

EIR Online
Online Almanac
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[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"!

Note to Subscribers:

We have delayed posting the new *EIR*, so that we may bring you a special double issue (Feb. 26/March 5, 2010), to include an extensive, new piece by Lyndon LaRouche, entitled, "The Senile British Lion: Evil, Wicked & Stupid!" In the meantime, the news digests ("This Week's News") have been updated, with the latest developments.

—*The Editors*

[In-Depth articles from EIR, Vol. 37, No. 7](#)

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This Week's Cover

- [Saving the Planet Now!](#)
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'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 'Banco Santander Syndrome':](#)
[City of London's Sucker Game](#)

Lyndon LaRouche blew the whistle on the British game, which was intended to convince Moscow that there is a vast pool of money, centered in institutions such as the London-controlled Banco Santander, which were going to be the resource for the Russians, when the British succeeded in bringing down the United States. The story behind the story.

- **The Anglo-Venetians Behind Santander**
On the surface, Banco Santander 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 in the dark heart of the Anglo-Venetian empire.
- **Documentation:**
London's Control Over Banco Santander
From *EIR*, 'Empire Strikes Back: Spanish Banks Recolonize Ibero-America,' July 2, 2004.

Economics

- **The Euro System Is on the Brink of Collapse**
by Helga Zepp-LaRouche
The European Union summit in Brussels on Feb. 10-11 did absolutely nothing to avert the looming collapse of the system. The focus on Greece is itself a deception, because the Greek debts to European banks are a relatively small problem.
- **Economics in Brief**

Obituary

- **Congress Has Lost Its Leading FDR Democrat**
John P. Murtha (1932-2010).

Science

- **From the Moon to Mars:**
The New Economics
'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.' The transcript of a halfhour video produced by the 'Basement Team' of the LaRouche Political Action Committee. Part 2 of a series.

Editorial

- **Impeach the British Puppet Now!**

This Week's News

U.S. Economic/Financial News

Obama's Stimulus Hasn't, and Won't, Reduce Unemployment

Bank Failures Continue Apace in 2010

One Way or Another, 2 Million More U.S. Homes Will Be Lost

Obama's Stimulus Hasn't, and Won't, Reduce Unemployment

Feb. 18 (EIRNS)—On the one-year anniversary of President Obama's signing of the American Recovery and Reinvestment Act of 2009—the "stimulus"—it's an official failure. The *Washington Post's* lead story is headlined, "Growth hasn't hit payrolls a year into the stimulus effort." And, the Federal Reserve projects that unemployment will stay at January's high 9.7% level throughout 2010.

The \$862 billion stimulus has gone into tax breaks for employers hiring workers—an area prone to fictional reports; tax breaks to individuals who work; money to state governments, to keep state workers employed (hardly a towering success to date); and funding multiply extended unemployment benefits. As Sen. Evan Bayh (D-Ind.) put it in announcing his retirement, "The stimulus has not created one new job."

For example, a \$5 billion Federal weatherization program intended to save energy and create jobs, has done little of either, according to ABC News: Only 9,100 homes had been weatherized as of Dec. 31. Obama claimed that the stimulus would fund the weatherization of 593,000 homes.

A recent poll shows that only 6% of Americans believe that the stimulus created jobs, while at least 7% believe Elvis is still alive.

Until January, NerObama was oblivious to demands for more job creation, but now that unemployment has become an explosive political issue, he wants to throw another \$100 billion at "jobs." The House passed a \$154 billion jobs bill in December. However, Senate Leader Reid so far lacks the votes to bring even a \$15 billion jobs bill to the floor.

Bank Failures Continue Apace in 2010

Feb. 20 (EIRNS)—The FDIC closed four banks on Feb. 19, bringing to 21 the total number of failures so far in 2010, a rate comparable to 2009 when about 140 banks failed for the year. The largest of the four failures, yesterday, was La Jolla FSB in La Jolla, Calif., with \$3.6 billion in assets and \$2.8 billion in deposits. La Jolla was sold to OneWest FSB of Pasadena, Calif. According to Bloomberg, OneWest was created out of the wreckage of IndyMac Bank, one of the earliest victims of the mortgage blowout, by an investor group led by former Goldman Sachs banker Steven Munchin and including a number of giant hedge fund managers, among them George Soros. The La Jolla failure will still cost the deposit insurance fund some \$882 million.

The other failures on Feb. 19 included George Washington Savings Bank of Orland Park, Ill., with \$412 million in assets and \$397 million in total deposits; La Coste National bank of La Coste, Texas, with \$54 million in assets and \$49 million in deposits; and Marco Community Bank of Marco Island, Fla., with \$120 million in assets and \$117 million in deposits.

One Way or Another, 2 Million More U.S. Homes Will Be Lost

Feb. 17 (EIRNS)—The *Financial Times* reported today how mortgage-lending banks in the U.S. have moved to abandon the 2009 charade of President Obama's thoroughly failed plan to "modify" millions of mortgages (the "year of mortgage modification," 2009, is over). Instead, the banks have decided that 2010 will be the "year of the short sale." This is how

they will deal with the immense wave of 4.5 million more homes expected to enter or re-enter some stage of foreclosure in 2010—after American households' outright loss of 2.3 million mortgaged homes in 2008-09. Some 109,000 homes were lost in January 2010, alone, starting 2010 with a 30% increase over the disastrous rate of home loss one year earlier.

In short sales, mortgage lenders graciously allow households whose homes' sale prices have fallen well below their outstanding mortgage debt, to sell the home at a substantial loss. The household loses both the home and its equity investment, if any; and often continues to be in debt for the "second mortgage," "top-off mortgage," "home equity loan," etc. The bank takes part of the loan asset as a loss. But the banks reap fees, early repayment penalties, etc. from the defeated would-be homeowners.

