EIR

Executive Intelligence Review

February 19, 2010 Vol. 37 No. 7 www.larouchepub.com $10.00

The 'Santander Syndrome': London's Sucker Game
The Euro-System Is on the Brink of Collapse
From the Moon to Mars: The New Economics

Saving the Planet Now! A Global 'Glass Steagall'

Keep Up with 21st CENTURY SCIENCE & TECHNOLOGY

Featured in the Summer 2009 issue

- SCIENCE FOR LEGISLATORS

Is the Fear of Radiation Constitutional?

by Laurence Hecht
A primer to help the present majority of misinformed policymakers and citizens to learn the truth about radiation, and the wonderful power for good that it holds out for mankind.

- ### Thoughts on Fusion Energy Development After a Six-Decades-Long Love Affair

by Richard F. Post
A fusion pioneer reviews 60 years of fusion history, and proposes the axisymmetric tandem mirror as a fast track to achieving ignition with magnetic confinement fusion, bypassing some of the problems with large tokamaks.

- INTERVIEW: RICHARD F. POST

A Fusion Pioneer Talks About Fusion and How to Get There

SPECIAL REPORT

- ### With DDT Spraying, Malaysia Can Show The World How to Control Dengue

by Mohd Peter Davis
A Malaysian scientist proposes a pilot project to test a program using DDT to control dengue.

- ### The True Story of DDT

by Przemyslaw Mastalerz
A chemist looks at the voluminous scientific literature, and concludes that DDT is not hazardous to human health.

Also included

NUCLEAR REPORT

- ### Downwinders Deluded And Waiting to Die

by Daniel Miles
Excerpts from Miles's book, *The Phantom Fallout-Induced Cancer Epidemic in Southwestern Utah.*

- ### The Secret of the Supercentenarians

by Rick Sanders

- ### Malaysia Is Going Nuclear!

by Mohd Peter Davis

- GLOBAL WARMING UPDATE *Compiled by Gregory Murphy*
- Book reviews of *Krafft Ehricke's Extraterrestrial Imperative* by Marsha Freeman; *Sun in a Bottle: The Strange History of Fusion and the Science of Wishful Thinking* by Charles Seife; *Sunken Realms: A Survey of Underwater Ruins from Around the World and a Complete Catalog of Underwater Ruins* by Karen Mutton; and *Uranium: War, Energy, and the Rock That Shaped the World* by Tom Zoellner

Subscribe!

Electronic subscriptions are
$25 for 6 issues,
$48 for 12 issues.
Single electronic copy is $5.

Available at
www.21stcenturysciencetech.com
or send check/money order to

21st Century
P.O. Box 16285, Washington, D.C. 20041

EIR (ISSN 0273-6314) *is published weekly (50 issues), by EIR News Service, Inc., 729 15th St. N.W., Washington, D.C. 20005. (703) 777-9451*

European Headquarters: E.I.R. GmbH, Postfach 1611, D-65006 Wiesbaden, Germany; Bahnstrasse 9a, D-65205, Wiesbaden, Germany
Tel: 49-611-73650
Homepage: http://www.eirna.com
e-mail: eirna@eirna.com
Director: Georg Neudekker

Montreal, Canada: 514-855-1699

Denmark: EIR - Danmark, Sankt Knuds Vej 11, basement left, DK-1903 Frederiksberg, Denmark. Tel.: +45 35 43 60 40, Fax: +45 35 43 87 57. e-mail: eirdk@hotmail.com.

Mexico: EIR, Manual Ma. Contreras #100, Despacho 8, Col. San Rafael, CP 06470, Mexico, DF. Tel.: 2453-2852, 2453-2853.

Canada Post Publication Sales Agreement #40683579

Postmaster: Send all address changes to *EIR*, P.O. Box 17390, Washington, D.C. 20041-0390.

EIR

From the Managing Editor

We carry forward the new editorial policy that Lyndon LaRouche laid out in his signed Editorial last week, with a focus on the blowout of the London-controlled Spanish Banco Santander, the epicenter of the crisis in Euroland. As we might expect, the British are playing their usual dirty games, facing, as they do, the near-term meltdown of their imperial monetarist system. London is trying to sell its "alternative" to LaRouche's plan for a Four Great Power Alliance—the U.S.A., Russia, China, and India—a proposal which is gaining steam among the three Eurasian powers, but requires the removal, by impeachment, or resignation, of President Barack Obama, to bring the U.S. on board. Instead, the perfidious Brits are pushing the "BRIC"—in which Brazil replaces the U.S.! But, as LaRouche notes, the 'B' in BRIC, in reality, stands for Britain. It is clear that London's BRIC is falling down!

What do the Brits fear most? That the U.S.A., under new leadership, guided by LaRouche, will adopt FDR's Glass-Steagall standard—but this time, on a worldwide scale. As LaRouche writes in this week's *Feature*: "Today, without a kind of Glass-Steagall reform, which would virtually wipe out the monetarist features of both Wall Street's and of the City of London's systems, the chances for escaping an already on-coming, planet-wide 'new dark age," were virtually 'zilch'!"

Next, Dennis Small shows how LaRouche overturned the British chessboard, in "The 'Banco Santander Syndrome': City of London's Sucker Game": Following LaRouche's warning that Santander was about to blow, the "bank's stocks had tumbled by over 10%, with similar plunges of other Spanish bank stocks, and the European and Brazilian stock markets, in general."

Looking at the euro-crisis from another vantage point, Helga Zepp-LaRouche writes, in "The Euro-System Is on the Brink of Collapse" (*Economics*), that "the EU of the Lisbon Treaty has emerged precisely as the monster we warned against: an oligarchical imperium, in which the last vestige of sovereignty of the nation-state has vanished."

"From the Moon to Mars: The New Economics" (*Science*), the transcript of a LaRouchePAC video, a "must see," urges a revival of mankind's mission to explore our Solar System, and beyond.

Finally, we mourn the passing of John Murtha, the leading FDR Democrat in Congress (*Obituary*).

Bonnie James

EIR Contents

Cover This Week


NASA/STS-129 crew

The Sun and crescent Earth, from the International Space Station.

Economics

Obituary

Science

Editorial

SAVING THE PLANET NOW!

A Global 'Glass Steagall'

by Lyndon H. LaRouche, Jr.

February 8, 2010

For any actually competent economist today, a global equivalent of a "Glass Steagall" reform was implicit in President Franklin Roosevelt's 1944 fixed-exchange-rate Bretton Woods system. It was the contrary actions of President Harry Truman, made as concessions to Winston Churchill, and to Wall Street, after Roosevelt's death, which sent the world careening, step, by step, by step, into the direction of the presently terminal phase of decline gripping the world today.

The ultimate consequence of the Truman administration's concessions to London and Wall Street is, today, that all recipes known to me, for a so-called "new Bretton Woods" contrary to my efforts, have been fraudulent in effect, whether this was the intended effect, or not. Such has been today's outcome of the official suppression of President Franklin Roosevelt's anti-Keynes, Bretton Woods intention for the post-war world.

Today, without a kind of Glass Steagall reform, which would virtually wipe out the monetarist features of both Wall Street's and of the City of London's systems, the chances for escaping an already oncoming, planet-wide, "new dark age," were virtually "zilch"!

The stunningly poor performance of the British empire's nominally Spanish, and largely Brazil-based, Banco Santander during this past week, has confronted the Euro system as a whole with a crisis for which that institution has no visible remedy in sight. After all the ifs, ands, and buts available to London's phrase-mongers have been spent, the fact persists that the present Euro system has no remedy for its presently existential crisis within the obvious present means at hand.

To rescue the planet, we need a rapid shift away from "green policies," into investments in advanced technologies like nuclear power and high-speed rail. Shown: A Japanese bullet train passing Mt. Fuji.

In fact, there is only one essential remedy: disband the present Euro system under its just recently installed, present rules. Return to a Europe of respectively sovereign nation-states, including immediate steps to re-establish the Deutschemark, and break up the conditionalities which were imposed upon Germany under the intentionally ruinous terms jointly dictated to Germany by the heads of state and government Margaret Thatcher, President François Mitterrand, and a rather silly, but mean-spirited President George H.W. Bush.

These and related, specific measures required to rescue western and central Europe from the present failures of British domination can not be successfully installed without putting all of western and central Europe under the U.S. equivalent of a Roosevelt-era designed "Glass-Steagall" reform.

This past week's exposure of the problematic features of much of the assets within the so-called Inter-Alpha Group, such as Banco Santander, shows clearly that those parts of the banking and related claims on which the claimed financial strength of the Euro system had depended for its authority have been of a quality either similar to, or, probably even much poorer than the 2007-2010 U.S.A. under the mismanagement of U.S. Presidents George W. Bush, Jr. and Barack Obama. The crisis of Europe exposed by last week's developments around the Inter-Alpha Group's environment, are, by their nature, far less manageable than for a U.S.A. under its constitutional system.

Those facts concerning the present international financial situation taken into account, if the European continent returned to a status quo ante situation prior to the installation of the present Euro system, as by restoring the Deutschemark, a Glass-Steagall approach to reform there, would permit immediate economic and financial reforms of the credit-systems needed for launching the agro-industrial recapitalization of the economies of Germany and its continental neighbors. Otherwise, without a "Glass-Steagall" type of reform, executed in the spirit of President Franklin D. Roosevelt's approach, there is little hope that Europe generally could overcome the general form of general economic-breakdown crisis now mustering its forces for a general breakdown of the existing European system.

The time has come to leave former British Prime Minister Tony Blair's smelly scalp drying in the breezes surrounding the flagpole on which it hangs.

The Hopeful Option

During my January 30th international LPAC webcast, I emphasized that the monetary-financial aspects of the present collapse of the European Union's economy, are interlinked with the collapse of the physical economy of western and central Europe due, chiefly, to the influence of "green policies." I emphasized the fact, that as of the present time, the economic existence of Europe is being doomed by the accelerating effect of so-called "green" policies which have been largely premised on the demonstrably failed cult of "global warming," whereas it is the parts of the world which had rejected such so-called "green policies" which are currently benefitting from vigorous investment in high-technology progress in such basic economic infrastructure as mass transportation and vigorous investment in nuclear power.

However, I am confident that once the citizens of European nations recognize that a shift back to modern technology of capital-intensive investment in basic economic infrastructure, industry, and agriculture is the wave of a return to the future, the "green resistance" to European survival will, like "an old soldier," "fade away."

The 'Banco Santander Syndrome': City of London's Sucker Game

by Dennis Small

"A great fraud has been shaping international relations, including relations of Russia with the United States, which I have some privy insight into," said the world's leading economist Lyndon LaRouche on Feb. 6. "What is going on, is the Russians have been induced to believe, that there's a vast pool of international money, centered in institutions such as the London-controlled Spanish bank, Banco Santander, which were going to be the resource for the Russians, when the British, and these fellows, succeeded in bringing down the United States. That is why we've been having some resistance from some Russians on looking at cooperation with the United States, in my Four Powers proposal to use the combined political and economic power of the United States, China, India, and Russia to replace the current bankrupt international *monetary* system, with a new *credit* system to foster high-technology development.

"They have been convinced to believe in the fraud that Banco Santander, and similar, related institutions of the British imperial system, have this vast amount of resources, which was going to secure the existence of Russia, at the point that the United States disintegrated.

"Now, I don't agree with letting that go that way—as you may know. So, since I knew, not by figures, but by the nature of the situation, that Banco Santander, and its vast empire extended into South America, especially Brazil, and other places, was one giant fraud, that there are no solid assets, survivable assets, associated with a network of banks, which are grouped around a Spanish-speaking British bank called Banco Santander. So this week, I did the obvious."

LaRouche was referring to his warning first made public on Feb. 2, that a full-fledged meltdown crisis was underway throughout the Eurozone, that could bring down Brazil, and hit Russia—and everything in between. "You have a euro crisis," LaRouche said, "which will hit Britain and Brazil, notably, as well as Spain and other parts at the same time. So, people should be warned. This is now in progress. The Greek situation is a minor also-ran. This could be the chain-reaction collapse of the euro system."

The debt numbers show it. For example, the total exposure of German banks throughout the Eurozone is some EU540 billion, but the Greek share is only 8% of that total, or some EU43 billion. German banking exposure to Spain, on the other hand, is 44% of the total, or EU240 billion.

"The whole Atlantic community of nations is in a British-directed crash of the entire euro system," LaRouche said. "The whole system is going down." In fact, LaRouche added, a widespread wave of bankruptcies is to be expected, possibly led by the meltdown of Santander, whose own debt began to be downgraded by Fitch and other rating agencies in early February. These things are coming to the surface and being exposed now, LaRouche said, because the entire international financial system is coming down.

On the eve of a Feb. 11 European Union summit to address the crisis—with an agenda centered on British-scripted calls for bailing out the entire bankrupt London-centered banking system with massive austerity, and by imposing a top-down supranational dictatorship along imperial lines—LaRouche warned European leaders: "Do not make the mistake that the U.S. made in bailing out Wall Street. If you do that in Europe, you are going to sink Europe, because Europe is more vulnerable than the United States. It is the high-gain creditors, like the London-run Spanish Banco Santander, that are going to have to take the main burden of the hit. Anything else would just reproduce in Europe a far worse form of the crisis we have experienced in the United States."

Which BRIC?

London-centered enemies of LaRouche's Four Powers proposal have been countering LaRouche's

The London-run Banco Santander in Spain is at the center of the Euroland financial crisis today. But, as LaRouche notes, "It may be about to blow," despite British schemes to bail it out.

policy by puffing the so-called BRIC alliance of Brazil, Russia, India, and China.

