



# Strategic Alert

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## LaRouche Webcast: Don't Stimulate a Sick Economy, Cure the Disease!

At an international webcast Jan. 17, American statesman Lyndon LaRouche gave a one-hour keynote address, concentrated on what must now be done to reverse what is an already accelerating global depression collapse, that was followed by more than two hours of dialogue, in which numerous representatives of government, constituencies, and other institutions, asked detailed questions focusing on LaRouche's plan to reorganize the U.S. and world economy, especially his Homeowners and Bank Protection Act. "We've got to save the homeowners. We've got to keep them in their houses. We've got to keep the communities stable and protect the local banks." (cf. quotes in the *WI*).

LaRouche began by stating that although he is not a candidate for President in 2008, as a veteran Presidential campaigner, he intends to see that the leading candidates begin to adopt, and fight for his policies, which are the only pathway to survival, and which cannot wait until the next President is inaugurated.

Many questions that came in from campaign staffs and congressional offices were related to the so-called "stimulus programs" being proposed right and left over the past days. (cf. *WI* on President Bush's farcical proposal that was endorsed by Nancy PELOSI.)

We have a bankrupt system, LaRouche said, an inherently bankrupt system, in which the amount of monetary aggregate being generated to bail out an inflated, explosive mass of financial aggregate has continued to accelerate at such a rate, that the question is, whether the U.S. economy, under its present policies, will outlive this current year. When the hyperinflation hits, "people who think they have money, are going to find they don't have any. People who thought they had vast savings, will find out they don't have any. That's the kind of world we're living in.

"And idiots out there, are saying, we're going to induce a palliative to some homeowners, we're going to "stimulate the economy. 'Stimulate?' What does that mean? More monetary aggregate! That's like putting more fuel in the fire! The worst thing you can do.

"You have to go back to the Roosevelt idea, the Roosevelt conception. Put the system under bankruptcy protection, put it under control, and some things will have to go into negotiation, and some things will be paid; and that decision will be made on

the basis of national interest and human interest, and human rights....

In another answer, LaRouche was blunt: "The idea that we need a stimulation package is wrong! That's where the problem lies. Everybody is talking about stimulation, like this was a sex clinic or something. That is not the problem..."

"What we have to do, is forget monetary stimulation. We have to have a governmental control of the creation of credit. We must have a banking system, a regular banking system, which cooperates with government, in processing that credit into places where it's needed: New firms, infrastructure, so forth. So, the creation of credit by government, not financial stimulation! You've got too much sexual financial stimulation going on as it stands now!...

"We don't stimulate a sick economy. We don't stimulate the sale of cocaine. We don't stimulate the spread of AIDS. We don't stimulate these things. What we do, is we concentrate on creating and supporting things which are necessary to cause the physical recovery of the economy.... So, it's not stimulation versus anti-stimulation; it's reorganization. And how do you do that? What you do is you go into the key parts of the economy, starting with homeowners, communities, and banks -- real banks, not the fake ones. You stabilize them under bankruptcy protection, Federal bankruptcy protection. Don't try to resettle the accounts, don't try to resolve anything; just resolve they're going to be under Federal protection. Then you have to go from there to other measures which stimulate growth."

The job before us, LaRouche declared, is even tougher than what President Franklin Roosevelt grappled with during the Great Depression, and while the precedents from that period are valuable, they are not a prescription for imitation. Like Roosevelt, we are confronted with an enemy, the British Empire which, as in the last Great Depression, is going for fascism. Their candidate is New York City mayor Michael BLOOMBERG, who made a personal fortune of 11 billion dollars in Wall Street orgies. As LaRouche said: "Eleven billion dollars in the possession of Mayor Bloomberg is excessive stimulus... We don't need any more of that." He cannot have earned it honestly. "Who did he rob?"

A complete audio/video of the webcast is available at [www.larouchepac.com](http://www.larouchepac.com) in several languages and the transcript will be published in the Jan. 25 edition of *EIR* magazine.

