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A Notre Dame Event:
Don't Ask Obama
by Lyndon H. LaRouche, Jr.

May 18—
In these times, including the *New York Times*, the common failure of many highly publicized debates, is that none of the opposing parties, and few among the members of the audience, knew virtually anything worthwhile knowing about the purported subject of that May 17th occasion at Notre Dame University. It was clearly, a lack of knowledge of elementary morality which encouraged them to speak more freely, since they were unencumbered by that burden known as truth. What is actually important about President Barack Obama's appearance at Notre Dame University that day, was his certain, curious kind of innocence of what he had done....

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Don't Ask Obama
by Lyndon H. LaRouche, Jr.

What is actually important about President Barack Obama's appearance at Notre Dame University on May 17, 'was his certain, curious kind of innocence of what he had done. He showed no comprehension of the political issues of life-versus-death which he promised to compromise.'

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This Week's News

U.S. Economic/Financial News

Housing Construction Dives to Record Low

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Lack of Funds Forces Local Law Enforcement To Merge, Close

Housing Construction Dives to Record Low

May 19 (EIRNS)—Construction of new houses plunged to the lowest level in 50 years, according to Commerce Department data released today. New construction of single-family homes and apartments dropped almost 13% in April, to a seasonally adjusted annual rate of 458,000—the lowest since 1959, when the Commerce Department started keeping such records. Construction of multi-family housing fell 46%, to a record low. Overall, housing starts are now almost 80% below their peak in January 2006.

The plunge was biggest in the Northeast (31%), and in the Midwest and the South (both down 21%).

Administration Helps Vultures Take Over BankUnited

May 22 (EIRNS)—BankUnited, Florida's biggest regional bank, was seized by regulators and sold to a consortium of private vulture firms yesterday, in the largest bank failure this year. The failure is the second costliest bank failure for the FDIC since IndyMac Bancorp in July 2008. The vulture firms that took over BankUnited include W.L. Ross & Company, the investment firm led by Wilbur Ross; Carlyle Group, Blackstone Group, Centerbridge Partners, the LeFrak Organization, Wellcome Trust, Greenaap Investments, and Teast Rock endowment Fund. Under the deal, the buyers will inject only \$900 million of new capital into the bank and assume \$12.7 billion in assets and \$8.3 billion in deposits, a pretty sweet deal. In addition, the FDIC has also agreed to absorb \$4.9 billion in losses. It is a win-win situation for the vultures.

On May 22, Sen. Jack Reed (D-R.I.) wrote to regulators, including Treasury Secretary Timothy Geithner, raising concerns about private-equity firms buying banks: "These activities represent another, particularly dangerous example of regulatory arbitrage whereby institutions and firms are shopping around a potentially risky activity until they find a regulator who will allow it." Reed leads a Senate banking subcommittee that oversees the securities industry.

With this deal, the Obama Administration is essentially paying vulture funds to devour a federally chartered bank as if it were road kill.

Lack of Funds Forces Local Law Enforcement To Merge, Close

May 18 (EIRNS)—The Obama Administration's stimulus plan allocates about \$4 billion to local law enforcement, including \$1 billion to hire and retain officers. But the hiring money has not been distributed, and local governments, already hurting for lack of revenue, are closing police precincts, merging police departments with others, and even shutting some down.

"For the first time, because of the economy, police departments ... may have to change how they do business," Chuck Wexler, executive director of the Police Executive Research Forum, a law enforcement think tank, told *USA Today*. "People will see a change in the basic delivery of services," from longer police response times to a dramatically reduced police presence in some communities.

Harlan Johnson, executive director of the Minnesota Chiefs of Police Association, said political leaders are "choosing whether they keep the streets open or the police on patrol."

Recent cuts include:

* In Pennsylvania, 19 suburban and rural police agencies have closed in the past 15 months, and 7 others have cut patrols. State police, already stretched, are trying to fill the gaps.

* In Minnesota, nine small police agencies have closed in the past five months, leaving sheriffs' departments to protect the public.

* In Portland, Ore., police are eliminating two of five patrol precincts.

* In southern California, Indio, Palm Springs, Desert Hot Springs, Cathedral City, and Beaumont have merged some functions, including dispatch operations.

Global Economic News

Global Electricity Consumption To Decline 3.5% in 2009

Japan: The Incredible Shrinking Economy

Dutch Commit Fraud, Piracy Against Public Health

Global Electricity Consumption To Decline 3.5% in 2009

May 22 (EIRNS)—The International Energy Agency (IEA) will tell energy ministers of the Group of 8 industrial countries on May 24 that it projects global electricity consumption will fall by 3.5% during 2009, according to the May 22 *Financial Times*. This projection, while a linear extrapolation of a global economy that is actually in a *nonlinear* collapse, is indicative of the literal dark age that is spreading around the globe. The IEA projection for Russia, is a decline of almost 10% of electricity usage. In China, electricity consumption will be more than 2% lower than in 2008. Three-quarters of the global decline in consumption is accounted for by the plunge in industrial usage, not household demand. The absolute decrease in household demand indicates a lowering living standard for millions.