"People think the 'B' in 'BRIC' is Brazil," LaRouche said. "I'm informing them, it is not. The 'B' in 'BRIC' stands for British. Santander is part of the British Empire, and it is the instrument of a precarious, British financial bubble. It may be about to blow, and the current British manipulations may be involved in trying to bail it out. That's why I took the step I did."

In fact, Banco Santander has its very own BRIC project, which is run through the Marcelino Botín Foundation, the personal foundation of the Botín family, which has run Banco Santander since its inception in 1857. From 2006 to 2009, the foundation, headed by Santander CEO Emilio Botín, held a forum at Botín Foundation headquarters in Madrid, centered each year on a different member of the BRIC countries, pulling in leading figures from the governments and policymaking circles for private discussions with members of the foundation and Spanish figures, on what each country's strategic orientation should be. The first seminar, in 2006, was dedicated to China in the 21st Century; in 2007, India was the topic; 2008 was the year to discuss "the political, economic and strategic adjustments to be made by Russia today"; and, in 2009, the cycle concluded with a forum on Brazil's role as an "emerging nation" on the global scene.

"The notable point to be emphasized," LaRouche commented, "is that the three-power bloc of the real-life Russia, China, and India, is not to be confused with the BRIC, as physical economies. It is the fat monetarist parasite sitting on top of them presently, which is the problem.

"My problem is to rescue Russia, China, India, and even Brazil itself (which has useful physical-economic relations with the bloc of Russia, China, and India), from this British swindle."

Santander and the Stench of Empire

By the end of the week that began with LaRouche's warning about the impending Santander blowout, that bank's stocks had tumbled by over 10%, with similar plunges of other Spanish bank stocks, and the European and Brazilian stock markets, in general. Particularly ironic, is that the Santander collapse began the same day (Feb. 4) that the bank announced its much-ballyhooed 2009 results, with reported international profits of EU8.943 billion (about $12.43 billion), up 1% from

2008. The two main sources of its profits were Brazil (20% of the total) and the United Kingdom (16% of the total). In both cases, those profits are about as stable as quicksand—as we shall demonstrate below.

Banco Santander was founded in 1857, by Emilio Botín López, and run today by the original Botín's great-grandson, Emilio Botín-Sanz de Sautuola y García de los Ríos—often listed as Spain's richest man. The illustration, from Goya's Caprichos, *No. 39 (1796-97), is titled, "And so was his grandfather."*

So, just what is Banco Santander? Santander's meteoric growth over recent years has made it the number one bank in the Eurozone—recently surpassing London's Hongkong and Shanghai Banking Corporation (HSBC)—and the ninth-largest in the world, based on market capitalization. It is also the single largest banking group in Ibero-America, with some 10% of the area's total banking assets—dominating a region whose primary economic activity is drug trafficking. In 2007, Santander finally achieved a major position in the coveted Brazilian banking system as well, where it now controls about 11% of the system's bank assets.

Santander is nominally an old-line Spanish bank, founded in 1857 by Emilio Botín López, and run today by the original Botín's great-grandson, Emilio Botín-Sanz de Sautuola y García de los Ríos—often listed as Spain's richest man. But Banco Santander today is run, top-down, by the City of London, through the British monarchy's Royal Bank of Scotland (RBS) and related institutions, and by old Venetian financial interests associated with the notorious insurance firm, Assicurazioni Generali, which helped put Benito Mussolini in power in Italy. Santander, in a word, is an instrument of ancient, imperial, feudalist financial interests.

Santander has had a "strategic alliance" with the RBS since 1988, one year after Emilio Botín took control of the bank. As *EIR* documented, in a July 2, 2004 feature, "Empire Strikes Back: Spanish Banks Recolonize Ibero-America," excerpts of which we publish below, Botín and his Santander were considered so trustworthy by the British monarchy, that, in May 2003, RBS sold all of the Ibero-American branches of its international private banking division, Coutts & Co.—the Queen's personal banker—to Santander.

Santander and RBS are both part of a broader international banking network called the Inter-Alpha group, with tentacles extending across Western and Eastern Europe, and beyond (see below).

Botín is tight with the British monarchy and related financial aristocrats, beyond the RBS axis. For example, Botín has a multi-faceted relationship—business, social, and more—with Maj. Gen. Gerald Grosvenor, the 6th Duke of Westminster, Britain's richest man by some accounts, and the United Kingdom's top owner of real estate. The duke is a cousin of Queen Elizabeth II, and "is one of Prince Charles's best friends. Grosvenor also is Prince William's godfather," according to an article published in the March 12, 2008 issue of the New York *Daily News*, which also reported that Grosvenor "was a customer of the same high-end prostitution service patronized by [New York] Gov. [Eliot] Spitzer ... [and] hired four hookers over a six-week stretch in late 2006."

But pornography is the least of it. The stench of imperial decadence is all-pervasive in this world of the British royals and their foreign lickspittles.

For example, both billionaires—Botín and Grosvenor—hold enormous feudal estates near the city of Ciudad Real in the Castilla-La Mancha region of Spain, about 100 miles south of Madrid, which are exclusive hunting reserves. The Duke of Westminster's "La Garganta" estate is about 15,000 hectares (57 square miles) in size, and has, on occasion, hosted super-private parties for the British Princes William and Harry. Botín's nearby estate, El Castaño, is some 30 miles from the duke's, and a tad smaller, at a mere 11,000 hectares (42 square miles). In total, there are some 7 *million* hectares (25,000 square miles) of private hunting land belonging to estates in Castilla-La Mancha, according to ElDigitalCastillaLaMancha.es of May 13, 2009—over 80% of the land area of the entire Castilla-La Mancha region, the third-largest in Spain.

This world "is not within reach of all; power, money and land go hand in hand. It is the businessmen, the bankers and the aristocrats who control cynegetic 'high society,' a class which has majority residence in Castilla-La Mancha," the Spanish electronic publication explained. "You can attend these hunting events by invitation. The proprietor organizes the hunt, which becomes a social event where meetings occur among the partners in wanderings and business, and the fact of hunting becomes secondary." Among the regular visitors to these hunt country estates is Spain's King Juan Carlos.

Botín's estate reportedly received a different kind of visitor on April 25, 2008, according to accounts in the Spanish daily *El País* and Bloomberg news wires. A light plane crashed while attempting to land at the private airport on Botín's estate that day, killing both men on board. The plane was reportedly carrying 200 kg of hashish from Morocco (or 200 kg of cocaine, according to other accounts), and the person waiting for the plane in a truck at the landing strip was arrested—and was subsequently spirited out of the country. Spokesmen for both the Santander Group and the Marcelino Botín Foundation—both headed by Emilio Botín—denied that any member of the Botín family was involved.

This was not the first time that Botín's name had come up in connection with the drug trade. On Sept. 5, 2004, veteran British journalist Hugh O'Shaughnessy reported that the U.S. Senate's Permanent Subcommittee on Investigations had "issued a fierce warning to the banks" Santander and HSBC, for lax money-laundering procedures and receiving suspicious wire transfers in excess of $35 million from a suspected drug-runner in Equatorial Guinea.

Besides aristocratic hunting—long a central social, political, and business nexus of British imperial interests (see "The Coming Fall of the House of Windsor," *EIR*, Oct. 28, 1994)—Botín and the Duke of Westminster are joined in other business activities. In July 2008, the duke's British property group Grosvenor, with $26 billion in real estate assets under management (including those of the duke himself), traded the first Spanish property derivative—and teamed up with Banco Santander for that auspicious occasion. As a Reuters wire explained at the time, "Property swaps enable investors to rapidly increase or hedge exposure to real estate without having to buy or sell bricks and mortar in costly and often time-consuming transactions."

Grosvenor pioneered this new form of speculative bubble in the U.K. in the mid-2000s, and then spread it to the U.S., Germany, France, and Hong Kong. In 2007, Grosvenor extended this novel speculative disease to Australia, Japan, and Italy, all in the middle of the global financial bubble, whose immediate trigger (not its cause) had been the U.S. mortgage frenzy.

The importance of the 2008 Spain joint venture, was that it constituted an urgent effort to build a *new* bubble on the already collapsing British and Spanish real estate bubbles. As Reuters put it: "Supporters of Europe's fledgling property derivatives market also hope the [Grosvenor-Santander] trade will inspire investors to use property swaps to help offset potential losses stemming from sharp corrections in UK and Spanish commercial residential property prices."

At the time, Grosvenor and Santander trumpeted their intention to go hog wild with property derivatives. A release issued by Grosvenor reported that, "Andrew Fenlon, Global Head of Property Derivatives at Santander Global Banking & Markets said: 'We see this as an important first step for the Spanish property derivatives market, and a sure sign that this market will develop along the same lines as the French, German and even the UK markets. We are very pleased to work with Grosvenor who have shown themselves keen to complement their substantial property investment business and embrace the synthetic property market.'"

The "synthetic property market?" Are these the kind of phony assets that Russians and others are being suckered into betting on, strategically? The more one delves into it, the more Santander begins to look like an AIG-type financial shill for the wildest forms of British imperial financial speculation.

So, let us delve a bit further.

creative commons/Philip Allfrey

Maj. Gen. Gerald Grosvenor, the 6th Duke of Westminster, cousin of Queen Elizabeth II, and Britain's richest man, by some accounts. In July 2008, the duke's British real estate group teamed with Santander to trade the first Spanish property derivative. The resulting speculative bubble spread across the world. Goya's Capricho 45, *"There is plenty to suck."*

Dirty Acquisitions

The day after Santander's Feb. 4, 2010 release of its 2009 Annual Report—which trumpeted its profits and tried to argue that its ratio of non-performing loans (NPLs), while rising by 60%, from 2.04% to 3.24%, over the year, was still lower than Spain's average—a London *Financial Times* blog, on ft.com/alphaville, took note of the sharp drop in Santander stocks that day, and asked: "So what could have spooked shareholders?" One blogger's laconic reply hit the nail on the head: "In general, I would be wary of companies that have had acquisition-led growth, and be more mistrustful of their NPL figures."

If ever there were a bank that grew by scandal-laced acquisitions, and with non-performing and other phony assets galore, that bank is Santander.

In 1999, Santander and Spain's Banco Central Hispano (BCH) announced a "merger of equals," to form Banco Santander Central Hispano (BSCH). But differences quickly arose, and Botín drove the former BCH executives out, greasing the skids with a EU164 million "severance payment." Botín was subsequently charged with "misappropriation of funds" and "irresponsible management," but, in April 2005, he was cleared of all these charges. Later that year, Spain's public prosecutor's office also cleared Botín of separate charges of insider trading.

Then, there is the notorious case of ABN Amro bank. In October 2007, Santander, its long-time strategic ally RBS, and the Dutch-Belgian bank Fortis, outbid Barclays and other major banks to acquire the failing giant Dutch bank. As part of the deal, ABN Amro's Brazilian subsidiary, Banco Real, went to Santander. With that move, Santander became the third-largest private bank in the Brazilian market, controlling 11% of the country's banking assets—a long-coveted prize. In Dutch parliamentary hearings on

Feb. 3, 2010, former ABN CEO Rijkman Groenink confessed that the Santander-RBS-Fortis consortium had acted in a way that was "so bizarre and irresponsible, I couldn't have imagined." According to a Dow Jones wire, Groenink also said that the three banks were poorly informed beforehand, and that the price they offered was absurd. "The due diligence was limited, and they based most of their information on the past. They didn't know what they were buying," Groenink said.

Groenink added that a merger with Barclays would have made much more sense: "It's likely that this combination wouldn't have required a substantial amount of state aid. It would have entered the crisis with the highest solvency. In that case, the Dutch state wouldn't have spent 30 billion euros on ABN Amro"—which they did, to help clean up the assets for Fortis, to the delight of Santander and RBS.

Groenink stated: "I shouldn't have taken responsibility for the acquisition because I was against it. Up to this day, I regret that we weren't able to prevent it." He did admit, however, that his regrets were tempered by a departure package of tens of millions of euros that Santander et al. gave him.

One Santander alliance that went a bit awry, however, was with Bernie Madoff, with his well-known links to dirty money laundering, where the Spanish bank reportedly lost over EU2 billion.

Santander has also "picked up some of the pieces of the weakened British banking system," in the words of the *Financial Times*, with its 2004 acquisition of the U.K.'s Abbey bank, followed by Alliance & Leicester and Bradford & Bingley in 2008. In 2009, they were all merged and "rebranded" under the Santander name, taking advantage of Santander's much-publicized promotion of Formula One driver Lewis Hamilton. For 2010, Santander is reported to be placing a bid to buy 318 branches, put up for sale by its own beleagured strategic ally, RBS, now 84% owned by the state.

'Bolha Brasil'

Santander's 2009 Annual Report is filled with glossy charts designed to impress the casual reader and other suckers. One of them presents the world's ten most profitable banks from 2006 to 2009, which shows Santander going from #7 to #3 in that period, surpassed last year only by two Chinese banks, ICBC and CCB (which were not even in the top 10 in 2006). Even the notorious Goldman Sachs came in slightly behind Santander in 2009 reported profits. Thus, between 2006 and 2009, Santander leapt ahead of Citibank, Bank of America, HSBC, JP Morgan, Royal Bank of Scotland, and Union Bank of Switzerland in annual profits reported.

Santander is using these figures to argue that it, and it alone, has managed to navigate in the troubled waters of the international financial crisis.

Hardly.

