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Evidence for a New Nuremberg:
Obama's Nazi Health Plan
by Nancy Spannaus

June 4—
When the Obama economic team, dominated by the larcenous economics advisor Larry Summers, and murderous accountant and Budget Director Peter Orszag, launched their offensive to ram through the Administration's Nazi health "reform" June 2, they thought they would have their day. Instead, they found themselves confronted and exposed as the purveyors of a Hitler genocide plan, that would condemn millions of Americans to death, as having what Hitler called "lives not worthy to be lived."

The Obama team showed no shame. Again and again, burnished under a patina of bureaucratic jargon, they demanded hundreds of millions of dollars in cuts for the most vulnerable of American citizens....

In-Depth articles from EIR, Vol. 36, No. 23

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This Week's Cover

- **Evidence for a New Nuremberg:**
Obama's Nazi Health Plan
by Nancy Spannaus

The President is determined to get the Nazi-style health policy of his advisors through in a matter of months. His 'behavioral economist' advisors, denying that the health-care cuts are to pay for Wall Street bailouts, are using euphemisms as did the Nazis when they sent hundreds of thousands of Germans to their deaths: 'action' for a 'merciful death' for those for whom treatment would be 'ineffective' or 'futile.'

- **Obama's Nazi Doctor Recasts Hippocratic Oath**
From Dr. Ezekiel Emanuel.
- **A Preview of Obama's 'Reform':**
Oregon's Health Plan Will Pay for Euthanasia, Not Cancer Care
- **EIR Confronts Obama's Nazi Doctors:**
Economic Advisors Admit: Obama Will Cut Social Security, Medicare
A full transcript of a June 2 event in Washington, D.C., where Council of Economic Advisors chair Christina Romer presented a report on 'The Economic Impact of Health Care Reform.'
- **A Formulary of U.S. Nazi-Medicine Terms**
- **Documentation:**
The British Nazis in Their Own Words

National

- [An Unavoidable Duty:](#)

- [On Ricci vs. DeStefano](#)

Lyndon H. LaRouche, Jr. comments on the case of a New Haven, Conn. firefighter who sued the city, when his promotion was blocked on the grounds that no minority candidates passed the qualifying test. Plaintiff Frank Ricci, who is white, passed; the city threw out the test. LaRouche draws the implications, concluding: 'Unless the so-called healthcare reforms presently proposed by President Obama are prevented, all talk of civil rights were an ugly farce in the tradition of Adolf Hitler's Tiergarten-4.'

- [Ricci v. DeStefano:](#)

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International

- [Globalization and the 'Auto' Bailout](#)

U.S. taxpayers got very little for the \$70 billion they paid for GM. But the 'bailout' of the auto sector was never about saving auto production and jobs, but was part of the bailout of the bankrupt financial sector.

- [The Auto Bankruptcies:](#)

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Interviews

- [Lord Christopher Monckton](#)

Lord Monckton, former science advisor to British Prime Minister Margaret Thatcher, is a leading spokesman against the global warming swindle, and has testified that the effects of passing any climate change legislation that includes a capandtrade scheme for carbon emissions would be genocidal for the poor.

Editorial

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This Week's News

U.S. Economic/Financial News

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Financial Press Lies About Soaring Unemployment

June 6 (EIRNS)—The two leading Anglo-American financial propaganda sheets, the *Wall Street Journal* and the London *Financial Times*, published nearly identical front-page stories today, lying about "slowing" unemployment rates. While admitting that the new unemployment rate in the U.S. is a stunning 9.4%, both papers misrepresented the new data. The *FT*: "The latest non-farm payroll figures yesterday showed the pace of job losses slowed in May. U.S. employers cut 345,000 jobs last month, the Labor Department said, far fewer than expected and the lowest monthly total since September." The *WSJ* was even more blatant: "The slowing pace of U.S. job losses last month added to hopes that the recession is drawing to a close. But in a sign that the downturn continues to inflict damage, the jobless rate reached its highest level in 26 years."

How does the sleight-of-hand work? The Bureau of Labor Statistics (BLS) issues two different sets of unemployment data, based on two different surveys of the nation's workforce. The so-called Establishment Data, based on a survey of employers, showed a non-farm job loss of 345,000. But the second set of survey data, the Household Data, based on a survey of households, showed that the unemployment figures for May reached 14,511,000, an increase of 787,000 from the April figure of 13,724,000. And it is the household data that the 9.4% unemployment rate is based upon! The BLS press release clearly stated these numbers: "The number of unemployed persons increased by 787,000 to 14.5 million in May, and the unemployment rate rose to 9.4%."

While there may be some legitimate reason for compiling the two sets of data (the Establishment Data actually tracks "nonfarm payroll employment"), the idea that the financial press don't know the true overall unemployment figures is not credible.

