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EDITORIAL

Under Threat of World War, the Schiller Institute Organizes a Moral Renaissance

May 3 (EIRNS)—The U.S.-NATO prerogative to impose a “rules-based international system,” constantly repeated by the Biden Administration and British “imperial” mouthpieces, now consists of ordering all nations to join the United States and Europe in giving up fossil fuel energy, high-technology farming and livestock raising, high energy industrial

technology, whatever the consequences to their peoples. Moreover they must join in bludgeoning Russia and China until those technological great powers agree to do the same. If the Commander of United States Strategic Command, Adm. Charles Richard, has just said he judges “thermonuclear war” to be a strong possibility in this situation, NATO elites think that’s a chance worth taking to force their adversaries to “decarbonize” and regress in industry and power.

Canada is now attacked by U.S. officials like a strategic adversary, for having oil pipelines under the Mackinac Strait. Germany is slammed with sanctions until it abandons a gas pipeline from Russia. New Zealand is to be expelled from the “Five Eyes” intelligence partnership for not declaring China its enemy. Eastern European government leaders must bow to NATO/British geopolitical confrontation with Russia or have “regime-change” thrust upon them.

The grim reality of this “Great Reset”—for this is the “Great Reset’s actual character—is that NATO will pile sanctions and threats and dare Russia and China to superpower war, war unsurvivable for humanity, rather than allow them to continue with technological and industrial development the trans-Atlantic nations are abandoning themselves. And China and Russia will not accept “zero carbon” regression.

For the driving force of this menace, however, look to the City of London and Wall Street, the biggest financial giants and central banks—and there you find the great weakness of the Great Reset. These financial forces are staring at a global financial crash of a corporate bond debt and equity finance bubble in the tens of trillions of dollars, and additional tens of trillions of derivatives exposure. They just passed through a grim milestone on the way to that crash, with the collapse of a very large hedge fund called Archegos causing huge losses at big European banks; they know they’re within a year or so of the end.

Therefore London and Wall Street finance feel the urgent need to escape the crash with a new, gigantic bubble of “green finance”—wind turbine parks, solar farms, carbon offsets and credits for speculation, farmers

“carbon farming,” carbon derivatives.... And you are supposed to pay for it. If you won't, their weakness is exposed.

If enough citizens and organizations refuse, demand industrial development *for all nations* instead, the Green New Deal can be crushed.

But many citizens and leaders in the United States and Europe no longer have the morality to seek industrial development for developing nations, for Africa and Southwest Asia. They are indifferent, or put on indifference, to the famine threatening 300 million people this year in South Asia and Africa, triggered by the pandemic. Indifferent to peoples whose public health and hospital systems have crumbled under the waves of COVID-19, because their nations lack the modern healthcare capacities every nation must have and must be provided with. They are self-absorbed enough to ignore worsening social conflict and even, incredibly, the growing threat of global, unsurvivable war.

This must change; it will take a moral renaissance to defeat the pandemic and the “Great Reset” the pandemic is supposed to compel us to. This is the purpose of the series of international conferences of the Schiller Institute over the last year. The next conference is May 8, a few days away: “The Moral Collapse of the Trans-Atlantic World Cries Out for a New Paradigm.”

- Watch Harley's Updates with Harley Schlanger on Tuesday, May 4, 2021: Every weekday morning on The LaRouche Organization website, Harley will give you the strategic briefing on what you need to know to start your day.

STRATEGIC WAR DANGER

Russia Sees U.S. Signs Indicating Readiness To Discuss Strategic Stability

May 3 (EIRNS)—Russian Foreign Ministry spokeswoman Maria Zakharova told Sputnik in an interview published today that Russia is

noticing signals from the United States indicating Washington's readiness to discuss issues of strategic stability, and is ready for a dialogue; but Russia will press its missile defense concerns.

