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Bankers Know: Something Catastrophic This Way Comes
Cheney's Iran War Is on the Front Burner
LYM Sets the Stage for Action on Housing 'Firewall'

Put the Eurasian Land-Bridge On the International Agenda



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EIR

From the Assistant Managing Editor

This week, we bring you the first reports from the historic Sept. 15-16 conference of the Schiller Institute in Kiedrich, Germany (*Feature*). As Helga Zepp-LaRouche noted in her introduction, while the danger of war and economic chaos would not be overlooked, the purpose of the conference was an optimistic one, aptly expressed in the conference title, “The Eurasian Land-Bridge Is Becoming a Reality!”

In his keynote address, Lyndon LaRouche made clear that the fundamental conflict today—as it has been for centuries—is that between the Republic and the Empire. For the United States, the enemy has always been the British-centered financial oligarchy—the same crowd that put Hitler in power—that must be defeated if we are to overcome the the immediate threat, and establish a Westphalian peace and development policy.

Making the Eurasian Land-Bridge a reality was the overarching concept of the panel entitled, “Russia—Eurasia’s Keystone Nation,” which featured four outstanding presentations from leading members of the Russian intelligentsia, who addressed both the prospects and problems of developing Russia’s vastly underpopulated, but resource-rich Far East. Upcoming issues of the magazine will present additional speeches from the conference (the full program is included in this issue).

Wasting no time, LaRouche was in Rome immediately following the conference, addressing a Senate committee on his “firewall” proposal to defend homeowners and banks (*International*). There, you will also find Muriel Mirak-Weissbach’s report on Dick Cheney’s latest attempts to get a war going against Iran, by challenging IAEA head Mohammad ElBaradei’s reports—just as he did with Iraq.

Our *Economics* lead by John Hoefle, whose headline ironically echoes the witches’ warning in *Macbeth*, shows that the runs on banks like Countryside and Northern Rock are harbingers of the total disintegration of the system.

And, from the LaRouche Youth Movement War Room, there is an up-to-date report on the promising results, so far, of the drive to put through LaRouche’s Homeowners and Bank Protection Act (*National*), followed by the first wave of what is becoming a flood of endorsements of, and resolutions for, the Act.



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Helga Zepp-LaRouche addresses the Schiller Institute's conference in Kiedrich, Germany.



EIRNS/Julien Lemaître

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Helga Zepp-LaRouche introduces the Institute's Sept. 15-16 conference in Kiedrich, Germany.

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The keynote address on Sept. 15 by Lyndon H. LaRouche, Jr. "The task I have to perform here today, is unusual, and it's not necessarily by my choice," he began. "The choice has been made for us: We've now come to the point that civilization as a whole is in danger of collapse." The transcript of the question and answer period follows LaRouche's speech.

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SCHILLER INSTITUTE CONFERENCE

The Eurasian Land-Bridge Is Becoming a Reality!

by Helga Zepp-LaRouche

Editor's note: *On Sept. 15, Helga Zepp-LaRouche, the chairwoman of the Schiller Institute in Germany and its founder internationally, welcomed some 350 members and guests, to a two-day conference in Kiedrich, Germany, with the theme, "The Eurasian Land-Bridge Is Becoming a Reality!" Mrs. LaRouche became known as "The Silk Road Lady," for her tireless organizing on behalf of this idea, beginning in the early 1990s. The following are her remarks opening the conference, and introducing Lyndon LaRouche, who gave the first keynote presentation; she herself gave a keynote on the following day. In this issue, we publish the speeches by participants from Russia. Other presentations will appear in future issues. The entire conference will be archived on the website of the Schiller Institute, www.schillerinstitute.org.*

I want to welcome you again, distinguished guests from many countries, and I'm actually glad to report that we have, so far, people from 29 countries assembled in this conference. This conference is taking place at a truly awesome moment in history, where even the financial media cannot fail to report that the global financial system is in an advanced stage of disintegration, of a complete meltdown of the entire system. And naturally, this is not disconnected from the fact that we are in a world situation of a heightened danger of a new war, this time against Iran. If this would happen, it would be the beginning of global asymmetric warfare, and therefore a plunge of the entire civilization into a dark age.

So, while I don't want to play down the dangers which come from these two immediate situations, the actual purpose of this conference is a very optimistic one. We will hear in many presentations and discussions, how easy it would be to reconstruct the world. And that, provided we get through this immediate danger zone, mankind can enter a completely different phase, having rational discussions about how to build

things; how to overcome bottlenecks; how to overcome poverty; how to build industries, agriculture; how to bloom and green the deserts. And the purpose of this conference is to get people optimistic, not only in the two days of this discussion, but beyond. Because this conference is supposed to be the beginning of a worldwide dialogue, and forum, of people who want to reconstruct the world; of putting together the combination of people who want to fight for the old idea, which used to be the agenda, for example, of the Non-Aligned Movement, to build a just new world economic order.

And the key to this is, obviously, the building of the Eurasian Land-Bridge, which, from the beginning, never was meant to be limited to Eurasia, but we always thought the Eurasian Land-Bridge to be the cornerstone of a global reconstruction program.

The System Is Totally Bankrupt

Now, to situate the conference, let me just briefly remind you of what happened in the recent weeks, which were truly dramatic.

The present world financial system is bankrupt beyond repair. And all the beautiful, creative financial instruments given to the world by Alan Greenspan—the hedge funds, the private equity funds, the conduits, the investment vehicles and whatever they're all called—they are all basically worthless paper. Or not even paper, they're just e-paper, electronic paper, and you can eliminate them by pushing the delete button on the computer, because they don't exist; they're just virtual.

Now, how many trillions of dollars are out there, nobody knows. Not one government, not one central bank—the efforts by the German government at the last G-8 meeting to at least get transparency, failed, so we are still sitting in a situation where nobody knows the exact amount of money which



Helga Zepp-LaRouche opened the Kiedrich conference, calling on the audience to mobilize urgently to implement the Eurasian Land-Bridge, “to be the cornerstone of a global reconstruction program.” With her on the podium is her husband, Lyndon LaRouche.

EIRNS/Julien Lemaître

is presently unpayable. But what one can say is, this is several magnitudes beyond the entire physical GDP of world production. And we have now reached a situation where if the banks are trying to bail out the hedge funds and other funds, they themselves will go bankrupt.

Now Mr. LaRouche, of course, has forecast that this present financial system would end sometime in a systemic crisis. And I’m sure that there is nobody right now, of any significance in the financial world, who, when you have a crash of a hedge fund, when you have new figures of collapse, who is not thinking of this gentleman. Because he is like the incarnation of the warning that the present system cannot function.

Now, in May, when Mr. LaRouche and I were in Moscow at the beautiful occasion of the 80th birthday of Professor Menshikov, who is here today, together with his wife, he said that he expected a major financial crisis for his birthday, which is in this month of September. We took his words seriously, and I thought it would be good to have a conference around this time, so that basically we could discuss what would be the alternative. And so, here we are.

Mr. LaRouche, then, on the 25th of July, made an historic webcast in Washington, where he declared that the system had already collapsed, and that we are only seeing the aftermath, the playing out of this collapse. And he also said that American infrastructure is completely rotten, and falling apart.

And exactly two or three days later, the first hedge funds of Bear Stearns went under, as a consequence of the collapse of the subprime mortgage market in the United States. And at the same time, the bridge in Minnesota collapsed. So, he was

truly prophetic. Then, also, the Japanese yen carry trade started to come to an end, and you had at that point, the trigger of what Mr. LaRouche called the “two bookends” of a reverse-leverage collapse process, and then you had unfolding what is generally called the “cluster risk”: that, because all market segments are interconnected, you had the beginning of a systemic collapse.

Now, the proponents of the casino economy used to say, “Oh, the hedge funds are something very positive, because they distribute the risk on many shoulders.” Well, this is true as long as you have the bubble economy continuing at two-digit profit rates, but the moment you have a reverse-leverage collapse, then this chain-reaction collapse occurs throughout all market segments.

At the beginning of August, you had the first major German bank, the IKB bank, about to go bankrupt, which was then bailed out by the Kreditanstalt für Wiederaufbau [Reconstruction Finance Agency, KfW], with 8 billion euros. The IKB lost major monies in the subprime market through their Rhineland investment vehicle. And then, the *Süddeutsche Zeitung* said that at that point, at the beginning of August, the entire German banking system was at risk. The head of the German credit authority organization, BaFin, warned that this was the worst crisis since 1931, which is a complete *under-characterization*, because the present crisis is way beyond that.

Then, very quickly, in the month of August, which supposedly is a lull normally, you had West LB, which is the state-owned bank from North Rhine-Westphalia. Basically,

they were about to go bankrupt. They were bailed out, and there it turned out that the entire board had covered up and lied about the losses for half a year. So, they all were kicked out. Some of them are facing criminal charges for covering up the amount of losses.

Then the next bank, Saxon LB, which is the state-owned bank of Saxony, was about to go bankrupt, and was bailed out with 17 billion euros from the savings and loan banks from Saxony, because they had lost major monies—the full extent is not known to anybody yet—through so-called conduits in Dublin, which probably are involved with around \$40, or \$60, or even \$65 billion in the U.S. subprime mortgage market.

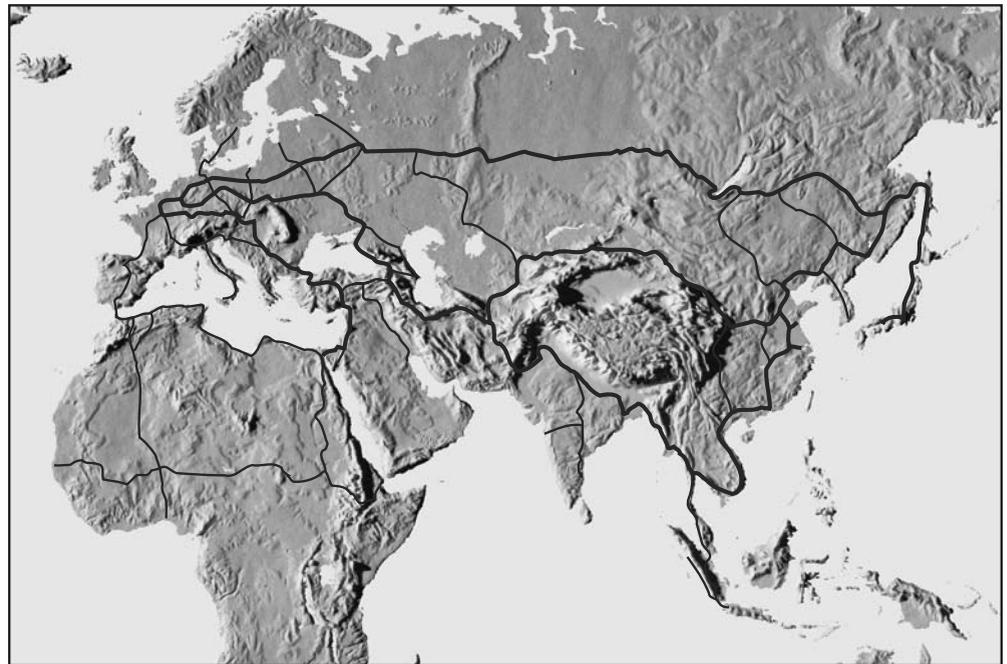
So, very quickly, these banks were about to go bust. They were bailed out, but the main problem was then that you had the development of a credit crunch, because with the reverse-leverage collapse coming from both the collapse of the U.S. subprime market, and the ending of the yen carry trade, the refinancing of the so-called asset-backed commercial papers became impossible. So, then in the case of Saxon LB, BaFin, the credit authority, on Saturday, gave them two days time to sell, or they would be shut down on Monday. Then Minister President [Governor] Milbradt of Saxony, put the state Constitution out of business for two days, because according to the Saxony Constitution, the parliament has to be consulted and agree to a sale of a state-owned bank, and because it was too short notice, they just put the Constitution out of business. That really casts some big doubts on the duration and value of democracy in this country.

Then, on the 8th of August, an American analyst by the name of Jim Cramer, had a public freakout on TV. He said, “Bernanke, the head of the Federal Reserve, has no idea! He has no idea! He doesn’t know what he’s doing. Doesn’t he understand that 7 million homeowners involved in the subprime market are about to lose their homes? Open the discount window! Open the sluices! Pump money!” It was really quite a remarkable freakout.

The Homeowners and Bank Protection Act

Shortly thereafter, on the 22nd of August, Mr. LaRouche proposed the first very important measure, the Homeowners

FIGURE 1
Some Main Development Corridors of the Future



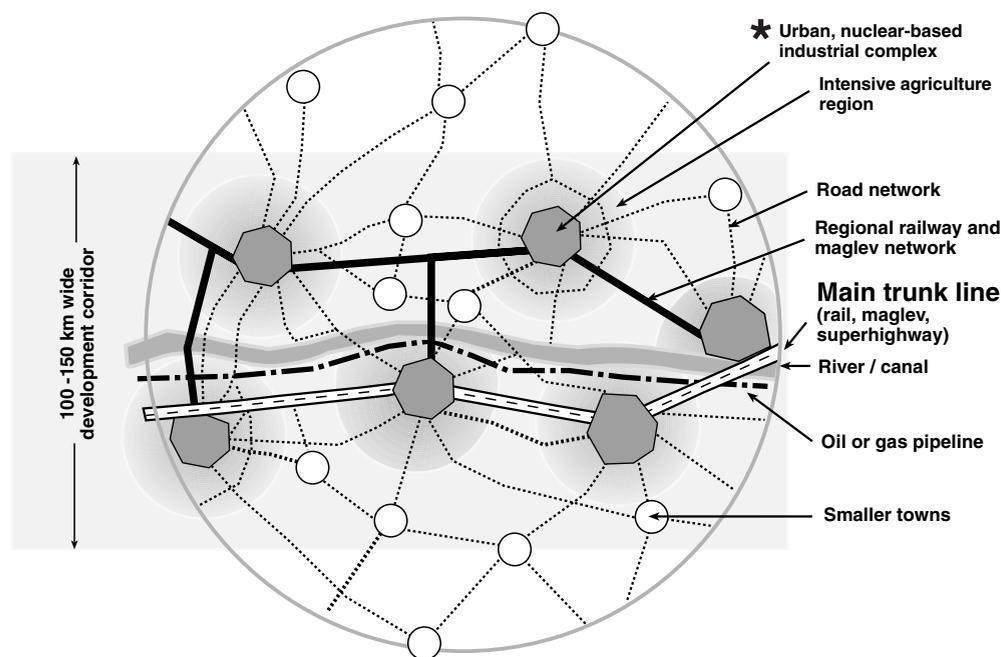
and Bank Protection Act of 2007, which calls for the Federal government and the Congress to put homeowners into bankruptcy protection, so that people can stay in their homes; that the banks have to reorganize the payment of mortgages in the form of rent; and then the banks have to, in an orderly process, readjust the payments, so that the people can stay in their homes, and that the banks should be protected—because if the banks close down, then the economy shuts down, and an enormous hardship for the population would be the result.

But naturally, the hedge funds and the so-called creative investment vehicles, conduits, and so forth, cannot be bailed out, because they are unsalvageable.

Now, the Congress, obviously, is very dependent on these hedge funds. All the major Presidential candidates have received \$40-50 million for their campaigns already, so there is gigantic pressure on them not to act. And we, as an organization in the United States, and internationally, went into a mobilization to focus on the state legislators, the mayors, the governors, to push for this Federal emergency action, because on a state level, on the level of the cities, people naturally feel the heat of this crisis much more than you can feel it in Washington.

Then, at the beginning of September, there were hearings in the U.S. Congress on this financial crisis, and 75% of all the visitors sitting in these hearings, were lobbyists from the hedge funds, putting excruciating pressure on the Congressmen not to act, actually blackmailing them, delivering threats

FIGURE 2
Graphic Representation of a 'Development Corridor'



of quite some dimensions. But Mr. LaRouche made it very clear that these hedge funds are paper tigers. They may have represented some power in the past, but their weight is actually very little, because they are bankrupt.

So, the situation has now boiled down to this: If the banks continue to bail out the hedge funds, they will go bankrupt too.

Mr. LaRouche has said that the Homeowners and Bank Protection Act must be enacted in September, or there will be no United States, and the same goes for Europe, and for all the other countries in the world.

The pressure is building up right now, in Ohio, in Michigan, in California, in Florida, in New York—in Brooklyn, in Queens—because millions of people are in danger of losing their homes. And obviously that would represent an even bigger social crisis than is already the case with the collapse of the auto industry.

Now, obviously, the Homeowners and Bank Protection Act is only the first step. But given the poor condition of the Congressmen, of the Senators, and of the responsible people in general, to understand the complexity of this present systemic crisis, you have to give it to them in small pieces. But it is very obvious that you need the full package of the FDR solution, which includes a national infrastructure bank, which has to provide a capital budget for long-term investment. Because this Minnesota bridge which collapsed was just one, but there are 130,000 bridges in the United States which are in a similar condition. And in Germany, we are not very far behind

in terms of the condition of infrastructure.

But we need also an economic recovery act. We need a New Deal. We need a Bretton Woods system. And Mr. LaRouche has called for a Four-Power agreement, and I'm sure he will speak about that himself: that you need a changed United States, plus Russia, plus China, plus India, because only if you put together the four most powerful nations of this world, do you have any chance to solve this problem.

Now, I want to turn to the actual subject of this conference.

The Eurasian Land-Bridge Solution

The Eurasian Land-Bridge is becoming a reality. Exactly at the moment when

globalization is failing, the global alternative is taking shape. This is something we have been fighting for since the fall of the Wall, in 1989-90. When the Berlin Wall came down, we proposed, and especially Mr. LaRouche proposed, the idea of a Productive Triangle, which was supposed to be the area between Paris, Berlin, and Vienna, which is the largest industrial concentration in the world, still; and to use high-technology investments in this region—high-temperature reactors, maglev trains, and similar things—to develop so-called corridors to Eastern Europe.

Now, if that had been implemented, it would have been quite a different situation than what then happened, because then you had truly the possibility to put the East-West relationship on a completely different basis.

In '91, when the Soviet Union collapsed, we proposed the development of the Eurasian Land-Bridge [Figures 1 and 2], which was the idea to connect the industrial and population centers of Europe, with the population and industrial centers of Eurasia, through so-called development corridors. Which was the idea to take the transport arteries along the Trans-Siberian railway, and the old Silk Road, and build so-called development corridors of 100-kilometer width, where you would put in energy production and distribution, and communication, to then have in these development corridors, the condition previously found only in the non-land-locked areas of the world, so that you would open up Eurasia for development.

This idea we proposed in hundreds of conferences and

seminars, and, in 1996, we participated in a big conference in Beijing, which was organized on our suggestion, by the Chinese government, with the participation of 34 countries, to discuss the economic development among the regions of Eurasia. At that point, the Chinese government declared this program to be the long-term perspective of China, until the year 2010, and as you can see, this was 11 years ago. Then several setbacks occurred: the Asia crisis of 1997, so-called; then the fact that the Chinese government, for a long period, did not want to risk their relationship to the United States by going in this direction. But then came the Bush Administration and Sept. 11 in 2001. And following, you had the war against Afghanistan and Iraq.

And then something happened which is really extremely interesting, in terms of how historical processes actually develop. Because of the policies of the Bush Administration, to turn the republic of the United States, into an empire, or at least attempting to do so, by insisting on the “unitary executive” conception of the Presidency, by trying to run world politics in a unilateral way, the countries of Eurasia moved together much more quickly than would have otherwise occurred. And a strategic partnership happened between China, Russia, and India, and the Shanghai Cooperation Organization included many more countries of Eurasia.

At the same time, you had the economic integration and cooperation in Latin America, with respect to a new Bank of the South.

So, now we have a dramatic situation, where for a long time, we were only talking about these projects, but now because the collapse of the system is becoming obvious, because it is clear that we are in a complete transformation of the historic period, all these projects are now becoming a reality.

On the 10th of April, President Putin had a Cabinet meeting in which he decided to make the railway development of Russia a priority of his Presidency. Then on the 24th of April, a conference took place in Moscow on the development of the Bering Strait, which is the idea which Mr. LaRouche has been pushing since the '70s, which is the idea to connect Alaska, through the Bering Strait, with Siberia.

Now, this is a fantastic project. It involves, from the Russian side, the intention to build 6,000 kilometers of railway, and a 100-kilometer tunnel underneath the Bering Strait, and it obviously involves the development of the vast resources of Siberia and the Far East under permafrost conditions. In this region, you have the richest raw materials of any part of the world. But the idea is not just to loot them, but to use the tremendous scientific potential of Russia, to apply the ideas of Mendeleev and Vernadsky to develop new raw materials, new isotopes, and really go into a science-driver for the world economy as a whole.

This is not only a fantastic project, which would really be a science-driver for the world economy already by itself, but it was put on the agenda very consciously by the Russian gov-

ernment as a war-avoidance policy. While at the same time the danger of a new confrontation is emerging around the anti-ballistic-missile systems, which the United States wants to put in Poland and the Czech Republic, this idea of working together on great projects is clearly the alternative as a war-avoidance policy.

Obviously, this is not a project just of interest to the United States and Russia, but immediately China and Japan expressed their interest to cooperate. And the scientists who were at this conference immediately said that this would be the key part of a world link of railroads; of transport systems connecting six continents, and bringing the transport lines all the way to Chile, and all the way to Africa.

Now, we have talked about this for a long time, that Egypt is both an Asian country and an African country, and would be the link to bring the Eurasian Land-Bridge to Africa. We will hear presentations about this from our Italian economist Mr. Galloni, that the Bridge of Messina, connecting Italy with Sicily, can be the bridge to then bring this development from Sicily to Libya, and have a third corridor going through the Strait of Gibraltar.

The Russian government is expected, despite the government change which just took place, to adopt this project of the Bering Strait tunnel as the official Russian policy this year. But there are also many other projects of the Eurasian Land-Bridge coming into being. The Indian government announced that they are planning to build a corridor from Delhi to Mumbai, which will be 1,400 kilometers long, and will affect the economic life of 180,000 million people. There is the plan to build another development corridor from Calcutta through Myanmar to China. Between China and India, they want to build a tunnel underneath the Himalayas. Then Kazakhstan is involved in major projects to bring the water from North Russia down to irrigate the Central Asian countries, and refill some of the lakes which have almost dried out.

Spread the Nuclear Renaissance

Then you have also everywhere—except in Germany, but we are going to change that—a renaissance of nuclear energy. And I should tell you that one purpose of this conference, apart from addressing the world issues at large, is to cause a paradigm shift in Germany, and overcome the long-term anti-technology tendencies in this country. Because China, Russia, and India are all building 30 to 40 nuclear plants. India is planning to build plants on the basis of the thorium cycle. China and South Africa are in the vanguard of building the high-temperature reactor [HTR], which was initially developed in Germany by Professor Schulten in Jülich, who in the '50s already started to work on the inherently safe nuclear technology of the high-temperature reactor. Which is a perfect way of providing energy security, because it provides efficient industrial heat and electricity, and so Professor Schulten, when it became clear that this technol-

ogy was not realizable in Germany, gave this model of the HTR as a turnkey technology to China. And today, also South Africa, which is working with China, is working on this most advanced fourth-generation reactor, the Pebble Bed Modular Reactor.

This is inherently safe, because the ceramic material which contains the fuel, can withstand very high temperatures, actually 1,800°C when the operating heat of the nuclear process is only 1,000°C. So, because the cooling device is helium, and the design of the reactor is what it is, the danger of a chain reaction getting out of control is completely, 100% eliminated.

Therefore, this reactor is also extremely important for the transition to hydrogen production for various energy applications. For example, one can produce methanol from coal, which is a much better idea than to produce it from biofuel, while driving up the prices of wheat and other foodstuffs in the world.

The first Pebble Bed Reactor will be finished in South Africa in the year 2011. And then it will be commercially mass-produced. They already have agreed to export 31 reactors, and that is just the beginning. Twelve countries have already made clear they want to import this reactor from South Africa. And it is indeed perfect for the developing countries, because it can also apply desalination to large quantities of ocean water, greening the deserts.

The decision by the German government, or actually the Commission for Reactor Security, in 1990, to stop all work on the HTR, was a complete mistake, and needs to be reversed. China developed this reactor, and it's now been a functioning test reactor, for several years, on the outskirts of Beijing. And we are absolutely determined to educate the population to accept this technology in Germany, because if Germany is supposed to survive as a modern industrial nation, this idiotic decision has to be reversed. The same goes obviously for other technologies developed in Germany, but not used here, namely the maglev, where the first commercial line is now functioning in China, between the Pudong airport and Shanghai. This was built in 22 months by Commander Wu, while the Germans could not even build the ICE [high-speed train] between Cologne and Frankfurt in ten years. So we want to import Commander Wu to help us!

Today, the maglev is on the agenda in many countries. Latin America wants to build maglev. At the Bering Strait conference in Moscow, the Academicians were very excited, talking about how soon, it would be quicker to take the maglev from Acapulco via the Bering Strait to Mumbai, than you can go by ship across the ocean right now. The Persian Gulf states are talking about an 1,100-km-long maglev line along the coast. Denmark, due to the efforts of the Schiller Institute, is now considering building a maglev from Aarhus to Copenhagen, in the hope that it will then go to Hamburg, Moscow, and Beijing, connecting Scandinavia to the Eurasian Land-Bridge.

The German government at this point is even dragging its feet on building a tiny stretch of maglev from Munich to the airport. But we are determined to make a campaign to turn this around in Germany, and elsewhere.

An Historic Turning Point

Now, we have reached an historic moment, where the neo-liberal system of the free-market economy, and the unbridled free-market system, is coming to an end. Globalization, which is just another word for the Anglo-American empire, has attempted to turn the world into a global plantation to the advantage of a small oligarchy, while turning the vast majority of people into poor people, having slave labor, and cheap labor production places. And they have actually committed gigantic crimes. Don't kid yourself! What the hedge fund system, the system of global looting which goes with that, has done in terms of crimes, in terms of killing people, has been absolutely gigantic. But this system is now coming to an end.

So, we have reached a situation where either we establish a new world economic order based on the Eurasian Land-Bridge, and go for global reconstruction, or we will plunge into a dark age. Now, we are committed to put the Eurasian Land-Bridge on the agenda in this period, as a war-avoidance policy, and establish a political order which is worthy of the dignity of man: a political order which is in cohesion with the laws of the universe. And I want to show you now a video from a speech which José López Portillo, the President of Mexico, gave on the first of October 1982 to the United Nations.

The prehistory of that video which you will see now, is that in the Summer of 1982, President López Portillo called Mr. LaRouche to come to Mexico, and he asked him to defend the Mexican economy, which was under massive attack at that point, because there was an organized capital flight out of the peso. So, Mr. LaRouche, after meeting with President López Portillo, not only wrote a program for the defense of Mexico, but for the integration of Latin America as a continent, which López Portillo then implemented on the 1st of September of 1982. At that point, there would have been the chance to have an orderly reorganization of the banking system, which actually was the proposal.

This did not function at that point, despite the fact that López Portillo implemented these measures for Mexico as a country, because at that point, Argentina and Brazil did not act in solidarity with Mexico. So 25 years have been lost. But as you can see, the question of the new world economic order has been our life's work, and it is now the time to implement it.

[She shows a video clip from President López Portillo's speech. It was published in EIR, Sept. 7, 2007. The video, in Spanish and with English translation, is at www.larouchepac.com/media/2007/08/27/jos-l-pe-z-portillo-tuvo-raz-n-en-1982-y-tiene-aun-m-s-raz-n-.html.]

This Present World Financial Crisis: Credit vs. Monetarist Usury

by Lyndon H. LaRouche, Jr.

Here is an edited transcript of Lyndon LaRouche's keynote address to the Schiller Institute conference, "The Eurasian Land-Bridge Is Becoming a Reality!" held in Kiedrich, Germany, on Sept. 15-16. Subheads have been added.

The task I have to perform here today, is unusual, and it's not necessarily by my choice. The choice has been made for us: We've now come to the point that civilization as a whole is in danger of collapse. We're not faced with merely a depression; we're far past that. We're at the point where a chain reaction, a collapse of the dollar value, which has already collapsed significantly in recent months, but a further, sudden collapse of the dollar, would ruin China, damage India inconceivably, and blow out Europe; that Europe, China, India and other countries could not survive a sudden collapse of the dollar, of the type which is about to take place. It is already in process of taking place.

So therefore, this is an unusual time. We're looking, not at the threat of a depression: We're looking at the threat of a *global, prolonged, new dark age of humanity*.

And the question before us is, can we overcome this threat at this stage. It should have been done before, but sometimes in the course of history, necessary decisions come very late. Only when conditions are absolutely impossible, will people give up the foolishness which they have contributed to causing the crisis to occur.

Now, in such a state, you do not go back and say, "We are going to reaffirm our traditions." Because, as I emphasize today, the tradition we have in the world today, is best understood by people about my age, or older, like Amelia [Boynton Robinson]. We were there when the change came. And the change, as I experienced it, started when I was in military service overseas. And I was in India for a time, at the close of my service there, when President Roosevelt died. And on that occasion, some soldiers came to me, and said, "Can we meet with you later tonight?" They did not say what the subject was, but I had a sneaking suspicion what it might be. And the question was put to me: "What, in your opinion, is our fate, now, with the death of Franklin Roosevelt? What's going to happen to us, now, that Roosevelt is dead?" And I told them, off-hand, I said, "Well, I can say that we have lived and fought war, under a great United States President. We are now left in the hands of a *very little man*—and I'm afraid for us."

Then, I came back out of Burma—I had been stationed in northern Burma in the closing period of the war—and came back, and at that point, what I had feared earlier with the death of Roosevelt, was already taking place. The United States, under Franklin Roosevelt, had a very unsteady alliance with the British Empire. The British Empire was the agency which put Hitler into power in Germany. Not just the kingdom, but the *British Empire*, typified by the Bank of England, and by the correlation of elements, financial elements which *are* the British Empire. The British Empire is modelled upon ancient Venice, medieval Venice, in which a group of bankers, like a cluster of parasites, forms an empire. And finds instruments of government to do its bidding.

Roosevelt vs. the British Empire

What happened is, Roosevelt had been committed to eliminating that. *But*, in order to defeat Hitler, he had to get into an alliance with Britain. And he had to *force* them into that alliance, because they didn't want to do it! *They liked Hitler! They invented him! They created him! They put in him into power*, with the help of some people in the United States: the Harriman bank, for example, known for its racist policies in an earlier period. It was the grandfather of the present President of the United States, Prescott Bush, who was general secretary for the firm of Brown Brothers Harriman, who wrote the check, in effect, the message to a German bank, at a point that the Nazi Party was bankrupt, and *saved* the Nazi Party! It was the British monarchy, and its representative, Hjalmar Schacht, who put Hitler into power.

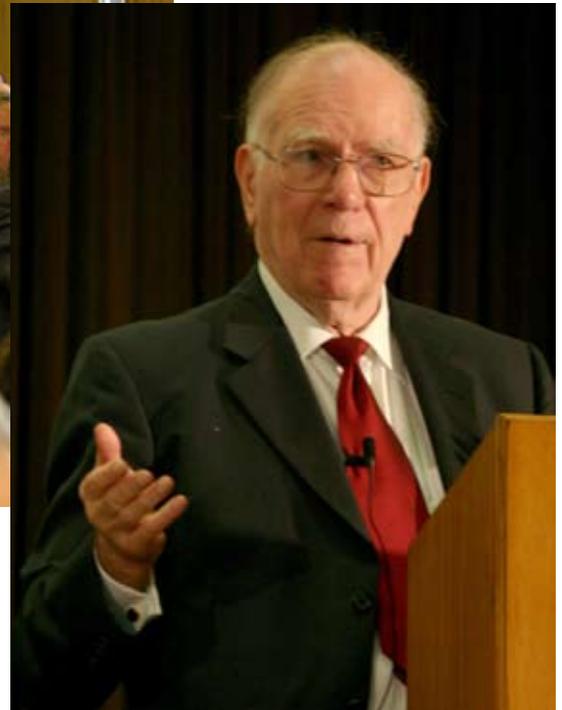
We had to get rid of Hitler. We couldn't do it alone. We had an alliance with the Soviet Union on this issue. We had to have the British alliance. And we were dragged down during the war, by the fact that we had an untrustworthy ally, Britain.

I once had met a German general, who had been a colonel in North Africa; a distinguished fellow, a great man in international law. And at my first encounter with him, I said, "Well, General, would you agree with me that Montgomery was the worst commander in World War II?" And he answered me, and said, "Well, you can't say anything bad about Montgomery. He saved my life." He said, "I was commanding the rear guard for Rommel, in the retreat from Egypt, and if he had ever flanked me, I'd be dead!" [laughter]



EIRNS/Helene Möller

The question before us, LaRouche said, is whether we can overcome the threat of a prolonged new dark age. There is only one pathway out: by returning to the republican principles exemplified by the anti-depression policies of President Franklin Roosevelt. It can still be done, but there is no time to waste. Above, attendees to the Schiller Institute conference listen intently to LaRouche's words.



Well, if you know what Montgomery was, you know what he was in “[Operation] Market Garden”: He prolonged the war in Europe, for over a year, by moving a First Army operation through a field where the roads couldn’t carry the supporting troops to rescue the parachuters that had jumped in there! And he continued the war for a year! The war would have been over, by the end of 1944, but for Montgomery. And he was stuck in there, not only because he was a very bad general, very incompetent, but he had provided precisely that margin of incompetence that Churchill wanted: Because Churchill took out competent commanders on the British side, for fear they would help to win the war too soon. So, this is the kind of problem we faced.

So, when Roosevelt died, what went into action? Roosevelt’s program for the postwar world was something the British were determined would not occur: And that was, to eliminate colonialism, in all its manifestations. That all nations, and Roosevelt’s speech in Casablanca, where he confronted Churchill on this, was explicit. He said, “Take this part of Africa! What can we do after the war? What can we do to rebuild this area?” And laid it out: Roosevelt’s policy was *elimination of the British Empire*, elimination of colonialism.

And when I got back to Calcutta, from northern Burma, with Truman as President, rather than Roosevelt, I saw it in action. I saw it through Southeast Asia: The Japanese troops had surrendered to the forces of Ho Chi Minh, who had been a U.S. ally under Roosevelt. And the British ordered the Japanese troops to be taken out of the internment camps, given

back their weapons, and reoccupy Indo-China. And you remember that history? What that led to? The wars of France in Indo-China, the other wars?

How about the Dutch, what the damned Dutch did in Indonesia, in the same way? A *long war*, to suppress where there should have been development. The promotion of the split, the civil war, in India. And all through Africa! Africa is the worst of all cases! What the British have done in Africa, is one of the worst crimes against humanity ever imagined. And that started back with Kitchener, not with someone later—Kitchener, in 1898.

So, what we have is that.

The UN Mission: To Liberate Colonial Nations

Now, Roosevelt’s conception and alliance were based on a number of things, for the postwar period: The first thing was, bringing Russia and China—even though China was a shattered nation in part at that time—into a bloc to create the United Nations. And the United Nations was supposed to be a forum, for the liberation of areas which had been victims of colonialism, or similar kinds of things. To build up new nations, and to assist them in their development *as* new nations. And to build a community of sovereign nation-states on this planet, of perfect sovereignty of each nation-state, but bound together by an understanding of the lessons of the recent war: What we had to do, to live with one another, and to achieve *the common aims of mankind*—different cultures, but the result desired is the same: the common aims of mankind, from the



Three generations of treason: Prescott Bush and George H.W. Bush (left); and H.W. with little George W.: It was George W.'s grandfather Prescott Bush, working for the Wall Street firm of Brown Brothers Harriman, who arranged, on behalf of the British, to bail out the Nazi Party which was then bankrupt. He saved the Nazi Party!



top. To create a community of nations, which, as a force, would prevent anything contrary to that ever happening.

