

## EIR Daily Alert Service

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## EDITORIAL

### **LaRouche Guides a New Economic Architecture**

April 11 (EIRNS)—The trans-Atlantic nations, as NATO and its “allies and partners,” are ravaging the world’s economies, including their own, and including subjecting hundreds of millions of people to the threat of famine, in order to “weaken” and “crush” Russia and its partnership with China. Their leaders, instructed by oligarchs of the City of London and Wall Street, seem almost to welcome the severe austerity they are imposing on their own peoples, as some sort of talisman of victory in what can easily become a world war with nuclear weapons. The “weaponized” U.S. dollar is being discredited as the international reserve currency it has informally been since the 1970s destruction of the Bretton Woods monetary system.

These are just 40 nations. Even within them, and the great majority of other nations seeking to end the Ukraine war without collapsing the world economy, many are looking for the path to a new economic development platform—including a new monetary system—as well as a new security architecture. They want to know which major nations could start to build a new international credit system, with what currency or currencies, and how.

The Schiller Institute’s April 9 conference, with 650 activists from more than 60 countries participating on a Zoom link and thousands more following the conference on social media, included answers to this question. Much more thoroughly, Lyndon LaRouche’s 2004 masterpiece, “[On the Subject of Tariffs and Trade](#),” gives them all the fundamentals of building a new economic development platform when NATO has left the dollar system radioactive. A very rich central section of this work is being republished by *Executive Intelligence Review* this week.

In the current global tragedy, many economists and financial analysts are claiming to see opportunities for a new system—based on the values of strategic commodities; on trade with national currencies outside the dollar; simply on central banks’ massive domestic printing of currencies other than the dollar; or at the opposite extreme, on a gold standard.

But Lyndon LaRouche proves that the central criterion for determining economic value in the relations among nations, is physical-economic productivity, and the foreseeable future national productivity which nations can achieve through the wise use of their national credit.

LaRouche said, “The value of money should be determined by a scientific principle, not an accounting principle. And the scientific principle is: What is a physically defensible determination of the will of governments and the ability of governments to perform in creating credit, over the long term, for the development of their economies and their productivities?”

And he writes in “[On the Subject of Tariffs and Trade](#),” that the target of using credit to increase national productivity, is a higher future standard of living and skill available to the households of the national workforce.

“...[T]he standard of measure to be used in national-economic estimates

intended for crafting policy, is a certain kind of normative standard of physical family income, including all participation in essential public services of basic economic infrastructure. The average of actual data is not to be used for the purpose of defining policy; instead, we must use *a standard ... chosen for a household whose employment expresses a specified level of development of technology employed in production.*” [Emphasis in original.]

LaRouche had written in 2000, in “**On a Basket of Hard Commodities: Trade Without Currency,**” on why the dollar served successfully as the gold-reserve basis for the Bretton Woods system from 1945 through the 1960s, and as the basis for the largest share of the productive credit generated internationally in that period. He wrote that this was not due to the international market values of any major American commodities or the power of Wall Street finance. It performed that role because of the United States’ strong economic infrastructure and physical-economic productivity achieved during Franklin Roosevelt’s long presidency and through to John F. Kennedy’s space and nuclear crash programs.

The basis of a new economic platform must be a group of major nations now. LaRouche’s principles of physical science and economic productivity explained in “On the Subject of Tariffs and Trade” are the unique guide to success.

- Watch **Harley’s Updates** with Harley Schlanger on Tuesday April 12, 2022: Every weekday morning on **The LaRouche Organization**, Schlanger will give you the strategic briefing you need to start your day.

## STRATEGIC WAR DANGER

### **NATO Going for Global Dictatorship at Its Next Summit in Madrid**

April 11 (EIRNS)—NATO Secretary General Jens Stoltenberg told Britain’s *Telegraph* in an interview that NATO is preparing to make permanent its deployment to the east, or as he put it, a “reinforcement” to

be turned into a fundamental “reset” of the alliance. That reset, he says, must be accompanied by increased national defense spending by NATO members, many of which still allocate less than the alliance’s minimum threshold of 2% expenditure as a share of their GDP. “The 2% guideline is a minimum guideline, and of course I welcome every increase in defense spending from all allies—also, of course, those allies who are already spending more than 2%, like the United Kingdom,” he said. “But of course my main focus is to ensure that those that are below 2% meet that minimum guideline.”

After retailing the usual propaganda about Ukraine’s “self-defense” and praise for the British role in that, he went on: “What we see now is a new reality, a new normal for European security. Therefore, we have now asked our military commanders to provide options for what we call a reset, a more longer-term adaptation of NATO. I expect that NATO leaders will make decisions on this when they meet in Madrid at the NATO summit in June.” NATO, he says, is “in the midst of a very fundamental transformation” that will reflect “the long-term consequences” of Putin’s actions. “Regardless of when, how, the war in Ukraine ends, the war has already had long-term consequences for our security. NATO needs to adapt to that new reality. And that’s exactly what we are doing.”

