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# EIR

## From the Editors

Lyndon LaRouche's statement "On the Subject of Germany's Role," which leads this issue, provides the conceptual framework from which every other news or analytical report should be understood: Mankind must reject pragmatic adaptations to today's circumstances, and *create* his future, according to the universal principles laid out by Johannes Kepler, and like-minded thinkers.

Under *International*, we present the interventions of German Foreign Minister Frank-Walter Steinmeier and former Chancellor Helmut Schmidt, which LaRouche sees as a potential option to stop the war threat. We then review the strategic crises, ranging from how Obama and NATO are provoking a thermonuclear war crisis, to the attack on the BRICS nations, represented by Obama's slapping sanctions on Venezuela. Tanu Maitra's report on the Indian Ocean diplomacy of Prime Minister Narendra Modi presents a picture of the kind of cooperation among the BRICS nations, which the agents of the British Empire are trying to destroy.

We then turn to China, the nation which LaRouche identifies once again, in his statement, as the outstanding example of a nation applying scientific principles of development, capped by its achievements in Solar space. We feature a report on the Chinese People's Congress; an overview of the Maritime Silk Road, past and present; and a presentation at an EIR/Schiller Institute seminar in Denmark by Hu Yi, First Secretary of the People's Republic of China in the Danish Embassy.

Under *Economics*, we feature a full picture of the fight being waged by the Greek government, to fulfill its mandate to end the Troika's killing austerity. The Greek battle is one that will determine the fate of all Europe, and beyond—and you won't find such an in-depth report anywhere else in the English language. Greece is seeking to achieve a truly productive economy—not one sinking in the mire, like that of the U.S. (See "The Myth of the U.S. Economy"), or being raped like that of Ukraine.

The *National* section lead reports the third significant intervention against the global crisis this last week, the campaign of former Maryland Governor Martin O'Malley for Glass-Steagall. The update on the fight against Britain's historic drug bank HSBC also reveals some surprises.

Lastly, we come directly to Kepler, with the second part of the recent discussion by the LaRouchePAC Science Team on his method for comprehending the Solar System, focusing on the Harmony of the World (*Science*).

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“In fact, the present conditions of the inhabited planet Earth, have reached the point at which the notion of the habitation of the planet, in its entirety, must be responsive to the principles of Johannes Kepler, which must be considered, actually universally, as the proper notion of design for the organization of the entirety of the planet...”

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Much of the attention focused on this year's meeting of China's National People's Congress and the Chinese People's Political Consultative Committee, has been misguided or worse, malicious. But the Congress's importance is real. With the full brunt of the international financial crisis hitting the West, China is playing a crucial role in maintaining stability in the world economy. In particular, its commitment to the development of the two Silk Roads, the Silk Road Economic Belt and the 21st Century Maritime Silk Road, represents the only option for the world to chart a path out of the present economic crisis.

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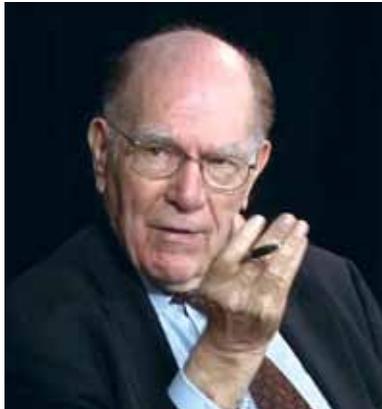
by Lyndon H. LaRouche, Jr.

March 15—The commendable contribution expressed in the speech by Germany's Foreign Minister Frank-Walter Steinmeier delivered on March 12, 2015, nonetheless fails to meet the essential features of the actually required terms. I, therefore, present the case required, as follows henceforth.

In fact, the present conditions of the inhabited planet Earth, have reached the point at which the notion of the habitation of the planet, in its entirety, must be responsive to the principles of Johannes Kepler, which must be considered, actually universally, as the proper notion of design for the organization of the entirety of the planet.

On this presently real account, the old habits of the ostensibly traditional notions fail, even catastrophically. The presently nominal standards of European traditions no longer agree with the designs of either the ostensibly "traditional" or other media. What had been the lately traditional standards of political-economic expression, have the misfortunate effect of demanding that the terms of a modern system of practices be subjected to what are, in fact, stubbornly contemporary, but in fact, now worse than intrinsically archaic, modalities.

I explain as follows:



*Lyndon H. LaRouche, Jr.*

### The Evils of Present Finance

Currently prevalent U.S.A. and European financial practices have lately relied, chiefly, on the standards of sheer usury which are illustrated by the effects of a general practice of mere finance as based on financial usury as such. Notably, merely speculative financial attributes per se, have overpowered what were in fact, the efficiently relatively physical values of upward movements within the domains of genuine productive output.

The practice of perpetually successively reduced scientific rates of per-capita human productivity, relative to nominal, chiefly speculative, costs of production, both respecting net output-per-capita, as in Europe and the U.S.A., typify the relevant, actually parallel decline of both the standards of family incomes and also net productivity per capita. The history of a general centennial trend, with respect to actual net physical productivity expressed since the beginning of depreciation of net productivity *per capita*, identifies the saddening truth of the general, relative decline of energy-flux density, in production, per capita, of the general population in the trans-Atlantic region, per capita, which has brought forth the passion of a combined thermonuclear global homicide.

Thus, the crashing rates of net production of truly physical values, in the trends of the United States and European economies, respectively, attest to the true rel-

ative values, in effect. In particular, it has been the decline of the per capita rates of net human productivity, which have been inflicted by the declines in physical productivity per capita, through accelerated cheapening of the needed provision of a general ratio of increased per-capita human productivity.

The example of the soaring progress of China today, and the related upward physical-economical elements of China's relatively unique achievements, are now particularly pertinent.

### **The Challenge by China**

China is presently unique for reason of its currently progressive achievements within the bounds of Solar Space. Its achievements on this account, both within the range of the role of the Moon and related concerns, are, also, implicitly, a crucial point of interest for its association with the unique, presently known, and prospective achievements of its discovery of the most essential features of the Solar System, itself. Thus, the present characteristic of mankind's relationship between the development of society and of the Solar System's relationship to the role of mankind's own devel-

opment, are to be regarded as being interlocked in a matter of future experience, not for the individual as such, but for the future needs of mankind. Thus does the mortal human individual share the mission into the future as did, for one, the mission of Jeanne d'Arc, and such of her successors as Nicholas of Cusa and Johannes Kepler, and their destinies for mankind's now present future, which lies within not the human flesh, but mankind's having had a necessary future existence. The essence of that matter is not what the individual has achieved, but in the beauty of what the human individual has fought to become. The future mission of each servant of the cause of their own existence, lies within the future which their experience expresses by and for the mission of mankind, as it had been the fruit of genius or martyr, alike, as for, incidentally, China today.

The present option for all deserving humanity, lies essentially, in creating a better future for all mankind, in the option for realizing the seemingly impossible necessity, which makes for the sweetest of the achieved dreams of mankind's achievements: for the sake of realizing that the future of all mankind, is the seemingly impossible.

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## Germans Raise the Alarm

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# Putin Warned West of Nuclear Showdown over Crimea

by Jeffrey Steinberg

March 15—A documentary film, aired on Russian state television over the weekend of March 14-15, confirmed that Russian President Vladimir Putin was prepared to put his nation's strategic nuclear forces on alert, following the Western-engineered neo-Nazi coup d'état that overthrew Ukrainian President Viktor Yanukovich in February 2014. Putin was interviewed for the documentary, which has been in preparation for eight months. He told an interviewer that he warned U.S. and European leaders to stay out of the Crimea, following the overthrow of Yanukovich, and he concluded that his warnings avoided a global war.

According to the Bloomberg News account: "We were ready to do that," Putin said, when asked in the film about Russia's takeover of Crimea, if the Kremlin had been prepared to place its nuclear forces on alert. The Russian leader said he warned the U.S. and Europe not to get involved, accusing them of engineering the ouster of the Russian-backed Ukrainian President. "That's why I think no one wanted to start a world conflict."

Putin added that, prior to the ouster of Yanukovich, he himself had not contemplated Crimea's return to Russia; however, once he concluded that the Obama Administration had played a pivotal role in the Maidan coup in Kiev, in which self-identified neo-Nazis took



CNN/Russia 1

*President Putin stated in a documentary video, aired on Russian state TV March 14-15, that he is was prepared to put his nation's strategic nuclear forces on alert, following the Western-engineered neo-Nazi coup in Ukraine last year. This is a videograb from CNN's coverage.*

part, he had an obligation to support the wishes of the Russian-majority population of Crimea.

These revelations on how close the world came to a nuclear conflict a little over a year ago, come as two prominent German statesmen have come forward to warn against the danger of such a war, should the Obama Administration and its NATO allies, go forward with a new phase of provocations, including arming the Ukrainian regime.

### **The Imminent Threat**

European heads of state will be meeting in the coming days to review the existing sanctions against Russia, imposed as punishment for the “annexation” of Crimea, and Moscow’s alleged military involvement in the continuing conflict in eastern Ukraine, with some Western leaders saying that they want to link the lifting of sanctions to the full compliance of Russia in the Minsk II deal. In fact, there has been significant compliance by the Donbas militias in pulling back weapons in the Donbas region, while sabotage of the accords is coming from the Kiev regime.

On March 15, Ukrainian President Petro Poroshenko went on TV to claim that 11 European Union countries have agreed to provide arms to his country. The claim of EU weapons sales is not necessarily credible, as Poroshenko did not name the countries, and only four countries—the U.K., Finland, Poland, and Lithuania—have publicly announced such sales.

Also heating up tensions has been the intensive deployment of NATO forces for exercises along Russia’s

western border, especially in the Baltic and the Black Sea regions. Russian officials have warned that they will be forced to respond in some way.

It is precisely the arming of Ukraine that has prompted some key European figures to come out demanding a halt to any such plans, and instead, a concerted effort to restore diplomatic cooperation with Russia.

### **Steinmeier and Schmidt Speak Out**

German Foreign Minister Frank-Walter Steinmeier was in Washington from March 11-13, meeting with Secretary of State John Kerry, National Security Advisor Susan Rice, and leading Members of the Senate, demanding a de-escalation, starting with the cancellation of any plans to arm Ukraine.

In a highly unusual speech at the Center for Strategic and International Studies (CSIS) on March 12, Steinmeier called for the normalization of ties with Russia, while directly opposing the arming of Ukraine (see accompanying article).

“If you increase the arms to Ukraine, Russia will simply provide the separatists with more weapons, and the balance of forces would remain the same, but at a much higher level. This would lead to a new phase that could get out of control. It could lead to a direct conflict between Russia and Ukraine, and no one, particularly Ukraine, would benefit from that,” he warned.

Steinmeier’s remarks were amplified the same day by former German Chancellor Helmut Schmidt, in an interview with the mass-circulation daily *Bildzeitung*, in which he warned that the conflict in Ukraine might escalate “even into a real hot war” in Europe, if the provocations against Russia were not halted.

Lyndon LaRouche hailed both the Steinmeier and Schmidt warnings as critical interventions prevent global thermonuclear war. He warned that President Obama’s continuing provocations had reached the point, where his removal from office might be the only basis for averting global catastrophe.

### **Targeting China**

The Obama provocations have extend beyond Russia to target China. A number of widely circulated media reports in recent weeks claim that Chinese President Xi Jinping is conducting a Maoist-style purge of all opposition forces, and that his actions will bring

about the collapse of the Chinese economy and the rule of the Chinese Communist Party.

A broadside against President Xi was published March 6 in the pages of the *Wall Street Journal* by David Shambaugh, under the provocative title “The Coming Chinese Crackup,” with the subhead “The endgame of communist rule in China has begun, and Xi Jinping’s ruthless measures are only bringing the country closer to a breaking point.” Scores of articles have appeared since the publication of the Shambaugh article, and the propaganda assault coheres with the Obama Administration’s Air-Sea Battle doctrine, which promotes a containment of China that could include the use of high-precision, high-power conventional weapons to knock out Chinese nuclear second-strike capacities.

### The Iran Front

While the Obama Administration has concentrated its war provocations on the Russian and Chinese fronts, President Obama remains committed to a deal with Iran, through the ongoing P5+1 (the UN Permanent Five plus Germany) negotiations. The President has very little to show for his legacy in office for two terms, and the deal with Iran is his last, best chance for some meaningful accomplishment in the foreign policy domain. Secretary of State Kerry is now in negotiations with his Iranian counterpart, Foreign Minister Mohammad Javad Zarif. There is a March 24 deadline for reaching an agreement-in-principle, to meet the July final deadline for a signed agreement.

The Israeli government of Prime Minister Benjamin Netanyahu is dead-set against any deal with Iran, and the Israel Lobby in Washington, led by AIPAC (American Israel Public Affairs Committee), is heavily lobbying Congressional Republicans to wreck any chance of a final deal. Forty-seven Republican Senators last week wrote to Iranian Supreme Leader Ali Khamenei, warning that any deal that Obama strikes with Iran will have to be acceptable to Congress, or it will be written off in two



U.S. State Department  
*President Obama wants a deal with Iran as a means of salvaging his failed Presidency. Secretary of State Kerry (left) is conducting intense negotiations over the future of Iran’s nuclear program, with Foreign Minister Mohammad Javad Zarif.*

years, if a Republican is elected President.

The Republican letter, in itself, was a bluff—Congress cannot weigh in on the deal, which is not a treaty requiring Senate approval. But by all recognized standards of international law, the agreement—if reached—would be binding on future U.S. administrations. The impact of the GOP action was to bolster opposition by ultra-conservative Iranian factions, who equally oppose a deal. In the view of the Iranian hardliners, no deal with the U.S. is reliable, because Washington will never grant Iran the status it deserves as a regional power, on a par with Israel and Saudi Arabia.

One indication of the impact of the GOP letter inside Iran was the election for the new head of the Assembly of Experts, the

powerful body that oversees the selection of a new Supreme Leader and has final oversight on the Supreme Leader’s actions. In the vote last week, Ayatollah Hashemi Rafsanjani, a former President and key backer of President Hassan Rouhani in promoting a P5+1 deal, was defeated by a hardline cleric, Ayatollah Yazdi, a former Justice Minister. If Khamenei tilts significantly to the hardline stance, all bets are off on a final P5+1 agreement.

If no deal is reached between Iran and the P5+1, it becomes only a matter of time before war between the U.S. and Iran breaks out, an outcome that would be precisely that desired by the Netanyahu gang in Israel.

In the March 17 Israeli elections, Netanyahu is in the fight of his life to retain power. His defeat would fundamentally change the political landscape in the region and open the prospect for a revival of the peace initiatives of the Bill Clinton Presidency.

From Ukraine to the Middle East to the Pacific Far East, the world stands at the brink of war or peace, chaos or development. The British and their Obama White House are out to wreck any possibility of stability, particularly if it involves creating further opportunities for the BRICS nations to extend their development plans. This is the number one factor driving the world to the edge of global war.

# Steinmeier Takes On The U.S. War Party

by William Jones

March 13—German Foreign Minister Frank-Walter Steinmeier, speaking at a Statesmen’s Forum event at the Center for Strategic and International Studies (CSIS) in Washington yesterday, warned against any attempts to provide lethal aid to the Ukrainian military. “This could catapult the conflict into the next phase in which it spirals completely out of control,” Steinmeier said.

The foreign minister was in Washington for talks with Secretary of State John Kerry, and he took the opportunity of an invitation from CSIS to try to bring some sanity to a debate in Washington over arming Ukraine, which he said is “spiraling out of control.”

Steinmeier was warmly greeted by Kerry at the State Department, with whom he has a fairly close relationship. But concerns had already been raised by the Germans about provocative statements by U.S. Air Force Gen. Philip Breedlove, the head of U.S. European Command, who has been clearly hyping the situation in Ukraine, apparently eager for a “show of force.” According to Sputnik News, Steinmeier had had words with NATO General Secretary Jens Stoltenberg over some of Breedlove’s outlandish statements.

While expressing concern about the Russian annexation of Crimea and the fighting in eastern Ukraine, Steinmeier said that it was absolutely key that the West continue to maintain its channels with Moscow and not to try to isolate it entirely, in order, in the future, “to explore a path to a more cooperative relationship.”

The Minsk agreement among Russia, Ukraine, Germany, and France provides the basis for this coopera-

tion, Steinmeier said, and should be pursued in spite of occasional violations on various sides. “We see some progress,” he said. “The violence has been significantly reduced, and both parties finally, with some delay, started their withdrawal of heavy weapons. The OECD has deployed monitors in some areas, and while more must be done, we must proceed in this direction.”

In his prepared comments, which he presented in

English, he was quite clear in his rejection of military action. “The discussed alternative to our approach [i.e. military build-up] has the potential of increasing the number of victims, extending the zone of conflict and expanding the conflict into the next phase of escalation, perhaps to a point of no return,” Steinmeier warned. Citing Henry Kissinger, he called for “strategic patience.”

Nevertheless, not everybody was happy with his statesmanlike reasoning. In the question-and-answer period, he was pummeled with questions regarding a possible sale of weapons to the Ukrainian Army, including one from that

maestro of “shock therapy” Ander Aslund, the mild-mannered Swedish economist, whose economic theories reduced Russia’s population and almost destroyed its economy during the Yeltsin era, and who has been at war with President Putin ever since he helped Russia recover from the damage Yeltsin and “shock therapy” had dealt it.

Reverting in the Q&A to his native German, the foreign minister seemed more inclined to take off the gloves against his irate interlocutors. While admitting that the Ukrainian Army was having a difficult time in facing the separatists (in spite of the proliferation of Ukrainian Nazi bands operating on their own steam), he felt that pouring in weapons to the Ukrainian army, as hawkish layers among both Republicans and Democrats are calling for, would not have the desired effect, and could lead to a more dangerous conflict. “We should move for a quick end to the conflict,” Steinmeier urged.

“If weapons are provided to the Ukrainian army, Russia will increase the support to the separatists. The



CSIS video

*German Foreign Minister Steinmeier said in Washington March 12 that arming Ukraine would “expand the conflict into the next phase of escalation, perhaps to a point of no return.”*

differences between the two forces will be unchanged, but the level of escalation will have increased,” he pointed out. “Here, there is the risk that we catapult the conflict into the next phase, where we in some way reach a point at which the conflict spins completely out of control. We then come into a lengthy conflict that can lead to a situation where the Ukrainian Army is directly confronting the Russian Army. And this is not in anyone’s interest, and certainly not in Ukraine’s interest,” he said.

Steinmeier also noted how military engagement often leads to consequences that no one has foreseen, referring pointedly to the lack of success in most military undertakings (all initiated by war hawks in the U.S.) during the last few decades.

While the question period was dominated by questions on Ukraine, Steinmeier was also asked about Iran. He used the opportunity to express his concerns about the letter signed by 47 U.S. Senators, warning that any deal that might be negotiated over the Iranian nuclear program would not pass Senate muster and would not survive the next U.S. President. Steinmeier called the letter “unhelpful.” “This is not a trifle,” he said. “The negotiations are difficult enough, so we didn’t actually need further irritations.” For some time, Steinmeier

noted, the problem in the negotiations had to do with Iran’s credibility in keeping promises that might be made in an agreement. “The letter from the Congressmen now lets them question *our* credibility,” Steinmeier said.

Within 24 hours, Steinmeier was attacked by Sen. John McCain (R-Ariz.), one of the signers of the letter, ostensibly because of his comments about the letter. But it was obvious that there was more bothering the irascible McCain. He accused Steinmeier of belonging to the “Neville Chamberlain school of diplomacy” in his policy on Ukraine. “The foreign minister of Germany is the same guy that refuses—and his government—to enact any restrictions on the behavior of Vladimir Putin, who is slaughtering Ukrainians as we speak,” McCain told reporters. “He doesn’t have any credibility in any way to me.”

It’s obvious that the German foreign minister got under the skin of the unstable Arizona Senator, who really hasn’t seen a war that he didn’t want to fight. McCain has been one of the key proponents for the U.S. arming of the Ukrainian Army, as he did the Syrian “liberation fighters.” It is hoped, however, that cooler heads may prevail, and that the wise words of this German statesman may have the desired effect in preventing an Armageddon.

## LPAC-TV Weekly Report **A New Paradigm for Mankind**



Each Wednesday afternoon, the LaRouchePAC Science Team, often joined by Lyndon LaRouche himself, hold an in-depth discussion on the urgent political and scientific issues facing mankind today.

Here is a sampling of recent topics:

- On Furtwängler: What Is Creativity in Musical Performance
- Shadows vs. Principle: An Approach to Science that Gets Us Somewhere
- Poets Are the Mirrors of the Gigantic Shadows which Futurity Casts Upon the Present
- The Coming Promethean Renaissance
- Mankind Is Now Moving to an Earth-Sun-Moon Economy
- China’s Lunar Helium-3 Fusion Power Science Driver

<http://larouchepac.com>

# Beyond Attack on Venezuela: Global Assault on the BRICS

by Cynthia R. Rush

March 16—In an act of absolute insanity, which has been roundly denounced and ridiculed throughout Ibero-America, on March 9, President Barack Obama issued an Executive Order (EO) declaring Venezuela to be a “an extraordinary threat to the national security of the United States,” and thus subject to sanctions. The Administration imposed penalties on seven Venezuelan military and law-enforcement officials, freezing their assets in U.S. banks and revoking their visas.

The ostensible reason for Obama’s astounding action is that the Venezuelan government, and the seven officials in question, have violated the human rights of “pro-democracy” activists who have been mobilized for over a year against President Nicolás Maduro, accusing him of corruption and authoritarian practices aimed at squelching all dissent. Protests have turned increasingly violent, resulting in deaths and mass arrests, including of the protest movement’s top leaders, leading to a dangerous standoff between the two sides.

But Obama’s response was utterly disproportionate. As Ecuador’s President Rafael Correa put it on March 11, “Who in their right mind would think that Venezuela constitutes a threat?”

