jobs).

GM announced in Brussels, Belgium yesterday its decision to close its plant in Antwerp, its oldest production site still opera-

tional in Europe, dating back to 1924. It is one of the sites where Opel’s Astra is produced. The workforce there fell from 12,300 in 1981 to 2,600 today, and now many more jobs will be lost. Walter Cnop, from the Christian trade union CSC, denounced the decision as “based on politics and not on economics,” an allusion to Opel’s lobbying to avoid closing its plant in Bochum, Germany. The Belgian government said the decision is “an unprecedented economic catastrophe for the Antwerp region and its inhabitants.”

The Antwerp case is just the start. Opel plans to cut 8,300 jobs, 4,000 of which are in Germany, slightly fewer than announced earlier. Of these, Bochum would lose 1,800 jobs, Ruesselsheim 860, and Eisenach and Kaiserslautern 300.

Over the first nine months of 2009, car production in Europe dropped by 26%, compared to 2008. Already in 2006, many claimed there was 20% overcapacity. Saab will be liquidated by GM, losing another 3,400 jobs. In addition to GM, Fiat announced recently that it would close a factory in Sicily, hiring 1,400 workers “after 2011.” According to Fiat CEO Sergio Marchionne, only 65% of existing European capacity will be used this year, as compared to 75% in 2009, because sales are expected to drop another 8-10%.

To deal with financial losses, automakers are outsourcing to South and Eastern Europe. Renault plans to go to Turkey, Ford went to Romania, and Hyundai, with funding from the European Investment Bank, fled to Slovakia.

## ***International Credit***

### **Russia’s Biggest Bank Expands in China**

Jan. 23—Vneshtorgbank, the biggest bank in Russia, is planning to expand business in China, its president, Andrei Kostin, told Xinhua news agency yesterday. Vneshtorgbank established itself in Shanghai in 2008, and has signed credit-granting agreements with several Chinese banks, to sup-

port Russian importers of Chinese products with long-term financing and insurance services.

Kostin said that the Russia-China oil-for-loan deal reached in February 2009 was “a very important and necessary decision.” It provided for China to grant Russia a loan of \$25 billion for a term of 20 years, in exchange for 15 million tons of Russian oil deliveries per year for that period. Kostin said that the Russian oil company Rosneft and the oil pipeline enterprise Transneft were spending the loan on projects that will ensure Russian oil supplies to China. “I believe this is beneficial to both sides. Russia got financial resources needed for domestic companies’ development at the critical moment [amid the global financial crisis], while China secured long-term energy supplies from Russia,” he said.

## ***Trade***

### **China, India Vow To Make Cooperation Work**

Jan. 21—China has agreed that its trade with India must be balanced, a key issue for India, since trade is now heavily weighted in China’s favor. The two nations signed a memorandum of understanding on Expansion of Trade and Economic Cooperation, which calls for balanced trade, when Indian Minister for Commerce and Industry Anand Sharma was in Beijing Jan. 19. Sharma was there for the first meeting in four years of the Joint Economic Group.

Both Chinese Prime Minister Wen Jiabao and Commerce Minister Chen Deming assured Sharma that China would take steps to reduce the trade surplus and increase Indian imports. Chen Deming wrote in the *People’s Daily* last week, that the two nations “have to jointly let one-third of the world population enter modernisation.... We’ll be faced with common difficulties and we need to learn from each other and draw from each others experiences even more today than any other time.”

The two sides want to reach \$60 billion in bilateral trade this year, which would be

# Briefly

an almost 50% increase. Their bilateral trade was worth only \$3 billion in 2000, but expanded rapidly to \$50 billion in 2008. China is India's biggest trade partner, and India ranks ninth for China, up from tenth in 2008. China has built \$10 billion worth of infrastructure projects in India.

This is the first time China has officially recognized the problem for India. Some 75% of India's exports to China are raw materials.

## Physical Economy

### Industry, Infrastructure Still Growing in China

Jan. 21—Chinese industrial production and infrastructure investment all grew significantly in 2009, despite the worldwide financial crisis. China is making the strategic shift to expanding its enormous internal economy, but there is still an incredible amount of work to do.

As the export sector and processing trade continued to contract in 2009, after the implosion in late 2008, the RMB4 trillion (\$586 billion) national stimulus, and generous bank lending, have had a big effect on China's economy. Almost half that amount is going into infrastructure construction.

National Bureau of Statistics director Ma Jiantang gave a press conference today, to announce that China's industrial production had risen 11% in 2009 from a year earlier, although this growth rate was much lower than the 17%-18% growth rates achieved before 2008. Industrial production makes up 43% of China's GDP. Growth was very low at the beginning of 2009, just 5%, but increased steadily over the year. These figures are based on 430,000 big enterprises.

Fixed-asset investment was up over 30% last year, due to government-led investment in building railroads, roads, housing, and other infrastructure. Overall investment was worth RMB22.5 trillion (\$3.3 trillion), and almost 5% higher than in 2008, Ma Jiantang said. Investment in primary industry, agriculture, fishing, and raw materials extraction

was up almost 50% from a year ago; it and was up 27% in manufacturing.

A key issue is expanding employment for the 200 million migrant workers from the countryside. These accounted for 40% of rural sector income. The export sector, where many of them worked, revived in December, as China surpassed Germany as the world's biggest exporter, but for the year as a whole, China's trade was down 14% in 2009, and the trade surplus down 34%. Exports were worth \$1.2 trillion, down 16% from a year ago, and imports, of which a lot are components for the re-exporting processing trade, were worth \$1 trillion, down 11%. Exports to China's two biggest markets, the European Union and the United States, were down to less than half of the total.

While the figures were encouraging, Chinese economists expressed caution. A tight rein is being held on the expansion of credit, with the recent hike in reserve requirements.

## Health Care

### Germany Debates 'Clandestine Rationing'

Jan. 19—Joerg-Friedrich Hoppe, the president of the German Medical Association (Bundes Ärztekamer), charged on Jan. 16 that there is "clandestine rationing" of health care in German hospitals, under the impact of budget restraints. This kicked off an intense public debate in Germany.