And under a British policy, dictated to the United States, by treasonous elements in New York City and elsewhere, we adopted the opposite policy.

Now, the first thing we did, under Churchill's prompting, was to virtually declare war on the Soviet Union. And Bertrand Russell, a great Liberal, proposed—actually earlier than he published it, but proposed it earlier—a preventive nuclear attack on the Soviet Union, even though the United States no longer had the weapons to do that, because we had used up our last two nuclear weapons as prototypes on Hiroshima and Nagasaki; a totally unnecessary attack. Japan was already defeated; and the terms of surrender had been negotiated through the Vatican, with Hirohito. But under Churchill's and British pressure, the Truman government did not accept the surrender of Japan. All they had to do, was what was negotiated with the Vatican office of special affairs—the man who later became Pope Paul VI [Cardinal Giovanni Montini]—all they had to do, the one condition in the agreement, was to negotiate the surrender with the office of the Emperor of Japan, the Mikado. That's all they had to do. Because, the Mikado otherwise would not have the authority to tell his own troops to stop the fighting.

Japan was hopelessly defeated! The main island of Japan was completely blockaded. U.S. air power and naval forces had them bottled up—they weren't going anywhere! Either out of

there, or in there. Supplies weren't coming in; resources didn't exist; it was a defeated and crushed nation, with one island, with a fragile control there. And we prolonged the war unnecessarily, because the British wanted us to do it!

And then, in the process, we went ahead with this attack on the Soviet Union, because it was believed, that the Soviet Union didn't have the capability of developing nuclear weapons in time to counter the British. Once they discovered, about 1948, that the Soviet Union was developing weapons which could do that—then they changed their mind somewhat. And that was the end of Truman.

The United States Becomes a Great Power

But the rest of the policy was a return to the British Empire! And the British Empire was founded, actually, at the Treaty of Paris, the Peace of Paris, of 1763—the same Treaty of Paris which caused the patriots in the United States to realize they were going to have to fight to free themselves from the new British Empire, which led to the American Revolution. And only the traitors and scoundrels in our country still felt loyal to the British. The world has been living under a British empire! We threatened that British Empire, as a nation, as the United States, with a defeat of Britain's agents inside our own country: the Confederacy! The Confederacy was created by the British Empire, by Lord Palmerston.

We defeated that, and we developed a continental nation, which had been our policy always: to accept the Canadian

border, accept the Mexican border, and have a border at the Atlantic and Pacific Oceans. We would develop ourselves as a continental, sovereign nation-state.

And we did it. We did it with the transcontinental railroads and other things. We did it with immigration from Europe and elsewhere. We took whole areas of land, brought Germans from various parts of Germany, and brought them into the United States, into the Dakotas and elsewhere, Nebraska. They were farmers. We gave them tracts of land, we gave them assistance. We built a supporting system. We became the most powerful nation of any individual nation-state on this planet—under the conditions of civil war!

What this did in Europe, this unleashed in Europe a desire for freedom from the British Empire. It occurred after the fall of Napoleon III in France, developments there. It occurred in Germany in a very significant way: Bismarck responded to the American success, and *challenged* the British Empire—not seeking war, but challenging it in terms of economic development. Mendeleyev, the great scientist, attended the 1876 Convention in Philadelphia, and went back and convinced the Czar to build the transcontinental railroad. Germany decided to build railroads from Berlin to Baghdad. Great railroad building occurred. Great changes in the laws occurred in Germany, the Bismarck reforms, 1877-79, were done directly in consultation with the United States, by leading circles in the United States—the Lincoln tradition.

And the British Empire didn't like it. Because, if the nations of Europe, the nations of Eurasia, were to develop their own land-area with railroads, especially of the type we had built as transcontinental railroads in the United States, then, by means of railroads, you could develop more economically efficient methods of transporting goods, over long distances, than you could by water, by sea! This was the issue. If you have internal control over your own territory, efficient internal control, and modern technology, and modern science, you do not use inefficient methods of transporting goods, which is by sea, because you can transport by land. And every inch of movement, on land, in mass transport, well organized, increases the productive power of the nation's economy! Movement by sea, does not, as a movement by sea, contribute anything to the economy. The geopolitical fraud.

And we've now entered a time, with magnetic levitation, and with the kinds of projects that Helga [Zepp-LaRouche]



Forest History Society

Under the brilliant wartime economic policies of President Abraham Lincoln, the United States became a continental nation. We built a transcontinental railroad, brought immigrants from Germany and elsewhere, to settle the interior. Here, construction is completed on the Great Northern Railway's transcontinental railroad, in Scenic, Wash., on Jan. 6. 1893.

was reporting on earlier, we've reached the point, where we can develop systems to take what has been previously considered the undevelopable or undesirable areas of the world, where development is potential. We now have the means, on this planet as a whole, to transform the planet, to increase the productive powers of labor, the ability to survive, to earn a decent living, as never before in human history! With new forms of mass transit on land; with emphasis on nuclear power, on higher forms than nuclear fission, in terms of developing isotopes, and things like that; to open up the unreachable areas, where raw materials lie on this planet, with vast populations in China, India, and elsewhere, in great *need* of these kinds of technologies, these kinds of materials; we can now proceed to assure the provision of those materials for the development of people, even in the poorest areas of the world. We now have that potential. It lies before us.

What this represents: This represents a threat to Empire. The United States, which was the most powerful nation that ever existed in 1945, is now a piece of wreckage. And except for nuclear weapons, it does not have much power in the world. Ruined. The issue is, all the way, especially since 1648, since the Treaty of Westphalia, the issue has been the development of sovereign nation-states, according to the Peace of Westphalia, throughout the world. We have demonstrated in Europe, in the United States, and elsewhere, that that can be done. The thing is, to continue the job.

But! What that represents, the very objective of bringing about that kind of world, is a threat to the existence of empire in any form. And therefore, what the United States represented on the day that Roosevelt died, was the greatest threat the British Empire had ever faced. And everything bad, of importance, that's happened to the world, since Roosevelt died, has been the result of forces centered in the Anglo-Dutch Liberals of Europe, but with treasonous elements in my own country. Treasonous elements, like some of our past Presidents—and idiots like one of our present ones.

And therefore, the geopolitical issue remains the same. It's not geopolitics of land-area against sea. It's the fact that the time has come, the long period of time when power lay with maritime power, as opposed to land power—that has ended, technologically. We've now reached the point that we can provide, by land, in development of land-area, a much greater power, much greater efficiency, in economy, than we could by sea. Oh, we'll use the ocean! The ocean has a lot of minerals in it, we have to manage that. We'll use it in many other ways. But the basic power, of productive power, lies in that. And the productive power lies, not just in people; the productive power lies in the development of people: the development of their technologies, their freedom to invent, the power of discovery, the rejoicing in improvement.

And therefore, that's what the fight is.

And that has been the issue of wars! Ever since the Renaissance, the 15th-Century Renaissance: The issue of all major European wars has been *that issue!* Stop this system of imperialism—whether it's ancient Persian imperialism; whether it's the imperialism of the Roman Empire, or the Byzantine Empire, or the medieval Crusader/Venetian system, or the British Empire. The challenge to humanity is to become human: We must get rid of this factor of empire.

We must create a system of sovereign nation-states, which is based on using the culture of a people, and the development of that culture, to enable people to participate with parity, in the work of a community of nations, of sovereign nations, and to develop man as man can be developed.

And that's what this crisis is all about.

Long Wars to No Purpose

It didn't start recently. It didn't start with the death of Roosevelt. It was there, already. It was the great, long-sweeping crisis of humanity, from as far back as we know the inside of the history of any part of the world; back to about 700 B.C., for Europe.



Library of Congress/Victor Hugo King

The United States progressed with fits and starts following the death of Franklin Roosevelt. President John F. Kennedy had attempted to revive the FDR tradition, but with his assassination in Dallas, on Nov. 22, 1963, a phase-change took place. The crisis we're living through today, began with that assassination. Here, the President and First Lady Jacqueline Kennedy, moments before he was shot.

So, what happened is, the crisis we're facing today, started as the Cold War. Now, the United States continued to prosper, with some ups and downs, until the assassination of John F. Kennedy; we continued to progress, but the evidence is all there. We don't need to discuss that. But the beginning of the so-called "Cold War," the war of recolonization, and the seeking of a war with the Soviet Union, for which there was no reason. Not on Stalin's side—only on the British side.

That is the beginning of the crisis, because, the geopolitical issue was the motive of both London, and also of those forces centered in New York City, which we associate with the financier oligarchy, the people who were behind Hitler, and the people who were behind this. At that point, it was impossible to shut down the United States, as what it had become under Roosevelt, because we had a great productive potential. The world had been shattered by war; Europe needed us to rebuild, the Soviet Union needed us to rebuild, China needed us to build, and so forth.

So therefore, we went along with fits and starts, until the assassination of John F. Kennedy. And that was not an Oswald mistake, nor was that a mistake of any side. It was intentional. The intention was to destroy the United States. John Kennedy, unlike his father, had come into the Presidency, under association with Franklin Roosevelt's tradition. He campaigned for the revival of the Roosevelt initiative.

So you have a phase which is from 1945 to 1964, the assassination of Kennedy and so forth—'63 and what happened afterward—you have a period in which the United

States' economy is still powerful, and it's still growing; the standard of living of people is still increasing. Then something starts—and this is where the crisis begins. The crisis we're living through today, begins actually with the assassination of President John F. Kennedy. The roots of the crisis already existed. The roots of the crisis were the conflict between the United States and the British Empire, essentially since the time of Lincoln's victory over the British puppet called the Confederacy. But the ability to wreck the U.S. economy, wreck the U.S. system, began with the assassination of Kennedy.

What happened was, of course, as you know, we got into the war in Indo-China. *There was never any damn good reason for getting into that war in Indo-China—none!* We had the wrong policy, and we tried to shove the wrong policy down the throat of Ho Chi Minh. Ho Chi Minh was a man who was very favorably disposed toward the United States. He had been an ally of the United States, when Roosevelt was President! Any decent treatment of [Ho Chi Minh] by the United States would have been respected. It might have been difficult—but, diplomacy is always supposed to deal with difficulties. The fact that it's difficult is no reason to avoid it.

So, with this war, we did something which is the same thing that was done by the Persian Empire to Athens, when Athens committed a war crime against the people of Melos. And this led, through the introduction of Sophistry by the Persian Empire; the Persian Empire had been defeated on the sea, it was outflanked, and therefore was defeated by land. But it conquered through the Cult of Delphi, through the corruption of the Sophistry, which destroyed the morality of Athens, and induced Athens to commit crimes against its neighbors and allies! Which continued as the Peloponnesian War. And Athens has not come back since then!

Over the history of mankind, since the rise of European civilization, from about 700 B.C., centered on Greece and Cyrenaica, as an ally of Egypt, and allied with the Ionians, and allied with the Etruscans, since that period of the birth of what is a distinctly European civilization—which is unique; there were traces of it from earlier times, but it was unique: This civilization has been constantly destroyed, in itself, by these kinds of methods.

The method that is most frequent is *long wars*, like the Peloponnesian War, a war with no purpose; that is, with no moral purpose; with no objective, with no strategic objective. A war, you get into with great reluctance and promptness, when you must do it: You get through and *get out*, as quickly as possible. You don't prolong a war. You don't want your nation fighting a war for two, three years. You want it short, snappy, and out! And the major weapon in warfare today, is, good diplomacy. There's no condition or conflict on this planet, that can not generally be handled with diplomacy, or aided by good diplomacy, including the whole mess in Southwest Asia.

All right, so we had that war.

The Destruction of the United States

Then, we had the 68ers—and this is something that's a very sensitive subject in Europe, as well as in the United States. What were the 68ers? Go back to the early 1950s and the middle of the 1950s; you take two books, which were rather popular in that period: One was called *White Collar*—the earlier one; the second was called *The Organization Man*. The U.S. population of my generation had children—they had children whom they taught a certain ideology, which they were conditioned to teach—which became known as the Baby-Boomer generation. It was not a biological generation, it was a *cultural* generation; or, I used to call it a cultural *de*-generation.

So, this generation has a peculiarity, strategically, which you will not find in history otherwise—not to my knowledge, not in the history of the United States since my first ancestor landed there in the early part of the 17th Century. Every cultural tradition in the United States, as generally in Europe, has been, the individual person thinks of themselves as an adult, as being an adult generation which is going to produce a generation of children, which are in turn going to produce a generation of grandchildren. So the normal sense of self-interest of a healthy person in a healthy culture: They know they're going to die; and therefore—obviously, the purpose of living is not to die—it's a contingency of life; it's not a purpose of life. The purpose of life is to use what you have, as a life, in your development, in your self-development, in what you think is good, in what you are going to contribute, to at least your children and grandchildren. That's elementary morality in virtually any part of the world, where there is morality.

The Baby-Boomer generation did not have morality. And that is not a biological generation; that is the so-called “white-collar generation” of a group of people who were educated in the same way that Sophistry was produced in Pericles' Athens. By a corruption, a cultural corruption, introduced—an existentialist corruption, of the type typified by Hannah Arendt and Theodor Adorno, and so forth in Germany; and also Bertholt Brecht. This corruption, this Dionysian, Nietzschean corruption of the culture, was induced as a method of education and family culture, in the United States. This was associated with a period of a reign of terror, which some people think of as the name “McCarthyism”: That if you wanted to have a secure position, and gain an advantage, well, you had to get through a university, you had to get employed in a place where you could get a security clearance; otherwise, you could not get the kind of household you wanted. But as a condition of keeping your security clearance, on various levels, both formally and otherwise, you had to behave in a certain way. And the main thing was to instruct the children not to do anything that would get their parents, and their fathers' income, into trouble. Because all this juicy middle-class income would vanish!

This generation then went through the shock effect, as children—they were born largely between 1945 and 1958, be-



The Baby-Boomer generation's contempt for anything connected with blue-collar work extended to anything productive: technology, industry, nuclear power. Boomers were easily manipulated by such frauds as the Three Mile Island hoax, which was used to shut down nuclear power in the United States. Here, TMI, on the Susquehanna River at Harrisburg, Pa.

cause it was in the earlier period that the adult members of the family of the so-called white-collar class, developed this idea that “they had made it.” They were not like the blue-collar people whom they treated as inferior—farmers, blue-collar workers, so forth, “Oh, they’re inferior. We are the golden generation. We have the jobs in the corporations, where we’re white collar. We’re engineers, we’re this, we’re that! *We’ve made it! We’re the Golden Generation!*” And they imbued this idea in their children’s generation as an ideal standard of dynamics.

And so, thus, this thing came to an end, because the ’57-’58 depression spoiled the party for the parents of the Baby-Boomer generation.

And we had the explosion in Europe, as in the United States, for the same general reasons: the so-called 68er explosion. The 68er explosion was pre-orchestrated, it was pre-orchestrated from the beginning of the postwar period, as an operation to destroy culture. As in the *Paris Review*, for example, which is one of the abominations which typifies this systemic destruction of culture, by people who remain my enemies today, like John Train, and his crowd there.

So, we were destroyed. Now, this is the generation which hated blue collar! The youth, the 68ers, they hated blue collar! They hated industry. They hated technology. They hated Classical culture. And from 1968 on, they did two things: They destroyed the Democratic Party inside the United States, because the division between blue collar and white collar inside the Democratic Party on the issue of the Vietnam War and so

forth, *that* destroyed the Democratic Party! That brought us Nixon and the Nixon Administration. And the Nixon Administration was a vehicle to proceed with the actual destruction of the U.S. economy. From the day that Nixon entered office, virtually, and said that he was a man of Adam Smith, that was the beginning, that was the signal. And from there on, we went through this.

So, we went through several periods, and I’ll go through this, identifying this. Remember, this is against the background of the prolonged Indo-China War, 1964-1975, approximately, this period, ’72-’75. The Indo-China War was the marker which produced the Hate Generation, called the Baby-Boomer Generation. And that generation said, no nuclear power, no technology, no more investment in infrastructure. “We wanna smoke our pot, and take our LSD. We want our crazy sex life. We invented new sexes—we’re going to try them all out.”

So, what we went through, with the floating of the dollar, we broke up the Bretton Woods system, and we started a process of liberalization which is the root of the destruction of the economy and financial system of the world today, especially the United States and Europe. We went through a second phase, the destruction of the economy, the Trilateral Commission thing, of that crowd. What we did is, then we destroyed the structure of the economy: The first thing they did, they orchestrated Three Mile Island, and that was an orchestrated operation, and that was to get rid of nuclear power. That’s how they did that.

They also destroyed every method of stabilization which had been set up by Roosevelt for the internal economy. They unleashed a reign of usury. They wiped off the books, all anti-usury laws in the United States. They destroyed the mortgage system, under which housing had been developed in the post-war period. And the banking system, the kind of banking, real estate banks which were associated with the promotion of the housing industry, and continued to loot it.

So, by 1981, we'd gone through two phases. We had destroyed the international monetary system on which our lives depended, and we had destroyed the internal integument of the political-economic culture of the United States.

In comes Reagan: And for peculiar reasons, you had a lot of Democrats who had left the Democratic Party and went over to Reagan, because they hated the Democratic Party so much, in what it had done in destroying the economy, and destroying the social life of the country.

So, this led into a period of continued collapse of the U.S. economy, over the period 1981 to 1987. In October of 1987, in the first two weeks of October, we had a 1929 depression, in terms of the markets. The collapse was that deep, just as deep as had occurred under Hoover. But what happened? A decision was made. Paul Volcker at that time was chairman of the Federal Reserve Board, and Paul was uncertain about what to do. But Alan Greenspan, who had been nominated to take the position, said, "Hold everything, I'm going to fix everything. I'm coming in." So we went through a monetary lunacy period, of 1988 to 2007, and to the present day, in which we have *destroyed* much of the world's economy.

For example, the physical economy of the United States, the industrial economy of the United States depends upon what? It depends upon military-related production: Halliburton, for example. The war in Iraq is a way of making money for firms which are producing military goods, and doing military things, in civilian guise, for that war. What we've done with these things: We have changed the character of the society.

The 'Revolution in Military Affairs'

And there's one thing that's most important through all of this process: Remember, there's a book by Samuel P. Huntington, called *The Soldier and the State*. And *The Soldier and the State* is actually an echo of not only the Nazi system, the Nazi SS system, but also, earlier, the Roman legions. This is called, in the United States today, the "Revolution in Military Affairs." This is what's being conducted: is to create private armies, that is, eliminating all military—that's why they're not too unhappy when the U.S. military goes down in Iraq, because they're eliminating every part of the military, except the Air Force, and related systems. Because, the objective, under this regime, if it continues, was to have space-based systems of delivery of weapons, so that you could, on some place on Earth, with a monopoly of weapons based in space, you could push a button and annihilate any part of the human race

you chose to eliminate. So they want a space-based system, an international space-based system, which can exert tyranny over the world, in the way the Roman legions tried in the time when they were doing that sort of thing.

The policy of the United States has been, since the time that Dick Cheney was put into the position of Secretary of Defense, in the first Bush Administration, has been this policy: the Revolution in Military Affairs. People like George Shultz, are part of this; Felix Rohatyn, a real fascist little dictator in finance, is part of the same thing: Revolution in Military Affairs.

The other side of this thing, is globalization. A feature of globalization is this so-called global warming hoax, for which there is no competent scientist, who believes in global warming—unless he's a liar. He can't believe in it. It contradicts all science, and there's no evidence to support it. But the green philosophy, just as the green philosophy was used to destroy nuclear power and other things in Germany, this ideology is one of the weapons, together with the Revolution in Military Affairs, which characterizes a *change* in the cultural characteristics of the population of the United States and other countries.

This is another version of the Apollo-Dionysian cult tradition, which is what we saw with the *Paris Review*, for example, back in the 1950s, and so forth.

Now, this is what Eisenhower defined, in his last days as President, as a "military-industrial complex." That's the meaning of "military-industrial complex." But what he meant, referred to what had happened under British direction with the death of Franklin Roosevelt and Truman's entry into the office: We have been on that road, toward this "reform in military affairs" to eliminate the citizen army! To eliminate national military forces, as national forces, and to turn more and more of control over military power into private hands, in the hands of supranational agencies. This is true empire! This is the New Empire, the new form of what was proposed to the head of the British operation, Lord Shelburne, by Gibbon in the *Decline and Fall of the Roman Empire*.

Again, the center of this is the Anglo-Dutch Liberal system, typified by the British Empire. That's where the problem lies.

So, this is not a war among nations. This is not wars among nations. This is not strategic conflicts among nations; this is not what runs this thing. What runs this thing, is a struggle, of the legacy of empire, and the form of empire, from before the time of the great Council of Florence in the 15th Century, to the present. It's the determination to *eliminate* the sovereign nation-state as an institution from the planet, to establish what's called "globalization."

Maastricht vs. the Nation-State

For example—and I'll get to this, under the next heading here—but, the problem we're facing today, is that Europe, in

particular, Western and Central Europe, do not function. Why don't they function? Because Maastricht, in its present implementation, has destroyed the effective sovereignty of the nation-states of Western and Central Europe. Sovereign decisions based on national interest are no longer a right of the people or governments of these nations, as long as this arrangement continues to be the case. The Maastricht Treaty did it. Therefore, the great reform, which I'm coming to now, which we have to make, can not be undertaken, initiated, from anyone in Western or Central Europe, not by any government; it can't be done. They have lost their independence! They've lost their sovereignty! Maastricht took away the sovereignty. Maastricht proposed it as a British proposal—but they didn't join it. It was meant for others' consumption, not theirs, hmm?

Therefore, we depend upon those nations which still have a sense of sovereignty, and power, as a combination, to make those reforms which *eliminate everything that went wrong*, in general, from the time that Franklin Roosevelt died. That's what the issue is. That's the issue of every struggle on this planet of any significance.

Therefore, we depend upon getting the United States to recognize its own self-interest. And this bill that I've proposed, which is being pushed now, by people in the Congress, on this protection of housing and banks, this is simply the kind of measure that *will* mobilize the American people to take back their sovereignty, their sense of sovereignty. Under those conditions, conditions in which the President of Russia has been assiduously pursuing some kind of cooperation with the United States, and correctly so—since the time Putin met Bush for the first time, Putin has stuck to that policy, repeatedly. He's continuing it now. There are important parts of the U.S. institutions which are continuing that discussion, with the Putin government. You would be surprised at some of the names involved in that, but it's there.

Only by the United States realizing that potential, and coming to an agreement with Russia, which also has to be in an agreement with China and India, would we have a possibility of an initiative, to change the way things are going now, away from doom, into an immediate change into a new system. That does not mean we're talking about four powers to run the world. It means, we need an initiating force, around which the nations of the world can rally. They *need* that. They need an initiating force, of authority, around which they can rally to say, "Me, too." Then we can use the United Nations, and what that implies, as a vehicle for what Roosevelt had intended, to create a system of sovereign nation-states, and nothing but sovereign nation-states, on this planet.

So therefore, that's where the problem lies. Go back to the death of Roosevelt: *That's the problem!* And all the other things are diversions—often caused by people who try to distract our attention from what the real issues are.

Creating a Public Credit System

This involves, now, a special problem. And this is where I become somewhat technical, but it's necessary: *There is no way, no conceivable way, in which the existing monetary-financial systems, among nations, or of any nation, could be salvaged.* The degree of bankruptcy within the existing financial systems, is so far gone, there is no possible way of refinancing any part of this, within the terms of the system. There's only one thing you can do, and from that flows the only method that can work: What you can do, is put the entire, international monetary-financial system into bankruptcy.

Now, that's easily done, *technically*. Because these systems are so intertwined with each other, there is no such thing as a national monetary-financial system. The banks of the United States, the banks of Europe, don't own anything! They are controlled by the hedge funds. The hedge funds have been using the banks like toilets; they visit once in a while for comfort! Banks don't have resources in them. It's not a matter of settling how many dimes for a dollar. It's impossible. There are no reforms within the framework of the system that can work! Not only because it can't work on a national basis, and because it can't work for a system as a whole. The monetarists can all be unemployed: We don't need monetarists any more. Matter of fact, we would like to get rid of them!

Because, we're going to have to go to a completely new world system, and it's going to have to go by a certain kind of step. And this is the remedy: What has to be done—and my little proposal for this new legislation, for Federal protection of households, mortgaged households, but households in general, and banks; that is, legitimate banks, banks that actually take deposits and loan money, and conduct that kind of business. We need them, and everybody knows that. You need these banks, because those are the ones on which the community depends, for managing its affairs. Without these banks, communities don't function. So those banks, even if they're bankrupt, are going to be protected under this act.

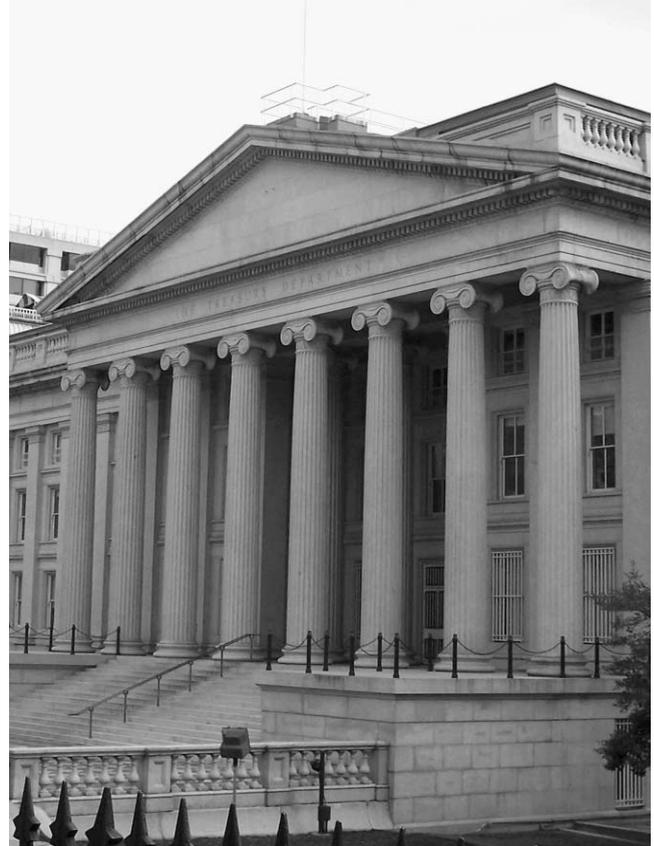
Secondly: No householder can be put out of their home because of foreclosure. We're going to settle it? No! We're not going to settle anything! We're just going to take all this whole package of mortgage paper, we're going to take it, in one big package, and say it's all frozen. It's all taken in receivership by the Federal government. And it's going to sit there. And we'll arrange that the people who live in those houses will pay something to the relevant bank on that account, every month. But they will stay in their houses! We are not going to try to settle the accounts, because we know that the value of these mortgages is going to collapse to a very small fraction of their present nominal value. So any attempt to write down some of the mortgages, or buy off part of it, is not going to work. Because the intrinsic value of these mortgages—we don't know where it lies, but it lies "way down there," someplace!

And therefore, our problem is, to prevent a disruption of the U.S. economy, in particular. Therefore, how do you prevent a disruption? Well, you freeze it! It's like taking a firm



EIRNS/Stuart Lewis

Under LaRouche's Homeowners and Bank Protection Act, no one will be put out of their home because of foreclosure. This photo was taken in Leesburg, Va., "ground zero" for the housing bubble.



Only the Federal government, through the U.S. Treasury, has the power to create money. Ours is a credit system, not a monetary system, which will issue credit for primarily large-scale infrastructure development, to rebuild the physical economy of the United States.

into bankruptcy, into receivership for protection—you freeze it.

It now lies in the Federal government. The Federal government is now responsible, at some time in the future, to clean this mess up. In the meantime, it's frozen. The people will stay in their homes; they will pay a reasonable amount, as the equivalent of rent, into the accounts against these mortgages. But the mortgage will sit there in the banks! We're not going to try to renegotiate them now.

In other words, we're creating a *firewall*, against a chain reaction, already in process. We will have to do the same thing in other categories. What does that mean? It means that the Federal government—and we recommend this heartily to European and other governments to do the same thing—faced with this situation, you have to realize that you have to eliminate the factor of the present system, from the economic and related life of the people in the nation. And it's only by neutralizing that, by putting it in a cage—like a little squirrel in a cage, let it spin as fast as it wants, but it's going to stay in that cage. *Because we're going to a new kind of system.*

We're going to get out of a monetary system which is the

basis for empires, of the type we've been discussing, and we're going to a public credit system, which is what the United States Constitution prescribes. The U.S. Constitution says, "We're not owned by banks. We're not owned by bankers. We own the bankers." Because, in our Constitution, the printing, or uttering of money, or the uttering of a promise to deliver a created money, is the power of the Federal government. The states have no power to utter money. Only the Federal government has the power to do so, and does so, only with the consent of the House of Representatives.

Now, the uttering of money, under this kind of system, is a *credit system, not a monetary system*. The government utters the currency, or utters the credit, against an issuable amount of currency, as the Congress has allowed it to do: The Congress votes a bill; the government can now utter so much currency, which will be charged to the debt of the United States. That is the equivalent of money.

What do you do with it? Well, you can do necessary things, but you also do something much more fundamental: You use this money, that you've created, this credit, you use this for large-scale infrastructural development, primarily. Because

large-scale infrastructural development—and we’re way short of it in the United States and in Europe, right now—it means all the things that are the public sector: power stations, mass-transportation systems, health-care systems, so forth. These are things which are essential to all parts of the population. They have no control over their need for them—hmm? They are facilities on which we depend. So therefore, we issue credit; we issue credit for fixing up infrastructure, maintaining it.

Now, when you start to fix up infrastructure, then you really put the rest of the economy to work, in contributing to this work of building up the infrastructure. So now, you issue credit to people who are doing that. Now, you’re into the private sector, and you’re bringing in firms which supply this or that facility, this or that job. And now, you are stimulating the business, in the community, through infrastructure for the future. And you’re doing it in a way which keeps a balance between the ratio of the public sector and the private sector.

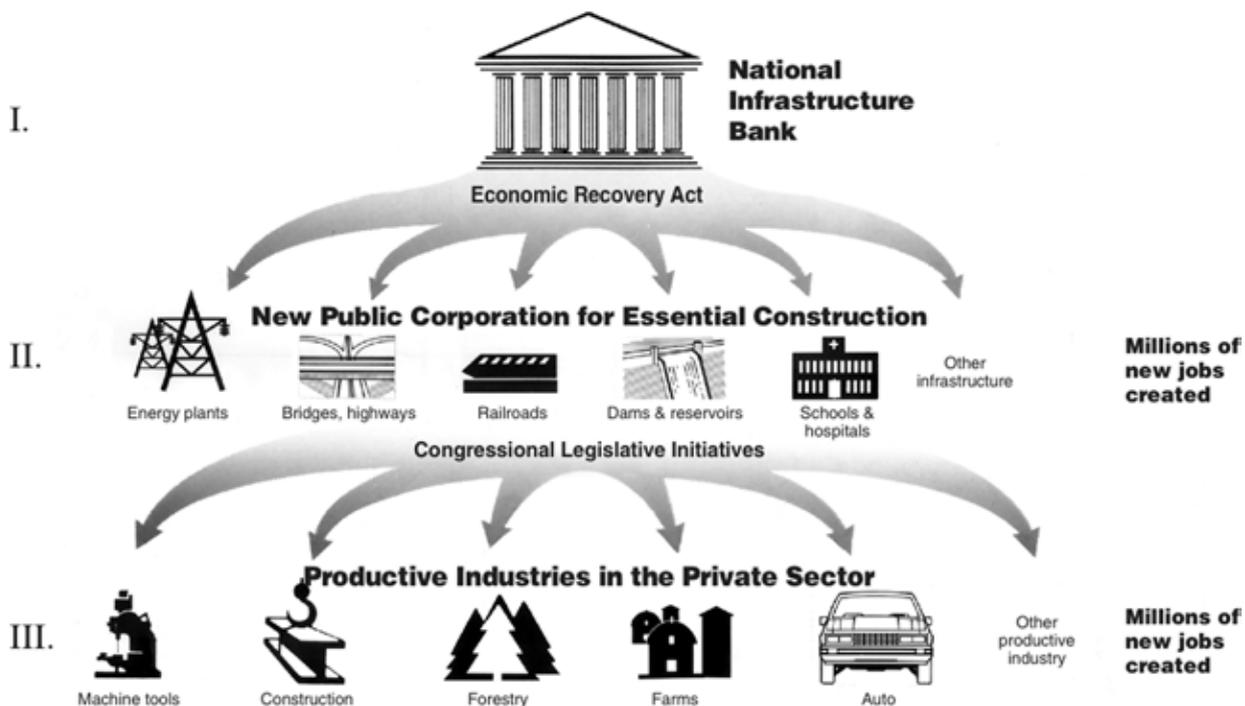
But how is this going to function? Let’s take another problem here: We have now a floating condition of currencies. Under floating conditions of currencies, the price for lending is uncontrollable. Because, if the currency that you’re dealing with is dropping in value against your currency, what are you going to charge for your interest rate? So, under a floating exchange rate in a declining economy, the tendency is, on the one hand, for a demand for cheap credit, and on the other, a

denial of a possibility of generating it through the private sector, or through central banking.

So therefore, we have the problem, that, for global development, we must have a fixed-exchange-rate system internationally. What does that mean? Essentially, you try, as close as possible, to actually freeze currencies at their present relative values. Freeze them.

And then go to a state public credit system. How do you do the state public credit system? Well, we have China, we have India, we have Russia, we have the United States, and other nations, which all need a lot of things. And these things involve a heavy reliance on trade, trade goods. So therefore, if we’re going to have lending and credit issuing across national borders, we must have a fixed-exchange-rate system. Otherwise, how are we going to determine what the rate of interest is going to be, in terms of medium- to long-term loans?

So, now, what do you have to do? You say, what’s the basis for an international credit system? Is it a monetary system? No. The monetary system was a bad idea, didn’t work out too well. We get rid of that. We’re going to have long-term treaty agreements. What do I mean by long term? I mean 25, 50 years, minimum. That governments, of the world, will enter into treaty agreements, long-term treaty agreements, in the form of trade and related agreements, in a fixed-exchange-rate system; and instead of trying to balance the system by let-



Prepared August 2007

LPAC

A table of organization for a U.S. economic recovery. A National Infrastructure Bank will issue credit for large-scale physical-economic development; this will be correlated with Federal legislative initiatives, creating millions of new productive jobs both the public and private sectors, as shown here. For a full discussion, see: www.larouchepac.com/files/pdfs/070810_fdr_era.pdf.

ting currencies float, you balance the system, by letting the prices of goods within currency domains, float, within a regulated range.

So, the problem here, is that, on the one hand, we must *immediately* take this action. We must immediately bring a group of nations—and we’re talking about weeks, now, because this thing is blowing! This is finished. There’s no bottom to this crisis—*none!* You either stop it, by the methods I’ve indicated, or you don’t stop it at all! And pretty soon, you have something worse than Germany, 1923.

You have no choice, that is, no rational choice. Do this, or else, the worst’ll happen to you.

So, governments will tend to go along with this, only when they perceive, that they have no choice. Some governments are clinically insane, and won’t go along. So therefore, we need to have a stable system, created by agreement among a growing number of nations who are joining the list of those who enter this agreement. And, essentially, we will try to reform the United Nations Organization, to perform a function in accord with this type of agreement.

Creating the Firewall

Now, in order to do that, you’re making a transition from a monetary system to a credit system. You have to make it turn on a dime. Because a week of chaos, or two weeks of chaos, may destroy your country—you can’t have it. So therefore, you have to come in with a *firewall*. And the housing and banking protection act is a firewall: The Federal government takes this category—the housing market poses a threat, a threat to the banking system; it’s a threat to the entire system. Therefore, we must protect those two pivotal elements of the economic system, otherwise, *we don’t have a chance of surviving!*

Are we willing to plug the hole in the bottom of the boat? If we’re not, we’re not fit to survive. And our elimination will probably help the human race of the future.