Obama, of course, is not in his right mind, and his EO has nothing to do with human rights. It rather signals the intent to submit Venezuela, which is still a major oil supplier to the United States, to a full-scale coup—a “color revolution,” such as those which have destroyed North African, Southwest Asian, and Eastern European nations, most recently in Ukraine. The same networks and NGOs that brought about the 2014 neo-Nazi coup in Ukraine, financed by the National Endowment for Democracy (NED), the National Democratic Institute (NDI), USAID, and mega-speculator George Soros’s Open Society Foundation, among others, were long ago activated to spark a color revolution in Venezuela.

## South America/BRICS Targeted

The stench of the global Project Democracy apparatus is overwhelming in the Venezuelan case; but this is not just a local, Venezuelan issue. The British Empire, of which Obama is a dutiful asset, is deployed *globally* against the BRICS nations, whose exciting global development paradigm—China’s New Silk Road and Lyndon and Helga LaRouche’s World Land-Bridge are key components—has been embraced by nations around the world. Developing countries, in particular, have had their fill of the destructive, austerity-based economic policies and British geopolitical machinations long imposed on them by the now-bankrupt trans-Atlantic financial system and representative institutions such as the International Monetary Fund (IMF).

Recent attacks on President Jacob Zuma of South Africa, one of the five BRICS members, including the suspicious death of one of his cabinet ministers and security threats to his family, are only one reflection of the global anti-BRICS deployment.

Obama, however, is especially desperate about developments in the United States’ own “backyard,” where the nations of the Caribbean, and Central and South America have increasingly moved to align themselves with the BRICS, leaving an isolated U.S. in the dust. Brazil is a BRICS member. Argentine President Cristina Fernández de Kirchner has aggressively forged strategic alliances with BRICS leaders China and Russia; and Bolivia, Ecuador, Venezuela, and others have firmly placed themselves in the BRICS camp as well, eager to participate in the stunning array of infrastructure projects and financing opportunities offered as part of the BRICS optimistic development perspective.

For the London- and Wall Street-controlled U.S. President, this motion toward the BRICS, which he refuses to join, is unacceptable. Hence, the targeting of Brazil and Argentina for color revolutions, already well underway in both countries, and threats to any other

government that dares to contemplate breaking away from the trans-Atlantic system's death grip. The Obama Administration's bludgeoning of Mexican President Enrique Peña Nieto for even his tentative efforts to reach out to the BRICS, and China in particular, is a case in point.

### **Brazil, Argentina Under the Gun**

Through its geopolitical and financier assets, the British Empire has targeted Argentina for years, incensed at the Kirchner governments' (both that of the late former President Néstor Kirchner and that of his wife, the current President) staunch defense of sovereignty and refusal to bend to the Empire's nation-wrecking dictates. More recently, as President Fernández has consolidated her alliance with the BRICS grouping, London and Wall Street have escalated their attacks, orchestrating a scandal around the suspicious mid-January death of federal prosecutor Alberto Nisman, in an attempt to either overthrow or kill her.

In Brazil, imperial financier factions and their local allies are seeking to bring down the government of President Dilma Rousseff and pull Brazil out of the BRICS, using as a pretext corruption uncovered within the giant state oil company, Petrobras, a corruption those very same financial interests engineered. Over the weekend of March 14-15, largely middle-class protesters took to the streets in Rio de Janeiro and São Paulo carrying signs demanding Rousseff's impeachment, privatization of Petrobras, and even military intervention to "end corruption." International media dutifully played this up as a sign that Rousseff won't last long in office.

Brazilian patriots understand what's at stake here. On Feb. 25, political, scientific, engineering, trade union, legal, academic, and media leaders held the first of many planned meetings of a newly established "Alliance for Brazil in Defense of National Sovereignty" at Rio de Janeiro's Engineering Club, to map out a strategy to defend the nation from dismemberment by foreign financial interests.

Speaking at the gathering, former Science and Technology Minister Roberto Amaral explicitly warned that the country doesn't run the risk of suffering a coup in the future because "the coup is already underway." The only way to stop this, he said, is with the unity of the Brazilian people.

In his fierce remarks, Roberto Saturnino Braga, director-president of the Centro Celso Furtado, pointed to the "daring measures" Brazil "had the courage to take," including its active role in the BRICS and the establishment of its New Development Bank, as an alternative to the IMF, as the reason why its sovereignty is under attack.

### **A Defense of Sovereignty**

Under the old paradigm dominated by the trans-Atlantic financial system, U.S. bludgeoning of a South American nation might have cowed the region. Now, in the new geometry defined by the BRICS alternative for economic development and cooperative strategic alliances, Obama's Executive Order galvanized not only firm regional support for Venezuela, but a broader defense of the basic principles of respect for sovereignty and international law, which, in a sane world, should be the guiding principles of all international relations.

An extraordinary meeting on March 14 in Quito, Ecuador of the foreign ministers of the Union of South American Nations (UNASUR) concluded with a communiqué denouncing President Obama's March 9 EO as a gross violation of international law, and demanding it be revoked.

Obama's Order, the communiqué read, is an "interventionist threat to the sovereignty and principle of non-intervention in the affairs of other States," adding, "the Member States of UNASUR reaffirm their commitment to the full force of International Law, the peaceful solution of disputes, and the principle of non-intervention, and reiterate their call that governments abstain from applying unilateral coercive measures which violate International Law."

The foreign ministers also reiterated that UNASUR will continue its efforts to help find a peaceful resolution to the political standoff between government and opposition in Venezuela. A UNASUR delegation made up of the foreign ministers of Brazil, Colombia, and Ecuador had been in Venezuela as recently as March 6, meeting with government and opposition figures, and offering help in both supplying and distributing basic foods and medicines whose scarcity in Venezuela is reaching serious proportions. The communiqué stated that the three ministers will continue their diplomatic efforts to mediate a solution to the crisis.

# Modi Strengthens India's Ties With Its Indian Ocean Neighbors

by Ramtanu Maitra

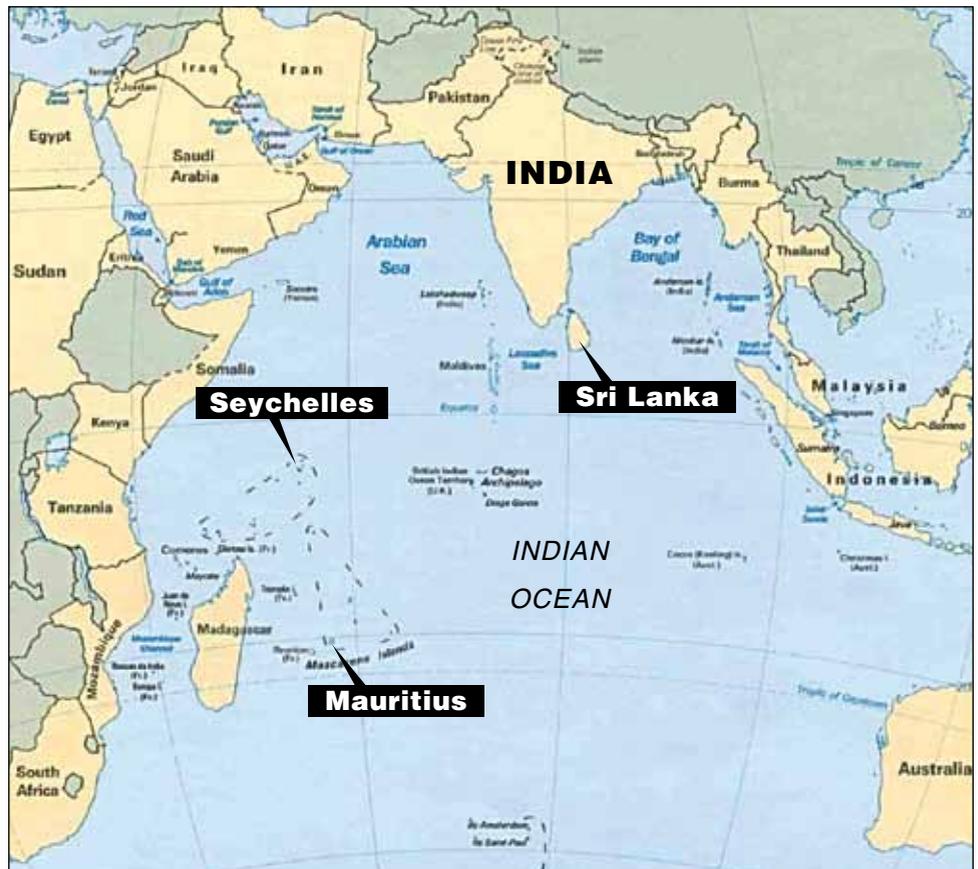
March 16—Indian Prime Minister Narendra Modi launched his foreign policy initiatives to establish India's strategic presence in the Indian Ocean with a five-day (March 10-14) visit to three littoral states—Seychelles, Mauritius, and Sri Lanka, all former British colonies. Modi's stated objective was to strengthen India's cultural ties with the three nations, and to add strategic content to the Culture Ministry's years-old Project Mausam, a transnational initiative meant to revive India's ancient maritime routes and cultural linkages with countries on the Indian Ocean. Anchoring this are landmark pacts that Delhi has signed for infrastructure development in the Agalega Island in Mauritius and the Assumption Island in Seychelles. These could emerge as strategic assets for India, thousands of kilometers from its own coastal waters, Deccan Herald News Service reported.

The Indian Ocean covers more than 73.5 million square kilometers, and occupies approximately 20% of the Earth's sea surface. It facilitates vast sea-based trades between Asia and the world west of South, South-east, and East Asia. According to the Antarctic Treaty of 1959, the India Ocean's western border is continental Africa to a longitude of 20° E, where it stretches south from Cape Agulhas; its northern border is conti-

ental Asia from Suez to the Malay Peninsula; in the east it incorporates Singapore, the Indonesian archipelago, Australia to longitude 147° E and Tasmania; while in the south it stretches to latitude 60° S.

During the colonial era of the 19th and half of 20th Century, the Indian Ocean and the littoral states were perhaps the most important strategic assets for Britain to emerge as a world power. For this reason, the erstwhile British Empire's Royal Navy had two essential deployments in the area. First, to set up key strategic

FIGURE 1  
The Indian Ocean Area



maritime points to command the sea lanes, and second, to position warships in areas of interest. Accordingly, Britain occupied strategic locations such as Singapore, Sri Lanka (then, Ceylon), Aden, Mombasa, Zanzibar, Mauritius, Seychelles, and Cape Town, which converted the Indian Ocean into a British lake. Britain still occupies Diego Garcia, which is on a lease to the United States, where the Americans have developed a naval base, military air base, and a communication and surveillance-tracking facility.

Modi's Indian Ocean initiative was not intended to simply enhance bilateral relations with the visited countries but, perhaps for the first time, New Delhi has begun to act on what it has known all the while: that the Indian Ocean is one of the lifelines of the nation, and that this vast body of water cannot be under the control of any one country, as it was when British gunboats and warships, under the pretext of facilitating trade, turned it into a British lake.

### Time To Secure the Indian Ocean

Since its independence (1947), India, having adopted a policy of equitable but low economic growth, was mostly concerned about its land security. Most of its security expenditures were aimed at protecting the nation from potential land-based attacks. Indian leaders, during the first four decades following Independence, showed little interest in establishing a strong and permanent presence in the Indian Ocean. New Delhi's mindset began to change in the 1990s, when India began to invest modestly, but with a purpose, to develop its Navy. During these 20 years or so, the Indian Navy has grown significantly, and is now a force to be reckoned with. However, the country's inadequate leadership, particularly during the last ten years, did little to make India's presence felt in the Indian Ocean littoral states.

The need to focus its attention on the Indian Ocean, which is home to important sea lanes of communications and maritime choke points, was largely ignored. A large volume of international long-haul maritime cargo from the Persian Gulf, Africa, and Europe transits through this ocean. Some of the primary items trans-

FIGURE 2  
**The Strait of Malacca**



ported are energy products—mainly oil and gas.

Similarly, the closure of the Strait of Malacca, through which 15 million-plus barrels of crude oil and petroleum products per day flow, could seriously threaten the economies of Southeast Asia and the energy-intensive economies of China and Japan. Due to the geostrategic importance of the Malacca Strait to almost all the South and Southeast Asian countries, any maritime contingency in this traffic-congested region would have profound security ramifications.

### India Looks Beyond Its East

Unlike its lack of initiatives to establish a strategic presence among the Indian Ocean littoral nations, India did well in the region to its east, securing the Bay of Bengal and the Andaman Sea that links its east coast to Bangladesh, Myanmar, and Southeast Asia. The Indian Navy has set up the Far Eastern Naval Command (FENC), similar to the Russian base on the Black Sea, and when fully completed, it will be larger than the former American naval base in Subic Bay in the Philippines.

Now, with Modi as prime minister, a strengthened Indian Navy, and the initiative of Chinese President Xi Jinping for developing its Maritime Silk Road through the Indian Ocean, it is almost a certainty that India will soon make its presence felt in the Indian Ocean. Whether India's initiative to establish its footprint on the littoral nations was a reaction to Beijing's initiative



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*In Mauritius, in addition to signing an agreement to develop infrastructure in the Agalega Island, Modi oversaw the induction of the 1,300-ton India-built vessel Barracuda for the Mauritian National Coast Guard. Here, Modi signs the visitor's book at the Apravasi Ghat, in Port Louis, March 12.*

is a subject of much discussion in the West, and in the Eastern media that follows the West's storylines.

Despite claims that India and China are eager to square off against each other in the Indian Ocean, the fact remains that China and India, as members of the five-nation BRICS grouping, are trying, with the help of the other three, Russia, Brazil, and South Africa, to dismantle the confrontation-oriented old colonial era's unipolar world. In addition, India will soon become a full member in the Shanghai Cooperation Organization (SCO), a grouping of Eurasian nations involved in providing security to the Eurasian landmass.

On the other hand, there is no question that China is gearing up to protect its energy imports that pass through the Indian Ocean, and will adopt necessary security measures that would ensure an uninterrupted trade to facilitate China's growth, if not its economic survival. Beijing cannot be comfortable under circumstances in which Western powers are the security-providers in the region. It is likely that, to enhance its economic investments in the Indian Ocean region, Beijing will be looking secure its presence there. With New Delhi now looking to increase its security cooperation with Seychelles, Mauritius, and other littoral countries in the future, slowly but steadily, the security of the Indian Ocean will be shifting over to those who live in the region and benefit immensely from the trade that flows through this ocean.

## Time To Cooperate

What is about to unfold, to the dismay of the old colonial powers, is that the globe's two most populous nations, with their growing involvement with the world through trade, are now positioning themselves to provide security to each other, as well as to all the Asian countries that depend on sea-based trade.

This is precisely what Modi had in mind, when, speaking at a function following the commissioning of the India-built coastal patrol vessel for Mauritius, in the presence of his host, Prime Minister Anerood Jugnauth, on March 12, he touched upon the need for cooperation among the Indian Ocean countries. He said those who live in the region have the primary responsibility for peace, stability,

and prosperity in the Indian Ocean. Stating that the world often defines regional groupings around landmasses, Modi said the time has come for a strong grouping around the Indian Ocean. "But, we recognize that there are other nations around the world, with strong interests and stakes in the region. We seek a future for Indian Ocean that lives up to the name of 'SAGAR—Security and Growth for All in the Region,'" he said, as quoted by Rediff.com, March 12.

During his visit to Seychelles and Mauritius, he signed agreements for the development of infrastructure on Agalega Island in Mauritius and the Assumption Island in Seychelles. The development of these islands' infrastructure could lead to a full-time presence of India's security personnel in the future. But no such agreement was discussed during the visit.

China, in recent years, has shown interest in securing the Seychelles' islands. The Seychelles Coast Guard formally took delivery of the Type 62 patrol boat *Etoile* (607) last June. The vessel was donated by the People's Republic of China as part of its efforts to bolster the tiny island nation's maritime security capacity, and will considerably improve the Coast Guard's ability to police the country's 1.3 million km<sup>2</sup> exclusive economic zone, IHS Jane's reported. In 2011, it was widely reported that Seychelles offered China maritime bases for refueling purposes while it conducts its anti-piracy operations in the Gulf of Aden. The reports created a

significant amount of unease within the Manmohan Singh-led Indian government.

## The Visits

Prime Minister Modi's visit to Seychelles and Mauritius was somewhat different from his last stop at Sri Lanka. India has virtually no contested issues with either Seychelles or Mauritius, while many aspects of India-Sri Lanka relations were not on an even keel for a while. The new government of President Maithripala Sirisena has created a more positive environment for India, while Sri Lanka's relations with China have remained stable.

In Seychelles, Modi's visit ended with the concluding of four bilateral agreements, as well as the ceremonial switching-on of a surveillance radar system. Addressing the media after his visit to the State House in the capital of Victoria, Modi said: "This co-operation will increase our understanding of marine ecology and resources. We will improve our ability to harness new possibilities of the ocean in a sustainable and balanced manner." The Prime Minister hailed the agreement as a "major step" in advancing scientific and economic cooperation between the two countries.

Announcing the "blue economy"—a phrase used by Modi to describe the marine ecology and marine resources—he said, "This is an area that holds great promise for our nations. The blue economy is all about ownership by regional states of the resources in our oceans around our islands and our coasts." Commenting on the announcement, Seychelles President James Michel said that the willingness of the government and people of India to work with Seychelles in the development of the blue economy concept was very encouraging.

Modi also announced the upcoming donation of a second Dornier surveillance aircraft to the Seychelles Coast Guard to increase maritime security. India gifted Seychelles with its first Dornier early in 2013. "Our security partnership is strong. It has enabled us to fulfill our shared responsibility to advance maritime security in the region," said Modi in his address. "It is a privilege to be a partner of Seychelles in the development of its security capabilities," he said, according to the Seychelles News Agency March 11. Later that morning, Modi also launched the Coastal Surveillance Radar station located at Ma Josephine in a mountainous central



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*In Seychelles, Modi signed four bilateral agreements, and attended the ceremonial switching on of a surveillance radar system. Here, he meets with Seychelles President James Michel at the State House, on March 11.*

region of Mahé, describing it as another symbol of the cooperation between the two countries.

In Mauritius, in addition to signing an agreement to develop infrastructure on Agalega Island, Modi oversaw the induction of the 1,300-ton India-built vessel *Barracuda* for the Mauritian National Coast Guard. This is the first of such sales to this strategic island nation, which include fast-attack craft under construction in Indian shipyards, PTI reported.

"*Barracuda* is a beautiful ship. She is also very capable and built to specifications of Mauritius. . . . She will protect your islands and your waters," Modi said after commissioning the ship at Port Louis harbor, in the presence of his Mauritian counterpart Aneerod Jugnauth. "She will be there to help in times of disasters and emergencies. But she will do more than that. She will also help make our Indian Ocean safer and more secure," he said.

Following the agreement reached to develop Agalega Island's infrastructure, India's foreign ministry said that the agreement "provides for setting up and upgradation of infrastructure for improving air and sea connectivity . . . which will go a long way in ameliorating the conditions of the inhabitants of this remote island." The new facilities would also "enhance the capabilities of the Mauritian Defense Forces in safeguarding their interests", suggesting there would be a military spin-off to the development, Reuters reported March 12.



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*Previously tense relations between India and Sri Lanka have improved with the recent election of President Sirisena. Here Modi visits a housing project in Jaffna, March 14.*

### Repairing Relations with Sri Lanka

By the time Prime Minister Modi arrived in Sri Lanka, the repairing of relations between the two countries had already begun. Beginning in the early 1980s, a civil war in Sri Lanka between the Tamil separatist terrorist group, the Liberation Tigers of Tamil Eelam (LTTE), widely known as the Tamil Tigers, and Colombo, had drawn India into the conflict. The Tamils in Sri Lanka drew support from elements in India's southern state of Tamil Nadu. Some Sri Lankan authorities had become deeply suspicious of India's intent.

The civil war came to a brutal end in 2009, when the Tigers were decisively defeated by the Sri Lankan military and the Tiger leaders were killed. The end, however, did not bring immediate peace to the island. The Tamils, who had not been able to act against the Tigers, were not welcomed with open arms by Colombo, and tensions continued. Some of the colonial nations, with Britain in the forefront, began working against Colombo. India drew the wrath of Sri Lanka when the Manmohan Singh government, obviously under pressure from London and Washington, last March, chose to abstain from voting on the U.S.-sponsored resolution against Sri Lanka on alleged human rights violations, instead of opposing it. This furthered mistrust of New Delhi in Colombo.

Subsequently, Colombo's previous government under President Mahinda Rajapaksa, moved quickly to seek China's assistance for some of its development. Indian journalist Dr. Sudha Ramachandran, in a Feb.

26 article on the Diplomat website, pointed out that Beijing has emerged as Sri Lanka's top investor. Infrastructure projects in which China has invested include the \$361 million Phase-I of the Hambantota deep-sea port, the \$1.4 billion port city on reclaimed land off Colombo, a \$500 million-China-owned container terminal at Colombo port, a \$455 million coal power plant, highways and expressways, and a theater. While China's growing economic influence in Sri Lanka irked Delhi, it was Rajapak-

sa's enthusiastic endorsement of China's Maritime Silk Road project, a vital strategic initiative for China in the Indian Ocean, and China's growing military presence in Sri Lanka—a Chinese warship and submarine docked at Colombo port last year, in spite of Indian reservations—that set alarm bells ringing in Delhi, Ramachandran noted.

Following the defeat of President Rajapaksa in the recent presidential elections, relations between India and Sri Lanka improved. Sri Lankan President Sirisena made it a point to make India his first visit to a foreign country, and during that visit, signed an agreement on nuclear safety that calls for India to help its South Asian neighbor build its nuclear energy infrastructure.