Although the Spanish domestic market still accounts for about 30% of Santander's business, its 2009 profits came largely from two "growth" markets: Brazil and the United Kingdom. Brazil was the source of 20% of Santander's attributable profits, rising from $2.370 billion in 2008 to $3.013 billion in 2009—a 27% increase. And the U.K. delivered 16% of total profits, rising from $1.550 billion to $2.402 billion in the same period—a 55% increase. Both of these prize Santander markets are built on the same house of cards.

Take the case of Brazil. In October 2007, Santander closed on the ABN Amro deal that finally gave it a major position inside the coveted banking system of Brazil, which is South America's largest country, both geographically and economically. As part of the deal, ABN Amro's Brazilian subsidiary, Banco Real, went to Santander, making it the number three private bank in the Brazilian banking system.

This capped years of intense activity by Santander designed, as a Bloomberg wire put it, to "Build [the] 'Republic of Santander' in Lula's Brazil." As *EIR* documented at the time, Santander poured almost $1 million into Lula da Silva's 2002 Presidential campaign, and, later, maintained an open $2 billion trade credit line, when other foreign banks stopped lending to Brazil, for fear that Lula might default on the country's debt.

In early 2007, Santander succeeded in insinuating two of its "former" executives, Miguel Jorge and Mario Toros, into the sensitive posts of Brazil's Trade Minister and Central Bank Director of Monetary Policy, respectively. When President Lula da Silva met Spanish Premier José Luis Rodríguez Zapatero on Sept. 17, 2007, in Madrid, a beaming Emilio Botín, Santander's president, was also present, and offered an affectionate hug to Jorge.

Santander is now reportedly considering acquiring Brazil's ninth-largest bank, Safra bank, owned by the infamous narco-banker Edmund Safra (see "New York

Fed Is in Bed with Safra and the Russian Mafia," *EIR*, Feb. 2, 1996). That would allow Santander to leap from the #6 to the #4 position in Brazil, and hold 13% of total banking assets.

How does Santander make its money in Brazil? The same way all the other banks do: by feeding at the public trough through a highly profitable international carry trade, which is looting Brazil to the bone.

For example: In 2009, foreign speculative capital flooded Brazil's stock market (which rose by 83% over the year) and Treasury bills, to the tune of a net inflow of $80 billion, between March and October of 2009 alone, according to one economist from the Jubilee South network in Brazil. The way it works is that international banks and other speculators borrow money at near 0% interest rates in the U.S., Europe, and Japan, and then "invest" that money in Brazilian government bonds, which carry a tidy 8.75% interest rate.

But that's not the half of it. The Brazilian currency, the real, has also been appreciating at an annual rate of about 27% in 2009. That means that carry traders bringing in dollars in January 2009, that they placed in government Treasury notes, left the country at the end of the year with 35.75% more dollars than they brought in—27% from the appreciation, 8.75% from interest payments. Where did such an incredible profit margin come from? From the Brazilian population—which is being looted mercilessly through payments on the government's Treasury bonds.

The Brazil bubble—"bolha Brasil," as they call it there—did not start in 2009. As *EIR* wrote in 2004: "In point of fact, the Brazilian banking system is on life support from the government treasury. Brazil's total public debt at the end of 2003 had risen to a staggering 913 billion reais [$311 billion, at the exchange rate of the time].... This public debt pays the highest real interest rates on the planet."

Brazilian banks generated most of their profits from that activity then, and they still do today. The total net debt of Brazil's public sector is today, 1.345 trillion reais, about 44% greater than what it was in 2003. And because of the appreciation of the real, the dollar equivalent of that public debt exploded from $311 bilion to $770 billion at the end of 2009—a staggering 138% increase in six years.

Squatting in the middle of this speculative scandal, is Banco Santander.

Surreal Estate in Spain and Britain

As the world financial system entered a terminal disintegration in the second half of 2007, British financial interests turned to their trusted Santander operation as a platform for financially bolstering the City of London. At the end of 2007, Spanish banks, including Santander, massively created securities which had no markets, largely based on toxic real estate assets they were holding, for the sole purpose of depositing them at the European Central Bank in exchange for fresh loans, after the ECB issued new, looser regulations for collateral. The operation amounted to an ECB-orchestrated bailout of the Spanish banking sector and, through it, of their allies abroad. LaRouche, knowing Santander's intimacy with the House of Windsor, commented at the time: "They are bailing out the British royal family."

The sums involved were substantial. It was reported that, in December 2007 alone, Spanish banks borrowed EU63 billion through the ECB Repo facility. In March 2008, *EIR* wrote: "Since last September, the Spanish banks alone represent 9% of the volume of refinancing conducted by the ECB, whereas they comprised only 4-5% before then."

Spanish banks got EU27.7 billion in liquidity injections from the ECB between mid-2008 and late 2009, according to a chart published by Santander's controller, the Royal Bank of Scotland. This amounts to 12.1% of total ECB injections in the Eurozone. Germany, which is twice the size of Spain, got roughly the same amount—EU28.5 billion.

Santander has plenty of toxic assets, in real estate and other sectors, to dump on the ECB—or anyone else foolish enough to buy them. More than mortgages per se, the biggest bubble is in Spanish real estate developer debt, which today amounts to some $450 billion. Santander is the bank with the greatest exposure, holding about 10% of the total. Anywhere from 50-70% of the entire developer debt bubble of $450 billion is thought to be bad debt. In fact, the bubble is so out of control that the president of the Spanish Mortgage Association, Santos González, pronounced the sector's de facto bankruptcy in a Jan. 26, 2010 speech to the national convention of the Association of Real Estate Developers of Spain: "A sector which doesn't generate enough to pay the interest on its debt is a sector which is bankrupt," he lamented.

A source consulted by *EIR* noted: "The real estate sector in Spain has so far collapsed only 20%; therefore, it still has a long way to go."

In fact, overall bad loans in the Spanish banking system, as of December 2009, had doubled over what they were a year earlier.

That Spanish real estate and property development sector is now about to drop off the face of the Earth, and with it, the banks that are holding all the bad paper. Spain's General Judicial Council is forecasting that last year's 115,000 foreclosures will jump by more than 50% to 180,000 this year, according to Property Wire, a real estate news service, and that banks will have to write off about 50% of the valuation on their books.

"That's a vast underestimation on both counts," LaRouche commented.

Already, in 2009, Santander had to increase loan loss provisions by about $1.45 billion, which essentially came from their IPO sale of 16% of their Brazilian subsidiary for about $2 billion. Santander is reportedly quietly preparing for a far, far worse meltdown of assets in 2010, and is considering selling up to 25% of its U.K. and U.S. holdings in similar IPOs.

During the 2007-09 period, Santander also moved directly into the British market, especially its bankrupt real estate sector, using its newly acquired British banks—Abbey, Bradford & Bingley, and Alliance & Leicester—as a platform. By the end of 2009, Santander accounted for half of all new mortgages issued in the United Kingdom, according to the London *Guardian*. The bank's share of gross lending, which includes remortgaging, stood at 20% of total market share.

Overall, Santander today has 1,300 branches in the U.K. and about 15% of the retail banking market. Emilio Botín last month stated that he wants nothing less than to make Santander Britain's #1 bank, as measured by market share, profitability, and efficiency.

Such a hunter's trophy is one that Botín, and his British superiors, would no doubt be proud of—even as their entire international financial system disintegrates into oblivion. But this Santander Syndrome is a deadly swindle that patriots in Russia, China, India, and elsewhere, would do well to steer clear of.

Domingos Tadeu/PR

Santander spent years of intense activity designed, as Bloomberg put it, to "build [the] 'Republic of Santander' in Lula's Brazil." In fact, Santander poured almost $1 million into Lula's 2002 Presidential campaign, and, later, maintained an open $2 billion trade credit line, when other foreign banks stopped lending to Brazil, for fear that Lula might default on the country's debt. Shown: Botín (left), and a dubious-looking Lula, in Brasilia, September 2006. Goya's Capricho 19, *"All will fall."*

The Anglo-Venetians Behind Santander

by John Hoefle

Most people, when thinking of banks such as Banco Santander, tend to think of them as individual institutions, when, in truth, the world of finance is dominated by networks of institutions whose connections are sometimes only partially revealed, and often hidden from view. When it comes to "high" finance, the world is much smaller than you may suspect.

Banco Santander is a good example of how the oligarchic system works. On the surface, it appears to be a regional Spanish bank whose savvy has catapulted it into an elite international operation; but when you peer beneath that facade, you find yourself very quickly in the dark heart of the Anglo-Venetian empire. Behind Banco Santander stand some of the world's most powerful, and criminal, forces.

As we peel back the Santander onion, we will find the British monarchy, the core of Venetian finance, and a host of other, unsavory elements. Below, we update and expand on some of the findings presented in EIR's 2004 feature on Santander (see *Documentation*).

Hidden Connections

Banco Santander is a member of a European banking consortium, the **Inter-Alpha Group**. Formed in 1971, the group consists of 11 banks. In addition to Santander, the group includes the Royal Bank of Scotland, Italy's Intesa Sanpaolo, France's Société Générale, Germany's Commerzbank, The Netherlands' ING, Belgium's KBC, Sweden's Nordea, the National Bank of Greece, Portugal's Banco Espirito Santo, and Ireland's AIB. Their combined operations cover much of Europe, including significant penetration into the former Soviet bloc, the United States, and Ibero-America.

The Inter-Alpha Group itself is but part of the picture, as the real power lies in what controls the institutions themselves, and in what it uses those institutions to do.

The power behind the **Royal Bank of Scotland (RBS)**, is the British monarchy. Among RBS's holdings is **Coutts & Co.**, perhaps the premier private bank in the world. Coutts, whose logo consists of three crowns, provides discreet banking services for members of the British royal family, foreign royals, and many prominent imperial agents around the world.

RBS is one of two firms to strike a strategic alliance with Banco Santander. The other is **Assicurazioni Generali** ("Generali"), the Venetian insurance giant which sits like a spider at the center of the web of Venetian finance. The chairman of Generali, Antoine Bernheim, spent most of his career at Lazard, the powerful investment bank. Bernheim is a director of two members of the Inter-Alpha Group, Banco Santander and Intesa Sanpaolo, where he is deputy chairman. Ana Patricia Botín, who learned banking at JP Morgan and now sits on the board of Banco Santander and chairs its Banesto subsidiary, is a director of Generali. José Maria Amusátegui, a former co-president of Santander, sits on the Generali General Council, and the two firms hold cross-ownership positions.

The strategic relationship between RBS and Banco Santander was also displayed in their joint bid, with the Dutch-Belgian **Fortis**, to take over Dutch banking giant ABN Amro in 2007. Joined by several hedge funds, the three banks broke up a deal between Barclays and ABN Amro, and took the bank for themselves.

Banco Santander, and the Inter-Alpha Group as a whole, should be viewed as an instrumentality of the British monarchy and the Venetians. Such interlocking networks are a key component of how they run the world. The number of countries in which these banks operate is too large to list here, but includes every major nation in the world, from Western and Eastern Europe, to the BRIC nations—Brazil, Russia, India, and China—to North and South America, Asia, and Africa. From financial centers to offshore havens, from nations they control to nations they wish to take over, these banks and others like them are active.

RBS is a major player in the United States, owning Citizens Financial Group—a top-20 bank holding company—and Greenwich Capital Markets. But RBS also has a direct connection to **Goldman Sachs**. Prior to the 2008 takeover of RBS by the British government, one of the directors of the bank was **Peter Sutherland**, the chairman of Goldman's London arm, Goldman Sachs International. Sutherland is also chairman of BP, the British oil giant; chair of the London School of Economics Council; a member of the steering committee of Prince Philip's Bilderberger Group; and the European

creative commons/Dan Kamminga

Assicurazioni Generali, the Venetian insurance giant, founded 1831, sits like a fat spider at the center of the web of Venetian finance. Along with the Royal Bank of Scotland, it has struck a strategic alliance with Banco Santander.

chairman of the Trilateral Commission. Sutherland made his career pushing globalization, as director general of the General Agreement on Tariffs and Trade (GATT) and its successor, the World Trade Organization. Such connections shed an interesting light on the financial and political activities of Goldman Sucks, the "vampire squid" whose CEO claims to be doing "God's work."

Intesa Sanpaolo counts among its predecessor banks Banca Commerciale Italiana (BCI), the bank where the infamous Propaganda-2 Masonic Lodge was formed. BCI also owned a significant chunk of Lehman Brothers in the 1970s. Lehman also had cross-ownership positions with Generali, going back to the 1950s, as did Lazard. Intesa Sanpaolo claims to be the number one bank in Serbia; number two in Albania, Croatia, Hungary, and Slovakia; fifth in Bosnia and Herzegovina; and sixth in Egypt.

At the time BCI made its investment in Lehman Brothers, the chairman of Lehman was Peter Peterson, the man who later founded the pirate-equity giant **Blackstone Group**, and one of the leading funders of the fascist austerity movement in the United States. Blackstone owns just under 3% of Generali, a connection which we take to indicate where Blackstone gets a significant part of its funding. It also suggests where Peterson gets his political agenda, as Generali was one of the creators of Benito Mussolini's corporatist fascism.

The Slime Mold

Lord Benjamin Disraeli, the British prime minister in the late 1800s, once observed that, "The world is governed by very different personages from what is imagined by those who are not behind the scenes."

Disraeli was in a position to know. The Santanders, Goldman Sachses, and Blackstones of the world are, despite their seeming power, but chess pieces on a board controlled by unseen hands. This is the method by which the Anglo-Venetian empire runs the world, and the system which the United States was founded to defeat.