So therefore, we need a method of firewalls; now I mentioned two kinds of firewalls. I mentioned this act; it’s a firewall. It is a *feasible* form of firewall under U.S. law. We just need that one piece of legislation, no more complicated than what I’ve written. That piece of legislation will create a firewall.

Now, we need another firewall: We need a firewall for the transition from the way the U.S. financial system is operating now, to what we are installing. We also need, in that, we need



In addition to the “firewall” needed to protect our population from economic chaos, we need a firewall, LaRouche said, in the form of treaty agreements among a powerful aggregation of nations, who will come to each others’ support and defense, to build a new, anti-globalization system. The historical model for the kind of firewall needed today is the 1648 Treaty of Westphalia, which ended the Thirty Years’ War in Europe, by placing the “advantage of the other” above selfish interest. This painting by Gerard ter Borch depicts the signing of the Treaty.

a firewall in the form of treaty agreements among a powerful aggregation of nations. In other words, if the majority of the powerful nations of the world agree that something is going to be protected, *it can be protected*. Without such an agreement, it can’t be protected: That’s a *firewall*. If these nations agree to come to each others’ support and defense, on this issue, knowing that it’s their interest that’s at stake—a firewall, a transition from a system that has failed, the Cold War system, the present system, the globalization system: These systems have failed. We must, with one fell swoop, get rid of them! Well, you can not reform them, piece by piece: You have to create a firewall, to *contain* the disease.

And you have to have the backing and support for this firewall, from a sufficiently powerful group of firemen, firefighters. Those firefighters are powerful governments, who agree to cooperate with one another to defend each other’s interest, their mutual interest: the same thing as the Treaty of Westphalia, the Peace of Westphalia—the *interest of the other*. The nations know they’re going to Hell, if they don’t protect one another. Therefore, the interest of that nation, just as the people in the Peace of Westphalia after the Thirty Years’ War, knew: *They had to go to this, to protect themselves! They had to put the interest of the other, first!* And that had to make that a *firewall*, and all decent European civilizations since that



EIRNS/Will Mederski

"We have to get rid of the idea, that there's any mathematical law in the universe that determines the value of money. There is none," LaRouche said. If you want to understand economy, what you really have to do, is study Riemann and Vernadsky, who have good insights into some very important, new things, and start to apply that kind of thinking to the way our economies work or don't work. Leandra Bernstein (left) and other members of the LaRouche Youth Movement work on geometry at a cadre school in Seattle, Wash., last February.

time, depended upon that 1648 Treaty of Westphalia. We need the equivalent now: *Firewalls!*

And we need, above all, to educate people, to understand *that there is no alternative*. Because there is no alternative! The boat is sinking! Fix the leak, or get off the boat! Don't try to get a better stateroom.

There's a principle involved in this, which is a sticking point: Most systems, economic forecasting systems that are used, the formal ones, the mathematical ones, are junk. A good economist does not depend entirely on figures. A good economist always looks behind the figures, to what the reality is. He does not go by the financial figures—never believe an accountant. Use the accountant, employ the accountant, but never believe what he writes. You need his figures, you need his head, but you're going to have to decide what it really means, not him.

And the problem is, that we operate, as right now—we're in post-industrial economies, not entirely physically, but ideologically. These economies—look at the government, the

government of Germany, the government of other countries—they're all, ideologically, post-industrial societies. They have no perception of reality. They *don't like* reality! It annoys them. It gets in their way. They would ignore reality where it's possible. "If reality comes in the front door, we will *defy* it!" That's your present population.

Mathematical Formulas Cannot Describe an Economy

The problem is, that—speaking as an economist, looking at reality as I know it—we are in an insane society, on this kind of issue. Let's take the case of Myron Scholes; he's a good target to hit. He was the famous forecaster who was employed as a mathematician in the LTCM case. And he made a mess, and he keeps making a mess! The hedge fund business, all of these fellows are functioning on mathematical formulas. Every one of these mathematical formulas are utterly incompetent! They're wild-eyed. It's traces of John von Neumann—and he was an idiot. He was a mathematician; he was not a scientist, he was a mathematician.

Therefore, they believe that somehow there's a law, somewhere, that dictates what prices must be, by some mathematical formula. There is no such law. No economist believes that. Every competent economist looks at a physical reality, and thinks in terms of the consequences, the *physical* consequences, of a certain policy, or a certain trend. Not the price movement, as such. Not John von Neumann's crazy system, which is what people are using.

The other aspect of this, where people fail, is on *trends*. They believe in statistical trends, in terms of Cartesian systems of mathematical systems, mechanical-statistical universe. They think of bodies floating in empty space. And the empty space is their head. And they have these objects, these balls, are floating in there, and they're watching the trajectory of these balls in this empty space, which is inside their head. And they assume that you can predict a future state, within this Cartesian vacuum, on the basis of a statistical current trend, they extrapolate. And what gets people like Myron Scholes and company into trouble—and they haven't given it up even after the lesson of 1998!—is they think they're all going to compete to use the right mathematical formula! But using the right mathematical formula the way they do, is like a bunch of people betting on the same horse, in a horserace. And if they're wrong, which they probably will be, they're going to lose everything.

That's what's happened with the hedge fund business. They're all using this kind of formula, the same kind of formula, the mathematics that Myron Scholes uses. And they're all creating a system, which is collapsing. They're all going to

lose. *And the whole hedge fund pile-up, is now hopelessly bankrupt. There are no net assets in the hedge fund domain.* They're demanding money be given to them, to bail them out, like beggars on the street. And they're all based on projecting something, like the projection of a trajectory of a ball in empty space—a mechanistic-statistical system.

Real economies do not function in that way. They function in terms of physical laws, as we know, if we know production. A gain, through a technology, or a gain in the way you use a technology; the interrelationship of infrastructure to productivity in manufacturing—these kinds of things. Physical factors. And we have a way of dealing with that in science. It was called, in ancient Greek, “dynamics,” or *dynamis*. Since Leibniz, in modern society, we call it “dynamics.”

The kind of dynamics you require to understand an economy is Riemannian dynamics: That is, we are in a universe, in which any assumed *a priori* axioms and postulates, or definitions, are insane. They're wrong. They're arbitrary. We live in a universe, which nonetheless, does have some laws; it does have the equivalent of laws which are universal. Gravitation is an example of that. These laws define a universe, not as a Cartesian universe, not something open-ended, which is stretching out infinitely in all directions without limit. No, but, a universe in which there are certain things that *bound* the universe! Like the shells that enclose the universe, and which affect every part of the universe, as a shell, like gravitation. Gravitation, as Kepler defined it, as Einstein defined it later, as Riemann defines it. It's a principle of dynamics. Universal principles.

For example, the difference between man and an ape, is a principle. It's a universal principle. Mankind is creative. That is, mankind has the ability to increase the potential population-density of a species, itself! No animal has that. Therefore, there's a principle which separates mankind from any animal! These bound the universe.

When we introduce a power system, or anything else in the form of infrastructure into an economy, we are creating a boundary condition which *contains the space in which we're operating*.

And therefore, you do not determine value in economy by Cartesian methods, by statistical Cartesian methods. You determine value in an economy, if you want to succeed, according to the principles which confine the economy you're talking about. The way you design an economy, the way you design its operation, the kind of technologies you develop, the way you apply them, this is the action of the universal physical principles of the universe, *as you have come to know them*; or as things you have done, you have understood what you have done, which now bound the way you behave. And you're able to see where you're getting, because you think like this.

It was why I have had the success as a forecaster that nobody else has had, on precisely this issue. Because, the field of economics is dominated by people who believe in accounting, as a basis for forecasting; believe in Cartesian mechanistic

methods of forecasting, as a way of predetermining trends, who will tell you, “We see the fundamentals are sound.” Somebody tells you, “The fundamentals are sound.” The economy's collapsing! What's sound about this? This is the *Titanic*, buddy, it's going down!

We Have To Change Our Thinking

And so, therefore, the other problem we have here, is precisely that: That we have to change our thinking, away from what's prevalent today. And to what many people, as economists understood, but they understood it almost as by instinct. You're dealing with a physical economy. You're thinking about the effect of changes in the physical structure of economy, about the way people live *physically*, that sort of thing. You think about how this affects the future of humanity, not statistically. And then, on the basis of this knowledge, you inspect something, you think about it. And you come up with some answers, which are good approximations. But then you realize, well, a good approximation isn't good enough, so we're going to do some more research, and we'll try to find out what the principle is involved here.

And that's where we are, when you try to function in economics, today. We do not have competent economics as a theory, taught in any university. We have a lot of things we know about economies, from a physical standpoint, of how they affect the economy. We can make some very good medium- to long-term guesses, about what to do. And if we know what we've done, and how we thought about it, and it doesn't work out the way we thought it was going to, we can get in there, and see what corrects our error.

So, we are going by a kind of approach to physical science, with a lot of trial and error, and pure insight goes into it. And because we take care to know what we've done, we make good decisions. If we go as a statistician, and try to forecast everything just by von Neumann's method, and his and Morgenstern's, then you have incompetence. What you have now, is drastic incompetence.

We have to get rid of the idea, that there's any mathematical law in the universe that determines the value of money. There is none. We can construct systems, of designing priorities, long-term investment priorities, management of currencies, regulation of prices, fair-trade regulations, which give us a good approximation. And if we keep somebody on the job, watching this, to make sure it's working as we thought it was going to, we can do a good job. And that's good economics.

But, if you want to understand economy, what you really have to do, is study Bernhard Riemann, and read some people like Vernadsky who have good insights into some very important, new things, and start to apply that kind of thinking to the way our economies work or don't work. And that's what I do.

So, we've come to this point: We have to make a change. Forget all the usual habits which have been accepted as acceptable, as expert. Know that the experts have created this

big mistake, this collapse, and don't ask for their opinion about anything, about how do they think they made a mistake. Because everything they've done is obviously a mistake. Every government of the world, has made major mistakes: China is apparently successful, but I know some big mistakes they've made. India's apparently successful, but I know the poverty in India is greater than it was before. They've made some mistakes—the caste system had something to do with that. Europe made mistakes. The United States made mistakes.

So: We are dealing with good, scientific approximations. And science never had the last answer. It gave us better and better closure on the suspect area of principles. And as long as we remember, how we came to certain conclusions, and are prepared to reexamine them, when the evidence suggests it's time for a little fresh look, that works. But we have to get away from all the assumptions that are taught and believed today, in this society, especially the post-industrial society.

And make this change.

It requires guts. It requires the same kind of guts as required for command in warfare: *You have to make a decision.* You have to think about what the consequences are, if you're wrong. But you still have to make the decision. And we're going to have to start thinking that way, right now: If we do not build firewalls, instead of trying to muddle with this thing, if we do not freeze the system, and ensure that we keep functioning on essential things without any change of step, *we're not going to make it!* And it will be the end of civilization as we know it.

Oh, somebody will come back a few generations down the line, and start to rebuild. But civilization, as our generation knows it, the living generation now knows it, *will cease to exist, very, very soon*, unless we change our ways. And I can give you some insight at best, on some of the things we have to think about.

Conference Resolutions

The following two resolutions were unanimously adopted by the approximately 350 assembled members and guests of the Schiller Institute at the historic Kiedrich conference of Sept. 15-16, 2007. The participants represented 40 nations.

Resolution Against Military Action Against Iran

The participants of the Schiller Institute conference in Kiedrich unanimously condemn any plans to launch any military attack on the Republic of Iran. Such an attack would have devastating effects on international peace and throw civilization into a dark age.

It would have much, much worse effects than the war against Iraq, which already is the worst strategic catastrophe in the history of the United States.

We point to the statements of the head of the IAEA, Dr. Mohammed ElBaradei, who recently warned, that the media campaign against Iran has dramatically reminded him of the lies leading to the Iraq War.

Dr. ElBaradei also reported that in the recent negotiations with the Iranian government, a breakthrough was made, many important questions have been settled, and a framework has been agreed upon to settle all remaining questions by November of this year.

In the 21st Century, war is outdated, and can no longer be a means to settle disputes, which can be settled through economic cooperation, according to the idea of a commu-

nity of principle based on the principle of the Peace of Westphalia, in the interest of the other.

The Kiedrich Resolution

The central feature of the conference of the Schiller Institute in Kiedrich of mid-September focussed on the need to implement a just New World Economic Order in the near future. Given the advanced state of disintegration of the world financial system, it is urgent that the governments and the parliaments of the nations of this world put the question of the reconstruction of the physical economy on the agenda.

The conference on the building of a transport corridor between Siberia and Alaska through the Bering Strait, in April of this year in Moscow, highlighted one crucial project in what must become a global system of transport and development corridors, uniting the sovereign nation-states of this planet in a peaceful way. The new world economic order must focus on reconstructing the physical economy in order to provide the physical and economic means for all human beings alive today, and to overcome poverty in the shortest possible time.

The Eurasian Land-Bridge as the cornerstone for this New World Economic Order is a development perspective for the 21st Century, and will end the period of barbarism, in which conflicts among peoples were carried out through war. The worldwide land-bridge therefore will establish a method of war avoidance through peaceful economic cooperation for the coming aims of mankind.

We, the participants of the conference, call on the governments of the world to adopt this program at the upcoming General Assembly of the United Nations.

Dialogue With LaRouche

Helga Zepp-LaRouche: We will have now a half-hour for discussions, and I assume that you are burning with things you want to say about this speech.

Belief in Human Senses Introduces Fallacies

Q: The question I have is very much related to the topic you went into, Lyn. My name is Karsten, from Berlin, Germany, for people who don't know me. I was thinking a lot lately, in working on the breakthroughs of Kepler and his discovery, not only about his discovery as such, but a connection between an axiomatic belief-system you have in working on science, and thinking in general, especially in the field of social relations, or even in economy, which you have often talked about, especially in the latest paper on "Music & Statecraft: How Space Is Organized": How you have certain axioms and beliefs governing social dynamics, certain social processes.

And since you were just now stressing the point that we have to get rid of all the assumptions and beliefs which we've been taught, I was just wondering if that works exactly in same way, when you make a scientific breakthrough, when you sort of see that the axiomatic systems you believed so far, have certain axioms which you only discover after working a certain while, which you then overthrow and introduce a new system. Or, if there's some fundamental difference between a breakthrough in science, and a breakthrough of, let's say, the physical behavior of a society.

Lyndon LaRouche: Well, that's what I've dealt with on this question of music and physical science: that the most common mistake that's made is the assumption that the sense of sight has one independent thought, and the sense of hearing has another meaning. In point of fact, what we should have recognized a long time ago, is that neither sight nor senses are anything better than scientific instruments, and have the same kind of fallacy as scientific instruments. As I cited the case of Helen Keller, the woman who as a child, lost her sight and hearing, and how she was able to develop a sense of social space, physical space, without sight or hearing. And so, the demonstration is that the human mind is the instrument of knowledge, not the senses! And therefore, the dog sniffing at something may not be best way

to go, to follow the dog in the way you can go. You don't rely upon sense-certainty. It's the human mind that's important, and the discovery of physical principles is an example of that—real physical principles.

You take the case, for example—the key thing is, Galileo: a fraud and a faker. And the influence of Galileo, who was actually a sort of a high priest for Paolo Sarpi, in developing this crazy system of empiricism, uses one method. But Kepler uses another method: Kepler's thing, especially on the question of his so-called "Third Law," the harmonics, recognizes that there is a different sense organ than either sight or hearing, expressed in the laws of the universe: something which is neither. And that is what he wrestles with, in dealing with this question of the organization of the Solar System.

There are many other aspects of this: Pasteur's work always points in that direction. Vernadsky picks up on Pasteur's and related work and points in that direction.

From the standpoint of Riemannian physics, as opposed to Cartesian thinking, this is rather obvious, to one who's been working in the field. But the problem is, the role of sense-certainty; and it shows itself in bad taste in music. People who like rock music are obviously incompetent as scientists, and I think that's what's wrong with much of our science. Because, if you don't understand that the faculty of hearing is an essential scientific instrument, like an experimental instrument, that sight and hearing are scientific instruments which come "in the box" with our body! Hmm? But they're just instruments, of the body.

It's the mind of man, that makes a discovery. And in the mind of the man, there is no difference between Classical culture and science. They're the same thing: One deals with the



The human mind—not the senses, which are nothing more than scientific instruments—is the instrument of knowledge. Relying on sight or hearing or smell, alone, is like the "Parable of the Blind Leading the Blind": We all end up in the ditch. Here, Pieter Bruegel's illustration of the Parable (1568).

aspect, which looks at it from the standpoint of social relations as such, which is art; and the other looks at it from the standpoint of man's relationship to the physical world on which he acts. The dichotomy is the problem.

Balance Between Public and Private Investment

Q: Good afternoon. I'm Michael Molberg from San Francisco. You mentioned the term proper balance between the government investment in infrastructure, and private banking investment or private industry. My question is: How do you go about determining what that balance is?

LaRouche: The way I do it, is very practically. You know, I've had this war of vengeance against bad academic programs. And what I've done is, by getting these teams of young [adults], down in the "the Basement," so to speak, who've been working on various major things in science—they started out working on the Pythagoreans and Plato, and we brought them up to taking on Kepler in two phases; and they're now dealing with Gauss, and Gauss is much more interesting, in a way, than people would think. And they'll go into a Riemann program.

Now, what happens is, you have here individual minds, and they're individual. What we do in the Basement, and there are about six or seven people directly involved in each of these teams: In the Basement, we have them go through the rediscovery, independent rediscovery, of the problem which they're assigned to. We don't give them a textbook to read. We tell them, get everything, get everything, and solve the problem.

So, what you're dealing with, is that the power of creativity, in this case, as in other cases: The power of creativity is a power of the *individual, sovereign human mind*. It's a potential—it may not be developed, but it's a potential there. Every human being is capable of creativity. It's a sovereign capability of the individual.

On the other hand, you have cooperation required to accomplish common tasks, common tasks including defining policy. So these teams have exhibited that. They each are working, and I do not interfere in it, unless I think it's absolutely necessary to prevent a catastrophe. They do the work themselves, and all the work that they've published, they did. I didn't do it. I set up the framework for them to work; *they* solve the problem. And they've made me very happy, because I've been convinced all my life that this is the way to educate people, not the so-called "classroom method," but this thing of taking a great challenge, of somebody's great work from before, and really trying to *master* it! Master how they discovered this. *What* did they discover? Not how'd they get the "right answer"? But, how did they discover a principle? And it works!

The same thing is true in the economy: You have certain things that are necessary, as in infrastructure, in order to provide a context in which human individuals in society can

make their contribution. Including contribution of personal leadership, one's own initiative. Therefore, we want to maximize the role of individual initiative, particularly as it pertains to the idea of principle; and applying principles, to solve problems that other people didn't solve.

So therefore, you want a premium on this power of innovation, of leadership in innovation. But at the same time, you want to provide a structure, which is a social structure, appropriate for this individual action. What we call infrastructure, is essentially the area of society, where the structure provides the optimal opportunity for the expression of the individual initiative. Wherever possible, we want the individual initiative to be made number one, number-one priority. *But!* In order for it to be a number-one priority, we must first deal with the problem of providing the infrastructure for it.

And, look at the history of mankind, the history of the science of mankind, history of other things—it's always been that way!

The problem is, creativity is not understood: But individual creativity *is* a sovereign quality of an individual. That I can prove. I've proven it myself. *But*, what people don't understand—they try to find a mathematical formula, or something like that, by which they can come up with a formula, whether as a mathematical formula, or a rule of behavior, to contain people's behavior in a fixed framework.

Now, in this universe—I agree with God on this, you know—in this universe, the universe is always developing. So anything you already know, is not the answer to something. There's something you have yet to know, that's not given to you by fixed structures. Therefore, you need the individual activity, which is making the changes in knowledge, in insight, which is not built into the system. So that a good system, is one which provides something which is not built into it. It's another way of saying that von Neumann and Russell were idiots, because the idea that they could have a fixed system—there is no fixed system that's good! The universe is not a fixed system. Clausius was a fraud; Grassmann was a bigger fraud. The British science—Maxwell was a hoaxster—all these fellows who talked about the Second Law of Thermodynamics, they're all liars or fools! There is no Second Law of Thermodynamics in the universe! It doesn't exist. So, if you want to be in conformity with the universe, you want a good system to work from, as a platform, but you want the optimal creativity, individual creativity, applied, to improving the platform, and to expanding it.

So therefore, the key thing here is, understand that's the rule (which is my role, hmm?), but at the same time, try to create the circumstances in which a greater percentile of the people in society do that.

I saw this, you know. The large corporation is often too large. You will need, sometimes, large corporations or enterprises, to take on a certain task, as a required task. But, what



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All empires are ruled by oligarchies, including the British Empire and the Roman Empire; they are based on the Persian model, which brought Athens to its ruin. They are run by financial usury; the Venetian empire was the same thing. Edward, Prince of Wales, lords it over the Empire's Indian subjects, in this print from 1876.

happens is, the large corporation tends to become bureaucratized, and stultified, so that you take people out of these corporations sometimes, and put them into smaller businesses, and they will do more creativity! Whereas in the large corporation, it'll get killed.

So, you need this balance. There's no formal answer to it. It's, wherever you can find people who are more creative, try to turn them loose, and try to find a reason why they should be turned loose. You know, you see somebody on a job, you say, "This guy's too creative to be doing that. Can't we find something else for him, that will bring out his potential?" You see a potential in the guy, and you find that what he's doing, he's not going to go anyplace, with his potential, in that job. So you try to find another job for him, one that is more likely to bring forth his potential.

And to believe that in humanity around us, that you find in society, there are always people out there, that you can always find among the individuals you know, someone has really got a talent, for creativity. And you try to think about, how can we find a way to get them to express that?

That's what free enterprise should be.

The United States Is Not an Empire

Q: Is the U.S. now an empire like the British Empire?

LaRouche: No, see, it's the wrong sense of empire. The Romantic version of empire is actually false. All empires, that

I know of, are actually based on oligarchies. It's not controlled by an organized state. An empire is not a responsible state. It's based on the rule of an oligarchy. As a matter of fact, all empires are based on what was called the Persian model—known to the ancient Greeks as the Persian model.

For example, the Peloponnesian War was a product of this kind of thing. The formation of the Roman Empire was of that form. Actually, if you go back to the Cult of Delphi, which antedates the emergence of Greek civilization in its civilized form, you find that it was always run by financier groups. Because you'll find around the Cult of Delphi, you have these little shrines, which are called the depositories, the treasuries. And then you take the highway from the Cult of Delphi, down to the coast, to the seaport, and you find, what was happening, is you had these ships going out, practicing usury

throughout the entire Mediterranean region. And one of these probes went up the mouth of the Tiber, in Italy, in the middle of the Etruscan culture, and found a fortress on a hill. And running short of women, they captured them and raped them, from the nearby tribes. And eventually took over the Etruscan empire and destroyed it—and destroyed all possible traces of the Etruscan empire, to conceal this fact!

But Rome was nothing but a creation of the Cult of Delphi, by this kind of method. And who ran it? It was run on the basis of usury! Financial usury! What was Venice? The Venetian empire was the same thing.

What's the British Empire? It's nothing but an echo—the British Empire was not created by the British! Or by the British population or by the English population. It was created as the Anglo-Dutch Liberal system, of Paolo Sarpi. And after the fall of Venice, or the collapse of Venice, the Venetian bankers moved up, took over the Netherlands, and then moved in and took over England, with William of Orange! The British Empire was never an empire in the sense of an empire of a nation. The people of empires were never treated as people. They were treated as subjects—not citizens, as subjects! And they were run by an empire, who told them that the bosses knew what was good for them.

For example, my ancestors, my English ancestors, came from the British Isles, the first of them, during the early part of the 17th Century. Another branch came, of course, by way of

France. And then later, I had the Scottish and Irish coming in, in the latter part of the 19th Century. Why did they come to the United States? To get out of there! And those who didn't get out of there, were stuck with being there, and being captives of an empire.

The empire is not a representative of a people. It's something which has put them in cages. And if you break the walls of the cage, as immigrants did into the United States, then it's no longer an entity. The animals have fled.

Find Out Who Rabelais Really Was

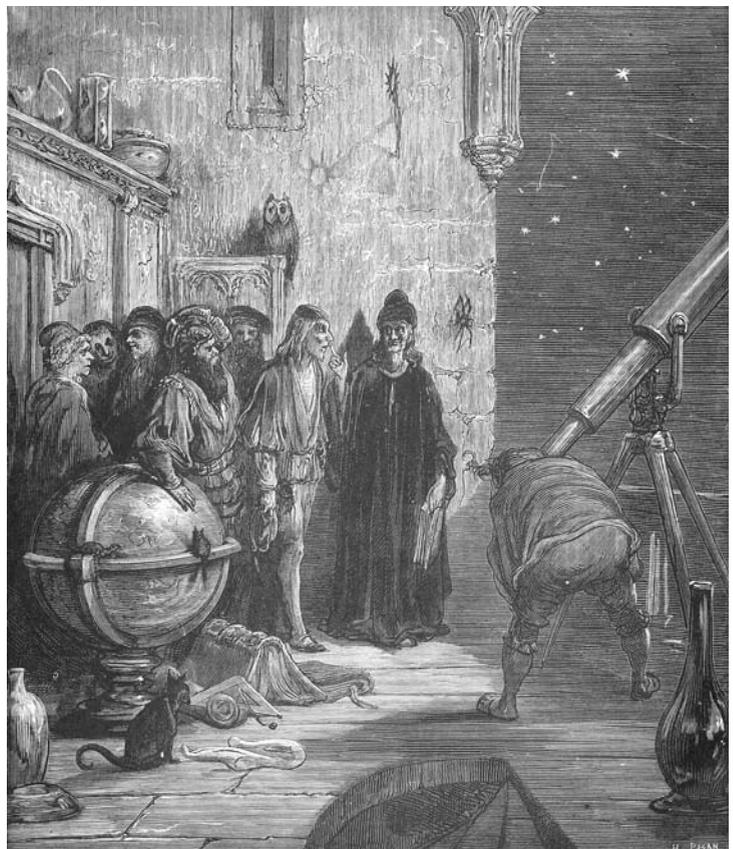
Q: Hello. I'm Theodore from Lyon in France. I have read a lot on Rabelais, who is a French humanist from the 16th Century. He took the culture of his time, the stories about chivalry which people were reading a lot, which was a very poor culture. But he took the culture of his time to elevate it. And now we have the same problem in the culture of today, with things like rap music. So, I wanted to do the same as Rabelais, by writing some poems, to try to elevate the culture in this way.

LaRouche: Rabelais, of course, was one of my heroes many years ago, decades ago, actually. But you have to think of him in the tradition of other great satirists. And you look at Rabelais, and he's really very interesting, because he's one of the most learned and most able minds of his time—as a physician, and he went through various religious orders, and these sorts of things. And he had an insight into what was wrong with the educational system in Paris at that time—which he had a lot of fights with.

So, I think the difficulty people have sometimes with Rabelais, is they have to step back and look at him, in the same way you look at Cervantes. Cervantes was less developed in some respects as a writer, but this is the same thing. Then you go back to ancient Italy, with Boccaccio, sitting there watching from across the [Arno] river to the scenes in Florence, and imagining the scenes that he describes in *Decameron*; the scenes that Boccaccio describes from a time of the great Black Death. If you can look down, where I was sitting, into the streets, and treat that as a stage, and then place the things that he's describing on that stage, then you see what he's doing: He's showing you the disgusting characteristics of the population of Florence, which had led into the antecedents of the great Black Death—under the reign, of course, of the Lombard bankers, of that time.

Rabelais, in France, fleeing from one place to the other for his life, as a great thinker of his time, wrote in the same way as you find in the *Decameron* of Boccaccio—the same kind of thing.

You see this attempt to do the same thing: You have Spain. Spain is a horror-show under the Habsburgs. It's an evil empire, destroying itself. So *Don Quixote* is written—on what?



The great French satirist François Rabelais was one of the most learned and able minds of his time. His Renaissance masterpiece, Gargantua and Pantagruel (ca. 1490-ca. 1553), ridicules the oligarchy and its sycophants, especially the Aristotelian scholastics. This illustration of Rabelais by Gustave Doré, is entitled, "The German astrologer Trippa predicts that if Panurge marries, he will be cuckolded."

The king is a fool, Don Quixote; and the rest of Spain are a bunch of dumb peasants, Sancho Panza. And the whole thing is a farce. But here you have a man, who's a very serious person, Cervantes: Cervantes is a veteran of wars, he's a wounded person, he's a skilled playwright. But what does he write? He writes this! It seems ridiculous: It is ridiculous! It's *intended* to be ridiculous! Rabelais intended to be ridiculous! And so we have with the *Decameron*, Boccaccio—he's intentionally ridiculous.

You'll find moments like that, something like that also in others, but those are the paradigms. So, enjoy Rabelais, but try to find out who he really was, and what were his times, what were the conditions, and what is he reacting to and how? And then, you can sit back—and *you can laugh!* You can laugh in the right way, not at the stories as such, but what fools they were!

When you think about the France of Jeanne d'Arc, you think about the France of Louis XI, you think of the great mission, which actually established the first modern nation-state in Europe. Oh, it's based on the principles of the Council of

Florence—*but*, it was the first modern nation-state. And the second modern nation-state, or commonwealth, was that established in England under the inspiration provided by Louis XI. *Then* you see what happened to France afterward: You see a great nation, which had been a leader in culture in that period, is suddenly degraded into these horrible circumstances of crisis through misleadership and corruption, which were going on.

And then you can laugh, properly. Because your laughter has a higher quality. It's a sense of "this is only silliness, this is only stupidity." And it has happened to a great people and a great nation, this stupidity. This criminality, this degradation.

And that's the highest sense of humor: It's a *comédie humaine*, hmm? In the best sense. Rather than a Balzac.

How Can the Democratic Party Be Changed?

Q: I'm from the Schiller Institute in Copenhagen. One thing I don't understand, is that you're always talking about how it's important to change the Democratic Party. But how should it be done? I think, isn't it actually more important to change the Republican Party? Because the Republican Party has been taken over, by the so-called neo-conservatives.

LaRouche: Well, the point is, see, when you operate in politics, you have to accept your fate, as I do. I don't accept fate in the sense of submitting to it. But I'm realistic about what the situation is.

Now, the truth does not necessarily lie in your immediate experience. This is the thing that many people have difficulty in learning, and understanding, and it's especially difficult in these times, these times of cultural degeneracy.

But from my time on, I understand cultures, because I think of culture in terms of thousands of years, particularly about 3,000 years of European history. That's my culture.

Now, I know how ideas are transmitted, developed and transmitted in European civilization. I've seen it go down, by reliving those things. For example, you had, at the point of the development of the Pythagoreans, a great development; the immediate followers of the Pythagoreans, and collaborators, a great development. *Then—a great degeneracy!* The disgusting took over!

But, did it die? Did the good die?

No, the good lived. The good was a thread which came up, again and again, in European civilization. Often over a long period. What is it? It's the connection. What's the connection? The connection lies in ideas, in ideas of experience. And when a people has, in its past, a certain experience which is transmitted in the culture, even through the subtleties of the spoken language, the musicality, stick to it.

The American culture—the American culture, my culture—comes from people who landed in Massachusetts in the early 17th Century. And they began the process which became the United States. Then you had great figures, like Benjamin Franklin and others, who built a nation: the first true republic on this planet. A commonwealth, also, but a

republic. With a commonwealth constitution—take the Constitution. The Constitution comes from the commonwealth produced by the authors of the Council of Florence. It is reflected in the great Treaty of Westphalia, the great Peace of Westphalia: That's the commonwealth, to understand it. That's what we believed in Massachusetts, in that period.

That's the great struggle of those who stayed with the cause of the independent United States, as opposed to those traitors who went over to the British East India Company, the Tories, the so-called American Tories.

You take Franklin Roosevelt: Roosevelt was a descendant of Isaac Roosevelt, a banker, who worked in New York City with Alexander Hamilton, against pigs. Franklin Roosevelt, in his graduation proceedings from Harvard University, wrote a paper in commemoration of the work of this ancestor, on the American System. Roosevelt was not some guy who stumbled into office, but someone who found himself in an historic situation, and he *took that knowledge, and people who shared it with him—and he saved civilization!*

In the Democratic Party today, that tradition still exists as a living tradition. And what we have, in the Democratic Party, in the mass base, is an ability to respond to that tradition! We have people who are cowards, who are cheats, who are traitors, and everything else in the Democratic Party. All parties tend to have those afflictions. But they're in the party, and you take the response that I get on this legislation, on housing and banks, the response in the people is strong. The response at the top of the Democratic Party is weak. At the very top, some people agree with me totally, and are willing to act. They're a little bit frightened. But in the base of the party, the base of the people: They're with me.

And they are with me, because *that tradition exists within them*, within their culture, from earlier generations. It was transmitted.

Ideas are the most important thing in history. And real politics is based on ideas, not current opinion. And what you're doing, if you're a missionary, or if you're a politician of the type I am, you are reaching out to what you know *lies* in people, within them, to bring it forth. You don't limit yourself to what you think they're showing as their tendency now. If you try to reform a drunk, it's the same thing: You try to hope there's something human in there, that you can reach. It's the same thing: Can you look into your population, which is behaving like pigs, can you take those pigs and turn them back into human beings? Is there something in them, a streak of patriotism perhaps, which often comes out as an expression of patriotism, can you evoke a patriotism within them, which will bring this quality which is embedded in them as part of their culture, forward, and take over?

So, that's what I do. And I'm doing a fair to good job at it! And we just have to do a better one, that's all.

Conference Program

Saturday, Sept. 15, 2007

Music

Introduction: **Helga Zepp-LaRouche**

Keynote: **Lyndon LaRouche**, “This Present World Financial Crisis”

Discussion

Russia—Eurasia’s Keystone Nation

LaRouche Youth Movement: Johann Sebastian Bach, “Jesu, meine Freude”

Prof. Stanislav Menshikov, “Industrial Policy and Political Climate in Russia for the Land-Bridge Project”

Dr. Victor Razbegin, Deputy Chairman of the Council for the Study of Productive Forces (SOPS) of the Russian Federation Ministry of Economic Development and Trade and the Russian Academy of Sciences, “The Eurasia-North America Multimodal Intercontinental Connection: Key Link in the World Transport System” (speech delivered on his behalf)

Dr. Sergei Cherkasov and **Academician Dmitri Rundqvist**, Vernadsky State Geological Museum, Russian Academy of Sciences, “Infrastructure Corridors in Russia—Pros and Cons: A Raw Materials Approach”

Svobodny Cosmodrome, “Potential Space Industry Cluster and Development Corridor in Russia’s Amur Region.” Author: **Yuri Krupnov**, Director of the Institute for Demography, Migration and Regional Development; presented by **Ilnur Batyrshin**, World Development Network Youth Chapter, Kazan, Russia

Discussion

Projects for the Eurasian Land-Bridge

Hal Cooper, consulting engineer, Cooper Engineering, “The Worldwide Strategic Importance of the Intercontinental Rail Corridor Connections between the Eurasian and North American Land-Bridges”

Dr. Markku Heiskanen, Senior Fellow at the Nordic Institute for Asian Studies, former Deputy Director of Planning of the Foreign Ministry of Finland, “Scandinavia and the Eurasian Land-Bridge”

Dr. Nino Galloni, economist, Italy, “The Sicily-Tunisia Tunnel and the Extension of the Eurasian Land-Bridge into Africa”

Sunday, Sept. 16, 2007

LaRouche Youth Movement: Wolfgang Amadeus Mozart, “Ave verum corpus”

Keynote: **Helga Zepp-LaRouche**, “The New Cultural Renaissance in the Coming Age of Reason”

Technologies To Reconstruct the World

Prof. Pirouz Moitahed-Zadeh, Department of Political Geography, Tehran University, and chairman, Urozevic Foundation, London, “The Iranian Nuclear Program”

Dr. Stephen Dean, Fusion Power Associates, “Fusion Power” (this video will be available as part of the conference proceedings)

Prof. Ahmed Kedidi, Doha University, Qatar, “The Development of the Gulf and Maghreb Countries”

Dr. Holger Beckmann, Ruhr-Universität Bochum, “Automatischer Güterverkehr im Untergrund, ein verkehrstechnisches Zukunftsszenario” (“Automated Underground Goods Transport, a Transportation Technology Scenario for the Future”)

Pierre Chiquet, founder of the space centers of Betigny, Toulouse and the rocket launching platform of Kourou: “Great Projects and High Technology: Rediscovering the Voluntarism of the Postwar Reconstruction Period”

Rebuilding Civilization

Amelia Boynton Robinson, “Civil Rights for All People of the Planet”

Jacques Cheminade, “Beyond the Eurasian Land-Bridge: The Cultural Paradigm of the Millennium to Come”

Report on the work of the LaRouche Youth Movement



Dr. Stanislav Menshikov

Industrial Policy and Politics in Russia

Here are the remarks of Stanislav Menshikov, a distinguished Russian economist and a special friend of Lyndon and Helga LaRouche. He opened the Sept. 15 panel on “Russia—Eurasia’s Keystone Nation.” The full title of his speech was “Industrial Policy and Political Climate in Russia for the Land-Bridge Project.” Subheads have been added.