One of the first actions taken by President Franklin Roosevelt in his first 100 days, was to sign the legislation creating the Tennessee Valley Authority. Within a few years, 6 million people who had never had access to electricity, were brought into the 20th Century. The later Rural Electrification Administration connected millions more to the grid. Now, time is going backwards: The 2 billion people in the world who have no access to electricity, will be joined soon by millions more, who used to.

Japan: The Incredible Shrinking Economy

May 20 (EIRNS)—Japan announced its GDP for the quarter ending March 31, and it shrank 15.2% from the same period a year earlier, marking a fourth straight quarter of loss and the biggest decline since Japan began keeping records. It was also a deeper fall than during the previous three months, when the economy shrank 14.4% from the year-earlier period.

Most of the decline is from the collapse of exports of finished goods to the United States and Europe, which were down

26% from the previous quarter. However, layoffs, and most especially, reduced pay from shorter hours and job sharing, are also reducing domestic demand.

Dutch Commit Fraud, Piracy Against Public Health

May 20 (EIRNS)—Dutch authorities, in the name of the European Union, have seized several shipments of affordable generic drugs produced by independent Indian pharmaceutical companies as they transited through the Netherlands on their way to developing countries. These acts have been carried out on the pretext that these are counterfeits of patented drugs, and thus the Dutch are merely enforcing World Trade Organization (WTO) statutes governing intellectual property rights.

The Dutch are committing fraud, Lyndon LaRouche charged, because generics are not counterfeits.

The Indian and Brazilian governments, in particular, are on a war footing against these seizures, which the Indian government called "acts of piracy." The pharmaceutical cartel has long sought to crush the Indian pharmaceutical companies, which constitute the largest drug-producing capability worldwide, independent of the cartels.

On Jan 15 of this year, a shipment of the Indian pharmaceutical company, Dr. Reddy's Lab, of the generic version of Losartan (for treating high blood pressure) was seized in transit in the Netherlands, en route way to Brazil.

Brazil's Ministry of External Affairs has threatened to take the issue up with the WTO. And Brazil, with strong support from India and Bangladesh, at a recent executive board session of the World Health Organization (WHO) in Geneva, succeeded in blocking a controversial resolution backed by the European Commission and International Medical Product Anti-Counterfeiting Taskforce. The resolution had been widely criticized for mixing up issues of public health and private intellectual property rights in the context of defining counterfeit drugs.

Last November, Dutch authorities seized HIV/AIDS medicine manufactured by India's Aurobindo Pharma Ltd, meant for use in Nigeria. The drug, purchased by the Clinton Foundation through UNITAID (an international facility for purchasing drugs to treat HIV/AIDS). It was the sixth reported incident of an Indian drug firm's exports being seized in transit in Europe for shipments meant for other markets. Aurobindo's Abacavir tablets are not counterfeit, UNITAID said on its website. "They are medicines used in second-line treatment of HIV/AIDS manufactured by the Indian company Aurobindo. These medicines have been pre-qualified by the WHO and have received tentative approval by the United States Food and Drug Administration," it said.

United States News Digest

[**Auto 'Recovery' Chief: Green Work Makes Free!**](#)

[**Cheney Brags of His Support for Torture**](#)

[**Californians Reject Arnie's Ballot Initiatives**](#)

[**Academy of Sciences Wants Army To Create Zombie Killers**](#)

[**Former Supporters See Obama Turning into Bush**](#)

Auto 'Recovery' Chief: Green Work Makes Free!

May 22 (EIRNS)—The Obama Administration is attempting to use the collapse of the U.S. auto sector to implement a fascist retooling of the U.S. economy and reprogramming of the U.S. workforce using behavioral modification brainwashing methods. Dr. Ed Montgomery, Obama's Director of Recovery for Auto Communities and Workers, visited Toledo, Ohio yesterday. During a tour of the Jeep plant that is currently shut down, like all of Chrysler's plants, Montgomery discussed Obama's plans for laid off autoworkers. Earlier in the day, in Dayton, he announced that the Federal government is making \$50 million in Federal funds available for "green energy" job training in communities hurt by auto layoffs.

"It's part of our effort to bring relief to workers from the auto community, to help them train for new energy efficient and green jobs for the future," Montgomery said. Next week, Montgomery will travel to Detroit to kick off workshops on how to access nearly \$80 million in stimulus funds to develop new, green jobs.

Montgomery was a leading official in the Labor Department under President Clinton; most recently he served as dean of the University of Maryland College of Behavioral and Social Sciences. Larry Summers, the leader of the pack of behavioral economists pushing nazi health-care policies in the Obama Administration, and Montgomery's graduate school classmate, who persuaded him to take his present job.