Lyndon LaRouche has characterized this oligarchic system as a slime mold, an organism which survives by adapting to changing circumstances, shedding components that are no longer needed and absorbing those that are, in a constant battle to preserve its existence. Its only real imperative is to maintain and expand its power, inexorably and ruthlessly.

The key to understanding this enemy is to view it as a system, from the top down, rather than from the bottom up, as a collection of individual institutions. The institutions are merely containers for capabilities, to be reorganized and discarded as needed.

Coutts was founded in 1692, and has gone through several incarnations. Today, it is owned by RBS, but its Ibero-American operations have been sold to Banco Santander.

Generali was founded in 1831, out of a collection of smaller Venetian insurance companies. It is the dominant financial power in Italy, but its influence stretches around the world.

These institutions would seem to be timeless, but that is an illusion. That they have survived so far, does not make them permanent.

Those who would entrust their future to banks like Banco Santander, would do well to reflect upon the fate of Barings, the British bank once called the sixth great power in Europe. Barings, founded in 1762, was a power for over two centuries, until it collapsed in 1995. Its carcass was sold to ING, another member of the Inter-Alpha Group, for a mere £1.

johnhoefle@larouchepub.com

Documentation

London's Control Over Banco Santander

As of Sept. 30, 2008, Spain's Banco Santander was the largest bank in the entire Eurozone, and the ninth-biggest in the world, based on market capitalization. And it is run, top-down, by the City of London through the British Monarchy's Royal Bank of Scotland. The following profile of Santander (previously known as BSCH) is excerpted from the July 2, 2004 EIR *feature, "Empire Strikes Back: Spanish Banks Recolonize Ibero-America," by Dennis Small.*

Leading the way in this forced march of Ibero-America into globalized banking—under which no sovereign nation-state shall survive—is the above mentioned BSCH.... The BSCH, with 15 banks spread across Ibero-America, is the second largest bank in the subcontinent, with $77 billion in assets [9% of total bank assets in Ibero-America—ed]. Only the state-owned giant Banco do Brasil is larger, with just under $80 billion in assets.

The BSCH is headed by Emilio Botín, a fourth-generation oligarchic banker who is widely estimated to be the richest man in Spain. He is an open advocate of speculative banking—he calls this "pure banking"—rather than industrial financing, and he has forged strategic alliances between the BSCH and a number of central players in the international synarchist banking apparatus: the Royal Bank of Scotland (one of the most powerful British banks, with intimate family links to the royal household); the Morgan banking empire; and the powerful Venetian insurance giant, Assicurazioni Generali, which, among other things, financed Mussolini's rise to power in Italy.

No surprise, then, that Botín is a major backer of Spain's Franco-ite party, the Partido Popular (PP), and its recently defeated Prime Minister José Marí Aznar. In fact, according to various accounts, it was Botín who "created" Aznar, flying the little known PP leader to London in his private jet for a hush-hush meeting with select British bankers, prior to his 1996 election as Prime Minister. Similarly, Botín reportedly brags that he "owns" Rodrigo Rato, Aznar's Finance Minister, who was appointed as the new head of the International Monetary Fund in March 2004.

As the Madrid correspondent for the London *Economist* put it, Botín and Aznar "wanted to put Spain back where they felt it belonged at the center of a resurgent hispanic world," i.e., they seek *the Spanish re-colonization of Ibero-America on behalf of international financial interests....*

A Well-Named Family

The Banco de Santander is an old-line financial institution, owned since its creation by the super-rich, and well-named, Botín family ("botín" is Spanish for "loot," or "booty"). Santander's current President, Emilio Botín-Sanz de Sautuola y García de los Ríos, is often listed as the wealthiest man in Spain. (In 1999, Forbes put his net worth at $3.4 billion.) He is the great-grandson of the bank's founder, Emilio Botín y López, who established the bank in 1857 to meet the financial needs of the trade links between the northern Spanish port of Santander and Ibero-America.

Like his father and grandfather before him, the current Emilio Botín takes pride in his bloodline, and intends to keep the bank in the family. His likely successor is rumored to be his daughter, the Harvard and JP Morgan-trained Ana Patricia Botín, who currently sits on the BSCH board and is president of Banesto bank, a BSCH subsidiary. Emilio's brother Jaime is also on the BSCH board.

Emilio runs the bank personally, like the patriarch that he is. At BSCH, according to a popular Madrid joke, there are only two kinds of employees: *Botines* and *botones* (Spanish for messenger boys).

Trained in Law and Economics at the Jesuit-run University of Deusto in Bilbao, the current Botín took over Santander from his father, Emilio Botín-Sanz de Sautuola y López, in 1986. Father and son were both committed, according to the Spanish daily *El Mundo*, to "the end of Santander bank's vocation as an industrial bank, and the beginning of its sole dedication to traditional financial business. . . . Botín has always been in favor of a model of pure banking." This approach guided the bank's major mergers and acquisitions over the years (Banesto in 1994, Banco Central Hispano in 1999), which brought BSCH to its current position as Spain's top bank, and one of Europe's leaders in speculative derivatives trading, in particular.

A year after assuming the presidency of Banco de Santander, in November 1987, Botín signed a strategic agreement with the Royal Bank of Scotland (RBS) to swap 10% of each others shares, and joined RBS's board. Sir George Mathewson, the President of RBS and President of the Association of British Bankers, likewise sits on the BSCH board today.

The Madrid correspondent for the London *Economist*, Adela Gooch, put this down to "the Botín family's penchant for the Anglo-Saxon way of doing business"; but more than Anglophilia is involved. RBS is one of the United Kingdom's oldest, leading financial institutions, which is at the heart of Synarchist banking layers internationally. As *EIR* explained in its 1997 study of foreign banking in Ibero-America, Rt. Hon. The Earl of Airlie is a prominent member of the RBS board of directors, and he is "the brother-in-law of Princess Alexandra, Queen Elizabeth's first cousin; a Privy Councillor, and is Lord Chamberlain of the Queen's Household—i.e., he heads up the innermost sanctum around the Queen. Until 1984, he was chairman of Schroeders PLC, the London merchant banking group which helped finance Hitler's rise to power in the 1930s."

Furthermore, the international private banking arm of RBS is Coutts & Co.—the private bankers to the Queen. BSCH's relationship with RSB is so cozy that in May 2003, according to the Santander web site, BSCH "reached an agreement with The Royal Bank of Scotland Group, under which [BSCH] acquired the private banking business in Ibero-America of its affiliate Coutts & Co." One of the law firms involved in the transaction put Coutts & Co.'s assets in Ibero-America at $2.6 billion.

The Venetian 'Fondi'

In 1999, Botín's BSCH struck another strategic alliance with a second hard-core Synarchist financial institution: Assicurazioni Generali, the infamous and ultra-powerful Venetian insurance company. The 1992 edition of *EIR*'s best-seller *Dope, Inc.* describes Generali as follows: "Among modern financial institutions, the Assicurazioni Generali of Venice, the heir to the old Venetian fortunes, provides the most clues to the operations of the *fondi*. The 'Generali,' as an insurance organization, is a clearing house for the operations of numerous *fondi*, each one represented by its frontman, one of the principal European investment banks. Its board of directors consists of the principal banking fortunes of Western Europe. . . . Europe's two most powerful investment banks, Lazard Frères and the Banque Paribas, are the largest stockholders in the Assicurazioni through a variety of shells."

It is also well known that Generali played an instrumental role in bringing Mussolini to power in Italy.

BSCH's relationship to Generali is not unlike the one it has with RBS: they generally swap spit. Generali's President, Antoine Bernheim, sits on the BSCH board of directors, and the company owns 1.1% of BSCH's stock and 20% of the stock of Santander's insurance subsidiary. BSCH, in turn, owns 1.2% of Mediobanca, the main shareholder for Generali, and has a representative on the insurance company's General Council. In late 2003, Generali also acquired BSCH's 13.22% stake in Banco Vitalicio. According to a Sept. 23, 2003 Reuters wire, "both groups will maintain their global alliance, and are even studying broadening it to Latin America."

In 2001, then BSCH co-president Jose María Amusátegui was a member of Generali's General Council, along with former Governor of the Bank of Spain José Ramón Alvarez Rendueles; American drug lawyer and former ADL head Kenneth Bialkin; and Mexican vulture banker Roberto González Barrera of Banorte, among others. The extremely broad statutory function of the General Council, according to Generali's Annual Report 2001, is "providing high-quality advice in order to promote the most successful attainment of company objectives . . . [and it] has particular competence regarding issues arising from extension of the Company's geographical presence on international insurance markets and, more generally, international insurance and finance issues affecting the Company and Group interests."

The Euro System Is on The Brink of Collapse

by Helga Zepp-LaRouche

The author is the chairwoman of the Civil Rights Solidarity Movement (BüSo), a German political party. Her article was translated from German.

Feb. 11—The European Union summit in Brussels on Feb. 10-11 did absolutely nothing to avert the looming collapse of the euro system. The demand that Greece reduce its 2010 budget by 4%, repeats the error of Chancellor Heinrich Brüning's 1930-32 austerity policy, and cannot be implemented, in any event, because of massive resistance. The question of who should pay to refinance the Greek debt (the German taxpayer, naturally), was postponed, due to the explosiveness of the question, until Feb. 15-16. By contrast, EU president Herman van Rompuy shamelessly announced that the European Council should be responsible for economic policy, budget planning, structural reform, and measures regarding climate change—effective immediately.

Even though the term "European Economic Government" was avoided, the European Council intends to operate precisely as such—i.e., to treat not only Greece, but all member-states, as protectorates, and thus, to dictatorially launch the entire disastrous arsenal of the Maastricht Treaty criteria, the Stability Pact, and the debt brake. Thus, the EU of the Lisbon Treaty has emerged precisely as the monster we warned against, even before it was signed: an oligarchical imperium, in which the last vestige of sovereignty of the nation-state has vanished.

It is significant that EU Commission advisor Alberto Giovannini, who led the group that worked out the technical transition from national currencies to the euro, outrageously told the Italian daily *Il Sole 24 Ore* on Feb. 10: "History teaches us that empires always achieve greater efficiency and prosperity; with its extensive geography, the imperial model is more successful."

The Problem Is Not Greece

Unless there is a dramatic change in policy, the entire European system will collapse. Given the huge deficits of almost all EU member-states, the German taxpayer is left as the big paymaster. So the excessive focus on Greece is itself a deception, because the Greek debts to the various European banks are a relatively small problem. The far more dramatic problem is the debt of Spain, whose banks spread their bad mortgage loans all over Europe, by securitizing them.

In December 2007 alone, Spanish banks obtained EU63 billion through the European Central Bank's repo facility, and, between the middle of 2008 and the end of 2009, an additional EU27.7 billion from the ECB in new money, for which they deposited, to a large extent, toxic real estate titles as securities, and thus titles in a market, which, according to the president of the Spanish Mortgage Association, Santos Gonzáles Sanchez, is de facto bankrupt. Banco Santander, which is closely connected with the Royal Bank of Scotland, in terms of personnel and business practice, sits atop gigantic financial bubbles, such as the "bolha Brazil," the Brazilian bubble. Between the Brazilian "carry trade"—by which inves-

RegierungOnline/Bergmann

Clueless in Brussels (left to right): EC president José Manuel Barroso, German Chancellor Angela Merkel, Greek Prime Minister George Papandreou, French President Nicolas Sarkozy, and EU president Herman van Rompuy, at the EU summit on Feb. 11.

tors raise money at almost 0% in Europe, the U.S.A., or Japan, and then invest it at 8.75% interest in Brazil—and a 27% appreciation of the Brazilian currency—the real, in 2009, speculators were able to pocket a profit of 35.75% at the end of the year. But this bubble is no more stable than the similar profits, which Santander has made with its operations in Great Britain.

In reality, with the imminent state bankruptcies of Greece, Spain, Portugal, Ireland, Italy, Turkey, Dubai, Great Britain, and the U.S.A., to name only a few, this amounts to the same thing as the gigantic trillion-dollar bailout packages already given to the banks in the United States and Europe: that the governments should reward the banks and their continual gambling, with new public funds. If this policy were continued, it would end very soon in dramatic inflation.

Defend National Sovereignty

This obviously also caught the attention of *Frankfurter Allgemeine Zeitung* editor Holger Steltzner, who wrote in an alarmed lead commentary, on the day of the EU summit: "In plain language that means: Germany should be responsible for Greece's debts. But this is not the way the euro was sold to the Germans. Before the we left the German mark, the Maastricht Treaty was solemnly signed, explicitly forbiding a member of the Monetary Union from being held accountable for the debts of another member. If this central precept of financial-policy stability no longer applies, then the Maastricht Treaty, the Stability and Growth Pact, and also the debt limits in the German Constitution are not worth the paper on which their praise for stability is written. Then, Germans will want the mark back." The survival of the European Monetary Union and the stability of the common currency would be at stake, he wrote, and the citizens would be threatened with depreciation of their money and their pensions. Strong words, for a newspaper which seemed to be wedded to the neo-liberal paradigm.

In fact, the European nations will only survive, if they regain sovereignty over their own currencies and economic policies. And they will also only survive, if the high-risk speculation to which the G20 governments have consistently given their blessing since the outbreak of the crisis 27 months ago, is brought to an end, once and for all, through reintroduction of the Glass-Steagall standard, which strictly separates commercial and investment banks, and cancels toxic waste.