"We are not yet aware from what angle [U.S. President] Joe Biden's administration will address various aspects of arms control, including anti-missile issues. At the same time, we are registering signals from Washington [showing] an intention to discuss issues of strategic stability with us," Zakharova said. "However, we will not agree to anything without our interests and concerns being taken into account in return. If we manage to jointly arrive at a balance of interests, then we can talk about agreements," the diplomat stated.

Zakharova accused the United States of pursuing absolute military dominance and counting on Russia's nuclear deterrent getting weaker. "The U.S. has adopted a goal of reaching absolute dominance in the military arena and counts on the devaluation of Russia's nuclear deterrence potential, [combined] with a focus on creation of a global missile defense system," Zakharova explained. She also mentioned that Washington was making efforts to boost its military capabilities in space, and to create means for a rapid and high-precision non-nuclear strike.

Meantime, Zakharova gave a long interview to RT television today, which addressed some of the same issues, but included an extensive discussion about Russia's relationship to the dollar-based international financial system. The transcript is posted to the [Foreign Ministry's](#) website.

COLLAPSING WESTERN FINANCIAL SYSTEM

Archegos Hedge Fund Disaster Shows Banks Preparing a Financial Crash

May 3 (EIRNS)—The major bank losses from derivatives bets with the Archegos hedge fund, now at \$10 billion publicly acknowledged by Credit Suisse, UBS, Nomura and Morgan Stanley and with suspected losses up to \$100 billion, are likely to be the turning point which Bear Stearns' two

failed hedge funds were in July 2007, pointing to the global financial crash in the fall of 2008.

The biggest Wall Street- and City of London-centered banks are absolutely loaded with reserves and deposits courtesy of the endless quantitative easing programs of the biggest central banks. After years of using this reserve/deposit base to finance incredibly high-risk debt to zombie corporations across the trans-Atlantic world, these banks are now throwing hundreds of billions into derivatives games, with the central focus being stock values. Like the U.S. home mortgage and commercial real estate assets of 15 years ago, stock prices now only rise, they “will never go down” for very long.

The Archegos case has shown that these banks, if not broken up on the Glass-Steagall principle, cannot be capitalized enough to cover the risks they are betting on. Capital equal to 20%, even 30% of “risk-weighted assets”? The risk-weighting does not approach the risks the banks’ trading desks are taking in the swaps and derivatives markets to report “record trading profits” every quarter until a crash. Credit Suisse, the only major bank forced to “come clean” on some of its Archegos losses so far, had only about \$25 billion equivalent in counterparty risk-weighted assets—i.e., collateral—and \$2 billion of its own capital backing hundreds of billions of dollars exposure in “equity (stock) finance”—swaps, repos and derivatives, according to the Risky Finance blog.

What were these banks doing with Archegos? Among other things, they took Archegos’ holdings of stock in a particular company as collateral; *themselves bought* up to seven times as much of that stock and lent it to Archegos in swaps and repurchase agreements; and for fees, financed Archegos’ betting on the daily closing price of that stock, including its bets with them! Archegos’ liquidation blew up \$50 billion in apparent “values” of a few stocks in which the hedge fund had appeared to become the biggest holder. How much of that \$50 billion is the bank losses, so far reported as only \$10 billion?

Risky Finance on April 27 estimated the biggest banks' total exposure to this sort of "equity finance" at \$3 trillion. Matt Taibbi, in a long and humorous article on his TK News on April 30, "[Will 'Goldman Penis Envy' Crash the Economy Again?](#)" sketches the weird Elmer Gantry-like character Bill Hwang who ran Archegos, and says, "The real issue isn't Hwang but his banks." Hwang was banned by the SEC after similar disasters in the 2008 crash, but the banks lent him many, many billions for a truly crazed derivatives-betting scheme. Wall Street has been scrambling to contain both the financial and reputational damage. Taibbi wrote: "To date, the monetary hit to the banks alone is said to be \$10 billion, but that number keeps rising, as Nomura and UBS only just this week disclosed a combined \$3.7 billion in losses. Meanwhile, some analysts think the total loss in market value due just to this episode might ultimately be as big as \$100 billion—one source thinks the number might be \$200 billion."