Birgit Fischer, director of the BEK health insurance fund, today denounced Hoppe's charges, saying that he was just spreading panic among the insured citizens. The ongoing practice, she said, is how to find the kind of treatment to "exactly fit" the individual patient, and that there was "always a medical assessment" preceding the treatment, which she denied is rationing.

However, she added that "treatment research" was required to "make a really individual treatment possible," which would also "allow the reduction of expenses." Her arguments indeed seemed to go into the direction of rationing.

**LITHUANIA'S** lone nuclear power plant at Ignalina, which provided up to 70-80% of the nation's power needs, was shut down on Dec. 31, upon the European Union's request, without any alternative arranged. Lithuania now has to try to buy electricity from Russia, Finland, Poland, and Belarus, and gas and oil on the costly spot markets, which could inflate electricity bills by up to 30%.

**GENERAL RE CORP.**, owned by Warren Buffett's Berkshire Hathaway, reached a \$92 million settlement with the U.S. government, to avoid prosecution for its role in a fraud scheme involving AIG. General Re agreed to pay \$92 million to settle charges that it helped to concoct sham deals that allowed AIG to overstate its financial strength.

**ALISTAIR DARLING**, Britain's Chancellor the Exchequer, demanded that President Obama not proceed with any banking reforms without British approval. In an interview to the London *Sunday Times* on Jan. 24, he said, "If everyone does their own thing, it will achieve absolutely nothing."

**SOUTH KOREAN** President Lee Myung-bak will make a state visit to India Jan. 24-28. The trip is expected to lead to strengthening of economic and energy ties between the two nations. South Korea is keen to enter India's nuclear power plant market, in line with Seoul's ambitious plan to become the world's third-largest nuclear power plant exporter by 2030, following the deal it recently struck with the United Arab Emirates.

**GENERAL ELECTRIC** signed a deal with Romania's Nuclearelectrica to modernize that nation's nuclear power plants. GE will provide maintenance and repair services for the Cernavoda nuclear power plant (south-east of Bucharest); the value of the contract stands at a maximum of \$146 million, over an eight-year period.

## China Builds Sun Yat-Sen's Great National Rail Project

by Mary Burdman

China is responding to the world economic crisis by building the most extensive high-speed national rail system on Earth. This project, which will make the high-speed lines the core of a fully integrated rail system, will transform its enormous economy, and contribute to making China a leader in bringing the world out of the current disaster. China is finally building the integrated, strategically planned, national network, proposed by its first great republican leader, Dr. Sun Yat-Sen, a century ago. Chinese leaders already foresee that this transport system will contribute to the economic expansion of other nations, especially Russia, the United States, and India.

This development promises to become a building block of the Four Great-Powers Initiative proposed by Lyndon LaRouche, of the only nations—the U.S., China, Russia, and India—with the national sovereignty required to defeat the British imperial system which has brought the world to this pass. On Jan. 9, LaRouche wrote: “To move forward into the time of the future, society must move forward in space.... The functional concept of the railroad-system, as a system, was clearly established in intention by the work done by then U.S. Secretary of State John Quincy Adams’ defining the policy of establishing the United States as a transcontinental nation.... To understand this in the way this must become understood in the world today,

look always at the future in terms of the change which breaks out of those limits which had reigned in the past....”

Writing as if from the future, he continued, “Later, came the transcontinental railway system of the United States, and the resulting shift from within the bounds of the Atlantic and Indian Ocean, through reaching the Pacific coasts of Asia, from the place where the Trans-American railways met the Pacific coast. Then, came the advent of the unification of the railway with those related transcontinental systems uniting Eurasia, the Americas, and Africa into a unified global system. Next, will come the links to the Moon and then Mars....”

“The great transportation and other physical systems, and the sharing of advances in science and technology, typify the means by which the aims of the nations of mankind are united, at the same moment that their cooperation is rooted in the principle of separation by reliance of each upon the indispensable instrument of national cultural sovereignty.”<sup>1</sup>

To build the currently planned 20,000 km high-speed system, China is “leaping over” decades of technological development. Future development will

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1. Lyndon H. LaRouche, Jr., “The Question Before Us,” *EIR*, Jan. 15, 2010.



*China's first great republican leader, Sun Yat-Sen, called on the United States and Europe, following the devastation of World War I, to help China to "leapfrog" into an advanced economy. His dream of a national rail network is now, a century later, being realized.*

FIGURE 1  
**Sun Yat-Sen's Vision of a China Rail Network**

(At the time, China's borders included modern Mongolia.)



require even more advanced technologies, especially, magnetic-levitation systems, now begin applied only on a minuscule scale, to meet world economic needs.

The immediate plan is to have an overall passenger and freight rail network of 110,000 km by 2012, from 86,000 now, Rail Minister Liu Zhijun announced in his annual report to the national rail conference on Jan. 7. This will grow to 120,000 km by 2020. This great project is being constructed at a rate only comparable to that achieved by the United States in the late 19th-early 20th centuries. Since then, the U.S. has cannibalized its rail system to half of its 1930 total of over 400,000 km (250,000 miles)—by far the most extensive national rail system ever created. Europe, including Ukraine and Belarus, but not European Russia, now has just over 270,000 km of rail lines.