Under the plans being worked up by NATO military commanders, NATO’s eastern deployment would be transformed into a major force that is supposed to be capable of taking on an invading army. “Since we have implemented so many immediate measures, we have the time now until the summit to make more longer-term decisions,” Stoltenberg said. “This is part of the reset which we have to make, which is to move from tripwire deterrence to something which is more about deterrence by denial or defense. This is already in process. We have to ensure that we continue to be able, in a more dangerous world, to protect and defend all NATO allies.”

Stoltenberg is also planning to enshrine the growing threat from China into NATO’s “strategic concept,” its formal strategy document, for the first time. “Because the rise of China, the shifting global balance of power, has

direct consequences for NATO.” Beijing, Stoltenberg says, “has the second-largest defense budget in the world” and is investing heavily in “new modern nuclear capabilities, long-range missiles that can reach all NATO territory.” He continues: “It is also of concern that we see that Russia and China are working more and more closely together. This is something that matters for our security.” In other words, at the Madrid summit, it will no longer be a North Atlantic alliance but rather a global empire.

Meanwhile, Sweden and Finland are reported to be getting set to formally apply for NATO membership as early as this summer. According to *The Times* of London, Finland is expected to apply to join the alliance in June, followed by neighboring Sweden, despite warnings from Russia that membership would lead to “the destruction of their country.” It comes after Finnish Prime Minister Sanna Marin said it was time for the country to reconsider its stance on NATO, while Swedish leader Magdalena Andersson refused to rule out an application. And Sweden is currently undertaking a review of its security that is due for completion at the end of this month—similar to Finland’s timetable, *The Times* reports.

### **EU on War Path, as von der Leyen and Borrell Promise Weapons and Austerity on Kyiv Visit**

April 11 (EIRNS)—The visit to Ukraine by EU Commission President Ursula von der Leyen and EU foreign affairs chief Josep Borrell on April 8 marked a big step in the transformation of the European Union into a war economy. Against the background of the EU ban issued two days before on imports of Russian coal, von der Leyen also hinted that a total embargo on oil and gas as soon as possible was on the EU agenda. The deal on delivery of 15 billion cubic meters of LNG by the end of this year, which she signed with the U.S. on March 26, already shows where things will go. As for the “total independence” from energy imports from Russia, the government-related German Institute for Economic Research (DIW) provided arguments that it could be achieved already by the end of this year—at the cost of substantial cuts in gas consumption by German private households

and industry (though added to the burden of increased food and energy prices caused by the sanctions).

“If the energy savings potential is maximized and at the same time supplies from other natural gas supplier countries are expanded as far as technically possible, Germany’s supply of natural gas will be secured even without Russian imports in the current year and in the coming winter of 2022-23,” the DIW claims in a paper it released April 8, reported Deutsche Welle news agency. However: “Admittedly, the additional supply is not sufficient to replace all previous Russian natural gas imports,” but in combination with declining natural gas consumption, the German energy supply could be secured, DIW argues. Demand could be reduced by up to 26%. This could eliminate up to half of Russian supplies, DIW proclaims. “While natural gas in the electricity sector can be replaced by alternative energy sources in the short term, the savings in industry are accompanied by a drop in production. The industries particularly affected should therefore be compensated,” but what they mean by “affected” is forced to shut down.

Just after von der Leyen’s return from Kyiv, the German government indeed moved in that direction, announcing new borrowings of €100 billion to fund repayable bridging loans to industry. Like the extra defense budget of €100 billion, they expect the sister program to be funded to a great extent by cuts in non-military budgets, particularly the social expenses of the government.

As for the militarization aspect, Borrell declared while in Kyiv that EU member states should step up their arms deliveries to Ukraine. “Put the emphasis on arms deliveries.... Sanctions are important, but sanctions will not solve the problem of the battle in the Donbas.” He said it was clear that “the war will be decided in the battle for the Donbas.”

The EU is evidently engaged heavily in efforts to militarize the situation and sabotage any basis for diplomacy seeking a peaceful solution in Ukraine. The latest in this respect are remarks by German Foreign Minister Annalena Baerbock en route to an EU Foreign Ministers meeting in

Luxembourg April 11, that (apparently forgetting her portfolio was not defense) “this is not the time for any more excuses ... what Ukraine needs most of all, is weapons, including heavy weapons.”

The above story is also scheduled for publication this week in the European *Strategic Alert*.

