

EIR Daily Alert Service

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- The Green New Deal and Financial Disaster
- Former Chief Economist of European Central Bank Warns of Crash
- Welter of Shortages Is Driving Inflation, Typified by Halts in U.S. Home Construction
- Wall Street's Repo Madness: Whole U.S. System Has 70% More Reserves Than Loans
- Biden Replies to International Energy Agency, G7 Dictate, To Shut Down All Carbon Fuels Pronto!
- Sudan Becomes Favorite of West: Debt to IMF Cleared
- Cheminade Gives Xinhua Interview, Details CPC's Achievements in Country's Development
- Beijing Moves Against Commodity Speculators in China
- Anti-Malthusian Resistance: South Africa Develops Coal Power
- Kremlin Spokesman Peskov Sets the Stage for Putin-Biden Meeting
- West Scandalizes Lukashenko for Doing What Obama Tried To Do to Snowden, to Media Silence

EDITORIAL

The Green New Deal and Financial Disaster

May 24 (EIRNS)—The global financial elite have only a shrinking time-frame in which to force all nations, and all of us, to stop resisting and accept their “Great Reset,” or “Green New Deal.” They are running out of time before a perhaps \$100 trillion “everything bubble” of largely unpayable debts and derivatives exposures based on them, collapses or goes

into a hyperinflationary explosion. It is that bubble they are trying to “roll over” by looting tens of trillions of dollars out of real industrial and agricultural production, household wealth and survival, and jamming it into a “green finance” bubble based on dolled-up throwback energy technologies.

Just listen to a *Washington Post* editorial today, commenting on the truly insane haste to eliminate all new fossil fuel investments *this year* and “green everything” to zero-carbon, which is demanded in the big May 5 report of the International Energy Agency (IEA)—essentially the energy branch of the Davos World Economic Forum. “Others Say: Net-Zero Is Plausible. But It Won’t Be Easy” is the headline. Installing the world’s biggest solar farm *every day* through 2030. Building 200 massive “gigafactories” during the decade to turn out electric vehicles. Controlling everything people do and forcing them to change immediately how they build buildings, heat homes, produce goods, commute, etc. “Singular, unwavering focus from all governments,” doing little else. “Today, the data shows a looming mismatch between the world’s strengthened climate ambitions and the availability of critical minerals that are essential to realizing those climate ambitions,” it quotes the IEA’s executive director Fatih Birol.

This is the desperation of imagining a new financial bubble immense enough to swallow up in oblivion and/or inflate away the tens of trillions of unpayable debt. It must involve unprecedented looting of human conditions and lives. So, they say, it demands “singular, unwavering focus from all governments.” Last week, G7 foreign and economic ministers said they agreed to this.

The last time such private financial conglomerates bent government policy to their will and dramatically shifted all GDP and economic activity to their goals, it was the financial powers of fascism between the world wars, acting especially through their central banks. Representing these powers, Germany’s central banker Hjalmar Schacht forced a 20% GDP shift to armaments production in just two years, by printing money and

taking over government spending. As that shift continued, inflation came with it until it led to world war.

Here the IEA, the “Great Reset” financiers, are talking about a great technological leap backwards in *all* economic activity, forced again by central bank-led and -directed money-printing which has bypassed any and all historical scale in the past 18 months. This vast “green new deal” shift will cause loss of millions of lives in the developing countries until it leads to war against major powers—China and Russia—which resist the Malthusian policy.

And imminently now, it faces a hyperinflationary collapse. The former European Central Bank chief economist Jürgen Stark said yesterday, treading very carefully, “I do not want to provoke a crash, but it cannot be ruled out.” The respected veteran American economist John Williams, an expert on the real statistics behind government stats, said in an interview, “I think we are eventually headed into a hyperinflationary economic collapse. It’s not that we haven’t been in an economic collapse already.... The Fed has been creating money at a pace that has never been seen before. You are basically up 75% (in money creation) year over year. This is unprecedented. Normally, it might be up 1% or 2% year over year. The exploding money supply will lead to inflation. I am not saying we are going to get to 75% inflation—yet. But you are getting up to the 4% or 5% range, and you are soon going to be seeing 10% range year over year.... The Fed has lost control of inflation.”

So we must become members and leaders of that global anti-Malthusian resistance: With Russia and China as *allies* in this resistance; nationalize those central banks; break up the Wall Street and London banks; and stop the Green New Deal before it brings on hyperinflationary collapse.

- Watch [Harley’s Updates](#) with Harley Schlanger on Tuesday, May 25, 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.