Big mortgage-servicing banks like Wells Fargo, Bank of America, and Citibank are hiring lots of short-sale specialists, holding seminars for brokers on how legally to arrange short sales, and approving short sales in under a month (previously, it took a year if the household got the approval at all). But from the households' standpoint, while they avoid the foreclosure eviction, repossession, and ruination of their credit, a bank short sale is still a way to lose your home and be unable to own another. The number who lose their homes this year, by all competent forecasts, is heading towards 2 million, almost as many as the past two terrible years combined.

Global Economic News

The Takedown of Japan Continues, as Oil Refineries Close

British Housing Collapse on the Way

8 Million British Subjects Are 'Economically Inactive'

Spain's Economy Continues into the Tank

The Takedown of Japan Continues, as Oil Refineries Close

Feb. 18 (EIRNS)—Japanese oil companies are cutting their domestic refinery capacity due to declining oil demand, as industry refuses to "come back." Domestic oil demand is expected to keep declining by 3.6% annually until FY2013, according to projections.

Domestic oil refineries, whose daily maximum production totals about 4.83 million barrels per day (bpd), only ran at about 75% capacity in 2009. Even idle plants cost money to maintain and keep in shape for potential operation. Yet, that cost is minimal compared to that of constructing a new plant; so, a decision to reduce facilities is a very serious one, indicating a severe long-term discouragement with prospects of revival.

Showa Shell Sekiyu K.K. announced Feb. 16 that it would close a Kawasaki oil refinery belonging to its affiliated company Toa Oil Co. after Autumn 2011. Nippon Oil Corp. and Nippon Mining Holdings Inc. will cut their refining capacity by about 20%, equivalent to 400,000 bpd, by shutting down some equipment at the Mizushima refinery in Okayama Prefecture and others, after they merge in April. Cosmo Oil Co. plans to reduce its oil-refining capacity by about 10% or 80,000 bpd, by cutting production at three refineries. Idemitsu Kosan Co. also is considering a production cutback.

British Housing Collapse on the Way

Feb. 16 (EIRNS)—The *Daily Telegraph* reports that, by next January, mortgage lenders will have to start paying £319 billion borrowed from the government during the crisis of 2007—a quarter of the U.K.'s entire £1.3 trillion stock of mortgages. This, at a time when mortgage lending and the raising of funds by mortgage lenders has collapsed. Mortgage approvals have fallen from an average of £3.4 million annually during the reckless years 2005-07, to £1.3 million. While lenders were able to raise £130 billion in the 12 months prior to the credit crunch, they raised just £11.5 billion in the last two years!

Mortgage lenders do not have access to the almost free money the Bank of England gives to British banks, so this most likely will have to come from the government, again, which has obvious consequences for the budget deficit.

8 Million British Subjects Are 'Economically Inactive'

Feb. 18 (EIRNS)—Great Britain is following Spain into the economic trough. The *Daily Telegraph* reports that the number of people who are neither working nor seeking employment reached 8.08 million in the last three months of 2009, the highest on record. This is out of a population of 61 million, and comprises 21.3% of working-age adults.

The Office of National Statistics reports that those seeking unemployment benefits increased by 23,500 to 1.64 million in January, the highest since April 1997. Official unemployment is 2.46 million. This has shocked the talking-head economists who forecast a fall of 10,000 from the unemployment rolls. All of which is pointing in the direction of a so-called "double-dip" recession. The *Independent* reported that underemployment has increased by 700,000, to 2.8 million, which they say masks the poor employment situation in the U.K. It is worse if youth unemployment is taken into consideration.

Meanwhile, the Bank of England announced a 3.5% inflation rate for January, up from an average 2.9% for the previous 12 months. The BOE blamed the increase in VAT and rising oil prices, claiming that inflation will come down again in a few months. The *Daily Telegraph* was not so sure, writing, "inflationary pressures may continue to prove surprisingly persistent. Easy money globally has been boosting prices and favoring commodity price inflation. And the pound's continuing frailty brings inflation into the U.K. economy...."

Spain's Economy Continues into the Tank

Feb. 15 (EIRNS)—Spain's official National Statistical Institute (INE) reported yesterday that 2009 was a disastrous year for businesses. In 2009, 25% fewer companies were created than in 2008 (which itself suffered a 28% collapse); their average capitalization was down 21% from a year earlier; and business closings (mainly due to bankruptcy) rose by 7.2%.

Non-performing loans rose from 5.0% in 2008 to 5.1% in 2009, and the figure wasn't much higher only because total loans and letters of credit *fell* by 19% over this time period. Spain has an official unemployment rate of 19%, with youth unemployment in the range of 45%.

This is a *dead* physical economy, with a huge debt and derivatives speculative bubble sucking what little blood remains—with London's Banco Santander being Vampire in Chief.

United States News Digest

DOJ Clears Torture Memo Authors, in Whitewash of War Crimes

Obama Still Pushing Nazi Health Plan

As Revenues Plunge, States Cut Medicaid

Obama Lies in Creating Fascist Commission

Issa asks Bernanke for Fed's AIG Documents

DOJ Clears Torture Memo Authors, in Whitewash of War Crimes

Feb. 20 (EIRNS)—The most senior member of the Justice Department's top permanent bureaucracy has overruled the DOJ's own ethics office, which had found former DOJ officials John Yoo and Jay Bybee guilty of professional misconduct for their authorship of key opinions authorizing conduct that is universally regarded as constituting torture and war crimes.

This decision is also consistent with President Obama's repeated avowals that he has no interest in pursuing the crimes of the Bush-Cheney Administration.

The DOJ's Office of Professional Responsibility (OPR), in a 269-page report, had determined that Yoo and Bybee had committed professional misconduct (deemed "intentional" on Yoo's part), and that they should be referred to their respective state bar associations for disciplinary proceedings. Among other things, OPR found that Yoo and Bybee had ignored legal precedents (on waterboarding, for example), and had given slipshod legal advice to the White House in possible violation of U.S. and international laws on torture.