Cheney Brags of His Support for Torture

May 21 (EIRNS)—Former Vice President Dick Cheney gave a speech today, clearly intended as a rebuttal to President Obama's speech earlier in the day, in which the President spoke on protecting national security in the context of American Constitutional values. Cheney's speech at the American Enterprise Institute was a snarling exposition of the "success" of the Bush Administration's warrantless electronic surveillance and "enhanced interrogation program." It was perhaps his fifth such episode over the past couple of months.

"I was and remain a strong proponent of our enhanced interrogation program," Cheney boasted. The speech, full of declarations of support for the valiant interrogators who, Cheney says, extracted valuable information about further planned al-Qaeda attacks on the U.S., was premised on a world of permanent warfare—warfare that was in fact assured by the Bush Administration's brutality, war, and other sanctions against most of the Arab and Muslim world.

Cheney found it necessary to reassert the long-discredited claim that the mistreatment of prisoners at Abu Ghraib was the isolated activity of a "few bad apples" in the prison, rather than a systemic policy aimed at "softening up" detainees for interrogation: "In public discussion of these matters," Cheney declared, "there has been a strange and sometimes willful attempt to conflate what happened at Abu Ghraib with the top secret program of enhanced interrogations. At Abu Ghraib, a few sadistic prison guards abused inmates in violation of American law, military regulation, and simple decency. For the harm they did to Iraqi prisoners and to America's cause, they deserved and received Army justice."

The recently declassified Senate Armed Services Committee report is explicit, that what happened at Abu Ghraib was a direct result of decisions made at the top levels of the Bush Administration, particularly by Defense Secretary Donald Rumsfeld and Cheney; the report, approved by Democrats and Republicans alike, specifically refuted the "few bad apples" fable.

Californians Reject Arnie's Ballot Initiatives

May 20 (EIRNS)—California voters decisively rejected Gov. Arnold Schwarzenegger's efforts to gain more power to

dismantle state government, defeating five of the six initiatives he placed on the ballot, in a special election yesterday. The sixth, which passed, is insignificant, as it establishes that there can be no pay increases for legislators when the budget is not passed by the deadline (this merely reflects anger at the state's elected officials).

While anti-tax idiots are proclaiming victory, the mobilization to defeat these initiatives included activity by the LaRouche Youth Movement and LaRouche PAC, union members, many Democrats, and a lot of fed-up Californians. The measures would do nothing but give Arnie more power to make cuts, while enabling him to borrow money against future revenues from the state lottery, and from issuing new bonds to cover mandatory budget items. While it might have provided some immediate relief from an expected \$21 billion budget shortfall, it would gain that relief through postponing payments, adding the costs of interest on the new borrowing to future deficits. The fact remains that the state is bankrupt, and nothing short of Lyndon LaRouche's FDR-style transformation of the U.S. physical economy, based on Hamiltonian principles, can help California, or any other state, avoid disintegration.

Schwarzenegger responded to the vote by saying that there is no choice but to "go all out" in cutting government spending. On the chopping block will be health care and social services, education, infrastructure, and law enforcement.

In his campaign to pass the initiatives, Schwarzenegger warned that if they did not pass, he might be forced to release 40,000 prisoners and to make draconian cuts. Instead of recognizing that the voters are tired of his manipulative games, bullying, threats, and his approach to governance, which have made the state government dysfunctional, and legislative deliberation nonexistent, he now says the vote has given him a mandate to further dismantle the social safety net.

Academy of Sciences Wants Army To Create Zombie Killers

May 18 (EIRNS)—A National Academy of Sciences committee last week recommended "that the Army expand its research into how a soldier's brain, blood, and nerves work so it can develop futuristic applications that can increase performance and survivability."

National security columnist Walter Pincus writes in today's *Washington Post*, "There are simpler present day augmented reality opportunities, the committee said. The report describes having a virtual overlay associated with the trigger of a soldier's weapon, which provides a sensory feedback when it locks on a target identified as a foe. The soldier can be trained so that he pulls the trigger without thinking, 'decreasing the time between acquiring and engaging the target,' the study says." ("Augmented reality" displays the actual world mixed with the "virtual world.")

Former Supporters See Obama Turning into Bush

May 17 (EIRNS)—The Washington, D.C. newspaper *Politico*'s lead story today is, "Some on Left Souring on Obama," citing anger from liberal and left-wing Democrats over Obama's breaking of campaign promises on treatment of detainees; failure to close Guantanamo as promised; not releasing information on torture, especially photos; not doing anything to help the immigration issue; not moving on gay rights; and not pulling troops out of Iraq and Afghanistan. *Politico* mention that support is being most quickly lost among working families, those formerly employed in the lower 80% income bracket.

One disillusioned liberal, Michael Meyers of the New York Civil Rights Coalition, says that many Obama supporters built him up "to be more of a liberal icon than his public speeches and writings ever justified.... They invested in Obama everything they wanted the next President to be.... 'He's black, liberal, anti-Iraq War, urban, young. He was all of that and smart and he went to a radical church. They just knew.'... They exaggerated him. They saw him as a messiah.... He's not the person that people thought he was."