COLLAPSING WESTERN FINANCIAL SYSTEM

Former Chief Economist of European Central Bank Warns of Crash

May 24 (EIRNS)—As reported by the Tichy's Einblick (Tichy's Insight) website, former ECB chief economist Jürgen Stark points out that Germany has basically lost its fiscal sovereignty, that the country and Europe are in the middle of a profound systemic change in financial policy and in danger of a financial crash.

“In my view, the erosion of national sovereignty in terms of fiscal policy has already occurred,” Stark assessed, saying that every new step in what euphemistically has been called “integration progress” has undermined this national sovereignty in the years since 2010. The other factor mentioned by Stark as having had a particular eroding effect has been the bond-purchasing program of the ECB, which has proceeded at the expense of financial stability and has favored the explosion of state indebtedness, especially of the southern EU member countries. This program of the ECB will have provided an unbelievable total of €1.8 trillion by the first quarter of 2022, Stark charged, the net effect of that being a decoupling of the bond markets from the real economy—with fatal consequences: “I do not want to provoke a crash, but it cannot be ruled out.”

Stark furthermore denounced the Next Generation EU program which the EU called a “recovery program,” as “having nothing, really absolutely nothing, to do with the consequences of the pandemic.” The program is designed to expand the powers of the EU, Stark charged, stressing that this has nothing to do with the treaties on economic and financial stability, including the 1992 Maastricht Treaty, that have been signed by Germany: “We are in the middle of a systemic change.”

Welter of Shortages Is Driving Inflation, Typified by Halts in U.S. Home Construction

May 24 (EIRNS)—The current shortages afflicting production in just about every industry are the result *both* of pandemic-triggered collapses in demand and production shutdowns during much of 2020, *and* of the

accumulation of furious money-printing by central banks since October 2019 and the U.S. government since May of 2020. Residential construction in North America is now an extreme example, since residential developments are halting construction altogether under the barrage of price increases resulting from shortages of materials. There is a historic shortage of homes for sale and a ferocious “seller’s market” for homes that are built; yet the builders who sell new homes are halting the process in locations across the United States and Canada.

Single-family home construction starts dropped 14% from March to April in the United States. The reason is runaway price increases in building materials, feeding through to a crisis in affordability of homes to buyers in all but the uppermost home price classes. An index of construction materials (lumber, steel, iron, copper, gypsum, etc.) prices is up 12.5% this year, according to a CNBC report May 20. Final prices for homes have risen more, by 18-20% depending on the survey. Homebuilders are inserting escalation clauses into sales contracts, subjecting the buyer to price escalation while the home is being built (half of all builders are doing this); and in other cases, halting construction on subdivisions after putting in foundations, to wait for further developments in availability and prices of materials.

In addition to the price increases there are shortages of materials, and also a shortage of appliances for new homes, according to Associated General Contractors. Construction employment is still below pre-pandemic level. As to existing homes, the sales of these have shifted sharply to the upper price ranges, with medium- and lower-priced homes scarcely selling, because the entire price range has shifted up into the *median* range of \$325-350,000 (the average price is much higher).

In Canada, residential construction stops for months at a time due to shortages and prices. “The whole supply chain is out of whack,” Matt McCurrach, president of Homex Development Corp. in Kamloops, B.C. told CNBC. And President Sue Wastell of Wastell Homes in London, Ontario is quoted: “It’s getting worse and worse every day. Literally every

day, we're finding out something else is not arriving when it was scheduled to.... We've never seen anything like this.”

Other shortages are everywhere. There are shortages of 120 significant drugs according to the FDA, for example. The microcomputer chip shortage is projected to last through the next two years. As a result of this North American auto production is down by 25-50% depending on maker, and nearly 10,000 autoworkers have been laid off in consequence.

The UN [Food and Agriculture Organization](#) reported May 6, under the headline “The FAO Food Price Index Continues To Rise Unabated”: That index is up 30.8% in a year; the cereals sub-index, up 26%; the dairy price index, up 24.1%; the meat price index, up 5.1%; the sugar price index, up 60%; and vegetable oils, up 100%.”

Wall Street's Repo Madness: Whole U.S. System Has 70% More Reserves Than Loans

May 24 (EIRNS)—The unprecedented and insane reserve overflow of the U.S.-based banks, with deposits completely decoupled from lending, is only getting worse as the Federal Reserve's latest quantitative easing binge passes 18 months. The Fed's most recent flow-of-funds report, for the week ended May 12, now shows the entire U.S. system of banks with a 10% surplus of deposits over all bank credit, and a 70% surplus of deposits over bank loans. The figures are \$17.15 trillion in deposits, \$15.55 trillion in bank credit, and \$10.35 trillion in loans and leases.