The decision to overrule OPR, and to clear Yoo and Bybee, was made by David Margolis, who has been at the DOJ since 1965, and who is now the last of the old "permanent bureaucracy" gang that Lyndon LaRouche and his associates targeted during the 1980s and 1990s around the LaRouche frameup and other DOJ atrocities. In the Yoo-Bybee case, Margolis said that OPR had applied too high a standard (!), when it contended that the two had "a duty to exercise independent legal judgment and to render thorough, objective, and candid legal advice."

Both Sen. Patrick Leahy, chair of the Senate Judiciary Committee, and Rep. John Conyers, chair of the House Judiciary Committee, say they will hold hearings on the DOJ decision.

Obama Still Pushing Nazi Health Plan

Feb. 19 (EIRNS)—Lyndon LaRouche's associates have been told that many Congressional Democrats are becoming increasingly angered by President Obama's obsessive pushing of his Nazi health-care plan despite widespread public opposition, but that Obama won't, or can't, let it go.

Indicative of the chaotic state of affairs, are reports that the White House may, or may not, have a bill ready to be posted on the Internet by Feb. 22, some 72 hours before the summit; and that Obama, and Senate Majority Leader Harry Reid, and House Speaker Nancy Pelosi may, or may not, have agreed to try to ram a bill through Congress using "reconciliation" procedures which would require on 51 votes, rather than 60, in the Senate.

The White House has put out the word to *Politico* and others that Obama, Pelosi, and Reid are preparing to begin the reconciliation process the Feb. 25 "bipartisan" White House health-care summit. House minority whip Eric Cantor

indicated yesterday that Republicans will attend the summit, but they are warning the White House against trying to jam through a back-room deal—which is exactly what the White House seems to be doing.

The White House is said to be pushing a pared-down \$200 billion bill that would have to be attached to the budget bill to allow the use of reconciliation procedures.

But, says *Politico*, Democratic sources stress that neither Pelosi nor Reid knows if they have the votes to pass such a reconciliation bill.

"There has not been a collaborative process," said a Congressional Democrat with decades of health-care experience, quoted in the *New York Times*. "We have not been consulted. This is very much a White House proposal."

As Revenues Plunge, States Cut Medicaid

Feb. 19 (EIRNS)—Almost all U.S. states are making major cuts in Medicaid services and payments, or are planning to do so in the near future, the *New York Times* and other news outlets report.

Barred from reducing eligibility, states instead are cutting "optional benefits," such as dental and vision care, and are reducing payments to doctors and other health-care providers. Medicaid already pays doctors and hospitals at levels well below those of Medicare and private insurance, and often below costs. As a result, many doctors do not accept Medicaid patients, and additional cuts will further curtail participation in the program, which primarily serves low-income children, disabled adults, and nursing home residents.

Enrollment in Medicaid is at record levels, due to the economic collapse. More than 3 million people joined Medicaid in the year that ended in June 2009, according to the Kaiser Family Foundation, bringing enrollment to a record 46.8 million.

Further compounding the situation is the plunge in state revenues, since states pay from 25% to 50% of Medicaid costs. The Rockefeller Institute of Government reports that tax collections nationwide declined by almost 11% in the 3rd Quarter compared to a year ago, the third consecutive quarter in which tax revenues fell by double-digit percentages. In the quarter, personal income tax revenues fell by 11.8%, sales taxes by 8.9%, and corporate income taxes by 22.6%.

Obama Lies in Creating Fascist Commission

Feb. 18 (Eirns)—President Obama lied in the process of establishing a National Commission on Fiscal Responsibility and Reform by Executive order, after the U.S. Senate had rejected a proposal by Democratic Sen. Kent Conrad (N.D.) and Republican Sen. Judd Gregg (N.H.) to create such a commission, with the authority to make binding recommendations, as in violation of the responsibilities of the Senate. After meeting with Democrat Erskine Bowles and Republican Alan Simpson, co-chairmen of the commission, Obama claimed that Medicare, Medicaid, Social Security, and veterans benefits would not be affected by his spending freeze, while not mentioning that the entire mission of the commission he is setting up is to cut these very programs.

The Executive order creating the National Commission on Fiscal Responsibility and Reform states that its mission is to "propose recommendations designed to balance the budget, excluding interest payments on the debt, by 2015." How this is to be accomplished is left largely to the Commission, except that "the Commission shall propose recommendations that meaningfully improve the long-run fiscal outlook, including changes to address the growth of entitlement spending and the gap between the projected revenues and expenditures of the Federal Government."

In other words, the entire purpose of the Commission, like the IMAC provision of Obama's death-care policy, is precisely to cut the very entitlement programs he claimed would not be affected by his three-year freeze.

As reported by the *Miami Herald*, Bowles said, later in the day, that "everything is on the table," including raising taxes and cutting Medicare and Social Security.

Issa asks Bernanke for Fed's AIG Documents

Feb. 18 (EIRNS)—Rep. Darrell Issa (R-Calif.), ranking member on the House Oversight and Government Reform Committee, asked Federal Reserve chairman Ben Bernanke, in a letter dated yesterday, to deliver documents related to the AIG case by March 2. "In light of your professed commitments and your apparent desire to cooperate with this committee's investigation, I am writing to request that you voluntarily produce to this committee all records and communications in the possession of the Federal Reserve," regarding the AIG bailout.

The Fed is reviewing the letter, said David Skidmore, a Fed spokesman.

Ibero-American News Digest

Mexico: Drug Cartels Taking Over Agriculture

Britain Taunts Argentina Over Malvinas Oil Find

Largest Bond Dealer Will Keep Playing Brazil Carry Trade

Mexico: Drug Cartels Taking Over Agriculture

Feb. 20 (EIRNS)—During a Feb. 16 seminar sponsored by the Mexican Bar Association, the president of the Superior Agricultural Court (TSA), Ricardo García Villalobos, stunned his audience with the charge that the country's drug cartels now control at least 30% of the country's agricultural lands, on which they either force farmers to produce poppies and marijuana plants, or pay them rent for use of the land.

García Villalobos's remarks were backed by federal legislator Cruz López Aguilar, head of the National Peasant Confederation (CNC).