We shall see how the Constitutional Court in Karlsruhe reacts to the latest EU summit, since the Court had explicitly ruled in June 2009 that the EU is not a Federal state, and had confirmed Germany's sovereignty as an EU member-state, as well as its own supervisory authority. In its so-called "Maastricht Judgment" of October 1993, Karlsruhe had, in any case, granted any German government the right to leave the Monetary Union, should the stability of the euro turn out to be illusory, and should the euro fall below the value of the deutschemark.

In this highly dramatic and high-risk situation, it is indispensable, that mythologies be cleared up and the truth be reestablished. One such myth is that banks have a "systemic" character, and therefore have to be "rescued" over and over again by the taxpayer. If there is something that has a systemic character, then it is the real economy, the general welfare, and the life of the citizen.

Another one of these mythologies, anthropogenic global warming, has just disappeared under mountains of falsified e-mails, non-melting Himalayan glaciers, and great quantities of real snow, which St. Peter has generously and demonstratively dumped on the Northern Hemisphere.

There is not much time left to act.

Economics in Brief

Brazil

Scared Santanderista: 'We're All Right, Jack!'

Feb. 12—Speaking from within the bowels of Banco Santander's Brazilian branch, chief economist Alexandre Schwartsman told the Feb. 9 *Exame* magazine that the crisis of the Eurozone won't have the slightest effect on Brazil's wonderfully growing economy.

Lyndon LaRouche laughed at Schwartsman's "insanity," and remarked that his own warnings of a meltdown crisis throughout the Eurozone, in the middle of which sits the British-run Banco Santander, must have terrified Schwartsman.

Schwartsman insisted that there have only been a few minor blips in Brazil reflecting the European crisis, but nothing significant. Brazil's economy is dynamic, he lied, based on consumption and investments in the internal market, and it cannot be derailed by any European events.

He was last seen whistling past the graveyard.

Japan

Fast Breeder Reactor To Resume Testing

Feb. 11—The Japanese Nuclear and Industrial Safety Agency gave the go-ahead Feb. 10 for the prototype fast breeder reactor Monju to resume test operations. The reactor, in Tsuruga, Fukui Prefecture, could be restarted as early as March, after approval from the prefectural and municipal governments.

Built in 1991, the reactor achieved a sustained nuclear chain reaction in 1994. But, in December 1995, about three months after the Monju began supplying electricity, a leak of sodium coolant led to a fire that forced it to be shut down.

But, now, the surge in nuclear plants being built and planned, especially in Asia, brings to the fore the rapidly growing need for nuclear fuel, which breeder reactors can help meet. The major Asian nuclear nations are working to develop supplies of uranium, but they are aware that a nuclear-based economy must rely on a closed fuel cycle, with the breeder reactor at its heart. Such considerations no doubt have had a bearing on the decision to restart the Monju plant, which has been dormant for 15 years.

China/Russia

The Future Shines From the Far East

Feb. 10—A joint Chinese-Russian investment fund and creation of a high-level bilateral government commission to oversee joint development projects have been put on the agenda by Chinese officials, according to Victor Ishayev, Russian Presidential Representative in the Far East Federal District. Ishayev's remarks to journalists in Khabarovsk, just after his return from a five-day visit to China, were reported by FederalPress, RIA Novosti, and other Russian media.

In Ishayev's delegation were officials from the East Siberian and Russian Far East regions bordering China, who met with their counterparts from China's border provinces, to discuss implementation of the extensive cooperation plans signed by Presidents Dmitri Medvedev and Hu Jintao last September. Ishayev also held talks with Wu Bangguo, chairman of the standing committee of the National People's Congress. The FederalPress agency summarized Ishayev's report on what Wu said: "Wu Bangguo stated that China has only one strategic partner, namely, Russia. All the needed documents on cooperation have been signed, to develop our relations. The Chinese leadership is well informed about Russia's priorities, as defined by President Dmitri Medvedev, and is prepared to change the structure of Russia's exports to China and to invest in infrastructure and other priority projects in the Russian Far East. They approve of our fight against 'gray economy' customs schemes, and have no intention to support illegal migration."

The reference to a changed composition of Russian exports is vital for Russia, where the Medvedev-Hu program, and the subsequent package of agreements signed during the meeting of Premiers Vladimir Putin and Wen Jibao in October, have come under attack, as letting Russian raw materials be taken too easily. Ishayev himself, on the eve of his trip, warned that Russia must act decisively for Far East development, so as not to become a "raw materials appendage" of China. Now, Ishayev has said that these concerns are being explicitly addressed, beyond what was already done de facto with the October understandings on boosting Russian nuclear plant construction in China.

Russia

Finance Minister Kudrin Reports to Mother London

Feb. 11—Russian Finance Minister Alexei Kudrin, who continues to be the chief purveyor of British monetarist axioms and specific plans, within the Russian government, will travel to London next week for a session of the Russia-U.K. intergovernmental commission, along with meetings with City of London financiers. Kudrin was not invited to the just-ended G7 finance ministers' meeting in Canada, so he evidently plans to get his British monetarist fix in London directly.

According to the Russian Embassy in London, Kudrin will meet with Chancellor of the Exchequer Alistair Darling, and with Business Secretary Peter Mandelson, and attend "a conference [on] Financial Services in Russia, in the City." He will be accompanied by Central Bank First Deputy Chairman Alexei Ulyukayev, another member of the neoliberal monetarist clique in Russia since the early 1990s.

A russianewsroom.com wire quotes a source in the Russian delegation: "Financial dialogue is a new form of cooperation. Both sides are interested in discussing questions which are on the agenda of the G20 and G8 meetings."

Obituary: John P. Murtha

Congress Has Lost Its Leading FDR Democrat

by Anita Gallagher

The United States and the institution of the U.S. Congress suffered a great blow Feb. 8, with the death of John P. Murtha, 77, Democratic Representative of the 12th C.D. in central and western Pennsylvania for 36 years, and the first Vietnam veteran elected to Congress.

Murtha, who had initially voted to authorize the Iraq War, stunned the nation in November 2005 by declaring Dick Cheney's perpetual war militarily unwinnable, and calling for the return of all U.S. troops. No one in Congress had stronger pro-military credentials than Murtha, a highly decorated Marine colonel, who served in the Korean War, Vietnam, the National Guard, and then worked to strengthen the military and its personnel, as chairman of the House Defense Appropriations Subcommittee. Murtha, during numerous trips to Iraq, had listened to the U.S. commanders on the ground report that the war could not be won militarily, and brought the case that they could not make, to Congress and the American people.

Nor did Murtha flinch from making public the particularly destructive effects on soldiers which occurs in a no-win war. He spoke out against the coverup of the Haditha massacre of unarmed women and children in November 2005. This drew the venom of the "Swift Boat" apparatus, and vicious campaigns against him, in 2006 and 2008, by the Karl Rove networks. He also fought to pass the anti-torture legislation, after torture at Abu Ghraib prison was exposed.

But, above all, Congressman Jack Murtha demonstrated a zeal for promoting the general welfare for the people of his district—a district which already had 24% unemployment when he was elected. When the second great Johnstown Flood occurred in 1977, the area had lost 100,000 jobs. Through the funding of infrastructure—"hundreds of millions of *earmarks*"—for what Murtha characterized as, "things that nobody wants to talk about, like sewage and water," the region was able to diversify. Murtha worked with others in Congress, to lift up their "districts" across the United States. In May 2009, he told his annual Showcase for Commerce event: "Western Pennsylvania was the backbone of the Industrial Revolution. And, during World War II, we produced the steel; we produced all the things that were needed. We overwhelmed the Germans and the Japanese. So the industrial capacity of the United States was as important as anything else we do."

In one of his last interviews, he was informed that President Obama had declared a discretionary spending freeze. Murtha—who had been a strong supporter of Hillary Clinton for President—reportedly chuckled, and said, "He may have called for a discretionary spending freeze. But Congress makes that decision." In one reported instance, Murtha pulled a worn copy of the U.S. Constitution from his pocket, and read to a reporter needling him about "earmarks": "The Congress appropriates the funds. . . . Got that?"

In 1980, Murtha was targetted by the Justice Department "sting" operation known as Abscam, for which he was not prosecuted. He and Rep. Joe McDade (R-Pa.) succeeded in curbing the DoJ's political prosecutions of constituency-oriented politicians with the passage of the McDade-Murtha Act in 1998, for which the political dirty-tricks side of the Justice Department never forgave Murtha.

In 2009, the anti-FDR crowd tried again to get a prosecution against Murtha, with a heavy drumbeat in the press, trumpeting campaign contributions to him from defense firms who received Federal money. After a year of front-page smears, the Office of Congressional Ethics, on Dec. 18, 2009, released its 6-0 recommendation: that the Congressional Ethics Committee "dismiss the above allegations." The OCE closed its investigation, finding nothing to investigate.

Murtha summarized his credo when he told the "Showcase for Commerce," in 2009: "My great-grandmother, when I was six years old, said, 'You're put on this Earth to make a difference.' We have made a difference in this area, and I'm proud of everything that we've done."

From the Moon to Mars: The New Economics

This is the transcript of a half-hour video produced by the LaRouche Political Action Committee. The reader is strongly encouraged to watch it! This is Part 2 of a series.[1]

> Mankind is creative, instinctively. No animal is creative. Only mankind, only the human mind is creative. Living processes are creative; life is creative. But it's not consciously creative. Even the inanimate world, so-called, is creative. The evolution of the stars, the evolution of stellar systems is a creative process. But the difference is: Man, individually, is creative. And it's the willful creativity by Man, which is going to shape the future of the Solar System, and beyond.
>
> —Lyndon LaRouche, remarks to a conference, "Save Human Dignity for the Sake of Mankind," Moscow, Dec. 3-4, 2009 (recorded Nov. 18, 2009)

Lyndon LaRouche (interview): We're looking to that. In order to realize the objectives which stand before us now, we have to give mankind a new mission—mankind as a whole. The mission is typified by the idea of the Mars colonization.

This requires us to make the kinds of changes, in terms of scientific progress, which are needed for mankind's future existence.

We have many problems on this planet. And we can not solve those problems, extensively, without going into a development of the Solar System as a habitat of mankind. We're on the edge of doing that, scientifically. There are many scientific discoveries, yet to be made, which will make it possible to act for man's colonization of Mars.

That will be in some time to come. But we need now: We need the intention of accomplishing the Mars colonization. We need to educate and develop generations of young people, who will be oriented to that kind of mission. In the coming period, we will have the birth of young people, who will be part of the colonization of Mars, in one way or the other, before this century is out.

We need to give mankind a sense of purpose, developmental purpose, not only throughout the planet, but through the influence of Earth on the adjoining regions of the Solar System, and beyond.

1. http://larouchepac.com/lpactv?nid=13468 Part 1 is at http://www.larouchepac.com/lpactv?nid=11573

NASA

Artist's conception of astronauts exploring the Moon.

> Those objectives are feasible. There are, admittedly, many problems to be solved, scientific problems, which are not yet resolved. We have many questions. But, essentially, we know this is feasible. We know this should be feasible within two or three generations. What we have to do, is give to people, who will be the grandchildren, born now, to give them something to realize. When we're dead and gone, they will be there, three generations from now, four generations from now. They will be the people who actually colonize areas beyond Earth itself. We need to give them the opportunity to do so. We need to give society, in the meantime, the mission-orientation of achieving that colonization, for our descendants, three generations or so down the line.

As with basic economic infrastructure on Earth, the industrialization of space will be a central feature of long-term national economic planning in the years to come—if the United States expects to experience real economic growth again. Economist Lyndon LaRouche has proposed the goal of a manned mission to Mars with fusion-powered rockets, with a flight time of a week or less. Many steps will be needed along the way, like the industrialization of the Moon and the development of fusion power. But these will be markers of a more profound achievement, the transformation of human culture, from the idea of an Earth-bound species to one expanding its activity throughout the Solar System, and eventually the galaxy beyond. The purpose of space-exploration, is not conquering real estate or looting raw material for Earth; it is making a change in the existing relationship between Man and the universe, a change which is necessary for developing new principles essential to the improvement of life here on Earth.

Such a change requires a new understanding of the true meaning of "economics."

1. Measuring Economic Value

> When you look at the historic pictures of Aldrin and Armstrong beside their lunar craft, the concentration of energy in these two Humans is incredible, compared to the energy it took to build their vehicles and carry them to the shores of a New World. In 3 billion years our star had to dissipate 10 trillion trillion trillion kilowatt-hours into space-time to turn approximately 18 out of 92 elements into a system that is capable of reflecting upon the structure, the origin, and the destiny of itself and the universe. Yes, we are unbelievably expensive. At least one hundred billion trillion

A maglev train, the rail technology of the 21st Century, can travel up to 360 miles per hour.

> kilowatt-hours have been expended on each of us, counting all Humans that walked the Earth since the *Homo Erectus*. Even at 1 cent per kilowatt-hour—a price as outdated as the 5 cent cigar—this adds up to an energy-worth of one billion trillion dollars per person—equal to the present U.S. Gross National Product for one billion years. Moreover, each year our star dissipates 900,000 trillion kilowatt-hours per capita, sustaining the Biosphere and our growth potential.
>
> —Krafft Ehricke, "The Heritage of Apollo," 1974

The science of physical economy begins by treating the development of an entire nation as a single physical process, taken over capital investment cycles of at least two generations. Economic planning begins with the question, "Where must we be in 50 years, and what must we do today to get there?"

Unlike financial statistics, a true notion of physical profit shows that Great Projects are actually a necessary part of the growth of a national economy. A similar phenomenon can even be seen in the Biosphere, whose growth has historically depended on relatively rapid, large-scale evolutionary upshifts.