What this indicates is, first, that the banks held \$5 trillion in speculative securities assets of all kinds (part of “bank credit”) despite claiming to be “commercial banks.” And these figures are dominated by the Wall Street “Big Six” banks which have two-thirds of all deposits and are now nearly 20% larger than the immense, far too big to fail, break-them-up-or-die size they boasted as of 2019.

Second: Add to that their \$3.8 trillion in cash reserves and \$2.2 trillion in “trading assets and reverse repos,” and you have huge banking conglomerates which are absolute engines of hyper-speculation and

inflation. Pumping them ever more full of reserves, is the Federal Reserve—so careful and attentive now about their reducing exposure to fossil fuel-related investments, of course—whose balance sheet has reached \$8 trillion and rising, from \$3.75 trillion just 19 months ago at the start of “QE4.”

These banks may now have become so overstuffed with newly printed and electronically generated deposits and reserves, that they are starting to throw up after a touch of food poisoning in the Archegos Capital hedge fund affair. They are shoving the reserves back to the Fed in record amounts of what are called reverse-repo transactions, now having reached about \$400 billion.

Since the Fed puts more Treasury securities into circulation as collateral for these 0% “loans” it is receiving, long-term Treasury interest rates may be forced to rise somewhat further, helping explode the gargantuan bubble of unpayable debts sooner rather than later.

U.S. POLITICAL AND ECONOMIC

Biden Replies to International Energy Agency, G7 Dictate, To Shut Down All Carbon Fuels Pronto!

May 24 (EIRNS)—President Joe Biden on May 20 issued an Executive Order, clearly guided by the May 18 International Energy Agency Report (IEA) and the May 3-5 meeting of G7 foreign and economic ministers, to mandate a “whole of government” effort to stop investment in technologies involving carbon, or life, as rapidly as possible. Called the “Executive Order on Climate-Related Financial Risk,” it orders, *inter alia*:

- The National Climate Advisor (John Kerry) and the Director of the National Economic Council (Brian Deese from BlackRock, Inc.) to develop within 120 days a comprehensive, government-wide climate-risk strategy to identify and disclose climate-related financial risk to government programs, assets, and liabilities, and get rid of it to reach economy-wide net-zero emissions by 2050.

- “The Treasury Secretary, as head of the Financial Stability Oversight Council, to work with Council members to assess climate-related financial risk to the stability of the federal government and the stability of the U.S. financial system”; and within 180 days have the Council propose ways to reduce risks to financial stability through regulatory and supervisory practices—while, of course, ignoring the risk of unrestrained money-printing by the Federal Reserve and extreme levels of speculation on stocks, corporate and mortgage debt and derivatives.

- “The Labor Secretary to consider suspending, revising, or rescinding any rules from the prior administration that would have barred investment firms from considering environmental, social and governance factors, including climate-related risks, in their investment decisions related to workers’ pensions.” This is the biggest investment pot, to be barred from fossil fuel and carbon-intensive industry investments.

- The development of “recommendations for improving how Federal financial management and reporting can incorporate climate-related financial risk, especially as that risk relates to federal lending programs.” Don’t lend or give federal contracts to fossil fuel-related companies or carbon-wasteful agricultural cooperatives, etc.

- The federal government to develop and publish annually an assessment of its climate-related fiscal risk exposure while eliminating the sources of it by selective spending cuts.

Sudan Becomes Favorite of West: Debt to IMF Cleared

May 24 (EIRNS)—On May 17 Sudan was the center of attention at a Paris meeting on debt relief. There, the African country’s debt to the IMF was cleared, using the technicality of creating a new “bridge loan” of \$1.5 billion from Paris Club member countries, which took the debt off the IMF books and put it on those of the individual countries. In addition, France announced its “intention” to write off \$5 billion of its outstanding bilateral debt to the nation, as did Italy, Germany and Norway, for a total of \$6.8 billion (China has also forgiven a portion of its bilateral loans to Sudan, but

was not at the Paris meeting). This leaves Kuwait and Saudi Arabia as Sudan's largest creditors, each with nearly \$10 billion.

All this showering of favors was necessary in order for Sudan to do two things: First, they will now be able to start paying on debt owed to private lenders, that couldn't get paid as long as the IMF debt (which has priority for payment) was non-performing. Sudan will also now qualify for the IMF's program for Highly Indebted Poor Countries (HIPC), under which—provided that Sudan further agrees to eliminate fuel (and possibly food) subsidies, and devalue its currency!—it will be qualified for new debt.