Other attacks are coming from the ACLU and Human Rights Watch for the decision to use military tribunals, not the Federal courts, to try Guantanamo prisoners.

Ibero-American News Digest

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[Drumbeat Against Colombia's Anti-Drug President](#)

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Desperate Brazil, China Toy with Dollar-Dumping Schemes

May 19 (EIRNS)—Brazilian President Inácio Lula da Silva and his Chinese counterpart Hu Jintao are foolishly considering the British Empire-inspired scheme of dumping the U.S. dollar, and discussing carrying out their bilateral trade in local currencies.

Just prior to departing Brazil for his May 18-20 state visit to China, Lula announced this would be an important agenda item in his talks with the Chinese. According to today's London *Financial Times*, the two leaders also broached the subject at the April 2 summit of the G20 in London.

"It won't work," said Lyndon LaRouche, commenting on the dollar-dumping proposal today.

China, Brazil, and other governments that are talking up this scheme, such as Russia and Turkey, are avoiding the reality that the only solution to the global crisis is LaRouche's proposal to put the world economy through bankruptcy reorganization, and create a new international credit system.

Despite Lula's claims to the contrary, Brazil is in desperate financial straits, which is why is he grasping at straws. As the global financial meltdown accelerates, the Brazilian President is counting on China to serve as his country's economic lifeline. Today, the China Development Bank signed an agreement to extend a ten-year, \$10 billion loan to Brazil's state oil firm, Petrobras, in exchange for which Petrobras will provide 100,000 barrels per day of oil to China this year, and increase it to 200,000 bpd in 2010. The latter figure is almost 10% of Brazil's national oil production.

But relying on China as Brazil's "lender of last resort" carries real risks, not the least of which is China's worsening domestic economic crisis. There are many unresolved tensions surrounding the Brazil-China relationship.

Four years ago, when President Hu visited Brazil, he promised \$7 billion in investments, but only \$147 million materialized. In January, the joint venture between the Baosteel Group and Brazil's Vale do Rio Doce, to build a \$3.6 billion steel-slab plant, was cancelled, and the Hainan Airlines Group announced on May 8 that, due to declining demand, it has been forced to reduce by half its original order of 100 aircraft from the Brazilian firm Embraer. Brazilian businessmen fear that recognizing China as a "market economy," as it demands, will hamper Brazil's ability to impose sanctions on China for dumping cheaper goods on Brazil's domestic market.

LYM Circulates LaRouche Statement in Mexico

May 18 (EIRNS)—The LaRouche Youth Movement (LYM) is distributing Lyndon LaRouche's "Dragging Their Feet for Hitler" release of May 18, which exposes the Nazi health-care policy embraced by President Obama. Thousands of copies of the statement have gone out by e-mail and in leaflets.

At Mexico City's Politécnico Institute, the LYM is asking students: "Why do you think Obama says 80% of health costs are wasted on the last months of a patient's life?" One student shouted out: "Because he wants to kill them." To this, a professor responded, "I agree that two-thirds of the population has to be wiped out, because they aren't productive." The organizer replied, "Well they want to start with you; why do you praise people who think you're just a cow?"

With elections coming up in the state of Sonora in July, the LYM intervened at a campaign rally of the PAN gubernatorial candidate Guillermo Padrés, who pretends that he backs the Northwest Hydraulic Plan (PLHINO), which the LYM and others are championing. A LYM organizer challenged him, asking, if he supports the PLHINO, would he be willing to confront the forces that oppose it, like Prince Philip's Worldwide Fund for Nature (WWF), its agent Luege Tamargo, who heads the National Water Commission (CONAGUA), and the banks? Padrés danced around the question, and said he was in discussions with a European bank to get a \$10 billion loan to finance the PLHINO. This didn't go over very well, since he had just been attacking current governor Bours for increasing the state debt to build projects.

Drumbeat Against Colombia's Anti-Drug President

May 21 (EIRNS)—The British Empire definitely doesn't want current Colombian President Alvaro Uribe Vélez to run for a third term in office. With his aggressive fight against the drug cartels and the terrorists who live off the drug trade, Uribe has been a thorn in the side of loyal British agent and drug kingpin George Soros, a key instrument of London's new Opium Wars against the Americas.

The complicated procedure that would allow Uribe to run again, which includes a national referendum to amend the Constitution, is moving forward, and there is a good chance the referendum will be approved.

But former Colombian President César Gaviria, a conspicuous figure in Soros's stable of Ibero-American narco-politicians, is leading the charge against Uribe's possible reelection, echoing the London *Economist's* claim, in its May 14 edition, that a third term for Uribe would smack of "autocracy."

Gaviria, who peddles drug legalization as one of three co-chairmen of the Soros-sponsored Latin American Commission on Drugs and Democracy (LACDD), charged on May 20 that a third term for Uribe would lead Colombia "down the path of authoritarianism," generating "an unprecedented political uncertainty." Were a referendum to be approved, he warned, it would jeopardize both "Colombian democracy and the "balance of powers."