Helga Zepp-LaRouche: I’m very happy to welcome the participants in the panel on Russia, because, for the obvious reasons, if we want to find a solution to the world’s problems, the role of Russia in the present historic moment is extremely important. The unfortunate thing I have to announce is that one of the speakers, Mr. Razbegin, who is the vice chairman of the SOPS, which is the official infrastructure organization associated with the Economics Ministry and the Academy of Sciences, due to the government change which occurred two days ago, suddenly could not come. But we will have his speech presented anyhow, because he sent his slides and pictures, and Rachel Douglas is going to do her very best, to present the speech of Mr. Razbegin.

Otherwise, I’m very happy that a very special guest is sitting here on the podium, namely, Professor Menshikov, who is most emphatically a very good friend of Mr. LaRouche, and who made it a special point to invite us to his 80th birthday in May, which we attended in Moscow. And this was a gigantic celebration at the Academy of Sciences for two days. And there he was very happy to take the invitation back to Lyn’s 85th birthday: So that is a very deep friendship which is expressed there.

Professor Menshikov is also probably *the* best expert on America. He is a top economist; he wrote many books, one of which we translated just recently into English, and have gotten it out in the United States. He’s an expert on physical economy. He was one of the staunchest critics of the Yeltsin period and has written a book about the destruction of the Russian economy in this period by the oligarchy. He also wrote a book, together with John Kenneth Galbraith, so he is a top expert on FDR’s economics. And I’m very happy to welcome you here at this panel.

Then we have Professor Cherkasov, from the Vernadsky State Geological Museum in Moscow, who is upholding the tradition of Vernadsky. Mr. LaRouche and I have had the pleasure of actually having a guided tour through this museum, and I can only encourage you, that if you come to Moscow, do



EIRNS/Julien Lemaitre

Prof. Stanislav Menshikov told the conference that the Bering Strait Tunnel project is vitally important, but politically, “it’s also a very difficult task: And it also means a radical change in political and economic policies in most of the countries of the world.”

not miss going to this museum. Because he has organized it in the spirit of Vernadsky: namely that you have one section which is non-organic, a demonstration of different elements and raw materials; and then you go on to the region of the Biosphere and you see, actually, the evolution of the Earth demonstrated in a very pedagogical way. And then, lastly, you have the area of the Noösphere, which is when Man appeared in evolution, and it is the power of the mind is taking over.

So, his specialty is now obviously, also, around the Bering Strait concept, because there is the question of the development of resources and raw materials, about which he is one of the top experts.

And then finally we have Ilnur Batyrshin, who will also speak on behalf of Yuri Krupnov about the economic development around the Bering Strait.

So, without a longer introduction, I would like to give the word to Professor Menshikov, who can speak for himself.

Prof. Stanislav Menshikov: Yes, well, they put a bug on me (I mean a microphone) here. I have to be sure that I don’t tell any secrets. If I say something, then everybody will hear it, and the Russians will have no secrets. [laughter]

Well, I’m five years younger than LaRouche, but of course, he’s more sturdy. You know, he stood here for a couple of hours like Fidel Castro, speaking. Well, I can’t even stand for ten minutes! So, I apologize if I address you here, sitting.

But, I'm a particular fan of the Bering Strait Tunnel idea, and the whole Land-Bridge. Particularly, I became a fan, when I found out that it is going to be finished—that is the railroad coming up to the tunnel and the tunnel itself, is going to be—sometime in 2027. And that will be my 100th birthday, you see! Somebody suggested at my celebration, naming the Alaskan station over the Bering Strait, the La-Rouche Station; and the railway station on our side, the Russian side of the Strait, as the Menshikov Station. I don't know whether this will happen. Of course, that's an overstatement, because actually I have nothing to do with this project, and I haven't participated—so, I think this will not happen.

But anyhow, I want to start with where LaRouche finished, and Helga also, just a moment ago. See, this is a unique project, in the sense that, it can't work if the U.S., Russia, China, and probably India also, do not actively participate in it. Russia—for the very reason that most of it is going to happen on its own territory. China is going to, because it's going to be the provider of quite a large part, I don't know exactly *which* part; I think close to a third, or a half even, of all the turnover over that railway, through the Bering Strait, and over Alaska, and going all the way into the United States, and even into South America.

And China is already becoming an industrial giant! I was very surprised, a couple of weeks ago, when I found out that this year China is producing 460 million tons of steel, which is more than four times what the United States produced. Think of China producing four times more steel than the United States! And also producing 9 million cars this year. I remember when I talked to Galbraith, we were discussing it 20 years ago, and he said, "China really can't produce that amount of cars." You know, we were talking about China catching up with the United States and the other countries, in terms of the economy, and he said, "It is simply not possible that China can produce so many cars."

Now, 20 years have passed, and it is already coming very close to the United States in terms of cars. Somebody even said yesterday to me, "But where are they driving?" Well, the fact is that they're using all that steel, and building new highways, and building new skyscrapers; it's rapidly becoming a modern country. And by the time the tunnel will be constructed, I think that a lot of traffic is going to go from China, through that route, into Alaska, into the United States, into Canada, into South America, because it could become a more economic way of shipping goods from China to other parts of the world.

But of course, there are Chinese guests here, also, and they can talk about China more than I do, and more competently.

Oligarchs and Neo-Liberal Policy

But let me just say a few words about the Russian connections.

What LaRouche said today struck me as being exactly relevant to this project. Why? He was talking about the empire. You know, one would think, "What was he talking about? This British Empire, and the United States taking up this empire idea: how does this relate to the project?"

As far as Russia is concerned, it relates very closely. Because, after the U.S.S.R. fell apart, and Russia became a separate country, the policy of the United States has always been to continue looking at Russia as a former rival, in the superpower confrontation. And the main purpose of the United States—whether the Brits told them that, or they themselves invented that idea—but that empire idea was to weaken Russia as much as possible, not just as a military power, which they succeeded in doing for a while, but also as an economic power and an industrial power. And to deindustrialize it. You might not realize, but Russia has been deindustrialized much more than the United States has, with all this globalization.

And the ways to do that were twofold. First of all, create an oligarchy in Russia, which they did. And what "oligarchy" means, LaRouche has been telling us this morning, very extensively. And the next, is to make Russia accept the neo-liberal concept, which they took also from the United States and its West European allies. The neo-liberal concept was to minimize the role of the state, minimize the role of the government in the economy. And by minimizing the role of the government in the economy, they would weaken Russia, because the private oligarchy would *not invest* in most of Russian industry. And that's what happened.

This year, 2007, Russia—only now—has reached the level of production, in terms of GDP, Gross Domestic Product, that it had in 1990, just before the Yeltsin counterrevolution, and before the reforms in Russia. It took a whole 17 years to catch up—Russia, to catch up with itself, so to speak. Think of all the wasted time, the whole wasted 17 years, catching up, just catching up to itself!

But that's not the whole story, because in terms of *industry*—and material, physical production, or I would say, material production (which is the same thing)—Russia is behind a full 30%. It can only be on the level in terms of GDP, because it produces 30% more of services! And many of these services are *financial* services, which as any economist knows who understands what physical economics is, means that Russia is backward now, in terms of industry and material production, backward even compared to where it was when the U.S.S.R. disintegrated.

And that all happened mostly in the times of Yeltsin, who accepted the concept of oligarchy, and he created the oligarchy. And he also let the government pursue this neo-liberal policy of minimizing the role of the state. This is mostly the result of his tenure as President of Russia. Russia under him, by the end of the '90s, became *half* of what it was, or even less than that, in terms of material production, than it was at the time of the disintegration of the Soviet Union.



Lyndon LaRouche, Helga Zepp-LaRouche, and Prof. Stanislav Menshikov in Kiedrich on Sept. 15. A change is occurring in Russia, toward re-emphasis on industrial policy, Professor Menshikov said. "To tell you frankly, there won't be any Eurasian project if neo-liberal policies in Russia continue, for the simple reason, nobody's going to invest in that project in Russia, if it is not the state that leads...."

EIRNS/Julien Lemaître

Now, after the big boom in the economy and industry that came under Putin, we of course recovered somewhat. But as I said, we were still backward, in terms of industry. Putin inherited that kind of oligarchical economy, with a predominantly neo-liberal government. And it took him quite some time to start fighting that structure. All of you know about how Mr. Khodorkovsky has been sent to jail for criminal ways of amassing his billion-dollar fortune. And other oligarchs have been thrown out of the country, or fled the country, because they were scared of being arrested and sent to jail.

But it took quite some time until he started doing those things. And even now, you could say that he is not fighting against the oligarchic system, which still exists to a large extent in Russia. But it's rather just putting the remaining oligarchs under more strict discipline. And why? The reason is very simple: These oligarchs are investing readily in industries where they can get a superprofit, and those industries are mainly industries that export goods abroad. Russia exports oil, of course; it exports gas, it exports steel, and non-ferrous metals—nickel, aluminum, etc. These are the industries that have reached the pre-reform level.

The oligarchs don't really invest in any other industries of Russia. And if you look at what's happening, for example, with machinery: Russia is not able now to produce a single—or rather *most* machine-tools, that are necessary in various areas of industry. You know, LaRouche has been talking about the United States being in danger of becoming such a country, by losing General Motors and the potential that it has. In Russia, this has already happened, because of the oligarchic structure, and because of the neo-liberal policy. But it's not only military industry or heavy industry, it's also

light industry, like footwear, like textiles, and so on. You should be surprised to know that our light industry, all this combination of industries, is now producing *ten times* less goods than were produced under the Soviet Union! And you should say, "Well, where do all those goods that are sold in Moscow shops come from? Where does all that so-called retail boom come from?" Most of it is imported goods. Russia is importing even that, not just machine-tools and machinery, but also that.

Now, it was only by 2003, that Putin really started attacking the oligarchy seriously, the oligarchic system seriously. And it is only the beginning of 2007, this year, that he has proclaimed an industrial policy, which is a policy to *reindustrialize* Russia, to rebuild those industries that have been destroyed. He first stated that in February of this year, and then made a big statement on the same subject in late April, in his State of the Union message.

Will Zubkov Continue Industrial Policy?

Up to now, industrial policy was taboo, in Russia. The neo-liberal government didn't use it at all. Now, a change is occurring. And I'm talking about this change, because I think it is prophetic that it comes at a time when we are discussing this Eurasian project. To tell you frankly, there won't be any Eurasian project if neo-liberal policies in Russia continue, for the simple reason that nobody's going to invest in that project in Russia, if it is not the state that leads, if it's not the government that leads. So, the change that has come about is propitious for what is going to happen, with the project: whether it's going to live, or not. Because without Russia, it can't go. It can't go through the sky, it has to go through Siberia; it has to go through Russia.



Russian Presidential Press and Information Office

President Putin (left) with his new Prime Minister, Viktor Zubkov, on Sept. 18. Will Zubkov continue the industrial policy which Putin only recently began, or will he vacillate, as his predecessor did?

And so, the turn to industrial policy made by Putin is very important. *But*, this comes at the end of his official second term as President of Russia. And we are all worried about what is going to happen next, and will that policy be expanded, and will that be continued after Putin leaves the Kremlin.

Well, just two days ago, as Helga mentioned, a new Prime Minister was appointed by Mr. Putin, and of course everybody's looking at him, not just from the point of view of Mr. Razbegin, who wants to know whether he is going to stay in his job or not. It's not just a question of whether this or that minister retains his job, but it's a question of what kind of fellow is this new Prime Minister, Mr. Zubkov? Which way is he going? Is he going to continue the industrial policy, the policy of reinvesting and rebuilding Russian industry? Or, he is going to vacillate, as Mr. Fradkov did, and Mr. Putin himself did up to a certain time, between neo-liberalism and a more active approach to the economy?

Well, I don't have much information on Mr. Zubkov, the new Prime Minister, except I know that he's a close friend of Mr. Putin. He is older than Mr. Putin; he is 66; Mr. Putin is about to pass his 55th birthday. So, this is a much older guy. But what is interesting, is that they have known each other for a long time, because they are neighbors in their dachas. You know what a dacha is in Russia—that's your country house. And so, Putin's country house is just neighboring to Mr. Zubkov's country house. And the other neighbor there, is the recently announced new Minister of Defense, whose daughter happens to be married to the new Prime Minister. You see how this is a close, family-like, neighborhood-like, dacha neighborhood arrangement.

Why is that important? I am saying that not just to make

a joke. It means that Putin has chosen a man whom he has known for a long time, and whom he believes in, whom he has faith in; whom he believes will be loyal to him, and will continue the line that he has now adopted. And perhaps, after a certain while, could step down, because he's already 66, and make way for Putin to come back, because he's still young, and he could still serve another eight years. So, it's a question of retaining the Putin line in terms of industrial policy. And I hope that Mr. Zubkov will go that way. So, I think that's good for the project.

But I have to make a certain reservation. You know, building a railway across Yakutia, and then across the north of Magadan Region, over into Chukotka and to the Bering Strait, it's like building a railway in a desert where practically nobody lives. Of course, there is a population, but there's a very sparse population; there are hardly any roads there, surface roads. Most transportation is done by air. There are some roads in the Magadan area, because that's the gold mine area of the former Soviet Union, and Russia today, and the same in Chukotka. Chukotka is a little bit developed now, because Roman Abramovich, the friendly oligarch—I mean the oligarch who is friendly with the Kremlin—he has been appointed Governor of Chukhotka, and has been investing some of his own money in Chukhotka. But he's only done that because he's afraid Putin may take away his other billions, like he did with Mr. Khodorkovsky.

Competing Projects

Anyhow, building a railroad over that deserted area, full of first taiga, then tundra, all the way up to the Bering Strait, is something that will compete with a lot of other projects, most of which are already known, and announced by Putin. Putin wants to build—just for example, not all of them—Putin wants to rebuild the civilian aircraft industry, which has been degraded in the reform years. And that means a lot of investment, a lot of money. He wants to rebuild the civilian shipping industry. And that, again, needs a lot of money. He wants to build our infrastructure—roads. Russia still is backward in terms of roads, particularly highways. You still can't go by a decent highway from Moscow to Vladivostok, without getting sucked in somewhere around Lake Baikal in a mess. But, also he wants to build from 20 to 30 new nuclear power plants, and has just bought a lot of Australian uranium, for that purpose. Just think of the amount of investment you have to make to build 30 nuclear power stations in Russia! Also, there are other projects, like tripling the amount of housing construction in Russia in the next 10 or 15 years. Building a lot of new airports, modernizing the old airports; building new seaports, and reconstructing the old ones; building a lot of pipelines, both oil and gas.

Just consider that amount of investment that is going to

compete with investment for this railroad going through the desert into the Bering Strait, and you will see what the difficulties are. Even though the government seems to be favorable towards this project, but there will be serious competition there. And I'll not be surprised if that project could be delayed at some point.

But, I have big hopes in China participating. This should be an international project; this should not just be a Russian project, building that railroad. Russia by itself will probably not be able to amass all the investment to build that kind of a project alone. It has to come together with the other countries.

Now, of course, nothing can be done without the United States. But ask yourself the question: Does the United States want that railroad, or not? Maybe the Governor of Alaska wants it. But does the United States want that railway, which is going to bring a flood of Chinese goods into the American continent? And maybe help deindustrialize America? I don't know. But these are the problems that one should consider when we are talking about this project.

It is a great project. I think it is a project that can solve a lot of contradictions in the world. It can solve a lot of questions pertaining to the rivalry among China, the United States, Europe, and the other upcoming countries. And even though China is projected to surpass the United States, in terms of economic activity, by the early '20s, producing 23 or so percent of total world GDP, compared to only 17% by the United States; Russia is producing more, 5.5% by that time; India producing about 6%, about the same as Japan. And all the European countries lagging somewhat behind.

But this will be a new world. A world which will be turned upside-down. It will have a new industrial center, and it will have a new periphery, so to speak. And the way that world will look is something for us to explore. The Bering Strait project is a very important project, which will help solve the issues that will come up, and prevent a clash between the great powers, and it is one way of cooperating, but it also means that the great powers will have to change their policies, and that applies also to the United States. It's not just the Bush policy, it's all the previous policies except for Franklin Delano Roosevelt.

The overall conclusion is: Yes, this is a project that is becoming real. But we have to look at it as the only way, as Lyn put it, to save this civilization. It is one of the tools of saving this civilization, but it's also a very difficult task. And it also means a radical change in political and economic policies in most of the countries of the world.

Thank you.

Build Worldwide Support

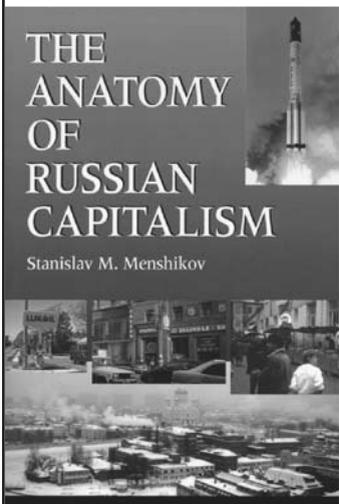
Zepp-LaRouche: I should just say that, while the worries of Professor Menshikov are well taken, I would like to add a little more optimistic note, because we are in truly revolution-

ary times. The old system is definitely coming to an end, and we are really talking about reconstructing the world from a potential rubble-field.

I should also note that one important American, outside of Mr. LaRouche, who would have liked to be here, except he had to chair his own conference, which was pre-scheduled, is very much for the Bering Strait. That is the former Governor of Alaska, Walter J. Hickel, who just gave an interview to *EIR* about this project.

We plan to organize a constituency, both in the United States and in other countries. You mentioned the Chinese, already. The Japanese, and even the Koreans, want to be part of this project. We don't approach this as just simply something which is going to happen, or not going to happen, but since the very survival of civilization depends on our ability to put this program of a global reconstruction on the table, I think that it really will happen.

I should say that we talked to Academician Alexander Granberg at your [Professor Menshikov's] birthday party. He would have been here, except that he has another important conference, in Khabarovsk, this very weekend. So, there is, right now, tremendous excitement over this project in many countries of the world. We should take it as a fighting perspective.



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Eurasia-North America Multimodal Transport

The presentation prepared for the Schiller Institute conference by Victor Razbegin, deputy chairman of Russia's Council for the Study of Productive Forces (SOPS), was introduced by Helga Zepp-LaRouche, presiding, and Rachel Douglas of EIR, who delivered Dr. Razbegin's report in his absence.

Rachel Douglas: Good afternoon. I am honored to have the chance to give you the presentation of Victor Razbegin, which I received from him yesterday afternoon, when it became clear that he would not be able to be here.

Dr. Razbegin is an economist. He is the deputy chairman of the Council for the Study of Productive Forces (SOPS). He has been the public face of the Bering Strait project in Russia, appearing on national television on April 18 of this year, just a few days before the Megaprojects of the Russian East conference series was inaugurated on April 24 with a special conference on the Bering Strait.

During the run-up to our conference, and in the process of it's becoming clear that he couldn't come, Dr. Razbegin, and Academician Alexander Granberg, extended their greetings to the conference, their wishes for its success, and their happiness that serious numbers of people at serious levels in Europe, and from other parts of the world, are paying attention to this project, in particular.

Dr. Razbegin's Remarks

The project for a Bering Strait infrastructure crossing (**Figure 1**) goes back to the late 19th Century, when the first proposals were made for a railroad to the Bering Strait, through Yakutsk and along the coastline of the Sea of Okhotsk.

In 1902-05, the French explorer Loicq de Lobel proposed an intercontinental railroad across the Bering Strait, on a concession basis.

In October 1906, the Russian Government Commission on the Great Northern Route supported Lobel's plan, and called for expediting work on the project. In March 1907, however, the Russian government terminated the contract, having decided its terms were not favorable.

In April 1918, the Bolshevik leader V.I. Lenin, just a few months after taking power, addressed the All-Russian Executive Committee on the need to intensify railroad construction, including toward the Bering Strait. During the Soviet period, in the 1930s and the 1950s, an Arctic Railroad was planned, from Vorkuta in the northwest to Anadyr in the northeast, and



1,700 km of this railroad was built, from the western end.

In 1991, an international non-profit corporation called the Interhemispheric Bering Strait Tunnel and Railroad Group (IBSTRG)—also known as “Transcontinental”—was officially registered in Washington, D.C. Its founding members from the American side were the State of Alaska, the American Railroad Association, a native

peoples association that owns land along the Bering Strait, and several large railroad, construction, and consulting companies, as well as firms that specialize in raw materials extraction and processing. The American president of the IBSTRG is George Koumal.

At the same time, a Russian section of the IBSTRG was registered, with myself, V.N. Razbegin, as president.

Between 1992 and 1996, the IBSTRG did preliminary studies for the project, the findings of which were submitted to the Russian and U.S. governments. In March of 1996, the U.S.-Russian Intergovernmental Commission (at that time it was the Gore-Chernomyrdin Commission) recommended support for the Project as “having great potential.” The sum of \$10 million was allocated in the U.S. Federal Budget for studies, but these funds were not disbursed. That same month, the government of the Russian Federation received a draft decision document, defining the need for a set of feasibility studies on the potential for a multimodal corridor. The Russian institutions that would be involved were the Railways Ministry, the Ministry of Construction, the State Committee for the North, the Main Administration of the Chukotka Autonomous Region, and the CEOs of UES (the national power utility) and the Transstroy construction agency, as well as the Siberian Division of the Russian Academy of Sciences.

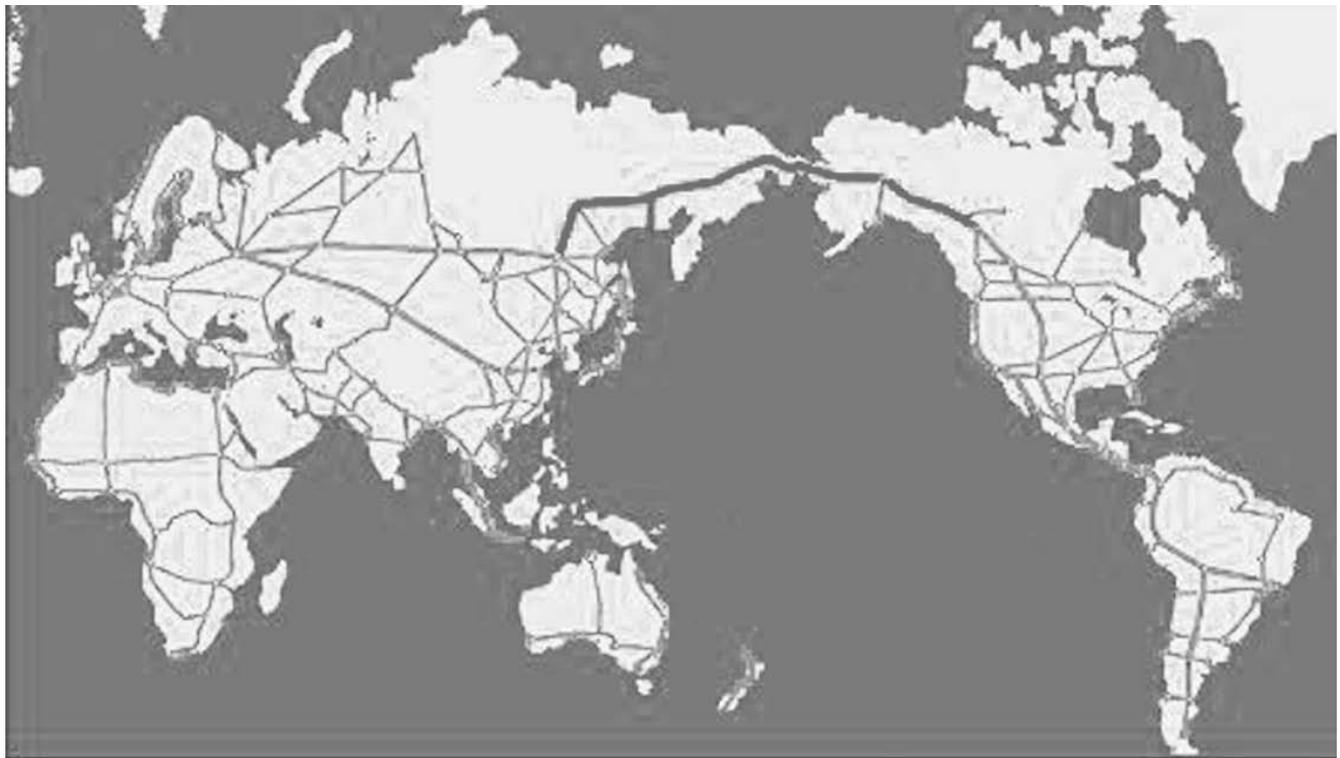
Prominent persons who have supported the Bering Strait project, and infrastructure development in Russia's northern and eastern regions in general, have done so with reference to the national interests of Russia, as well as the interests of other countries around the world.

President Vladimir Putin, in his May 2004 Message to the Russian Federation Federal Assembly, his annual State of the Federation message, said, “With consideration of Russia's size and the remote geographical location of some Russian territories from the political and economic centers of the country, I would say that development of transportation infrastructure is more than merely an economic task. Its solution has a direct effect not only upon the state of affairs in the economy, but upon the integrity of the country as a whole.”

More recently, at the April 10, 2007 government confer-

FIGURE 1

The Intercontinental Eurasia-America Transport Link



The dark line from Asia to North America shows the proposed link across the Bering Strait.

ence where the Russian Railways strategy for the development of Russia's railroads until 2030 was preliminarily outlined, President Putin said, "We need to make the sparsely inhabited regions of the country, and promising industrial zones, accessible by transportation.... In effect, this will mean the development of these sparsely inhabited regions of the country."

First Deputy Prime Minister Dmitri Medvedev, addressing the Davos World Economic Forum in January of this year, said, "The Russian economy will ... fully take up our historical mandate as the energy and transportation center of Eurasia."

The famous Russian writer and thinker, Alexander Solzhenitsyn, has warned, "It is unimaginable that an overloaded planet will continue to quietly tolerate the neglect of and failure to develop the great expanses of Russia."

And, from the American side, there is the succinct question of former Governor of Alaska Walter Hickel: "Why war? Why not a big project?"

The need to create a combined multimodal transport corridor that would link four out of the six continents of the globe is obvious to everyone today. Scientists have already succeeded in solving practically all of the technical tasks connected with laying this route. Upon examining the pre-

liminary construction plan in detail, it becomes clear that the proposed route is neither longer, nor much more complex, than some other transport arteries that are already operational.

The permafrost and harsh conditions of the extreme North are not an obstacle for the builders, since Russia has vast experience in construction in similar climatic zones. Though laying a tunnel under the Bering Strait will require complex engineering solutions, it is also quite possible. World experience in recent decades demonstrates that such routes under straits can be successfully operated, even in countries with high levels of seismic activity.

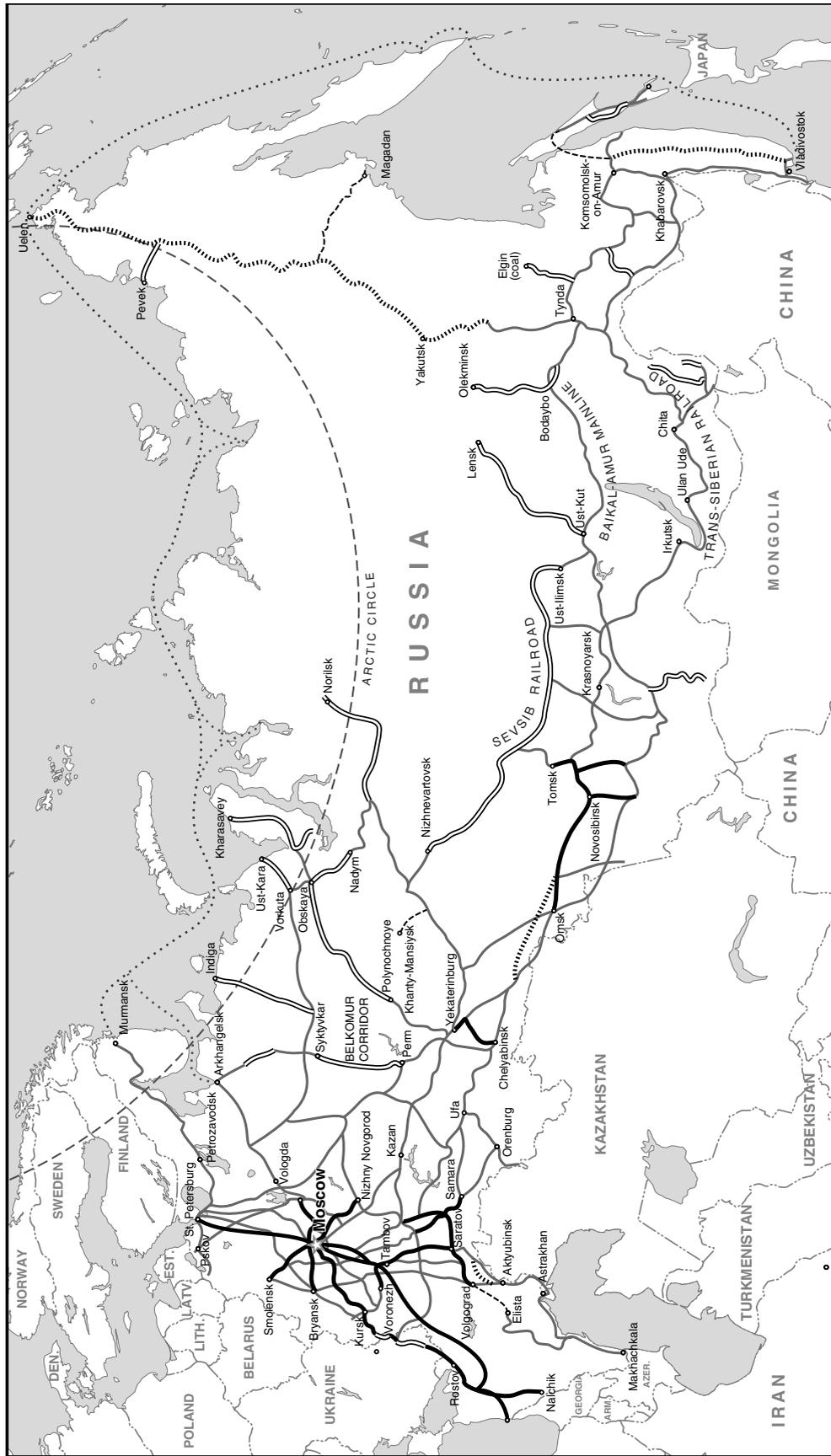
In the very recent period, there have been a series of official actions by the Russian Government, to advance the project.

In March 2006, under a mandate from President Putin, a decision was taken to include a railroad from Yakutsk to Magadan, in Russia's transportation strategy for the period to 2020.

Then, in February of 2007, it was decided that planning for the Yakutsk-Uelen railroad, with the first segment going to Magadan, would begin this year. Construction would start in 2009, with the segment being finished by 2015, in conjunction with completion of the Ust-Srednekansk hydroelectric

FIGURE 2

Planned Russian Railroad Development to 2030



Existing railroads
 Planned high-speed rail corridors
 New freight railroads
 New railroads of strategic importance
 New railroads of social importance
 Northern sea route

This EIR map of projected rail construction is based on a Russian Railways map titled "Prospective Topology of the Russian Federation's Rail Network Development until 2030," which was presented by a Russian Railways spokesman at the April 24, 2007 conference on the Bering Strait tunnel project. The SOPS organization, of which Victor Razbegin is deputy chairman, sponsored that Moscow event. Among the "railroads of strategic importance," planned for construction between 2015 and 2030, is the 3,500-km line from the Lena River near Yakutsk to the Bering Strait at Uelen. Its spur to the coastal town of Magadan is designated as one of the "railroads of social importance," which are connections to cities that would otherwise be isolated. The Yakutsk-Magadan rail segment is to be finished by 2015.

FIGURE 3
The Global Transportation Network



The main international transportation corridors between Europe, Asia, and the Americas including sea lanes (dotted lines) and rail lines. The two main sea routes are through the Suez Canal between the Eastern Mediterranean Sea and the Red Sea, and around the Cape of Good Hope at the southern end of Africa. The Northern Sea Route along Russia's Arctic coast figures in Russian plans. The 9,200-km Trans-Siberian Railroad was built over 100 years ago as the first Eurasian Land-Bridge; it has a more northerly, late-20th-Century parallel branch in Russia's Far East, the Baikal-Amur Mainline (BAM). Currently under development are three more corridors: the European Union-initiated TRASECA lines into Central Asia; the North-South Corridor, a combined sea and rail route from India through Iran and into Russia; and the revived Silk Road, or second Eurasian Land-Bridge, which Russian rail experts call the Trans-Asian Mainline (TAM). The map shows the Intercontinental Link (Russian abbreviation TKM) across the Bering Strait, as projected construction.

power plant and the first unit of the Southern Yakutsk hydroelectric complex—the Kankunsk hydroelectric plant. Then-Prime Minister Mikhail Fradkov took part in a meeting on this perspective, which was held in Yakutsk.

On Sept. 6, 2007, just a week and a half ago, the Russian government approved the “Strategy for Railroad Development in Russia to 2030.” It includes the line from Yakutsk (right branch of the Lena River) to Uelen, coming out at the Bering Strait, as one of the priority projects of strategic significance, social importance, and for freight. (Figure 2)

The Intercontinental Link will be a multimodal corridor, including:

- A two-track, totally electrified, high-speed rail mainline Yakutsk-Zyryanka-Uelen-Fort Nelson (Canada), total length 6,000 km
- An electric power transmission line, with up to 1,500 KV direct current, and capacity of 12,000-15,000 MW
- Fiber optics telecommunications lines
- Oil and gas pipelines

The option of laying an oil and gas pipeline together with the transport line is under active consideration. So far, there has been some discussion of the feasibility of combining it with the route. If this comes to pass, it will become yet another important economic advantage of building the multimodal route. It will create the economic preconditions for developing promising offshore oil and gas deposits in the Sea of Okhotsk, as well as in the waters of the northern oceans.

