

# The U.S.-NATO Hidden War Threat: The Green New Deal

by Paul Gallagher

Jan. 20—There is a strategic significance to the fact that China’s annual economic data release has shown that its economy again grew faster than that of the United States in 2021. And more importantly, that China’s credit channel is fully open both for domestic industry and Belt and Road loans, while U.S. banks’ lending *cannot* grow until the dominant Wall Street megabanks are broken up and reorganized. The economic data were followed Jan. 18 by Foreign Minister Wang Yi’s public statement that *no* individual country could stage a “national recovery” on its own from the deep global recession of 2020.

In early 2021, financial analysts and business economists in New York and London had widely and confidently predicted that this time, the U.S. economy’s supposed “red-hot recovery” from what was alleged to be simply a pandemic-induced recession, would cause it to outgrow China’s economy both in 2021 and 2022. They were proven wrong. China’s GDP grew by 8.1% over the year, and the *South China Morning Post* reported that former World Bank Chief Economist Justin Yifu Lin now estimates China’s economy may become the world’s largest by GDP in 2028, rather than 2030 as he had previously forecast. Industrial production grew by 9.6%, fixed asset investment by 4.9%, job creation was at 12.69 million, and retail sales grew by 12.5%, according to the National Bureau of Statistics release Jan. 17. China’s real disposable personal income, after inflation, rose by 8.1% in 2021—and for urban areas, by 7.1%—while Americans’ average real weekly wages *fell* by 2.3% over the year.

In a strategic crisis in which an effective partnership of Russia and China has stopped a “color revolution” attempt in Kazakhstan and is pushing to prevent Ukraine from joining NATO, this development makes

reality clearer for Americans. The feared U.S. Treasury sanctions, including anti-China tariffs, do not work against these two major economic and scientific powers, although they devastate developing nations and are killing or exiling millions of Afghans. Sudden coal shortages, price spikes and even blackouts in China in late Summer, triggered by London’s global Green New Deal, were handled quickly by regulatory action, while Europe struggles.



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*If the UK and U.S. insist on forcing a new, deep Cold War on Russia and China, the combination of economic growth and technological progress for third nations will decide it in favor of Russia and China. Shown: Presidents Vladimir Putin and Xi Jinping.*

U.S. Industrial production dropped by -0.1% in December, and is just about equal to late 2019 and 3% lower than its level of mid-2018. Manufacturing output fell by 0.3% in December and is about 5% below the mid-2018 level; again, equal to that of late 2019. Construction investment and employment are lower than in 2018, particularly in “public and government structures.” December manufacturing data unexpectedly showed that in the important “Empire State region”—New York, New Jersey, and part of Pennsylvania—industrial activity is contracting.

## Credit vs. Looting

But the most dramatic contrast in the economies of China and the United States, is effective credit policy: Outstanding loans by China's banks, including overseas lending, grew by 11.7% for the year; and although the big Wall Street and regional U.S. banks are crammed with trillions in excess deposits through Federal Reserve quantitative easing programs, American banks' loans outstanding grew by less than 0.5% in 2021.

Federal Reserve data on the U.S. banking system show this quite dramatically. Look at the relationship between deposits and loans outstanding in the banking system 15 years ago, just before the global financial crash, in December 2007. Deposits were \$6.65 trillion, loans and leases \$6.8 trillion or 102% of deposits. Look again a decade further back, in December 1997. Deposits were \$3.1 trillion, loans and leases \$3.05 trillion or 98% of deposits. The same rough equality could be found at most points in U.S. history. But by December 2016, deposits were \$11.42 trillion, loans \$9.12 trillion, only 80% of deposits. And now, in December 2021, deposits are \$18.06 trillion, loans and leases are \$10.73 trillion or just 59% of deposits!

This astonishing condition results from the Federal Reserve's intense efforts to fortify these banks against a huge debt collapse, through quantitative easing and liquidity lending. And it is a deadly sign for any U.S. recovery from an economic stagnation now almost 15 years old. The U.S. banking system is dominated by 12 Wall Street and regional giants which hold nearly 80% of all deposits. Net of inflation, these banks have *withdrawn almost 5% of bank credit from the real economy* over the past two years.