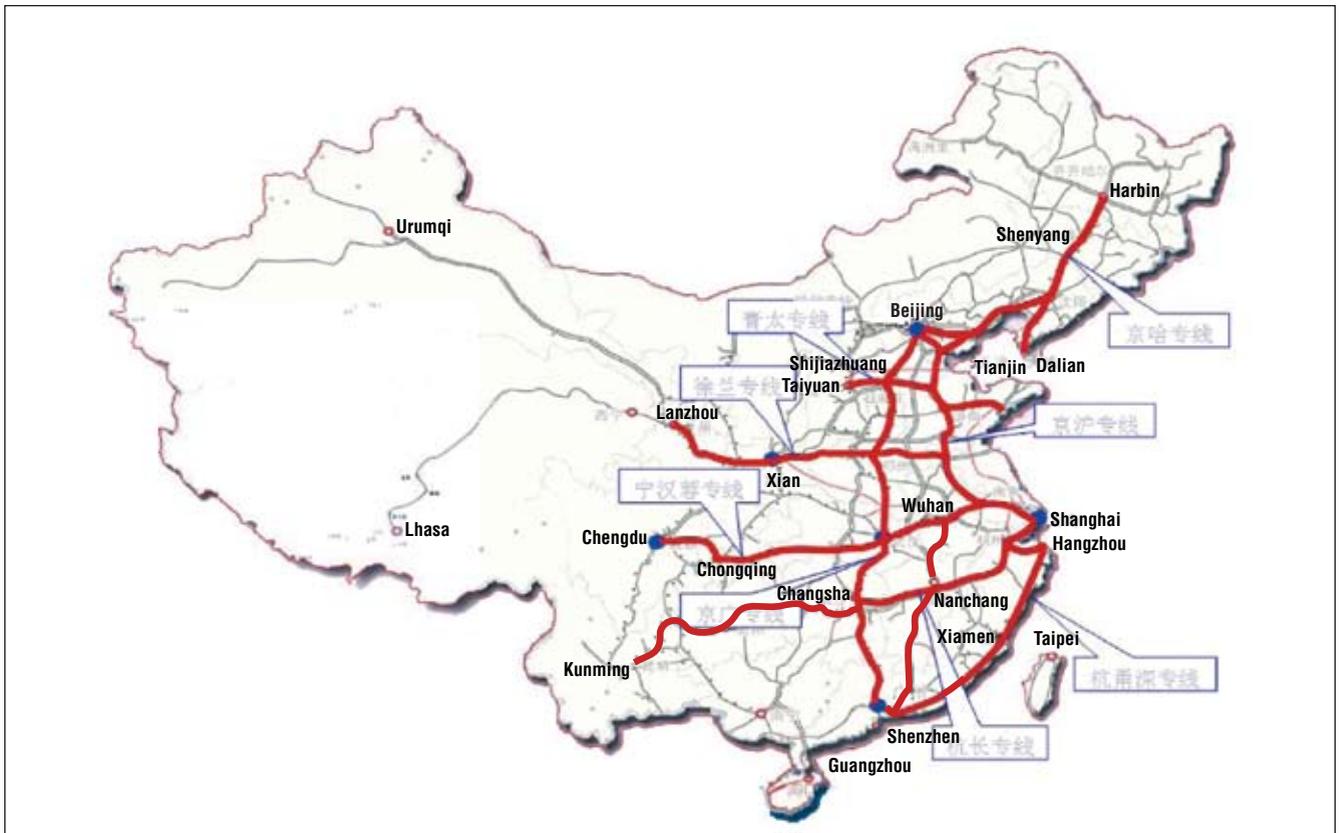
### Transforming China

As China's leaders well know, despite rapid construction during the past decades and especially the past five years, the current rail system is utterly inadequate to meet the requirements for developing an economy of 1.3 billion people. Per capita, China has only 6 centimeters (!) of rail per person. At the same time, China's leaders are breaking with the disastrous

"globalization order," by recognizing that a nationally directed rail network is the only transport system which can possibly function in the nation—air and auto transport are far too inefficient, too costly, and far less safe.

China's current great rail project will transform society as well as the economy, raising living standards across the nation, which is essential to lessen the severe income gap that divides the rural vast majority of the population, from the much better-off urban population. Increased rail transport will create a new level of national integration. China's high-speed passenger transport network will connect all provincial capitals and large cities with a population of over 500,000. The concept is to build an "8-hour transport circle," to bring every important city in China within eight hours' travel time to Beijing, or, where distances are still too great, another big city. This high-speed network will eventually be within accessible distance to 90% of the population. Some RMB2 trillion (\$293 billion) has been allocated for already approved projects for the next decade. In the coming three years, 3.5 billion renminbi (RMB) of the stimulus, will be spent for rail investment, the China High-Speed Railway summit announced.

## China's Mid- to Long-Term Development Plan for Building the World's Longest High-Speed Rail Network



World Bank/www.indianrailways.gov.in

## Chinese Rail Network, 2009



World Bank/www.indianrailways.gov.in

## Sun Yat-Sen's Strategic Plan

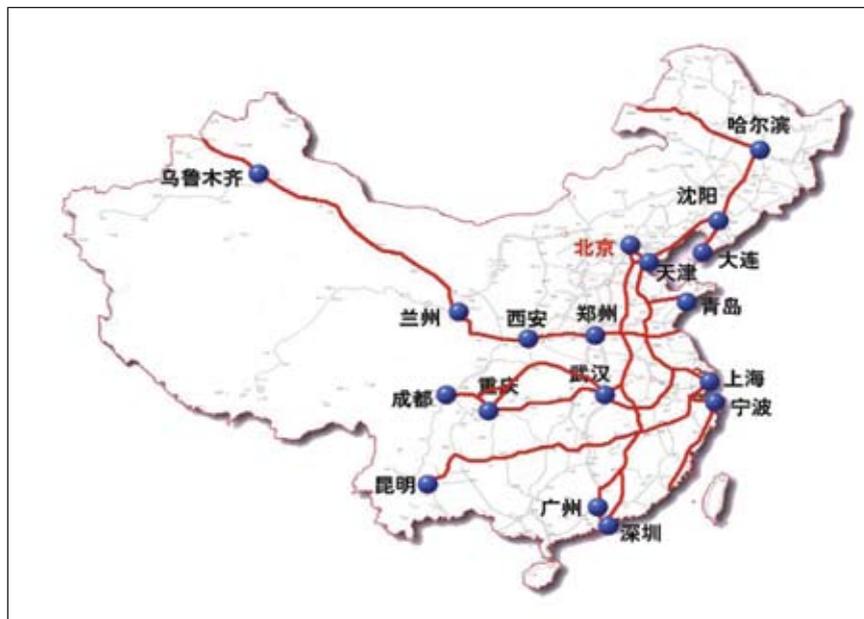
Sun Yat-Sen (Sun Zhongshan, 1866-1925) took the historical opportunity, in the wake of the First World War, the most brutal the world had ever seen, to propose international cooperation to develop China. Sun's *The International Development of China*, published in 1922, calls on nations reconverting from war production, to help China "leap-frog" from its pre-industrial condition to an advanced economy. This would primarily benefit what was then a population of 400 million, but would also be a boon to the United States and Europe, by creating a huge market, both for China's own production, and for the advanced technologies which would help transform