## **Zepp-LaRouche Calls for Defense of German Constitution against Maastricht Rules**

With a statement issued on Jan 18, Helga Zepp-LaRouche, national chairwoman of the BueSo party, reacted to media leaks about a top-level political meeting in Berlin on Jan 16, during which the Federal Government and the coalition parties of Germany agreed to write the provisions of the European Union STABILITY PACT (the infamous Maastricht rules) into the German Constitution. The statement warned that "this political straitjacket" would be "yet another step towards the complete self-disempowerment of the government, after abandoning currency sovereignty. Indeed, the EU Stability Pact directly prohibits governments from making available state lines of credit to boost production in times of crisis. It therefore specifically prohibits a solution to economic and financial crises along the lines of Roosevelt's New Deal, such as the Lautenbach Plan or the so-called WTB (Woitinsky, Tarnow, and Bade) Plan of the General Federation of German Trade Unions (ADGB) had provided in the 1930s."

A serious Constitutional question is raised by the fact that the logic of the Stability Pact represents a direct threat to Article 20 of the Basic Law, that states that "the Federal Republic of Germany is a democratic and social federal state." But if the criteria of the Stability Pact are applied to the Federation and the federal states under conditions of a global breakdown crisis, Germany can no longer be a social state. Instead, the the ground would be laid for a further sinking of the population's living standards by 10, 20, 30, 40, 50, etc. percent. "And that is precisely how the international financial oligarchy wants to solve the crisis: with austerity in the tradition of Hjalmar Schacht."

That same Article 20 states that "all Germans have the right to resist against anyone who attempts to eliminate this system, if no other relief is possible," providing the legal basis for resistance to the plans of the coalition government, including "lawsuits for unconstitutionality in the Constitutional Court at Karlsruhe." The BueSo statement notes that Chancellor Angela Merkel's inaction during the past six months of financial horror is coherent with the remarks she made at the New Years' reception of the Bundesbank one year ago, when she said that, with her, there would be no "state orgy of re-regulation of hedge funds." Therefore, no limit was placed on mega-speculators, and meanwhile 200 German cities which got seduced into speculative ventures, have been brought to the brink of financial collapse.

"When the crisis broke out at the end of July, Jochen Sanio of the BAFIN observed that this was the worst banking crisis in Germany since 1931," the BueSo statement points out. Although understated, his remark was useful, because it was a reminder that in Germany, 1933 came very soon after 1931. "And while in Europe, with Mussolini, Franco, Hitler, and Hjalmar SCHACHT, as well as Petain, fascist solutions for the world economic and financial crisis were selected, in the U.S.A. Franklin D. Roosevelt demonstrated that it was possible to lead the economy out of the Depression with the New Deal."

The Schachtian approach is what leading politicians now plan to write into the German Constitution. Whereas people in the 1930s might have pleaded they couldn't know that rejecting the plans of Lautenbach, Woitinsky, Tarnow, and Bade would

very rapidly give rise to Hitler, as there was no precedent for Hitler, that is obviously no longer the case, concludes the statement.

## **Schiller Institute Testifies in the Danish Parliament on Financial Collapse**

Schiller Institute Chairman Tom GILLESBERG, accompanied by a 5-person SI/LYM delegation, testified before the Political and Economic Committee, on Jan. 17, just hours before Lyndon LaRouche's webcast, on the financial crisis. On April 12, 2007, Gillesberg and the SI had been invited to testify before the Traffic Committee about its ambitious national MAGLEV proposal, including building a new bridge across the Kattegat Sea.

This time, six members of the committee were present, representing the Unity party, the Social Democrats, Socialist People's Party, and the Danish People's Party. "We are here today, Gillesberg began, because the credit crisis the world has experienced during the last six months, is part of a breakdown of the global financial system. Only by putting the entire system into bankruptcy reorganization, and establishing a NBW system, can we avoid total chaos. The Parliament ought to therefore work for the establishment of such a financial system, and make sure that the Danish authorities take the necessary precautions to protect the population, the physical economy and our bank and financial system."