Hardly. The truth is that Gaviria, who opened the country up to the drug cartels during his 1990-94 Presidency, wants Uribe gone. It was mooted in February that *he* might be considering running for President again, and had organized a chorus of supporters in the Liberal Party, which he heads, to "beg" him to run.

Max Londoño, president of the Lyndon LaRouche Association of Colombia, warned that a Gaviria candidacy would be tantamount to a death threat against Uribe. Gaviria could only become President, Londoño stated, were Uribe to be killed. He is otherwise not electable—just as he was not electable in 1990, but became the Liberal Party candidate after its very popular anti-drug candidate, Luis Carlos Galán, was assassinated.

Argentina's Wheat Crop the Smallest in 100 Years

May 14 (EIRNS)—The sharp decline in Argentina's wheat crop this year will move it from fifth place to the world's seventh-largest wheat exporter. Total acreage for wheat production will drop to 3.7 million hectares, the smallest since 1910.

A devastating drought is the main factor in this decline, although the large landowners from the oligarchic Rural Society blame President Cristina Fernández, because she restricted wheat exports, in order to keep prices low on the domestic market.

Such policies are returning Argentina to the era of the "caveman," one grain broker wailed. There's no respect for the free market!

The country's last wheat harvest dropped by almost 50%, from 16.3 million tons to 8.3 million tons, and the now almost-completed corn harvest is expected to drop by 42%.

Western European News Digest

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EU To Dismantle National Health-Care Systems

May 20 (EIRNS)—The passage by the European Parliament on April 23 of the European Commission (EC)'s Bowis Directive, on the application of patients' rights in "cross-border healthcare," is an attempt to foist upon European nations privatization of health-care systems under the law of a single market. Health care was excluded from the Bolkestein Directive of 2005, which mandated the free circulation of services, after strong opposition from labor movements, and from left and pro-sovereignty parliamentarians.

The new directive intended to transfer to the EU the regulation of health-care procedures, under the pretext of patients' rights in cross-border health-care. The EC was to determine the norms of health-care procedures, and established a list of allowed hospital treatments. These aspects were defeated, however, because some national parliaments and Members of the European Parliament (MEPs) opposed this intrusion into nations' sovereign rights.

But, as European Commissioner for Health Andrulla Vassiliou stated on her blog, the aim of EC health policy is to create a single health market. The Bowis Directive, as the 120 MEPs who voted against it protested, is explicitly based on the Treaty on European Union's Article 95, concerning the European interior market, and not Article 152, which pertains to health care. MEP Katika Liotard from the Netherlands stated that now, national health-care systems will have to give way

to EU market rules.

Belgian Health Minister Laurette Onkelinx pointed out that this directive will lead to disinvestment in health-care infrastructure, in favor of "exports" of the sick to the lowest bidder, thus creating a competition between sick nationals and foreigners. Onkelinx also pointed to the role of private insurers specialized in cross-border coverage, who will promote such competition by favoring access to health care of the wealthiest in this free market.

Battle Royal Between City of London and Monarchy

May 18 (EIRNS)—British Conservative Party leader David Cameron called today for the dissolution of Parliament, and demanded a vote of no confidence in the Speaker of the House of Commons, Michael Martin, as the British government implodes in the biggest scandal to rock Westminster in generations. On May 8, the *Daily Telegraph*, allied with the City of London and Conservative party, launched its campaign exposing Prime Minister Gordon Brown and leading members of his Cabinet for billing the taxpayers for all kinds of expenses related to the politicians' second homes, personal expenses, and other matters. At fault is a system which allows MPs to claim for second homes in London and other costs related to serving in Parliament, which actually has been in effect many years. But it is in this time of world crisis, that the *Telegraph* began its exposure of the abuses. The entire British system is being shaken up.

Several MPs, including Labour Justice Minister Shahid Malik, have been forced to resign over "dodgy" expenses claims, and it is certain that more heads—if not the those of the entire Parliament—will roll.

Lyndon LaRouche called the scandal a battle between the City of London, trying to re-establish control amidst this financial debacle, and the monarchy, on lines drawn when the Crown dissolved the utterly discredited 250-year-old East India Company in 1858.

London Grabbing Scarce Flu Vaccines

PARIS, May 21 (EIRNS)— Two articles in the *Financial Times* reveal that even before the British pressured the World Health Organization (WHO) *not* to shift to a Phase Alert 6 against a flu pandemic, the British elites were already grabbing vast quantities of specific anti-H1N1 vaccines to preserve their own "master race."

"UK grabs limited flu vaccine stocks," wrote Andrew Jack in the *Financial Times* of May 15. "Fresh hope of protection against the H1N1 flu outbreak emerged on Friday when the government said it had signed a £450-million contract to reserve scarce manufacturing capacity for 90 million doses of vaccine by the end of the year. The contract, which individuals close to the talks estimated to be worth about £5 per dose, may spark international concerns as some richer countries negotiate with producers for privileged access to limited supplies of a pandemic vaccine."