the nation. At the time, China had just over 10,700 km of railroads, concentrated in the northeast, almost all foreign-built and controlled. For comparison, the United States, at approximately the same geographical size, as mentioned, had some 400,000 km of rail.

Sun's program leads with a strategic plan to develop a 160,000 km (100,000 mile) national rail system, connected to a Eurasian system to link China to Russia, Central Asia, India, and Europe—and, eventually, Africa. Sun's economic policies were founded in the American System—his three principles of the people (roughly: government of the people, by the people, and for the people), came directly from Abraham Lincoln.

He was also a strategic thinker, and leading the “cardinal principles” of his last years, was allying China with Russia, then, the Soviet Union. Sun called for strategic planning of the rail lines, to

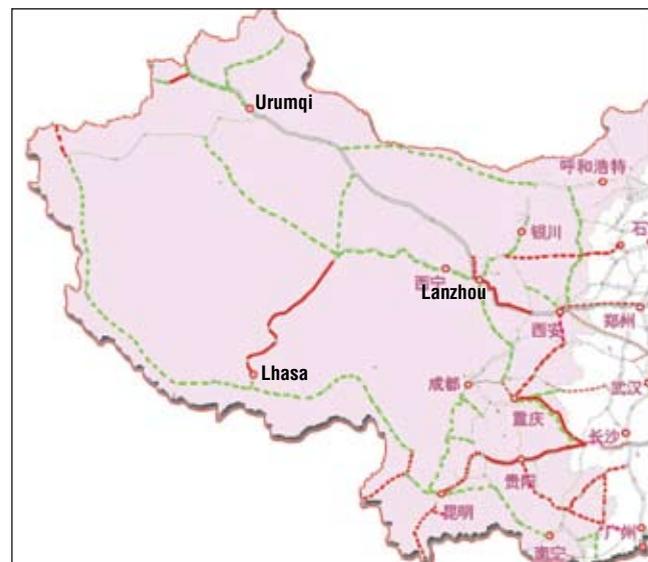
### Planned Freight Container Corridors



World Bank/www.indianrailways.gov.in

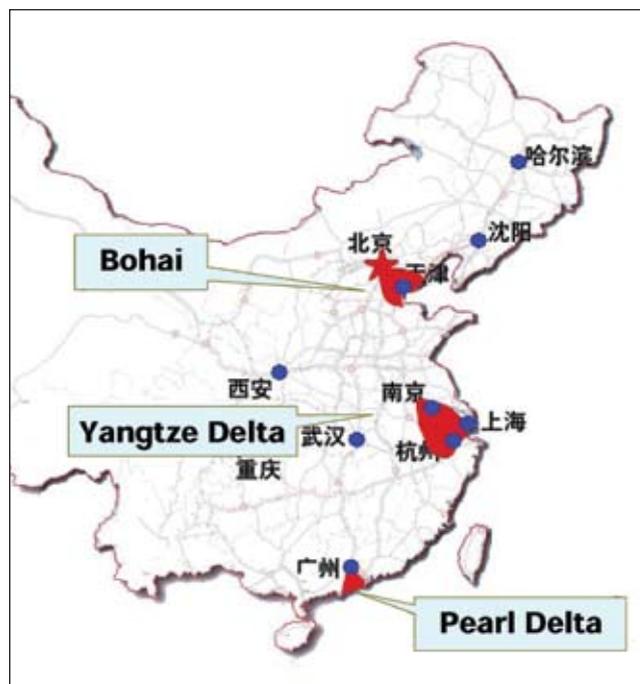
reach all areas of China. His proposed North-West line would not only integrate this vast region—from Bohai on the Pacific Coast to Xinjiang in the far West—into

### Mid- to Long-Term Development Plan for Western China



World Bank/www.indianrailways.gov.in

### Planned Regional Intercity Systems



World Bank/www.indianrailways.gov.in



China's consulate-general, in Cape Town, South Africa

*China is now becoming the world's leader in high-speed rail technology. Here, a CRH (China Railway High-Speed) bullet train, named "Harmony" leaves Zhengzhou City for Beijing, April 2007.*

the Chinese national economy, it would also link China to eastern Russia, and make Xinjiang the hub of rail connections to Central Asia—including the current Euro-Asian Continental Bridge, as well as the China-Kyrgyzstan-Uzbekistan route, now in the planning stage. Of the rail lines from Xinjiang to Eurasia, he wrote, “there is no existing railway commanding such a world position as this.”

Sun also understood the role of transport in economic development, emphasizing that linking densely to thinly populated areas, “is the best-paying proposition” of railway economics.

### **China Takes Rail Technology Leadership**

The rail system will also change China's international relations, by making possible construction of badly needed rail connections to its land neighbors and beyond, to the rest of Eurasia. “The successful operation of the high-speed railway of more than 1,000 km length, helps demonstrate China's technological strength,” Prof. Yang Hao of Jiatong University told *China Daily* Dec. 10. This will “appeal to countries like Russia, India, and the United States, which also have broad territories and a plan for building high-speed railways.” These trains would also be extremely useful in the underdeveloped nations of Africa and Ibero-America.