These financial zombies must be broken up by restoration of the Glass-Steagall Act. *EIR* researchers in European countries report that this derangement of major banks assets is also true of the biggest London- and Frankfurt-centered banks.

These economic facts of life discredit the current London-instigated strategy of U.S.-British military confrontation with Russia and China and a new Cold War. Major nations cannot attract economic and strategic partners, especially among the developing nations, when they offer nothing in terms of credit, advanced technology capital goods, or poverty alleviation. Wielding financial sanctions as weapons doesn't create alliances! While assessments vary as to the outcome of a hot war over Ukraine or Taiwan (or both), there is no question that the Anglo-American partnership will lose

the new Cold War which its war-hawks are plunging into.

These facts will also affect the Federal Reserve and the dominant dollar. The Peoples Bank of China was actually *lowering* interest rates, and banks' reserve requirements, as 2021 ended. The Federal Reserve, by contrast, supposedly plans several imminent rate increases to "control inflation" which is out of control at 7% for consumer goods and almost 10% for producer goods. But the Fed's data show its governors that the U.S. real economy is again contracting, after failing to regain even early-2020 pre-COVID levels of activity.

Seriously raising short-term interest rates, and the impact on long-term rates, could not only blow out the "everything bubble" of debt, but trigger another deep recession. The fact that productivity growth in the U.S. economy has been so low (1.0-1.5% annual growth) since 2011, and has actually been negative in the second half of 2021, will make the debt-service burden still more unbearable, causing debt bubbles to implode.

The IMF and World Bank have just issued warnings that rapid dollar interest rate increases will have devastating effects on developing nations' economies, which will be hit by capital flight, currency devaluations and debt defaults when they have not recovered from the great loss of employment and economic activity since the start of 2020.

Chinese President Xi Jinping recommended in his speech Jan. 17 at the World Economic Forum conference:

Major economies should ... coordinate the objectives, intensity and pace of fiscal and monetary policies, so as to prevent the world economy from plummeting again. If the major economies "slam on the brakes" in monetary policy to fight inflation without developing new drivers of economic growth, global financial stability will be shaken, and the developing countries will bear the brunt of it.

An initiative for a new international credit and monetary system, a Rooseveltian new Bretton Woods, should now originate from the Eurasian "strategic triangle" nations of China, Russia and India and be proposed to the United States. The new credit and monetary arrangements can begin with the mission of a "modern health platform" for all nations in the world against pandemic and hunger, as Helga Zepp-LaRouche and the Schiller Institute propose. New medi-

cal facilities and food aid for Afghanistan and other war-destroyed nations are immediately necessary.

## The ‘Green New Deal’ and the War Threat

The economic imperative of the trans-Atlantic countries—of the United States and Europe under their currently dominant “liberal” free-trade ideology—is exactly that commented on already in a 2011 analysis by economist and statesman Lyndon LaRouche, although now it has reached an extreme point.

These nations cannot sustain a “competitive” economic confrontation with the effective partnership of Russia and China. This is because that “competition” blocks the trans-Atlantic nations from going through with both sustained high inflation, and “green” deindustrialization, injuring their populations and weakening their economies. But their major banks need both the high inflation and the new “green finance” bubble, to survive awhile longer as speculative zombies.

Therefore, the policymakers strain to eliminate the “competition” by means of war and threats of war. And therefore, for the sake of human survival and progress, the “competition” envisioned by the neoliberals and neocons alike, must be replaced by cooperation.

The trans-Atlantic governments and central banks have been convinced at least since mid-2019 that they must aggressively inflate away the quadrillion-dollar mass of unpayable debt and derivatives in their financial systems—particularly corporate debt—and simultaneously build up a huge new debt bubble in what is called “green finance.” This second imperative is being attempted by a very rapid “shifting of the trillions” of investment away from fossil fuels and carbon-intense industry and agriculture, to new, relatively backward “green” technologies. These technologies lower both energy density and economic productivity. They are quick and cheap to build and install. Thus, they promise super-profits to the large financial investors in them, who borrow against them, and who securitize them—a new “green bubble” of debt. But they are unreliable and very expensive to businesses, consumers and taxpayers who must pay for their energy costs, tax subsidies, speculation costs, productivity costs, and destabilization of power grids.