It was British vaccine producer GlaxoSmithKline which obtained the contract to supply 60 million of the 90 million British doses. GSK said it sold a further 50 million doses to France; 13 million to Belgium, and 5 million to Finland. Baxter will supply the U.K.'s remaining 30 million doses.

In reality, "the UK already agreed two years ago to pay £155 million for 'advance supply agreements' which reserve manufacturing capacity for production of 132 million doses of a future pandemic vaccine sufficient to cover the entire population."

Four days later, Andrew Jack wrote another article in the *Financial Times*, announcing, "Access to flu vaccine 'will fall short': A third of the world's population, at best, could be provided with pandemic flu vaccine over the coming year, even if

a decision is made to produce it in the next few weeks, according to estimates released on Tuesday by the WHO."

The article concludes that in the U.S., Secretary for Health and Human Services Kathleen Sebelius, "unlike a number of countries in Europe, had not yet ordered any pandemic vaccine supplies because of continuing uncertainties."

(See *InDepth* for an overview of the flu crisis.)

Globalization Killing Dairy Industry

PARIS, May 22 (EIRNS)—French dairy farmers will conduct milk-dumping protests on May 25. While initially milk prices for consumers increased during last year's food price speculation, the French government, under pressure from the European Union Commission, further deregulated the farm sector, and prices to farmers have plunged.

In Germany this week, Chancellor Angela Merkel met with 100 dairymen in Lower Saxony, but refused to talk to 70 members of the independent milk farmers' association. Afterwards, she promised measures to improve dairy farmers' incomes, but would not consider a floor price to cover their costs of production and to keep them in operation. Instead, she offered the prospect of 1) lowering taxes on farm-use diesel fuel; 2) advance payment of certain farm supports scheduled otherwise for 2010; and 3) some credit guarantees for farmers.

France: Railway Privatization Hasn't Killed—Yet

PARIS, May 22 (EIRNS)—Some 20,000 passengers were unable to travel between Paris and Bordeaux on May 20, when two cargo trains crashed close to Angoulême. While nobody was killed this time, rail unions correctly point to the increasingly dangerous areas caused by privatization of operators using the rail grid. French Transport Minister Dominique Bussereau tried to shrug off the incident as "human error."

Meanwhile, a meeting took place in Cologne on May 16-17 of railway workers from several EU countries, to discuss strategies against the privatization drive of the EU Commission and of governments, such as that of Britain, which wants to privatize its share of Eurotrain. Pressure to privatize is being put by the EU on France and Belgium, the other shareholders in Eurotrain.

Russia and the CIS News Digest

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[Russian Industry Shrinking by the Month](#)

[Ivanov: Afghan Drug-Running a Global Threat](#)

[U.S.-Russian Panel: No Threat from Iran at Present](#)

Medvedev's 'Ruble as Reserve Currency' Obsession

May 18 (EIRNS)—Italian Prime Minister Silvio Berlusconi visited Moscow over the weekend of May 16-17. Since Italy currently chairs the Group of 8, the agenda for its July summit figured centrally in their talks. At a May 16 press

conference, Medvedev continued to emphasize the London-promoted agenda of transparency/good governance/improved accounting standards, as well as a notion of multiple reserve currencies and, thereafter, a supranational currency—the latter being a scheme promoted by George Soros, in particular.

Medvedev once again demonstrated the failure of people in Russia to grasp the change in axioms, identified by Lyndon LaRouche as critical for addressing the current global systemic crisis. In particular, Medvedev blundered by asserting that modernized principles of "corporate supervision, transparency, accounting and reporting on the basis of principles that are not just to the benefit of one group of countries" are the top priority, "because the current principles are based on the Anglo-Saxon approach, and this is not to everyone's liking in Europe, for example."

More profound even than the oddity of this demand, given that the "supervision/transparency/accounting" agenda comes from Anglo-Saxon London, is Medvedev's utter disregard of the historical fact that there exist two, absolutely opposed schools of economic thought in the English-speaking world: the British imperial monetarist system, and the American System of political economy (which just happens to have been embraced by Russia's greatest economic thinkers and statesmen, Dmitri Mendeleev and Count Sergei Witte).

Asked about Russia's proposals for a new financial architecture, Medvedev said he wanted to pursue "global ideas," which were not fully discussed at the London G20 summit in April. "One of these ideas was that of establishing a supranational currency. We have been looking at reorganizing the World Bank and International Monetary Fund's work, and examining the possibility of using the Special Drawing Rights used within these organizations as a potential supranational currency. Why not go further? These are all matters for the future, but in my view, this future is not far off at all." In the meantime, Medvedev called for steps toward using multiple reserve currencies, including the ruble.