Absent a state policy of support for agriculture, which has resulted in greater rural poverty, combined with Mexico's enormous dependence on food imports, peasants and farmers are left to their own devices, said García. The drug cartels have effectively replaced the state, he explained, providing credit, protection, and even weapons. Isn't it obvious, he asked, that this is a grave national security problem? Where is the government?

The Calderón government, like all of its predecessors, has allowed the British Empire's criminal North American Free Trade Agreement (NAFTA), to dismantle Mexico's once vibrant agricultural sector. Moreover, according to the daily *El Universal* Feb. 17, the government's Procampo program, which is supposed to eliminate the "inequities" in the agro sector, by offering subsidies to poorer farmers, provided 500 million pesos to the Cargill Corp. cartel, between 2005 and 2009! During this same time frame, 3,000 peasants in the impoverished state of Chiapas received less than 1,000 pesos from Procampo to help in planting of corn.

Moreover, *Infoveracruz* reports that among the beneficiaries of the Agricultural Ministry's ASERCA farm subsidy program, are well-known narco families such as the Beltran Leyva, Guzmán Loera and the infamous "El Chapo" Guzmán. Victor Suárez, head of the National Association of Agricultural Marketing Companies, charges that, since its founding in 2000, ASERCA has served simply as a mechanism to transfer public funds to large monopolies and financial middlemen.

Britain Taunts Argentina Over Malvinas Oil Find

Feb. 18 (EIRNS)—For the past month, the British have repeatedly taunted Argentina with reports of immense oil and natural gas finds in the waters off the Malvinas Islands (called the Falklands by the British), which Britain illegally seized from Argentina in 1833 and has occupied ever since.

British oil firms are feverishly preparing to begin exploration in the North Falkland Basin, amidst euphoric reports about the "billions" of barrels of oil that might be found there. The London *Economist* today crowed that the islands could become "a Saudi Arabia with penguins," while boasting that the 2,400 residents of the Malvinas already enjoy a higher standard of living than Argentina.

President Cristina Fernández is "wildly unpopular," the City of London mouthpiece lied, charging that she and her husband, former President Néstor Kirchner, have wreaked economic havoc with their corruption and outdated nationalism.

On Feb. 16, Fernández de Kirchner issued a decree, mandating that ships travelling in Argentina's territorial waters, or stopping in Argentine ports en route to the Malvinas, must first obtain a government permit. This provoked shrieks from London that Argentina had imposed a "blockade" on the islands.

In remarks that Argentina's Foreign Minister charged were "whipping up the specter of war," British Prime Minister Gordon Brown said today that "all the preparations necessary" have been made "to make sure the Falklands Islands are properly protected." The British Ministry of Defence stated today that the U.K.'s existing "deterrence" force on the islands would not be increased, but warned that any Argentine interference with the free movement of shipping on the high seas "would be illegal and we would make a decision to use our deterrence force."

Largest Bond Dealer Will Keep Playing Brazil Carry Trade

Feb. 21 (EIRNS)—Pacific Investment Management Co. (PIMCO), the world's biggest bond fund, which is run by the giant German insurance firm Allianz, announced that it plans to continue playing the Brazil carry trade, despite the fact that the country is facing Presidential elections in October 2010. It is confident that the winner of the elections, whether President Lula's choice Dilma Rousseff or São Paulo Governor José Serra, will allow the speculative looting to continue. "We have every comfort that the policy in Brazil will remain sound," PIMCO's co-head for emerging markets, Michael Gomez, told Bloomberg on Feb. 17. "It doesn't really matter who the president is in the next election, as long as the policy is taken care of. We are fans of local debt markets in Brazil.... Brazilian bonds are a great value."

PIMCO had joined London-run Banco Santander and Rothschild agent Mario Garnero in betting heavily on candidate Lula da Silva and Brazil during the 2002 Presidential election—and won big. See "London's Brazil Carry Trade: Smoke, Mirrors—and Genocide," in this week's InDepth, for how this game worked.

Western European News Digest

It's Official: Britain Is the Top 'PIG'

German Constitutional Court Could Block Any Bailout

Deutsche Bank Says 'No' to Return to D-Mark

Brittany Regional Slate of Solidarity and Progress Party Certified

'Assisted Suicide': Coming to a Neighborhood Near You?

It's Official: Britain Is the Top 'PIG'

Feb. 19 (EIRNS)—"Shock as British Deficit Equals That of Greece," shouts the headline of the London *Independent* today. The collapse of tax revenue that caused a record £4.3 billion deficit for January, is front-page headline news all over the British media. Now, almost all the relevant numbers have made Great Britain the top PIG (the acronym PIGS refers to the supposedly weakest economies in the Eurozone: Portugal, Ireland, Greece, and Spain). First, the announcement pushed up the interest on British 10-year treasury bonds, or "gilts," to 4.2%, up 17 basis points. While this is still lower than Portugal (4.41), Ireland (4.75), or Greece (6.53), it is considerably higher than Spain (4.02) and Italy (4.05). As for the deficit as percentage of gross domestic product, Britain is headed toward 12.8%, as compared with Greece's 12.7%. Even if Britain is within the government's own official forecast, it will be at 12.6%. The overall borrowing this fiscal year, which ends in March, is officially forecast to be £178 billion, but could exceed £180 billion.

A closer look at the "fundamentals" of tax receipts, shows it could hardly be worse. The collapse of revenue was 9% in a month—January—for which economists had forecast a 2.8% increase. Income tax returns collapsed by 20%, and corporate tax by 6%. The Value Added Tax (VAT) increased only because the rate was increased from 15% to 17.5%. Public spending increased 15%, especially because of increased unemployment benefits. The *Independent* reports that the figures may have been massaged, because there are indications that the government has been holding back the reimbursements for overpaid income tax, which would make "the figures better now, at the cost of making them worse in a couple of months time." Because income tax revenues are collapsing, especially in the top 10 percentile which accounts for 53% of the intake, the VAT will likely be increased to 20%.

The collapse of revenues among British municipalities is expected to lead to the loss of more than 20,000 municipal jobs.