Read the details, and you'll get an idea why a new, \$30 trillion "green finance" bubble looks so enticing to them. These banks are in the terminal stages of a vast bubble of unpayable corporate debt—which they have partially eased out of, leaving shadow banks in their place, like the mortgage-backed securities (MBS) of the last crash—and an exploding "equity finance" bubble which they cannot escape without triggering a global crash.

Natural Gas Prices in Europe Spike as LNG Deliveries Decline

May 3 (EIRNS)—While the United States claims Russia will have too much control of gas supplies to Europe if the Nord Stream 2 gas pipeline is built, Europe is facing a big spike in gas prices because reserves have been driven down partly as a result of lowered LNG deliveries, according to a report in Sputnik. Remember, America made LNG the big issue for diversifying Europe's gas supply away from Russia.

Gas prices reached \$295 per thousand cubic meters on the Dutch spot market TTF on May 2, crossing the landmark of \$286—a level previously seen in January 2021 amid a notably cold winter in Europe. There has been a steady decrease in LNG deliveries, and they suffered another 8% decrease

last week. This is all driving down gas reserves, where storage facilities are currently at around 30% of their capacity, much lower than the 41% average seen in the last five years. Stockpiles in April were diminished for the first time instead of being expanded.

Of course the problem would be resolved once Nord Stream 2, already 95% complete, comes online, if it is not blocked by the United States and NATO agents. So between the Greens shutting down fossil fuel use and the prospect of U.S. sanctions against Russian gas, Europe can face a very dark and cold future.

Meanwhile, rightwing Polish MEPs from the European Conservative and Reformist Group made a second attempt on April 29 to introduce an anti-Nord Stream 2 resolution in the European Parliament, supported by the Greens and the Identity Democracy Group. But their effort was blocked again by a combination of the Socialists and Democrats Group and the European People's Party. The first attempt occurred on April 22.

UNITED STATES POLITICAL AND ECONOMIC

A North American 'Nord Stream 2': Canada Gets 'Green' Enemy Treatment on Pipeline

May 3 (EIRNS)—Shortly after Joe Biden's inauguration his Secretary of State Tony Blinken declared that the United States "would not stand for China building projects with dirty technologies" overseas—only Blinken's first of many attacks on the Belt and Road Initiative. Now Biden's Administration, backing up Michigan Governor Gretchen Whitmer, is referring to Canada in the same terms, in the matter of the Enbridge Line 5 oil pipeline, operating since 1953.

Former Michigan Governor, and now Energy Secretary Jennifer Granholm, sounding like the German Green Party's Annalena Baerbock on the Nord Stream 2 pipeline, said at a CNN town hall April 29, "If we're going to do pipes, let's do pipes that build the infrastructure of America in a way that is future-looking, and not rely upon fuels or transport fuels—even though our neighbors to the north want it—that are not going to contribute

to reducing greenhouse gas emissions.” Thus with an extreme line even Whitmer has not even used, Granholm (a Canadian by birth) declared war on Canadian oil exports to the United States. Whitmer had ordered that Enbridge Line 5 be shut down by May 12, citing alleged pollution dangers to the Great Lakes, which allegedly are inextricable from having a pipeline under the Strait of Mackinac.

Canada’s ambassador calls this a “matter of national energy security”—for both countries. Ottawa could invoke a 1977 treaty that bars actions that “would have the effect of impeding, diverting, redirecting or interfering with ... the transmission of hydrocarbon in transit” except in case of natural disaster. Such an invocation would only then add a hostile act on Canada’s part, to the clearly hostile act from the United States.

Buffett’s Portfolio Companies See ‘Very Substantial’ and Not Temporary Inflation

May 3 (EIRNS)—Berkshire Hathaway CEO Warren Buffett’s comments at the company’s shareholders’ meeting blew away the nonsense about “some temporary inflation” coming from Federal Reserve chair Jerome Powell and Treasury Secretary Janet Yellen.