These two imperatives of the hyper-leveraged financial system—creating high inflation, and shifting investment *en masse* out of carbon-intensive industries and agriculture—are so damaging to populations,



WEF/Walter Duerst

*Mark Carney, former Governor of the Bank of England and Member of Board of Trustees of the World Economic Forum, announced the inflation policy while driving the Green New Deal.*

households, and businesses, that they can’t be carried out without managing to “back down” Russia and China to the point of their capitulating to these London and Wall Street policies.

## This Inflation Is Central Bank Policy

That the policy of the major central banks must be to create rapid inflation—and specifically to inflate the dollar, as opposed to merely inflating other currencies relative to the dollar—was announced by then-Bank of England Governor Mark Carney in his speech to the annual Jackson Hole, Wyoming international bankers’ conference on August 23, 2019.

Carney even suggested that the major central banks might have to create and manage a “synthetic, digital world currency” to replace the dollar’s reserve-currency function and devalue it. Carney, who has held major international central banking and UN positions for a decade, is also closely associated with Prince Charles, Sir Michael Bloomberg, and BlackRock, Inc. CEO Lawrence Fink in organizing all the major “green finance” committees, task forces and initiatives of central bankers and private mega-bankers. *Politico* published an Aug. 24, 2018 profile headlined, “Mark Carney, Eco-Warrior”, and he was called “the best champion and messenger we have” by the environmentalist lawyers’ group ClientEarth. Carney best demonstrates the convergence of the central bank policy of creating inflation since mid-2019, and the “shifting of the trillions” of investment to “green” tech.

At that August 2019 bankers' conference, four former officials of the U.S., Swiss, Israeli and Canadian central banks, all now executives of BlackRock, Inc., released a paper titled "Regime Change: From Unconventional Monetary Policy to Unprecedented Policy Coordination." This proposed, in effect, that central banks take over guiding *fiscal* policy from governments, and print helicopter money to "go direct" to private institutions and/or accounts in order to create extraordinary demand in economic emergencies. The purpose of the "regime change" was to create inflation.

Figure 1 shows prices of 20 major commodities through the 21st Century to date, demonstrating that the 2019 determination of the major central banks to create rapid inflation was achieved, unquestionably led by the Federal Reserve and

two Treasury Secretaries, one of them the immediately former Federal Reserve Chair. They succeeded in letting the Wall Street *asset inflation*, raging during the previous decade, flood out into commodity inflation in the course of 2020, and into general products and services inflation from the end of 2020 through 2021 and onward. While the current raging inflation is constantly being ascribed in the media and government officials to the pandemic, the "supply chains," shortages of labor, international tensions, and what-not, its driving force has been the *stated policy intention* of key U.S. and European central bank officials since mid-2019. It was kindled directly after that intention was made clear, and before the COVID-19 pandemic began.

See the author's [article](#), "The Character of Today's Inflation: LaRouche's Triple Curve Explains It, His Four Laws Solve It," in *EIR*, Vol. 48, No. 5, pp. 5-7, for a more detailed presentation.

### Blaming Russia and Long-Term Contracts

The strangest but clearest example is the punishment European governments and central banks are