German Constitutional Court Could Block Any Bailout

Feb. 15 (EIRNS)—Wolfgang Münchau, one of the chief commentators of the *Financial Times*, writes in today's edition that, while last week's EU summit may have agreed to a bailout for Greece, Germany's Constitutional Court rulings on the Maastricht and Lisbon treaties could make that a dead letter. While saying the anti-bailout sentiment "borders on hysteria," he admits that Chancellor Angela Merkel "is contained by the 1993 Maastricht Treaty ruling of the German Constitutional Court—which as I understand was an important consideration in determining her stance last Thursday [Feb. 11]. The court stipulated that stability is an unalienable basis for Germany's participation in a monetary union. Should this principle be violated, the legal basis for Germany's participation would no longer be valid."

A source in the German Bundestag confirmed to *EIR*, that, the bailout for Greece, if it comes, may be taken to court, by a "constitutional body" in Germany, such as a group in the national parliament, or by the Bundestag as a whole (not very likely), or another body (state government, state parliament, etc.).

These remarks, as well as the increasing media coverage of the constitutional issue, prove that Helga Zepp-LaRouche was on the mark, when she said that the crisis of the euro showed it is high time for Germany to quit the euro system and return to its national currency, the deutschemark.

Deutsche Bank Says 'No' to Return to D-Mark

Feb. 19 (EIRNS)—An interview with Nicolas Heinen of Deutsche Bank, in the Germany daily *Die Welt*, on the Greek issue and the euro crisis, is just another piece of evidence that the debate about a return to the German deutschemark is intensifying.

When the interviewer asks, "But, would Germany not been better off with the d-mark? The speculative attacks are also hitting us, although their target is the Greek state finances," Heinen replies: "Even if at present, predominantly the frictions inside the eurozone are perceived, the advantages [of the euro] prevail. If we still had the d-mark, there would be a massive flight from other European currencies into the mark. It would be strongly revalued, and the high exchange rate would strangle our exports—in addition to the reduced demand on the world markets."

Brittany Regional Slate of Solidarity and Progress Party Certified

PARIS, Feb. 16 (EIRNS)—The 91-candidate slate of Jacques Cheminade's Solidarity and Progress Party, called "Brittany, a Lighthouse of the New World," for the March 14 regional elections, was officially certified by the Prefecture yesterday.

The four LaRouche Youth Movement members leading the slate held a press conference following certification. Four journalists attended: the Rennes local TV station; the national FR3, which covers regional news; the largest regional daily *Ouest France*; and the *Telegramme de Brest*.

This morning, the *Telegramme* writes that besides the seven usual slates, four newcomers are spicing up the debate. "Then, there was the breakout of the Solidarity and Progress party of Jacques Cheminade, which has chosen Brittany to present his only regional slate". *Ouest France* this morning has a small article, "Solidarity and Progress, the Surprise Invitee," showing the four leaders of the slate in front of the Theatre of Rennes. "On top of his program, Alexandre Noury places a reform of the international financial system which today 'imposes short-term profit and sacrifices the future.' He also denounces wind, energy which he considers 'ruinous for all' while demanding small nuclear reactors for the region."

'Assisted Suicide': Coming to a Neighborhood Near You?

Feb. 20 (EIRNS)—Just as Barack Obama prepares his new attempt to ram through his British-modelled Hitler health plan, the British government is planning its next step—decriminalizing "assisted suicide."

The U.K. Director of Public Prosecutions, Keir Starmer, who issued a guidance last September on when you can kill someone without being prosecuted for murder, is scheduled to publish his final guidelines this coming week. According to British press reports, as in the *Daily Telegraph* of Feb. 19, Starmer's guidelines will amount to a "checklist" of circumstances under which you can avoid prosecutions.

Current British law calls for punishing anyone who aids or abets another to end their life by up to 14 years imprisonment. In the face of numerous "test cases" flouting the law, the House of Lords has still refused to legalize assisted suicide. Now, this administrative move will effectively circumvent the Parliament, and permit the practice.

According to the *Telegraph* account, the Crown Prosecutor will effectively be setting out in detail the way people can commit the crime of murder, without being held to account. Not even Hitler dared to make such a public declaration of intent.

Russia and the CIS News Digest

- [Ukraine Election Result Sets Back British Geopolitics](#)

Ukraine Election Result Sets Back British Geopolitics

Feb. 15 (EIRNS)—One week after the run-off in Ukraine's Presidential election, the country's Central Electoral Commission yesterday certified the victory of Party of Regions leader Victor Yanukovych over Prime Minister Yuliya Tymoshenko, by 887,909 votes (48.95% to 45.47%). Thus, one of the George Soros-financed 2004 Orange Revolution figures, President Victor Yushchenko, was eliminated in the first round, and his former ally, Tymoshenko, in the second. It was Yanukovych's victory in 2004 which was overturned by the Orange coup. (Supporters of Tymoshenko, who earlier had said that even a "10-vote margin of victory" would be a clear victory, announced Feb. 15 they would attempt to challenge the election result in court, but the bid was dropped later in the week.)

The election of Yanukovych is already affecting Ukraine's relations with Russia, reducing the capability, which London geopolitical strategists have often bragged about and frequently used, of exploiting every conceivable tension between the two countries.

Speaking on Feb. 14, Yanukovych confirmed that he will not pursue Yushchenko's plan of taking Ukraine into NATO. "Ukraine's joining NATO is not on the agenda today," said Yanukovych. "Ukraine is interested in taking part in the project for a European collective security system, supporting the initiative of Russian President Dmitri Medvedev for that, as President Nicholas Sarkozy has supported it." In an interview the previous day, Yanukovych said that he is open to talks with Moscow on Russia's Black Sea Fleet continuing to use its base in Sevastopol, Crimean Peninsula, after the current lease expires in 2017.