During Modi's visit to Sri Lanka, the two countries signed four agreements to cement cooperation, including a customs pact to balance trade, a credit line of more than \$300 million, a currency swap agreement, and visa on arrival for Sri Lankan nationals in India.

While Modi has not succeeded in overcoming Sri Lanka's apprehensions about India, he must have taken heart during his stay in the flagging-off of train service at Talaimannar built with India's assistance. The rail line is one of the regrettably few major Indian infrastructure projects to have been completed in Sri Lanka in the postwar period. Projects such as the Kankesanthurai port, the Sampur power plant, and the construction of homes have been delayed by tardy Sri Lankan government clearances, but much of the blame for the lack of progress must lie with Indian inefficiency.

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# International Intelligence

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## ***Russia: Unite To Fight Drug-Money-Backed IS***

March 13—Kremlin press secretary Dmitry Peskov, discussing the threat posed by the Islamic State (IS) terrorists, told *Kommersant* daily that “the significance of international cooperation on counterterrorism is increasing every day.” *Kommersant* also reports that yesterday Russian President Vladimir Putin signed a decree announcing the appointment of a new Deputy Foreign Minister for Counterterrorism, whose main role will be to deal with international cooperation in the war on IS. Moscow has not yet announced who will fill the post.

Meanwhile, at the Dushanbe, Tajikistan meeting of the Collective Security Treaty Organization (CSTO), its member-nations—Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan—are addressing the IS threat. CSTO Secretary General Nikolai Bordyuzha said the CSTO has an arsenal of tools to protect the sovereignty of the member states in the event of an external threat, Armenia News reported today. “We have information about an increasing number of extremist armed groups in Afghanistan, and we do not exclude their penetration into the territory of the organization,” Bordyuzha said.

Pointing to the nexus between the IS and the drug traffickers in Afghanistan, who have proliferated under the 12-year watch of U.S. and NATO troops, Bordyuzha said that the CSTO and Iran are cooperating effectively in combatting drug trafficking, RIA Novosti reported.

On March 6, Russia’s Federal Drug Control Service (FDCS) Director Viktor Ivanov said that over the past five years, the Balkan drug-trafficking route has been split: Heroin traffic now also goes through Iraqi territory, TASS reported him saying. “According to our estimates, IS makes up to \$1 billion annually on Afghan heroin trafficked through its territory,” he added. The FDCS in November said that the sale of Afghan heroin in Europe could gener-

ate upwards of \$50 billion for the narco-terrorists.

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## ***Iceland Scraps Its Bid To Join the Europe Union***

March 12—Iceland, the only European nation to have jailed bankers for their involvement in the financial crisis, informed the EU today that it was withdrawing its application for membership. Iceland had applied for EU membership in July 2009, but negotiations were stalemated and then frozen after elections in April 2013, which brought the Progress Party and the Independence Party to power, RT reports.

Prime Minister Sigmundur David Gunnlaugsson had talked of formally withdrawing the bid in January. “Participating in EU talks isn’t really valid anymore,” he said then. “Both due to changes in the European Union, and because it’s not in line with the policies of the ruling government to accept everything the last government was willing to accept. Because of that, we’re back at square one.”

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## ***Attacks in Nigeria Aimed At Nigeria/BRICS Deals***

March 10—A two-front military intervention into the northeastern Nigerian state of Borno, by forces of the neighboring nations of Niger and Chad, marks a shift in the attack on the so-called Islamist insurgency of Boko Haram. It is the first time there has been a combined counterattack by two neighboring nations.

The insurgency is now threatening the stability of the nations in the immediate zone of conflict—Nigeria, Niger, Chad, and Cameroon. A prolonged destabilization would have a devastating effect on West Africa and, because of British Empire manipulations, could even threaten the breakup of Nigeria. While Nigeria is the African nation with the largest population, West Africa is the most populated region.

Such a long-war destabilization would deal a severe blow to the opportunities for the BRICS nations’ infrastructure-development initiatives in Nigeria and in Africa as a whole. Last November, China signed a \$12 billion rail deal with Nigeria, the first phase of a much larger Nigerian project to build a rail network to solidify the country. This Chinese approach in Nigeria coheres with the Memorandum of Understanding to build infrastructure throughout Africa, signed by the African Union (AU) and China Jan. 27 at AU headquarters in Addis Abeba.

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## ***Britain Applies To Join AIIB; Fur Flies in the White House***

March 12—Britain today applied to join the Asian Infrastructure Investment Bank (AIIB), Britain’s Chancellor of the Exchequer George Osborne said, in a Treasury release. A dispatch by Xinhua noted that China’s Finance Ministry welcomed the initiative, which would make Britain a founding member. The Ministry is now seeking the opinions of other founding countries.

At a March 6 press conference, Lou Jiwei, China’s Minister of Finance, said that 27 countries have applied to jointly found the bank. March 31 is the application deadline. Xinhua reports that the bank is to be formally established by the end of 2015. Lou said that a number of European nations have shown interest in joining the bank.

Within hours of today’s announcement of Britain’s application to the AIIB, reports came out of White House disapproval. The Financial Times reported that, “The Obama administration accused the UK of a ‘constant accommodation’ of China after Britain decided to join a new China-led financial institution that could rival the World Bank...”

While Britain has a long history of playing all sides, its decision also has a basis in reality: The Asian sector is growing, while Europe is collapsing.

# China's Congress Charts a New Path For the World

by William Jones

March 15—Substantial international attention has been focused on this year's meeting of China's National People's Congress (NPC) and the Chinese People's Political Consultative Committee (CPPCC), much of it misguided and/or malicious. But there is a real reason for the Congress's importance. With the full brunt of the international financial crisis hitting Europe and the U.S., China is playing a crucial role in maintaining stability in the world economy. In particular, China's commitment to the development of the two Silk Roads, the Silk Road Economic Belt and the 21st Century Maritime Silk Road, represents the only option for the world to chart a path out of the present economic crisis.

Crucial to China's success will be its orientation to the most advanced areas of science and technology—its program of lunar exploration, aimed at mining the Moon, and its role as the world's leader in high-speed rail, in particular. These programs are well underway, but the central focus of the two national meetings (called the “two sessions”) was the broader question of enhancing the general welfare of the population.

## **From Cheap Labor to Development**

The international interest in the two sessions also hinges on the major changes taking place in China, economically, socially, and politically. The startling growth of the Chinese economy over the past decades, which has helped to bring hundreds of millions of people out of poverty and up to a relatively decent standard of living, under conditions of serving as a cheap labor production pool for the world economy, has also carried a heavy price for the country.

By receiving far less than the actual costs of reproducing the labor and the reproductive conditions of the labor in the sale of their products, China's environment has suffered from pollution of the water, land, and air, a



Xinhua/Lan Hongguang

*Chinese President Xi Jinping greets deputies to the National People's Congress from Guangxi Zhuang Autonomous Region, March 8. The government is moving to expand the powers of the national legislature on the local and regional levels.*

toll which it will take years, even decades, to reverse. One fifth of China's arable land is said to be heavily polluted.

The environmental devastation has been a major concern for years now for Chinese citizens, but President Xi, who has shown little patience with malfeasance perpetrated by some of the authorities in the government and the party, has promised that polluters would feel the "iron hand" of the government's environmental watch-dogs. And this includes, judging from the latest reports, also some individuals in the state-owned enterprises, which still represent the backbone of the Chinese economy. What began during the 1970s with the Western economies' outsourcing their production in order to cut their wage costs, led to a veritable "slash and burn" policy to exploit cheap labor in Asia and Ibero-America. Most of the economies of the developing sector suffered in the same way that China has.

China succeeded, however, in avoiding the total collapse experienced by others through the leadership's wise policy of investing in science and technology, making ready a labor force that could leap-frog out of the vicious cheap-labor cycle. Now, with the downturn in the Western economies, China is girding itself for another leap in the development of new high-tech capa-

bilities through innovation and creativity, watchwords of the Chinese economic debate these days.

The extensive use of coal and oil has, of course, contributed mightily to the environmental devastation. China's commitment to the development of nuclear energy points a way out of the dilemma. It was announced during the two sessions that China was now going to build two new third-generation nuclear plants inland, and shut down some of the polluting coal-burning plants there. With a view to its "going global" strategy, China is also constructing its first indigenous reactor, which it intends to export as

the technology is perfected. The rapid collapse of its export market with the virtual blowout of the European and U.S. economies, has also forced China to take into its own hands the management of its future prospects. "One Road, One Belt," as the Chinese call their two Silk Roads, has become a necessary element in their continued economic well-being.

### **Consultative Democracy**

The National People's Congress is the legislature of China, responsible for making the laws. And although its annual meetings are the only occasion when all delegates are gathered together, with much of the business during the year being handled by a Standing Committee, there is intense debate and consideration of the proposals that are handed them for legislative consideration. The larger CPPCC, which has been in existence since the founding of the People's Republic of China, consists of many non-Party members and members of other political parties active in China, giving them a platform to influence government policy. The role of the CPPCC is to put forward the proposals from the grassroots, which are then forwarded to the NPC for possible legislation.

This is what China calls its "consultative democracy." A legislative law reform passed at this year's

Congress will expand the powers of both the NPC and the CPPCC and will also strengthen legislative bodies on the local and regional levels. The latter move will help create a closer watch on the decisions made by local governments, even more important now, that much of the decision-making on issues that had previously been handled centrally will now become the prerogative of the local authorities.

While the Western media often portrays these two institutions as “rubber stamps” for decisions made by the Communist Party, anyone who observes them close up can see that there is a very lively, vibrant, and sometimes raucous discussion over the issues facing the nation. This year was a bumper-crop year for proposals, in that delegates put forward almost 6,000 proposals for consideration, some dealing with “One Road, One Belt,” others with the environment, the economy, the conditions of migrant labor, agricultural reform, and enhancing the “people’s livelihood”—i.e., health insurance, education, child care, and housing registration reform.

### Rule of Law

Many of these proposals had to do with the ongoing anti-corruption campaign initiated by President Xi Jinping last year. While the campaign has targeted even high-level officials accused of corruption—both “tigers and flies,” as President Xi has put it—the more far-reaching goal is to establish systematic reforms in the Supreme Procuratorate (the prosecutor’s office) and the Supreme People’s Court, and to make these independent from local government or Party authorities. Such rule of law would help prevent some of the abuses that have been perpetrated by local and regional authorities who now would no longer have control over the judiciary, a necessary step toward a system of real checks and balances.



Xinhua/Xing Guangli  
*Foreign Minister Wang Yi at a press conference on March 8. He said that “One Belt, One Road” would be China’s primary foreign policy focus in 2015.*

The two sessions also gave the central leadership an opportunity to conduct a dialogue with delegations from the different regions of China. During the two weeks of meetings, President Xi and Premier Li Keqiang had numerous opportunities to talk with the delegations. At one meeting, with a delegation from Jilin province in China’s northeast, President Xi underlined the commitment of the central government to the revitalization of that region, which traditionally had been the industrial heartland of China, but has become something of a “rust belt,” requiring significant modernization. He took notes on a briefing he received at another meeting on the development of the Yangtze River Corridor, which is being geared up to become another corridor leading from the Yangtze Delta region to Chengdu in Sichuan Province, a city which has already become a hub for the Silk Road Corridor to Europe.

### Securing the People’s Livelihood

Foremost in the minds of the Chinese leadership is the issue of the “people’s livelihood.” With the rapid growth of China over the last few decades, the world sometimes forgets how far the country still has to go in order to become a developed nation. With over 40% of the population still residing on the land and, according

to World Bank statistics, 200 million people living in poverty, this fact is never far from the minds of China's leaders.

This was clearly underlined by Premier Li in the press conference ending the NPC meeting on March 15. Rejecting the notion that China was a “free rider” in the world economy (referencing the snide comment made by President Obama last year, which set off something of a firestorm in China), Premier Li related a story his visit to two households in the western region, one to a shabby house where a mother and her son lived, where you could actually feel the wind blowing through the house; and another to a family with two children, where the sister had to work in the city to pay for her brother's college education, which didn't even allow her to come home to visit the family during the traditional Spring Festival. “It truly pains me to see our people living in such distress,” Li said. “And I am sure that there are many more such families. China is still a developing country in every sense of the term.”

### **‘One Belt, One Road’**

Already, at the beginning of the session, it was clear that the Silk Road belt would be a highlight during the two sessions. At his press conference on March 7, Foreign Minister Wang Yi had indicated that “One Belt, One Road” would be the primary foreign policy focus of 2015. In his Government Work Report issued at the beginning of the NPC session, Premier Li mentioned the project three times. “We are entering a new phase in our neighbor diplomacy,” Li said, “and China is now recognized as a major country on the international stage.”

It was also noted that “One Belt, One Road” would provide the basis for China's “going global” strategy. The effort by China to shift to more high-valued production niches has had its most notable success in the field of high-speed rail, in which China has now become a major exporter. China will benefit from “belt and road” investment in infrastructural projects in neighboring countries, by being a supplier of much of what is required to realize that investment.

The two sessions were also an opportunity to inaugurate the Silk Road Fund, of \$40 billion, proposed by President Xi last year to “jump-start” the “belt and road” projects. While the Asia Infrastructure Investment Bank (AIIB), which was launched by China in

2013 to pull together a fund for “One Road, One Belt,” presently involves 27 nations—including, most recently, Great Britain—the Silk Road Fund will be managed directly by China, with funding provided by the China Investment Corporation, the Export-Import Bank of China, and the China Development Bank. Jin Qi, the chairwoman of the Fund, announced on March 12 that the board of directors and senior management team have been chosen, and will start investment soon. It will operate on market-based principles, she said, and would welcome participation by the Asian Development Bank and the China-Africa Development Fund.

China's foreign minister also announced at his press conference on March 7 that Russia this year would begin its official cooperation in the Silk Road project. “China will also launch strategic cooperation in development of the Russian Far East,” Minister Wang said, “and will improve the cooperation in high-speed railroads.” Zhou Xiaochuan, the chairman of the People's Bank of China, told reporters on March 13, that China and Russia were exploring novel financial cooperation along the route of the Silk Road.

“One Belt, One Road,” however, goes far beyond China and its immediate neighbors. The decision by the Cameron government in Great Britain to join the AIIB, over the objections of the Obama Administration, indicates an understanding of the far-reaching global changes occurring.

And Great Britain may not be the only European nation ripe for membership. In an article in the French business daily *Les Echos* on March 4, Dominique de Villepin, France's former foreign minister, urged his country to become a part of this major undertaking. De Villepin wrote that the Silk Road idea represents “a political vision which paves the way for European countries to renew dialogue with partners on the Asian continent which could help to find, for instance, flexible projects between Europe and Russia, in particular, to find [the funds] necessary for the stabilization of Ukraine.” An invitation had also been extended by President Xi to the United States, at his joint press conference with President Obama at the APEC Summit last year.

The question remains: Does the United States have the wisdom and the will to accept the invitation and work with China on this important project in the interest of the common aims of mankind?

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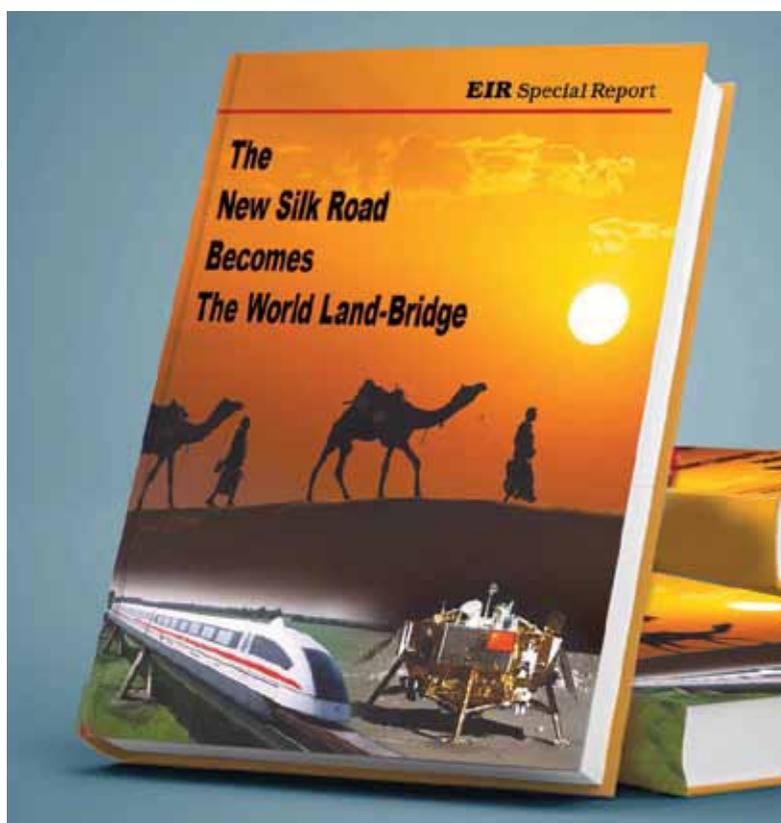
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# The Maritime Silk Road— 1405 and 2013

by Mike Billington

March 13—In October 2013, during a visit to Indonesia, Chinese President Xi Jinping announced the launching of the New 21st Century Maritime Silk Road, just one month after announcing the New Silk Road Economic Belt, while on a visit to Kazakhstan. These two initiatives, followed in 2014 by the plan to put together the BRICS New Development Bank, during their July Summit in Brazil, and China's establishment of the Asian Infrastructure Investment Bank that Fall, constitute a new paradigm for mankind, as a counter to the self-destruction of the trans-Atlantic nations by the bankrupt London and New York banking system. China is offering a program of major infrastructure projects for the developing nations of the world.

The old, caravan Silk Road through Central Asia, dating back to Roman times, is well known. Less well known is the precedent for the New Maritime Silk Road—the massive armadas of the Ming Dynasty of China in the early 15th Century, by far the largest and most extensive voyages of diplomacy and exploration in the world at that time.

In 1405, nearly 100 years before Columbus sailed west in an effort to reach Asia, the Ming Dynasty commissioned the first of a series of seven voyages, with huge armadas, under the direction of a Muslim admiral named Zheng He.

## The First Voyage

Sailing on the first voyage were 311 ships, 62 of them the so-called Treasure Ships, which were about three times larger than any ships in Europe, such as those of Columbus in his voyages to the Americas. The Treasure Ships each contained nine masts, were over 400 feet long and 170 feet wide, with four decks. This was the largest fleet that the world had ever seen in 1405, or would see again until World War II!

The ships sailed through the South China Sea, visiting the Philippines and the Indonesian islands; they

went to Malacca and passed through the Malacca Strait into the Indian Ocean. They visited Thailand, Sri Lanka, and India. They went into the Persian Gulf and the Gulf of Aden, the Red Sea, and down the east coast of Africa as far as Madagascar and Mozambique, and perhaps all the way to the Cape of Good Hope. There were offshoots from these voyages that went to Mecca and to Egypt.

These were not the first foreign voyages by China. There are records of Chinese traders plying these waters going back to Roman times. During the Sung Renaissance in China, in the 11th and 12th centuries, these trading missions were restored after several centuries of neglect.

But the Ming armada of Zheng He far surpassed in scale and vision anything that had come before. The voyages were almost entirely peaceful, although they fought and defeated several pirate gangs along the way, and confronted a hostile force in Sri Lanka. No land was conquered.

This was a hugely successful diplomatic mobilization. Some 30 nations sent emissaries back with Zheng to China.

They were also trading missions. The ships were loaded with porcelain, silks, gold, and silver. In return, they brought back ivory and other precious goods, as well as exotic animals unknown in China, including a giraffe, ostriches, and zebras.

Zheng wrote in his diary: “We travelled more than 100,000 li of immense water spaces and have beheld in the ocean huge waves like mountains rising in the sky, and we have set eyes on barbarian regions far away, hidden in a blue transparency of light vapors, while our sails, loftily unfurled like clouds day and night, continued their course as rapidly as a star, traversing those savage waves as if we were treading a public thoroughfare.”

For reasons that are not entirely clear to historians,



*Admiral Zheng He's first voyage in 1405 included more than 300 ships, the largest fleet the world had seen until World War II; Zheng's armada traveled as far as the east coast of Africa.*

the Zheng He missions were scrapped after the seventh voyage in 1435, and China largely cut itself off from the rest of the world.

During the same period, Europe was coming out of the Dark Age of the 14th Century, when plague and perpetual warfare had wreaked havoc across the continent. A turning point came with the 15th-Century European Renaissance in science, art, music, and statecraft, centered on Florence, Italy, and the convening of the Great Council led by Nicholas of Cusa. Cusa's concept of the sovereign nation-state was that a nation must be ruled according to the will of the governed, and that the interest of one nation must also be based on the interests of the other sovereign states.

## **Xi and Mahathir**

Today, it is the West that is collapsing, and China which is initiating a new Renaissance.

When Xi Jinping left Indonesia after his announcement of the New 21st Century Maritime Silk Road, he stopped in Malaysia, where he met with former Prime Minister Dr. Mahathir Mohammad, as well as current Prime Minister Najib Razak. Dr. Mahathir, prime minister through the 1990s into the 2000s, had famously stood up against the speculators and the IMF in the so-called Asian crisis of 1997-98, rejecting IMF dictates and imposing currency controls to protect his nation.

Xi and Mahathir together established a new institution, the "Cheng-Ho (Zheng He) Multi Cultural and Friendship Association." In an interview with this author published in the March 7, 2014 *EIR*, Dr. Mahathir said of Zheng:

"He is a remarkable leader, a remarkable man. He

came with very powerful forces not to conquer, but to establish diplomatic relations with countries. China never attempted to conquer countries. They wanted to establish diplomatic relations and trade with these countries.