Answering a question at the meeting, Buffett—whose firm has many portfolio companies which are in the physical economy—said, “We’re raising prices. People are raising prices to us. And it’s being accepted.” That means it is *not* temporary. “We really do a lot of housing,” he continued. “The costs are just up, up, up. Steel costs, you know, just every day, they’re going up. And there hasn’t yet been—the wage stuff follows. I mean, the UAW writes a three-year contract, we got a three-year contract. But if you’re buying steel at General Motors or someplace, you’re paying more every day.”

Emphasizing the duration of the inflationary pressure, Buffett said, “It just won’t stop. People have money in their pocket, and they pay the higher prices. And when corporate prices go up in a month or two—and that was the price increase for April 1—our costs are going up, supply chain’s all screwed up for all kinds of people. But it’s a buy—it’s almost a buying

frenzy, except certain areas, you can't buy at all.... But it is not a price-sensitive economy right now in the least. And I don't know exactly how—what shows up in different price indices. But there's more inflation going on than—quite a bit more inflation going on than people would have anticipated just six months ago or thereabouts.”

Concerning all the money “people” are spending in Buffett's view, the U.S. government provided one-third of all personal income of Americans, from the richest to the poorest, in the past year. This was shown in transfer and personal income data included in the release, April 29, of the estimate of GDP for the first quarter. In the year from March 2020 to March 2021, Americans' total personal income exclusive of transfers from the federal government, incredibly lopsided as that income was, totaled \$16 trillion, and government transfers were \$8.1 trillion. In the year from March 2019 to March 2020, personal income without transfers was also \$16 trillion, and government transfers were just \$3.1 trillion. Thus despite the tremendous gains on stock and other financial markets for those households that own such financial assets, the impoverishment during the pandemic of those who don't own them caused total personal income to be unchanged.

And Treasury borrowing and distribution of trillions provided one-third of all income.

Biden Reportedly Tells Mossad Chief U.S. Is a Long Way from Rejoining Iran Nuclear Deal

May 3 (EIRNS)—When Yossi Cohen, chief of the Israeli Mossad, went to the White House on April 30 to meet with National Security Adviser Jake Sullivan, President Biden reportedly took the opportunity to “drop by.” A White House spokesman said the next day that Biden “dropped by to express condolences for the tragedy at Mount Meron,” in reference to the stampede earlier that day at an Orthodox religious festival in Israel that killed 45 people and injured over 150 others. An unnamed senior Israeli official furiously denied that account of Biden's presence, however.

Israeli journalist Barak Ravid reports in Axios that the official told him that it was a pre-scheduled meeting specifically with the President to

discuss Iran. The *Times of Israel* then reported that Cohen told Biden that it would be a mistake for the United States to return to the 2015 Iran nuclear deal—the Joint Comprehensive Plan of Action—without improving it. Biden reportedly responded that America had a long way to go before it agrees to a return to full compliance with the 2015 agreement. The White House has refused to comment.

COVID-19 AND FAMINE

Shock of India Covid Chaos Spurs South Africa To Order Sinopharm, Sputnik Vaccines

May 3 (EIRNS)—At his weekly press conference on April 29, Africa CDC chairman John Nkengasong said: “We are watching in total disbelief what is happening in India. The situation in India is very, very concerning to us as a continent. It speaks to the fact that we as a continent must be very prepared,” later also stating that, “It is a wake-up call. We cannot be indifferent to what is happening in India. We must act now, decisively and collectively, we need to regroup and prepare ourselves.”

While the threat of new, deadlier variants is high on Nkengasong’s list of worries, the immediate concern is over the overall vulnerability of the continent through lack of health infrastructure, most clearly seen in the case of vaccine distribution. With the spike in virus in India, the country has all but eliminated itself as a supplier of vaccines on the global market. Since India’s AstraZeneca plant has been the primary supplier of doses for the COVAX distribution, it has put that entire scheme—linchpin of the “Western” world pandemic response—into new focus as another “failed state” in the wake of the imperialists’ sinking ship.