Governors Find State Budgets Collapsing

June 6 (EIRNS)—The Obama Administration's failure to address the disintegration of the U.S. economy is hitting states hard, a new report by the National Governors Association indicates. The annual *Fiscal Survey of the States*, released on June 4, finds that fiscal conditions deteriorated for nearly every state, and that conditions deteriorated for more states in 2009 than in 2008. State tax revenues declined 6.1% in 2009 over 2008, while spending pressures increased on safety-net

programs, such as unemployment insurance and Medicaid, as job losses have been mounting. State general fund spending are estimated to decline 2.2% in 2009 and governors' budget recommendations call for a 2.5% decline in 2010, which would be the first time in the history of the survey that state spending has decreased two years in a row. Forty-two states have reduced enacted budgets in 2009 by \$31.6 billion, as compared to 13 states in 2008 and three in 2007.

The report notes that the "American Recovery and Reinvestment Act of 2009," the so-called stimulus bill, has had only a marginal effect, reducing the magnitude of spending cuts, but not the need for them.

Obama Flip-Flops on Taxing Health-Care Benefits

June 3 (EIRNS)—President Obama indicated yesterday that he is willing to consider taxing employer-sponsored health benefits to help pay for an "expansion" of health-care coverage—which the *Washington Post* calls "a pivot" from some of his earlier campaign rhetoric, when he attacked John McCain for proposing exactly this: "For the first time in American history, he [McCain] wants to tax your health benefits," Obama said last September. "Apparently, Senator McCain doesn't think it's enough that your health premiums have doubled. He thinks you should have to pay taxes on them, too."

According to press accounts, White House officials moved quickly to "clarify" that taxing the benefits is not Obama's first choice, but they refused to rule it out.

Global Economic News

French Press: The Cancer Is Growing Again!

Japanese, South Korean Economic Crash Accelerates

China Bank Head: No Way To Replace Dollar Now

French Press: The Cancer Is Growing Again!

June 3 (EIRNS)—As the Obama Administration and others crow that the economy has turned the corner, a couple of significant French publications recently made the relevant point: It's the cancer, not the economy, that's begun to grow again.

The editor-in-chief of *Le Monde*, Frederic Lemaître, wrote in the May 30 edition, that speculation is taking off again. The price of oil has risen from \$32/barrel to over \$60 in the last six months, a surge which can't be explained by rising demand, but only by speculation.

A similar point was made in an article in this month's *L'Expansion* by economist Jean Luc: "The recent upswing in the stock markets ... resembled a collective bet by financial operators," he writes. He points to the fact that U.S. pension funds are forced by law to "play the game of a rising stock market," which leads to "the market being bid up with nothing but hot air."

Japanese, South Korean Economic Crash Accelerates

June 1 (EIRNS)—The pace of collapse of the physical economy and employment in Japan and South Korea accelerated in

April and May, feeding social crises in both Asian nations. Korean exports fell 28.3% in May, while imports crashed by an astounding 40.4% over the previous year. Both figures were far worse than expected. As the first trade figures to be released in Asia, they indicate that the talk of a slowing rate of decline in Asia was pure fantasy.

In Japan, where the April export collapse of 39.1% was incredibly reported last week as a "sign of recovery," because it was slightly less than the March rate, the unemployment figures released today are staggering. The 5% unemployment rate for April, low by U.S. standards, but huge—and politically volatile—in Japan, was made worse by the fact that the ratio of full-time job offerings to applicants was at an all-time low. This reflects the "Koizumi reforms" from earlier this decade, which allowed a massive increase in part-time and temporary hiring, finishing for good the tradition of life-time employment in Japan.

The Japanese government fears that unemployment will soon surpass 6%, while the previous worst rate 5.5%.

China Bank Head: No Way To Replace Dollar Now

June 2 (EIRNS)—There is no alternative to the U.S. dollar as a world reserve currency on the horizon, China Construction Bank chairman Guo Shuqing told the *Financial Times* in an interview published June 2. "In the short term I don't think we can find another currency to replace the U.S. dollar," said Guo, the former deputy chairman of the People's Bank of China (PBOC) and head of the State Administration of Foreign Exchange.

"The U.S. dollar is the main currency, because their economy is number one in terms of competitiveness, in terms of innovation," Guo said. He also downplayed the potential for using IMF special drawing rights to generate a "supra-sovereign reserve currency," as has been proposed by current PBOC governor Zhou Xiaochuan.

"We've had SDRs for many years but everybody knows they don't work so well," Guo told the *Financial Times*. "People worry about U.S. dollars very much because of the imbalances in the current account, but that has been the case for many years—they have had a deficit in the current account since the very beginning of the 1970s."