### **Turkish Minister Blames NATO for Mines in Black Sea**

April 11 (EIRNS)—Turkey’s Defense Minister Hulusi Akar believes the sea mines that are plaguing the Black Sea were released on purpose, in order to pressure Turkey to allow NATO minesweepers into the Black Sea. Without directly saying it, Akar blames NATO or Ukraine.

“We have doubts as to whether the mines were left intentionally. Maybe these mines were left within a plan for NATO minesweepers to enter the Black Sea,” Akar told members of the ruling Justice and Development Party’s (AKP) Central Decision and Executive Board at a meeting last week. According to *Hurriyet Daily News*, Akar said the plan might be aimed at putting pressure on Turkey.

Nonetheless, he said Ankara is determined to comply with the requirements of the Montreux Convention, according to anonymous sources. “We do not know who left the mines in the Black Sea. They are Russian-made, but the issue of which country left it is under investigation. There are reports that there are around 400 mines. We talked to the Bulgarian and Romanian authorities. They also carry out monitoring,” Akar stated.

He added, reported *Hurriyet*, that “some say that maybe the mines were left in the Black Sea within a plan for NATO minesweepers to enter the Black Sea to put pressure on Turkey. But we will abide by the Montreux rules. We will not let warships into the Black Sea. We will not allow the Black Sea to be drawn into the war,” he told the party members. In the first week of the Ukraine crisis, Turkey closed the Bosphorus Straits to warships, as is its right under the Montreux Agreement.

While these mines normally lock themselves when they break from the rope, Akar said, it was observed that such a system did not exist in the mines which the Turkish military destroyed. “So it could have been left like that on purpose. We are investigating,” he said.

## **COLLAPSING WESTERN FINANCIAL SYSTEM**

### **Another 10-Plus Percent Rise in World Food Prices In March**

April 11 (EIRNS)—World food prices took another leap of 12.6% in March in the overall price index of the UN Food and Agriculture Organization (FAO), reaching an index value of 159.3 which is by far a record level, reported Agri-Pulse in “[FAO: World Food Prices Hit Record Highs](#)” on April 8. The global food crisis of 2011-12 has now been left behind, and populations are being left to demonstrate or riot. It should not be forgotten that extremely severe drought across the entire western half of North America is a significant contributor to this food hyperinflation, one factor which has been completely ignored for a generation by “policymakers” who want to attribute all evils to the Russian “invasion” of Ukraine. The world average wheat price was up just about 20% in just the month of March; the corn price index up 19%; the vegetable oil index up 23.2%. The most “moderate” increases are in sugar, 20% higher for the year, and dairy, 23.6% higher for the year.

While reporting these increases, the FAO is estimating 2022 world crop production as roughly the same or slightly higher than 2021 for many products. That is not likely to happen given the fertilizer situation, another one which “policymakers” attribute to energy prices when four global fertilizer cartels are making record profits on the back of the cut-off of Russia’s large fertilizer exports. A commodity analyst quoted by CNBC April 7 gave some figures for fertilizer hyperinflation from 2021 to now: Potash traded in Vancouver from \$210 to \$545 per metric ton; urea for Mideast delivery from \$268 to \$887 per metric ton at the Chicago Board of Trade; in some countries, like Peru, the prices of all fertilizers to farmers have quadrupled.

This is the situation in which the World Food Programme's reports of the number of people facing starvation this year have already grown from over 200 million to more than 300 million, and are forecast by a leading Chinese agricultural economist to reach 1 billion.

## U.S. POLITICAL AND ECONOMIC

### Sullivan Wants To Weaken Russia

April 11 (EIRNS)—U.S. National Security Advisor Jake Sullivan vowed on NBC's "Meet the Press" yesterday that the Biden Administration would continue to send "critical aid and additional resources," meaning mainly weapons, to Ukrainian President Volodymyr Zelenskyy and his country's military. "Our policy is unequivocal that we will do whatever we can to help Ukraine succeed. And it will be ... President Zelenskyy and the democratically-elected government of Ukraine that determines what that success constitutes," he said, obfuscating the reality that the 2014 Maidan coup was anything but democratic. "We need to keep giving them military support and strong economic sanctions to improve their position, their posture at the negotiating table," he said.

Sullivan then said that America envisions a future of Ukraine without Russian interference—and with Russia essentially backed into a corner. "At the end of the day, what we want to see is a free and independent Ukraine, a weakened and isolated Russia, and a stronger, more unified, more determined West," he said. "We believe that all three of those objectives are in sight, can be accomplished, and we will do what it takes to support the Ukrainians in their effort to help bring those objectives about."