The Intercontinental Link Project is of global importance on several counts. It will unite continental transportation lines into a single global network, create an international transport corridor, and make it possible to organize large-scale freight transport between Eurasia and America. This will accelerate global economic integration, opening up new opportunities for sustained development of the world system. In particular, it will be possible to develop the

northern regions of Russia, the U.S.A., and Canada, linking their enormous natural resources to world markets.

The project will have a positive impact on international political relations.

In the global transportation network, we can identify the main transportation corridors between Europe, Asia, and America, and how long they are (Figure 3):

| | |
|---|-----------|
| Trans-Siberian Railroad: | 9,200 km |
| TRASECA: | 4,500 km |
| North-South corridor: (India—Iran—Russia) | 6,500 km |
| Trans-Asia Mainline: (the revived Silk Road) | 11,700 km |
| Intercontinental Link Project: | 6,000 km |
| Northern Sea Route: | 5,600 km |
| By sea—through Suez Canal: | 21,500 km |
| By sea—around Cape of Good Hope: | 29,100 km |

The Intercontinental Link across the Bering Strait is the miss-

ing element in the global transportation network. This 6,000 km-rail line could potentially carry about 500 billion ton-kilometers annually, or 3% of world rail cargo flows.

What would this 3% of world rail cargo look like? We project an increase from a potential total of 238.5 million tons in 2005, to nearly 350 million tons in 2030. Some flows would be from Eurasia to North America, and some in the opposite direction.

A portion of the traffic would be so-called “transit shipments,” i.e., goods that are neither produced nor to be consumed in Russia, but are shipped across Russian territory. According even to the most conservative estimates, the volume of transit shipments will reach about 70-90 million tons annually. These are average figures, taken from calculations made by Russian and foreign economists, and they amount to just 15% of the estimated goods traffic. Even this level would generate around 10 billion rubles of revenue, even at low Russian railway tariffs.

Freight volumes through the tunnel, by commodity, were estimated in a study by the U.S. engineer Hal Cooper and his colleague, Anneli Avatare (Table 1).

The projected Bering Strait rail crossing will knit together the entire rail networks of Eurasia and North America. Projected tunnels between the Russian mainland and Russia’s Sakhalin Island, and between Sakhalin and Japan’s northern island, Hokkaido, will connect Japan, as well..

The route of the tunnel across the Bering Strait (Figure 4) can be seen from space, with Big Diomedes Island and Little Diomedes Island visible in the middle.

The length of the rail lines for the Bering Strait project has been estimated for various route options.

Yakutsk-Uelen rail line (estimates by the Mosgioprotrans Company)

| | |
|---|-----------|
| Northern option: Yakutsk-Zyryanka-Uelen: | 3,850 km |
| Southern option: Yakutsk-Susuman-Markovo-Anadyr-Uelen: | 4,020 km |
| Yakutsk-Magadan segment: | 1,560 km |
| Wales-Fairbanks-Fort Nelson (Canada) rail line (estimates by Hal Cooper): | 1,925 km |
| Tunnel under the Bering Strait (for different options): | 98-113 km |

The next most significant economic advantage of the project, after freight transport, is the creation of a Russia-America “power bridge.” The multimodal transport corridor can pro-

TABLE 1
Freight Volumes Through a Bering Strait Tunnel

| Commodity | Direction | Volume (Millions of Tons) | |
|----------------------------------|--|---------------------------|--------------|
| | | 2005 | 2030 |
| Oil | Russia-N. America | 27.0 | 108.6 |
| Refined Petroleum Products | N. America-Russia | 9.1 | 18.2 |
| Multimodal Freight | Russia, Asia, Europe-N. America (and the opposite direction) | 16.3 | 45.3 |
| Grain and Other Foodstuffs | U.S.A.-Russia, Asia | 11.8 | 27.3 |
| Coal | U.S.A.-Asia | 4.6 | 13.7 |
| Timber | Russia-U.S.A., U.S.A.-Asia | 4.6 | 9.1 |
| Machines and Metal Products | U.S.A.-Russia | 7.3 | 18.2 |
| Minerals, Chemicals, Fertilizers | Russia-U.S.A., U.S.A.-Russia, Asia | 4.6 | 16.3 |
| Other | U.S.A.-Russia | 0.9 | 1.8 |
| Total | | 86.2 | 259.5 |

Source: Hal Cooper and Anneli Avatare.

vide the preconditions for uniting Eurasian and American power networks with the construction of an electric power transmission line with capacity of 12,000-15,000 MW. This will make it possible to exploit an intra-system power-saving effect, taking advantage of the “overflow” of unutilized power between different time zones and climatic belts. Economies from this integration of energy systems and electricity transmission will be the equivalent of commissioning several major new power plants. Such savings will reach \$1.7 billion annually for Russia alone.

The multimodal route will open up access to the world’s largest hydroelectric power potential, in Eastern Russia. In addition, it is planned to build a number of environment-friendly tidal power plants in the general region of the project, such as at Russia’s Penzhinskaya Bay, and Cook Bay on the North American side. These large, tidal power plants, together with efficient hydroelectric power plants (Figure 5), can establish a Russia-America power bridge with a capacity of 10,000 megawatts, which, in turn, may allow the export of several tens of billions of kilowatts of electricity from Russia to the U.S.A. In the future, the energy networks of China and Japan can be hooked into the Russia-U.S.A. “power bridge.”

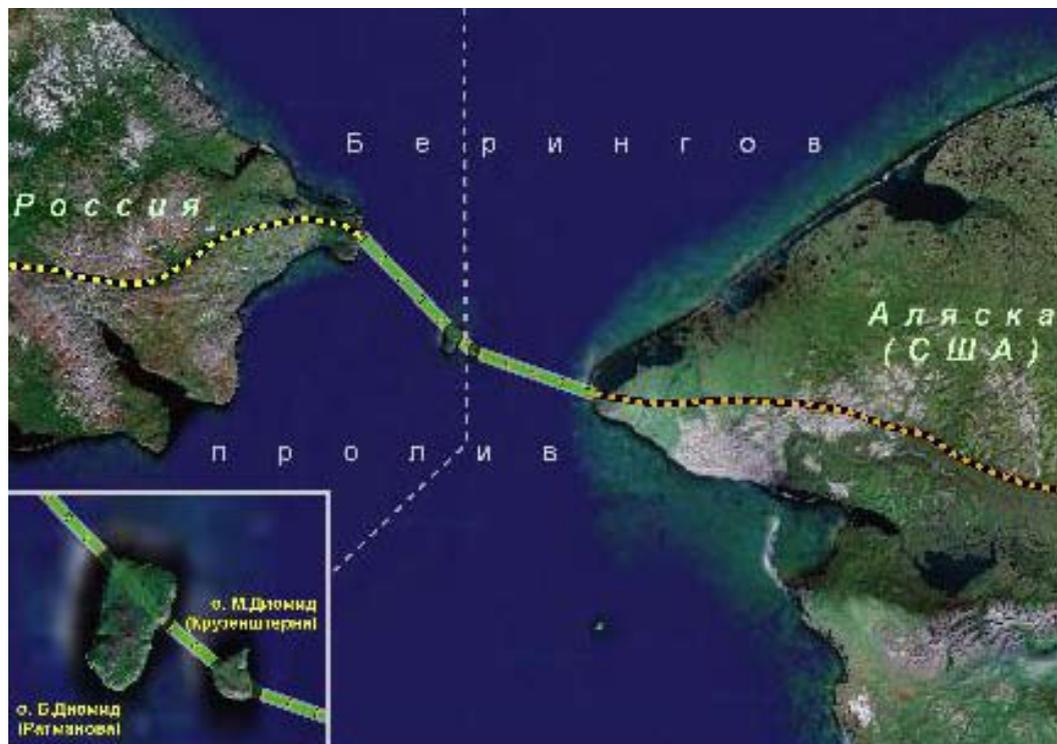
Construction of power stations exploiting tidal potential:

| | |
|---------------|---------|
| Penzhinskaya: | 10.5 GW |
| Tungurskaya: | 5.3 GW |
| Cook Bay: | 9.4 GW |

With the construction of the power bridge, there will be increased benefits from development of the Southern Yakutia Hydroelectric Complex.

The capital investment required for the Intercontinental Link Project has been estimated by the IBSTRG as follows:

FIGURE 4
The Bering Strait From Space



The route of the tunnel across the Bering Strait is projected onto a satellite photo of the strait, where Russia is on the left and Alaska (U.S.A.) is on the right. In the middle of the strait (inset), straddling the International Dateline, are Russia's Big Diomed Island and, on the American side, Little Diomed Island.

Billions of U.S. dollars:

| | |
|--|--------------|
| Yakutsk-Uelen (Russia): | 9.5-11.5 |
| Wales (Alaska)-Fort Nelson (British Columbia): | 2.5-3.5 |
| Total for railroads: | 12-15 |
| Tunnel construction: | 10-12 |
| Electric power industry, including intercontinental transmission line: | 23-25 |
| Other (social infrastructure, fiberoptics lines, etc.): | 10-15 |
| Total: | 55-67 |

These estimated costs may be compared with **projected revenues from various aspects of the project, also shown in billions of U.S. dollars:**

| | |
|--|----------------|
| Development of natural resources and social development of the region: | 25-30 |
| Freight transshipment revenue: | 8-10 annually |
| Electric power economies: | 18-20 annually |
| Other effects: | 10-15 annually |
| Time to recoup investment: | 13-15 years |
| Internal Rate of Return (IRR): | at least 10% |

The Intercontinental Link is important as a national project for Russia. It will give Russia a greater geopolitical presence in the Asia-Pacific Region and an improved position in world

transportation services markets, as well as energy and industrial markets. It will be an important link in Russia's own transportation network, linking northeastern Russia to international transportation corridors, thus activating the potential of the country's transportation network.

Construction of the corridor will also be the precondition for the intensive economic development and population of northeastern Russia, providing year-round transportation access, reduced transportation costs, and competitive advantages for key manufacturing. It can improve living standards, create new jobs, and reverse out-migration from the region.

Remember again what President Putin said last April: "We need to make the sparsely inhabited regions of the country, and promising industrial zones, accessible by transportation.... In effect, this will mean the development of these sparsely inhabited regions of the country."

At the same time, the Transcontinental Link is a project of worldwide importance. As I mentioned, it can account for 3% of world rail freight in 2005 prices, and produce a 0.3% annual increase in world GDP. The increase of goods circulation, internationally, could be stated as \$300-350 billion annually.

The project will give the U.S.A., Canada, and the nations of South America direct access to China, Southeast Asia,

FIGURE 5

The Intercontinental Link: Electric Power Generation and Transmission



The map shows planned and potential power plants and electric power transmission lines in the Bering Strait project region, from the Russian side. The power plants shown are hydroelectric dams on Siberia's great rivers, except for Penzhinskaya and Tugurskaya stations on the coast, which will utilize the tides.

Central and South Asia and beyond, for their products and technologies. At the same time, the Asia-Pacific Region will gain regular and mutually beneficial access to Siberia's resources.

The project can bring about a shift toward civilian industrial production, as against military. It will mean a demilitarization of world trade, serving as an incentive for economic integration.

First, however, the full impact of the project on the basic environment, as well as the availability of the needed resources, must be evaluated.

As a transnational project, the Intercontinental Link can improve international relations. It is a project that can change the world. It pulls together creative energies. Instead of putting up ABM systems, we can create a zone of international cooperation.

Transnational infrastructure projects are the only real alternative to confrontation, including military confrontation, between nation-states and peoples.

In conclusion, here are proposals for advancing the project.

1. At the close of the 20th Century, the non-profit IBSTRG drafted preliminary agreements on the stage-by-stage creation of an international joint-stock company to carry out the studies, design, and implementation of the Project. These can be used as the basis for developing proposals, in order to obtain the government financing that is needed for the project, backed

up by special international agreements.

2. The April 24, 2007 conference in Moscow prepared an Appeal to the Heads of State of Russia, the U.S.A., and Canada, as well as other interested nations, to sign a joint inter-governmental agreement on a program of studies for the Project.

3. A decision to implement the Project could be adopted by the Presidents of Russia, the U.S.A., and Canada, as was done by the leaders of France and Great Britain for the Euro-tunnel in the 1980s. For this, however, it will be necessary first to work up the Project design studies, survey work, and financial structuring, which will take approximately three years.

4. An international pre-feasibility study program for the Project was developed and agreed upon in principle in 1996. An updated version is in preparation. From \$30 million to \$50 million funding is needed.

5. The Project should be internationally financed in the framework of the intergovernmental agreement that would be signed, on principles of government-private partnership, with the most efficient approach being for management of the Project to be done by a private company, selected on a tender basis.

6. There will be important roles for the UN Development Program, the EBRD [European Bank for Reconstruction and Development], and the World Bank, as well as other major political and financial organizations.

Dr. Sergei Cherkasov, and
Academician Dmitri Rundqvist

Raw Materials and Russian Infrastructure

Dr. Sergei Cherkasov of the Vernadsky State Geological Museum, Russian Academy of Sciences, spoke on behalf of himself and the Museum's scientific director, Academician Dmitri Rundqvist. Their presentation, which included slides, was entitled: "Infrastructure Corridors in Russia—Pros and Cons: A Raw Materials Approach." We provide a selection of the graphics here.

Academician Dmitri Rundqvist and I decided to give our talk together, but he was not able to come. He's the president of Russian Minerological Association, and right now he has a



EIRNS/Julien Lemaître

Dr. Sergei Cherkasov underlined that while there are formidable problems on the path of constructing the Bering Strait connection to America, there are also major social-political decisions to be made.

conference of this association in Yekaterinburg. But he sends his best regards to all the participants of this forum.

And we decided to show what this Land-Bridge can mean from the standpoint of mineral resources. There will be three parts of this presentation. First of all, I will talk about the current situation in mineral resources. Then, this is a period when Russia is re-evaluating its resources, especially in the Northern parts and in the Far Eastern parts. And from here, we will see what challenges and what solutions we can have, from the standpoint of mineral resources, in relation with land-bridges.

Through the history of humanity, we used more and more different elements. In antiquity, people made use of only 18 of the elements. By the 19th Century, after the Industrial Revolution, 67 elements were in use. Since the harnessing of the atom and the synthesis of new elements in the 20th Century, almost the entire Periodic Table of the Elements has been used by human beings.

And in the same way, we had changes in the Russian territory. We have a series of maps, starting before 16th Century: Using different points to show different deposits that were developed in those times. [Historical map series of the growth of the Russian state and the discovery of mineral resources is omitted here.—ed.] [Kuznechny, shown in photo] is one of



The industrial city of Norilsk above the Arctic Circle, in Winter.

FIGURE 1
Russia's Share of World Resources and Reserves vs. Production and Consumption

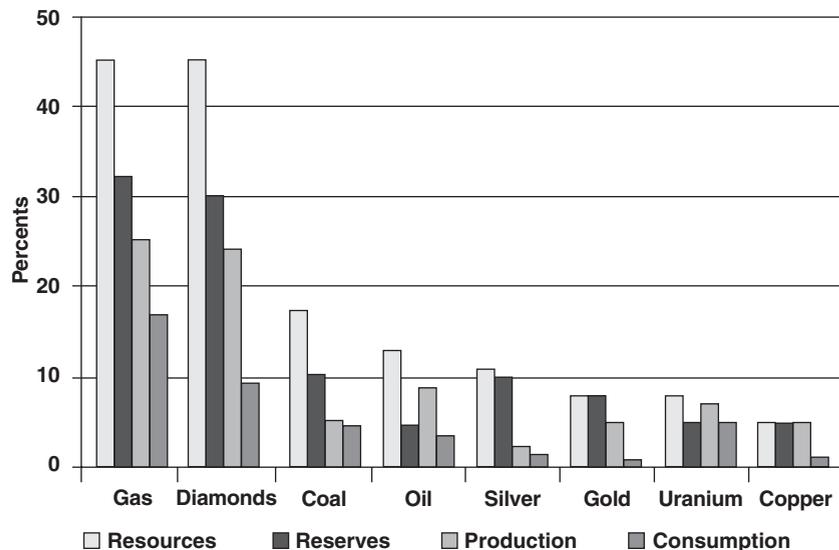
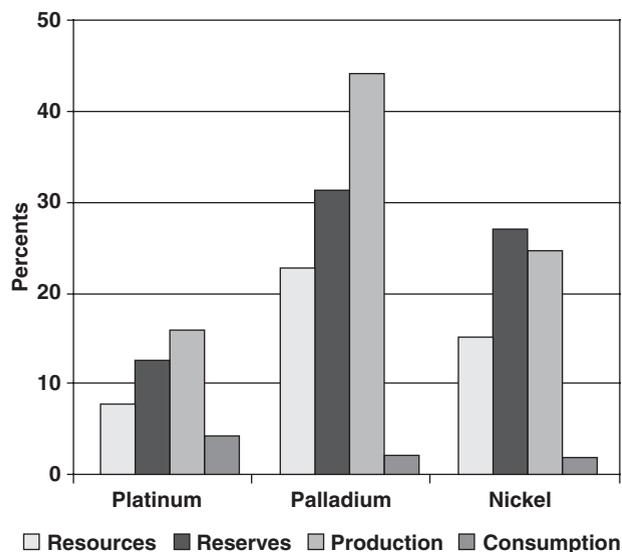


FIGURE 2
Russia's Share of Platinum Group Metals, Resources and Reserves vs. Production and Consumption



the ancient open pits, near St. Petersburg. Then there was an expansion, and the expansion went in different ways. First of all, the government of Russia was interested in developing new territories beyond the Urals. I know people living now in Krasnoyarsk, whose family walked from the European part to the East, and they got land for free; they developed the land, and as much land as they could develop, they could have.

At the same time, exploration techniques developed: The open pits became bigger. Now, in the 20th Century, we already had a number of large deposits, and we had such open pits, such as the Lebedinsky open pit for iron ore [see photo, p. 43]. It looks quite impressive.

Today, Russia, having 20.5% of the world's land area, has 3% of world population; 22% of the forests; 20% of fresh water; 30% of the total area of the shelf; and 16% of the mineral resources.

Our geological knowledge about Russia's territory varies by region. For most of Russia, we have 1:200000 geological maps. It means that observations have been made every 2 kilometers. You can imagine what it means, in terms of mineral deposits. Mineral deposits sometimes are something like just tens of meters in size. Theoretically, and we are confident of that, a lot of mineral deposits in Russia are still undiscovered.

About 30% of Russian territory is covered by 1:50000 geological maps (observations made every 500 meters). So we have some areas which are better explored, but still not well enough to be sure that nothing is missed. In the State Register we now have about 9,000 mineral deposits.

But what I can add to what Professor Menshikov said about the Russian situation: First of all, here you may see that, in terms of resources and reserves, Russia has a relatively big share in world resource reserves (Figure 1). But, it has much less of a share in production, and a very small share in consumption. It looks a bit different, just for the platinum group elements and nickel (Figure 2). But the platinum group elements and nickel are being mined mainly in Norilsk, which is far above the Arctic Circle. The photo on p. 43 shows a regular Winter day in Norilsk. The first house was built in Norilsk something like 50 years ago.

But what is important, also, and I agree with Professor Menshikov on that, is that beginning with all these changes in Russia, our economy became export-oriented. **The share of production of different metals and resources, which goes for export,** looked as follows in 1999:

| | |
|-----------|-------|
| Oil: | 57.3% |
| Gas: | 32.0% |
| Coal: | 12.0% |
| Iron ore: | 14.9% |
| Copper: | 85.0% |
| Nickel: | 91.0% |
| Zinc: | 59.0% |
| Lead: | 9.1% |
| Tungsten: | 96.0% |



An oil-drilling site in Siberia during a snowstorm.

These data are not from this year; they are the data from a few years ago. But there was a year, 1996, when we exported almost 417% of our production of uranium. One year, we exported 356% of the amount of molybdenum produced in the country. That means that all of our reserves were simply being sold.

Nevertheless, this is the distribution of mineral resources by Federal District (**Figure 3**). And when you see the very big figure of 53% in the center, the Ural Federal District, it is due to very well developed oil and gas provinces, east of the Urals. The relatively low figure in the East shows that the area, in fact, is not very well explored.

Also, the climate, of course, influences all these things. If you compare the total price of subsoil mineral resources in the different districts, with the annual degree-days below zero, you may see that, for example, in the places where the Land-Bridge is being planned, for most of the year, we have temperatures below zero. Of course, that makes for some difficulties, as a picture of oil production in Siberia shows.

But at the same time, mineral resources have become more and more important. In the last 40-45 years, we have utilized the biggest part of the resources in relation with human history: 85% of the oil, 50% of the coal, and 50% of the iron that was produced throughout human history.

And Russia is really rich. Looking at a list of commodities which are very well known in Russia, you may see that Russia's resources, in relation to world resources, is impressive.

In the area of energy resources, Russia has 32% of the world's gas, 12-13% of the oil, and 12% of the coal—looking just at the world's explored reserves. Russia has 40% of the world's platinum and 90% of the palladium. If we look at rare Earth elements, Russia has 35% of the niobium, 80% of the tantalum, 50% of the yttrium, 28% of the lithium, 15% of the beryllium, and 12% of the zirconium. Russia's share of other metals used in industry is 36% of the nickel, 27% of the iron ore, 27% of the tin, 20% of the cobalt, 16% of the zinc, and 12% of the lead. Russia also has agrochemical ores, ranking first in the world in deposits of potassium salts, and second for apatite and phosphorite. Russia has the largest diamond resources in the world, and ranks third in gold.

So, why are we re-evaluating our resources at the moment? First of all, the growing demand, and the growing demand not only in relation with earlier known ores and metals, but the spectrum of metals that are being used is changing. And by the way, one of the most successful mining companies in Russia, Norilsk Nickel, is that successful because of the just incredible rise in the price for palladium. At the same time, we discovered new types of ore deposits. For example, in Northern Russia, we know now about oil-titanium deposits. So, it means in some sands there is oil, but the sands are represented by heavy minerals—ilmenite and others.

Then, there are new extraction technologies. They make it possible to develop deposits, which before were just impossible to develop. For example, there is an underground leaching technology. And last year, when I went to Uzbekistan, along the road, for something like 300 km, you may see pipes; from the earth, all the pipes are connected in one system, and they just pump some solution into the pipes; and from the other pipes, they just take it out, already with uranium in it.

FIGURE 3
Distribution of Mineral Resources by Federal District

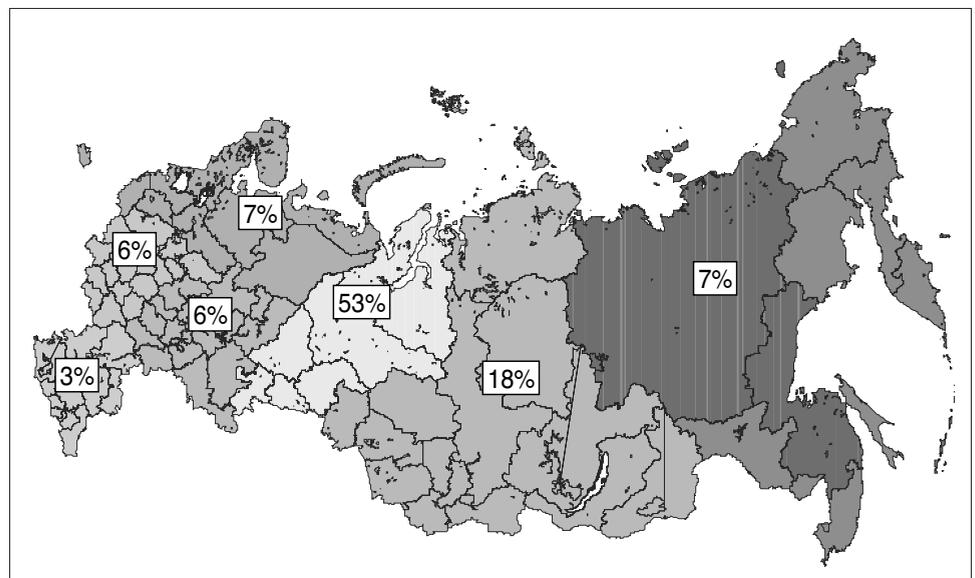
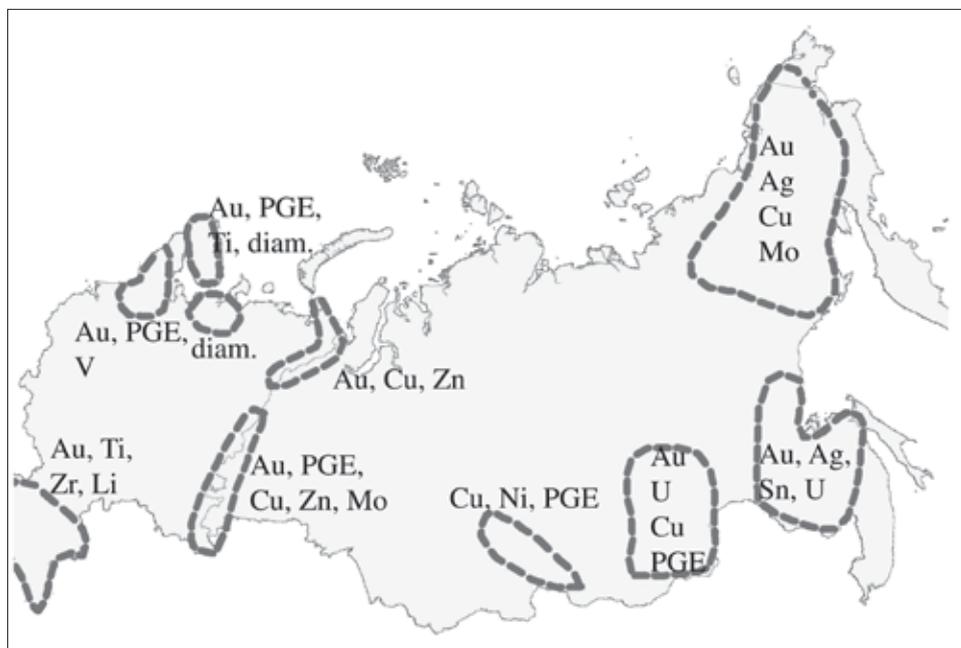


FIGURE 4
General Results of Russian Academy of Sciences Program on Large and Superlarge Mineral Deposits



And it allows us to mine very low-grade deposits.

And from the economic standpoint, one of the most important things is that the methodology for evaluation of mineral deposits is different in the U.S.S.R., in Russia, and in the Western world. I can say that over the last year, I have participated in four expert evaluations, where the task was to re-evaluate already well-known mineral deposits. Two more are planned before the end of this year. Also, we have state programs, and there have been some published results of the state's programs on re-evaluation of Russian mineral resources. The first book has been published by the Karpinsky All-Russia Geological Institute, and a second one by the Okeangeologiya National Research Institute, also in St. Petersburg. And we ourselves, at the Russian Academy of Sciences, have produced a book titled *Large and Superlarge Mineral Deposits* and, together with the French Geological Survey (BRGM), a CD-ROM called "Largest Mineral Deposits of the World."

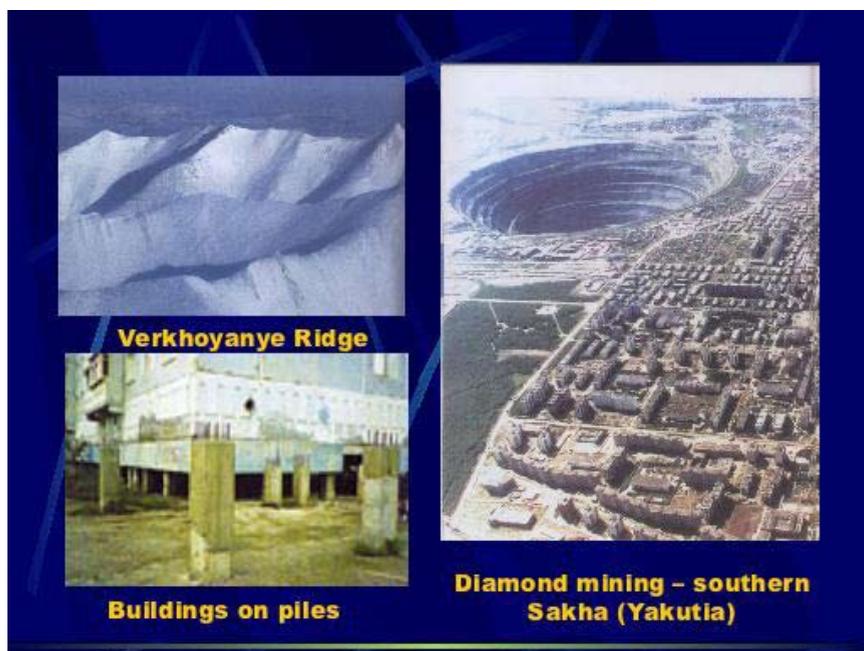
This is a result of the re-evaluation made within the framework of the Academy of Sciences program on large and super-large mineral deposits (Figure 4). And you may see the regions which we believe

to be the most promising in terms of new discoveries of mineral deposits. If you compare this map with a map of existing railroads along the Urals, and the new railroad that is being built northwards from Yekaterinburg [see Figure 2 on p. 38, showing "new freight railroads" north of Yekaterinburg—ed.]; it connects the Industrial Urals and Arctic Urals. Expected investments in the Industrial Urals-Arctic Urals project include \$2.4 billion for the 1,000-km railroad, and \$3.5 billion for energy infrastructure.

New, projected pipelines in Siberia and the Baltics region are also important, as is the projected land-bridge from Yakutsk to the Bering Strait. We are not professionals in railroads, but still, you may see that the length of Trans-Siberian Railroad is nearly 10,000 km, and it was

built in 25 years and completed in 1916.

But also there is another difficulty. You may see that the railway, or infrastructure corridor to the Bering Strait, goes mainly through Yakutia, the Sakha Republic. Let us compare the size of the Yakutia population, with the population of countries you know very well (Figures 5 and 6). No com-



ment, except that it is very illustrative.

Look at the photos of Yakutia, below: In the upper left, you see the Verkhoyanye Ridge, and we will have to pass it when we build this railway. The lower left picture shows how we build houses in Yakutsk. They are on stilts, because of the permafrost. And in the right-hand picture, you can see how we mine diamonds in Mirny, in southern Yakutia. Also, I can say that in northern Yakutia, we have the Popigay diamond deposit, which is of an impact nature, from a huge meteorite. And also, the diamonds are not for jewelry; they are industrial diamonds. But the resources are bigger than all other known resources in the world. And it is not being developed, just because there is not *any* infrastructure in this place. Nobody lives in something like a 200 km diameter around this place.

The Russian Geological Survey has charted the contours of ore deposits in the area of this eastern railroad. They define the so-called Yana-Kolyma Gold-Bearing Province; and the overlapping Silver-Bearing Province. They are comparable in size to Germany.

But, there is a problem. It was calculated that, to develop these provinces means to create something like 300,000 jobs. The problem is that, in this territory, we have maybe 10,000 people living. Because of that, we are sure—and I will talk about it a bit in our conclusion—we are sure that infrastructure corridors, development corridors, are the key to new mineral resources. And we don't have any doubts that we will need these resources, that human beings will need them.

But it is not just a question of construction: It's a question of some social-political decisions. I already talked about how Siberia was populated in the old times. Of course, we know another example: Stalin worked on the same deposits in Kolyma region, quite successfully, sending prisoners there. Also I think that is not the way for this time. Another example: In the Soviet period, the government tried to attract people with higher salaries, with maybe the possibility to buy a car, and people went to build the Baikal-Amur railroad. How should we resolve this issue at this time? Difficult to say.

But from my point of view, all the engineering problems, and economic problems, are nothing in comparison with the problem that we are going—as Professor Menshikov said—to build something through what is not just desert; along the way on this railroad, we have a pole of extreme cold. A tempera-

FIGURE 5
Infrastructure Corridors in Russia

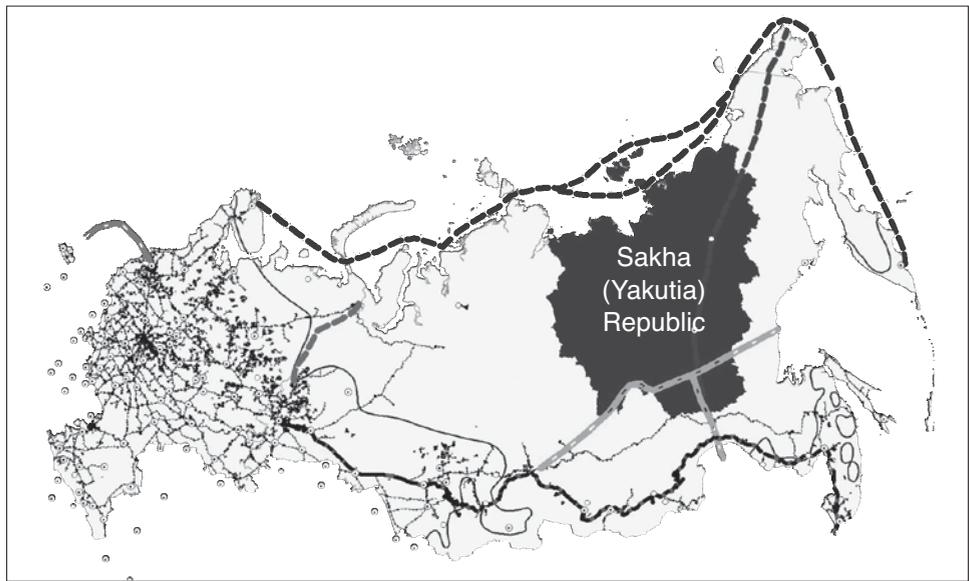
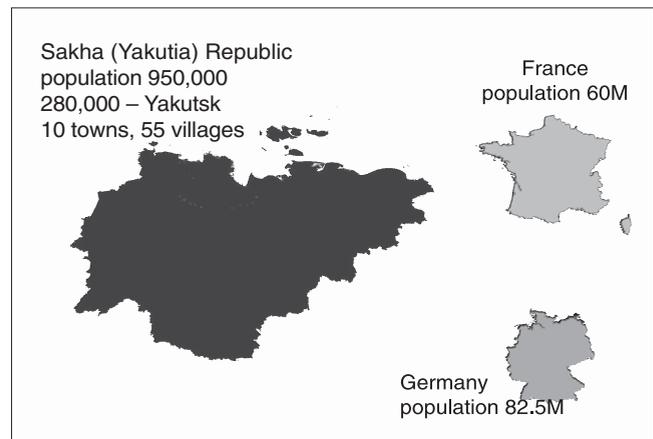


FIGURE 6
Yakutia Compared to France and Germany



ture of -87°C was registered in this place.

So, I really believe that all these problems can be resolved. But we have to think about them carefully. And here is our conclusion: Of course, it should be done. But we have to keep in mind some difficulties we will face on the way.

Thank you very much.

Helga Zepp-LaRouche: Thank you very much, Dr. Cherkasov. I think you gave us a very illuminating perspective, how the development of these resources can really help to save resources for mankind. And I think it gives you a vision that we have to really reach an age of mankind where wars over raw materials will no longer be fought. That, with this project, we would really approach such an age.

Space Industry Cluster In Russia's Amur Region

Yuri V. Krupnov, director of the Institute for Demography, Migration and Regional Development, submitted a presentation on the Svobodny Cosmodrome to the conference. A Russian specialist in education and industrial project development, especially in the area of infrastructure, Krupnov is the founder of the Development Movement and its political wing, the Development Party. In the very recent period, Krupnov has served as an advisor to government officials in the Russian Far East, concerning highly dense economic corridor development. The youth section of the Development Movement is called the World Development Movement (WDM). Ilnur Batyrshin, head of the WDM's chapter in Kazan, Russia, delivered and slightly expanded Krupnov's briefing at the conference. The full title was "Svobodny Cosmodrome: a Potential Space Industry Cluster and Development Corridor in Russia's Amur Region."