FIGURE 1

### Two Shock Waves of Commodity Inflation in This Century

Commodity	Change 2000-05	Change 2010-19	Change 2019-21	Change July-October 2021
Oil	+100%	-5%	+20%	+15%
Coal	+89%	-1%	+100%	+38%
Natural gas (Eur.)	+62%	-46%	+246%	+150%
Nat. gas (U.S.)	+93%	-31%	+70%	+55%
Hard Red Wheat	+32%	0%	+25%	+7%
Maize	+43%	+16%	+47%	-8%
Soy meal	+28%	-21%	+35%	+17%
Chicken	+25%	+2%	+20%	+7%
Palm Oil	+45%	-35%	+96%	+23%
Rock phosphate	0%	-11%	+56%	+18%
Urea	+83%	+8%	+68%	+39%
TSP solvent	+44%	+27%	+95%	+11%
Rubber	+150%	-12%	+16%	+8%
Aluminum	+14%	+8%	+39%	+32%
Tin	+34%	+28%	+89%	+9%
Lead	+89%	+18%	+18%	0%
Nickel	+78%	-15%	+39%	+3%
Copper	+101%	+14%	+59%	+9%
Zinc	+93%	+55%	+20%	+30%
Iron Ore	+124%	-23%	+234%	-3%
<b>Average Annual Inflation 20 Commodities</b>	<b>+11%</b> <i>(66% over 5 years)</i>	<b>+0.0%</b> <i>(-1% over 10 years)</i>	<b>+30%</b> <i>(69% over 2 years)</i>	<b>+125%</b> <i>(23% in 3 months)</i>

Source: EIR/World Bank

inflicting on European populations through energy hyperinflation, driven by "green" ideology and policies and carbon-trading speculation, while publicly blaming Russia and forming a front of military confrontation with Russia. Russia, that is, the "fossil fuel" nation, the "nuclear power" nation, the nation whose President plans a bright future for the coal industry; and the major nation with long-term energy supply contracts to Europe.

Listen to the European Central Bank board member for Germany, Isabel Schnabel, on Jan. 13 of this year, speaking about this energy hyperinflation:

While in the past energy prices often fell as quickly as they rose, the need to step up the fight against climate change may imply that fossil fuel prices will now not only have to stay elevated, but even have to keep rising if we are to meet the goals of the Paris climate agreement. Inflation may stay higher for a longer period. Governments will need to push the energy transition forward while at the same time protecting





No. 10 Downing Street/Andrew Parsons

*Green New Dealers Joe Biden and Boris Johnson oppose long-term energy-supply contracts, forcing a shift away from fossil fuels, and insisting on spot-market sales.*

the most vulnerable members of society from energy poverty.

That is, through taxes on the whole nation.

The Green New Deal promoters and enforcers in government finance inherently oppose long-term energy-supply contracts and insist on their being replaced by spot-market sales. This is essential to their push to force a shift away from fossil fuels—which have always derived supply and price stability from long-term contracts—to wind, solar and biofuels which have had government subsidies on deregulated and speculative spot-markets for electricity.

The current energy-hyperinflation crisis in Europe has featured major energy distribution companies declining to place orders under long-term natural gas contracts with Russian suppliers, instead directing all orders to the spot market in Amsterdam. The results have been: a) extreme speculation on limited supplies coming to the spot market, and speculation on the price of Green New Deal “carbon permits” as well; b) disastrous inflation in energy and electricity costs impacting industry, agriculture and households; and c) intensifying conflict with Russia over the Nord Stream 2 pipeline opposed by the UK and United States, and attempts throughout European media to blame the hyperinflation in gas prices on Russia, because Russian companies do not offer gas on the spot markets.

The former German defense minister Ursula von der Leyen, now European Commission President,

agreed in November with U.S. President Joe Biden to conclude a steel agreement, to keep what they called “dirty” Chinese steel exports out of Europe by replacing them with “clean” U.S. steel exports. “Dirty” meant blast furnace steel with high carbon content, “clean” meant the low-carbon recycled steel produced in electric arc furnaces which dominate the American industry. The real economic distinction, is that the higher-carbon grades of steel are of higher quality!

Insisting on lowering the quality of Europe’s steel imports, and thereby impacting economic productivity in Europe, as part of a battle with China, does not reflect a normal “economic” imperative of nations. It reflects an ideological crisis acted out in a military confrontation. The two most militant Greens in the new German government—Foreign Minister Annalena Baerbock and “super-minister” Robert Habeck—are also the two figures most aggressively promoting expansion of NATO to Ukraine, increasing U.S. and UK armaments and troops in Europe, and keeping Nord Stream 2 closed indefinitely. This is not coincidental, but part of Green ideology. In order to be able to implement the policies of this ideology on Western populations, its advocates must join in pushing a military confrontation with Russia and with China, the two most technologically dynamic major powers which refuse the “great leap backward” demanded by the Green New Deal.