The prominent Ukrainian weekly *Zerkalo nedeli* of Feb. 13-19 carried a major article on the prospects for revival of Ukraine's nuclear industry, including through purchase of reactors from Russia. This would bring a different dimension to Russia-Ukraine energy relations, as against the natural gas price wars of recent years. Last week, Yanukovych announced, "I now want to discuss with Russia, moving ahead to build another three nuclear power units in a partnership arrangement."

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Britain Was Informed in Advance of Israeli Hit

Israeli Source Confirms: Brits Were Fully in on Hamas Hit

Feb. 20 (EIRNS)—A senior Israeli source, closely tied to the Netanyahu government, has confirmed that the British were complicit in the Mossad assassination of a prominent Hamas official in Dubai on Jan. 20. According to the source, the British intelligence services provided the Mossad with all of the passports used, to conceal the identities of the hit squad members. "Not only were the British passports given to the Mossad. The Brits provided the German and Irish passports as well," the source said. "They were fully witting before the fact."

According to the source, the modus operandi of the assassination was similar to the murder, in 1990, of weapons designer Gerald Bull, outside his apartment in Brussels. He explained that the friction between the British and the Israelis after the killing of the Hamas official, was due to the fact that the Israelis obtained a large number of documents from the murdered man's briefcase, and have so far refused to share the contents with the British.

Anglo-Israeli 'Doomsday' War Scheme Advances

Feb. 20 (EIRNS)—Sources close to the Israeli government have warned *EIR* that Prime Minister Benjamin Netanyahu's inner cabinet is close to making a decision to launch a preventive strike against Iran's nuclear facilities. Such a decision could come as early as tomorrow, when the cabinet convenes.

According to the source, a fierce debate is raging within the military, over whether Israel has the capacity to successfully strike Iran's nuclear facilities at Natanz or elsewhere. Recently, former Israeli Defense Forces Chief of Staff Gen. Dan Halutz told Israeli media that the IDF does not have the ability to seriously damage the Iranian program. But, according to an Israeli source close to the inner cabinet, several options are being reviewed for just such an attack.

According to the source, in recent visits to Russia, both Netanyahu and Foreign Minister Avigdor Lieberman pressed Russian Prime Minister Vladimir Putin for permission to stage attacks against Iranian targets from sites inside Russia. Putin reportedly strongly rejected that option. Similar approaches have been made to the government of Kazakhstan, according to the Israeli source. The source added that the preferred option, being promoted by factions in the IDF, is to launch attacks from Israeli submarines, equipped with cruise missiles. The source noted that the accuracy of such submarine-launched cruise missiles is unreliable, and most of the Iranian sites on the Israeli target list are in urban areas.

The source confirmed that the Obama Administration's national security team has delivered a series of strongly worded messages, warning Israel against any unilateral attacks on Iran. U.S. military leaders, as well as Defense Secretary Robert Gates, Secretary of State Hillary Clinton, Joint Chiefs of Staff Chairman Adm. Michael Mullen, National Security Advisor Gen. Jim Jones (ret.), and Vice President Joe Biden, all recognize that a military strike against Iran is the worst-case, last option, and that they are not even close to the point of having to make that decision. It is widely believed, including among Israeli planners, that Iran has a retaliatory asymmetric capability that would involve crippling the Persian Gulf oil flow, blowing out the world economy, if attacked.

Lyndon LaRouche warned that circles in London, including former Prime Minister Tony Blair, are the real potential architects of this "doomsday" scheme. It is those in London, who are desperate over the collapse of the entire British System, who may be contemplating an Israeli "breakaway ally" attack on Iran, which would bring on a planetary dark age. Testifying before the Chilcot Commission, Blair taunted the commissioners with the need to take military action against Iran today, just as he lied the U.S. and Britain into the 2003 invasion of Iraq. These people would have to be totally desperate, to be contemplating such a doomsday act, and I am afraid that they are, LaRouche warned.

Dubai Police Chief Calls for Arrest of Mossad Head

Feb. 18 (EIRNS)—Dubai's police chief, Lt. Gen. Dahi Khalfan Tamim, today called for Interpol to issue a red notice, requesting that the suspects be arrested pending extradition, against the head of the Mossad as a killer, if the Mossad is proved to be behind the murder of Hamas commander Mahmoud al-Mabhouh, who was killed in a Dubai hotel in January.

Tamim told the English-language Abu Dhabi-based newspaper *The National* that Interpol had issued red notices for 11 suspects wanted in the killing of al-Mabhouh.

'Sykes-Picot'-Model Assassination in Dubai

Feb. 18 (EIRNS)—There are mounting indications that the January assassination of Hamas official Mahmoud al-Mabhouh in Dubai, was nothing less than a "Sykes-Picot" assassination—a collusion among European powers to destroy Southwest Asia, as in the Franco-British Sykes-Picot Treaty of 1918. Dubai officials have identified between 11 and 18 suspects whose pictures were seen on bogus passports from Britain, France, Ireland, and Germany, but the British, French, and Irish foreign offices have summoned the Israeli ambassadors for an explanation.

On Feb. 18, Robert Fisk, the London *Independent's* veteran Beirut-based correspondent, wrote that the real story is the collusion between Israel, the British, and other Europeans. He writes that the United Arab Emirates "suspect—only suspect, mark you—that Europe's 'security collaboration' with Israel has crossed a line into illegality, where British passports (and those of other EU nations) can now be used to send Israeli agents into the Gulf to kill Israel's enemies."

Fisk reports that he received a call from an "impeccable" Abu Dhabi source, who told him "the British passports are real. They are hologram pictures with the biometric stamp. They are not forged or fake. The names were really there. If you can fake a hologram or biometric stamp, what does this mean?" The source went on, "There are 18 people involved in the killing of Mahmoud al-Mabhouh. Besides the 11 already named, there are two Palestinians who are being interrogated and five others, including a woman. She was part of the team that staked out the hotel lobby."

The source sent a later message saying, "The command room of the operation was in Austria ... meaning the suspects when here did not talk to each other but thru the command room on separate lines to avoid detection ... but it was detected and identified OK?"