"This contrasts with the first Portuguese—with Vasco da Gama, Afonso de Albuquerque, and Diogo Lopes de Sequeira—who came here in order to conquer. The Portuguese arrived in Malacca in 1509. Two years later, they conquered Malacca. The Chinese had been in Malacca for

many, many years before that, and never conquered Malacca, although they had so many Chinese in this country who could have formed a fifth-column for them. But they never tried to conquer.

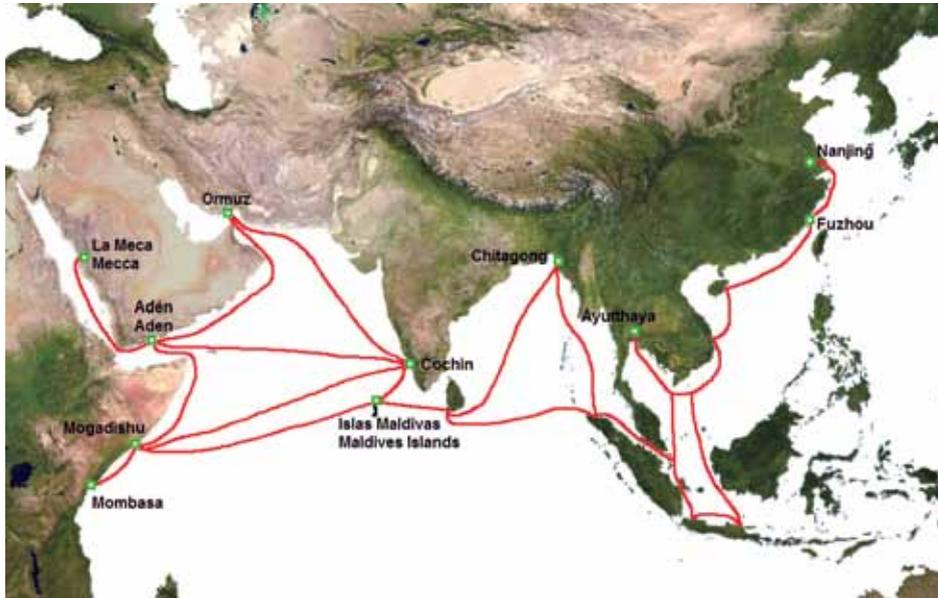
"So there is this difference between Zheng He and the Portuguese and the other Europeans. Zheng He established friendships. So this Association that we are going to form is in order to celebrate friendship between nations. There will be an award for the people who work most to bring about friendship between countries."

It is clear that Malaysia, as well as virtually every nation of Asia, South America, and Africa, view China in the same way—as interested in development and friendship, in contrast to the centuries of Western looting, opium trade, gunships, slave trade, and financial dictatorship under the British Empire and its European partners. In fact, Dr. Mahathir added in his *EIR* interview, in regard to the threat of global war: "But at the back of this all is the British. The British have caused more damage in this world than anybody else, through their colonial policies in the past, and through the conclusion of their decolonization process—all these things have left behind a legacy that leads to war."

## **The New Maritime Silk Road**

Today the Maritime Silk Road is truly global in scope. China has established a \$40 billion fund for the Maritime Silk Road, for ports and related infrastructure, not only along the old route of Zheng He, but now extending into Europe and even into the New World. A Chinese construction firm from Hong Kong is oversee-

FIGURE 1  
The Journeys of Zheng He 1405-1433



ing a new “Panama” canal in Nicaragua, to allow huge tankers which cannot pass through the current Panama Canal, to travel between China, and Brazil and Argentina.

The Chinese are now considering support for the effort to build a canal in southern Thailand, the Kra Canal, a campaign supported by Lyndon LaRouche for the past 40 years, which would turn the region into a hub for the development of the entire Pacific and Indian Ocean basins.

Because of the Suez Canal—and especially with the completion of Egypt’s second Suez Canal—the Chinese Maritime Silk Road can now pass through the Red Sea to the Mediterranean. Already, China’s huge shipping firm COSCO has a 35-year concession in the port of Athens, Greece, at the Piraeus Container Terminal, managing the two main container terminals at the port—one of Europe’s busiest.

Li Keqiang, the prime minister of China, went to Belgrade, Serbia in December for a meeting with 16 countries from central and southern Europe, where they put in motion a plan, which is already being implemented, for high-speed rail connections from the Piraeus port up through Macedonia, through Serbia, Hungary, and into Western Europe. It is expected to be on line by 2017.

So, Greece is effectively the end point of the New Maritime Silk Road. And, in fact, some of the rail connections from China along the New Silk Road through Central Asia will terminate in Greece, making Greece the connecting point of the New Silk Road and the New Maritime Silk Road.

Now, think about what’s going on in Greece, and how the Greeks look at this. On the one hand, they’re being told by the Troika (European Commission, ECB, IMF) that 50% cuts in pensions are not enough; they have to cut the pensions more; 60% youth unemployment is not enough—they have to stop employing people, all to meet the austerity

conditions to make them “worthy” of new loans, loans which will never even make it to Greece in any case, but simply be transferred from one account to another back in the U.K. or in other Eurozone banks, because they are only intended to pay off debts. Debts that can’t be paid, and that are, in fact, illegitimate and should not be paid. That’s what they’re being offered by the dying paradigm in Europe.

What are they being offered from the BRICS, from China’s Maritime Silk Road? To become the hub for a transcontinental development plan, and possibly the first European member of the BRICS. The hub, the connecting point between the BRICS and a new Europe, a Europe which rejects the dying Empire. Greece is ready to join the BRICS, and in fact, its only hope for survival is to join the BRICS, as is true for Europe as a whole.

### The ‘Silk Road Lady’

Preceding the National People’s Congress taking place this month in China, a spokesperson for the Congress told a press briefing, when asked if the New Silk Road would be on the agenda, said, yes, yes, indeed, it would be a major part of the agenda (see above article). And it’s important to note, she said, that the Silk Road has been on our agenda for 20 years.



Xinhua News Agency

*Chinese President Xi Jinping (right) and former Malaysian Prime Minister Mahathir Mohamad, meeting in Kuala Lumpur in October 2013, established a new institution, the “Cheng-Ho (Zheng He) Multi-Cultural and Friendship Association.”*

But, before, we didn’t have the money to do it. Now we do.

Twenty years ago, Schiller Institute founder Helga Zepp-LaRouche, together with the Chinese government and others, organized a major conference in Beijing on the New Silk Road, although the Chinese chose to call it the Eurasian Land-Bridge. But Zepp-LaRouche’s term was the New Silk Road, and she is known in China as “the Silk Road Lady.” Now the Chinese have gone back to her term.

What is involved? Rail connections, ports, power development, water projects—it’s essentially bringing these nations together around the idea of mutual trade and development. And of course, it’s going to include Africa, as the original Zheng He operations did. In fact, China is now leading the development process across the African continent.

The Africa section of the [EIR Special Report](#), “The New Silk Road Becomes the World Land-Bridge” contrasts the rail system that’s there now, as built by the European colonial powers, to what the Chinese plan today, and have already begun building. What’s there

today is nothing but rail lines from the ports to the mines, You can’t even get from one country to another. The colonial powers were only interested in grabbing raw materials and getting them out, taking them back to Europe.

Now, China needs the raw materials too, as do Japan and Korea and others. But they are paying for them. Not by loading up the poor nations with debts, but by building infrastructure which creates modern nations. Premier Li pledged that China would build high-speed rail lines connecting all the capitals of Africa, as well as lines crossing the continent. These two opposite visions illuminate the difference between the imperial policy of European colonialism (and the current policies of the U.S. and Europe), and those of the BRICS nations.

What is the U.S. response to this? Actually it was stated even before China began its Silk Road projects—the Obama “pivot to Asia,” which is intended to create a ring around China, militarily, and economically through the Trans-Pacific Partnership (TPP), a trade deal which excludes China. The U.S. has turned the Philippines into a massive U.S. military base. It is placing high-altitude missiles and radar systems along the Chinese border, threatening both China and Russia, while at the same time pushing war against Russia in Europe.

At the Asia Pacific Economic Cooperation (APEC) conference in Beijing last November, President Xi invited President Obama to join the efforts of China and other Eurasian nations, including Russia, in the development of the New Silk Road. A petition being circulated by Zepp-LaRouche’s Schiller Institute calls on the U.S. and Europe to “Have the courage to reject geopolitics and collaborate with the BRICS, . . . readopting the principle of the Treaty of Westphalia by basing foreign policy on the principle of the benefit of the other, which ended the Thirty Years War in Europe, and on John Quincy Adams’ concept of a community of principle among sovereign nation states.”

The petition can be read and signed at the Schiller Institute [website](#).

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# China's 'One Belt/One Road' Policy Is Open to All Nations

*A highly-placed Chinese expert gave this speech at the EIR/Schiller Institute diplomatic seminar in Copenhagen on Jan. 30, 2015. The seminar, entitled "Economic Development, and Cooperation among Nations, or, Economic Collapse, War and Terror? The New Silk Road Becomes the World Land Bridge," was held at the Russian Cultural Center. Helga Zepp-LaRouche gave the [keynote](#) speech, and diplomats from two other BRICS countries, Alexey Kolesnikov from Russia and Machiel Renier van Niekerk from South Africa (see EIR, Feb. 6, 2015), also spoke.*

In 2013, President Xi Jinping of China called for joint development of an "Economic Belt along the Silk Road" and a "Maritime Silk Road of the 21st Century." The "Belt" and the "Road" are two major initiatives that China has made to deepen reform, and open up and advance its neighborhood diplomacy. They have been written into the documents of the Third Plenum of the 18th CPC Central Committee, the Meeting on Neighborhood Diplomacy, and the Central Economic Work Conference, and have been enthusiastically received both at home and abroad.

## **1. The Belt and the Road initiatives are the continuation and development of the spirit of the ancient Silk Road.**

Over 2,000 years ago, the industrious and brave people on the Eurasian continent opened several trade routes connecting major civilizations across Asia, Europe, and Africa. Together, they were referred to as the "Silk Road" by succeeding generations. Despite repeated strife and wars in Eurasia, traffic on the Silk Road never completely stopped. Such links of mutual emulation via the Silk Road made exchanges of goods, know-how, people, and ideas possible; promoted the economic, cultural, and social progress in the various countries; facilitated dialogue and integration of different civilizations; and left behind brilliant pages in human history.

Moving into the 21st Century, an era that is domi-

nated by the themes of peace, development, and cooperation, but continues to feature a complex international and regional landscape, the Silk Road has become all the more important and precious as a symbol of peace, cooperation, openness, inclusiveness, mutual learning, and resilience.

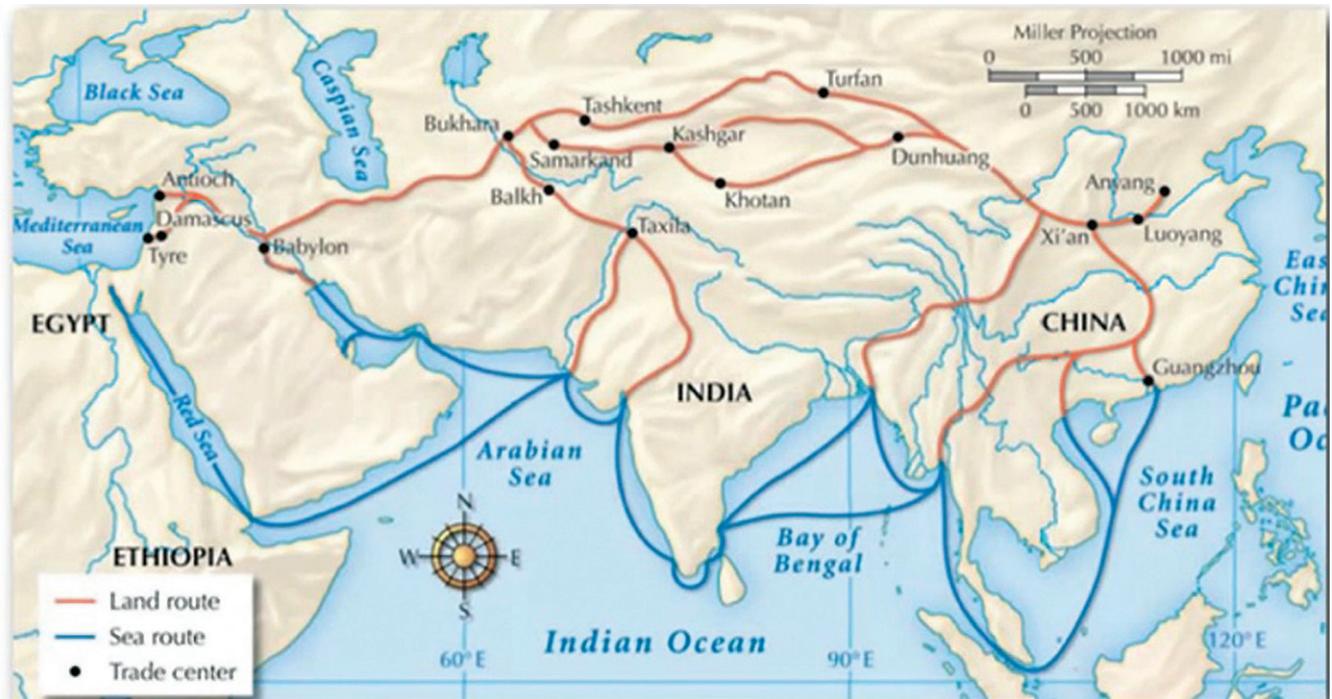
## **2. Working jointly for the Belt and the Road initiatives meets the trend of the times for regional cooperation.**

Asia, known as the engine of global growth, and a key driver for world multi-polarization and economic globalization, plays a critical and increasing role in the shaping of the international landscape. Meanwhile, Asia faces multiple challenges, old and new, including mounting pressures to stay vibrant. The Belt and the Road initiatives linking the past with the present, and covering China and other countries, have a highly inclusive scope that bears witness to the history of great glory in Asia, provide an important source from which Asians draw confidence and pride for their history and cultures, and stand as a banner of Asian unity and commitment to cooperation.

Regional integration is an unavoidable phase toward economic globalization. The flourishing cooperation in Asia has boosted peace and development in the region. The Belt and the Road initiatives, by linking Central Asia, South Asia, Southeast Asia, and West Asia, will contribute to greater connectivity and complementarity across the subregions, and help the establishment and improvement of Asia's supply chain, industrial chain, and value chain, thus bringing Pan-Asian and Eurasian regional cooperation to a new level.

The Belt and the Road initiatives foresee infrastructure development and systemic innovation, which are conducive to an improved business environment in relevant countries and the region as a whole; to an orderly and unimpeded flow of production factors and their improved distribution; to the development of landlocked countries and the remote areas of various countries; to

## The Silk Road



*The Overland Silk Road (red line) and the Maritime Silk Road (blue line) will unify all of Eurasia, included Southwest Asia and Northern Africa, under the concept of “One Road and One Belt.”*

lowering costs and trade and investment barriers; and to providing greater drive for reform and opening-up in the various countries.

### Open, Inclusive Economic Initiatives

#### 3. The Belt and the Road initiatives are for open and inclusive economic cooperation.

Both the Belt and the Road initiatives have been anchored on economic cooperation, and built on cultural and people-to-people exchanges. They foresee no interference in the internal affairs of the countries involved, nor do they seek to dominate regional affairs or secure spheres of influence in the region.

The Belt and the Road initiatives look at ideas and suggestions for cooperation and development. They are not about building an entity or creating new mechanisms. The initiatives will rely on existing bilateral and multilateral mechanisms between China and other countries, and use existing platforms of regional cooperation that have proven effective. They will not overlap or compete with existing cooperation mechanisms of the Shanghai Cooperation Organization, the Eurasian Economic Community, or ASEAN plus China. If anything, they will enrich and enliven those mechanisms. We should open our minds and hearts for the

various cooperation initiatives and mechanisms, take a more pragmatic approach, and make them more effective and mutually reinforcing.

The Belt and the Road initiatives foresee complete openness in geographical and country-specific reference. They may trace, but not be limited to, the past Silk Road, and all countries along the land and the maritime Silk Roads, as well as all friendly neighbors of China, can get involved. Central Asia, Russia, South Asia, and Southeast Asia will be the priority directions. So will the Middle East and East Africa, since they are where the Belt and Road join. Countries in Europe, the CIS, and Africa may also be included in the long run. What is more, the initiatives, as they make progress in the future, may involve a lot more projects, countries or entities, which can only ensure their increasing openness.

#### 4. The Belt and the Road initiatives feature “links,” and focus on result-oriented and project-based cooperation, all aimed at bringing tangible benefits to the people in the region.

The first of the “five links” is policy. Countries can discuss strategies and policies on economic development and in the spirit of seeking common ground

while shelving differences, harmonizing their positions through consultation, formulate corresponding plans and measures for cooperation, and give regional economic integration their policy and legal “green light.”

The second link is roads. We have a saying in China that goes “If you want to get rich, start by building roads.” There is a need for China and its neighboring countries to improve their cross-border transportation infrastructure; to put in place a transportation network linking Asia’s subregions, and connecting Asia with Europe and Africa; and to effectively address the existing inadequacies of connectivity and transportation in regions targeted by the project.

The third link is trade. We should study issues of trade and investment facilitation while making proper arrangements accordingly, remove trade and investment barriers, promote economic circulation and improvement in the region, unleash still greater trade and investment potential of participating countries and make the regional cooperation “pie” still bigger.

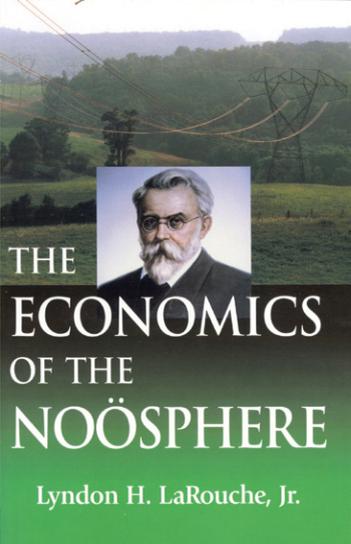
The fourth link is currency. We should promote greater trade settlement in local currencies and more currency swap schemes, strengthen bilateral and multi-lateral financial cooperation, set up financial arms for regional development, bring down transaction costs, enhance capacity to fend off financial risks through regional arrangements that make the region’s economy more competitive globally.

The fifth link is people. Amity among peoples holds the key to sound relations among states. China and the neighboring countries need to shore up popular support for their state-to-state relations, promote inter-civilization dialogue, enhance exchanges, understanding, and friendship among different peoples, especially those at the grassroots level.

### **Mutually Beneficial Cooperation**

Throughout this process, China will follow the right approach of upholding justice first and pursuing justice and interests simultaneously, providing developing countries and friendly neighbors with assistance as their abilities permit, and earnestly help them to achieve speedier growth. China will step up its input in the neighborhood, actively enhance connectivity there, explore the establishment of a regional infrastructure investment and financing platform, and strive to turn the neighboring land and sea areas into

those of peace, friendship, and harmony. Not only will China upgrade its own economy, it will go for an upgraded version of opening-up through such schemes as the Belt and the Road initiatives, and expand its mutually beneficial cooperation with all countries, neighboring countries in particular.



The scientific concepts of biogeochemist Vladimir Vernadsky — the initiator of the idea of the Biosphere — whose concept of the “Noösphere,” has been cited and further developed by Lyndon LaRouche.

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# Greece Is Taking Up The BRICS Option

by Dean Andromidas

March 16—Greece has become the standard bearer for the BRICS in Europe. With the European Union refusing to turn off the road leading to self-destruction, the drive for economic development led by Brazil, Russia, India, China, and South Africa is creating a powerful alternative that Greece is ready to take up. Greece and the rest of Europe have a choice between Plan A (for asphyxiation) and Plan B (joining with the BRICS for survival and economic development). Greece, with its special ties to both Russia and China, can serve as the bridge between Europe and the BRICS.

Minister of Defense Panos Kammenos, in an interview to Greek Radio on March 13, warned that if the European Union, the European Central Bank, and the International Monetary Fund (known as the Troika) cut off Greece, the country will turn to the BRICS for funding. He characterized the BRICS as the largest bloc on the planet. Greece wants to stay in the Eurozone, but under conditions where it can achieve national sovereignty and economic development.

Kammenos declared that the threat to oust Greece from the Eurozone is illegal, aimed at pressuring the country to sign a third Memorandum with the Troika, and therefore to take on even more debt, which he said is not going to happen. Declaring that this is the mandate given to the government by the Greek people in the elections on Jan. 25, Kammenos said, if funding is cut, Greece can turn to the BRICS.

Kammenos's statement came within days of the

signing into law on March 9 by Russian President Vladimir Putin of the agreement of the BRICS governments to establish a New Development Bank capitalized with \$100 billion.

In reporting on this development the next day, the popular Greek Internet magazine *DefenceNet* declared that the new bank provides Greece with another "arrow in its quiver" for its battle with the EU and its international creditors. While the new bank's main purpose, *DefenceNet* comments, is to finance development projects, initially in its member countries, it can also lend to countries that are not members. This could include Greece, Portugal, Spain, and Italy, all of which are suffering under the EU's austerity policies, adding that the new bank is the first alternative to the Washington-based IMF and World Bank since the end of World War II.

Pointing to the fact that the Greek leadership is well aware of this potential, *DefenceNet* reports that several ministers will soon be heading to Moscow and other BRICS countries. The list is impressive. On April 8, Prime Minister Alexis Tsipras will visit Russia. On April 17-21, Defense Minister Kammenos will be making an official visit there as well, and Deputy Minister of Defense Kostas Isichos, along with Deputy Tourism Minister Elena Kountoura, will visit Moscow March 18-20, while Isichos will also visit Brazil April 14-17, to attend an international exhibition of defense equipment.