This development is being achieved, in a nation which had only 21,000 km of rail lines in 1949 (about half of that operating), and, for all but a tiny portion of the population of 400 million, footpaths were still the main mode of transportation—including for carry-

ing freight. Despite large-scale construction since then—China already had 76,000 km of railroad by 2006—rail capacity is still severely overburdened, and the constraints are seriously hindering economic growth, as the Ministry of Railways and other national leaders are acutely aware. China has one of busiest railway networks in the world, moving 24% of global rail traffic with just 6% of the world's tracks. Just to be able to do this demonstrates some level of efficiency, but the situation must be changed for China to develop further. Only 30,000 km are now electrified.

In September 2008, Zhang Shuguang, director of the transportation department of the Rail Ministry and deputy chief designer of the project, said that, by 2012, China will complete a high-speed rail network of 42 lines, comprising 13,000 km. Current plans are to expand this system rapidly, to 16,000 km—and according to latest reports, 20,000 km—by 2015. China's high-speed system will be at least as long as the entire rest of the world together by the end of 2012. There will be two types of tracks, one for the main corridors, where trains will travel at speeds of 350 km/h—the fastest in the world—and the rest for “slower” trains which run up to 200 km/h. Europe's high-speed network is just over 3,000 km, scheduled to triple, but only by 2020. Japan's “bullet train” is still using technology developed decades ago. Modern high-speed rail does not exist in the United States.

China is also becoming the world's leader in high-speed rail technology. It has imported from Germany, Japan, and France, but is now generating new technolo-

gies itself, putting them to work over unprecedented distances. On Dec. 27, the Wuhan-Guangzhou high-speed line was opened, the world's fastest and, by far, the longest, which tested at over 390 km/h, and is now carrying passengers at 312 km/h over almost 1,000 km. This was the first time ever that such speeds were able to be sustained over such a distance.

The breakthrough here, is in the construction of the rail line, not just its design, *Technology Review* quoted rail expert Rongfang Liu Jan. 11. While the train itself is relatively close to European and Japanese technologies, the entire rail line, including special cement rail beds, was built to safely carry trains at high speeds over hundreds of kilometers, and everything from the cement rail bed, to tunnels and bridges were built to accommodate this. This construction capability follows on Chinese breakthroughs to build the world's highest-altitude railway to Tibet, opened in 2006, which required adaption to some of the most extreme conditions on Earth.

"China has learned [these technologies] fast, and China also has its advantage in industrial integration," Minister Liu said Jan. 7. China will need 800 trains by 2013, he said. A new-generation train, which could run up to 380 km/h on the Beijing-Shanghai line, should be in production by the end of this year.

Last September, Zhang Shuguang said that a domestically developed train capable of reaching speeds up to 500 km/h will be produced by the end of 2010, China News Service reported. This train will also be able to run on regular track—at much lower speeds—making it possible to integrate cities not yet on the high-speed grid, into the new system, and greatly increasing transport efficiency.

China also has built the world's only commercial maglev train, in Shanghai, capable of running over 400 km/h, but it rarely reaches that speed due to the very short length of the track. Although no decision has been made, at present, on any significant extension, a new, lower-speed, 27 km maglev line, is now being built in Beijing.



Transrapid

*China's Shanghai maglev, the only commercial magnetic-levitation train operating in the world today, is capable of speeds above 400 km/h; a new, lower-speed, 27 km maglev line, is now being built in Beijing.*

China has already signed memoranda of understanding for high-speed rail cooperation with Russia and the United States, although the latter has yet to be given substance. China has now become the international leader in a vital technology, which can power international development. Over the past 20 years, passenger train speed has risen from 43 km/h in 1978, to 100 km/h in 2001; by 2010, it was possible to triple that to 350 km/h, Xu Fangliang, general engineer for the Wuhan-Guangzhou line, told Xinhua Dec. 27. The average speed of the high-speed railways is: 243 km/h in Japan; 232 km/h in Germany; and 277 km/h in France.

As Russian Academician Mikhail Titarenko, director of Russia's Institute of Far East Studies, said in an interview with *Global Times* Nov. 9, after the breakthrough visit by Prime Minister Vladimir Putin to Beijing, "Russian officials have also begun to follow China's experiences with interest. This indicates an upgraded Russia-China relationship. In the past, it was the former Soviet Union which provided China with advanced technologies, while now, it is China exporting them to Russia. China has indeed become an equal partner."

### **Developing the Whole Nation**

As the world economy collapsed in late 2008, China launched a RMB4 trillion (\$586 billion) two-year stim-

ulus plan, with over 40% to be invested in infrastructure. The nation had been striving for a decade, to make a strategic shift away from its dangerous dependence upon exports to Western markets, especially in the foreign-invested and -controlled “processing trade.” When those Western markets collapsed, it created the necessity, as well as the opportunity, to begin this shift in earnest. The expanded rail system is essential to develop the domestic economy.

China sharply increased its rail investment in 2009, to RMB600 billion (\$88 billion), almost 80% more than 2008, and more than the total amount from 1995 to 2005. “Another 33,000 km of railways are now under construction. This will need RMB2.1 trillion of investment in the years to come,” Railway Minister Liu announced at the annual national rail conference in Beijing Jan. 7. Some 70 projects will begin this year.

To carry out investment on this scale, Beijing has brought provincial and local governments into the planning, as well as the state-owned enterprises which have interests in expanding the rail system. The national pension fund and other such funds are also investors, and the government also issues special rail bonds. Private sector investment is also being developed, but the government plays the central role in funding and allocation.

Liu also emphasized China’s international role. “Based on our technology and industrial integration advantages, we should try to boost international cooperation this year,” he said. Representatives of over 100 countries have seen the 120 km Beijing-Tianjin high-speed rail line, the first to regularly travel at 350 km/h, which opened in August 2008, and there is broad interest in cooperating with China. As the *Taiwan Commercial Times* noted Jan. 2, Taiwan’s capability to create a “technology industrialization system,” would be extremely useful for these Chinese projects.