The situation in the Far East of the Russian Federation looks like a disaster. There are serious problems with transport infrastructure. A lot of industries are destroyed, and even the



EIRNS/Helene Möller

Yuri Krupnov calls for creating tens of thousands of high-skilled jobs in the Far East, including by creating a full-fledged space center, the Svobodny Cosmodrome.

buildings of many factories have been destroyed to the ground.

But the most serious problem, the deadly problem of the Far East, is the continuing depopulation of the region. Today, only 18 million people live in the Far East, and each year this number is decreasing.

This presentation, on the potential development of the Svobodny space launch site in the Amur Region, in Russia's Far East, contains a set of proposals for the government program on promoting voluntary resettlement in the Russian Federation, of former residents now living abroad.

Having this problem in mind, President Vladimir Putin said to the State Council of the Russian Federation on Dec.

20, 2006: "Ultimately, all our plans must aim to make the Far East a comfortable and attractive place for people to live."

This presentation contains some ideas and practical suggestions to support the decision of the President and to reverse the outflow of Russian citizens from the Far East, in favor of internal immigration: an influx of population from the western regions of Russia, as well as our compatriots living abroad.

The goals of such a state program will be to reverse the depopulation of this area and to create skilled manufacturing jobs. The combined result will be to achieve a higher population density and skill level in this area along Russia's border with China.

The population density in the Amur Region, a main region of the Far East of the Russian Federation, is 2.4 people per square kilometer, compared with 80 people per square kilometer, across the Amur River in China's Heilongjiang Province.



EIRNS/Julien Lemaître

Ilnur Batyrshin is head of the World Development Movement youth organization in Kazan, Russia. Here, he presents Yuri Krupnov's briefing to the Schiller Institute conference.

FIGURE 1

Strategic Region Number One



Uglegorsk-Svobodny is at the large white dot near the top of the map.

The objective of this program is to increase the population density in the Amur Region to a range of 2.8 to 3 people per square kilometer. This means growing from 873,000 people at present, to 1 million. It should happen within five years.

In order to launch intensive development of the Amur Region, creating tens of thousands of new high-skilled jobs, the new governor has announced that five clusters will be organized, in the following economic areas: the timber industry; the space exploration industry; machine-building; soybeans; transport and energy.

In 1995-96, Russia's Ministry of Defense, the General Staff of the Armed Forces, the Russian Space Agency, and other ministries and Federal agencies, chose Svobodny in the Amur Region as the location for a new space-launch facility. Nearby, is a military settlement called Uglegorsk. The transformation of the Svobodny launch site into a full-fledged space center could become the core of the project to resettle the region.

The Svobodny Cosmodrome would have great advantages:

- First and foremost, the highest concentration of skilled specialists in the eastern half of Russia, an area covering five time zones;
- Its location at 52° North latitude, the most advantageous in Russia for space launches;
- A great range of available angles of launch, from 51 to 110°;

- Convenient empty Launch Hazard Areas;
- A practically unique capacity, in Russia, for Sun-synchronous satellite launches;
- Capacity for launching geostationary satellites and for manned spacecraft launches.

A strategic vision of the Svobodny Cosmodrome could be expressed this way: "The first truly Russian Cosmodrome—a new, full-function, main national cosmodrome."

Since its creation, the Svobodny launch site has launched satellites on a commercial basis, including for U.S., Swedish, and Israeli customers. Now it should aim to be the best in the world, launching military and commercial satellites into geostationary or non-geostationary orbits, as well as manned spacecraft.

The Svobodny site continues to be important militarily. It

provides guaranteed access for Russia to outer space, as well as the ability to monitor what we call World Strategic Region #1, the western Pacific Ocean along the coast of China (**Figure 1**).

In addition, developing Svobodny opens up the potential to revive the Baikal-Amur Mainline (the BAM railroad) as a back-up transport system in the region, with construction of a 220-kilometer lateral rail line between the BAM and the Trans-Siberian Railroad, through Uglegorsk.

The future of the Svobodny facility and Uglegorsk has not yet been decided. They could be shut down. This first option would take away 5,100 inhabitants of the Amur Region and waste the 7 billion rubles of infrastructure investment that already went into Svobodny. The second option is that they might be maintained on the relatively small scale of their activity in recent years.

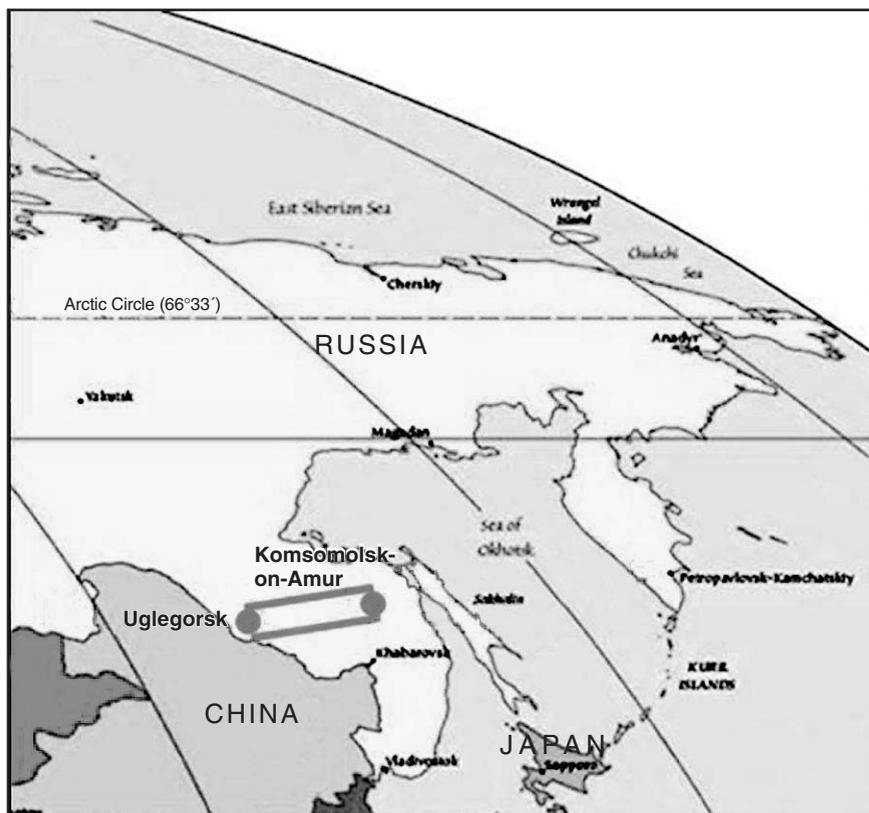
Or, the third option, which looks more attractive and more promising, is to create the first Russian National Cosmodrome. (The Soviet Union's space program, as you may know, used the Baikonur Cosmodrome, which is located in Kazakhstan. Russia now rents Baikonur from Kazakhstan.)

In this version, Svobodny would be the site of a full-fledged Russian space travel center, launching Zenith-type delivery rockets, as well as the reusable space shuttle that is now called the Clipper.

The Zenith rockets are produced in the nearby city of Komsomolsk-on-Amur. The Svobodny Space Cluster and the Eastern Development Corridor "Svobodny-Komsomolsk"

FIGURE 2

Proposed Ulegorsk-Komsomolsk-on-Amur Eastern Development Corridor



Courtesy of Yuri Krupnov



Courtesy of Yuri Krupnov

A satellite launch from the Svobodny Cosmodrome.

can become the industrial and technology base for the development of the Russian Far East. By “cluster,” we mean unique, geographically concentrated groups of inter-related companies and organizations, suppliers of goods and services, companies in related sectors of industry, and also R&D organizations and educational institutions.

I would like to add that this region, the Far East of the Russian Federation, plays an important role for the Eurasian Land-Bridge and for the project of constructing a tunnel through the Bering Strait. The problems of this region—its continuous depopulation, and other problems—are a threat to this project.

The Eastern Development Corridor would run eastwards from Ulegorsk to Komsomolsk-on-Amur, toward Sakhalin Island and the Pacific Ocean (Figure 2). This corridor defines a platform for the industrial development of the Far East on the basis of innovation. Developing the Ulegorsk-Komsomolsk corridor will be an incentive to revitalize and modernize the BAM railroad, and to launch industrial growth in the Amur Region and Khabarovsk Territory. In this process, it will create markets for new steel industry facilities in the region (using the Garin iron ore deposits) and other metals production, whose expansion will be the basis for doubling or

tripling the population of the corridor area in the next ten years.

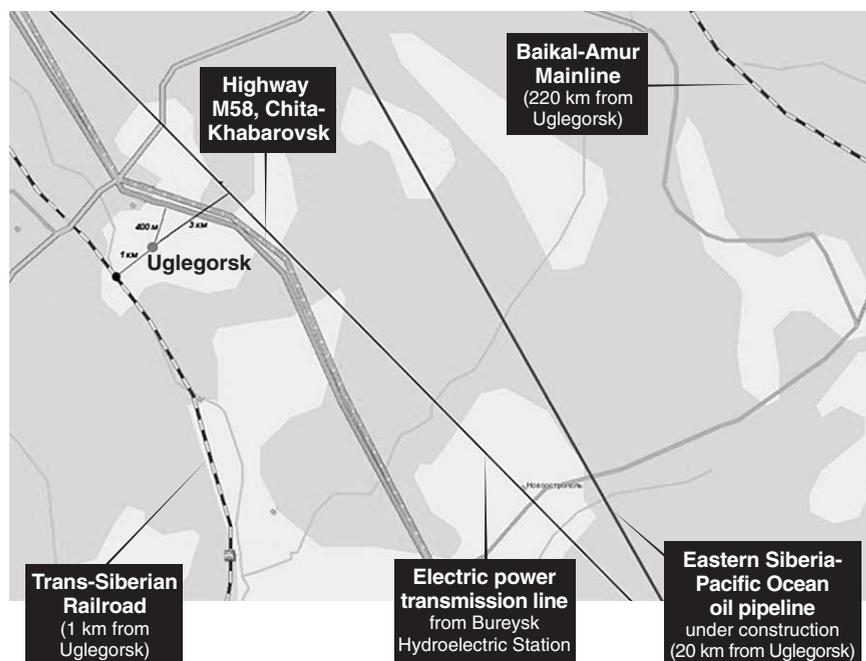
The corridor will become a platform for the development of the entire Far East on an innovation basis. From the Eastern Development Corridor, it is natural to build a bridge or tunnel across the strait to Sakhalin Island, Russia’s district that reaches down to Japan’s northern island of Hokkaido. So, this project could help Japan become connected with the project by railroad lines.

The proposed Far East space cluster would be unique in the whole world.

Organizing this cluster will create well-paid jobs, which can attract our compatriots living in Western Europe, America, and Canada, as well as new graduates of Russian universities. Development of the space industry in the Amur area and the Far East, at higher than average rates of growth, will create demand for the skills of engineers, designers, and scientists from cities east of the Ural Mountains, such as Tomsk, Novosibirsk (with its science center of Akademgorodok), Omsk, and Krasnoyarsk. It will help to stop the brain drain from Siberia, and from Russia as a whole.

If we create a launch center for light rockets and nanosatellites, we shall be able to increase the population of the town

FIGURE 3
Corridor Infrastructure



Major rail, road, and energy infrastructure already exists or is under construction in a corridor running through the southern Amur Region, where the Svobodny Cosmodrome and the associated town of Ulegorsk are located. Distances are not shown to scale; the Baikal-Amur Mainline is not immediately in this corridor, but is 220 km to the northeast.

of Ulegorsk from its present 6,000 residents, to 15-20,000 people, within ten years.

If we go for the maximum program of building Russia's first national cosmodrome, we could increase the population around Ulegorsk to 50 or 70,000 people.

Development of new manufacturing for the full cycle of space industry production and services around the Svobodny Cosmodrome would mean the creation, on the basis of the Komsomolsk Aerospace Company and the Shipbuilding Factory in the same city, of over 30,000 skilled jobs, and at least 60,000 semi-skilled jobs. The population growth, including workers and their families, would be 120,000 people, while the population of Komsomolsk-on-Amur could increase from its present 270,000, to 500,000 people.

Ulegorsk has the infrastructure for starting to develop the space cluster, including excellent housing and other social infrastructure, with some vacant apartments already available. Construction of additional housing in the form of one-story wooden buildings will create a market for the local timber industry.

Four hundred meters from the entrance to Ulegorsk runs the Federal highway from Chita to Khabarovsk (Figure 3). The nearby railroads are the Trans-Siberian Railroad to the south, just 1 kilometer from Ulegorsk, while the BAM parallels the

Trans-Siberian, but it is about 220 kilometers to the north. Nearby are two regional airports, and a full-scale airport at the Ukrainka strategic bomber base, as well as a shipping terminal on the Zeya River, which links Svobodny with the Port of Blagoveshchensk and other ports on the Amur.

Also running through this corridor is the new East Siberia-Pacific Ocean oil pipeline, which is under construction 20 kilometers from Ulegorsk. Paralleling it in the area is the electric power transmission line from the Bureysk and Zeya hydroelectric power stations, which is 3 kilometers from Ulegorsk.

Russian law provides for the creation of Special Economic Zones, which would be an optimal approach to the creation of this high-technology cluster. A space industry-centered Special Economic Zone will attract Russian and foreign investment. Besides China, foreign partners could include Singapore, South Korea, and Japan.

The key problems to solve, in order to create this space industry cluster, are the retraining and assignment of former offices; proper use of Ministry of Defense assets; and, related questions of interaction between the Ministry of Defense and civilian agencies.

The skilled military manpower at Ulegorsk represents the foremost resource for developing the region. If we preserve this manpower, then we have the basis to attract immigrants to the region. This will become an exemplary resettlement program.

We need to stress the most promising, large-scale regional development projects, with an eye to their competitive advantages and other potential. Development projects like the Svobodny Far East Space Cluster are the primary method for successful large-scale development.

I would like to add that the city of Svobodny, which is situated in the Amur Region of the Far East of the Russian Federation, plays a crucial role for the development of the whole region, and so it plays an important role for the Eurasian Land-Bridge, since a big part of this land-bridge is situated in this territory of the Far East.

Thank you for your attention.

Helga Zepp-LaRouche: Thank you, Mr. Batyrshin. This was a very interesting presentation, which I think shows people that, contrary to the ideology we have in Germany, there are actually not enough people, in many places of this world!

The Bankers Know: Something Catastrophic This Way Comes

by John Hoefle

By now, most people are aware that former Federal Reserve chairman Alan Greenspan is on a “not my fault” tour, proclaiming to everyone who will listen that he is not to blame for the collapse of the financial system. By saying he “didn’t really get it,” Sir Alan is choosing to cloak himself in the mantle of incompetence, in the hope that he won’t go down in history as the worst central banker of all time. Greenspan, to protect himself, is blaming President Bush, who is admittedly an easy target, while riding to Bush’s defense is Vice President Dick Cheney, who wrote an op-ed in the Sept. 19 *Wall Street Journal* claiming that Greenspan was “off the mark.”

Cheney insisted Bush’s (and therefore his) record was “superb,” adding that “no other president has spent more time or political capital trying to avert a fiscal disaster that everyone knows is coming.”

At the same time, both Fed chairman Ben Bernanke and Bank of England governor Mervyn King are being criticized for flip-flopping in their handling of the financial crisis, with King in particular catching flack over the run at Britain’s Northern Rock bank.

Why are such senior figures suddenly so concerned about their reputations? What do they see coming that causes them to go into a very public “not my fault” mode?

These comments are de facto admissions that the global financial system is bankrupt, and that the efforts of the central bankers to contain the collapse have failed. Something catastrophic this way comes, and the bankers know it.

Runs on the Banks

Northern Rock, a \$230 billion British mortgage bank based in Newcastle, is emblematic of the problems facing fi-

ancial institutions at this point. The bank ran into serious trouble in mid-September when it could not borrow the money to make new loans, and had to turn to the Bank of England for emergency funds. As word of the bank’s problems spread, anxious depositors descended on the bank to withdraw their funds, sparking a panic. Few things scare bankers more than runs, which can easily spread as panic sets in. Even healthy banks can be destroyed by runs, and there are few, if any, major banks that are healthy these days.

The Bank of England, despite its recent assurances that it would not bail out faltering institutions, threw all its promises out the window to stop the runs from spreading. The Bank stepped in as lender of last resort, and the British government, through Chancellor of the Exchequer Alistair Darling, guaranteed the Northern Rock depositors that their money was safe. Subsequently, the Bank agreed to accept mortgages as collateral for loans. This move, like the decision of the Fed to buy mortgage-backed securities and accept asset-backed commercial paper as collateral for loans to the banks, reflects the desperation of the central banks to stop the collapse. Thus far, the Fed, the European Central Bank, the Bank of England, and other central banks have pumped *hundreds of billions* of dollars into the system in a vain attempt to control its collapse.

The run on Northern Rock in September followed a similar run against Countryside Bank in California in August, amid fears that its mortgage-lending parent Countrywide Financial would collapse. This run occurred in spite of the fact that the bank deposits were insured by the FDIC. Countrywide subsequently borrowed \$11 billion from a line of credit set up before the crisis struck, and later received a \$2 billion injection from Bank of America.

While the bankers have tried to portray these runs as isolated cases, they actually represent an important inflection point in the disintegration of the system. We have gone from denial, in which the problem was presented as too minor for serious concern, to attempts to dismiss it as a mere “sub-prime” crisis, to treating it as a larger but still manageable “credit crunch,” to the point where panic is openly setting in, and the central banks are openly intervening, and the players are looking for ways to escape the blame for the growing catastrophe.

Gasoline on the Flames

Lyndon LaRouche has compared the central bankers’ attempts to pump money into the system to keep it from seizing up as the equivalent of trying to put out a fire by pouring cold gasoline on the flames. By treating the crisis as a “credit crunch” which can be solved by lowering interest rates and providing liquidity for borrowing, the central banks are only making matters worse. The problem here is not a lack of credit, but far, far too much debt, which the central bank actions exacerbate.

The only rational approach to a debt crisis of this magnitude, is to address the economic policies which created it. The U.S. economy has been operating below breakeven for some four decades, during which period the productive side of our economy has been systematically dismantled and replaced with casino-like speculation and Information Age paper-pushing. As a substitute for the wealth formerly generated by the productive sector, we have gone ever deeper into debt, to the point that we now have an increase in debt of nearly \$5 for each \$1 increase in GDP. The level of debt is crushing what remains of our economy, and adding more debt will not help.

What is needed is to return to a productive economy, led by manufacturing and supported by scientific and technological breakthroughs, investment in infrastructure and essential public services such as education and health care. The first step in that direction is to put the financial system through bankruptcy, while erecting firewalls to protect the welfare of ordinary citizens. Freeze the debt, stop foreclosures, protect the essential functions including banking; save the people and the economy, and let the speculators take their losses.

The alternative is a hyperinflationary blowout of the financial system, coupled with a savage deflation of living standards, and a descent into corporatist fascism.

Deregulation Is Sabotage

Deregulation has been an unmitigated disaster which has destroyed our economy. Our deregulated transportation system is a nightmare, from our cattle-car airlines to the disappearing rail grid, to the overloaded trucks tearing up our highways, and the decline of our inland waterways. Electric utility deregulation, far from lowering prices, has raised them, in

some cases to obscene levels. Health care, once the province of doctors, is now largely run by corporate bureaucrats under orders to protect profits, not patients. Financial deregulation, coupled with changes in tax policy designed to promote speculation at the expense of production, has turned our economy from an industrial powerhouse into a bankrupt casino.

Deregulation, to put it simply, was intended to destroy our economy, and we are now seeing the fruits of that effort. At every downward ratcheting of the system, we are told that further deregulation is required to deal with the problems. Hand in hand with this goes globalization. To make our companies more competitive, we are told, we must outsource our manufacturing to places where wages are lower. The result is that the Midwest, formerly the center of the industrial world, is now a rust-bucket. Our family farms are dying, our food supply increasingly imported by giant agri-business cartels. We are more dependent than ever before on these corporate cartels, which are increasingly global in scope and controlled by the international bankers.

Where we are headed, is a combination of a return to the feudalist/looting model of the British East India Company, paired with the surveillance and control capability of George Orwell’s Big Brother.

Complete BS

Virtually everything we are told about the world situation today, is complete bullshit. What we are witnessing is a power grab by the British-centered international financial oligarchy, which wants to put the genie of human progress back in the bottle as a way of maintaining its miserable power over world affairs. The men of the empire have no intention of allowing the United States to fulfill its founding mission of leading the world out of colonialism, and have no intention of allowing the nations of Ibero-America, Africa, and Asia of developing into sovereign nation-states which put the welfare of their people ahead of the demands of the imperial parasites.

Globalization is a euphemism for imperialism, and deregulation is a euphemism for destroying the ability of a nation to protect itself from the empire. The target of the police-state measures put into place by the Bush Administration is not the oft-mentioned amorphous terrorists, but the American people. The war against Iraq was sold to the American establishment as a Malthusian move to secure our oil supplies, and to the public as a move to protect us from an imminent attack from Saddam’s weapons of mass destruction, but the real reason was to destroy us as a nation. The beating of the war drums against Iran, and others, is more of the same.

Forget the financial system—it’s gone. What we must defend is the concept of national sovereignty and the public welfare, as epitomized by the Declaration of Independence and the Constitution. This is a crisis of civilization itself, and we are the battleground. Save civilization, not speculation.

Global Warming: Science vs. Nonsense

Here are some basics that citizens should know to combat the deluge of non-science known as global warming.

- Climate is determined by long-range solar astronomical cycles that are driven by the regular periodicities in the eccentricity (about 90,000 to 100,000 years), tilt (40,000 years), and precession (21,000 years) of the Earth's orbit. Over the past 800,000 years, the Earth's climate has gone through eight distinct cycles of about 100,000-year-long ice ages. In each cycle, there is a period of glacial buildup, followed by an interglacial, or relatively warm period, lasting about 10,000 years.

Because the current interglacial period has lasted more than the 10,000-year average, it is expected that a new "ice age" is in the making. We don't know exactly when ice will once again advance to cover a good part of the Northern Hemisphere, including New York City and much of the northern United States, but we do know that man-made carbon dioxide will not stop the march of the astronomical cycles.

For details, see "The Coming (or Present) Ice Age" by Laurence Hecht, *21st Century Science & Technology*, Winter 1993-1994, available online at: www.21stcenturysciencetech.com/Articles%202005/ComingPresentIceAge.pdf. See also, "What Really Causes Climate Change?" www.larouchepub.com/eiw/public/2007/2007_1-9/2007-9/pdf/06_709_sci.pdf

- Carbon dioxide levels have often been higher—much higher, in fact—in the past than they are today. This is documented by Ernst-Georg Beck, who compiled 90,000 carbon dioxide readings going back to the 1800s, by leading scientists. This meticulous record was discarded by the Intergovernmental Panel on Climate Change (IPCC) in order to make its case that carbon dioxide levels today are soaring beyond any past records.

Beck shows that since 1812, the CO₂ concentration in the Northern Hemispheric air has fluctuated, exhibiting three high-level maxima around 1825, 1857, and 1942, the latter showing more than 400 parts per million. For more details, see "180 Years of Atmospheric CO₂ Gas Analysis by Chemical Methods," in *Energy & Environment*, Vol. 18, No. 2, 2007. See also: "The Fraud of Global Warming: True CO₂ Record Buried Under Gore," www.larouchepub.com/eiw/public/2007/2007_1-9/2007-9/pdf/04_709_sci.pdf

- Carbon dioxide does not *cause* temperature increase. Increases in carbon dioxide *follow* temperature increases. If

you look at the historical temperature records for the past several million years, there is a 600- to 800-year gap between periods of temperature rise and rising carbon dioxide levels. See the discussion of CO₂ in Zbigniew Jaworowski's article "CO₂: The Greatest Scientific Scandal of Our Time," www.21stcenturysciencetech.com/Articles%202007/20_1-2_CO2_Scandal.pdf.

A graphic representation of temperature and CO₂ appears in the film "The Great Global Warming Swindle," by WAG-TV, www.wagtv.com/acatalog/Store.asp

- Al Gore dramatically points to 1998 as the hottest year on record. But the temperature data he is using comes from James Hansen, the director of the Goddard Institute for Space Studies and a leading alarmist on global warming, who recently had to revise the temperature data on the Institute's website because it was shown to be manipulated.

Canadian economist Steven McIntyre pointed out that in the Institute's year 2000 data revision, the model had used a set of data that skewed the results, producing the 1990s as the hottest decade (and 1998 as the hottest year) in history. When this error was removed, it turned out that the 1930s were the warmest decade. All that is left of this 1990s hottest decade claim is hot air. The Institute initially acknowledged McIntyre's correction on its website, but later adjusted this to remove his name.

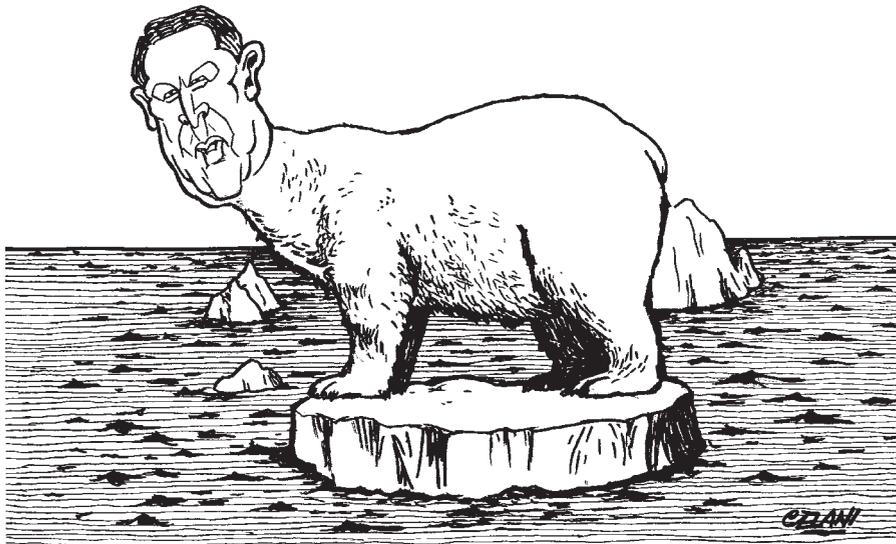
James Hansen claimed that this was just a "trivial" error, yet U.S. temperature measurements make up 25% of his world temperature models—not a trivial amount.

For McIntyre's comments, see www.climateaudit.org/?p=1946 and other columns at this website. The Goddard Institute of Space Studies website is data.giss.nasa.gov/gistemp/graphs/

- Climate models are only models, not all-knowing gods. It is not physically possible to "model" the behavior of clouds, water vapor, and other climate variables, because of the nonlinearities involved. It is like deciding that you can "model" the future behavior of a newborn child.

Scientists can get out of climate models what they want, by changing the assumptions of the model and cherry-picking the data used. See Gregory Murphy, "Computer Climate Models: Voodoo for Scientists," *EIR*, Aug. 10, 2007.

- Temperature data used in models and in the IPCC pre-



EIRNS/Claudio Celani

Polar bears are smarter than Al Gore.

has managed to survive several ice ages and interglacials over the past 800,000 years. Bears must know something that climate alarmists don't know about survival. For this story, see Gregory Murphy, "Polar Bears Are Smarter Than Al Gore," *EIR*, Sept. 7, 2007.

- The IPCC, or Intergovernmental Panel on Climate Change, advertises its scary pronouncements as a "consensus," but in fact, it has ignored the opposing views of reviewers and many of the scientists listed as members of the IPCC. For example, see the interview with IPCC reviewer Dr. Paul Reiter, head of the Insects and Infectious Disease division of the Pasteur Institute: www.larouchepub.com/eiw/public/2007/2007_10-19/2007-14/pdf/52_714_scienv.pdf

dictions are not based on physical temperature data, but on model predictions. As one leading climate modeller, Gavin Schmidt of the Goddard Institute of Space Studies, told *EIR*'s Gregory Murphy, the models "don't use any observed temperature data directly." In addition, the selection process of which weather data are used is not transparent. The end results cannot be replicated, and often the process of data selection is unavailable, because it is considered "proprietary." See Gregory Murphy, "Computer Climate Models: Voodoo for Scientists," *EIR*, Aug. 10, 2007.

- The network of U.S. weather stations that monitor temperature and other climate variables is not reliable. The stations, which are monitored by volunteers, are often in disrepair and many are located where they cannot possibly give an accurate reading of temperature (for example, next to an airport runway). For some photos, see www.norcalblogs.com/watts/ or www.globalwarminghoax.com/e107_plugins/content/content.php?content.15

- A "mean world temperature" is meaningless. Think about having one foot in boiling water and the other frozen in an ice bucket. On average, you would be fine.

- Ocean levels are *not* rising. The world's leading sea-level-rise expert, who has observed ocean levels for 35 years, documents that sea levels are not rising and island nations are *not* endangered, based on actual observed sea levels. Climate model scenarios predict often alarming rises, but none has been observed. See the interview with Dr. Nils-Axel Mörner, just retired head of the Paleogeophysics and Geodynamics department at Stockholm University in Sweden www.larouchepub.com/eiw/public/2007/2007_20-29/2007-25/pdf/33-37_725.pdf

- The Polar bear, poster child of the global warming scare,

view of 539 papers on global climate change on the ISI Web of Science database from January 2004 to mid-February 2007, conducted by medical researcher Dr. Klaus-Martin Schulte, found that only 7% explicitly endorse the "consensus" that warming is anthropogenic, and only 45% agree in some degree with the consensus. The largest category of papers, 48%, were neutral on the subject. See the forthcoming article in *Energy and Environment* by Klaus-Martin Schulte. The ISI Web of Science database covers 8,700 journals and publications, including every leading scientific journal.

- Global warming from its beginning was devised as a population control policy. It was created as an alarmist way to get people to cut back on their living standards and to curb black and brown populations. For documentation, including damning quotes from 1975, by today's leading global warming enthusiasts, see "1975 Endangered Atmosphere Conference: Where the Global Warming Hoax Was Born," www.larouchepub.com/eiw/public/2007/2007_20-29/2007-23/pdf/50-55_723.pdf.

- "Carbon offsets" and other mechanisms to relieve the "carbon footprint" of the industrialized sector are simply new ways to keep the Third World poor and in the dark, with no access to advanced technology. For example, Climate Care, the carbon-offsetting company, features on its website (www.climatecare.org/projects) a cartoon illustration of happy little natives peddling a treadle-pump to get water, and burning a lone solar-powered light bulb, while heating their stove with dung. All this to "offset" the air travel of a guilty emissions-consuming Westerner.

For details, see Gregory Murphy, "Carbon Offsets Are Genocide," *EIR*, Sept. 21, 2007.

The Iran War Is on The Front Burner

by Muriel Mirak-Weissbach

The war that Dick Cheney has been planning against Iran, has moved from the back burner to the front, and those who say they do not see this are either blind or complicit. Military deployments are in place, as laid out in detail in a Sept. 16 feature by Michel Khossudovsky in *Global Research*, while the statements of intent to wage war, issued by President Bush and Vice President Cheney, have been hyped in British and American news outlets.

The fact that war is high on the agenda, was denounced by the head of the International Atomic Energy Agency, Dr. Mohamed ElBaradei, who made a dramatic exit from an ongoing meeting of the IAEA board of governors on Sept. 11, in protest against the manifest intent of the U.S. and U.K. delegations, as well as the rotating EU presidency representative, to proceed to military aggression. ElBaradei, who was so furious that he initially refused to talk to the press, had clearly stated, in his Sept. 10 report to the body, that the course chosen by the IAEA, to proceed with diplomacy and inspections, was succeeding in providing the necessary clarifications of outstanding questions about Iran's nuclear energy program.

The IAEA chief's report reflected a recent agreement struck between the agency and Iran, regarding a framework for resolving all remaining issues, and, step by step, closing the file. ElBaradei stressed, "This is the first time that Iran has agreed on a plan to address all outstanding issues, with a defined timeline." He called for a "double time-out," meaning the suspension of Iranian enrichment activity along with a suspension of sanctions against the Islamic Republic.

Iran's ambassador to the IAEA, Ali Asghar Soltanieh, on Sept. 12, welcomed ElBaradei's latest report as a "major step forward," and criticized certain states for "questioning the merits of the Iran-IAEA modality agreement," meaning the

United States and United Kingdom. That agreement (see *EIR*, Sept. 7) had effectively pulled the rug out from under those warmongers who argued that since Iran's program was military, it had to be stopped by military means.

Since the IAEA meeting, ElBaradei has gone to the press almost daily, to reassert his conviction that there is no reason to attack Iran on the nuclear issue; but that, at the same time, the intention for an attack is clearly there. On Sept. 17, he told the press, "We need always to remember that use of force could only be resorted to when ... every other option has been exhausted. I don't think we are at all there. ... There is a UN Charter and there are rules for the international use of force. I hope everybody would have gotten the lesson after the Iraq situation, when we see a drama unfolding every day." ElBaradei noted that thousands of "innocent civilians have lost their lives on the suspicion that a country had nuclear weapons." He recalled that he had tried to continue inspections in Iraq, but had been prevented by the U.S. war. Now, he said, he was conducting negotiations with Iran, which were bearing fruit. Thus, "I think what we need now to do is to encourage Iran to work with the agency to clarify the outstanding issues" in the over four-year-old IAEA investigation. He gave a clear time frame for results to be produced: "By November-December we will be able to know whether Iran is acting in good faith or not, and if not, then obviously we will have a different situation. ... But people need to bear with us. People need to understand we are dealing with an issue that has a lot to do with peace and security and regional instability in the Middle East, and I would ask everybody to hold their horses until we go through the process."

ElBaradei also addressed the climate of hysteria being created by the warmongers, and the complicit press, which



IAEA/D. Calma

On March 16, 2003, a week after IAEA head Dr. Mohammad ElBaradei testified to the UN Security Council, debunking the Niger-Iraq nuclear weapons documents as “shoddy forgeries,” Vice President Dick Cheney directly challenged the ElBaradei testimony and attacked the credibility of the IAEA, in an interview with Tim Russert. “I disagree.... I think Mr. ElBaradei is frankly wrong,” Cheney blustered. Of course, we now know who was right and who was wrong. ElBaradei is shown here on Sept. 12, briefing reporters about his work on Iran’s nuclear program.

deliberately ignore the reality on the ground. “I have made it very clear that I don’t see today a clear and present danger in regard to the Iran nuclear program,” he said. Then he characterized the talk of war as “a lot of hype” which reminded him of a statement by George Orwell to the effect that “in a time of hype, telling the truth becomes a revolutionary act.” ElBaradei commented: “If that is the case, I will continue, I can promise you, to be a revolutionary, by giving the truth in an objective and impartial manner.”

Warmongers of the World, Unite

Due to the fact that the war party did not succeed in Vienna, to corral the IAEA members into endorsing punitive measures against Iran, the Bush-Cheney Administration announced that it would hold a meeting on Sept. 21, to discuss “broadening UN sanctions against Iran for its refusal to suspend nuclear activity,” as State Department spokesman Sean McCormack put it. The meeting is to bring together the five permanent members of the UN Security Council, plus Germany, the so-called 5+1.

At the same time, the drumbeat for war became louder. Over the Sept. 15-16 weekend, the British press worked overtime to promote the cause of war in Southwest Asia. From the *Sunday Observer*, to the *Telegraph* and *Sunday Times*, the message delivered was unequivocal: “Bush Setting Up for War With Iran,” announced the *Telegraph*, while the *Observer* headlined, “Time Is Running Out To Avoid War With Iran.” The *Telegraph* retailed the line that the Pentagon had a list of 2,000 targets in Iran, adding that Cheney was

committed to deploying nuclear bunker-buster bombs against presumed Iranian nuclear sites. The press also referenced the provocative Israeli strikes over Syria, as part of the regional war process.