On June 2 in Moscow, President Dmitri Medvedev said in an interview with CNBC that "our Chinese colleagues" are supporting his proposal to use a "larger number of reserve currencies," so that the world will become "not so dependent upon the health of the dollar." Medvedev discussed Russia's severe economic problems, including unemployment, which he said was worse than official figures indicate, and the danger of inflation. The issue of a "supranational" currency could be discussed among the leaders of Brazil, Russia, India, and China (known as BRIC) when they meet June 16, Kremlin spokesperson Natalia Timakova told the press today. "There is a varying vision among BRIC participants," she said, "but if someone raises this issue it will be discussed."

United States News Digest

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'Whistleblower' Nails Obama's Narcissism

Obama Anti-Drug Strategy Lacks Leadership

June 6 (EIRNS)—The Obama Administration released a new counter-narcotics strategy for the Mexican border, which places new emphasis on deploying new technology, stepping up intelligence gathering, and increasing the interdiction of ships, aircraft, and vehicles that smuggle drugs, guns, and cash. According to the *Washington Post*, the document calls on Federal agencies to modernize airborne sensors and extend surveillance of boats "from the coast to beyond the horizon." It also calls for improving tracking devices that can be hidden in drug shipments and allowing, in some cases, banned items to move through smuggling networks, in hopes of exposing their leaders.

But the agencies that will be key to executing such a strategy are still led by career bureaucrats, acting in a temporary capacity. Administration has yet to nominate any candidates to head the Drug Enforcement Agency, the Bureau of Customs and Border Protection, or the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Clinton Nixes Gore as Special Envoy to North Korea

June 6 (EIRNS)—Secretary of State Hillary Clinton has dashed whatever hopes Al Gore might have had to be a special envoy to North Korea, at least, for now. Gore's name has been floated to possibly negotiate the release of two American journalists whom North Korea is putting on trial for illegally entering the country. (On June 8, the two journalists were found guilty and sentenced to 12 years in prison—ed.) The journalists, both women, are employees of Gore's Current TV. Clinton called on North Korea yesterday to release the two women, but downplayed any talk of a special envoy. She said the option of a special representative was discussed "But as things stand now, we know that they're in the middle of a trial in Pyongyang, and we hope that the trial is resolved quickly and that the young women are released."

Obama Asks for the Queen, But Gets Prince Charles

June 3 (EIRNS)—The day after the White House announced that President Obama was pressuring the French to invite the Queen of England to attend the D-Day commemoration at Normandy Beach on June 6, the British royal family announced that Prince Charles had accepted the French invitation. This followed reports that the Queen was furious that she was being left out of the events. Buckingham Palace had pronounced last week that "neither the Queen nor any other members of the royal family will be attending the D-Day commemorations on June 6, as we have not received an official invitation."

But yesterday, after the White House had flagged Obama's intervention, Charles' staff announced that he would be attending instead, in response to a belated invitation issued by the French ambassador in London.

Galbraith Praises de Gaulle's and FDR's 'Intervention' in Economy

June 2 (EIRNS)—According to American economist James Galbraith, quoted in this month's French economic magazine *L'Expansion*: "The French genius is based on its capacity to plan great projects before others, in aeronautics, transportation, or energy. Also in regulating markets, the lesser impact of the banking crisis in France is due to stricter regulation which played a preventive role on risks." But, the United States and France are not so distant. "France and the United States have public institutions and very interventionist histories, under the leading figures of de Gaulle and Roosevelt. Both countries have always given to their central banks a very political role."

'Whistleblower' Nails Obama's Narcissism

June 1 (EIRNS)—The May issue of *Whistleblower* magazine offers a devastating exposé of President Barack Obama's Narcissistic Personality Disorder (NPD), including commentaries by several psychologists. While the coverage contains a lot of right-wing political spin, the unmistakable and well-documented profile that emerges is that the President displays all of the nine clinical symptoms of NPD.

One of the more substantive articles is by Sam Vaknin, Ph.D., the author of *Malignant Self Love: Narcissism Revisited*. The article features a full-page color illustration of Obama as Henry VIII, accompanying a detailed summary of the clinical symptoms of NPD. Another article, by Ali Sina, was extracted from a longer piece posted on www.faithfreedom.org, titled "Understanding Obama: The Making of a Führer," drawing personality comparisons between the President and Hitler (but not picking up on the policy agenda, like Obama's push for a health-care "reform" based on the Hitler precedent).

The article picks up on the main theme of Lyndon LaRouche's April 11 webcast, which was titled, "President Obama's 'Narcissus Syndrome.'"

Ibero-American News Digest

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Brazil Plans Ibero-America's Largest Research Reactor

June 2 (EIRNS)—The shutdown of Canada's Chalk River research reactor, one of only five reactors in the world which produce the radioisotope Mo-99 on a commercial scale, demonstrates the urgency of Brazil moving ahead on construction of its planned Multipurpose Reactor (RMB), said José Augusto Perrotta, coordinator of the RMB program at the state-run Nuclear and Energy Research Institute, in an interview with *Folha de São Paulo* published on May 30.