After describing the growing support in the U.S. for LaRouche's HBPA, he pointed out that he and the SI had raised this debate during the last two election campaigns: in November 2005, with the slogan, "When the Bubble Bursts... a New Bretton Woods", and in the Nov. 13 parliamentary elections with posters stating, "After the Financial Crash, the Maglev across the Kattegat". In fact, two members of the current Economic Committee had signed an earlier SI call to establish a New Bretton Woods system and that theme was taken up during parliamentary debates by two other prominent parliamentarians.

Gillesberg made specific proposals to ensure that Denmark be equipped to weather the financial storm, including keeping the CROWN (EU nation Denmark has opted out of the euro), and the unique Danish mortgage system. In addition, the Danish financial oversight authority should map out the problems the Danish banks are exposed to at home and abroad. On the collapsing housing bubble, Gillesberg pleaded for political intervention.

The SI also called on the parliament to triple the infrastructure budget, in order to build a national maglev network and three major new bridge/tunnel connections. Gillesberg concluded by announcing LaRouche's webcast, recommending those present to listen to him, and then to follow in the footsteps of the Italian Senate, and invite LaRouche to the Danish parliament to further discuss these questions.

The Social Democratic members asked questions on the specific recommendations to protect the Danish economy, concerning why Denmark should keep its currency and how the infrastructure budget could be tripled. Gillesberg stressed the importance of being able to make sovereign economic decisions to protect the nation in time of crisis. The delegation was also able to shortly speak to Denmark's Finance, Education and the Employment Ministers.

## Keep The British, Holbrooke and Albright Out of Kosovo

During his international webcast on Jan. 17, a former director of the Serbian Unity Congress asked Lyndon LaRouche how to stop the mounting danger of a new Balkans war. His reply: "You have to look back to the policy of the Hapsburg Empire and the heritage it passed on to Great Britain, and the history of this whole process, which was a cockpit. And you have to locate this in reality, which means you have to shift your focus...the British rarely fight their own wars. They get other people to fight each other...And now again, since they're trying to start a war with Russia, they go back to the legacy of 1912, and they start a Balkan war, again and again and again."

To solve this crisis, LaRouche said, you do not want former U.S. Secretary of State Madeleine Albright or her envoy, Richard Holbrooke, anywhere near the region. The former is a devotee of the H G Wells Society and Holbrooke was "a key figure in the mess which occurred in the Balkans in the earlier phase of warfare there."

LaRouche continued: "The way empires are managed is by orchestrating conflicts, and the genius of avoiding empire and avoiding these conflicts is to find ways to orchestrate the situation to prevent these conflicts from starting. Because once ignited, they are difficult to stop."

The first thing is to keep HOLBROOKE and his likes out of there, LaRouche said. "Because they're out to start the war! Not to *fight* it, but to *start* it. And the fight because of the history of the recent Balkans wars will be hellish, if it happens. Therefore, it must not happen...We must have a solution...We have to win this by convincing people they have to be human to each other..."

LaRouche pointed again to the British who "are out to have a war with Russia, or to get the United States to fight a war with Russia, "and the truth of the situation is, what the hell interest do these people [in the Balkans] have in killing each other? None!... What we need is a regional agreement, really, like a Treaty of WESTPHALIA kind of agreement, in terms of the entire region, and it should be sponsored by powers.

"I would hope that Russia would play a significant role in that, given the opportunity to do so. For example, Western Europe doesn't function right now... And I would hope that the United States... -- as bum as our President is, as bum as some of the others are, in our institutions in the United States, there is included a roster of people to which I am attached. People who are veterans of wars, or other kinds of things, who are generally patriots of the United States. Who are concerned about the country, its responsibilities and so forth, and who think about the future of the planet... There *are* people of influence and power in the U.S., in institutions of all kinds, inside and outside the institutions of government, which are capable of understanding what has to be done, and will do it, if given the opportunity. They have been the major block against the poor lunatic president getting us into a war with Iran..."