China wants to develop medium-size cities across the country, to reduce the pressure of massive internal migration on big coastal cities. The high-speed corridors will be integrated into the rapidly expanding light-rail connections around major cities. China will also build a transport circle which will cut travel between central cities, such as Shanghai, Zhengzhou, and Wuhan, to 30-60 minutes, and similarly for their surrounding cities.

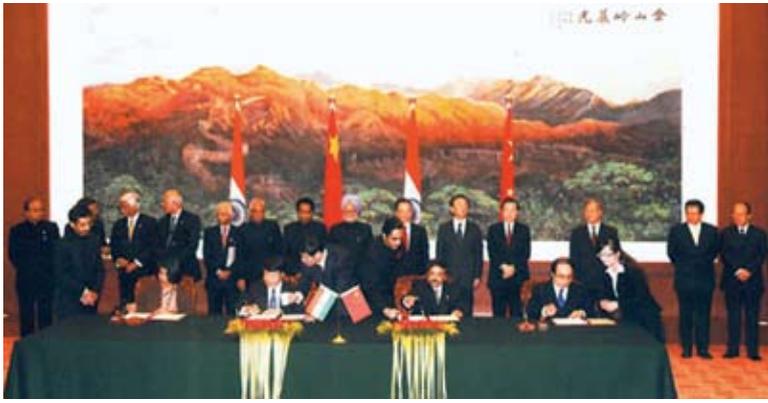
“In the next decade, 400 million people will migrate to cities and the urban population will increase to 900 million,” *The Australian* quoted Prof. Ji Jialun of Bei-

jing Jiaotong University Jan. 5. “China’s areas are more concentrated, so only fast and more capable trains can fundamentally solve the transportation issue.... Besides, China is short of resources, so railways—which take less land resource and are more energy efficient—have an important [role to play in the country’s] economic development. Chinese train manufacturers can learn and introduce express train techniques from Western countries to promote their own innovative abilities, so [that more orders can be fulfilled domestically]; train manufacture can also promote other industries, such as electronics, mechanics and steel. Railway will be the iron backbone to China’s development.”

Construction of the new high-speed line to link Wuhan, one of China’s biggest industrial regions in the lower Yangtze valley, to Guangzhou, the southern coastal manufacturing center, began in 2005. The key rail links between Guilin, capital of the poor, interior Guangxi Zhuang region in the Southwest, to the coastal Guangdong Province, and one between Lanzhou, Gansu province, a city on the Euro-Asian Continental Bridge, to Chongqing, the biggest city in south-central China, were also begun. In the interior, the Urumqi Railway Bureau announced that Xinjiang, in China’s far West, plans to build nine, 2,000 km railways to link the region to the rest of China and to the rest of Asia by 2020. Among projects under discussion are the strategic China-Kyrgyzstan-Uzbekistan railway, which would link far-western China with Central Asia, and a China-Pakistan railway, to add to the famous Karakoram Highway. Xinjiang only opened its first rail line in 1962, and now has over 3,000 km of rail, including the Euro-Asian Continental Bridge, which connects China to Kazakhstan, Russia, and Europe.

### **China Needs More Nuclear Energy**

Rail development will require another massive development in China: building nuclear power plants. China is caught in an economic bind—some half of freight transport is coal, which is used to generate some 66% of China’s electricity. This is a tremendous burden on the rail system, a serious pollution problem, and inefficient. Rail will help free China from over-dependence on petroleum imports to fuel cars, trucks, and airplanes, but beyond this, the greater dependence upon coal must also be reduced. In addition, electrification not only allows faster speeds, but also greater freight volume, which can increase from 3,500 tons to 6,000 tons by each train.



pmindia.nic.in

*Chinese Railways Minister Liu Zhijun (seated, second from right) and Shri K.S. Jena, chairman of the Indian Railway Board (seated, second from left), sign an MoU in Beijing, Jan. 14, 2008, as Indian Prime Minister Manmohan Singh and Chinese Premier Wen Jiabao look on.*

This dependence was demonstrated most drastically, because China was hit with a century snowfall in early 2008, and this Winter looks likely to repeat the disaster. The worst snowstorms in 50 years struck China during the 2008 Spring Festival, forcing shutdown of vital industry just to ensure enough energy supply to move the passenger trains.

China's trains will carry 1.64 billion passenger journeys in 2010, an increase of 120 million over last year, Minister Liu said Jan. 7. China has a migrant labor force of at least 200 million people moving around the nation: During the two-week annual Spring Festival alone, 210 million people, especially migrant workers and students, will travel home. At these times, many passengers have to stand over long distances due to the shortage of transport.

China had focused on highway building, up until the 11th Five-Year Plan, 2006-10, but it became ever clearer that highways would never meet China's transport needs. The Ministry of Railroads has estimated that a single high-speed rail link has the same transport capacity as five four-lane expressways; and that a double-tracked fast train can carry 160 million people a year, compared with 80 million for a four-lane highway—much more cheaply and efficiently.

The current rail network is not only far too small, it has an "irrational layout," according to Rail Ministry spokesman Wang Yongping. There is constant friction between priorities for passenger and freight transport. Some 95% of freight transported by rail is coal, grain, cotton, oil, and chemical products. Daily freight volume only makes up about 35% of demand, cramping the

economy. The new rail grid will also enhance freight transport. As the high-speed lines start operating, freight transport will take over more of the current rail system, and North-South and East-West freight corridors will be created. China's rail lines carried 3.5 billion tons of freight last year, over 5% more than in 2009. China is also producing its own new, 70-ton freight trains, capable of travelling at 120 km/h, 33% faster than the 60-ton trains currently in use.

The expanded freight transport will be especially important for western China, where the rail system remains far sparser than the rest of the country. China will extend railways to more than 50,000 km in its vast western regions by 2020, Yan Hexiang, deputy director of the development planning department of the Ministry of Railways, said Nov. 23. Currently, a 1,758 km railway between Lanzhou and Urumqi is under construction. Other projects include the new Chengdu-Guiyang, Chongqing-Guiyang, and Kunming-Nanning railways. When China began its "West Development Strategy" in 2000, the population was only 370 million, in over 70% of the country's total land area. Operating railways in the West were expanded 50% from 20,000 km in 2000 to nearly 30,000 km by 2008, but this is still just 36% of China's total.