German Ministry of Finance/Jörg Rüger

*Daggers drawn: Germany Finance Minister Wolfgang Schäuble and Greek Finance Minister Yanis Varoufakis at the German Finance Ministry in Berlin on Feb. 5. Schäuble is doing everything in his power to ram through more looting of Greece by the bankers, but Varoufakis is having none of it.*

Foreign Minister Nikos Kotzias, who, as an academic, was an expert on the BRICS, along with Deputy Prime Minister and Coordinator of Economic Policy Yiannis Dragasakis, will soon visit China to arrange for the official visit of Prime Minister Tsipras there later this year.

European oligarchs are chewing the rug. Within hours of the publication of the DefenceNet article, the BBC correspondent in Athens, Giorgos Christides, wrote an article entitled “Could Europe Lose Greece to Russia?” The author laments that “Greece may be eyeing Moscow as a bargaining chip,” and that “Europe is not pleased.” He warns that this could become dangerous, since “Greece’s bailout extension expires at the end of June and the worst kept secret in Brussels is that Athens will need new loans to stay afloat”; while “officially, Greece is not searching for alternative sources of funding ... a loan from Russia, or perhaps China, could seem a more favourable alternative to any new eurozone bailout with all its unpopular measures and reforms attached.” Even more worrying, he writes, is that with Greece on its side, Russia would have an ally that could exercise a veto in the EU.

The BBC’s Christides sees a Russian-allied Greece in the framework of Samuel Huntington’s “clash of civilizations,” which “places Greece squarely in the Rus-

sian-led Orthodox axis ... widely accepted by Greeks,” as a nightmare that has come true, citing surveys showing that 63% of Greeks hold favorable views of Russia, while only 23% have a positive view of the EU.

### **Démarche Against Germany**

The coverage of Greece’s conflict with its creditors in the Western media contains the same level of lies and distortion as their coverage of Russia and Ukraine. Greek Finance Minister Yanis Varoufakis has referred to it as “yellow journalism.”

Indeed, much of the coverage of what actually transpires in these negotiations, including at the Eurogroup meetings of finance ministers, is not just confused but outright lies, much of it emanating from Greece’s own “European partners.” The most guilty in this respect has been German Finance Minister Wolfgang Schäuble.

On March 10, a few hours after the Eurogroup meeting, the Greek ambassador in Berlin delivered a démarche to the German foreign ministry to protest Schäuble’s derogatory statements against Finance Minister Varoufakis. Speaking to a group of journalists, Schäuble had called his Greek peer “*dümmlich naïve*,” which translate as stupidly naive.

Foreign Minister Kotzias, who speaks fluent German, lost no time in charging the German finance minister with uttering unacceptable and unethical comments about his Greek counterpart.

Schäuble’s ugly language only repeats past barbarisms that transpire in the “institutions” of Europe. In 2012, at a summit of European leaders, then-President of France Nicolas Sarkozy allegedly called then-Prime Minister of Greece George Papandreou a “f\*\*\*ing a\*\*hole,” for suggesting that Greece hold a referendum on whether it should accept a second memorandum with the Troika.

Commenting on why his Eurogroup peers made such comments about him, Varoufakis said that they

were accustomed to dealing with a Greek government that ruled with e-mails and faxed directives. “Suddenly they realized that the Greek finance minister will be a problem for them, to the extent that he demands the right to have the Greek people’s view heard,” he said. He pointed out that Eurobarometer polls show that the people of Europe “do not trust the European Union’s institutions.” As for Schäuble’s derogatory comments, Varoufakis said: “Mr. Schäuble has told me I have lost the trust of the German government. I have told him that I never had it. I have the trust of the Greek people.”

### **EU Demands a Third Bailout**

Since the signing of the so-called Feb. 20 agreement between Greece and the Eurogroup, which was little more than a ceasefire, allowing Greek banks to continue to receive emergency liquidity from the European Central Bank until June, neither side has moved from its core positions. Greece is demanding a dramatic restructuring of its debt, through a European Debt Conference modeled on the 1953 London Debt Conference which reduced Germany’s pre-World War II debt burden by more than half; an end to brutal austerity conditionalities; and for Europe to launch a “New Deal.” The Eurozone leaders have refused all of those demands, which are incompatible with their insane commitment to save the bankrupt Western financial system. They are leading a drumbeat for yet a third round of bailout loans, using the threat that the ECB will cut off Greek banks from liquidity—a totally illegal move aimed at forcing Greece to either capitulate or exit from the Eurozone. This is what the Greeks call the “asphyxiation plan.” But this is a bluff that Greece should call.

While all Eurozone governments are acting as cowards, if not fascists, in refusing to support Greece and its demands, Athens is fighting for a breathing space. Having been in power for less than six weeks, its government needs time to prepare its options. One is to convince its “partners” to respond to reason, or to wait until these governments are swept from power in upcoming elections. Spain and Portugal face elections in the last quarter of this year, which could bring new powers into the government, such as the Podemos party in Spain, which is currently leading in the polls.

If that fails, the Greek government could seek a new mandate, either through a referendum and new

general elections on the question of whether to capitulate and remain a colony of the international banks, or continue to fight. While Greece is committed to staying in the Eurozone, its leaders will do what is necessary, even if it means leaving the euro, knowing that would be the beginning of the end for the single currency. They could call the EU’s bluff and join the BRICS.

The case for calling the EU’s bluff was made by Defense Minister Kammenos in an interview with Germany’s mass circulation daily *Bildzeitung*. He said that it is not Greece’s intention to exit the euro and return to the drachma, because if it did, other countries would follow, such as Spain, Italy, and in the end, even Germany. Greece does not need a third “rescue package” either, because the two previous packages were only to the benefit of the banks, not the people. “What we need is a debt cut like Germany got in 1953 at the London Debt Conference. Austerity policy is the wrong way. The people in Greece have already lost everything, and the incomes of those who still have a job, have been drastically cut. . . .”

Asked why Greece, a member of NATO, is contacting Russia for aid, Kammenos answered that Greece has “lost a lot of money through the sanctions, and 70% of national farm products go to Russia.” Also tourism from Russia, which usually accounts for 25% of all tourism in Greece, has been hit hard. “We need compensation from the EU for that, or we cannot and will no longer be part of the sanctions, which do damage to the Greek economy alone.”

While saying that there is no problem between the Greek and German people, he declared: “The German government is interfering in affairs that are none of its business. It is breaking the convention not to interfere in the internal affairs of other countries. How can it be that the German ambassador put pressure on Syriza before the formation of the government, not to enter a coalition with us [the Independent Greeks party, which Kammenos heads]. Also Deutsche Bank had prepared a paper directed against the coalition with my party. I have the feeling that the German government is targeting us, and that some want to really kick us out of the Eurozone.”

Concerning the debate about corruption in Greece, Kammenos reminded his interviewers that Schäuble, who is poison for German-Greek relations, had to step down from his party’s leadership once because of entanglement in corruption—and yet, he is finance minis-

ter today. But if the Greek government wants to get information about the illegal doings of Siemens bosses in Greece, they get no response from Germany; apparently, these persons are protected by the German government.

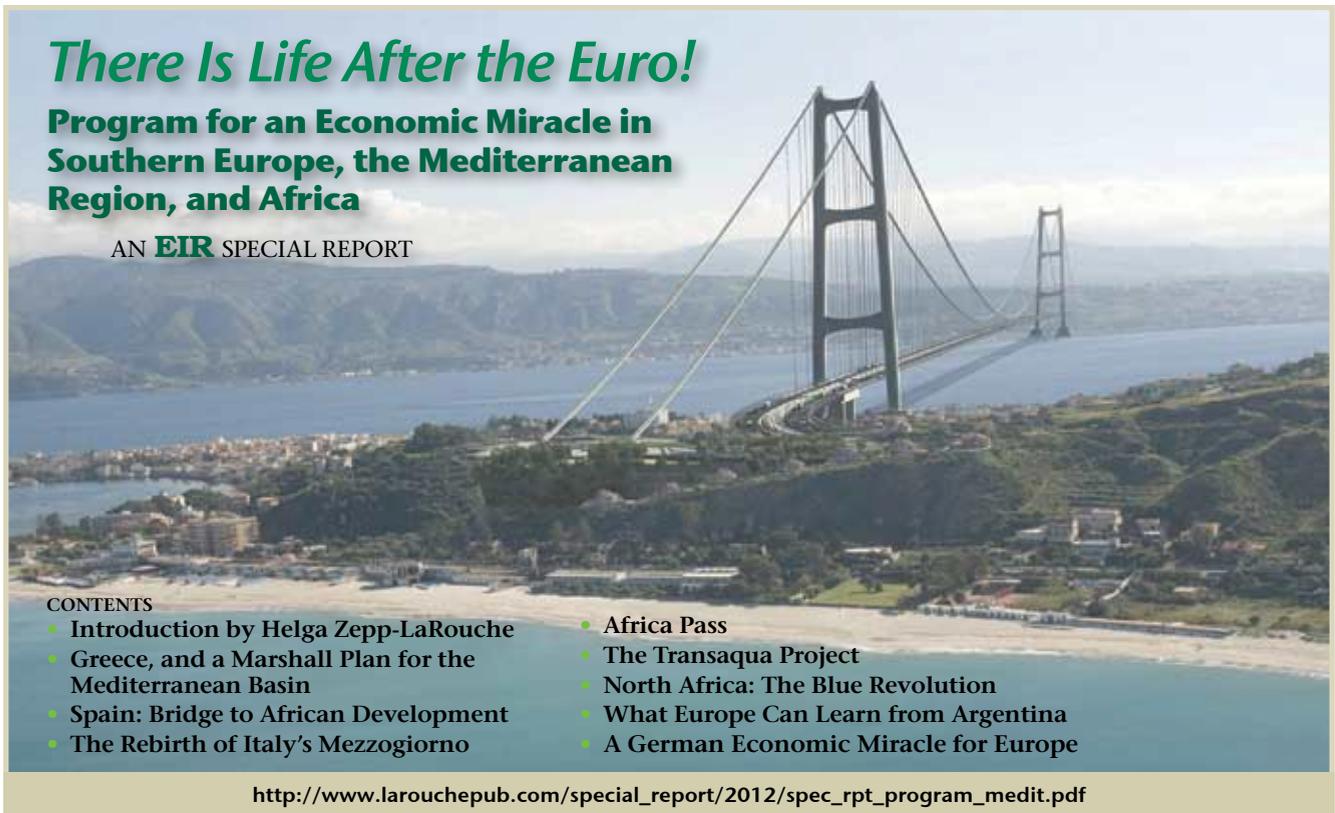
### A ‘New Deal’ for Europe?

Meanwhile, Finance Minister Varoufakis continues to be one of the only voices in Europe calling for productive investment and a “New Deal” for Europe. Speaking at a conference in Cernobbio, Italy, on March 14, he declared that instead of the Quantitative Easing that the ECB has launched to facilitate speculation, there should be productive investment. “QE is all around us and optimism is in the air,” Varoufakis said. “At the risk of sounding like the party pooper, . . . I find it hard to understand how the broadening of the monetary base in our fragmented and fragmenting monetary union will transform itself into a substantial increase in productive investment. The result of this is going to be an equity run boost that will prove unsustainable.”

“We have in Europe the European Investment Bank,” Varoufakis said. “Let us imagine an alternative

form of Quantitative Easing, in which the EIB asks the governments to lead a program for an investment recovery, which I would like to call Merkel Plan. Let us imagine that it is 100% financed by bonds issued by the EIB, with the ECB operating on the secondary markets, ready to buy EIB bonds. This would solve the ECB operational problems, because suddenly it would only buy a triple A paper, without worrying about the different sovereign bonds, and at the same time it would avoid the mentioned problems, which the QE has had elsewhere, and which will increasingly have in Europe with inflated asset prices, through relaunching investments.” Thus the EIB, he said, could serve as the vehicle for a “New Deal” for Europe that would see massive investment in large-scale infrastructure projects, and financing of small and medium-size enterprises in order to get people back to work.

The best option is to build the relationship with the BRICS, with Greece forming a bridge to a Europe that should heed Greece’s call, hold a debt conference that would both implement a Glass-Steagall reform of the European banking system, and establish a European Infrastructure Investment Bank to collaborate with the BRICS New Development Bank.



***There Is Life After the Euro!***  
**Program for an Economic Miracle in Southern Europe, the Mediterranean Region, and Africa**  
AN **EIR** SPECIAL REPORT

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# IMF Applies ‘Greek’ Austerity Formula to War-Ravaged Ukraine

by Susan Welsh

March 16—The agreement signed between the IMF and the Ukrainian government on March 11 will do nothing to help that bankrupt and war-torn country. On the contrary, it will drive Ukraine deeper into debt—its total debt is already over 100% of GDP—and force wages and living standards down even further than has already occurred under the regime put into place by the U.S. and the European Union one year ago. The IMF program now agreed to by the Poroshenko-Yatsenyuk government illustrates that they represent not democracy, but fascism, not only by token of the Nazi symbols on the banners of their combat battalions, but because they are implementing classic fascist economics: to extract monetary debt service at the cost of human lives.

The IMF plan is the standard IMF free-market formula for destroying countries, as most recently implemented in Greece, with devastating results (see article in this section). Everywhere that it has been put into place the results have been the same: unemployment, shutdown of social services such as medical care, impoverishment of the elderly, and more debt.

Dr. Natalia Vitrenko,<sup>1</sup> economist and chairman of the opposition Progressive Socialist Party of Ukraine, was interviewed by *EIR*'s Rachel Douglas yesterday about the IMF deal. “The program agreed with the IMF is no salvation for Ukraine,” she said. “The country has experienced deindustrialization, but this program provides no compensation for those losses. It is admitted that restoring the economy of Ukraine would take \$340 billion. Instead there are small doses, restoring nothing.”

The plan “gives” Ukraine an immediate \$5 billion loan (of which \$4 billion was instantly sucked up for debt payments), with a total of \$17.5 billion promised over the next four years (contingent on peace being re-



*Natalia Vitrenko, with a hyperinflated Zimbabwean banknote for “one hundred trillion dollars,” on her March 3 video titled “Ukraine Is the European Zimbabwe.”*

stored in the country). The IMF’s so-called \$40 billion rescue plan “expects” a further \$7.5 billion in lending from other international organizations and \$15.3 billion in debt relief from Ukraine’s bondholders—which may or may not ever materialize. These princely sums could be compared with the €240 billion (\$325 billion at the time) “bailout” extended to Greece’s creditors by the Troika (IMF, ECB, European Commission) in 2013. Ukraine is four times the size of Greece and is in the midst of a civil war.

Vitrenko told *EIR* that Ukraine has no ability to repay its debts. “Currently, 35% of Ukraine’s factories are not working,” she said. “Twenty-five percent of them have lost their markets, while another 10% no longer even physically exist. In 2014, GDP fell by 7%. In the negotiations with the IMF, the government presented an optimistic scenario and a pessimistic one. Under the ‘optimistic’ scenario, they anticipated a further 5.5% drop in GDP; under the pessimistic one, an 11.5% decline. Two such years in a row means a catastrophe, with mass unemployment.”

The situation is aggravated by the fact that Ukraine’s Soviet-era industrial capacities have been significantly dismantled or destroyed, during the 24 years of looting

1. Natalia Vitrenko is well known to longtime readers of *EIR*. She was the co-sponsor, with Helga Zepp-LaRouche, of a call for a New Bretton Woods conference, in 1997. Among her many contributions, see “Eurasian Integration as a Chance for Survival in the Global Economic Crisis,” *EIR*, May 3, 2013, and “Ukrainian Patriots Expose EU Support for Neo-Nazi Coup,” *EIR*, March 7, 2014.

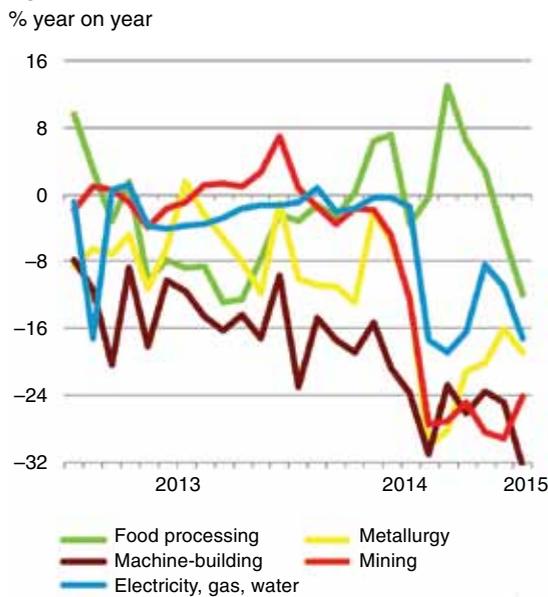
since Ukrainian independence. Add to that the impact of the war: The Donetsk and Lugansk Regions, the country's raw materials base and the centers of the civil war, in 2012 accounted for some 16% of Ukraine's GDP and supplied 95% of its coal. In the first quarter of 2014 (before the war), they contributed 23% of the country's industrial production and 23% of total exports of goods. As of September 2014, industrial production had fallen by 85% year-on-year in Lugansk, and in Donetsk by 60%.

Ukraine's turn toward the EU has in no way filled the gap left by the sharp reduction in trade with Russia. Even Sergei Arbutov, who as deputy prime minister in 2012-14 energetically promoted Ukraine's signing an Association Agreement with the EU, told RT on March 12 that the country is now in a state of "involuntary servitude." "The European market has no need for Ukraine," he said. "Last year, despite the favorable terms of the EU, our exports there grew only by 1.5%. At the same time, we lost the markets of other countries, and the exports to some of them fell by 30-40 percent. The government continues to knock on closed doors."

### How the Deal Was Done

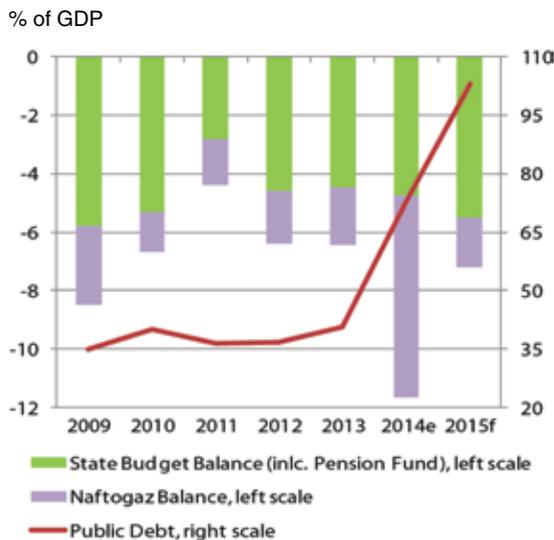
In two recent videos posted on her website, Vitrenko detailed how her country has been turned into "a colony of the IMF." Instead of the "flood" of dollars and euros that many people expected would come when the Ukraine government signed the Association Agreement with the EU last year, there has been no such "rain." IMF promises of \$17.1 billion in loans a

FIGURE 1  
**Ukraine's Monthly Output Production by Select Industries**



Source: State Statistical Service of Ukraine, [The Bleyzer Foundation](#)

FIGURE 2  
**Ukraine's Public Sector Fiscal Indicators**



Source: State Statistical Service of Ukraine, [The Bleyzer Foundation](#)

year ago were largely not forthcoming, because the Fund insisted that Kiev first adopt more extensive "reforms."

Then on March 2, the Supreme Rada (parliament) completed the passage of eight laws<sup>2</sup> that did the IMF's bidding. They included:

- *Cutting the official state budget deficit to 4.1% of GDP:* Last year, the consolidated state budget deficit, which includes recapitalization of banks and the state oil and gas company Naftogaz, was 13.5%; it is supposed to be brought down to 8.8% of GDP in 2015 and to 2.6% in 2018. The cuts will require huge lay-offs of state-sector employees. University of Ottawa economist [Ivan Katchanovski](#) specifies that 20% of state employees will be laid off in 2015, and the number of higher education institutions will be cut from 805 to 317.

- *Increase in energy prices:* Ukraine had long bought natural gas from Russia at below-market prices, and those prices were further subsidized by the government. Now the gas price for households will rise by 280% in April, and all subsidies are to be abolished by April 2017. Electricity rates will be increased in a five-stage process until they are 3.5 times the present rate.

- *State-sector pensions will be sharply cut:* Benefits to working pensioners will be reduced by 15% and persons in every job category will have to work five additional years to qualify for a full pension.

2. [Anders Aslund](#), Peterson Institute for International Economics, March 4, 2015.

Vitrenko charges that these decisions are in violation of Article 22 of the Constitution, which guarantees a minimum subsistence level to the population.

### The Elderly and Sick Are Hit Hardest

She told *EIR* that the combination of actual and de facto pension cuts through the collapse of the hryvnia (the Ukrainian currency) exchange rate, means, for example, that so-called “elite” pensions (of former Members of Parliament, Academicians, etc.) will have fallen by 85% of their purchasing power between December 2013 and April 2015. In other words, such a person, whose pension was equal to \$2,000 at the end of 2013, as of April will get the current equivalent of less than \$300 per month. For ordinary people’s pensions, the effective cut is by one-half to two-thirds. The average hourly wage in the EU is €23/hour, whereas the average hourly wage in Ukraine is now equivalent to 20 euro-cents per hour.

The pension cuts will directly affect 14 million pensioners and their family members (total population 45.4 million as of the end of 2013), and these cuts, combined with the state-sector layoffs, will affect some 20 million in all, Vitrenko said in a March 12 video. Many working-age unemployed are already relying on their elderly parents’ pensions for survival.

In the past, Vitrenko said, state-sector pensions were indexed to the actual cost of living, for a market basket of consumer essentials. Even in 2014, however, the officially declared subsistence level was only one-third of the actual cost of those essentials. With inflation running at 25%, pensions and entitlements were not indexed at all—they remained at the level of 2013. She gave the following figures for inflation of basic necessities in 2014: sugar 40%, apples 67%, eggs 260%, cooking oil 150%, beef 150%, heating 160%, metro and bus fares 200%.