Then we come to the question of rebuilding the area. "Look, here you have all these nice rivers, these mountains and so forth. It has tremendous potential for development, agriculture and other development. Why can't the development of the region be the unifying factor of cooperation, and let a couple of generations pass of peaceful construction to sort the mess out?"

## French Nuclear Power for Development of the World

Conscious of the leading role it can play in the ongoing world renaissance of nuclear power, France, and its energy companies are positioning themselves offensively throughout the world. Anne LAUVERGEON, the CEO of Areva, the world's leading producer of nuclear power plants, told *Les Echos* recently that 100 to 300 nuclear power plants will be built in the world in the coming years and that her company hopes to build one third of them.

On July 11<sup>th</sup>, the British government announced its decision to relaunch its nuclear program and Areva expects to get as many as four contracts, in spite of competition coming from the German E.ON and RWE and the British Centrica. Britain, whose North Sea oil reserves are dwindling already has to import oil and natural gas, and the remaining life span of its 19 power plants is only 15 years.

More important however, because it means going against the technological apartheid that the G7 countries have imposed on the developing sector for many years, the French government is in an all out campaign to market its nuclear power in African and Arab countries.

On January 13<sup>th</sup>, Nicolas SARKOZY went on his first official tour to three Gulf countries, Saudi Arabia, Qatar and the United Arab Emirates with nuclear agreements in his attaché case. In Saudi Arabia, where France is trying to rebuild her lost influence, Sarkozy proposed that the French Atomic Energy Commissariat (CEA) carry out study on Saudi Arabia's need for nuclear power. In Qatar, an agreement for "feasibility and acceptability studies" on nuclear power, was actually signed and a consortium of French companies are already discussing potential agreements for actual construction of nuclear power plants.

In the United Arab Emirates, however, an agreement was signed for "development and use of nuclear power," similar to those signed with Libya and Algeria in recent weeks and the one that will be signed with Morocco. According to the Elysée, this agreement could lead to contracts of up to 4 billion euros, for two third-generation EPRs for the production of electricity and desalination of salt water.

To be able to deliver on such contracts, Areva, the French oil multinational TOTAL, and the Franco-Belgian SUEZ, have formed an alliance: Areva will supply the power stations, Suez will run them and Total will contribute its know-how in very large projects, as well as its substantial financial capabilities.

Last but not least, an exemplary contract was signed by AREVA and the Niger government, under which the price paid for uranium extracted in that country will increase by 50% for 2008 and 2009, and the huge amount of 1 billion euros is to be invested in the Imouraren uranium deposit extraction capability, which will increase its production to 5000 tons per year, the second largest in the world. The Niger government demanded a full review of previous contracts with the French firm, which was extracting 40% of its uranium needs in Niger, under colonial conditions.

Unfortunately this policy is in stark contrast to the present government's domestic policies which are focussed on handouts to the financiers and deregulation of the labour code.



## Tony Blair Declared End to Treaty of Westphalia

Former British Prime Minister Tony Blair is now being actively promoted by French President Nicolas Sarkozy to become the first "president" under the new European "treaty" which was ratified by fiat by EU leaders at Lisbon last year. Blair himself is widely discredited in Britain, and elsewhere, but was unilaterally made the new special representative to the Middle East by US President George Bush in mid-2007, and is now being heavily promoted by the French President Sarkozy for the EU presidential role.

What is little known about Mr. Blair – whose government and intelligence services played the key role in ensuring that the US and UK invaded Iraq – is that he is explicitly against the 1648 Treaty of Westphalia that set up the system of sovereign nation-states to end the Thirty Years' War. This was one of the most important documents in European statecraft, before the U.S. Declaration of Independence and U.S. Constitution. British policy for the 21st Century, as proclaimed by Tony Blair, was to use so-called preventive war – as in Iraq – to establish a "POST-WESTPHALIAN" world order.

On March 5, 2004, in a speech in Sedgefield, well after the outright intelligence fraud had been exposed, Blair admitted the real reasons behind that war: "The characterization of the threat is where the difference lies. Here is where I feel so passionately that we are in mortal danger of mistaking the nature of the new world in which we live. Everything about our world is changing.... If the 20th Century scripted our conventional way of thinking, the 21st Century is unconventional in almost every respect.