The geopolitics behind this is that, in November 2020, Sudan agreed to allow a Russian “naval facility and military base” to be built at Port Sudan, on the Red Sea, less than 200 miles across from Mecca in Saudi Arabia. It was Russia's first military base on the continent (China's sole African base is in Djibouti, since 2017). Suddenly Sudan became the West's best friend and the target of a flurry of “diplomatic” activity, including visits by AFRICOM commander Gen. Steven Townsend, and AFRICOM “ambassador” Andrew Young, with Secretary of State Tony Blinken also having spoken with Prime Minister Abdalla Hamdok twice since taking office. In April, Sudan finally reneged on their agreement with Russia in the crudest fashion—literally waiting until the Russian vessel was about to dock before notifying it that it would not be allowed to unload its cargo of radar and other equipment.

Note that Sudan is also a key discussant in the Grand Renaissance Ethiopian Dam talks, with the White and Blue Nile Rivers merging at the capital city of Khartoum.

LAROUCHE

Cheminade Gives Xinhua Interview, Details CPC's Achievements in Country's Development

May 24 (EIRNS)—Following the recent declaration initiated by Helga Zepp-LaRouche for cooperation with China, which was signed by many of the West's China experts, signer [Jacques Cheminade](#) gave an interview to

China's Xinhua news agency on his thoughts about the role of the Chinese Communist Party today.

“ ‘Chinese Communists have accomplished great achievements in the country's development by living up to their all-for-the-people commitment,’ Jacques Cheminade, chairman of the French political party Solidarity and Progress, recently told Xinhua via video link. ‘For the Communist Party of China (CPC), loving people is not only a political commitment, but also the source of strength,’ said Cheminade.

“In his view, a political party must know well about and be linked to the history of its own country, which is exactly what the CPC has been doing. ‘In China, there is a vision of the future nourished by the past, by the Chinese history,’ said the party leader, referring to the Belt and Road Initiative as a case in point.

“In 2019, Cheminade visited China for the first time and participated in the Euro-Asia Economic Forum in Xi'an, capital of northwest China's Shaanxi Province. During the trip, he noticed that people's living standards in this country had been growing incredibly fast and that local people were more optimistic about their future compared with people in the West.

“Talking about relations between France and China, Cheminade expressed his hope that the two countries could forge a more rational and active link in safeguarding multilateralism. ‘It is by building multilateralism through different ways that we will achieve the same commitment to the development of all,’ he said.

“In March, Cheminade co-signed a declaration with experts from different countries, calling on the West to face up to China's development achievements and to strengthen cooperation with the Asian country.

“Denouncing the anti-China propaganda organized by some Western countries, Cheminade stressed that China has never imposed its own political system on other countries. In dealing with adverse situations created by the West, China has also been showing patience and good

political will, he added, expressing appreciation for ‘the sense of common welfare’ of the CPC and the Chinese people.”

THE NEW GLOBAL ECONOMIC ORDER

Beijing Moves Against Commodity Speculators in China

May 24 (EIRNS)—China’s National Development and Reform Commission (NDRC) held a meeting with China’s big metals producers, after which it issued a stern warning against “excessive speculation” and hoarding of raw materials, and pledged to show “zero tolerance” for monopolies in the markets.

“This round of price increases is the result of multiple factors, including international transmission but [they] also have many aspects reflecting over-speculation,” the NDRC said. It then warned that companies “should not collude with each other to manipulate market prices [or] hoard goods and drive up prices,” pointing out that the surge in commodity prices is disrupting normal market order.

The move had an immediate impact, with iron ore prices on China’s Dalian exchange plunging almost to its daily limit of 10%. Steel and copper prices have also dropped, as traders have digested the move.

Anti-Malthusian Resistance: South Africa Develops Coal Power

May 24 (EIRNS)—Eskom’s Medupi Power Station in Limpopo, South Africa will be fully operational by the end of this year, according to South Africa’s Deputy President David Mabuza; this continues the attempt to make sure that there is enough electricity in the country. Medupi is a greenfield coal-fired power plant comprising six units rated in total at 4764 MW installed capacity. Complete, it will be the largest dry-cooled power station (using ambient air to cool and condense steam) in the world. The boiler and turbine contracts for Medupi are the largest Eskom has ever signed.