### **Achieving the ‘Great Reset’ by War**

Lyndon LaRouche, in that December 2011 discussion referenced above, presciently identified Russia as the real “target” of the regime-change wars which had just then reached Libya and eliminated Col. Muammar Qaddafi. LaRouche therefore identified *world war* as the real danger. His conclusion:

Most of this bailout debt, the Wall Street debt, the London debt ... is absolutely worthless. It can never be repaid. And the only solution for this thing was to have this war. And if the British Empire came out as the victor in such a war, with the support of the United States, then *they would cancel their debts, and they would go about their business*. But the population of the world would be reduced, greatly, through hunger, disease....

Since 2011, and especially since the 2015 Paris Accord, it has become clear what “cancelling their debts and going about their business,” means: The Green New Deal, called “the Great Reset” by Prince Charles and the World Economic Forum bankers and billionaires.

The huge debts they want to cancel are typified by the oil, gas, and coal industries. On March 3, 2020 the *Financial Times* of London headlined “The \$900 Billion Write-Off of ‘Stranded Energy Assets’ Needed To Make Climate Targets.” The City of London mouthpiece proclaimed that “84% of remaining fossil fuels need to remain in the ground to meet the 1.5°C global warming target.”

In the two years since then, 2020-21, \$305 billion of oil and gas industry debt has been written off, and more than \$100 billion in coal industry debt. There is much more to go to hit London’s target for the Green New Deal. But financial institutions totaling \$14.6 trillion had divested from fossil fuels 2011-2021, according to charts on Wikipedia by [gofossilfree.org](http://gofossilfree.org); and half the stock values of the fossil fuel companies have been wiped out in that decade.

A study by American oil field service expert David Messier published in *OilPrice.com* Nov. 16, 2021, demonstrated that “Investment and spending on fossil fuels has declined precipitously from 2014.” For oil alone, spending on oil extraction investment worldwide, which averaged roughly \$700 billion/year for the first half of the last decade, suddenly fell to \$450 billion/year from 2016-19, and to \$300 billion/year in 2020-21. For the “liquid hydrocarbons” combined the investment figures were \$800 billion/year to 2015, \$500 billion/year from 2016-19, and \$350 billion/year for 2020-21. This is a huge investment collapse for a highly indebted industry. World liquid fuels production has dropped from 102 million barrels/day in 2018-19 to 91 million now, according to the U.S. Energy Information Administration; and global coal power generation dropped by 14% in the past five years, by 10% in the past two years alone.

Moreover, the business website *Quartz* reported in December its own study that *discoveries* of oil and gas, dependent upon investment levels, have dropped from 20 billion barrels of oil equivalent in 2015, to 10-12 billion barrels from 2016-19, and in 2021 look like just 4.7 billion barrels equivalent—the lowest worldwide amount since 1946.

So, driving the hyperinflationary impulse in all energy prices, especially in Europe, is the global shortage



Agência Brasil/Ricardo Stuckert/PR

*In NATO’s 2011 elimination of Libya’s Muammar Qaddafi, throwing a major oil-producing region into chaos, Lyndon LaRouche foresightedly recognized a targeting of Russia: from regime-change wars, to world war.*

of fossil fuels created by this dis-investment. Although OPEC, for example, recently authorized a 400,000 barrels per day increase in production, it is not taking place. A *Bloomberg News* report Jan. 13 quoted representatives from oil trading companies, “In practice, a lot less oil is making its way to the market. Its [OPEC’s] members are simply unable to return to pre-COVID levels of output. This is all down to a lack of investment.” The same thing has been true of natural gas supplies in Europe going into the Fall and Winter, and coal supplies in China and the United States.

Showing the “other side” of this shifting of trillions—the “green side”—the assets under management of BlackRock, Inc., the money manager most obviously throwing its weight against fossil fuel investment worldwide, rose in the same period from \$7 trillion in 2019 to \$10 trillion at the end of 2021.