"So, for me, before Sept. 11, I was already reaching for a different philosophy in international relations from a traditional one that has held sway since the Treaty of Westphalia in 1648; namely, that a country's INTERNAL AFFAIRS are for it, and you don't interfere unless it threatens you, or breaches a treaty, or triggers an obligation of alliance. I did not consider Iraq fitted into this philosophy.

"It may well be that under international law as presently constituted, a regime can systematically brutalize and oppress its people and there is nothing anyone can do, when dialogue, diplomacy, and even sanctions fail, unless it comes within the definition of a humanitarian catastrophe.... This may be the law, but should it be?"

## When Foreign Office Contemplated a Military Coup in Italy...

Recently declassified papers in Great Britain document that the Foreign Office considered the option of a military coup in Italy in 1976, to prevent the Communist Party from joining a coalition government. Eventually, the coup option was rejected, but two years later, the architect of the PCI participation in government, Aldo MORO, was kidnapped and killed by the Red Brigades. The revelations from London confirm the central role played by the "British Empire" as the LaRouche organization had exposed as early as September 1978, in a dossier entitled *Who Killed Aldo Moro* published by the Partito Operaio Europeo (POE).

In the early seventies, Christian Democratic leader Aldo Moro understood that the remedy to Italy's vulnerability to foreign interference in its own sovereign matters, lay in transforming the PCI into a fully pro-West and democratic party. Once that oc-

curred, there could be no more obstacles to a normal shift in political power, as in other Western democracies, and no pretext for subjecting Italy to Anglo-American imperial politics under the banner of anti-communism.

Notwithstanding the evolution of the PCI in the direction set by Moro, London and pro-British forces in Washington and other European capitals, plotted to stop his policy by all means, including a military coup. That is now documented in papers published by the Italian daily *La Repubblica* on Jan. 13, that were found in London archives by researcher Mario J. Cereghino.

The most dramatic one is a classified document issued by the Planning Staff of the Foreign Office dated May 6, 1976, titled *Italy and the communists: options for the West*. Page 14 is headlined: "Action in support of a Coup d'Etat or other subversive action", and below that: "By its very nature, a coup d'etat can lead to unpredictable developments. Nevertheless, theoretically, it could be promoted. In one way or another, it could come from rightwing forces, with the support of the army and the police. For a series of reasons, the idea of a bloodless and surgical coup, able to remove the PCI or to prevent its coming into power, could be attractive. But it is an unrealistic idea" (translated back from the Italian). Unrealistic because of: the PCI's strength in the trade union movement, the possibility of a "long and bloody" civil war, a possible intervention by the Soviet Union, reactions in Western public opinions. Therefore, the option was rejected.

However, preventing the PCI from entering the government in Italy remained a high priority on the British agenda, shared by Henry KISSINGER's State Department and NATO. On March 25, 1976, the British Defense ministry wrote to their Foreign Office colleagues that an Italian government with the PCI would be a "catastrophic" event. The British ambassador to NATO, John Killick, wrote that "the presence of communist ministers in the Italian government would lead to an immediate security problem inside the Alliance... therefore, a net amputation [of Italy] is preferable to an internal paralysis".

Revealing the hidden motivations, British ambassador in Rome Sir Guy MILLARD, wrote that a PCI participation in the government would mean "the rapid end of the free-market system". Millard was also hostile to Aldo Moro: "Sometimes, he seems to be rather ambiguous on the Historical Compromise", i.e. the PCI proposal for a political alliance with the DC.

Henry Kissinger warned in a meeting with the new British Foreign Minister, Antony Crosland, in London that for the West, reformer Berlinguer is "more dangerous than [Leninist] Portuguese Cunhal".

Strangely enough, nowhere in the Foreign Office papers is the phenomenon of TERRORISM in Italy discussed. Yet, on June 1976, the Red Brigades killed their first victim, judge Coco.

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