In the first months of 2015, as the value of the hryvnia, plunged on the foreign exchange markets, panic set in, including runs on the banks; inflation reached 65% in January-February. On Feb. 5, the central bank allowed the hryvnia to float, and it lost almost half its value by the end of the month, reaching 33 hryvnia to the dollar (it had been in the range of 8 to the dollar for years). Panicked shoppers scooped up everything from the shops, and if the shelves were replenished at all, it was with more expensive goods. Vitrenko cited American economist [Steve H. Hanke](#), who wrote on Feb. 24, “the official inflation rate has consistently and massively understated Ukraine’s brutal inflation. At present,

Ukraine’s implied annual inflation rate is 272 percent. This is the world’s highest inflation rate. . . .” The current annual official inflation rate is 35%.

A recent poll found that 20% of *employed* people say they “sometimes” cannot afford to buy food, Vitrenko reported.

The National Bank of Ukraine has raised its benchmark interest rate by 16% so far this year to defend the currency, most recently to 30% on March 3. At this level, there is no credit available to the domestic economy.

Vitrenko told *EIR* that people who have recently managed to get in-hospital medical care noted that there are lots of empty hospital beds. That’s because people cannot afford to enter the hospital, never mind paying for their medicine or paying the bribes necessary to get care.

A further example of the current policy as it affects medical care was reported by [Halyna Mokrushyna](#) of the University of Ottawa, at Counterpunch.org on Feb. 12. The new Minister of Health, Olexandr Kvitashvili, a Georgian, is proceeding to take down Ukraine’s historically well-developed medical research institutions and hospitals, including the world-class National Cancer Institute in Kiev. Its head, Ihor Shchepotin, is one of the top ten oncologists in the world, a member of many international professional associations. He was accused of corruption in June 2014, in what seems to have been a politically motivated attack. In December 2014, the newly appointed Kvitashvili rewrote the Institute’s statute, depriving it of its autonomy and self-governance, and cutting its financing by 40%. Over 30% of its personnel will lose their jobs.

Institute employees organized a protest, where one doctor said, “If 30% of the personnel is fired, those remaining physicians will be physically incapable of treating patients. Mortality will rise. One has the impression that the government bureaucrats do not worry about the sick and weak—fewer patients will mean less trouble for the state.”

Vitrenko summed up, in her interview with *EIR*: “Thus, under the policy of the present government and its own economic policy toward Ukraine, the West gets not only war, but also a horde of millions of desperate people, a large percentage of whom are armed, which is something that Poland and other neighboring countries have to think about. Every type of criminal activity is rising: petty crimes, robberies, criminal hostile take-overs of businesses. Death rates are rising. Ukraine has been turned into a cheap-labor reservation in the center of Europe, full of desperate people.”

# Ending the Myth of The U.S. 'Recovery'

by Paul Gallagher

March 14—The approach of the 2016 Presidential election has galvanized some among leading Democratic representatives to reject, publicly, the idea that Americans have experienced any “recovery” from the 2007-08 collapse; and among them is prospective Presidential candidate Martin O’Malley of Maryland, who is campaigning for restoration of the Glass-Steagall Act.

This development is important because the U.S. economy is headed not into “strengthening recovery,” as the Obama Administration claims, but back toward collapse. And Glass-Steagall reorganization of the banks—letting much of Wall Street investment banking go under and preserving commercial bank lending capacity—is the indispensable first step to reversing the collapse of the real, physical economy.

International institutions such as the OECD and IMF agree that the average of economic growth around the world is falling, likely to be below 2% in 2015; measures such as international agricultural equipment production and sales, and global non-oil shipping cargoes are falling, commodity prices are plunging. Considering that China is growing at a 7-7.5% annual pace and India at 6%, this accentuates the bankruptcy of Europe compared to the nations allied with the BRICS (Brazil, Russia, India, China, South Africa).

And the United States? In recent weeks, the Atlanta Federal Reserve has dismayed the Wall Street press with the published tracking of its new, real-time “GDPNow” measure: It showed U.S. first-quarter growth at 1.9% in early February; at 1.2% at the start of March; and at just 0.6% and falling on March 13. On the latter date, the government announced a fourth straight monthly drop in prices for producer goods, and even bigger drops in prices for producer exports, services, and construction. The price of oil simultaneously resumed its fall.

It is widely acknowledged that Americans’ average real wages and salaries (hourly and weekly) are continuing to fall despite employment growth; and if average real wages are falling, *median* real wages—those of the “guy in the middle” of the wage scale—are falling faster. The hallmarks of household poverty—use of food stamps, use of charity food kitchens, homelessness—continue to increase. New York City’s Coalition for the Homeless, for example, reported on March 10 that the number of people sleeping in homeless shelters in New York City had risen by 50% in the past three years, reaching 60,000 now, with many more homeless in public parks, airports, etc.

Real weekly wages and salaries of American workers are 20% *below the level of 1972*, if a consistent measure of inflation is used throughout that span, and the income of households is 11% lower; and this fall in real incomes is concentrated in two periods: the 1980s, and the years of the Obama Presidency since the 2007-08 crash.

Even what economists like to call “productivity”—the output-per-hour measure which does not measure real, technological productivity at all—has been flatlining around zero growth since 2011, and fell outright during 2014. With such crude productivity falling, real wages will not recover.

## No Investment, No Productivity, No Wages

Underlying both the decline in productivity and wages, is the lack of capital investment throughout the economy in the period since the effective elimination of the Glass-Steagall bank-regulation regime in the middle 1990s.

In the 13 years 2001-14 of the George W. Bush and Obama Presidencies, the debt of U.S. corporations—both financial and non-financial—rose spectacularly, from a total of \$5 trillion in 2001, to \$7 trillion in 2006, \$11 trillion in 2009, and \$15 trillion at the end of 2014. This growth was overwhelmingly in the bond issuance of larger non-financial and financial corporations, not in lending to smaller ones. Corporate after-tax profits did the same, rising from \$500 billion in 2001 to \$1.4 trillion in 2009, and then, after an 18-month drop, rising rapidly again to \$1.75 trillion in 2014.

Thus both corporate debt and profits tripled in that decade and a half, an average increase of roughly 9% a year; and from 2009 on, the two combined have been totaling \$2.5-3.0 trillion a year.

But during the same period, corporations' capital expenditures—the purchases of new business equipment, structures, and software—grew only from \$925 billion in 2001 to \$1.14 trillion in 2014, an increase of just 22%, or just over 1% a year. This is only one-fifth—by some measures, one-tenth—of the rate of capital investment in the 1990s.

Since the depreciation of U.S. corporations' capital equipment and structures is estimated at about \$1.1 trillion annually, their *net* capital investment has been zero for a decade and a half.

Where, then, has all the borrowing gone? Particularly during the period since the crash, when American households have had to “deleverage,” or reduce their indebtedness, either by paying debt, having it forgiven, or defaulting on it?

Some 90% of the corporations' borrowing, and much of their profit, have gone purely into the stock market bubble: the constant buying back of their own shares to drive up their prices; buying *other* corporations' shares in mergers and acquisitions; and paying out dividends to shareholders. Share buybacks alone averaged over \$600 billion/year from 2007-14, reaching \$748 billion in 2007, then \$620 billion again in 2013, and \$740 billion in 2014. Merger and acquisition activity was \$1.6 trillion in 2014; thus, \$2.35 trillion out of perhaps \$2.8 trillion in combined after-tax profits and borrowing in 2014 went straight into the stock markets—without counting dividend payments.

David Stockman, the former Reagan Administration director of the Office of Management and Budget (OMB), in his “Stockman's Corner” blog March 9, quantified 2015 thus far (through March 4): \$214 billion in corporate borrowing; \$128 billion into stock buybacks (and GM began a new \$5 billion buyback the day after Stockman wrote); a \$21 billion merger in the IT sector, and many, many smaller ones.

Stockman reported that his figures for the period since the crash, 2009-14, show that net capital investment has been *negative* for all of U.S. business.

As to those corporations that are major banks, Reuters reported March 11: “Much of the money for buybacks and higher dividends is coming from the banks issuing securities known as preferred shares. These shares are a type of equity that pays regular, relatively high dividends. To investors they look a lot like bonds that pay interest. But for regulators, preferred shares serve as a cushion against any future losses, *in part*

*because they never have to be repaid*” (emphasis added).

These, in other words, are “bail-in bonds,” made for default. The news service quoted one “veteran” financial analyst from a risk advisory firm: “Issuing preferred shares to pay for common share dividends and buybacks is a symptom of a zombie banking system.”

And of oil, London *Telegraph* financial columnist Ambrose Evans-Pritchard wrote last September, when the oil price was in the \$90s per barrel (it's now in the \$40s), “The world's leading oil and gas companies are taking on debt and selling assets on an unprecedented scale to cover a shortfall in cash, calling into question the long-term viability of large parts of the industry. . . . Companies appear to have been borrowing heavily both to keep dividends steady and to buy back their own shares, spending an average of \$49 billion on repurchases since 2011.”

## Oil and ‘Subprime’ Crash

This 2001-14 corporate debt-stock buyback cycle, most glaring since 2009, is one which has not characterized the U.S. economy since the 1920s, before the bank and market crash of 1929-31 and the Great Depression. It rules out any real productivity advances in the economy, and rules out anything but continuously declining real wages.

It is the net economic result, of the Federal Reserve's printing of \$4.5 trillion for “quantitative easing” to bail out Wall Street.

The Wall Street megabanks that have emerged since the takedown of Glass-Steagall have used this tremendous Fed bailout very little for lending to productive activity, but rather to create new bubbles of securitized debt loaded down with derivatives bets in the hundreds of trillions of dollars.

The post-crash bubbles—\$850 billion in corporate “leveraged loans,” \$1.6 trillion in junk bonds, \$800 billion in subprime auto loans—are not yet as large as the pre-crash \$6-7 trillion mortgage-backed securities bubble; but they are growing faster. More importantly, they are being piled on an economy which is less productive, with less productive employment and less real demand, than even that of the first decade of this century. Another financial collapse is built in—unless a Glass-Steagall bank reorganization and national credit for productive projects are implemented now.

MARTIN O'MALLEY

# Restoring Glass-Steagall Is the Central Issue

by Debra Hanania Freeman

March 16—With a potentially catastrophic blowout of the entire trans-Atlantic financial system looming large, a pattern of explicit calls for the re-instatement of President Franklin Roosevelt's Glass-Steagall law has emerged to dominate the policy debate in the United States, despite a concerted effort to distract the American people with trivial non-issues ranging from Hillary Clinton's email address, to speculation that Russian President Vladimir Putin has cancelled meetings to pre-empt over the birth of his lover's child.

Prominent financial and economic figures like FDIC vice-chair Thomas Hoenig and former OMB director David Stockman have both delivered dramatic presentations documenting the systemic danger to the financial system represented by the gigantic balloon in derivatives, highly leveraged loans, and other forms of wanton speculation.

Economist and former Labor Secretary Robert Reich, who has called for Glass-Steagall's re-enactment before, wrote a series of columns beginning on March 3, insisting that resurrecting Glass-Steagall be the first item on the agenda of any serious candidate for the 2016 Democratic Presidential nomination. Reich's support for restoring the FDR-era legislation was echoed in a number of presentations given by Massachusetts Sen. Elizabeth Warren (D), Rep. Elijah Cummings (D-Md.), Vermont Sen. Bernie Sanders (I), and former Virginia Sen. Jim Webb (D). But the most dramatic and comprehensive demand has come from

former Maryland Governor (and Baltimore Mayor) Martin O'Malley.

O'Malley, who has been touring the country pressing his exploratory bid for the 2016 Democratic Presidential nomination, has made restoring Glass-Steagall central to addressing what he sees as the defining issues of income inequality and continually declining wages.

Talking to reporters in Concord, N.H. on March 6, O'Malley pushed fellow Democrats to be more vocal about Wall Street reform, warning that Democrats "can't let [them]selves become the party of Dodd-Frank lite," referring to the bogus excuse for Wall Street reform that Obama signed into law in 2010. Not mincing words, he said, "If a bank is too big to fail without harming the common good of our nation, then it's too big, and we must break it up before it breaks us." Making clear that he wasn't just touting populist rhetoric, he said there was a very specific remedy for dealing with the big banks and their outsized influence on the economy. "It's simple. I think we need to reinstate Glass-Steagall."

## Repeal: A Grave Mistake

O'Malley has continued to drive the issue in all his speeches and interviews, pointing out that since being signed into law in 1933, during the Great Depression, Glass-Steagall worked to stabilize the banking industry for decades, until Federal Reserve chairman Alan Greenspan allowed it to be whittled away, at the behest



Creative Commons/Chesapeake Bay Program

*Presumptive Presidential candidate Martin O'Malley was asked, in an interview, what would be the one thing he would do, to restore wages and reduce income inequality. He responded without hesitation, "Reinstate Glass-Steagall."*

of Wall Street. In 1999, a compliant President Bill Clinton, beaten down by the orchestrated Lewinsky scandal, signed its formal repeal. O'Malley, who has been a longtime Clinton ally, has noted that in both private and public discussions, the former President has acknowledged that signing that repeal was a grave mistake.

O'Malley has argued that that repeal was a key ingredient in causing the financial crisis of 2008, allowing the "casino culture" of investment banking to intrude into what had been a relatively more stable, regulated commercial banking industry.

In a recent piece in *U.S. News and World Report*, James Rickards, the author of *The Death of Money: The Coming Collapse of the International Monetary System*, backed O'Malley's argument, explaining that "while there were certainly other factors that helped craft the toxic stew of predator lending and sliced and diced mortgage securities that blew up the system, it was Glass-Steagall that prevented the banks from using insured depositories to underwrite private security and dump them on their on customers. This ability, along with financing provided to all the other players, is what has kept the bubble machine going."

Since the 2008 crash and subsequent mega-bailout at taxpayers' expense, there have been several efforts to bring back Glass-Steagall, the most widespread having

been in 2013, when more than half of the nation's state legislatures passed LaRouchePAC-initiated resolutions demanding that Congress bring back the FDR legislation. Reps. Marcy Kaptur (D-Ohio) and Walter Jones (R-N.C.) introduced HR 129, "A Return to Prudent Banking," which garnered broad bipartisan support with 113 co-sponsors. In the Senate, Elizabeth Warren (D-Mass.), Maria Cantwell (D-Wash.), John McCain (R-Ariz.), and Angus King (I-Me.) beat the same drum, spearheading the 21st Century Glass-Steagall Act. The clamor grew to such a feverish pitch, much to the consternation of the Obama Administration, that Obama himself was forced to voice his opposition to the drive in an October 2012 *Rolling Stone* interview.

Kaptur and Jones have reintroduced their bill—now HR 381—with 30 co-sponsors thus far. No new bill has shown up in the Senate, although Warren and Cantwell both say they do plan on reintroducing their bill.

But pressure from the Administration and the Wall Street lobby has caused many members, too eager to feed at Wall Street's trough, to step lightly.

### **LaRouche: O'Malley Is Right**

O'Malley hasn't hesitated to address Congressional inaction. On March 12, in an interview on MSNBC, he said: "Our problems are not going to solve themselves. Many of the things that we did to disconnect the hard work of American workers from the productivity of corporations are things that *we* did. So these are things we brought upon ourselves. We'd like to pretend that the economy blew in here on some sort of Gulf Stream or Jet Stream. But the fact is, we make these rules. And we can make better rules in order to restore that link between hard work and the opportunity to get ahead. . . ."

"One thing that would [be vital], would be to reinstate Glass-Steagall. For 70 years, we prevented banks from gambling with our money, and wrecking our economy and running roughshod over the common good that we share as a people; and having a stable and good economy. Everybody—I mean on both sides of the aisle—I mean, so many people say we should do that, and yet it remains undone. And some people in my own party are holding themselves out as promoting some sort of a Dodd-Frank Lite—'We don't want to



EIRNS/Sylvia Spaniol

*LaRouchePAC-initiated resolutions were passed in more than half the U.S. state legislatures in 2013, demanding that Congress restore Glass-Steagall. Here, LPAC organizes at the August 2013 AFL-CIO convention.*

offend anyone on Wall Street, so let us not talk honestly about how we can rein in this excessive behavior.’

“Because one of the things we haven’t talked about too much, is that for all of the pain from the home foreclosures and the job losses, the concentration of wealth after each of these last two busts on the stock market actually *increased!* In other words, while other people lost homes, the people at the top came out even further ahead.”

When asked during the “Morning Joe” interview what would be the one thing he’d do, if he could only do one thing, to restore wages and reduce income inequality, O’Malley didn’t hesitate: “Reinstate Glass-Steagall.”

Lyndon LaRouche gave his full, unequivocal sup-

port to O’Malley’s statements: “O’Malley is right.” LaRouche pointed out that O’Malley is the only potential Presidential candidate from either party who has raised this issue just now, not only exhibiting the qualifications needed in a Presidential candidate, but, LaRouche stressed, “The others will now have to declare themselves on this issue. You cannot ‘go along to get along’ forever with Wall Street.” (see LaRouche’s statement below).

In later statements, LaRouche emphasized that there should be active, aggressive support for the ideas that O’Malley has injected into this early phase of the Presidential debate. “The bottom line is that Congress needs to pass Glass-Steagall *immediately*,” he declared.

“It’s the only measure that will adequately deal with the looming blowout of the entire trans-Atlantic system. And only by reinstating Glass-Steagall now, can we put the United States in the position to play a constructive role in the new paradigm of economic development that has been put forward, under Chinese leadership in particular, by the BRICS countries.

“So, the United States, yes, must join the BRICS. But in order to do that, we must first repudiate all of the ongoing policies that are carry-overs from the Bush-Cheney Administration on through the Obama Administration. If we don’t do that, we are facing the imminent prospect of global war, even thermonuclear war,” LaRouche concluded.

## LaRouche: O’Malley Is Right About Glass-Steagall

March 12—Former Maryland Governor Martin O’Malley, a potential Democratic Presidential candidate, has been speaking out on behalf of the need to revive FDR’s 1933 Glass-Steagall law, as the unique solution to the post-2007-08 economic collapse in the United States. Lyndon LaRouche today fully endorsed O’Malley’s call:

“We should get this out everywhere,” he said.

“Both Glass-Steagall, and the fact that O’Malley’s running on it. O’Malley’s raised this question, and anyone who opposes that policy, has to be considered as a defective choice for a candidacy for President. O’Malley is the only one right now, who has the qualifications for being a Presidential candidate. The others will now have to declare themselves on this. You cannot ‘go along to get along’ forever with Wall Street.”

“O’Malley’s right,” LaRouche said. “It has to be done. It is the key step. That, of course, would sink Wall Street. That’s the whole point. Anyone who’s running on a Wall Street ticket doesn’t deserve election.”

# Fraud, Drugs, Terror: Will HSBC Be Stopped?

by an EIR Research Team

March 14—It's lawful that the fortunes of drug-money-laundering Hongkong and Shanghai Bank (HSBC) would rise and fall with those of its patron, the British oligarchy. At present, it appears that both are hurtling toward the rocks.

The bankruptcy of the global financial system presided over by the City of London, and its Wall Street junior partners, is an open secret—and contrasts sharply with the areas of real economic growth centered in Asia. For more than a century, HSBC's financial skullduggery has helped cover over the problems of its patrons, filling its coffers with ill-gotten gains from drugs, arms sales, and financial manipulation. But now, HSBC has run into some serious problems, which threaten to pull down both the bank itself, and some of its most prominent protectors.

On March 13, the French financial prosecutor's office demanded that HSBC's Swiss private bank face a criminal trial for tax evasion. This criminal complaint, according to the *Business Insider* website, brings to eight the number of official investigations into HSBC's tax-dodging schemes. Those are in Argentina, Brazil, Mexico, Denmark, Belgium, France, India, and Switzerland. And that doesn't count ongoing hearings in the British Parliament and the potential for a new investigation leading to prosecution in the United States, brought on by the spotlight on a 2012 Deferred Prosecution Agreement (DPA) made between the U.S. Justice Department and HSBC, by the nomination of U.S. Attorney for the Eastern District of New York Loretta Lynch for U.S. Attorney General.

Lynch, who signed off on the DPA, has come under fire by Republicans *and* Democrats, for having ignored evidence of HSBC's massive tax evasion when she deferred prosecution of the bank. That decision—as well as her nomination—

is now in jeopardy, with potentially disastrous consequences for HSBC.

## An Open and Shut Case

The case for criminality at HSBC, whose history traces back to Britain's 19th-Century opium wars against China, is open and shut.

In 2012, Sen. Carl Levin's (D-Mich.) Senate permanent Subcommittee on Investigations published a 300-page report detailing HSBC's central role in laundering Mexican and Colombian drug money between Mexico City and New York branches of the bank. The report also dissected HSBC's role in laundering terrorist



White House

*Loretta Lynch, Obama's nominee to replace Eric Holder as Attorney General, has come under fire for ignoring evidence of HSBC's massive tax evasion when she deferred prosecution of the bank. Her nomination is now in jeopardy, while HSBC faces potentially disastrous consequences.*



*HSBC, formerly Hongkong and Shanghai Banking Corp. of Dope Inc. notoriety, now faces eight official investigations into its tax-dodging schemes, according to Business Insider.*

funds, in league with Saudi banks, and in bypassing sanctions against Iran.

The committee documented that for more than 25 years, HSBC provided banking services to Al Rajhi Bank, *even after* evidence emerged that the bank, including one of its founders who was an early financial benefactor of al-Qaeda, was funding terrorism. After Al Rajhi bank was indicted in 2005, HSBC Group Compliance originally recommended that HSBC sever ties with Al Rajhi, but within four months, that decision was reversed, and HSBC again supplied U.S. dollars to the terrorist-funding bank.