The source went on, "We have sent out details of the 11 named people to Interpol. Interpol has circulated them to 188 countries—but why hasn't Britain warned foreign nations that these people are using passports in these names? ... We have identified five credit cards belonging to these people, all issued in the United States."

While the EU countries and Britain are cooperating, the source said he found it very strange that "not one of the countries we have been speaking to has notified Interpol of the passports used in their name. Why not?"

He concludes on a very interesting note: "Collusion is a word the Arabs understand. It speaks of the 1956 Suez War, when Britain and France cooperated with Israel to invade Egypt. Both London and Paris denied the plot. They were lying. But for an Arab Gulf country which suspects its former masters (the U.K., by name) may have connived in the murder of a visiting Hamas official, this is apparently now too much."

Britain Was Informed in Advance of Israeli Hit

Feb. 19 (EIRNS)—Britain's *Daily Mail* today reported that Israel had informed the British intelligence services before it carried out the assassination of an Hamas operative in Dubai last month, and that it had used British and other European passports.

The *Mail* cites an unnamed "British security source," who met the Mossad agent, who informed him. "This is a serving member of Israeli intelligence. He says the British government was told very, very briefly before the operation was going to happen. There was no British involvement and they didn't know the name of the target. But they were told these people were traveling on U.K. passports. This was not a request for permission to use the passports but a 'courtesy call'.... The Mossad agent said that they understood the British authorities will have to 'slap them on the wrist' and added: "The British government has to be seen to be going through the motions."

The *Mail* adds that the scandal will not hurt British-Israeli relations, because Israel was supplying information on the U.K. Muslim community.

Asia News Digest

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India-Russia Nuclear Cooperation Moves Ahead

Feb. 15 (EIRNS)—The visiting Russian Deputy Prime Minister Sergei Sobyanin told RIA Novosti yesterday that Moscow and New Delhi are "working on an agreement between our states on cooperation in the field of the peaceful use of atomic energy. The agreement has already been initialed, and I am sure it will be signed during [Prime Minister] Vladimir Putin's visit to India middle of next month." According to Sobyanin, the development of atomic energy is one of the top priorities for India, and Russia "is ready to give it assistance in this."

The key to this agreement, is cooperation in order to speed up the development of commercial thorium reactors. India is already building a prototype reactor fuelled by fissile uranium-233, and bred from fissionable thorium-232. India is also breeding both uranium-233 and plutonium-239, both fissile materials, in fast-breeder reactors. These reactors have a judicious mix of fissile plutonium, which will act as the charger, and fertile zones inside the core; Indian nuclear scientists have shown that their design can breed not one, but two nuclear fuels: uranium-233 from thorium and plutonium-239 from depleted uranium-238, within the same reactor. India's 17 indigenous pressurized heavy water reactors (PHWRs) produce plutonium-239 as spent fuel.

This totally novel concept of fertile-to-fissile conversion has prompted its designers to christen the planned reactor as the Fast "Twin" Breeder Reactor. Their calculations show the sodium-cooled FTBR, while consuming 10.96 tons of plutonium to generate 1,000 MW of power, breeds 11.44 tons of plutonium and 0.88 tons of U-233 in a cycle length of two years.

India-Russia cooperation in the area of thorium-232 as reactor fuel has been progressing for some time. In 2000, the

countries signed a protocol for cooperation in developing thorium-based nuclear fuel for use in the pressurized light water reactors now being supplied by the Russians for Koodankulam nuclear power plants in the Indian state of Tamil Nadu. At present, the VVERs are designed for use with enriched uranium (about 6% of fissile U-235, and the rest, non-fissile U-238) as fuel. The second interesting aspect of the proposal records that the Kurchatov Institute had developed "a safe, low-cost, nuclear fuel design with thorium utilization for Russian VVER reactors that offers a nuclear fuel."

Marjah Offensive Spells Disaster for Troops and Civilians

Feb. 14 (EIRNS)—The U.S. offensive against the Taliban stronghold of Marjah in the opium capital of the world, Afghanistan's Helmand Province, has begun, as the commanders admit that the objective is not military, but psychological—except that many more pointless deaths will be the result. John McCreary, an advisor to Gen. Stanley McChrystal, told the London *Times*, "What Marjah is really all about is turning around the perception that we're losing.... It's an attempt to retake the information war."

U.S. Chairman of the Joint Chiefs of Staff Adm. Mike Mullen is reported by Reuters to have said today, in Israel, that "this is not focused on the Taliban, and it is a strategy not just to clear the area but to hold it and then build right behind so that there is a civilian component here and there is a local governance." The U.S. strategic hamlets of the Vietnam War come to mind—setting up U.S. troops and civilians as targets in a counterinsurgency war which is programmed to lose.

Another insane aspect of the plan is to "secure a 200-mile stretch of land up to the border with Pakistan, with the aim of forcing the Taliban to negotiate," according to the London *Times*.

The *Times* gloats: "Military strategists were puzzled that the enemy was being given so much detail." A source close to the Afghan government told *EIR* that there was a massive NATO publicity campaign through radio, television, print, and airdropped leaflets, providing details of the invasion, expecting the Taliban to flee or defect.

While most insurgents may have fled (with the opium crop, of course), the U.S. and British troops, and their Afghan Army allies, were greeted with fierce opposition. The *Dawn* quotes one Capt. Ryan Sparks comparing the intensity of the fighting to the bloody offensive against the Iraqi town of Fallujah in 2004.

India and South Korea Start Nuclear Cooperation

Feb. 16 (EIRNS)—South Korean President Lee Myung-bak's state visit to India during the week of Jan. 25, where he met with Indian Prime Minister Manmohan Singh and was guest of honor at India Constitution Day festivities, has already begun to bear fruit.