As the biogeochemist Vladimir Vernadsky proved, in the early part of the 20th Century, the evolution of the Biosphere is governed, not on the Darwinian scale of random changes in individual organisms, but, on a planetary scale. The direction of evolution has been toward a constant planet-wide increase in the biogenic migration of atoms—the rate at which matter is consumed, transformed, and redistributed by living matter in the process of growth and development.

Although the total energy throughput of the Biosphere increases over time, it is not simply consumed by the multiplication of organisms.

The history of the Biosphere is punctuated by the increase of energy-flux density, through the evolution of more efficient technologies to concentrate and utilize such energy as a means to accomplish more biogeochemical work, as in the case of photosynthesis in plants, or the concentration of higher functions in a complex and energy-intensive central nervous system in mammals. Because creative reason has given mankind the ability to willfully direct our own evolution, we have superceded the Biosphere, measured by the increase of what Lyndon LaRouche has termed mankind's potential relative population density. Under the influence of a new geological force—human culture—the biogenic migration of atoms is intensified on the Earth itself, and potentially, throughout the Solar System as a whole.

The material preconditions previously created by the Biosphere for the growth and improvement of the human population must be increasingly re-created through human activity. A growing ratio of total economic activity must therefore be devoted to long-term investments in science-driven production and infrastructure, long-term capital investments which secure the material preconditions needed by future generations.

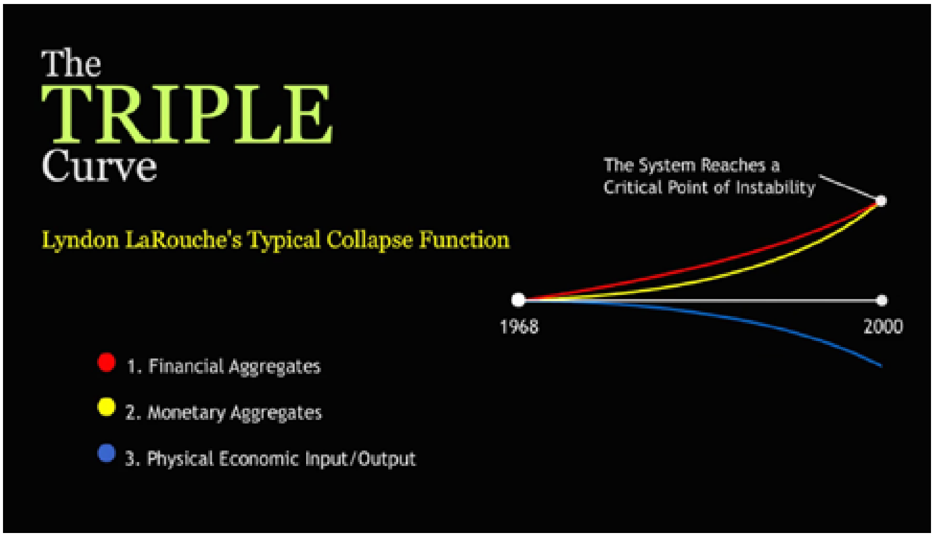
The physical economy, like the Biosphere, is determined from the "top, down."

LaRouche's Triple Curve

As the level of the nation's physical economy—the production and distribution of physical goods and infrastructure—has been subordinated to the increasingly fictitious moment-to-moment values of monetary and financial instruments over the last 40 years, their relative rates of growth diverged more and more [**Figure 1**]. A production-oriented economy was replaced by the myth of a consumer-driven economy. Under this system, the profitability of monetary and financial values depended on the reduction in the physical costs associated with infrastrucuture, production, and scientific research and development. Without the necessary inputs represented by such physical investment costs, which create the potential for future growth, the system has collapsed.

Cost-cutting policies which aim to save money turn out to be the most costly.

FIGURE 1



LaRouche PAC

Yet, as a sovereign nation, the United States has the authority to issue long-term credit against the expected value of future gains in national wealth. This means that the proper context for measuring economic value extends beyond the apparent conditions of the moment, at least one to two generations in the future—a future which must govern our decisions in the present.

But how can real economic value be measured?

Under the crude plusses and minuses of the monetarist accounting of British free-trade theory, money is treated as what is known in physics as a scalar number: Its value only changes by "more" or "less," despite the fact that new discoveries qualitatively change the physical-economic values being measured. Thus, dollars spent in a casino are treated as no different than dollars spent in a steel mill, or on the space program.

The American System of political economy is based on the foundation of physical economy, placing national priority on agriculture, industry, and infrastructure.

David Lilienthal headed the Franklin Roosevelt Administration's Tennesee Valley Authority, a major public works project for water management and power generation built during the Great Depression. He wrote about the importance of the TVA for raising the productivity of the region and the country through the new economic dynamic it created:

> The cost of such development work is recorded on TVA's books, in the accounting terminology, as "net expense"; but the benefits appear on the balance sheet of the region and of the nation. And, as with public improvement expenditures generally the country over, since the days of Henry Clay, it was anticipated that such expenditures would be repaid to the taxpayers not directly in dollars, but indirectly in benefits.
>
> —David E. Lilienthal, *TVA: Democracy on the March* (1944)

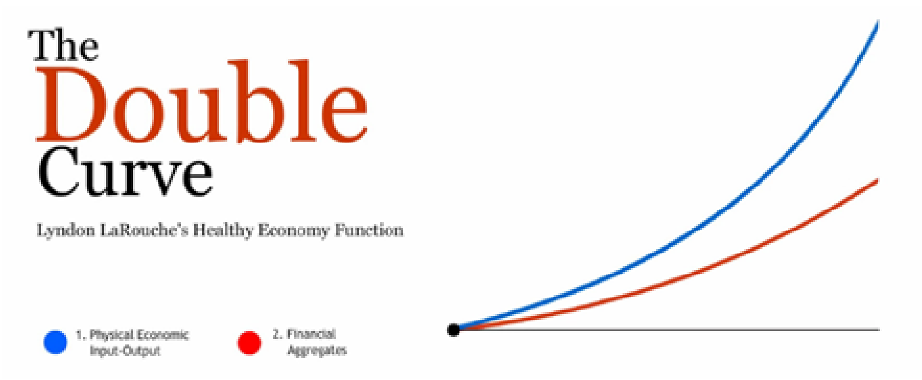
Today, the nation's space program is potentially the most powerful engine for producing such benefits. A fusion-powered Moon-Mars colonization program will involve major long-term national investments, drawing on a skilled labor force that has largely disappeared, technologies that don't yet exist, and knowledge that has yet to be gained. Rather than an incremental approach, this points to a science-driver mission to rapidly develop the needed skills and technologies to tackle multiple problems at once: problems which touch on fundamental areas of knowledge. What will we need to perfect manufacturing and food production in space? What are the biological effects of extended missions beyond Earth's gravitational and magnetic field? How rapidly can we bring thermonuclear fusion on line?

A science-driver crash program, in the words of John F. Kennedy, "serves to organize and measure the best of our energies and skills."

Where those skills are lacking or nonexistent, we will create them.

As Franklin Roosevelt proved with the Depression-era Civilian Conservation Corps, legions of unskilled, poorly educated young people can be inspired to a national mission, and trained with the means to accomplish it.

FIGURE 2



LaRouche PAC

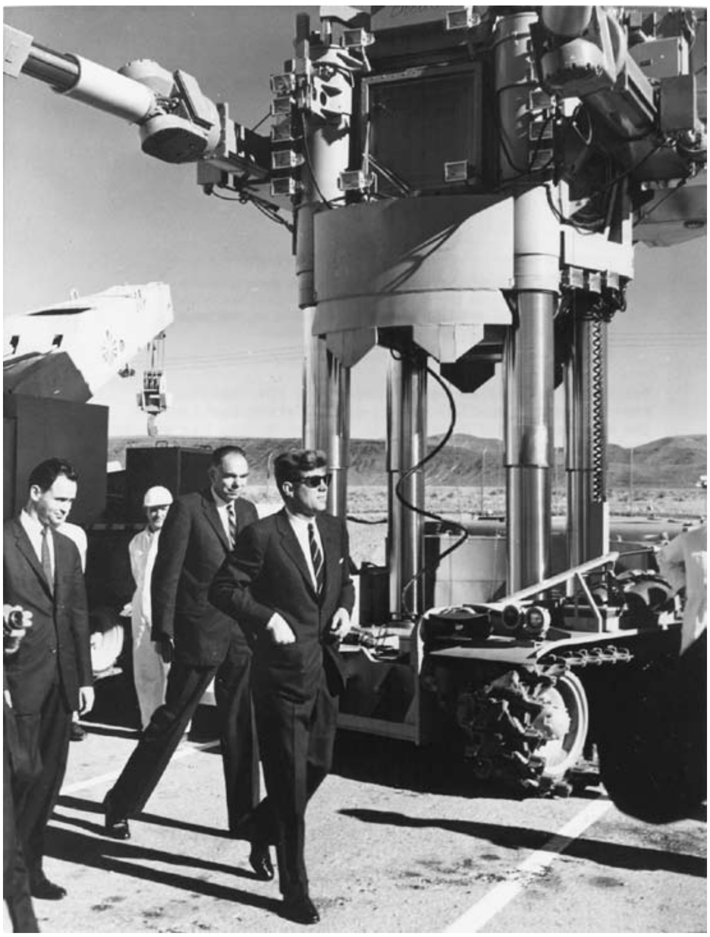
To put it in the words of Alexander Hamilton, writing in his 1791 "Report on Manufactures": "To cherish and stimulate the activity of the human mind by multiplying the objects of enterprise, is not among the least considerable of the expedients by which the wealth of a nation may be promoted."

During recent years, rocket scientists were hired by Wall Street to design the complex financial instruments that we now call "toxic waste." Under the Moon-Mars mission, rocket scientists can go back to designing rockets.

Raising national expenditures in education, research and development, and high-technology infrastructure raises the total physical cost to the economy; but, concentrating those costs in investments in the improvement of the productive process, through new skills and higher technologies—through a higher capital intensity—reduces the physical cost per capita, and leads to a greater physical profit for society as a whole—the only form of true profit in economics [**Figure 2**].

The general mission assignment, is to drive astrophysics, microphysics, biological science, and human knowledge, to far beyond their presently forseeable limits for the coming century. By working in space, and on Earth, simultaneously, for these coordinated breakthroughs in discovery of new principles, by the time we establish the first science-city colony on Mars, we will have revolutionized science and economy on Earth many times over.

Because of the physical-economic payback to the nation, such a seemingly expensive project actually costs nothing.



NASA

President John Kennedy inspects the Nuclear Rocket Development Station in Nevada, Nov. 8, 1962.

2. The Science-Driver Crash Program

A curious breed of individual seems to be making a place for himself in this ordeal of emerging from the pupal state into the space age. This is the man who, technically speaking, appears to be willing or able to think more than

> 10 years ahead. A few years ago, people of his type were called crackpots.... Terra-forming planets is a topic of discussion among the less inhibited Washington space policy men nowadays.
>
> —Tom Alexander, *Project Apollo*, 1964

NASA

Buzz Aldrin of the Apollo 11 mission, the second man on the Moon, July 20, 1969.

The lessons of America's 1960s Apollo Project should not be forgotten. As a technological feat, it surpassed anything in human history. But its greatest impact was in the domain of the imagination—the ultimate source of physical wealth.

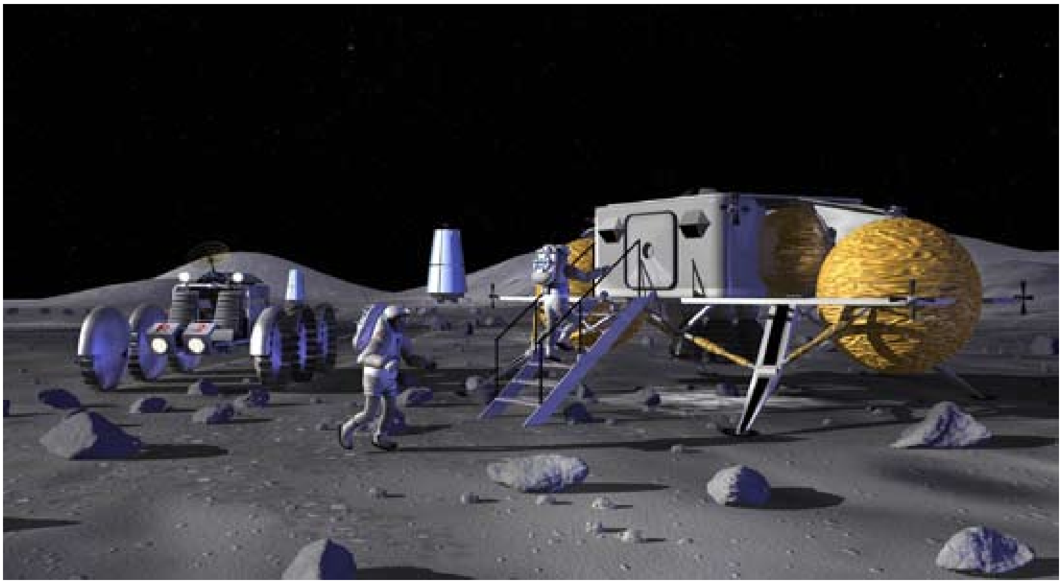
In 1961, against the wishes of many of his own advisors, President Kennedy challenged the nation to a manned Moon landing by the end of the decade. In order to accomplish the monumental task which he laid out, new rocket engines would have to be developed, *ten* times more powerful than any which then existed.