### The High-Speed Grid

The high-speed rail grid is a gigantic project. There will be eight trunk lines, four North-South and four East-West, and another 34 lines. Every important city in the eastern, western, and central regions will be included. Some 8,000 km of track are designed for train speeds of 350 km/h, and the rest will accommodate 250 km/h travel. The new system will be able to carry 7 billion passengers a year. Travel times will be cut in half or more: Wuhan-Guangzhou was cut from 10 to 3 hours; when the centerpiece Beijing-Guangzhou line opens in 2012, travel time will be cut from the current 20 hours to just eight.

Yan Hexiang, deputy director of the development planning department of the Ministry of Railways, announced the network Nov. 23.

The four North-South trunks are:

- Harbin, Heilongjiang to Beijing, via Dalian and Shenyang;

- Beijing-Shanghai;
- Xiamen, Fujian Province-Shenzhen, Guangdong;
- Beijing-Wuhan (Hebei Province)-Guangzhou.

The four East-West trunks:

- Taiyuan, Shanxi Province-Jiaodong Peninsula via Shijiazhuang, Hebei Province;
- Xi'an-Zhengzhou (Henan Province)-Lanzhou;
- Chongqing-Shanghai, via Wuhan and Hefei;
- Hangzhou, Zhejiang Province-Kunming via Nanchang, Changsha and Guiyang.

Regional high-speed railway networks will be built among the cities of the key eastern economic centers of China: the Bohai Bay area, the Yangtze River Delta, and the Pearl River Delta, in the same time period. The potential is enormous: Zhejiang province, by Shanghai, now has a high-speed rail line from the port of Ningbo to Fujian, the province opposite Taiwan. Hong Kong will be linked into the high-speed rail system; after Fujian is integrated into the national system, it could potentially be linked to Taiwan by tunnel. This project is already under discussion. Urban rail systems are also being built. Fifteen big cities are building some 60 subway and light rail lines, to reach 1,700 km by 2015.

New interior rail hubs will be developed, as is planned for China's central Sichuan province—which has a population of over 115 million people. At least six main lines will be built from Sichuan. Such planning, as Lyndon LaRouche pointed out, “shows an understanding of real economics, physical economics. This is how you develop the economy of the interior of Eurasia, not just the coasts. You don't just build Eurasian land-bridges from the Pacific to the Atlantic coasts, but you also build dense hubs of this continental rail network, within the interior regions.”

New rail lines will link Sichuan, to the Euro-Asia Continental Bridge; to southern China via the new Chengdu-Guiyang Railway, and eventually to Kunming, Yunnan province, the gateway to Southeast Asia. There will be a second rail link to Lhasa, capital of Tibet, which could become the gateway to India and South Asia. India is building rail lines to its Himalayan state of Sikkim, and to Bhutan, for the first time. China is planning to extend the Lhasa rail line to Xigaze, which is 270 km closer to the borders of India, Nepal, and Bhutan. Bangladesh is also committed to expanding rail links both to India and to China.

China has proposed to India, building a rail link

from Lhasa to Kolkata, the capital of India's West Bengal state, with a population of over 80 million people, Singapore Foreign Minister George Yeo wrote in September, after travelling to Lhasa by rail.

Investment in railways helped spur China's steel production in 2009, after the devastation caused by collapsing steel exports in 2008-early 2009. By November, China had produced 5.475 million tons of railway steel, up 30% year on year. Overall output of steel products was up 17.4% at 628 million tons in the same period. Construction will require 550,000 tons of rails alone. China has reduced its dependence on rail imports over the past ten years to raise self-sufficiency, and also exported about that same amount to Asia and Africa. Production of cement, locomotives, and other equipment will be massive. China produces half the world's steel and cement.

### **Turning the Crisis into an Opportunity**

Beijing launched this policy in 2004, with the “Mid- and Long-term Plan for Railway Network,” produced by the Ministry of Railways and approved by the State Council in January that year. At the time, high-speed rail was defined as trains with a design speed of more than 200 km/h. For the first time, “To speed up railway construction” was written into the 11th Five-Year Plan, 2006-10, when it was launched. By then, the policy was to build and put into operation 17,000 km of new railways, 7,000 km of that high-speed, of which half would be for trains capable of running 330 km/h or more. Rail construction had grown at just under 1.5% per year until then, although other economic growth was much faster. When the world crisis struck in Summer 2007, the response was not only to upgrade the project, but get it built fast.

At the January 2008 national rail work conference, Railway Minister Liu announced that China will enter a “new railway era” by 2010, investing RMB1.2 trillion (\$176 billion) in railways and expanding international cooperation. By October, the State Council had approved 2 trillion yuan (\$292 billion) to speed up development. The rail system would grow to 90,000 km by end-2010. Annual spending has been increased about 2.5 times to meet the expanded goal. Senior government policy advisor Zheng Xinli said at the time: “In 1997, we dealt with the Asian financial crisis by stimulating domestic economic growth by investing in the construction of highways. This time the money will go on improving the rail network.”