Then, on Sept. 16, a bombshell was dropped from Paris. French Foreign Minister Bernard Kouchner (notorious for his endorsement of military interventions for “humanitarian reasons”), issued a blunt statement that France must be prepared for a war with Iran. Although Prime Minister François Fillon later tried to water down the remarks, the message was clear. And no one could forget President Nicholas Sarkozy’s recent visit with the Bushes at Kennebunkport. Following his return to Paris, Sarkozy, according to source reports, started sending notes to various European capitals, that the message he had received from Bush was that war with Iran was inevitable.

The French intelligence leak-sheet, *Le Canard enchaîné*, lent credence to Kouchner’s remarks, reporting that the war against Iran is ready to go. It quotes a former CIA official who said that Israeli officers were lobbying the Pen-

tagon and White House for a military intervention. In addition, *Canard* reported that Antonov jets had been rented in Ukraine and Belarus to transport American military material from Iraq, Central Asia, and Djibouti to the Diego Garcia base in the Indian Ocean. The same source also signaled the arrival of stealth bombers to Qatari bases, reinforcing the armada there.

Kouchner’s remarks provoked a storm of criticism from those quarters seeking to avoid war, to wit, Russia and China. On Sept. 18, Russian Deputy Foreign Minister Alexander Losyukov lodged his protest in an interview with *Vremya Novosti*. “Generally speaking,” he said, “bombings of Iran would be a bad move that would end with catastrophic consequences.” He added, “We are convinced that there is no military solution to the Iranian problem. It’s impossible. Besides, it is quite clear that there is no military solution to the Iraq problem either. But in the case of Iran, everything could be even more complicated.” He concluded by characterizing any U.S. military action as “a big diplomatic and political error.”

Russian Foreign Minister Sergei Lavrov also spoke out against any military aggression, and the Chinese Foreign Ministry issued a statement saying the diplomatic course should be pursued. As reported by Itar-TASS, Lavrov said that Moscow was alarmed by reports of possible military action. He made these remarks, pointedly, at a joint press conference with visiting French Foreign Minister Kouchner himself. Lavrov stated: “The multiplying reports that some contemplate the introduction of military sanctions against

Iran cause Russia's alarm. It is hard to imagine what this can be fraught with for the region." He went on to say that "Russia remains committed to the agreement that the UN Security Council will not go beyond the bounds of supporting the IAEA; and that, "not a single problem has a military solution, and the same applies to Iran's nuclear program." Regarding renewed talk of sanctions, he said, "Once we have agreed to take collective action, and this agreement materializes as consensus work within the UN Security Council, what aims does the introduction of unilateral sanctions pursue then? We should never forget that part of the agreement, within the framework of the group of six international mediators, that provides for wider dialogue with Iran, including on issues of regional security."

Chinese Foreign Ministry Spokesman Liu Jianchao lashed out at Kouchner's views the same day. Speaking to press, Liu said: "We should avoid threatening others with military actions," and, "We are opposed to military actions in dealing with international affairs. We believe that negotiations would be the best option meeting the interests of international community."

But, in cheerful disregard for such informed warnings, U.S. Secretary of State Condoleezza Rice, en route to the Mideast for a round of cosmetic peace diplomacy, aimed at pacifying Muslims in preparation for the Iran war, lashed out at those seeking a diplomatic solution. She targetted the IAEA and ElBaradei in no uncertain terms. Rice was quoted by Reuters, speaking to reporters on Sept. 19 as saying: "We believe the diplomatic track can work, but it has to work both with a set of incentives and a set of teeth. The IAEA is not in the business of diplomacy. The IAEA is a technical agency that has a board of governors of which the United States is a member." She went on to specify, "It is not up to anybody to diminish or to begin to cut back on the obligations that the Iranians have been ordered to take." Although she carefully tiptoed around Kouchner's statements indicating a war option with Iran, Rice stated, "The key here is that we are committed to a diplomatic track, but the President has not taken any of his options off the table."

Back to the Drawing Board

The real script being prepared to justify a new war, however, is the construction, that Iran is responsible for rising casualties among U.S. troops in Iraq, and for the general process of destruction of the entire nation. Iran, according to this new Hollywood-style fiction, has been sending in weapons, especially the deadly IEDs (improvised explosive devices), to kill American GIs, and training Shi'ite militias to fight the same occupying forces. Anyone with a brain in his head, or, lacking that, at least a functioning Internet connection with access to international news wires from the region, should know this is a classic fallacy of composition—or more simply stated, lying propaganda—of the same caliber as that churned out by Ahmed Chalabi or Tony Blair's teams, claiming that Saddam

Hussein's Iraq had the *Wunderwaffen* and could strike down the West in 45 minutes.

Dick Cheney (the man who organized the stovepiping of disinformation before the Iraq fiasco) is foremost among those propagating this line. On Sept. 14, Cheney delivered a speech in Grand Rapids, Mich., reiterating his harangue against Islamic terrorists, who, he claimed, seek to "establish a radical empire covering a region from Spain . . . to Indonesia," which thus justified the war on terrorism anywhere, everywhere, and forever. Indicating the next front to be opened, he stated: "Coalition forces [in Iraq] have . . . conducted operations against extremists supported by Iran—a country whose paramilitary organization traffics in lethal material." The same day, the indefatigable VP addressed the Central Command, Special Operations Command and the 6th Air Mobility Wing at the MacDill Air Force Base in Florida. Cheney, reading from the same prepared text, said, "Governments that support or harbor terrorists are complicit in the murder of the innocent, and must be held to account." Eager to clarify just whom he had in mind, Cheney again mentioned Iran.

The "paramilitary organization" in question, Cheney and Bush have elaborated on several occasions, is the Iranian Revolutionary Guards Corps (IRGC), whose al-Quds (Jerusalem) unit they accuse of being involved inside Iraq. Recent reports had it that the Bush-Cheney Administration was about to officially designate the IRGC as a terrorist organization, a move said to be preparatory to imposing sanctions on its financial assets in the U.S.A. Given that such an outfit probably does not have millions stashed away in accounts at JPMorgan Chase, or elsewhere in the United States, such a designation would serve rather to justify moving militarily against its alleged positions, inside Iran or Iraq.

This, in fact, is the new scenario on the drawing boards. Gen. Kevin Bergner had been deployed by Cheney to Iraq, precisely to cook up some "evidence" that the Iranians were providing weapons and training to anti-U.S. forces there. As reported by AFP, as well as Russian wires Gen. David Petraeus and U.S. Ambassador to Iraq Ryan Crocker both supported this charge, in their testimony before Congress on Sept. 11.

Dovetailing with this line, is the notion that Iran has been supporting the Shi'ite militia leader Moqtadar al-Sadr, in an internecine Shi'ite battle with the mainstream group, the Supreme Council for the Islamic Revolution in Iraq (SCIRI), which is part of the ruling coalition in Baghdad. Although rivalries among Shi'ite groups do exist, the version presented by the Cheney crew is just short of preposterous. First, it must be stressed that the government of Shi'ite Prime Minister Nouri al-Maliki, with SCIRI support, has been aggressively attacked by Washington (and its new-found lapdog, Paris) as incompetent, and calls have been made for it to be replaced. Cheney's candidate to replace Maliki is Ayad Allawi, a man of

dubious connections, to say the least, but who would toe Cheney's line.

Secondly, regarding intra-Shi'ite conflicts, it must be noted that al-Sadr announced a unilateral ceasefire—a cessation of *all* armed activities, including against the occupying forces—for six months. This was read by Iranian sources who spoke with *EIR*, as an explicit sign of support by Sadr for the beleaguered government of Maliki. Finally, and most important, Maliki has been consulting with the supreme religious authority of all Shi'ites, the Grand Ayatollah Ali al-Sistani, in an effort to stabilize the government. Maliki went to Najaf on Sept. 5 to meet with Sistani, and, following the talks, told the press: I discussed with him the case of the government. I asked his help in forming a government and nominating new ministers, or if there is the possibility to form a new government based on technocrats. Maliki did not indicate what the cleric's response had been, Reuters reported.

Sistani's role is crucial. His principled stance on the Iraq crisis, from the beginning of the invasion, has been that he would support a democratically elected parliament and government, in hopes that such a government would end the occupation. On several occasions, Sistani has met with different Shi'ite and other leaders, in an attempt to forge national reconciliation. For this, he has been rewarded with a series of assassinations of his top aides, the sixth, just weeks ago.

The talks between Sistani and Maliki were prompted also by a serious crisis that had ensued, following clashes in the Shi'ite holy city of Karbala on Aug. 28, which had been characterized as fighting between rival Shi'ite groups. Maliki said he was considering giving these cities a special status. "I am considering that holy shrines and sacred cities be peaceful places and disarmed of weapons and under the protection of the Iraqi army," Maliki said. Iranian sources told *EIR* that the clashes had been instigated by outside forces, not by any of the rival Shi'ite groups, as the press had claimed. Then, on Sept. 13, the *Tehran Times* came out with a report indicating that the force behind the massacres in Karbala was none other than the Mujaheddin el-Khalq (MKO/MEK), the Iranian terrorist organization which, after having been protected in Iraq by Saddam Hussein, is now protected by the U.S. occupying forces there. The *Tehran Times* political desk reported that three months prior to the massacre, "closed-circuit cameras captured a 23-year-old woman and 13-year-old youth who were gathering information about the various entrances to the Imam Hussein (AS) shrine. After their arrest, it became clear that they had been sent by the Mojahedin Khalq Organization (MKO) to locate ways to sneak into the shrine for terrorist operations."

The paper described how the attack was planned. Members of Moqtada Sadr's al-Mahdi militia, trying to enter the shrine, were prevented by security forces. Then, clashes began which led to 52 dead and 300 injured. "At first glance, it

seemed to be a clash between rival Shia groups seeking to monopolize power and another indication of the extreme insecurity in Iraq, especially in Shia areas," the paper commented. But, this is not the case. According to witnesses, large amounts of weapons were distributed to people near the Sadr group's position, giving the impression that that group had been handing out arms. Among the weapons were some made in Iran—to leave a clear lead. The Iraqi Interior Ministry has conducted investigations into the event, concluding that the MKO was behind the incident.

This incident, attributed by the Cheneyacs to "Iranian-backed Shi'ite factions inside Iraq," is being pushed into the stove pipe of disinformation, to motivate a military attack against Iran.

On the military level, the preparations for confrontation with Iran are proceeding apace. In addition to the detailed information given by *Global Research*, noted above, there is the news, released by the *Wall Street Journal* on Sept. 10, that the U.S. is preparing to build a military base near the Iraq-Iran border, allegedly to intercept the flow of weapons into the country. Maj. Gen. Rick Lynch, commander of the Army's 3rd Infantry Division, was quoted saying the base would include fortified checkpoints as well as X-ray machines and explosives-detecting sensors. The base is to be placed just four miles from the Iranian border—a blatant provocation. The *Sunday Telegraph* on Sept. 16 reported that General Petraeus was going to visit London to brief Prime Minister Gordon Brown and others on such plans. Petraeus was expected, according to this account, to press the British to cancel their plans to withdraw 5,000 troops from Iraq, and instead, to deploy them along the border with Iran.

Iran's Version of the Olive Branch

In response to these preparations for yet another war, the Iranian leadership has been seeking ways to avoid a conflict which it knows would be catastrophic. In addition to Iran's overtures to the IAEA, Tehran has dispatched its diplomats to meet with key countries, like Russia and China.

Inside Iran, on Sept. 7, former President Hashemi Rafsanjani, now head of the Expediency Council, was elected head of the Assembly of Experts. Iranian sources have told *EIR* that Rafsanjani, a moderate, has the full support of the Supreme Leader, Ayatollah Ali Khamenei.

At the same time, there has been a leadership change in the Revolutionary Guards Corps. Ali Khamenei, who is also Chief Commander of the Armed Forces, named Brig. Gen. Mohammad Ali Jafari as the new commander. In his first press conference in his new position, Jafari announced the military's readiness to face threats. "Relying on people's support that is organized within the military framework, great intelligence superiority, and its missile capabilities, the IRGC is fully ready to defeat any possible aggressive move."

Italian Institutions Show Interest in LaRouche's Approach to Housing Crisis

by Andrew Spannaus

Lyndon LaRouche returned to Rome Sept. 18-20, where he presented his emergency legislation to avoid the social chaos that could result from the rapidly unfolding global financial crisis, and urged Italian political leaders to find the courage to put the financial oligarchy and its hedge funds out of business.

Although the visit came during a political crisis, in which the center-left coalition of Prime Minister Romano Prodi risked losing its majority in Parliament, Italian Deputies and Senators from across the political spectrum were eager to meet with LaRouche to learn about his proposal for a “firewall” against home foreclosures, and the reorganization of the banking system. LaRouche was invited to speak to the Labor and Social Security Committee of the Italian Senate on Sept. 20, which turned out to be precisely when a vote crucial to the future of the majority was taking place (it survived for the moment). During a half-hour break from the official proceedings, LaRouche spoke to members of the Committee on his role in leading the fight to block the Bush Administration's attempts to privatize Social Security in the United States, starting in 2004. He then explained the political fight which has led up to the current situation, in which the general breakdown of the international monetary and financial system requires aggressive and immediate action.

As often happens in official circles, some of the politicians involved in the discussions expressed surprise at LaRouche's forecast of the short-term death of the current system. Despite agreeing with his overall approach on rebuilding the productive economy, they claimed that his warning of a systemic crash is a “catastrophic” view that can only be seen as “pessimistic.” In response to the nervous protests of one Senator, LaRouche repeated that it would be absolutely foolish to assume that the present system will last beyond Christmas of this year, and at the same time, he explained why it is essential that such a premise be established at this time. There are two ways of doing politics, he stated: out of desperation, or based on opportunity. At this time, we have a period of weeks in which decisions can be made that will bury the present system and move the world towards a positive alternative. We have a window of opportunity, and it must not be missed. If the proper decisions are not made now, governments will be forced to act in a situation of desperation, when it becomes much harder to mobilize the population and insti-

tutions around positive alternatives. History is littered with civilizations which have brought about their own demise as a result of failing to challenge the dominant oligarchy of their time (see box).

‘Firewall’ in Italy

At both the event in the Senate, and a meeting held with a group of Parliamentarians in the Chamber of Deputies, proposals were raised to adopt some version of LaRouche's Homeowners and Bank Protection Act, in Italy. One official of the Prodi government stated that he is studying the possibility of implementing such a “firewall” policy, in order to protect families against rising mortgage costs and the destructive effects of financial speculation. At the Labor and Social Security Committee, the chairman expressed confidence that European governments still have the power to intervene to regulate the economy as necessary, and noted that the issue of the effects of the housing crisis is already under discussion in Italy. He then requested additional documentation on the debate underway in the United States, and specifically, the data on which LaRouche bases his forecast of the death of the current international financial and monetary system.

This was LaRouche's third visit to Rome this year, where his analysis and proposals are increasingly penetrating the nation's political institutions. In April 2005, the Chamber of Deputies passed a motion calling for a New Bretton Woods conference, in order to avoid financial crashes and rebuild the productive economy, a motion which was directly inspired by the LaRouche movement in Italy. As no further action was taken by the government or Parliament at that time, the New Bretton Woods proposal was presented again at a public conference at the Chamber of Deputies in February of this year. In June, LaRouche discussed the question of an FDR-style recovery program in a high-profile conference with former Economics Minister Giulio Tremonti and Undersecretary of Economic Development Alfonso Gianni; Tremonti, in particular, has been quite vocal in the Italian press in recent weeks, about the global nature of the current financial crisis, while echoing LaRouche's analysis concerning the disastrous transformation of the world economy over recent decades.

The cumulative effects of these initiatives began to be visible during the September visit, in which further steps to broaden the debate were taken—although many of them in



Lyndon LaRouche (center) and Helga Zepp-LaRouche (right) are welcomed by in Rome by members of the Senate Labor and Social Security Committee. LaRouche urged the Italian politicians to adopt his “firewall” policy against the meltdown of the hedge funds.

EIRNS/Daniel Grasenack-Tente

private settings. One aspect of the discussion which may re-emerge in the coming months, is the question of large-scale infrastructure projects as a crucial component of the global economic reorganization, in which Italy could play a key role, given its history of making such proposals in Europe. In 2003, the Action Plan for Growth presented by Tremonti, threatened the very foundation of the monetarist control exercised through the Maastricht budget criteria, before it was slayed by the financier oligarchy’s central banking system. Following the Schiller Institute’s very successful conference in Kiedrich, Germany the previous week on the question of the Eurasian Land-Bridge, a renewed push for large-scale development

projects is now on the table.

In connection with the circulation of LaRouche’s ideas, *EIR* has been told that certain prominent international economists, including some who have recently set up smokescreens intended to derail any serious proposals which go in the direction of a New Bretton Woods, have been forewarned that LaRouche’s ideas are circulating rapidly in Italy. Indeed, in the current situation, in which the “free market” policies, piloted from London, are so visibly bankrupt, the usual attempts at terrorizing political institutions into impotence, risk collapsing in the face of the increasingly obvious need for urgent measures to guarantee the survival of industrial civilization.

Two Ways To Do Politics

In his testimony to the Italian Senate Labor and Social Security Commission, LaRouche responded to a question as to whether he were not being “pessimistic” in his forecast of a near-term blowout of the global economy. Here is what he said.

There are two ways to do politics. One way is to do politics from desperation. That doesn’t work, or it works the wrong way. You have also the politics which is based on opportunity: When you can mobilize people around positive alternatives, you get a much healthier and more satisfactory response, than if you mobilize them out of desperation. You change the subject from desperation to one of optimism

about, we have a chance to rebuild. Reconstruction. And I think that’s our only chance globally. Because, what can you say, as a government? What can you say to the people of any nation, such as this, when these conditions are coming down? What’s the politics then? Whose throat is going to be cut, or not? Or can you say, wait, there’s a solution to this problem. We can do something. We can solve these problems. We can adopt a credible commitment to changing things.

We may not be able to do everything perfectly right away, but we have a commitment. And the little person, out in the village, who still cares about children and grandchildren, cares about what happens to his family in the future; and therefore, they will put up with bad conditions temporarily, if they’re confident that there’s a commitment by government to ensure that there’s a good result coming out.

British Press and Officials Caught Lying in Duggan Affair

Newly released documents from the British Foreign Office confirm that British law enforcement officials have always accepted the validity of the German police investigation in the matter of the suicide of Jeremiah Duggan. The release proves that the British friends of Lynne and Vice President Dick Cheney have been lying in their four-year media campaign about the case.

Duggan was a British student studying in France; he committed suicide in Wiesbaden, Germany after attending a conference sponsored by the Schiller Institute in March 2003, shortly after the start of the Blair-Cheney-Bush-led Iraq War. The Schiller Institute was founded in 1984 by Helga Zepp-LaRouche, the wife of the American statesman Lyndon LaRouche. The German police who investigated the incident ruled, based on witness interviews and the accident scene investigation, that Duggan committed suicide by running into traffic on a highway.

Subsequently, the British friends of Lynne and Vice President Cheney, notably Baroness Liz Symons, who at the time was an official of the British Foreign Office, conducted a full-court-press campaign casting aspersions on the completeness of the German investigation, and stated that LaRouche or his associates were somehow responsible for Mr. Duggan's death. These false allegations were carried widely in the British press, repeated in sworn testimony to a British Coroner's inquest, and have formed the basis for requests for a Parliamentary inquiry and, to the British Attorney General, for a new inquest.

However, the July 14, 2003 Metropolitan Police report, just released by the Foreign Office pursuant to a Freedom of Information Act request, states that the Metropolitan Police found that the incident was "fully investigated" by the German police, and that all witness had been interviewed. Despite this official conclusion, concealed until now, some British officials, including from the Foreign Office and the Metropolitan Police, have lent credence to the outlandish and baseless charges against LaRouche and his associates.

The Context: The Iraq War

The context in which this smear campaign was undertaken has previously been documented by *Executive Intelligence Review* (see, for example, Lyndon H. LaRouche, Jr., "Cheney Behind Press Campaign: Duggan Hoax Rewarmed Again," Nov. 8, 2006). In the Spring of 2003, LaRouche had emerged as a leading trans-Atlantic opponent to the Cheney-Blair Iraq

War, which LaRouche insisted was based on deliberately falsified intelligence. During that time, LaRouche was a prominent guest on BBC and other British news outlets exposing Cheney's and Blair's lies. At the same time, British MPs were raising questions about the role of the "Coalition Information Center" run out of 10 Downing Street by Blair aides Aleister Campbell and Phil Bassett, the husband of Baroness Symons, for "sexing up" the pre-war intelligence on Iraq in order to push the U.S. and Britain into war. (Subsequent events have shown that this pre-war intelligence was in fact false.)

The British scandal over the Iraq War reached a peak in July 2003, when British scientist David Kelly—who had exposed the Blair-Cheney disinformation campaign—was forced to testify before a House of Commons commission investigating the matter on July 15, 2003. Two days later, Kelly was found dead, after apparently taking his own life.

Three days before the Kelly testimony, on July 12, 2003, the London *Guardian* published the first article on the Duggan case, calling into question the validity of the German investigation, which was picked up by other British news outlets.

However, the newly released Metropolitan Police report, dated two days after the *Guardian* article, states that the Metropolitan Police accepted the German investigation as conclusive. Despite this, Dick and Lynne Cheney's crony Baroness Symons pledged to pressure the German authorities to reopen the investigation, even though her own Foreign Office was in possession of the Metropolitan Police report approving of the German investigation.

This duplicity of politically motivated British officials and press outlets has continued to this day, with repeated calls for a new investigation, based on wild allegations and conspiracy theories floated by lawyers for the Duggan family. With these long-concealed new documents now surfacing, the public is getting a first hand look at a politically motivated smear job.



DoD/R.D. Ward
Baroness Liz Symons

International Intelligence

South Africa Says 'No' To Nuclear Apartheid

South Africa is holding off joining the Global Nuclear Energy Partnership that restricts participants from reprocessing uranium, supposedly as a means of preventing proliferation of nuclear weapons technology.

The Sept. 19 *Mail & Guardian* reports that South Africa does not want to join the U.S.-led initiative, according to Minerals and Energy Affairs Minister Buyelwa Sonjica, because it does not want to give up its right to enrich uranium.

Exporting uranium only to import it refined, instead of enriching it in South Africa, would be "in conflict with our national policy" said Sonjica in Vienna. South Africa is looking for international partners to develop uranium enrichment. It abandoned its nuclear weapons program in the 1990s, but is now set to expand its civilian atomic program.

Earthlife Africa, South Africa's main anti-nuclear lobby group, is now claiming that it is worried about how the South African government will deal with nuclear waste.

According to Solly Phetla, of the Department of Minerals and Energy, used nuclear fuel is not waste, because it can be reprocessed, and 95% of materials recycled, with only 5% remaining to be disposed of. And it too can be used, providing valuable isotopes.

UN Drug Czar Lauds Myanmar and China

Antonio Maria Costa, executive director of the UN anti-drug agency, said, in an interview with the Sept. 18 *International Herald Tribune*, "From our vantage point, we see a region that is rapidly moving towards an opium-free status." The newspaper writes: "Three decades ago, the northernmost reaches of Laos, Thailand, and Myanmar produced more than 70% of all opium sold worldwide, most of it refined into heroin. Today the area averages about 5% of the world total, according to the UN Office on

Drugs and Crime."

The paper also notes that (U.S.-occupied) Afghanistan "is now the source of an estimated 92% of the world's opium, according to the United Nations, which bases its statistics on satellite imagery of poppy fields." Even more damning, the UN reports that "the shift to Afghanistan has led to a near doubling of global opium production."

In contrast, a politically motivated report released Sept. 17 by the U.S. State Department states, "Burma [Myanmar] and Venezuela have failed demonstrably during the previous 12 months to adhere to their obligations under international counternarcotics agreements, and take the measures set forth in U.S. law."

Afghanistan, however, although listed as a drug producer in the U.S. report, was not denounced as "failing miserably," despite its record-setting heroin production.

Also striking about the UN report is the recognition that China has played the central role in cleaning up the Golden Triangle. The *International Herald Tribune* writes: "Thanks in part to Chinese pressure, the area of Myanmar along the Chinese border that once produced about 30% of the country's opium was last year declared opium-free by the United Nations."

British PM Brown Goes After Zimbabwe

Scrambling to put regime change in Zimbabwe back on the top of the agenda, after the progress of South African President Thabo Mbeki's mediation there, British Prime Minister Gordon Brown has threatened to boycott the summit of European Union and African leaders if Zimbabwe President Robert Mugabe is allowed to attend.

Announcing his decision in an article in *The Independent*, the Prime Minister said he is not prepared to be at the same conference as a leader responsible for the "abuse" of his own people, widespread torture, and the intimidation of political opponents.

Portugal, which has called the first European Union-African Union summit

in seven years, has invited Mugabe because other African leaders want him to attend. If his invitation were withdrawn, the meeting could collapse.

Brown holds out the carrot of a huge financial package from the U.K. and other Western and African nations to rebuild the country—but only if Mugabe is removed from power.

Just two days before Brown went public with his attempt to sabotage the summit, the South African Cabinet welcomed a recent breakthrough between Zimbabwe's ruling ZANU-PF and the opposition MDC party, on key draft constitutional amendments that could resolve the principal differences and allow for new elections to go forward.

Ecuador-Argentina Ties: 'Cause for Celebration'

Speaking at a state dinner Sept. 19 during his first visit to Argentina as head of state, Ecuador's President Rafael Correa paid tribute to outgoing Argentine President Néstor Kirchner, who will leave office in December.

Since his 2003 election, Kirchner has been a thorn in the side of the international financial oligarchy, because he has bucked its free-market dictates. The financial vultures are also enraged about Correa, whom Kirchner described at the dinner as "a President who will write a very important new page in his country's history, [and is] willing to pose an alternative to the neo-liberal models that have exhausted and destroyed our region."

In its own fight against "the tragedy of neo-liberalism," Correa said, Ecuador has been inspired by the example that Kirchner has set for the region "and the world."

Correa also referenced Argentina's assistance in the restructuring of Ecuador's foreign debt, and the fact that the two leaders have joined together to create a new, regional financial entity, the Bank of the South, "which is an expression of the sovereignty of our peoples." The solidarity between Ecuador and Argentina "is a cause for celebration," he declared.

LYM Sets Stage for Congress To Act on HBPA 'Firewall'

by Kevin Evers, LaRouche Youth Movement

The current strategic situation is summed up well in a letter, written by a LaRouche Youth Movement (LYM) member, to a California city mayor, requesting a meeting to discuss the importance of this mayor joining us in demanding that Congress pass LaRouche PAC's "firewall" legislation, the Homeowners and Bank Protection Act of 2007 (HBPA). The letter reads in part: "I'm going to keep the introduction short and to the point because the crisis we are going through is one of great magnitude and generally acknowledged. It has been physically demonstrated all across the United States that the housing bubble has finally popped. Millions of families have either already lost their homes or are about to face foreclosure in the coming months due to predatory lending practices. Many local, city, and state-level agencies and officials have made efforts to prevent evictions, but without much success. Cities and states alone just don't have a capital budget to protect the homeowners' and banks' millions of dollars in mortgages. This crisis requires federal intervention!"

A federal intervention is what the LaRouche Movement is running, at the very least. The LYM, right now, is running a national campaign against the London-centered hedge funds and their lobbyists, to have the U.S. Congress enact a firewall that will keep people in their homes and protect our banks from being sacrificed to the speculative non-economy. It's that idea that has state legislators, and other state officials, saying: "LaRouche has the right approach, and if that's what he's doing, I will endorse it." Wise people know that isolated action won't work now, but a flood of state officials endorsing this piece of legislation will.

As of now, a number of state legislators have either introduced their own resolutions or have formally endorsed our proposal. For non-legislators, or for those state representa-

tives who are not now in session, we have put together a petition for which we are soliciting signatures from elected officials, labor leaders, and constituency groups; a frequently updated list can be found on the LaRouche PAC website (www.larouchepac.com).

To maintain the unity of effect that is needed to run such a national mobilization, we will be utilizing what we call our War Room, which allows us to crossfire developments, as they happen, from around the country, to our Washington D.C. office, and then into the U.S. Congress. This will also keep regions aware of what the others are doing during this mobilization. In other words, the LYM is doing what Congress or the Democratic Party would already be doing if they had any national leadership.

The LaRouche Movement has offices in all of the major regions throughout the country. If there is an event outside of our immediate reach, we can be very mobile; for example, our Midwest office can cover Detroit and Lansing, Mich.; Toledo and Columbus, Ohio; Chicago, Ill., and more. Our Houston office recently made a trip to Austin, the capital of Texas, where we triggered a good response from Democrats and Republicans alike. On the West Coast we are working with some of the hardest-hit cities in the country right now, such as Stockton, Calif., where 1 out of every 27 homes went into foreclosure during the six months ending June 30. In the Northeast region, we have done work throughout the New England area, such as presenting the HBPA to the Connecticut State House special session.

Pennsylvania State House Responds to the LYM

Two LYM organizers, on Sept. 17, went to the State House in Harrisburg, Pa., to recruit representatives to co-sponsor the HBPA resolution that would be introduced the following day



EIRNS/Dan Sturman

The flood of home foreclosures across the country is creating strong support at the state and local level for LaRouche's Homeowners and Bank Protection Act. Here, LYM organizers in Houston, Texas campaign for the HBPA.

by Rep. Harold James. Two state representatives promised to co-sponsor the resolution. In total, the LYM had ten meetings with the representatives themselves, and a few with aides. Generally, nobody denied the crisis, and we ran into no disagreement with using Federal intervention to freeze foreclosures. Most of the representatives had little faith in the Federal government, and two of them showed open hostility for their respective Congressmen, but they responded well when the organizers gave them a picture of what the Youth Movement was doing nationally, and to the idea that Pennsylvania would be only one of many statehouses that would put forward this resolution.

At an early meeting with a state representative, the first thing he said was, "I don't want to save the speculators!" He made the point that he was fine with saving people's primary homes, but didn't want to save rich people's second or third homes that they were using to speculate with. He was muddy on how you could save the banks, but not rescue the hedge funds. So, the LYM made the point that erecting a firewall against the offshore hedge funds was the first step in sorting everything out. He also asked explicitly, what is the British system? We gave him a history of the bubble, and he wanted to know what Alan Greenspan had to say about it now. We told him about Greenspan's new book, in which the former Fed chairman denied knowing that the crisis would turn out to be this bad. The state rep then said, "Well, that defense didn't work at Nuremberg!"

After being briefed on how the campaign is going throughout the country, he said, "If LaRouche keeps recruiting smart young people like you guys, he'll do fine." The last thing he

said was that money and wealth are not the same thing, that wealth has to be earned; just because you say you have money in the stock market, doesn't mean that it exists. Wealth, he said, was what you created for yourself and your family. We then said: "Yeah, physical economy—now you're starting to sound like LaRouche!" He got a good laugh out of that, and said he would talk to Representative James, and that he would co-sponsor the resolution.

To emphasize our point that this is a systemic crisis and not just a foreclosure crisis, the LYM pointed to the recent bank run on England's Northern Rock. One representative, at the mention of this, immediately compared it to what happened with Countrywide in August of this year. His office has been focussing mostly on the foreclosures, but not on the collapse of the banks. Otherwise, all were shocked to see our LaRouche PAC release on Northern Rock, with a photo of people lined up around the block to withdraw what would add up to billions of dollars.

Massachusetts Attorney General Hearings

In four of the hardest-hit cities in Massachusetts being devastated by the spreading plague of home foreclosures, Attorney General Martha Coakley held a series of four field hearings Sept. 17-20, in Worcester, Brockton, Springfield, and Boston, on the subject of certain limited, state-level initiatives to combat deceptive mortgage practices, and provide assistance to families suffering foreclosures. The LaRouche Youth Movement was given the opportunity to testify on the HBPA.

As the LYM all over the country are discovering, the horror stories are endless. The secretary of the city manager in Worcester reported that she had just lost her house at the same time that her sick husband was hospitalized, so that she found herself paying all of his hospital bills the same month that she was being forced to leave her home. And in Brockton, members of the LYM spoke to a secretary to the mayor, who had spent the entire morning taking telephone calls from citizens whose homes were being foreclosed on. As she answered one of these calls, she heard a desperate voice on the other end of the line, telling her that he was so frightened about losing his home, that he was considering committing suicide.

At both of these hearings, as the youth organizers read the text of the proposed HBPA, support was expressed by both the audience and the panelists. A number of elected officials responded to the presentation of the idea of saving the homeowners by freezing foreclosures, and to the explanations of the full history of the housing collapse and the hedge funds, by approaching the organizers and presenting their information for further contact, requesting meetings with representa-

tives of the LaRouche PAC on the subject of this proposed bill. One state rep was so enthusiastic, he gave the legislative proposal a big thumbs up during the hearing.

At the Brockton hearing, after a LYM representative presented the HBPA, the mayor testified, emphatically insisting that the attendees did not understand how bad the foreclosures crisis really was, emphasizing that while the crash will first impact poor people, it will then spread to everyone. The mayor was extremely grateful to receive the proposed Homeowners and Bank Protection Act.

The final testimony came from two members of the LYM, in which they emphasized that the crash is systemic, and that LaRouche had forecast it. After reading off the names of all the cities in Massachusetts which are listed on RealtyTrac's list of the top 100 cities hit by foreclosures (see *EIR*, Sept. 21), the organizers emphasized that state-level solutions will not work, citing the example of Ohio's failed bailout plan—and that Federal intervention is needed. The hearing ended with a reading by the LYM of Franklin Roosevelt's remarks to the Congress in 1933, proposing emergency action to stop foreclosures.

The last of the four hearings, which occurred in Boston, erupted into an infantile blame-game, with mortgage lenders getting hit the hardest. We intervened by taking the discussion to a higher level, and pointing out once again that the problem lies outside both the lenders and homeowners; that the key is presenting a solution, which is what the HBPA represents. We ended the event with our testimony, which included the reading of the Preamble of the U.S. Constitution.

A Congressional Town Hall Meeting

On the West Coast, in Glassell Park, a section of Los Angeles, LYM members put Rep. Xavier Becerra (D) on the spot to state his position on the HBPA and the British Cayman Islands hedge-fund operations. We asked the Congressman if he would act to defend the nation against the hedge funds. In his response he stated that he does not support a bailout for those lenders who issued certain types of mortgages, such as interest-only mortgages, saying that that means a bailout by tax dollars for speculators, a prospect that he did not support.

In response to the next question, on illegal campaign finances, Becerra referred to the previous question on private equity funds and hedge funds, explaining how these firms were the largest source of pressure and dirty money coming into the Congress today. He asked his constituents if they knew what these companies had earned last year. As figures in the billions were named, a member of the LYM from the audience shouted out that they aren't even taxed. To this Becerra added: "Yes, they aren't even taxed, because of their offshore status."

As all of this makes clear, it is urgent that Congress act now to defend the nation by passing the LaRouche Homeowners and Bank Protection Act.

Lawmakers Support LaRouche's Solution For Mortgage Crisis

The LaRouche Political Action Committee (LPAC) issued a release Aug. 22 calling on Congress to enact the Homeowners and Bank Protection Act of 2007 (HBPA). The HBPA was put forward by LaRouche as an FDR-style solution, to build a firewall to protect homeowners, chartered banks, and the U.S. economy from the global debt conflagration underway.

The three principles LaRouche proposed for this Act (see below) revive the successful legacy of Franklin Roosevelt. Roosevelt in March 1933, the month he was inaugurated—confronted by a massive wave of farm and home foreclosures—acted to reorganize and save the U.S. banking system which had then been shutting down.