### **The Alternative**

The “Great Reset” attempt to write off fossil fuel investments, debts, and reserves has created existential threats of poverty and economic collapse to many developing countries: South Africa, Iran, Iraq, Venezuela, Brazil, Kazakhstan to name prominent examples. If now combined with rising dollar interest rates (aimed to “guide inflation” rather than actually bring it under control), the impact on developing nations will be devastating.

But unfortunately for the World Economic Forum and the “Great Reset,” they found out through the admitted failure of their UN Climate Change Conference (COP 26) in November, that these nations have an alternative. Iran has confirmed a long-term oil and technology agreement with China; Syria has just joined the Belt and Road Initiative; in Iraq a growing mass popular movement is demanding implementation of the long-term oil-for-infrastructure agreement with China which was signed two years ago but held up by the UK-U.S.-backed government. Egypt is cooperating with Russia at Daba’a to develop a nuclear power base for its economy.

Kazakhstan was hit by the “Great Reset” write-off: Its total foreign direct investment (FDI) was averaging \$10 billion/year from 2013 through 2016 but, according to Statistica, dropped to just \$3.5 billion/year from 2017 through 2020. Oil output was at 93 million metric tons in 2018 and 2019 but fell to 85 million metric tons in 2020 and 82 million in 2021 according to the Kazakhstan Development Bank. But the attempt in early January to stage a “color revolution” and drive the country into chaos, was stopped by rapid action by

the Collective Security Treaty Organization (CSTO), supported publicly by China.

This is the reason Lyndon LaRouche, presciently, 11 years ago, saw the targeting of Russia by British-led geopolitical forces which could lead, he said then, to world war. They were out to eliminate the alternative to economic collapse. Should London, Wall Street and Washington win “such a war,” he said, militarily or by capitulation, they could proceed to carry out their financial intentions, “but the population of the world would be reduced, greatly, through hunger, disease....”

The best policy action Russia, China, and India can take in the face of this danger is to take steps among themselves toward launching a new credit and monetary system, intended to foster new infrastructure, industrialization, and capital goods exports for developing countries in particular; and proposed to feature U.S. participation. The Schiller Institute’s long-standing proposal for a form of new Bretton Woods agreement have all been based on this idea, which was the actual intention of U.S. President Franklin Roosevelt in negotiating Bretton Woods, though curtailed and partially sabotaged after his death.

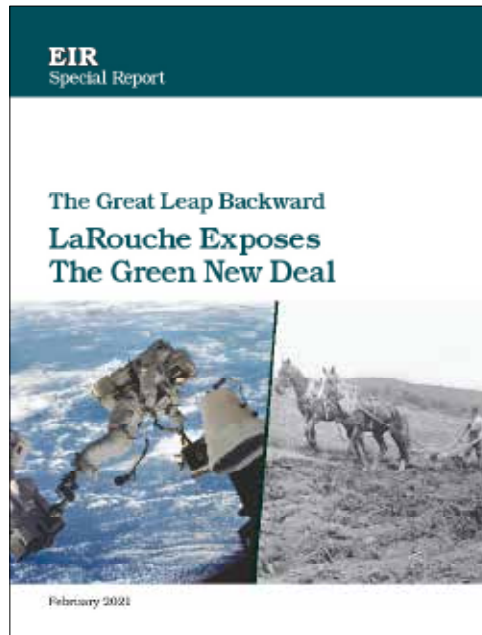
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**The Great Leap Backward:  
LaRouche Exposes the  
Green New Deal**

*Executive Intelligence Review* has released this Special Report to warn of the extreme danger to mankind represented by the Green New Deal, also called “The Great Reset” by the leaders of the Davos World Economic Forum.

Already being implemented, this plan is taking over the direction of national economies from sovereign governments, using the power of central banks and the too-big-to-fail private financial institutions, cutting off credit to fossil fuel power generation and to industrial and agricultural enterprises claimed to emit too much carbon. Meanwhile it is creating a new huge bubble in the “sustainable fuel” sector, hoping to prop up the increasingly bankrupt financial system.

Stopping it by returning to a Hamiltonian American System credit policy, requires an understanding which is the purpose of this report.



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