HSBC was the bank that took over basically all the Saudi bank accounts in the U.S., when Riggs National Bank was shut down after being exposed for its role in conduiting Saudi money for terrorists.

Meanwhile, in Europe, an employee at HSBC's private bank in Switzerland, Herve Falciani, had provided massive evidence on money laundering and tax evasion to the French authorities in 2008. The French shared the data with American and British law enforcement agencies, among others.

Both the American and British authorities apparently chose to ignore that evidence—until now.

### **Fireworks in Britain**

In late February, Lord Ken McDonald, the Director of Public Prosecutions in the U.K. until 2008, publicly submitted a legal opinion on documentation of tax evasion abetted by HSBC, which opinion could be summed up as, "Prosecute the bank." McDonald's opinion was

drafted for the tax justice group SumOfUs, which will use it in a suit to force Her Majesty's Revenue and Customs (HMRC) to prosecute HSBC (originally Hongkong and Shanghai Banking Corp.). McDonald says that HMRC's decision not to prosecute the world's biggest bank was "seriously legally flawed."

"It seems clear, from the evidence we have seen," McDonald wrote, "that there exists credible evidence that HSBC Swiss and/or its employees have engaged over

many years in systematic and profitable collusion in serious criminal activity against the exchequers of a number of countries. It seems equally clear that this criminal activity has taken place within the context of an institutional cynicism that is deeply shocking.

"The corporate and wholesale nature of HSBC Swiss' apparent involvement in what amounts to grave cross-border crime, makes it all the more obvious that the relevant evidence, once it came to the attention of HMRC, should have been the subject of urgent and sustained criminal investigation.

"It is inescapable that this investigation should have included a rigorous inquiry to establish whether there was any criminal complicity on the part of HSBC Holdings plc in the U.K. into this category of wrongdoing on the part of its Swiss subsidiary. In our view, any sufficient evidence of such complicity would be virtually certain to warrant prosecution in the public interest."

Adding to the embarrassment around the bank, it was revealed by the *Guardian* that the CEO of HSBC in London had his own secret Geneva account in the name of an offshore company he controlled, Worcester Equities, Inc.

On March 9, the Public Accounts Committee of the British House of Commons convened a hearing to question a number of top HSBC executives about the Swiss tax evasion scheme. They chose, however, *not* to call Lord Stephen Green, who was board chairman and CEO of HSBC until 2009.

Labour MP Margaret Hodge raked three HSBC officials over the coals for their incompetence, or worse.

## And in Washington?

Meanwhile, the protectors of HSBC in the United States are also coming under fire. On the front lines is Loretta Lynch, whose nomination passed the Senate Judiciary Committee on Feb. 26 with three Republicans joining the Democrats, and whose nomination is scheduled to come up on the Senate floor this week. While many Republicans have opposed Lynch, citing her support for Obama's Executive ruling on immigration, the issue of her allowing through the Deferred Prosecution Agreement on HSBC has also been a major topic of discussion.

Taking the point for the Republicans in attacking the deferred prosecution of HSBC have been Sens. David Vitter (R-La.) and Charles Grassley (R-Iowa). One question they asked was: Why did she allow the DPA to go forward, when the Justice Department had been informed, *in 2011*, before the 2012 report, of HSBC's criminal behavior in abetting tax evasion?

Lynch defended herself by saying that she had been completely unaware of any evidence of the HSBC tax evasion stemming from the Swiss whistleblower case.

While that assertion seems questionable, Lynch's decision not to prosecute—or to shut down HSBC's li-

*cense*, as Senator Levin had proposed—is perfectly in line with the stated policy of the Obama Administration. Attorney General Eric Holder has forthrightly stated that the Department did not intend to criminally prosecute banks and bankers, if such prosecution would create “collateral damage” to the shaky global financial system. Instead, the Obama Administration has stuck to negotiating fines in civil cases against the banks—and not a single major banker has gone to jail.

In continuing this policy, Obama has counted on the sheepish support of the Democrats in the Congress, who have gone along with protecting Wall Street. On the basis of this track record, Lynch—and implicitly, the tolerance of HSBC's criminality—is expected to get a positive result in the Senate vote, if only by a bare majority.

## Will the Democrats Break?

However, a statement issued on March 13 by the “progressive” Democratic group American Family Voices (AFV), which is linked to Sen. Elizabeth Warren (D-Mass.), may indicate a break in that pattern. AFV previously played a role in blocking the nomination of Wall Street shill Larry Summers for Federal Reserve chairman.

“Wall Street bankers have already proven that they will continue to flout financial regulations because they know that the [Department of Justice] will not pursue charges. It's time to prosecute bankers for criminal activity, period,” said Mike Lux, president of the group.

In a Facebook announcement and a citizens' petition campaign that generates letters to Congress, the group said:

“America needs a Justice Department committed to prosecuting banks that break the law, regardless of their size or influence. AFV opposes the nomination of Loretta Lynch to Attorney General because we do not support a continuation of Eric Holder's Too-Big-To-Jail philosophy, a consideration Eric Holder and his deputy, Lanny Breuer, admitted to in their decision not to prosecute bankers for the 2008 meltdown.

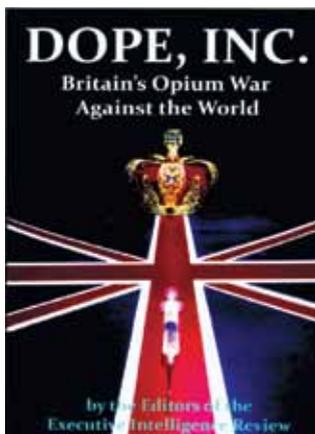
“In 2012, the Department of Justice reached a deferred prosecution agreement with the British bank HSBC, declining to prosecute any of its executives for their egregious crimes—laundering money for Mexican drug cartels and terrorist organizations. That deal was negotiated by the current nominee to replace Eric Holder at the Justice Department, Loretta Lynch. We call on Congress to reject Lynch and overturn the deferred prosecution agreement for HSBC.”

# DOPE, INC.

Is Back In Print!

Dope, Inc., first commissioned by Lyndon LaRouche, and the underground bestseller since 1978, is back in print for the first time since 1992. The 320-page paperback, includes reprints from the third edition, and in-depth studies from *EIR*, analyzing the scope and size of the international illegal drug-trafficking empire known as Dope, Inc., including its latest incarnation in the drug wars being waged out of, and against Russia and Europe today.

*This edition, published by Progressive Independent Media, is currently available in limited numbers, so there is no time to waste in buying yours today. The cost is \$25 per book, with \$4 for shipping and handling. It is available through [www.larouchepub.com](http://www.larouchepub.com), and *EIR*, at 1-800-278-3135.*



## To Explain the Solar System, First Understand Creativity

*In last week's issue, we published the presentation by Megan Beets, on the LaRouchePAC Science Team's New Paradigm weekly show (Feb. 25), in which she discussed the work of Nicholas of Cusa and Johannes Kepler. We continue here with the second part of the program, which also included Science Team members Benjamin Deniston and Jason Ross. A video is posted at <https://larouchepac.com/new-paradigm>.*

**Megan Beets:** ...Johannes Kepler, in his discovery of the Solar System, took what Nicholas of Cusa knew to be true in principle, in concept, and Kepler actually discovered scientifically that this was the case, and gave man a completely new concept of the Solar System.

**Benjamin Deniston:** This continuity is critical—this direct connection, the methodological approach. All of Kepler's discoveries, his revolution, were from this standpoint. This is what he was rooted in, this is how he thought, this is the unique quality of thought, of method, he brought to the investigation, which then allowed him to make the breakthroughs that other people couldn't make, didn't make. And, in a certain sense, really demonstrated and validated Cusa's philosophical



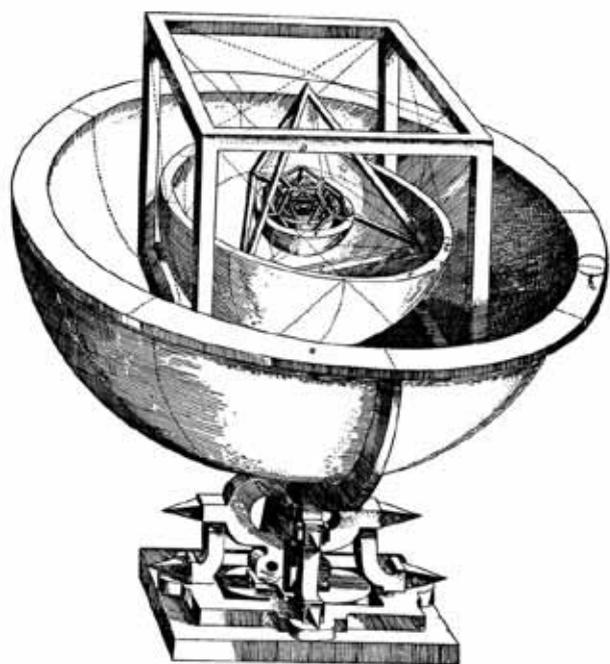
*Benjamin Deniston and Megan Beets of the LaRouchePAC Science Team discuss the continuity of revolutionary thought from Nicholas of Cusa to Johannes Kepler to the present day. Webcast on Feb. 25.*

LPAC-TV

conception of how the universe was organized, and how mankind relates to it.

I wanted to go through some developing hypotheses on how to look back today at some of Kepler's work on the organization of the Solar System, but really homing in on this central thesis: that it's not a blank slate conception, it's not numbers, it's not mathematics, but science; and our understanding of the universe is premised upon our understanding of the human mind as, as Cusa put it, a microcosm of the macrocosm, of God the Creator. There's a unique potential that the human mind has, that we can't define by other metrics. We can't

FIGURE 1a  
**Kepler's Early Model of the Solar System**



define it by sense perception, we can't define it by chemistry, or biology, or anything else. We have to study it, itself, what the human mind is; how does human society function? That tells more about mankind's relationship to the universe, and the universe as a whole, than anything that's just based on sense perception could.

**Kepler: It's Not Just Numbers**

Kepler looked at how the Solar System is organized (Figure 1a). This is from an early work, the *Mysterium Cosmographicum* [1596]. He asked the question: Why are the planets distanced from each other at the distances that they are? We have six planets [known at that time], five distances between those six planets. So why are those distances the particular values they are?

And just to refer back to this not being a mathematical or numerical approach, he plays with that at the beginning: Could we just have a ratio of numbers? Could it be a simple proportion—one planet is to the next planet, as that planet is to the next? And he shows that that doesn't work. Which is interesting, because the Titius-Bode relation was developed later, to try to explain it that way.

But early on, he shows that just working with the ratios of numbers doesn't work, and he's forced to go to

FIGURE 1b



the idea of these [Platonic] solids, these regular shapes in three-dimensional visual space, as defining the distance between the planets. That's what he plays with in this first major work, the *Mysterium Cosmographicum*.

And then, as he makes his revolution with the *New Astronomy* [1609], and really gets into the causes of the motions of the individual planets, he defines this idea that the planets are eccentric—they don't move in circles. They have a constantly changing distance from the Sun. So now you don't just have one distance from the Sun. He was able to further explore that in the *Harmony of the World* [1619], where you have not just one distance from the Sun for each planet, but a range of distances—you

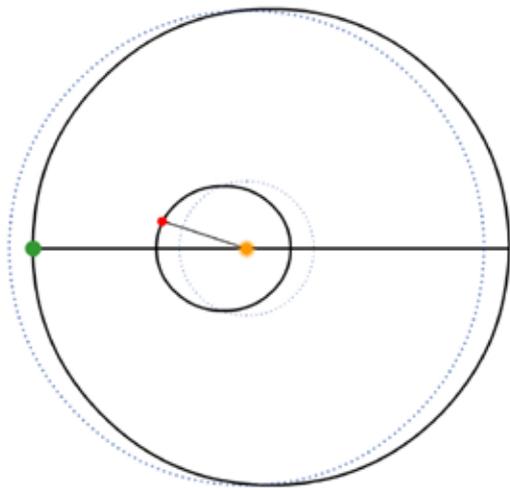
have an aphelial distance farthest from the Sun, and a perihelial distance closest to the Sun, for each planet.

You can see it represented here (Figure 1b). The top orbit is the Saturn orbit. You have three circles, each representing different distances from the Sun that Saturn reaches—the farthest, the closest, and the middle.

Towards the end of his life, Kepler takes up again this question of why these distances are what they are. These differing distances in any one planet's orbit are attributed to how eccentric its orbit is. So he takes up the question, why do the planets have these particular eccentricities? Why do they have the distances they do, and why do they have the particular eccentricities they do? And he comes to the conception that we have to take this from a *musical* standpoint. We have to look at the intervals created by the extreme motions of the planets: one planet to itself, and then planets to other planets.

And so you have here (Figure 2), for example, two planets—an inner planet and an outer planet. You can see that, if they were circular orbits, they'd correspond

FIGURE 2



to the blue dotted line; but they're elliptical, and they have a certain amount of eccentricity, so you can see that they vary in their distance from the Sun.

What Kepler looks at, are the relationships between the perceived motion of these planets at their extremes. So, for example, the inner planet, the red one, is pretty close to what would be its farthest distance from the Sun, at which point it would be going its slowest. The outer planet, the green one, is just about at its closest distance from the Sun, where it would be going its fastest. And Kepler says, what if we look at the ratio of how they would appear to move, from the Sun, at those extreme positions, and see if those create the type of harmonic intervals you get in music?

### Musical Harmonies

I'm giving a very quick overview of a 600-plus-page work (which should obviously be worked through in detail), to set up looking at some more recent discoveries from this standpoint, I just want to give a quick overview. He's got this idea that you have to look at the apparent perceived motions at these extremes and look for the harmonic organization, look for characteristics that we associate with harmonies in music. And he says, for any one orbit, you want to compare the extreme motions—its fastest and its slowest. That defines a certain interval, and he investigates that by looking for the harmonic intervals defined there.

Then look at neighboring planets, the outer planet and the inner planet. And in that case, you have four relationships that are kind of the boundary conditions.

Each planet has a fastest and a slowest point, so you can compare fastest to fastest; slowest to slowest; fastest to slowest; slowest to fastest. He calls them the converging motions, when their speeds are the closest to one another; the diverging motions when you have the biggest difference between the speeds; aphelial when they're both at their respective farthest distances, and perihelial when they're both at their respective closest distances.

So again, he's asking, why is the system organized the way it is?

We have some conception with the solids defining the distancing of the planets, but we know that the planets have these particular eccentricities. Why are those eccentricities what they are? And he develops a whole system of examining the relations between the extreme motions, and defines an entire harmonic organization to the system: that a musical, harmonic system is necessary to understand why the eccentricities are what they are. And that allows him to go back, having defined the Solar System from these harmonic ratios—which are exhibited here—and recalculate, re-derive the distances and the eccentricities from the harmonics.

So by the end, he starts with what he defines as the necessary harmonic intervals for any individual planet, and certain pairs of planets; he asks why those are what they are; and from there is able to derive and define the Solar System as a product of this required harmonic organization.

**Beets:** By "required"—I was thinking that it's similar to what Cusa does in what I read from the *De Docta Ignorantia* [see last week's issue]. Cusa wasn't basing his thoughts on any data or any observations; he was just thinking about what ought to be, based on first principles. And Kepler did that too. Informed by the data, informed by his knowledge of the planetary motions, he then puts the motions aside and thinks from the standpoint of first causes: What *ought* the motions be, in order to have the most harmonically tuned system possible?

And then from these, he derives what the distances would have to be to make those motions.

**Deniston:** Right. The one example that sticks in my mind is his examination of the motions of the Earth and Venus, because he says the system should express the distinction between major and minor—or hard and soft, as he says. That's something that is part of music; it's part of a musical system. So therefore, it should be expressed somewhere in the system, from first causes, as

TABLE 1

**Kepler's Charting of the Harmonic Characteristic of the Solar System**

Harmonic Proportions of Pairs	Values of Extreme Motions	Individual planets' own props.	Means of individual motions continued		Halves of difference	Value of mean motion in	
			Arithmetic	Geometric		own measure	common measure
1	Saturn 139968.	64	72.50.	72.00.	25.	71.75.	156917.
{ 1	Saturn 177147.	81					
30	{ 2 Jupiter 354294.	6561	7280.5.	7244.9.	178.	7227.1.	390263.
	{ 5 Jupiter 432000.	8000					
	{ 24 Mars 2073600.	25	30.50.	30.00.	25.	29.75.	2467584.
	{ 2 Mars 2985984.	36					
32	{ 3 Earth 4478976.	2916	3020.500.	3018.692.	904.	3017.788.	4635322.
	{ 5 Earth 4800000.	3125					
	{ 5 Venus 7464960.	243	246.500.	246.475.	125.	246.4625.	7571328.
	{ 3 8 Venus 7680000.	250					
{ 1	{ 5 Mercury 12800000.	5	8.500.	7.746.	377.	7.369.	18864680.
{ 4	Mercury 30720000.	12					

you're saying. The system has to be reflective of our conception of musical harmony. So therefore, that has to be expressed somewhere. We see it in the Venus/Earth relationship.

So, he's going not just going from the data, but from what should be required if the universe is organized by this harmonic conception, which mankind can uniquely define and understand.

I think an introduction to this table (Table 1) is fun. He says something to the effect of, now we're going to try a calculation which has never before been attempted in human history before. That is, starting from the harmonies and deriving the distances and the eccentricities from the harmonic organization of the Solar System.

A lot could be said about that work. It's a revolutionary work. His whole life is a revolutionary work, demonstrating Cusa's conception to be valid: that we have to start from an understanding of the human mind as an expression of the organization of the universe in its most fundamental

planets which were discovered following Kepler's time.

So, in Kepler's time, Mercury, Venus, Earth, Mars, Jupiter, and Saturn were all known. If you were to ask when any of these planets were discovered, you wouldn't have an answer, because we don't know. As far back as we have records, these planets have been known. Kepler was dealing with a certain understand-

ing of the Solar System that goes back as far as we have records, in terms of recognizing that there are these five observable objects in the sky—six planetary bodies of the system. It was only after Kepler's discovery, and then with the development really of telescopes, and with the application of Kepler's discoveries—his laws of planetary motion—that we were able to discover and identify these two additional planets.

Uranus was discovered some time around the 1780s, by William Herschel, and he had a nice seven-foot-long telescope (Figure 3 is a replica). He built it himself. He had to use it to identify Uranus. This is not some-

FIGURE 3



thing you could just perceive easily; you had to develop a pretty sophisticated telescopic system to find it.

**Jason Ross:** We can't see it at all without one, right?

**Deniston:** I don't think so. Maybe if you knew exactly where it was, and it was a perfectly clear sky, and you had very good visibility, you might be able to see something that looked like a very faint star. But I think there's clearly a reason why we've known about these other six for so long. It was only with the development of telescopic systems that we had the ability to identify Uranus as a planet.

And Neptune came in a little bit less than a century later, in a rather interesting way. Some people noticed a deviation of Uranus's motions, relative to what they would expect, and hypothesized that maybe there's another planetary body acting on Uranus. And then they were able to approximate where in the sky to look for this other body, and were able to find Neptune. Pretty interesting work went into these things, and it's all work that came out of the context of Kepler's work. Even the telescope. Kepler did work on optics, some very interesting things on sense perception, and vision, and the principles of these things. The discovery of Neptune itself required understanding of the planetary laws of Uranus, which led to its discovery.

In the aftermath, and as a consequence of, Kepler's work, we discovered these two additional planetary bodies. The question here that I want to examine is, how do they fit into Kepler's harmonic system? I'm going to pose some hypotheses—more work needs to be done to get something we might call conclusive on the matter, but I think the evidence just presented is rather provocative, and really points in a clear direction.

### The Anomaly of Uranus and Neptune

So, we're going to look at Uranus's and Neptune's motions from the standpoint of this method of the apparent extreme motions that Kepler uses (Table 2). So, for example, if you take the apparent motion of Uranus at its closest point to the Sun, when it's moving its fastest, and if you take Uranus's apparent motion when it's

at its farthest place from the Sun, when it's going its slowest, and you take a ratio of those—you say, what interval is that? You just take the raw data of the current understanding from NASA, observational systems and calculations, and you get that interval there—.83308 etc., which is extremely close to a harmonic interval, a minor third. And then, if you put the closest harmonic in decimals, then you can see how many "commas" (a relatively small musical interval, far smaller than two steps on a piano) it takes just to measure how far this closest harmonic is, the distance between Uranus and Neptune. You can see it's hardly anything. It's almost precisely a minor third.

**Beets:** Just to clarify—because people probably aren't used to thinking of planetary motions as intervals—it would be as if you had two strings—let's say two strings on a 'cello. And when they vibrate, they move, and notes which are lower vibrate more slowly, and notes which are higher vibrate more quickly. So if you tuned those strings such that the ratio between those strings was the same as the ratio between Uranus's extreme motions, the sound that you would hear would be almost identical to a musical harmony, the notes of the musical scale.

**Deniston:** Right. Then we can do the same with Neptune, and you get something extremely close to what Kepler calls a melodic interval, 24/25ths, which is a kind of a half-step. It's the difference between a major and a minor third, or a major and a minor sixth.

So we look at the internal motion dividing these planets, and they come up to pretty clean, interesting values.

Then we take the next step and say, what's the relationship between Uranus and Neptune? These two outer planets, unknown until the very recent period—what is their interval? And again, we have four: the converging and diverging, aphelial and perihelial. Farthest to farthest, closest to closest; farthest to closest, closest to farthest. There are four combinations among them. So, in examining the intervals between Uranus and Neptune, how are they "singing" between each other? What are the intervals at their extreme motions?