That it is not simply the lack of “supply” of vaccines which plagues Africa, is seen in the fact that several African countries—poster-children of the COVAX program—are literally on the verge of destroying doses for their inability to distribute them before their expiry. While the Western press is quick to defer blame by raising the issue of “vaccine hesitancy” (which is both real and justified), the heart of the issue is that raised by

Schiller Institute chairwoman Helga Zepp-LaRouche: The lack of a global health infrastructure in depth. It is not lack of desire, but lack of trained personnel; sanitary facilities; power to run them; and transportation infrastructure to distribute as well as for the public to access them, which accounts for Africa's apparent "hesitancy."

Malawi is destroying 16,000 unadministered AstraZeneca (COVAX) doses which expired in April, despite assurances from AZ that vaccines would hold beyond expiration; Uganda has only dispensed 230,000 of the 964,000 doses of the AZ vaccine it has received since March 10. Faced with the same problem, the D.R. Congo has chosen to donate 1.3 million (the majority of its 1.7 million) doses to other countries: According to WHO Regional Director for Africa Matshidiso Moeti, agreements are being finalized with the Central African Republic, Ghana, Senegal, and Togo.

One country which does have the ability to distribute vaccines is South Africa, and their response to the AZ loss is perhaps most telling: On April 28, it was announced—even though the regulatory process has not been fully completed—that South Africa “would be negotiating for an additional 10 million doses of Russia’s Sputnik V and China’s Sinovac vaccines,” with Health Minister Zweli Mkhize telling the press, “We are [making this announcement] now because we expect South African health product regulators to approve these vaccines.” The country plans to begin their rollout next week, with a goal to inoculate 126.5 million by the end of October.

The larger significance of these developing crises is addressed by South African Cobus van Staden, co-founder of the China Africa Project, in his weekly newsletter, “[COVID and the Emerging Global Landscape](#).” Van Staden observes that the U.S./West is clearly losing the “optics” game, as Biden (and London) sits on “tens of millions” of unused doses while denying exports to embattled nations, and handing China an easy win on this front. Beyond that, “COVAX’s vaccine distribution has failed to meet the needs of developing countries with just 43.4 million doses spread thinly across 119 countries.”

South Africa’s “choice to opt for Chinese and Russian vaccines is a small indicator of how COVID is revealing a new world order,” van Staden states, one where rich democracies are by far winning the domestic vaccination race, but at the price of extending any coherent influence to the rest of the world. “It tends to reinforce perceptions that these countries are little rich enclaves, primarily preoccupied with domestic politics, the balancing of which depends on keeping the rest of the world at arm’s length.”

“Ensconced in that reality,” says van Staden, “Western commentators have tended to focus on Chinese and Russian vaccine diplomacy as undue attempts to gather international influence, rather than focusing on what Western relative disinterest in the same kind of outreach reveals about itself, or the wider emerging global landscape.”

GREEN NEW DEAL

Blinken Extorts \$8 Billion Climate Cash from Kenya

May 3 (EIRNS)—Within days of the virtual “tour” of Kenya by Secretary of State Anthony Blinken—in which the first item on Blinken’s agenda was to “build back better [by] creating quality good-paying green jobs”—Kenya announced an \$8 billion commitment for “climate change mitigation and adaptation” over the next 10 years, a commitment which translates to KSh80 billion Kenya shillings (\$742.8 million) per year for the next 10 years. A quick scan of the 2020-2021 budget for the country reveals this to be the second-largest line item in the budget, topped only by their KSh94.9 billion (\$881.151 million) allocation to university education.

The cash-starved (but not quite yet starving) country, which was forced to take out a loan with the IMF earlier this year to defray lost income during the pandemic, allocated a grand total of KSh111.7 billion (\$1.04 billion) to the entire health sector, to cover everything from “HIV, malaria and tuberculosis” to “Level Five Hospitals.”