New spacecraft would have to be created, more complex than any machines ever built, capable of linking up in space, maintaining communication with Earth over a distance of 240,000 miles, and safely returning crew members through re-entry into the atmosphere at speeds higher and temperatures hotter than had ever been experienced. It was not yet known if human beings could even function in space for days at a time; little was known about conditions on the Moon, or whether the lunar surface could even support a landing ship without being swallowed whole by the lunar dust. Out of seven American attempts to send unmanned probes to the Moon, up to that point, all had failed.

At the time that President Kennedy committed the nation to landing a man on the Moon, the United States had not yet put a man in orbit around the Earth.

Yet, with a clearly defined mission, the nation was mobilized. At its peak, over 400,000 people were working directly on Apollo, 90% of them in industry. Thousands of skilled scientists, engineers, and technicians were mobilized under the leadership of NASA, which funnelled millions of dollars of grants to educational institutions to produce thousands more. The excitement of space created an entire generation of scientists and engineers. Almost every aspect of the program presented entirely new types of challenges that had to be solved on an urgent time schedule.

Exemplary of the American System of economics, first established by Alexander Hamilton, it was the ingenuity of a scientifically oriented industrial sector, combined with a mission-orientation provided by the Federal government through NASA, that made the Moon landing a success, and drove a nationwide dynamic of real economic growth. With industry, university, and government working simultaneously on scientific and technical problems, breakthroughs in one area spread quickly to another. With the tight interconnection between basic manufacturing and advanced re-


NASA

Artist's rendition of a lunar outpost.

search and development, major advancements occurred "upstream" in the machine-tool section of the production process, affecting whole sections of the civilian economy "downstream."

New commercial industries in microelectronics, communications, and advanced materials provided not only new jobs, but increased the division of productive labor for the economy as a whole. Kennedy's investment tax-credit during this period further stimulated industry by rewarding capital investments in plant and machinery.

Under the optimism of Apollo, private investments often preceded government contracts, as companies spent their own funds on research and development, in expectation of long-term government commitment to the promise of space. Contrary to the failed market theory of supply and demand, it is productive investment which generates "demand."

Instead of a one-shot stunt, many of the leaders of Apollo envisioned it as only the first step in mankind's necessary expansion into the Solar System—what NASA's Administrator James Webb called "the mastery of space and its utilization for the benefit of mankind." The vast human and technical infrastructure built for Apollo would serve as the foundation for a follow-on space station, lunar outpost, and manned Mars mission.

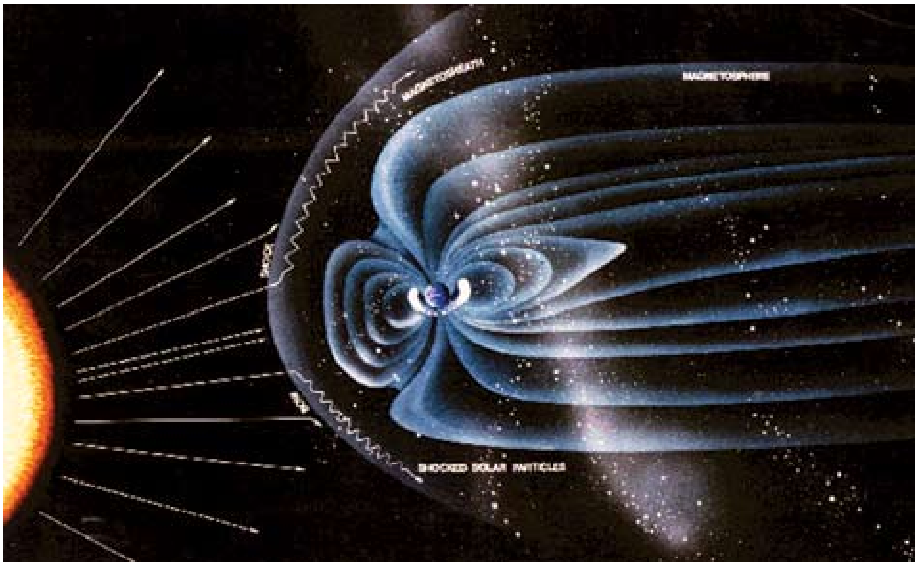
In the same speech in which Kennedy announced the Moon shot, he proposed simultaneous acceleration of the nation's nuclear rocket program: "This gives us promise of some day providing a means for even more exciting and ambitious exploration of space, perhaps beyond the Moon, perhaps to the very end of the Solar System itself."

The nuclear fission rocket was the space program's most advanced reseach and development project. Designed to use fission to heat liquid hydrogen for the upper stage of a rocket for travel beyond Earth orbit, it would have been the natural bridge technology leading towards fusion rockets—the key to interplanetary flight beyond the Moon, planned for post-Apollo missions.

The reason for nuclear rockets was simple: once in space, chemical fuels can only go so fast and so far. The principle of energy-flux density applies as much to rockets as to every part of an economy's productive process, from electricity production to machine-tool design.

In first approximation, energy-flux density refers to the energy density measured by the amount of useful work that can be accomplished from a given mass of the fuel. With the discovery of an entirely new physical principle, in the form of nuclear fission, we gained not only an increase in energy density, but a change in the transformative power of the process itself. Nuclear fusion is the next, necessary step in mankind's mastery of nature.

Today's experimental fusion reactors are designed to use powerful magnets or lasers to fuse deuterium and tritium, the heavy isotopes of the lightest element, hydrogen. When fused at temperature equivalents of 100 million degrees, most of the energy produced is in the form of electrically neutral neutrons which cannot be



NASA

Interaction of the Solar wind and the Earth's magnetosphere.

directly controlled. But in a reaction of helium-3, which can be mined on the Moon, and deuterium, which is abundant in seawater, almost all of the energy is produced in the form of highly energized, electrically charged particles which can be controlled with magnetic fields, meaning almost all of it can be utilized. This makes helium-3 the "holy grail" of fusion fuels, and the key to opening the entire Solar System to mankind.

The shift from chemical to nuclear fission is a necessary leap upwards in energy-flux density for the human species. The shift from nuclear fission to thermonuclear fusion will be as important as the discovery of fire to ancient man.

Serious manned Mars planning within NASA coincided with the nuclear rocket program, since it was widely recognized that any manned flights to Mars would require nuclear propulsion. What had been mere dreams only a few years before, now seemed to be a rapidly approaching reality. If we could get to the Moon in less than a decade, Mars suddenly seemed a little less distant. A number of official studies examined various options for the earliest possible fly-bys and landings on the Red Planet by the early 1980s, with the most conservative projections putting Humans on Mars by the year 2000.

Here was NASA's program for the mastery of space, running across a broad front of American government, industry, and university research, with the attitude that doing the impossible was a national imperative.

> **President Kennedy:** ... not because it is easy, but because it is hard.

Most of the major investments in Apollo were made within five years of Kennedy's Moon landing challenge. By the time that challenge was fully met, eight years later, much of the human and technological infrastructure that got us to the Moon had already been jettisoned, along with advanced projects like the nuclear rocket.

Despite that, every major economic study on Apollo since the 1970s has pointed to major multiplier effects for the whole economy through the new technologies and new skills developed through the space program. Simply put: The rate of return from the space program was greater than any other form of legal activity in the economy.

Was Apollo "unsustainable," as some have argued—an anomaly made possible only under the conditions of the Cold War? The basic facts of physical economy tell a different story: It was the space-related investments of Apollo, combined with President Kennedy's investment tax-credit, which spurred the last wave of actual growth in the physical economy of the United States.

Slightly less than 40 years since Apollo came to an end, it is the post-industrial economy of cost-cutting, privatization, and deregulation, promoted as the model of "sustainability," which has collapsed.

> But listen to the tale
> Of human sufferings, and how at first,
> Senseless as beasts, I gave men sense, and
>   possessed them
> Of mind. I speak not in contempt of man;
> I do but tell of good gifts I conferred.
>
> —Aeschylus, *Prometheus Bound*

Breakthroughs of the Future

There has been almost no case in which an observatory or probe sent into space has not provoked the dis-


GSFC/Dominique Dierick and Dirk De la Marche

The North America Nebula.

covery of some new paradox in our understanding of the universe. Observations in the course of just one year have redefined our knowledge of the shape of the heliosphere that shrouds the Solar System; the nature of Earth's magnetosphere; and confirmed the presence of water on our Moon. Is it any surprise that space exploration will give us the most important discoveries of the future?

The Solar System, let alone the whole universe, is crowded with astrophysical and other anomalies just waiting for our prying minds to engage them. On this basis, alone, the number of new, fundamental discoveries awaiting mankind, from even the preliminary next steps toward Mars colonization, would assure us of major scientific breakthroughs in the practice of science upon Earth.

Were fusion research linked to a mission for interplanetary manned travel, it would lead to the very forefront of science, pointing to fundamental principles of matter at the microphysical scale, as well as their connection to phenomena at the scale of astrophysics—stars are, after all, powered by fusion. Fusion-powered flight will also open up an entirely new experimental domain, by making possible a phenomenon which has never yet occurred in the known universe: the creation of an artificial gravitational field by constant acceleration through cosmic space.

The most basic part of a manned mission to Mars is also the most difficult: getting Humans there alive. It has long been known that there are deteriorative physiological effects associated with prolonged weightlessness in space. Loss of bone density, loss of muscle tone, heart problems, etc., are all known problems, which involve many paradoxical elements. Initially, it was believed that the loss of bone density and muscle tone were the results of simple "unloading" effects, attributed simply to atrophy, from disuse in microgravity. Experiments have shown, however, that there are more factors involved than simple unloading. For instance: The artificial unloading of Humans and mice on Earth does not fully recreate this effect [mice dangling from tails], and the forced loading of astronauts during spaceflight does not counter it.

There are a number of hypotheses for this to be explored. The most interesting, will be those concerning the electromagnetic properties of living matter, and its response to changes in the radiative environment, as well as isotopic ratios. It is known, for instance, that completely shielding organisms from normal environmental radiation causes developmental damage.

Conversely, pelvic bone loss in women is known to occur during radiation treatment for cervical cancer. Further, successful research has been performed on applying electromagnetic fields to speed the repair of broken bones. Very likely, similar processes are at play in the case of extended stays outside of Earth's gravitational field. All of this indicates a potentially very great role for electromagnetic and nuclear phenomena in space biology—as well as their significance for life on Earth.

This is all to be expected from the standpoint of a

NASA

NASA

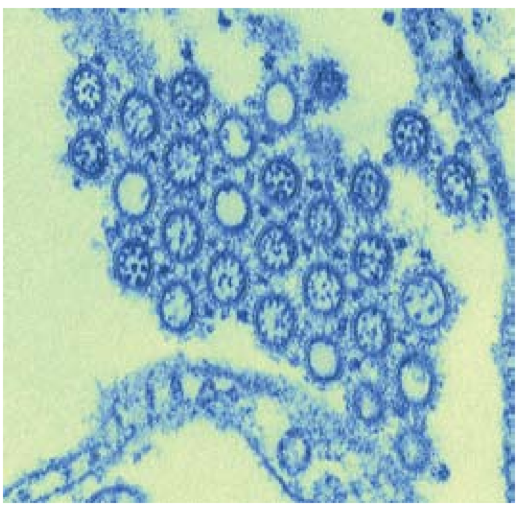
Left: Astronaut Sunni Williams exercising on the International Space Station. Problems resulting from zero-gravity conditions are complex and paradoxical. Above: Astronaut Salizhan Sharipov soars, weightless, through the International Space Station's Destiny Laboratory.

unified field theory: After all, is there such a thing as electromagnetism apart from gravitation? What are we actually creating when we create the artificial gravitational field associated with 1-G acceleration? If artificial gravity is actually gravity, what will be its effects on matter? What will be its electromagnetic component? What will be its effect on living tissue? What will be its effects on space-time itself?

Mastery of these questions will require a whole new battery of experiments, subjecting both carefully constructed instruments, as well as samples of living matter, to constant acceleration to and from the Earth. The new knowledge gained from answering these questions will undoubtedly lead to massive breakthroughs and new approaches to, minimally, AIDS, cancer, and virology in general, all of which are known to involve little studied electromagnetic, gravitational, nuclear, and quantum phenomena.

The questions at stake in manned interplanetary travel by fusion-powered acceleration are of a much more fundamental nature, and point to more profound economic and technolgical spillover than even the Apollo program of the 1960s.

This brings us to the domain of economics and policy: the organization of human society. The human species, beginning with the American population, must be educated with the understanding that the various steps toward becoming a spacefaring species—the industrialization of the Moon, the development of fusion power, and the colonization of Mars, are not optional ones. The problems here on Earth are not local ones. The fundamental scientific breakthroughs required to address these problems, lie, along with the answer to their origins, in the stars.



CDC/Cynthia Goldsmith

Study of the effects of electromagnetism on living tissue will open the way to breakthroughs in virology and other biological domains.

Editorial

Impeach the British Puppet Now!

Lyndon LaRouche's Feb. 3 call for an immediate, unrelenting mobilization to remove British puppet Barack Obama from office, by impeachment or resignation, has already registered at, and shaken, the White House. They, as resident representatives of the British imperial enemy of the United States, take seriously the fact that unrelenting war has been declared against them, by their most formidable, and determined, opponent. The question is: Do you take seriously your obligation to join that war to save your nation?