Russian Industry Shrinking by the Month

May 19 (EIRNS)—Industrial output in Russia is collapsing at an ever faster rate. The Federal State Statistics Service, Rosstat, yesterday published figures demonstrating a 16.9% fall in industrial output in April from a year ago, after contractions of over 13% in February and March. Measured month-to-month, industrial output fell by more than 8% in April, *Nezavisimaya Gazeta* reported. This was the sixth straight month of industrial contraction in Russia, and the April figure is the worst in 15 years, when Russia was in the depths of the Shock Therapy catastrophe. Industrial output includes mining as well as manufacturing in Russian figures, and these figures reflect the ongoing destruction of manufacturing, which has dropped by over 25% from a year ago.

Hardest hit are the core sectors of steel, cement, and auto: Output of steel, cement, and construction materials has fallen by over 30% from a year ago, and auto production is down over 55%. The whole construction sector has shrunk by some 20%.

AvtoVAZ, Russia's largest automaker and employer of 100,000 people, will be cutting production drastically as of June, as car sales have imploded by over 50% this year. There is no credit available for car loans in Russia. AvtoVAZ plants will maintain only one daily eight-hour shift, cutting weekly production hours to just 40 from the current 48, the management announced in a statement today, which said that "harsh cost-cutting measures are necessary."

Ukraine had to publish similar figures, with production down almost 32% in the first quarter of 2009.

Ivanov: Afghan Drug-Running a Global Threat

May 19 (EIRNS)—Victor Ivanov, head of the Russian Federal Drug Control Service, told a meeting of Shanghai Cooperation Organization anti-drug officials in Moscow today, that the global community underestimates the threat of drug

trafficking from Afghanistan, which must be recognized as a threat as great as sea piracy, Voice of Russia reported.

The SCO officials discussed steps to fight Afghan drug traffic on their territories, Ivanov's office said after the meeting. Ivanov also said that the Islamic Movement of Uzbekistan is trying to expand from merely providing drug couriers, to functioning as distributors for Afghan drugs in Central Asia and Russia. The group controls mountain passes on the Uzbek-Tajik-Kyrgyz borders in the Fergana Valley region, as well as money-laundering and arms-supply operations. The Islamic Movement members operate as "traders and preachers" in Russia, he said, according to Interfax, and this "missionary activity" is being used to build a drug network in the Caucasus, Ural, Siberia, and Volga regions.

Another reason for urgency in acting against the drug mafias in Central Asia is the Presidential election in Kyrgyzstan on July 23. One of the 18 recognized candidates is Jenishbek Nazaraliyev, who runs a very expensive private clinic for drug addicts in Bishkek. Criminal elements from Russia reportedly make up a large part of the clientele. On May 14, Nazaraliyev told Reuters that he wants Kyrgyzstan to legalize opium cultivation, "to solve its economic problems" by selling the drug to international pharmaceutical companies. Nazaraliyev claims to have played a key role in the March 2005 "Tulip Revolution," which ousted former President Askar Akayev from office. Akayev told the press afterwards, that a large group of the protesters who took over government buildings in Bishkek, were addicts from Nazaraliyev's clinic. Nazaraliyev's chances in the elections are reportedly very small.

U.S.-Russian Panel: No Threat from Iran at Present

May 23 (EIRNS)—The EastWest Institute, with offices in New York, Brussels, and Moscow, released on May 19 the report of a panel of six U.S. and six Russian scientific and military experts that evaluated Iran's nuclear and ballistic missile threat. Its major point is that until Iran has both a missile that can deliver a nuclear payload that threatens Europe (much less, the United States) and a nuclear weapon that can fit on a ballistic missile, there is no Iranian threat. Its conclusion is that it will be two to three years before Iran could have a nuclear device ready, and an additional five years before Iran could produce a warhead that could be delivered by an existing or any future Iranian ballistic missile.

The second major conclusion is that the proposed elements of the European BMD deployment "cannot provide a dependable defense for Europe or the U.S.;" that it does threaten Russian strategic capabilities; and that it destabilizes the nuclear deterrent, which is still the basis of strategic stability.

These conclusions are backed up with considerable technical detail.

The panel's recommendation is that the Obama Administration should conduct a "serious technical review of the capabilities claimed for the proposed European missile defense system," and that there be an upgraded, coordinated U.S./Russian approach to diplomacy with Iran.

Southwest Asia News Digest

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UN Anti-Drug Czar Urges Help to Iran's Anti-Drug Fight

May 22 (EIRNS)—A top anti-narcotics official, Antonio Maria Costa, the executive director of the United Nations Office on Drugs and Crime (UNODC) based in Vienna, reporting on his three-day visit to Iran, called for the international community to support Iran's fight against narcotics trafficking from Afghanistan. In a report from the UNODC's official website, Costa reiterated that Iran has, to the best of its capabilities, worked to block the path of heroin trafficking from Afghanistan to the West.

"It is estimated that the narcotics which traffickers manage to transit through Iranian soil is around 2,500 tons annually, and that the Iranian anti-drug campaign officers have managed to confiscate a third of it," Costa said. "The Iranian Narcotic Drug Campaign Special Forces are among the best in the world, but the responsibility they are shouldering alone is the shared duty of entire world nations, and therefore Iran should not be left alone in this tough campaign.