STRATEGIC STABILITY

Kremlin Spokesman Peskov Sets the Stage for Putin-Biden Meeting

May 24 (EIRNS)—Last night President Vladimir Putin’s spokesman Dmitry Peskov told Russia’s widely-watched TV program “[Moscow. Kremlin. Putin.](#)” that a meeting of the Presidents of Russia and the United States had been agreed, TASS reported yesterday. Peskov declared, “The most important thing is the mere fact of a meeting, because it is rather important for our bilateral relations, for leading them out of that sad situation in which they are now.” The Sunday night program, “Moscow. Kremlin. Putin,” airs on Rossiya-1 TV network.

Peskov said that the meeting was being discussed now. Foreign Minister Sergey Lavrov “told the President in detail about the outcome of his talks with Mr. Blinken, and the President will make a decision,” Peskov said. “As soon as he does this, we will inform the public.”

President Biden is scheduled to visit Europe in mid-June to attend the G7 and NATO summits. The G7 summit will be held in the U.K. resort town of Carbis Bay on the Atlantic coast of the Cornwall Peninsula on June 11-13. NATO will hold its summit in Brussels on June 14.

TASS reported that Peskov further stated: “As for strategic stability, this is an inalienable part of Russian-U.S. talks, and strategic stability issues in any case should and will be discussed at various levels,” He emphasized that Russia has the “most advanced strategic forces in the world—they are of course a guarantee of stability because they are a deterrence element.” TASS referenced remarks the Russian President made to the meeting Russian Pobeda (Victory) Organizing Committee on May 20, in which he highlighted: “We have the most advanced nuclear deterrent forces of all nuclear powers. We can say with confidence that it is a cutting-edge deterrent. We have acquired an altogether new type of strategic arms—the Avangard intercontinental hypersonic glide vehicle. We have hypersonic weapons that nobody else has, and we continue to develop them. We are acquiring new aircraft systems that have no analogues in the world, surface

warships and submarines, and the most advanced drones,” according to the Kremlin website transcript.

As to the choice of the venue for the two Presidents’ talks, Peskov responded that the choice of a city “is more a technical decision. The most important thing is the fact of the meeting.”

West Scandalizes Lukashenko for Doing What Obama Tried To Do to Snowden, to Media Silence

May 24 (EIRNS)—International media shouted in outrage today over the fact that Belarus forced a Ryanair aircraft flying through Belarus airspace, en route from Athens to Vilnius, to make an “emergency landing” in Minsk so it could arrest an exiled Belarusian anti-government journalist-blogger onboard, Roman Protasevich. The action was clearly illegal; but as [Glenn Greenwald](#) quickly reminded in a detailed recounting of recent history on his website, it “is not unprecedented. The dangerous tactic was pioneered by the same U.S. and EU officials now righteously condemning it.” Its headline is “As Anger Toward Belarus Mounts, Recall the 2013 Forced Landing of Bolivia’s Plane to Find Snowden.”

U.S. Secretary of State Antony Blinken released a statement today saying the United States “strongly condemns the forced diversion of a flight” and the arrest of Protasevich in Minsk. He accused the Lukashenko regime of having “endangered the lives of more than 120 passengers, including U.S. citizens.” The United States is calling for a meeting of the Council of the International Civil Aviation Organization, and EU Commission President Ursula von der Leyen demanded Belarus be suspended from the Civil Aviation Council. The Greek government denounced the actions, since the flight originated in Greece. The Czech Ministry of Foreign Affairs announced it will be summoning the ambassador of Belarus to hand him a note of protest.

Roman Protasevich, a co-founder of the Nexta Telegram channel, designated as extremist in Belarus, was in Greece attending the Delphi Economic Forum along with several other opposition figures. Apparently four others left the plane in Minsk, possibly Belarus secret agents.

On July 3, 2013 the aircraft of Bolivia's then-President Evo Morales, flying from Russia, where he had attended a conference on natural gas development, back to Bolivia, was blocked from entering French, Spanish or Italian airspace and forced to turn back and land in Vienna, where the Obama White House had an extradition request waiting for Edward Snowden, whom Washington thought was being "smuggled" from Moscow to Bolivia on President Morales's plane. France and Spain were later forced to issue apologies to President Morales; Spanish officials admitted "they" (the White House) had told them Snowden was on the plane. The Obama White House had already forced Snowden off a flight and into the Moscow airport, by revoking his passport while he was in mid-air flying from Hong Kong, en route to Cuba. Because his passport was revoked, he could not board his next flight for Cuba, and at the time of the incident with the Bolivian President's plane, he was stranded in the Moscow airport, where he would remain for five weeks.

There was outrage then, but from very different quarters: the governments of Bolivia, Brazil, Argentina, and finally even the Organization of American States (OAS).