As he did last Spring, when LaRouche called him out for his Hitler-modelled "health reform," President Obama has proceeded full-steam ahead with his treasonous policies. This includes his moves to rip up the Constitution by using his Executive powers to destroy the manned space program, contrary to the legislated will of Congress, in addition to his stated determination to hand power over the very economic existence of the United States to an "independent commission" that will ram through murderous austerity.

Can't you see, that sitting back and waiting until "the time is ripe" to act—as some of LaRouche's critics suggest—can only result in letting this President wreak devastation upon both our population, and our institutions of government? It was precisely such an attitude by which the Germans let their *British puppet, Adolf Hitler, consolidate his power, with such horrific, genocidal results.*

Today, it is the future of the planet as a whole that depends upon following LaRouche's lead. President Obama is not only committing crimes against the United States, but he represents one of the most significant roadblocks to implementing the global Glass-Steagall standard, and Four Power agreement, the only means by which mankind can throw off the yoke of the British Empire, and bring on the kind of future we would wish for our grandchildren.

So, think again about LaRouche's call, which we reprint below. Face the reality which demands that you act.

President Barack Obama's stated intention, to shut down and destroy the NASA program at its root, when added to the Hitler-like health-care policy, and the general, destructive features of all other leading Obama policies, is one step too far to bear. There is no longer room on this planet for a United States and a President Obama to occupy the same space.

The need for Obama's ouster, either by resignation or impeachment, is now an existential issue for both our republic and the welfare of the planet generally.

Since the founding of our republic, the existence of our nation has depended upon surges of science-driven and related increases of the productive powers of labor, per capita, and per square kilometer of our territory. Now, especially since the reign of former President George W. Bush, Jr., and now that of Obama, the very means, of science and technology, by which the existence of our republic had formerly prospered, has been destroyed, step, by step, by step. Our industries have gone, the security of our food supplies has been undermined, and now the last bastion of the means of technological progress, the space program, is scheduled for obliteration.

Simply, the time has come, that President Obama must go, either by his own choice, or ours. The intention of our Federal Constitution demands this.

See LaRouche on Cable TV

INTERNET
- BCAT.TV/BCAT Click BCAT-2 4th Fri: 10 am (Eastern Time)
- LAROUCHEPUB.COM Click *LaRouche's Writings.* (Avail. 24/7)
- LA36.ORG Click on The LaRouche Connection. Select desired show.
- MNN.ORG Click *Watch Ch.57* Fri: 2:30 a.m. (Eastern Time)
- QUOTE-UNQUOTE.COM *Click on Ch.27.* Tue. 6 pm (Mtn.)
- SCAN-TV.ORG Click *Scan on the Web (Pacific Time).* Ch.23: Wed. 7 am Ch.77: Mon. 11 am
- WUWF.ORG Click *Watch WUWF-TV.* Last Mon 4:30-5 pm (Eastern)

INTERNATIONAL

THE PHILIPPINES
- MANILA Ch.3: Tue 9:30 pm

ALABAMA
- UNIONTOWN GY Ch.2: Wed, Thu, Fri: 6 am

ALASKA
- ANCHORAGE GCI Ch.12: Thu 10 pm

CALIFORNIA
- CONTRA COSTA CC Ch.26: 2nd Tue 7 pm
- COSTA MESA TW Ch.35: Thu 5:30 pm
- LANCASTER/PALMDALE TW Ch.36: Sun 1 pm
- ORANGE COUNTY TW Ch.95/97/98: Mon 3 pm
- SAN FRANCISCO CC Ch.29: 2nd & 4th Sat 9 pm

COLORADO
- DENVER CC Ch.56 Sun 10 am

CONNECTICUT
- GROTON CC Ch.12: Mon 5 pm
- NEW HAVEN CC Ch.27: Mon & Wed: 6 am; Sat: 6 pm
- NEWTOWN CH Ch.21: Mon 12:30 pm; Tue: 6 pm
- NORWICH CC Ch.14: Tue 8 pm
- SEYMOUR CC Ch.10: Tue 10 pm

DISTRICT OF COLUMBIA
- WASHINGTON CC Ch.95 & RCN Ch.10: Irregular

FLORIDA
- ESCAMBIA COUNTY CX Ch.4: Last Sat 4:30 pm

ILLINOIS
- CHICAGO CC./RCN/WOW Ch.21: Irregular
- PEORIA COUNTY IN Ch.22: Sun 7:30 pm
- QUAD CITIES MC Ch.19: Thu 11 pm
- ROCKFORD CC Ch.17 Wed 9 pm

IOWA
- QUAD CITIES MC Ch.19: Thu 11 pm

KENTUCKY
- BOONE/KENTON COUNTIES IN Ch.21: Sun & Tue: Midnight
- JEFFERSON COUNTY IN Ch.98: Fri 2-2:30 pm

LOUISIANA
- ORLEANS PARISH CX Ch.78: Sun 11 pm; Mon 5 pm; Tue 4 pm; Thu 12:30 pm; Fri 12:30 am

MAINE
- PORTLAND TW Ch.2: Tue 10 pm; Thu 1 am; Sat Noon

MARYLAND
- ANNE ARUNDEL CC Ch.99; FIOS Ch.42: Tue & Thu: 10 am; Fri & Sat: midnight
- P.G. COUNTY CC Ch.76 & FIOS Ch.42: Mon 10:30 pm, Thu 11:30 am

MASSACHUSETTS
- CAMBRIDGE CC Ch.10: Tue 2:30 pm; Fri 10:30 am
- FRANKLIN COUNTY (NE) CC Ch.17: Sun 8 pm; Wed 9 pm; Sat 4 pm
- GREAT FALLS CC Ch.17: Irregular
- QUINCY CC Ch.8: Pop-ins.
- WALPOLE CC Ch.8: Tue 1 pm

MICHIGAN
- BYRON CENTER CC Ch.25: Mon 1 & 6 pm
- KENT COUNTY CC Ch.25: Mon 6:30 am
- KENT COUNTY (South) CC Ch.25: Wed 9:30 am
- LAKE ORION CC Ch.10: Irregular
- LANSING CC Ch.16: Fri Noon
- LIVONIA BH Ch.12: Thu 3 pm
- MT. PLEASANT CH Ch.3: Tue 7 am
- SHELBY TWP CC Ch.20, WOW Ch.18, UV Ch.99: Mon 11 pm
- WAYNE COUNTY CC Ch.16/18: Mon 6-8 pm

MINNESOTA
- ALBANY AMTC Ch.13: Tue & Thu: 7:30 pm
- CAMBRIDGE US Ch.10: Wed 6 pm
- COLD SPRING US Ch. 10: Wed 6 pm
- COLUMBIA HEIGHTS CC Ch.15: Tue 9 pm
- DULUTH CH Ch.16: Irregular. Ch,29: Wed Midnight; Fri 1 pm
- MARSHALL Knology Ch.67: & CH Ch.35/8: Sat. 8:30 am
- MINNEAPOLIS CC Ch.16: Tue 11 pm
- MINNEAPOLIS (N. Burbs) CC Ch.15: Thu 11 am & 6 pm
- NEW ULM CC Ch.14 & NUT Ch.3: Sun 6 am, Tue 9 pm
- PROCTOR MC Ch.7: Tue after 5 pm.
- ST. CLOUD CH Ch.12: Mon 5 pm
- ST. CROIX VALLEY CC Ch.14: Thu 1 & 7 pm; Fri 9 am
- ST. PAUL CC Ch.15: Wed 9:30 pm
- ST.PUAL (N.Burbs) CC Ch.21: Mon 7 pm, Tue 3 am & 11 am.
- ST. PAUL (S&W Burbs) CC Ch.15: Mon, Wed, Fri 9 am
- SAULK CENTRE SCTV Ch.19: Sat 5 pm
- WASHINGTON COUNTY (South) CC Ch.14: Thu 8 pm

NEVADA
- BOULDER CITY CH Ch.2: 2x/day: am & pm
- WASHOE COUNTY CH Ch.16: Thu 9 pm

NEW HAMPSHIRE
- CHESTERFIELD CC Ch.8: Wed 8 pm
- MANCHESTER CC Ch.23: Thu 4:30 pm

NEW JERSEY
- BERGEN CTY TW Ch.572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- MERCER COUNTY CC Trenton Ch.26: Irregular Windsors Ch.27: Irregular
- MONTVALE/MAHWAH CV Ch.76: Mon 5 pm
- PISCATAWAY FIOS TV Ch.40, CV Ch.15: Thu 11:30 pm
- UNION CC Ch.26: Irregular

NEW MEXICO
- BERNALILLO COUNTY CC Ch.27: Tue 2 pm
- LOS ALAMOS CC Ch.8: Wed 10 pm
- SANTA FE CC Ch.16: Thu 9 pm; Sat 6:30 pm
- SILVER CITY CC Ch.17: Daily 8-10 pm
- TAOS CC Ch.2: Sat: 10 pm

NEW YORK
- ALBANY TW Ch.18: Wed 5 pm.
- BETHLEHEM TW Ch.18: Tue 6 am
- BRONX CV Ch.70: Wed 7:30 am
- BROOKLYN 4th Friday: CV Ch.67: 10-10:30 am TW Ch.34: 10-10:30 am RCN Ch.82:10-10:30 am FIOS Ch.42:10-10:30 am
- BUFFALO TW Ch.20: Wed & Fri 10:30-11pm
- CHEMUNG/STEUBEN TW Ch.1/99: Tue 7:30 pm
- ERIE COUNTY TW Ch.20: Thu 10:35 pm
- IRONDEQUOIT TW Ch.15: Sun 10 am
- JEFFERSON/LEWIS COUNTIES TW Ch.99: Irregular
- MANHATTAN TW, RCN Ch.57/85, Verizon FIOS-TV Ch.35: Fri 2:30 am
- ONEIDA COUNTY TW Ch.99: Thu 8 or 9 pm
- PENFIELD TW Ch.15: Sun & Tue
- QUEENS: 4th Sat monthly 2 pm TW Ch.56, RCN Ch.85, Verizon FIOS-TV Ch.36
- QUEENSBURY TW Ch.18: Mon 7 pm
- ROCHESTER TW Ch.15: Irregular
- ROCKLAND CV Ch.76: Mon 6 pm
- SCHENECTADY TW Ch.16: Fri 1 pm; Sat 1:30 am
- STATEN ISLAND TW Ch.35: Tue 8:30 am & Midnight
- TRI-LAKES TW Ch.2: Sun 7 am, 1 pm, 8 pm
- WEBSTER TW Ch.12: Wed 9 pm
- WEST SENECA TW Ch.20: Thu 10:30 pm

NORTH CAROLINA
- HICKORY CH Ch.6: Tue 10 pm
- MECKLENBURG COUNTY TW Ch.22: Fri 12:30 am

OHIO
- AMHERST TW Ch.95: Daily Noon & 2 pm
- OBERLIN Cable Co-Op Ch.9: Thu 8 pm

PENNSYLVANIA
- PITTSBURGH CC Ch.21: Irregular

RHODE ISLAND
- BRISTOL, BARRINGTON, WARREN Full Channel Ch.49: Tue: 10 am
- EAST PROVIDENCE CX Ch.18; FIOS Ch.24: Tue: 6 pm
- STATEWIDE RI INTERCONNECT CX Ch.13; FIOS Ch.32 Tue 10 am

TEXAS
- HOUSTON CC Ch.17 & TV Max Ch.95: Wed 5:30 pm; Sat 9 am
- KINGWOOD CB Ch.98: Wed 5:30 pm; Sat 9 am

VERMONT
- BRATTLEBORO CC & SVC Ch.8: Mon 6 pm, Tue 4:30 pm, Wed 8 pm
- GREATER FALLS CC Ch.10: Mon/Wed/Fri 1 pm

VIRGINIA
- ALBEMARLE COUNTY CC Ch.13: Sun 4 am; Fri 3 pm
- ARLINGTON CC Ch.69 & FIOS Ch.38: Tue 9 am
- CHESTERFIELD COUNTY CC Ch.17; FIOS Ch.27: Mon 1 pm
- FAIRFAX CX & FIOS Ch.10: 1st & 2nd Wed 1 pm; Fri 10 am; Sun 4 am. FIOS Ch.41: Wed 6 pm
- LOUDOUN COUNTY CC Ch.98 & FIOS Ch.41: Wed 6 pm
- ROANOKE COUNTY CX Ch.78: Tue 7 pm; Thu 2 pm

WASHINGTON
- KING COUNTY CC Ch.77: Mon Noon BS Ch.23: Mon Noon
- TRI CITIES CH Ch.13/99: Mon 7 pm; Thu 9 pm

WISCONSIN
- MARATHON COUNTY CH Ch.98: Thu 9:30 pm; Fri Noon
- MUSKEGO TW Ch.14: Sun 7 am, Mon & Thu: 5:30 pm
- SUPERIOR CH & MC Ch.7: Tue after 5 pm.

WYOMING
- GILLETTE BR Ch.31: Tue 7

MSO Codes: AS=Astound; BD=Beld; BR=Bresnan; BH=BrightHouse; BS = Broadstripe; CV=Cablevision; CB=Cebridge; CH=Charter; CC=Comcast; CX=Cox; GY=Galaxy; IN=Insight; MC=MediaCom; NUT=New Ulm Telecom; SVC=Southern Vermont Cable; TW=TimeWarner; US=US Cable; UV=AT&T U-Verse; FIOS=Verizon FIOS-TV.

Get The LaRouche Connection on your local cable TV system! Call Charles Notley 703-777-9451, Ext. 322. Visit our Website: www.larouchepub.com/tv.

[updated Jan. 26, 2010]