"The greatest volume of the world's narcotics is produced in Afghanistan, and if it were confiscated by Afghanistan's neighbors, the quantity that the traffickers would manage to smuggle to the West would be way smaller." He added, "So far, 3,700 Iranian Special Drug Forces have lost their lives in their relentless anti-narcotics campaign in confrontation with traffickers who are armed to the teeth."

Iran has erected over 1,000 kilometers of embankments, canals, trenches, and cement walls along its eastern border, in its efforts to block the trafficking of heroin from Afghanistan, which is also smuggled into Iran through Pakistan. On visiting the border today, Costa praised Iran for its efforts. "Most of the world's opium is produced in one country [Afghanistan]. The more drugs that are seized near production areas, the less drugs will reach Western streets," he said.

During his meeting with Secretary General Ahmadi Moghadam of the Iranian Drug Control Headquarters, Costa congratulated the Iranian authorities for the record number of opium seizures made in the country, as well as for the establishment of an information and intelligence center against drug trafficking with Afghanistan and Pakistan, which resulted in a successful joint operation in March 2009.

Beware the Neo-Con Cabal Around Netanyahu

May 18 (EIRNS)—Israeli Prime Minister Benjamin Netanyahu has surrounded himself with a cabal of neo-con advisors linked to and financed by the same American neo-con billionaires and foundations that have backed him for decades.

The daily *Ha'aretz* reports today that some of the top people in Netanyahu's government are from the Jerusalem-based Shalem Center, among them, senior fellow at Shalem's Institute for Economic and Social Policy, Omer Moav, a Thatcherite economist who now heads the Finance Ministry's Council of Economic Advisors. One of Moav's most recent articles was entitled, "Who Needs Employment Security?"

A former senior fellow is historian Michael Oren, whom Netanyahu has named Ambassador to the U.S. Oren is a right-wing Zionist revisionist historian. Another is former Israeli Defense Forces Chief of Staff Moshe Ya'alon, who, under Prime Minister Ariel Sharon, ran the brutal repression of the second Palestinian Intifada. A fourth is former Soviet refusenik Natan Sharansky, who will soon be named to head the Jewish Agency. All oppose the two-state solution, and all see Iran as an "existential" threat.

Shalem is the most heavily financed think tank in Israel. Its chief financiers are all neocons and oppose the two-state solution. They include George Rohr, founder of New Century Holdings, the largest foreign investment company in Russia. His father, Sami Rohr, is a real estate magnate in Miami and Bogota, Colombia; Sheldon Adelson, a Las Vegas casino king; the Bernstein family of New York; and Ron Lauder, son of Estee Lauder and heir to the cosmetic fortune, has been a top financier of Netanyahu's political career. Both the Bernstein family's Tikvah and Avi Chai Foundations back the neocon

movement in the U.S. and Israel. The Bernstein and Rohr families are big financial supporters of the Chabad Lubavitch Orthodox Jewish revivalist movements.

Shalem founder and director Yoram Hazony was an admirer of the late fascist Meir Kahane.

Israeli Peace Activist: Netanyahu Can't Deliver

May 21 (EIRNS)—Ori Nir, the Israeli chairman of Americans for Peace Now, who was previously a *Ha'aretz* reporter for 16 years, and then editor of *Forward*, was the main speaker on a May 21 conference call sponsored by Churches for Middle East Peace (CMEP).

In answer to a somewhat censored question submitted by *EIR*, Nir confirmed that Israeli Prime Minister Netanyahu had been unable to deliver anything following his recent visit to the United States, and that he would have to "zig-zag between throwing red meat to his backers, and doing what the United States insists he do." The first showdown has already occurred on settlements, with Secretary of State Clinton insisting that all settlement activity be stopped. The Israeli government closed a small settlement consisting of eight huts today, and publicized it as an act of goodwill toward Obama.

Briefed on these developments, Lyndon LaRouche commented, "Obama is not ready to break with Hillary Clinton."

Asia News Digest

Japanese Not Pleased by Probable U.S. Ambassadorial Appointment

Japanese Not Pleased by Probable U.S. Ambassadorial Appointment

May 20 (EIRNS)—John H. Roos, a Silicon Valley lawyer with no Asian experience, but who raised a lot of money for Barack Obama's Presidential campaign, is reported by the Japanese press to have been chosen as the next U.S. Ambassador to Japan. *Asahi Shimbun* reports that "Obama's aides had pushed for someone close to the President."

The paper's sources said, "the decision to base the choice on degree of closeness rather than knowledge or diplomatic experience follows the example of former President George W. Bush's appointment of Thomas Schieffer, a former business partner and close friend, as ambassador to Japan."

The Japanese have supported Joseph Nye, a prominent Japan/Asia scholar, who is also reported to be the preference of Secretary of State Hillary Clinton.

Roos is CEO of Wilson Sonsini Goodrich & Rosati in Palo Alto, California. The firm represents such big names as Google, HP, and Pixar.

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