The next month, FDR implemented the Home Owners Loan Act, which created the Federal Housing Administration (FHA), and gave or insured millions of new, affordable mortgages. It also provided the banks a means to participate in the new mortgages.

LaRouche's proposal will protect Federal and state chartered banks, but *cut off* the bankrupt hedge funds, the securitizing investment banks, and the other "alternative players" in the mortgage bubble, from any bailout.

The mobilization for LaRouche's HBPA is strongest at the state level, where widespread foreclosures are a stark reality, and where a growing number of legislatures are in, or facing special sessions, because of the disappearance of real estate-based tax revenue. The LaRouche Youth Movement's interventions with those state legislatures and city governments have begun to produce resolutions of endorsement of LaRouche's proposals, and growing pressure on Congress for it.

The following are the supporters as of Sept. 21, in chronological order.

To National Black Caucus Of State Legislators

State Rep. Juanita Walton (D) of St. Louis, representing the 81st District in Missouri's House of Representatives, announced Sept. 13 that she filed a "Resolution to Congress—Implement the Homeowners and Bank Protection Act of 2007," with the National Black Caucus of State Legislators, which will meet in Arkansas in December (see *EIR*, Sept. 21, 2007). Representative Walton is also president of the National Order of Women Legislators, and past president of the National Foundation of Women Legislators.

New Hampshire State Legislators Introduce Homeowners and Bank Protection Act

*Two New Hampshire State Representatives, **Barbara Hull Richardson** (Cheshire), and **Barbara French** (Merri-mack), filed a House Concurrent Resolution on Sept. 18, 2007. Here is the text of their “Resolution to Congress—Implement the Homeowners and Bank Protection Act of 2007.”*

WHEREAS, the onrushing financial crisis engulfing home mortgages, debt instruments of all types, and the banking system of the United States threatens to set off an economic depression worse than the 1930s; and,

WHEREAS, millions of American citizens are threatened with foreclosure and loss of their homes over the upcoming months, according to studies released by RealtyTrac and Moody’s Economy.com; and,

WHEREAS, this financial crisis is now threatening the integrity of both state and federally chartered banks, as typified by the run on deposits of Countrywide Financial in California during the month of August; and such a banking collapse would wipe out the life savings of American citizens, and drastically undermine the economic stability of our states and cities; and,

WHEREAS, in a similar financial crisis in the 1930s, President Franklin D. Roosevelt intervened to protect banks and homeowners; for example, in April 1933, he introduced legislation as a “declaration of national policy . . . that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guarantee of social and economic stability,” and therefore,

BE IT RESOLVED, that the State of New Hampshire hereby endorses the Homeowners and Bank Protection Act of 2007. This crisis is such that it requires emergency action that only the United States Congress has the capability to enact. Congress must move quickly to keep people in their homes and avert social chaos. This act includes the following provisions:

1. Congress must establish a Federal agency to place the Federal and state-chartered banks under protection, freezing all existing home mortgages for a period of how ever many months or years are required to adjust the values to fair prices, and restructure existing mortgages at appropriate interest rates. Further, this action would also write off all of the speculative debt obligations of mortgage-backed securities, derivatives, and other forms of Ponzi Schemes that have brought the banking system to the point of bankruptcy.

2. During the transitional period, all individual homeowner foreclosures shall be frozen, allowing American families to retain their homes. Monthly payments, the equivalent of rental payments, shall be made to designated banks, which can use the funds as collateral for normal lending practices, thus recapitalizing the banking systems. These affordable

monthly payments will be factored into new mortgages, reflecting the deflating of the housing bubble, and the establishment of appropriate property valuations, and reduced fixed mortgage interest rates. This shakeout will take several years to achieve. In the interim period, no homeowner shall be evicted from his or her property, and the Federal and state-chartered banks shall be protected, so they can resume their traditional functions, serving local communities, and facilitating credit for investment in productive industries, agriculture, infrastructure, etc.

3. State governors shall assume the administrative responsibilities for implementing the program, including the “rental” assessments to designated banks, with the Federal government providing the necessary credits and guarantees to assure the successful transition.

AND THEREFORE,

BE IT FURTHER RESOLVED, that a copy of this resolution shall be forwarded to members of Congress from the state of New Hampshire, and also be delivered to the President of the United States for immediate implementation.

Petition to Congress: Implement the Homeowners and Bank Protection Act of 2007

The following petition from the Lyndon LaRouche Political Action Committee (LPAC) is being circulated across the United States by, and to, state and local elected officials, and to labor movement leaders, and other elected leaders, for presentation to the U.S. Congress. LPAC stated that emergency enactment of this bill is needed to erect a “firewall” to protect the life savings of American citizens, and to ensure that the hedge funds receive not one penny of bailout from the U.S. or any other government.

LPAC announced that it is currently soliciting signatures and endorsements for this petition, from elected officials, labor leaders, and constituency group leaders, only. LPAC asks that if you would like to endorse this petition, please send an e-mail to lpacpetition@gmail.com, and include your full name and your organization (for identification purposes only.)

The onrushing financial crisis engulfing home mortgages, debt instruments of all types, and the banking system of the United States, threatens to set off an economic depression worse than the 1930s.

Millions of American citizens are threatened with foreclosure and loss of their homes over the upcoming months, according to studies released by RealtyTrac and Moody’s Economy.com.

The hedge funds which spread this financial collapse among markets worldwide, by dominating speculation in all those markets, are now going bankrupt and demanding gov-

ernment bailout of their securities and derivatives. The nominal value of the derivatives based on mortgages alone is the size of the combined GDP of the nations of the world. The hedge funds, the mortgage-backed securities, the financial derivatives *can not* be bailed out.

This financial crisis is now threatening the integrity of both state and Federally chartered banks, as typified by the run on deposits of Northern Rock mortgage bank in Britain in September and Countrywide Financial in California during the month of August; and such a banking collapse would wipe out the life savings of American citizens, and drastically undermine the economic stability of our states and cities.

In a similar financial crisis in the 1930s, President Franklin D. Roosevelt intervened to protect banks and homeowners; for example in April 1933, he introduced legislation as a “declaration of national policy ... that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guarantee of social and economic stability....” One month earlier, his Bank Holiday reorganized the nation’s failing banks under Federal protection.

The principles of the Homeowners and Bank Protection Act of 2007, proposed by economist Lyndon H. LaRouche, Jr., meet this crisis. It requires emergency action that only the United States Congress has the capability to enact. This act includes the following provisions:

1. Congress must establish a Federal agency to place the Federal and state-chartered banks under protection, freezing all existing home mortgages for a period of however many months or years are required to adjust the values to fair prices, and restructure existing mortgages at appropriate interest rates. Further, this action would also write off all of the speculative debt obligations of mortgage-backed securities, derivatives, and other forms of Ponzi Schemes that have brought the banking system to the point of bankruptcy.

2. During the transitional period, all foreclosures shall be frozen, allowing American families to retain their homes. Monthly payments, the equivalent of rental payments, shall be made to designated banks, which can use the funds as collateral for normal lending practices, thus recapitalizing the banking systems. These affordable monthly payments will be factored into new mortgages, reflecting the deflating of the housing bubble, and the establishment of appropriate property valuations, and reduced fixed mortgage interest rates. This shakeout will take several years to achieve. In the interim period, no homeowner shall be evicted from his or her property, and the Federal and state-chartered banks shall be protected, so they can resume their traditional functions, serving local communities, and facilitating credit for investment in productive industries, agriculture, infrastructure, etc.

3. State governors shall assume the administrative responsibilities for implementing the program, including the “rental” assessments to designated banks, with the Federal government providing the necessary credits and guarantees to assure the successful transition.



EIRNS/Stuart Lewis

Pennsylvania State Rep. Harold James is gathering support in the State Legislature for a resolution calling on Congress to enact Federal legislation based on the principles of LaRouche’s “firewall” proposal.

I urge the Congress of the United States to pass legislation embodying these three principles immediately, as emergency legislation, halting a “tsunami” of foreclosures, keeping millions of American families in their homes to avert social chaos, and protecting chartered lending banks of the United States and the states.

Louisianans Endorse HBPA

Fred Huenefeld, a leading Democrat, realtor, and long-time member of the LaRouche movement in Louisiana, has not only endorsed the HBPA, but has organized three other endorsers so far: State Senator Robert Kostelko (R-Monroe); Mayor Jack Hammons of Winnsboro, La., and Mayor Reggie Skains of Downsville, La. Huenefeld was scheduled to present a resolution calling for support of HBPA to the executive board of the Louisiana Realtors Association on Sept. 19.

Pennsylvania Leader Introduces LaRouche Measures On Mortgage Crisis to Pennsylvania Legislature

On Sept. 21, LPAC reported that Pennsylvania State Rep. Harold James is gathering support in that state’s legislature, now in session, for a resolution to Congress calling for immediate, emergency Federal action on the principles of Lyndon LaRouche’s Homeowners and Bank Protection Act 2007. Three states now in legislative session have such legislative resolutions introduced, with others expected to join in demanding a Congressional action to halt the wave of foreclosures across the country. In addition, individual elected officials from several other states have endorsed a petition to Congress for this action. Here is the Pennsylvania resolution.

Memorial Resolution to the U.S. Congress for Emergency Action To Protect Homeowners and Banks

WHEREAS, the onrushing financial crisis involving home mortgages, debt instruments of all types, and the banking system of the United States, threatens to set off an economic collapse worse than the Great Depression of the 1930s; and,

WHEREAS, millions of Americans are faced with foreclosure and loss of their homes over the coming months, and,

WHEREAS, the hedge funds which spread this financial collapse among markets worldwide, by dominating speculation in all those markets, are now going bankrupt and demanding government bailout of their securities and derivatives, and the nominal value of the derivatives based on mortgages alone is the size of the combined GDP of the nations of the world;

WHEREAS, this financial crisis threatens the integrity of both state and federally chartered banks, as typified by the run on deposits of Countrywide Financial Corporation in California on August 16, which could wipe out the life savings of too many American people, and drastically undermine the economic stability of our states and cities; and

WHEREAS, under similar circumstances in the 1930s, President Franklin D. Roosevelt successfully intervened to protect banks and homeowners, addressing Congress with a “declaration of national policy” on April 13, 1933, which stated “that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guarantee of social and economic stability, and that to protect homeowners from inequitable enforced liquidation in a time of general distress is a proper concern of the Government”;

THEREFORE, BE IT RESOLVED, that the House of Representatives of the Commonwealth of Pennsylvania calls upon the U.S. Congress to take emergency action in the form of a Homeowners and Bank Protection Act of 2007, as proposed by economist Lyndon H. LaRouche, Jr., specifically to:

1. establish a Federal agency to place Federal and state-chartered banks under protection, freezing all existing home mortgages for a period of time, adjusting mortgage values to fair prices, restructuring existing mortgages at appropriate interest rates, and writing off speculative debt obligations of mortgage-backed securities, financial derivatives and other forms of financial pyramid schemes that have brought the banking system to the point of bankruptcy;

2. declare a moratorium on all home foreclosures for the duration of the transitional period, allowing families to retain their homes. Monthly payments, the equivalent of “rental payments,” shall be made to designated banks, which can use the funds as collateral for normal lending practices, thus re-



EIRNS/Lulien Lamaître

California State Assemblyman Mervyn Dymally, the chairman of the state Legislative Black Caucus, and former head of the Congressional Black Caucus, has endorsed the Homeowners and Bank Protection Act of 2007.

capitalizing the banking system. These affordable monthly payments will be factored into new mortgages, reflecting the orderly deflating of the housing bubble, the establishment of appropriate property valuations, and reduced fixed mortgage interest rates. While this shakeout may take several years to achieve, in the interim period no homeowner shall be evicted from his or her property, and the Federal and state-chartered banks shall be protected, so that they can resume their traditional functions, serving local communities, and facilitating credit for investment in productive industries, agriculture, infrastructure, etc.

3. authorize Governors of the several States to assume the administrative responsibilities for implementing the program, including the “rental” assessments to designated banks, with the Federal government providing the necessary credits and guarantees to assure the successful transition.

AND BE IT FURTHER RESOLVED, that a copy of this resolution shall be forwarded to each member of the Pennsylvania Congressional delegation, and also to the President of the United States, for immediate action.

Mervyn Dymally Endorses Resolution

On Sept. 20, LPAC announced that California State Assemblyman Mervyn Dymally has endorsed the Homeowners and Bank Protection Act of 2007, and added his name as an endorser of Pennsylvania Rep. Harold James’ resolution in support of the HBPA. Dymally is currently the chairman of the California Legislative Black Caucus. Dymally was elected Lt. Governor of California in 1974—the first African-American elected to statewide office; and then, to the U.S. Congress in 1980, serving as chairman of the Congressional Black Caucus. Petition to Congress: Implement the Homeowners and Bank Protection Act of 2007.

Book Review

Profile of a British Agent-of-Influence

by Stu Rosenblatt

Woodrow Wilson's Right Hand: The Life of Colonel Edward M. House

by Godfrey Hodgson

New Haven: Yale University Press, 2006

335 pages, hardback, \$35.00

Godfrey Hodgson makes a compelling case—albeit unintentionally—for permanently burying any positive reputation of British agent-of-influence Col. Edward House (1853-1938). This British biographer attempts to draw a parallel between the tumultuous events of 1910-20 and the current crises of the (British-instigated) War on Terror. As in World War I, when House manipulated a willing President Woodrow Wilson to enter the conflict on the British side, Hodgson argues that a strong alliance between the United States and Europe (i.e., Britain), is the only way to “victory” in the current endless wars. Presumably he means the consolidation of a new British-directed empire.

Hodgson resurrects House as the more “pragmatic” half of the Wilson-House collaboration that allowed the Allies to triumph in the war that failed to end all wars, and his purpose is to laud the efforts of House in dragging the United States into World War I, and cementing the newly created Anglo-American “special relationship.”

Hodgson sums up the case for House’s role as a British agent-of-influence: “In America’s wartime relations with Britain, House was the key figure. He worked closely with the British intelligence chief agent Sir William Wiseman and dealt as an intimate equal with the British war leaders, Herbert Asquith, Arthur James Balfour, and David Lloyd George. He went everywhere in Britain: he stayed at Cliveden with the Astors, dined with the prime minister at Downing Street, and got on famously with the king. He was shown the Admiralty’s secret war room by Admiral Sir John Jellicoe and had an arrangement with the British foreign secretary, Sir Edward Grey, that he could drop around for a chat before dinner every Sunday.”

The period surrounding World War I did mark a turning point in the consolidation of the Anglo-American alliance. It paved the way for two world wars and an endless stream of

conflicts, from Korea to Iraq. To bring this crisis of civilization to a close, one useful element would be to leave the memory of House to rot in his grave.

The real identity of the United States lies in the legacy of the American Revolution, which created a great republic to rally the world against Anglo-Dutch imperialism. Failing to reconquer the United States militarily in the 19th Century, the British turned to other means, including internal subversion. House was a key operative in this effort during the 20th Century.

As Hodgson demonstrates, House was an anglophile operative from the outset. His father, T.W. House, was born in Somerset, England; he later emigrated to the United States, and made a fortune in cotton, land, and running the Union blockade of the Confederacy. By the end of the Civil War, he had stashed \$300,000 in gold in Barings Bank in London, and an equally large sum in an account with Liverpool cotton brokers.

Colonel House’s rise to power in Texas politics followed a similar course, where he steered the campaigns of old Confederate generals and sympathizers to governorships. He catapulted to the national stage with his management of the rise of fawning anglophile and Confederate dreamer Woodrow Wilson to the Presidency in 1912.

In the Summer of that year, House penned a book-length manuscript, “Philip Dru, Administrator,” lauding the policies of dictatorship and economic empire. Wilson “swallowed” the book while on the campaign trail. House’s “hero” seizes power by a violent coup, overthrows the U.S. Constitution, initiates a policy of global free trade, and negotiates a successful alliance between the United States and Great Britain to rule the world—and all in the name of Progressivism! The proposal for joint rule with the British came at a time when the vast majority of Americans were staunchly opposed to any alliance with our historical bitter enemy.

Everything sketched in “Philip Dru” would become policy under Wilson, and Hodgson even says that “Philip Dru is a profoundly authoritarian vision, not of a democratic leader but of an “administrator. . . . House’s hero is a dictator in the original Roman sense, a strong man who knocks heads together when the constitutional government is incapable of responding to deep-seated social problems.”

Following the election, House hand-picks the notoriously racist Wilson Cabinet, from Albert Burleson to William McAdoo, and instigates much of the treacherous domestic agenda. A flunkey of the Warburg family, he engineers the creation of the Wall Street-controlled Federal Reserve system, lowering of tariffs, and the invasion of Mexico in 1914.

The main focus of the book is House’s role in steering the United States into a foreign policy alliance with Britain that led directly into U.S. military participation in World War I. Hodgson establishes House as a direct agent for the Milner Group of Liberal-Imperialist warmongers who plunged the world into cataclysm. In 1915, House ran shuttle diplomacy on behalf of his close friend, Britain’s Foreign Secretary Lord Edward Grey,

giving Germany the choice of acceding to British war aims, or facing American entry into the conflict on Britain's side.

Prior to America's entry into the war, it was House's job to prod the reticent Wilson into battle. To his credit, Wilson resisted, and Hodgson documents many incidents in which Wilson opposed House's armtwisting. Finally, to guarantee that Wilson didn't "go wobbly" (as Margaret Thatcher said of George H.W. Bush on the eve of the 1991 Gulf War), the Foreign office deployed Sir William Wiseman to the United States in late 1916, to direct Colonel House.

Wiseman was the director of British Intelligence in the United States. He was sent to spy on U.S. negotiations with Germany (though House was reporting all to the Foreign Office), and to work with House. He rented an apartment in the same building as House in New York; he was on the secure phone line from House's dwelling to President Wilson; and he participated in the ultra-secret Inquiry set up by House to work out U.S. post-war aims. So much for Wilsonian democracy.

The Inquiry

During World War I, Wilson requested that House create a top-secret institution, known as the Inquiry, to prepare U.S. plans for a post-war peace conference. Prior to U.S. entry into the conflict, the Allies signed a series of secret treaties whose purpose was to carve up the German, Austro-Hungarian, and Ottoman Empires at the cessation of hostilities, and divide the spoils. House formed his Inquiry group to set out the U.S. position. While Hodgson acknowledges the importance of the Inquiry, he covers up its deeper operations.

The Inquiry set up shop in New York, outside the purview of the State Department or any official branch of government. It became a haven for British-tainted policymakers and spies, and formulated a U.S. strategy in perfect harmony with British war aims.

For example, House plucked Walter Lippmann from the board of the *New Republic*, a Fabian Society publication which had been used to generate the geopolitical arguments that guided American entry into the war. It was Lippmann, under House's supervision, who drafted Wilson's Fourteen Points, the American version of British geopolitical machinations to redraw the map of Europe. House dangled the Fourteen Points before the Germans to secure the Armistice, and then abandoned most of them at the peace conference.

Perhaps the most intriguing member of the Inquiry was George Beer, who is identified in Carroll Quigley's authoritative book *The Anglo-American Establishment*, as the only participant on the Inquiry who was simultaneously a member of the Milner Round Table, the central policymaking body of the British Empire. A germanophobe and anglophile, Beer had authored studies on the British Empire during the latter part of the 19th Century, as Quigley writes, "to counteract the falsehoods about British Colonial policy to be found in the manuals used in American primary schools." Beer also had done studies on the roots of the American Revolution, from a

British standpoint, and was a direct Milner agent on the Inquiry.

Beer was an expert on "colonial questions," and was the major conduit for Gen. Jan Smuts and Alfred Milner's innovation of the Mandate System. That system dovetailed well with the newly formed British Commonwealth, the decentralized version of the empire.

The Inquiry was also directly influenced by British Intelligence director Wiseman, who inserted British war aims into its plans, and consulted freely with House. The Inquiry steered clear of the key economic planks of the Versailles Peace Conference, concentrating only on geopolitical boundaries and British war aims. So much for Wilsonian Democracy.

League of Nations

Hodgson points to House's role in initiating the ill-fated League of Nations, and correctly identifies House's motivation as bringing an end to the Westphalian system of sovereign nation-states. While House and Wilson are certainly early sponsors of this attempt at global government, the real source of the gambit was the British. One gains real insight into classic British manipulations by examining the genesis of the League of Nations.

Hodgson identifies Sir Edward Grey, House's confidant, as the likely originator of a League of Nations organization. House endorsed the League of Nations idea early on, but at Versailles, the two key authors of the final League plan were insiders of the British establishment and allies of Milner: Gen. Jan Smuts and Lord Robert Cecil.

The British controlled all sides of the debate, and had their own agenda, which ultimately won out. House supported a League that could command military units to impose the League's ultimata. The British had no intention of allowing this kind of option, for several reasons: 1) At this time, the British Empire was still a potent force and was being transformed by the Milner crowd into a Commonwealth arrangement, more palatable to the colonies; 2) the British wanted no interference in their own ability to militarily control the world through sea power; and 3) they were worried that an armed League would be able to woo the Commonwealth members toward a League that might even be dominated by the United States.

The British were not opposed to world government, simply not this variety. When the U.S. Senate voted against American participation in the League, thus dashing the dreams of Wilson and House, the British quietly applauded "American national sovereignty," and kept the League firmly under their control.

Thus, House played the part of a useful fool in the larger British equation. As for the legacy of the Versailles Peace Conference, at which House and Wilson were prominent players, it was an unmitigated disaster, typified by the looting of Germany through reparations, and it paved the way for economic chaos in Europe, while sowing the seeds of Nazism and Fascism more generally. This was the real result of House's work in Europe.

After Weimar, There Was Fascism

There is one clear historical comparison with the wild monetary expansion currently being carried out by the world's central banks. As Lyndon LaRouche has been emphasizing, what is happening today on a global scale is what Germany experienced in the second half of 1923: turn on the printing presses, flood the world with money.

Ultimately, of course, the German hyperinflation came to a crashing halt, and the world's financial powers stepped in to reorganize the debts and the system. The Schachtian austerity that followed led directly into full-scale fascism, with the genocidal results which the world remembers so well today.

Today, however, there is no *outside* power to come in and re-establish an orderly financial system. But the lawful result of the attempt to cover the unpayable debts of a financial system gone wild, will be an intensification of the global depression of living standards, which has been destroying the world over the last 30 years. The end result of that course, as with Hitler's Germany, will be fascist genocide, on a global scale.

It's not difficult to see what such a future would look like. Just take a look at the devastation of southern Africa, where agriculture is starved, roads and sanitation are non-existent, millions of babies die of totally curable malaria, and people toil 16 hours a day to simply provide for their bare necessities. Under the IMF policies of the last 30 years, large sections of Africa have actually seen their life expectancies *reduced* down to the level they were when Franklin Roosevelt visited the British colony of Gambia back in 1943—to 33 to 40 years of age.

Apply the same disinvestment and austerity policies which have been imposed on Africa, on the rest of the world, *including the United States*, and you will get a similar result. The end result will be depopulation on a massive scale—from today's 6.5 billion people, to 1 billion or less (which the oligarchical Malthusians consider "desirable" today).

But we do have an alternative! As the recent Schiller Institute conference in Kiedrich, Germany, which

we feature in this issue of *EIR*, elaborated at length, the elimination of the current usurious financial system can result in a *positive* change for mankind. This is a crisis of opportunity, if we would but seize the alternative model for a new, just world economic order, which the LaRouche movement and its allies have put on the table.

There is no need to maintain the (largely fraudulent) debts of the post-Bretton Woods system on our books. They can be frozen, and written down later. What we need to do, is to make a fresh start, with new principles, under which our financial system would once again become a *credit* system, that launches a 50-year process of in-depth economic development, on the basis of long-term economic cooperation agreements among sovereign nations.

There is an infamous canard among economists, which claims that the issuance of abundant, long-term credit is inflationary, *per se*. Under this nostrum, the post-Bretton Woods economists have insisted that governments cannot spend money for needed infrastructure development—from replacing broken sewer systems, to developing the next generation modes of transportation and electric power. The likes of Alan Greenspan greeted every proposal for major investments in infrastructure by yelling "Inflation! Inflation!"

Yet, when it comes to issuing monies to try to save the speculative investments of the hedge funds and the banks, there are no limits at all! This was the case back in 1987, when Greenspan moved to "save" the financial system after the dramatic stock market crash. It was equally true after the 1998 financial crisis, and the shock represented by 9/11. And today, the central banks think nothing of shelling out \$10-20-80 billion *a day!* in order to try to save those gamblers who control our financial system.

It's time we ended this insanity, and took back the function of credit generation for sovereign governments, acting in the interest of their populations. No more Weimars—and no more Hitlers!

ΔYNAMIS

THE JOURNAL OF THE LAROUCHE-RIEMANN METHOD OF PHYSICAL ECONOMICS

THE LAROUCHE YOUTH MOVEMENT:
REBUILDING SCIENCE, WITHOUT THE HIGH PRIESTS.

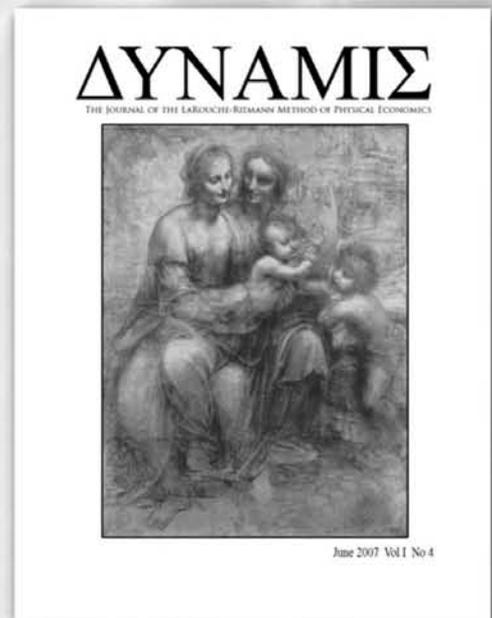
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Comcast/RCN/WOW*
• PEORIA COUNTY Insight Ch.22 Sun:
7:30 pm
• QUAD CITIES Mediacom Ch.19 Thu:
11 pm

IOWA

• QUAD CITIES Mediacom Ch.19 Thu:
11 pm

KENTUCKY

• BOONE/KENTON Insight Ch.21 Sun:
1 am; Fri: Midnight
• JEFFERSON Insight Ch.98 Fri: 2-2:30 pm

LOUISIANA

• ORLEANS PARISH Cox Ch.78 Tue: 4 am & 4 pm

MAINE

• PORTLAND TimeWarner Ch.2 Mon:
1&11 am,5 pm

MARYLAND

• ANNE ARUNDEL Annapolis Ch.76
Milleneum Ch.99; Sat: 12:30 am;
Sun: 12:30 am; Tue: 6:30 pm
• P.G.COUNTY Comcast Ch.76
Tue/Thu: 11:30 am

MASSACHUSETTS

• BRAINTREE Comcast Ch.31; BELD
Ch.16 Tue: 8 pm
• CAMBRIDGE Comcast Ch. 10 Tue:
2:30 pm; Fri: 10:30 am
• WALPOLE Comcast Ch.8 Tue: 1-1:30 pm

MICHIGAN

• BYRON CENTER Comcast Ch.25
Mon: 2 & 7 pm
• DETROIT Comcast Ch.68
Unscheduled pop-ins
• KALAMAZOO Charter Ch. 20 Thu: 11 am;
Sat: 10 am
• KENT COUNTY Comcast Ch.25 Fri:
1:30 pm
• N.KENT COUNTY Charter Ch.22
Wed: 3:30 & 11 pm
• LAKE ORION Comcast Ch.10
Mon/Tue: 2 & 9 pm
• LIVONIA Bighthouse Ch.12 Thu: 3 pm
• MT.PLEASANT Charter Ch. 3 Tue:
5:30 pm; Wed: 7 am
• PORTAGE Charter Ch.20 Tue/Wed:
8:30 am; Thu: 1:30 pm
• SHELBY TWP. Comcast Ch.20 WOW
Ch.18; Mon/Wed: 6:30 pm
• WAYNE COUNTY Comcast Ch.16/18
Mon: 6-8 pm
• WYOMING Comcast Ch 25 Wed:
9:30 am

MINNESOTA

• BURNSVILLE • EGAN Comcast
Ch.14 Sun, Tue, Thur, Sat: 4:30 pm;
Mon, Wed, Fri.: 4:30 am
• CAMBRIDGE US Cable Ch.10 Wed:
6 pm
• COLD SPRING US Cable Ch.10
Wed: 6 pm
• COLUMBIA HTS. Comcast Ch.15
Wed: 8 pm
• DULUTH Charter Ch.20 Mon: 9 pm;
Wed: 12 pm; Fri: 1 pm
• MINNEAPOLIS TimeWarner Ch.16
Tue: 11 pm
• MINNEAPOLIS (Northern Burbs)
Comcast Ch.15 Thu: 3 & 9 pm
• NEW ULM Ch.14 Fri: 5 pm
• PROCTOR Ch.12 Tue: 5 pm to 1 am
• ST.CLOUD AREA Charter Ch.12
Mon: 9:30 pm

• ST.CROIX VLY. Comcast Ch.14 Thu:
1 & 7 pm; Fridays--9 am
• ST.LOUIS PARK Comcast Ch.15
Sat/Sun/Mon/Tue Midnite, 8 am, 4 pm
• St.PAUL (S&W suburbs) Comcast
Ch.15 Wed: 10:30 am; Fri: 7:30 pm
• S.WASHINGTON Comcast Ch.14
Thu: 8 pm

MISSOURI

• ST.LOUIS Charter Ch.22 Wed: 5 pm;
Thu: 12 Noon

NEVADA

• WASHOE CTY Charter Ch.16 Thu: 2 pm

NEW HAMPSHIRE

• MANCHESTER Comcast Ch.23 Thu:
4:30 pm

NEW JERSEY

• HADDEN TWP Comcast Ch.19 Sun:
10 am
• MERCER CTY Comcast*
• TRENTON Ch.26 3,4 Fri: 6-6:30 pm
• WINDSORS Ch.27 Mon: 5:30-6 pm
• MONTVALE/MAHWAH Cablevision
Ch.76 Mon: 5 pm
• PISCATAWAY Cablevision Ch.22
Thu: 11:30 pm
• UNION Comcast Ch.26 Unshed.
Fillers

NEW MEXICO

• ALBUQUERQUE Comcast Ch.27
Thu: 4 pm
• LOS ALAMOS Comcast Ch.8 Wed:
10 pm
• SANTA FE Comcast--Ch.8 Thu: 9 pm
Sat: 6:30 pm
• SILVER CITY{Conley Productions}
Daily: 8-10 pm
• TAOS Ch.2 Thu: 7 pm

NEW YORK

• ALBANY T/W Ch.18 Wed: 5 pm
• BETHLEHEM TimeWarner Ch.18
Thu: 9:30 pm
• BRONX Cablevision Ch.70 Wed: 7:30 am
• BROOKLYN T/W Ch.35; Cablevision
Ch.68 Mon: 10 am
• CHEMUNG T/W Ch.1/99 Tue: 7:30 pm
• ERIE COUNTY Adelphia Ch.20 Thu
10:35 pm
• IRONDEQUOIT T/W Ch.15; Mon/Thu:
7 pm
• JEFFERSON • LEWIS T/W Ch.99
Unscheduled pop-ins
• NIAGARA/ERIE T/W Ch.20 Thu:
10:35 pm
• ONEIDA T/W Ch.99 Thu: 8 or 9 pm
• PENFIELD Ch.15 Penfield Comm.
TV*
• QUEENS T/W Ch.35; Tue: 10:30 am
• QUEENSBURY T/W Ch.71; Mon: 7 pm
• ROCHESTER T/W Ch.15, Sun:9 pm;
Thu:8 pm
• ROCKLAND Cablevision Ch.76 Mon:
5 pm
• SCHENECTADY T/W Ch.16; Fri: 1 p.m.
Sat: 1:30 am
• STATEN ISL. TimeWarner Thu:
Midnite (Ch.35); Sat: 8 am (Ch.34)
• TOMKINS CTY Sun: 12:30 pm; Sat: 6 pm

• TRI-LAKES Adelphia Ch.2 Sun:7 am,
1 pm, 8 pm
• WEBSTER Ch.12 Wed: 9 pm

NORTH CAROLINA

• HICKORY Charter Ch.3 Tue: 10 pm

OHIO

• AMHERST T/W Ch.95 Daily 12 Noon
& 10 pm
• CUYAHOGA T/W Ch.21 Wed: 3:30 pm
• OBERLIN Cable Co-Op Ch.9 The: 8 pm

OKLAHOMA

• NORMAN Cox Ch.20 Wed: 9 pm

OREGON

• LINN/BENTON Comcast Ch.29 Tue:
1 pm; Thu: 9 pm
• PORTLAND Tue:6 pm (Ch.22); Thu:3 pm (Ch.23)

RHODE ISLAND

• E.PROVIDENCE Cox Ch.18 Tue:
6:30 pm
• STATEWIDE RI Interconnect Cox
Ch.13
Tue:10-10:30 am

TEXAS

• DALLAS Comcast Ch.13-B Tue:
10:30 pm
• HOUSTON T/W Ch.17 TV Max
Ch.95; Wed: 5:30 pm; Sat: 9 am
• KINGWOOD Cebridge Ch.98 Wed:
5:30 pm; Sat: 9 am

VERMONT

• GREATER FALLS Adelphia Ch.10
Mon,Wed,Fri: 1 pm
• MONTPELIER Adelphia Ch.15 Tue: 9 pm;
Wed: 3 pm

VIRGINIA

• ALBERMARLE Comcast Ch.13 Sun:
4 am; Fri: 3 pm
• ARLINGTON Comcast Ch.33 Mon: 1 pm;
Tue: 9 am
• CHESTERFIELD Comcast Ch.6 Tue:
5 pm
• FAIRFAX Ch.10 1st & 2nd Wed: 1 pm
• LOUDOUN Comcast Ch.23 Wed: 6 pm
• ROANOKE Ch.78 Tue: 7 pm; Thu: 2 pm

WASHINGTON

• KING COUNTY Comcast Ch.29/77
Sat: 2 pm
• TRI CITIES Charter Ch.13/99 Mon: 7 pm
Thu: 9 pm
• WENATCHEE Charter Ch.98 Thu: 1 pm

WISCONSIN

• MARATHON Charter Ch.10 Thu: 9:30 pm;
Fri: 12 noon
• MUSKEGO TimeWarner Ch.14 Sat: 4 pm;
Sun: 7 am

WYOMING

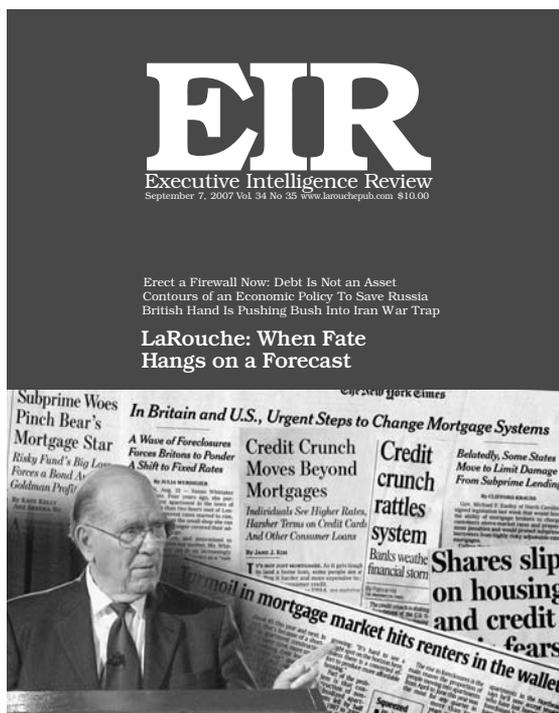
• GILLETTE Bresnan Ch.31 Tue: 7 pm

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