# No to the 'Clash of Civilizations'!

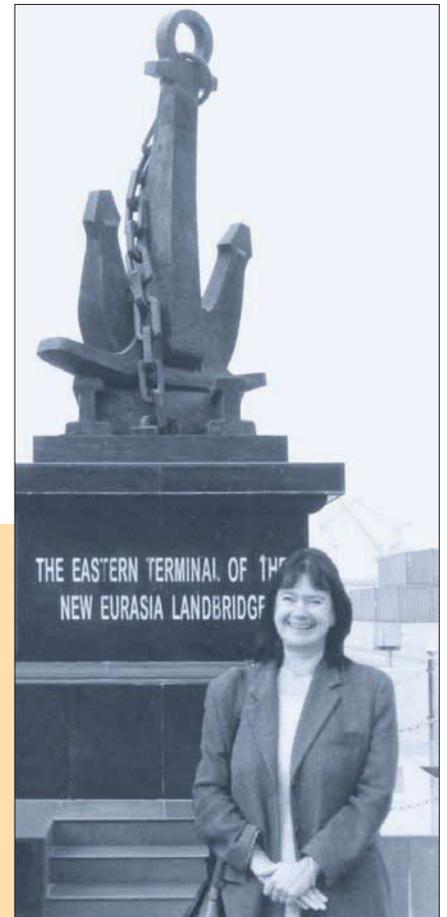
The Anglo-American financier oligarchy is trying to unleash a "Clash of Civilizations," to block the vast potential for Eurasian development. Instead, the Western powers should join in the great project of the new millennium, the Eurasian Land-Bridge.

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Helga Zepp-LaRouche known as "the Silk Road Lady," has played a major role in organizing worldwide support for the Eurasian Land-Bridge. She is shown here at Lianyungang Port in China, October 1998.



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## *Simply & Summarily*

From early during the 1950s, there was a trend, as in the United States, to move production away from industrial centers, to the cheaper labor markets within the U.S.A. itself. Similarly, later, especially since the assassination of John F. Kennedy, to move technology away from the then industrialized nations, into cheaper-labor markets on a global scale.

This trend entered a new phase under U.S. President Nixon, and entered a trend toward still-cheaper labor markets, the beginning of a post-industrial trend over the course of the 1980s, as in the case of the Anglo-American wrecking of the Mexican economy in the Summer of 1982. New extremes were seen in the wrecking of the continental European economy, from 1990, which became a torrent following the dissolution of the Soviet Union.

It soon became apparent, for all to see plainly, as if under their noses, that the export of production to so-called developing nations was an intended process of ruin of the economies of the nations of the northern Trans-Atlantic region, to transfer of surviving rations of production away from original centers into a process of what became known as “globalization.”

As an outgrowth of the historical process which I have just outlined, summarily, in those immediate, three paragraphs, above, we have the following most notable, four patterns operating presently.

1. There has been a post-1968 shift of the Trans-Atlantic set of economies, away from a role as what had been, earlier, a traditional cultural trend, progressive economic-superiority, toward post-1968 chronic decadence.
2. This is marked by emphasis on rapid expansion of reliance on modern nuclear-fission and prospectively thermonuclear-fusion technologies in the Asian and African regions rimming the Pacific and Indian Oceans, at the same time that the economies rimming the Atlantic have retreated into the doom inevitable in the general destruction of the role of what had been modern technologies prior to 1970, toward barbaric, frankly dionysian (e.g., Nietzschean existential) primitivism.
3. However, the vigorous efforts expressed by the combination of a suicidal drive toward such regressive modes as windmills and solar-collectors, and toward massive genocide against existing world populations, dominate the world economy as a whole to such a degree, that unless the U.S.A. abandons its ties to the principal source of the cultural decadence of European civilization, the United Kingdom and its global influences, there is no likelihood that civilization as a whole could survive the effects such British-led Trans-Atlantic cultural trends would have on the world as a whole.
4. A shift of the U.S.A. away from the plunge into a Hellish, planetary new dark age, being led currently by London and its American puppet Barack Obama, would tip the balance of trends in favor of defense of a civilized form of existence on this planet at large.

Lyndon H. LaRouche, Jr.  
January 19, 2010

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- ST. CROIX VALLEY CC Ch.14: Thu 1 & 7 pm; Fri 9 am
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- WASHINGTON COUNTY (South) CC Ch.14: Thu 8 pm

## NEVADA

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- ROCHESTER TW Ch.15: Sun 9 pm; Thu 8 pm
- ROCKLAND CV Ch.76: Tue 5 pm
- SCHENECTADY TW Ch.16: Fri 1 pm; Sat 1:30 am
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- TOMPKINS COUNTY TW Ch.13: Sun 12:30 pm; Sat 6 pm

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- WEST SENECA TW Ch.20: Thu 10:35 pm

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- OBERLIN Cable Co-Op Ch.9: Thu 8 pm

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- ARLINGTON CC Ch.69 & FIOS Ch.38: Tue 9 am
- CHESTERFIELD COUNTY CC Ch.17; FIOS Ch.28: Mon 1 pm
- FAIRFAX CX & FIOS Ch.10: 1<sup>st</sup> & 2<sup>nd</sup> Wed 1 pm; Sun 4 am. FIOS Ch.41: Wed 6 pm
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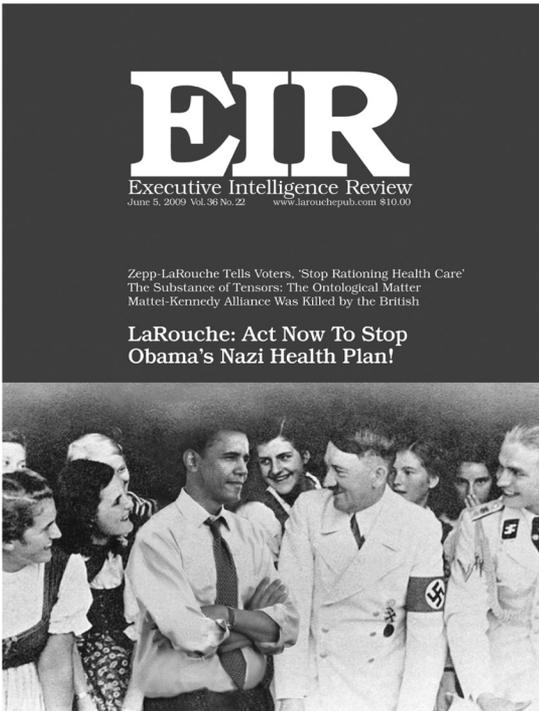
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