### Two-Thirds of Americans Rate the Economy as 'Bad'

April 11 (EIRNS)—The Biden White House said today through Press Secretary Jen Psaki, "We expect March CPI headline inflation to be extraordinarily elevated due to Putin's price hike." The desperate reference to the Russian President's alleged failure to control global inflation was not really intended to be believed. Rather this was like the football coach on the

eve of a game saying, “They’re too big and fast for us”; Biden hopes that even a significant jump in tomorrow’s CPI report can be covered in the media as “surprisingly moderate” compared to “grim expectations,” etc.

According to *The Hill* on April 10, a majority of American voters, 63%, rated the economy as “bad” in a new CBS News poll. Some 66% said higher prices were creating hardship in their lives. Among that big majority viewing the economy as bad, 86% said it was because of inflation, 69% due to shortages of products and services; and half said it was because they do not trust the Biden Administration.

## NEW ECONOMIC ORDER

### Ground Keeps Shifting Under the Petrodollar

April 11 (EIRNS)—Russian oil shipments to Asian countries were 300,000 barrels per day higher than they have been over the past two years, at 1.7 million bpd in March; this means China, India, South Korea and Japan, but with Japan having embargoed Russian oil in April. CNBC reported from an industry source that India imported 6 million barrels from Russia in March, which is equal to half of its imports for all of 2021. China’s oil imports from Russia actually were lower than previous years in January-February, according to OilPrice.com, which said China is cracking down on small refiners known there as “teapots,” which have been taking market share and which tend to be polluting and inefficient. However, now that China is paying for Russian oil in yuan, and with the Russian \$30 discount from Brent crude price, China too is importing at significantly higher levels than before the war.

Russia’s oil exports to Europe dropped by a larger amount, about 500,000 bpd over March and April through “self-sanctioning” by European oil majors and other companies. So the Russian Energy Ministry says, according to Bloomberg News, that Russia’s total oil production has dropped by about 5%, to an average of 1.436 million tons/day in the first week of April. Bloomberg’s article acknowledged, however, that the gates are open and more and more Russian oil will go to Asian countries.

Payments will be largely in yuan. The Chinese currency is rising very rapidly in accounts of Russian businesses in Russian banks, many of which have seen the number of yuan accounts increase by four times to ten times in the past month, according to Business Insider. Therefore, according to Russian financial consultant Yugar Aliyev cited in *Kommersant*, the yuan will replace the dollar (for Russian firms) “not only ... in settlements with China, but also become a more reliable means of international settlements for Russian companies.”

Meanwhile, major oil producer Iran reportedly wants to trade and price oil along Russia’s lines. The *New Indian Express* reports, without noting its sources, that Iran is preparing to sell its oil for payment in its own currency, the rial, and will set an “attractive” rial-to-gold relationship in order to make that possible. It supposedly will do this in the way the Bank of Russia central bank has, by offering to buy gold at a price in rials which is somewhat lower than its current price in dollars, drawing the rial-to-gold value upwards if it is successful in getting gold sold to it on those terms. This could make the rial a stronger currency for purchasing oil from Iran, than the dollar.

## UKRAINE WAR & SANCTIONS

### **Senator Kosachev Makes Clear, and with Good Reason, Why Russia Does Not Feel ‘Isolated’**

April 11 (EIRNS)—On April 10 CGTN interviewed Russian Sen. Konstantin Kosachev, a deputy speaker of the upper house, the Federation Council, and currently member and a former chair of Federation Council Foreign Affairs Committee. Kosachev said that, in spite of the continued Western sanctions, Moscow doesn’t feel isolated: “I know perfectly well that the United Nations consists of 193 countries. I know perfectly well that just 40 countries plan tough sanctions against Russia, 40 countries out of 193 is ... one-fifth. It is not the international community. It’s not the majority.... And Russia definitely will not give up because some 40 countries see the future of the world differently.”

In an article the previous day, April 10, reviewing UN votes in which expulsions and condemnations of Russia were claimed to have passed, the *Washington Post* noted with concern that aside from the draconian sanctions voted by the European Union as a body, “just seven countries in the world have sanctioned Russia.” The world map the paper published showed just six and did not name them, but they were the U.K., the United States, Canada, Ireland, Japan and Australia. This combination of “the Anglosphere” and the EU constitute the one-fifth or 40 countries referred to by Konstantin Kosachev. But the *Post* author, Adam Taylor, assured readers that although these countries are quite a minority of the world’s population and do not dominate its economic product either, they do have dominant control of its finances and its monetary system, “from the U.S. dollar to the Belgium-based Society for Worldwide Interbank Financial Transactions.” Therefore he proclaimed them able completely to isolate Russia’s economy.

But the all-out assault of this 40-country minority on the credibility, stability and essential functioning of the international financial system, is a powerful reason so many other nations’ leaders and constituencies are now looking for and discussing a new monetary system.