You get an array of rather interesting values, a whole array of these melodic intervals, which are not harmonics in the same way. If you played any of these on a keyboard, it wouldn't sound all that great, but they're a required part of the musical

TABLE 2

	Calculated Interval	Closest Harmonic	Closest Harmonic	Commas Off
Uranus	0.8330854826	5/6	0.8333333333	0.02
Neptune	0.9609627366	24/25	0.96	0.08

TABLE 3

The Uranus to Neptune Relationship is Characterized by Melodic Intervals			
	Interval		Commas Off
<i>Converging</i>	Seventh (major tone short of an octave)	9/16	1.14 flat
<i>Diverging</i>	An octave plus a minor tone	9/20	1.2 flat
<i>Aphelial</i>	Seventh (minor tone short of an octave)	5/9	1.06 sharp
<i>Perihelial</i>	An octave plus a diesis	24/50	0.79 sharp

TABLE 4

The Saturn to Uranus Relationship is Characterized by Dissonance			
	Interval		Commas Off
<i>Converging</i>	An octave plus a minor third (very out of tune)	$\sim 5/12$	2.52 flat
<i>Diverging</i>	An octave plus a seventh (major tone short of two octaves)	9/32	1.63 flat
<i>Aphelial</i>	An octave plus a lydian	$1/(2\sqrt{2})$	1.04 flat
<i>Perihelial</i>	An octave plus a lydian	$1/(2\sqrt{2})$	2.08 sharp

system. They're half-steps, or sevenths. You can see here (**Table 3**), we have the converging motions—between Neptune's slowest motion and Uranus's fastest motion, makes a seventh—which is a melodic interval. The diverging motions—between Uranus's slowest and Neptune's fastest, the farthest apart they get—makes an octave and a whole step, an octave plus a minor tone, as Kepler called it. The aphelial motions make another seventh. The perihelial motions makes an octave, and this diesis again, this half step.

So all of the motions between Uranus and Neptune are melodic intervals.

**Beets:** Positions in the musical scale, but if you sounded them together, they would be dissonant. So they're not random; they do take positions in the scale, but they're not beautiful and harmonic, like the other planets were.

**Deniston:** Just alone by themselves, yes. But you really have to go through Kepler's work as a whole. He does a lot defining the melodics as a necessary part of the harmonic system, starting with the harmonic intervals, and those defining the melodics, and that allows you to define the whole scale, the whole musical system.

So they're kind of one step removed, kind of derived, from the harmonic intervals.

So that's Uranus and Neptune.

Now, let's look at Saturn to Uranus. Saturn is a planet that Kepler knew about, and Uranus is the first of these new planets that we've discovered. So, it's the boundary condition between the new ones, and the ones we've known about since antiquity.

What intervals do we have here?

We have an array of rather dissonant intervals (**Table 4**). The converging motion is very flat, from an octave plus a minor third. (We'll look back at this later.) It's two and a half commas—so very far from the closest harmonic, which would be an octave and a minor third. The diverging motion—the most extreme interval between the two planets—is a little flat, and not quite an octave plus a seventh. So it's not quite an octave and a melodic interval.

The aphelial and perihelial values are very close to a very dissonant interval called the Lydian, which is between a fifth and a fourth, a uniquely dissonant interval which has an important role in the overall musical system, but in and of itself, if it's played, it's a very harsh, dissonant tone.

So, the Uranus-Neptune values were all these melodic values, but Uranus-Saturn appears to be a whole array of dissonant values.

The third thing to look at before coming back, and asking the interesting question—which is, why do they have these particular characteristics—is looking at the relationship between Uranus, Neptune, and the rest of the planets, the whole system.

When I first looked at this a couple of years ago, I was thinking, "Oh, they're going to fill in some new notes in the system, and provide some new things that were absent from the notes provided by just the planets that Kepler was dealing with." When I first looked at it, they actually didn't: They actually sang the same notes as all the other planets, but off by a certain number of octaves. So, if you defined Uranus, its perihelion is singing the note C; Venus also, at its perihelion, will sing the note C, but seven octaves higher. So, all of the extreme motions of Uranus and Neptune sing an octave difference with other planets.

TABLE 5

		Octaves	Commas		
Uranus Per	Venus Per	7	0.96		
Uranus Ap	Merc. Ap	8	0.52		
Neptune Per	Venus Ap	8	0.95	Merc. Per	10
Neptune Ap	Jupiter Per	4	1.90		

You can see the comparison here (Table 5): Uranus to Venus, Uranus’s aphelion to Mercury’s aphelion, Neptune’s to Venus, and to Mercury in its perihelion, and Neptune’s aphelion to Jupiter’s perihelion. These are all octave relationships. It’s the same note, but up an octave in the musical system.

So, we have three very distinct sets of characteristics in each of these examinations. You look at the Saturn to Uranus pair, the region bridging the planets known for thousands of years, to these new ones, and they’re all dissonant intervals. Looking at Uranus and Neptune, the relation of the two new planets to themselves, they’re all melodic intervals. And then you look at these two planets relative to the whole system, and they sing these octave relationships.

Which I think is very fascinating—because in looking at the relation of Neptune and Uranus to all the planets, it’s not like you get some dissonances, some melodics, and some octaves—these are all octaves. If you look at just Saturn and Uranus, it’s not like you get some melodics, some octaves—it’s dissonant. If you look at Uranus and Neptune, it’s not like you get some Lydian intervals, some octaves, and then a couple of melodics—it’s all melodics. Each of these analyses has a particular characteristic to it, which seems to express itself very clearly.

So you get a very distinct quality to these three ways to look at how these two new planets relate to each other, and relate to the whole system.

### Where Does the Dissonance Come From?

Then comes the question, “Why?” We want to look at first causes, and why were these necessary? From the standpoint of a Cusan conception of mankind’s relation to the universe, as Kepler developed that with his conception of a harmonic organization of the Solar System, why is it necessary that these two new planets create this particular three characteristics?

First, let’s look a little more closely at the Uranus to Saturn relationship, the one that has all these dissonant intervals (Figure 4). If we take Uranus as what we’re measuring against, we can see that they’re all more than an octave, but the closest motions don’t quite reach an octave and a third, but they exceed an octave, so they land in this dissonant range.

The diverging motion is a little bit better—it’s closer to an octave and a seventh, but doesn’t quite reach the seventh, and falls significantly above an octave and a major sixth, so they don’t reach these harmonic intervals.

And what I think is most interesting, the aphelial and perihelial ratios both converge closely in this Lydian range, this very dissonant interval, with its dissonant characteristics. This is the only pair of planets that has this type of dissonant structure to the intervals. None of the planets that Kepler looked at—there might be one problem here, but that’s what’s necessary to

FIGURE 4

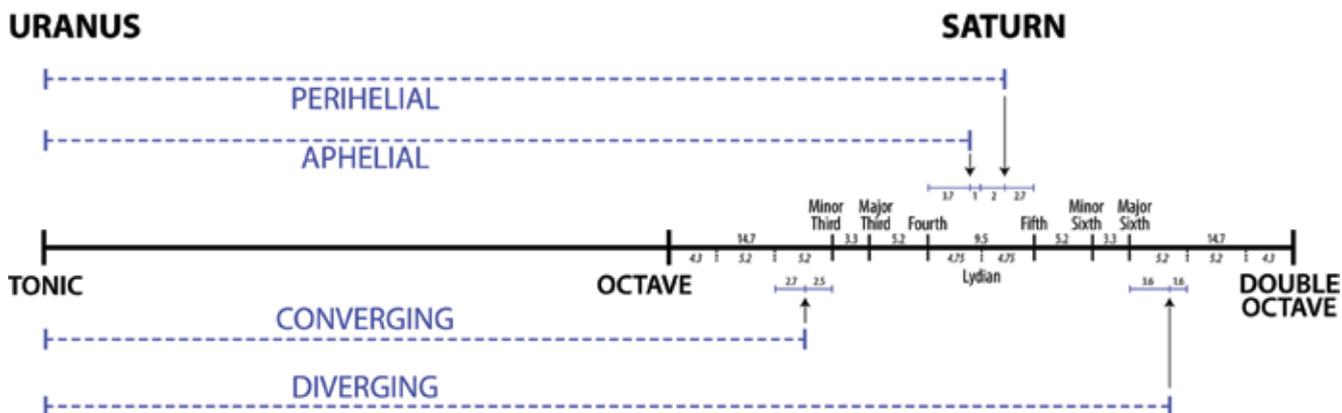


TABLE 6

The Uranus to Neptune Relationship is Characterized by Melodic Intervals			
	Interval		Commas Off
<i>Converging</i>	Seventh (major tone short of an octave)	9/16	1.14 flat
<i>Diverging</i>	An octave plus a minor tone	9/20	1.2 flat
<i>Aphelial</i>	Seventh (minor tone short of an octave)	5/9	1.06 sharp
<i>Perihelial</i>	An octave plus a diesis	24/50	0.79 sharp

keep the whole system in tune. But no single pair of two planets anywhere else is totally characterized by this kind of dissonance.

**Ross:** And Uranus to Neptune, you showed before, is not as dissonant.

**Deniston:** No, they're characterized by all being very close to these melodic intervals.

So why would there be this dissonant quality between Saturn and Uranus?

Well, there's also a dissonance in mankind's relation to the Solar System, which is, I think, where we have to go to understand these two system. Again, these six other planets were known for thousands of years, and there was a qualitative shift in mankind's relationship to the Solar System, and to the universe, which is associated with the boundary between these six planets known to the ancients, and these two discovered in the modern era.

That expresses a shift, not just in the number of planets that mankind knows about, but a shift in mankind's—that's the post-Kepler/Cusa quality of mankind's relationship to the Solar System, a different qualitative stage of mankind's mental capabilities, his relationship to the universe. So, it's a dissonance in that sense. It expresses the boundary condition in the change of mankind's relationship to the Solar System as a whole, as it represents a dissonance in the intervals themselves, directly.

If you go back to the Uranus-Neptune relationship, you have this dissonance separating the two new ones, from those known before—a dissonance both in the musical intervals themselves, and a dissonance in the relation of mankind to the Solar System (**Table 6**). And then, when you go again to the Uranus-Neptune relationships, the intervals defined by these two new plan-

ets themselves, and again, there are all these melodic—they have a certain characteristic of not being really accessible to the senses themselves.

It's like if you have a tight string on a monochord, and you're playing with that, you can, just by your ear, define and find the harmonic intervals, by creating sounds that sound nice. You can identify it by listening to it; you couldn't do that with melodic. Maybe if you already knew what they should sound like, you could then identify them; but with no

*a priori* sense of what they should be, you couldn't identify them.

**Beets:** The harmonic intervals have a natural resonance. Two strings tuned in a harmonic interval physically resonate with one another; but two strings tuned to melodic intervals—like a note and then a step above—are dissonant, and they're not going to resonate with each other.

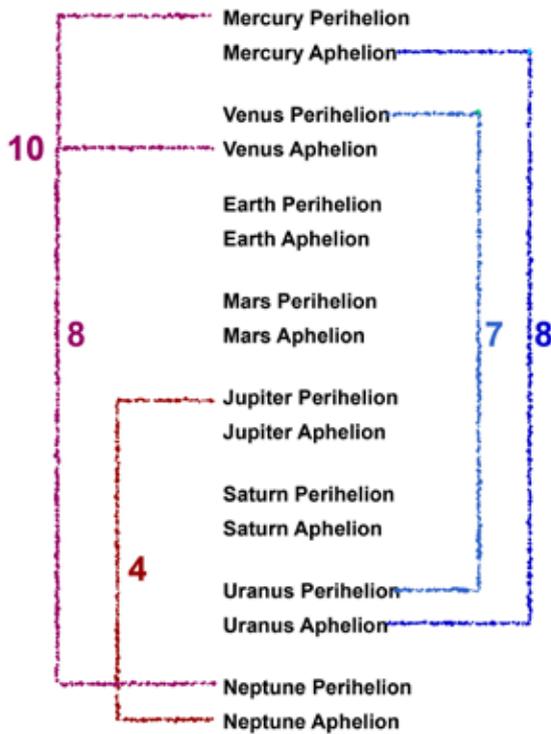
### Mankind's Mind and the Solar System

**Deniston:** But, in developing a musical system from the harmonic intervals system, as Kepler does in Book 3 of the work [*Harmony of the World*], now applying mankind's reason and analysis to try to understand, how can I create a system out of this, you define the melodic intervals as important characteristics of the system. You create them as necessary components. But to define them requires moving beyond just a sensory capability, and more to the application of analysis and reason and boundings to the system, as an actual system.

If you want to discuss the general characteristic of the melodic intervals, that's what they are. They're a product of mankind working with harmonic intervals and defining a system, which allows you to identify them as something that exists that's important, that's part of the system. But not directly from sense perception.

So, that's the quality of the intervals that Uranus and Neptune sing, that they make, between them. That's also the quality of our relationship to those planets. I think the resolution can only be found by starting from the standpoint of mankind's relationship to the Solar System, the relationship of mankind's mind to the Solar System.

FIGURE 5



Uranus and Neptune were not accessible to unaided sense perception, but they required the development of synthetic instrumentation, telescopic systems. In the case of Neptune, it required an understanding of Kepler's planetary motions, and of how the planets should work as a system, which then allowed mankind to identify it. So, in an interesting sense, the quality of mankind's relationship to Uranus and Neptune is a similar generalized quality of the relationship of the melodies, to the harmonics.

This provides a certain resolution to the dissonance. This kind of boundary condition between those planets known for thousands of years, and those recently discovered, is a boundary condition both in our relationship to the whole Solar System, and it's a boundary condition in the dissonant characteristic of the harmonic intervals.

When we go beyond that boundary condition, we resolve this dissonance, but to a new characteristic quality, which transcends sense perception. When we move beyond this dis-

sonance, in terms of mankind's relationship to these outer planets, it's a function of mankind moving beyond the capabilities of direct sense perception, and into a domain where our sense-perceptual system is augmented and subsumed by higher principles. Which is a similar quality that the intervals of Uranus and Neptune themselves have, which also kind of transcends sense perception.

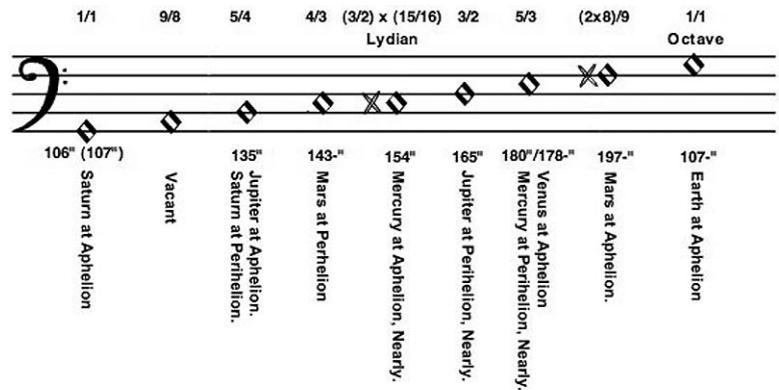
So, it's a boundary condition and a certain type of resolution, both in terms of the intervals expressed by the planets themselves, but also in terms of mankind's relation to those planets.

Then the third unique quality in analyzing the relations to these two new planets, is all these octaves. When we compare Uranus and Neptune, compare their motions with other planets of the system as a whole, you get a series of octave relationships (Figure 5).

This also defines a very fascinating bounding to the system as a whole: that the pair of farthest planets sing a series of octave intervals bounding the system, with the innermost two planets. Neptune sort of bounds that interval directly, because it sings both with Mercury's perihelion, and Venus's aphelion. At the same time, Neptune's aphelion kind of bounds the outer planets, by singing with Jupiter's perihelion—the trans-asteroid belt outer planets. And then Venus comes in and fills in the other two.

So, taken as a whole, we have this dissonant characteristic between Saturn and Uranus; we have the unique melodic characteristic between Uranus and Neptune; and then we have Uranus and Neptune in relation to the

FIGURE 6  
Kepler's Diagram of the Harmonies



Here the major scale started with Saturn at aphelion and contains both Venus and Mars at aphelion.

innermost planets, bounding the whole system with the octaves.

This points in a very provocative direction: that these two new planets do work in a very important way in Kepler's system, but they only work in Kepler's system, if you start from the Cusa/Kepler premise, that what we're dealing with in terms of science, is understanding the creative power of the human mind, as something that reflects and expresses the nature of the universe as a whole.

That as Cusa discusses, and Kepler discusses—his life's work is centered on this—you're looking at how the human mind is a reflection of the intention in the creation of the universe as a whole. To paraphrase, Kepler has one statement where he said, it was as if the Creator was looking to man who was to be, in his initial creation of the Solar System. That the characteristics of mankind, the human mind, reflect something about the universe as a whole. If you take that as a premise, then these qualities of Uranus and Neptune are completely consistent with that, because they show you, in the Solar System, a boundary in mankind's relation to the Solar System. And to understand it, you can't separate those two.

You can't separate the Solar System from mankind's relation to the Solar System. . . .

**Ross:** Not to overdo it with connections, but the interval of the visible planets, from Mercury's perihelion to Saturn's aphelion, is seven and a half octaves, which is the exact size of a piano. The total size of what you brought up, going from Mercury's perihelion all the way out to Neptune's about ten octaves, which is roughly the range of human hearing. This is an interesting thing. It could have been far beyond anything, but it is along the lines of what even our bodies are able to do.

## Morality and Science

I wanted to go back to Aristotle and a reflection on this. Because people ask, "Why do you pick on people? Wasn't Aristotle just old-fashioned? And yes, he thought those terrible things about people being slaves and about women, but he was a product of his time. Progress was natural. Why do you guys pick on people like Aristotle or Newton? They were just a step in the process."

The ability to recognize that there are people who are evil in politics—that's not really up for debate. But the idea that there is a sense of morality that should be

in *science* or in *music*, is absent. Maybe a sense of morality in science in terms of whether you should use the fruits of science—Was using the bomb bad?—okay, that's a real thing. But the idea of scientific ideas not being connected to morality.

Did Aristotle just reflect an "old" approach? No. This is the time of Plato and Socrates. So, deliberately going against that outlook isn't just being old-fashioned. It's been a fight the whole time.

For example, what you went through would be totally controversial. Kepler is totally controversial. The *Harmony of the World* is totally controversial. Kepler's considered to be as old-fashioned as Aristotle might be on some of these things. People say, yes, in the *New Astronomy*, Kepler figured out how the planets moved—that's great. But then he had this sort of mystical stuff where he looked at music, and spheres, and this kind of thing. He connected how we operate with how the universe operated. He said that God would have to come in and plan things that would look good to us—this is preposterous.

That's the typical approach.

You said, Ben, the idea that the difference between the observable planets and then the ones that were discovered later, reflects that process of discontinuity or discovery that, Megan, you had brought up as being the basis of Cusa's understanding of how thought progresses, in opposition to Aristotle; that that discontinuity is itself a substance of the universe, insofar as it's the substance of how our thought progresses. That's very controversial! That's shocking. It's a tough concept to get. But it should make you feel somewhat ill at ease if you got it.

One other thing, which I thought was important about the nature of discovery itself, because you're likening this to discovery itself being seen in the planets. The operation of the mind, the motion forward of the mind, is seen in the planets in this way. It goes along with, and it goes a step beyond, what Kepler had already shown.

**Beets:** I think it opens the door for entirely new hypotheses, taking the nature of dissonance in music in the way that it's generated by the intersection of many modes, and polyphony, with many voices singing at the same time. And the subsuming of those many different modes in a single musical idea. I think it invites some new work, looking at things like this—ironies, discrepancies like this, which have a certain resonance with principles of man.

### *Three Leaders Offer Hope Against War*

Two leading German figures, and a significant American political figure, have now come forward to address the crucial strategic issues determining the fate of the planet. If their initiatives are advanced along the pathway defined by Lyndon LaRouche, they create an option for getting through this present international financial crisis, without getting into a thermonuclear war.

This was the judgment LaRouche enunciated during his discussion with the LaRouchePAC Policy Committee March 16. He was speaking of the sharp attacks against the war policy which came last week from German Foreign Minister Frank-Walter Steinmeier and former German Chancellor Helmut Schmidt, as well as the aggressive campaigning for restoring Glass-Steagall coming from former Maryland Governor Martin O'Malley, who is exploring a bid for the presidency.

LaRouche elaborated as follows:

What I am seeking to do, he said, is “to bring together forces across the trans-Atlantic region, to bring together leading people, and to get them to start to move to *prevent* going through an Obama operation.

“The danger here is Obama. He is a threat, the leading, number one threat to the survival of the human species. Because he’s been pushing by every kind of swindle you can imagine—he and his cronies—to try and get a thermonuclear war going!... We are actually working to define an approach, a collective approach implicitly, which can get us out of this threatened war, threatened world war, which could be the extermination of the species.

“If you get the German government, other agencies, and O'Malley, an American figure of some merit and weight, we've got the possibility,

of preventing a thermonuclear war.”

It is absolutely critical that the voices of these statesmen be heard, LaRouche said. And they must be followed up along two different tracks.

First, Obama and others pushing his policies—which are really a continuation of the policies of the Bush-Cheney Administration—must be removed from positions of power. Immediate impeachment of Obama, for his various violations of the Constitution, is the most appropriate solution, in tandem with cancelling all of the Bush and Obama policies that are leading the world to the edge of war.

These are the times when what appears to be impossible, represents the only hope for the human race.

Second, leading policymakers internationally must move from just criticizing the dangerous incompetence of the U.S. government, to promoting the alternative economic policies which are in the process of being adopted by the majority of the world’s population, whose leadership is China and the BRICS nations. The economic policies of the BRICS, led at the top by China’s work on the Moon project, represent a potential economic renaissance for mankind, which must raise itself to the level of a creative humanity building the future.

As LaRouche emphasized March 16, the interventions of Steinmeier, Schmidt, and O'Malley are a “potential turning point.” They point toward the solution concept, which lies in what China now represents, as the leading nation on the planet in terms of its rate of development.

“We have the fight between the reactionaries and those who are trying to progress,” LaRouche concluded. “We just have to make sure that we unify our forces to make sure the right people win out.”

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