South Korea and India are starting a program of exchanging engineering visits in the nuclear field. Six engineers from India's Bhabha Atomic Research Centre (BARC) arrived in South Korea today. Tomorrow, they will attend a seminar in Seoul on general atomic energy policies, safety and research, and development efforts. Later in the week, they will visit the Doosan Heavy Industry and Construction Co., which produces the APR1400 reactors, and the Gori nuclear power plant in Busan, and meet with their counterparts at state-run companies such as Korea Electric Power Corp., Korea Hydro & Nuclear Power Co., Korea Atomic Energy Research Institute, and Korea Nuclear Fuel Co. South Korean experts plan to visit Mumbai to hold talks with their Indian counterparts early next month.

A knowledgeable Indian source informed *EIR* that, "What these Indian engineers are looking for is the South Korean capability to provide components for the nuclear power-related industry. The other day, India's Atomic Energy Commission told a media person: 'The pace of growth itself is challenging. The major challenge is the delivery of

components by the industry for the new nuclear power plants. The government has sanctioned building of four more pressurized heavy water reactors (700 MW capacity)."

A "decision on setting up five nuclear parks," the source related, in Gujarat, Tamil Nadu, Andhra Pradesh, West Bengal, and Maharashtra, has been taken. Each one of these parks will house multiple reactors to have around 10,000 MW power generation capacity. The parks will also have facilities like reprocessing units."

India Offers China Security Cooperation in the Indian Ocean

Feb. 19 (EIRNS)—India's Minister of State for Defense Pallam Raju, in an interview with the *Financial Times* of London published today, offered Beijing protection by the Indian Navy to help China secure its ships in the Indian Ocean shipping lanes. Raju recognized that these shipping lanes are critical for both nations to meet their energy needs for its fast-growing economies.

Raju said New Delhi is prepared to collaborate with Beijing to guarantee safe passage of supplies: "China and India have similar interests to secure trade, particularly in regard to energy and resources."

Raju's statement followed quiet talks between Beijing and New Delhi following their joint anti-piracy naval operations off the Somali coast last year. There have been discussions of the need to improve support and supply arrangements in strategic locations for Chinese ships, notably in the South China Sea and the Indian Ocean.

If India and China progress quickly in providing each other the necessary security in these shipping lanes, the British, and their collaborators in both India and China with the British mind-set, will be struck a decisive blow. The British game is to keep India and China at each other's throats by keeping them engrossed with "issues," such as border disputes, or Tibet, or the Chinese arms and nuclear-related supplies to Pakistan.

Africa News Digest

Coup in Asia-Allied Niger

Niger: One of World Largest Uranium Producers

Coup in Asia-Allied Niger

Feb. 19 (EIRNS)—The African government of Niger was toppled in a coup yesterday. The nominal leader of the coup is a lower-ranking colonel. President Mamadou Tandja had made a large uranium deal with France during his eight years in office, and had made or was negotiating several more development deals with Asian nations. African countries that are collaborating economically with China and other Asian nations are being targetted by advocates of the British imperial financial system.

Last year, when Tandja moved to overturn the term limit which required that he leave office on Dec. 22, 2009, Western nations in the orbit of the British empire cut off aid to the very impoverished country, and encouraged the internal opposition. As soon as Tandja announced a referendum in July to change the constitution to allow extending his Presidency beyond two terms, the European Union suspended more than \$600 million in annual budgetary support and development aid. On Dec. 22, the United States froze an estimated \$50 million of non-humanitarian support. Because drought and pest infestations last year cut food production by 26%, this aid cutoff generated internal pressure against

Tandja, which contributed to opening the way for the coup.

The coup has been widely condemned in Africa, since there had been negotiations, mediated by African institutions, between Tandja and the opposition. Senegal authorities announced Feb. 17 that President Abdoulaye Wade had been named by the Economic Community of West African States (ECOWAS) to oversee mediation efforts, and his foreign minister, Madické Niang, was on the way there when the coup took place. Also, Nigerian Gen. Abdusalam Abubakar had been mediating on behalf of ECOWAS. South African President Jacob Zuma condemned the coup, and pointed out that efforts were underway to resolve the internal conflicts.

But the British press service Reuters asserted, the day after the coup, that it provides the best chance for elections. And Alex Vines, of Britain's Chatham House (home of the Royal Institute of International Affairs), came to the defense of those who carried out the coup, saying they were more professional than other military officers who have led coups in Africa. The Niger civilian opposition supported the coup, and the new military junta has assured the French state-owned nuclear group Areva, that it has nothing to worry about.

Will the British empire now be able to steer the country away from its newly developed Asian collaborators?

Niger: One of World Largest Uranium Producers

Feb. 19 (EIRNS)—Niger, most of whose territory is in the Sahara Desert, has large uranium reserves. It is the world's fourth-largest producer of uranium, as the second-largest deposit in the world is presently under development. Ousted President Tandja had begun several mammoth projects, worth billions of dollars, including a hydroelectric dam, an oil refinery, and what will be the largest uranium mine in Africa.

Niger is near the bottom on the UN's Human Development Index. Tandja brought a level of economic advancement which the country had never seen before. The French nuclear company Areva began working on a deposit last year, which is the largest in Africa. Areva has already invested \$1.5 billion in the mine. This deal was expected to push Niger into the #2 spot of uranium producers in the world, behind Canada.

During Tandja's tenure, Korea, India, and China also became involved in Niger. Korea Electric Power Corporation (KEPCO) signed a deal with Areva to jointly develop a uranium mine in Niger. According to the South Korean news agency Yonhap, the latest deal came after the South Korean state-run power company purchased a 10% stake in the French group's subsidiary, Areva NC Expansion, which owns a 67% stake in the Imouraren mine in Niger, at an investment of 300 billion won (\$258 million). In March, 2009, it was announced that Korea also bought 5% of a uranium mine in central Niger from China. This mine has a reserve of 13,000 tons, and is scheduled to begin production this year, with an initial output of 800 tons/year. Korea imports 97% of its minerals and energy; gets 40% of its power from nuclear plants; and is Asia's fourth-largest crude oil importer. An Indian company also had a mining permit in Niger.

In 2008, China National Petroleum Company signed a \$5 billion deal for oil exploration in Niger, that was supposed to start producing this year. China is also involved in uranium in Niger.

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