With the RMB, Brazil could become self-sufficient in medical radioisotopes, double the cases using nuclear medicine, and establish a Brazilian Radiopharmaceutical Company, its supporters argue. Brazil has four research reactors, but the RMB would be larger than any now existing anywhere in Ibero-America.

Perrotta is pressing for construction to begin in 2010. Science Minister Sergio Rezende supports the project, but it will be a fight to line up the financing needed.

Mexican Central Banker Demands Blood

June 2 (EIRNS)—As soon as midterm elections are held in Mexico on July 5, "good" Mexican politicians must rip up

labor laws, jack up taxes, eliminate excessive regulations, and implement other "reforms" which have been dragging around for years, pronounced Mexico's central bank chief, Guillermo Ortíz, today.

High on the list of reforms is privatization of Mexico's state oil company, PEMEX.

Why? To satisfy the imperial rating agencies (Moody's, Standard and Poors, etc.) which are threatening to lower Mexico's sovereign debt rating. "We have to avoid that at all cost," Ortíz insisted.

George Soros and his drug-runners will be the greatest beneficiaries of any such policy.

Ortíz's proclamation coincides with news that remittances sent home by Mexicans in the United States plunged in April by 19%, year on year, an unprecedented drop. For the first four months of this year, they were down by 9%. Remittances are the nation's second-largest source of foreign exchange, after oil exports. GDP in the first quarter of 2009 plunged by 8.2%. And that was before the flu epidemic hit.

Mexican Candidate—'the Obama of Sonora'—Is Sure To Lose

June 1 (EIRNS)—Alfonso Elís Serrano, the PRI party's candidate for governor of Sonora, Mexico, has won enthusiastic support in the state for backing the proposed Northwest Hydraulic Plan (PLHINO), the tri-state water project which would transform the region's economy by expanding agricultural production and creating productive jobs, among other things. Elís's optimism and commitment to improving living conditions have inspired thousands of Sonorans.

Some people, though, just don't get it. According to *Kiosco Mayor*, the PRD candidate for governor, Petra Santos Ortíz, on May 30-31, launched an attack on the PLHINO as an "antiquated" proposal from a half a century ago, which costs too much, won't get financed, and will make Sonora dependent on other states for water!

Ortíz instead advocates Barack Obama-style green solutions for Sonora—programs incapable of sustaining the state's economy or population, such as a solar-powered desalination plant, solar-powered homes, water-saving toilets, and thermal materials which maintain adequate internal temperatures in the desert.

Hepatitis-B Reaching Pandemic Proportions

June 2 (EIRNS)—The May 19 conference in Buenos Aires of the Latin-American Group of Hepatitis-B Experts (GLEHB) issued a document warning of the grave public-health risk posed by the Hepatitis-B (HBV) virus, which medical experts described as "100 times more infectious than HIV-AIDS and 10 times more than Hepatitis-C."

At least 5% of the world's population is infected with chronic HBV, with especially high incidence in Asia and Africa. Transmission occurs through contact with blood and other bodily fluids. As consumption of illegal narcotics increases throughout Ibero-America, IV drug use and sharing of needles have become common modes of transmission. Some experts attending the conference described HBV as "the real pandemic."

The conference document urged governments to take bold action against HBV, offering universal vaccination, as well as preventive measures. Failure to take action could give the virus time to mutate, become resistant to medication, and more difficult to treat, the experts warned. Vaccination can prevent infection, the physicians said, but the infection rate is increasing dramatically, both in Ibero-America and worldwide. There is urgent need for epidemiological studies that can provide a "map" of the virus's prevalence. "Right now, all we have to go on are estimates," said Dr. Jorge Daruich of Buenos Aires's Hospital de Clinicas.

Dr. Hugo Cheinquer of the Federal University of Rio Grande do Sul in Porto Alegre underscored the importance of testing the population to detect the disease in its early stages, when medical intervention can mean the difference between living and dying.

South American Group Plans Infrastructure Projects

June 4 (EIRNS)—State officials and business leaders from five Ibero-American countries, met in Antofagasta, Chile on June 3-4, to discuss the status of several projects that span the Central-Western South American Integration Zone (Zicosur).

Zicosur meets on a regular basis, and attendees generally represent their state or provincial governments or business organizations of central Paraguay, northern Argentina, eastern Bolivia, northern Chile, and southern Brazil.

One of the presentations at this conference was made by the head of the Santa Catarina (Brazil) Transport and Cargo Federation, who spoke on the "Bioceanic Santa Catarina-Northern Chile Bioceanic Rail Inter-Connection: a Multimodal Corridor for Zicosur." This is a priority project for Brazil, which wants to help finance the construction of a rail/highway project connecting the Argentine provinces of Corrientes and Chaco, which would complete a crucial link in the bioceanic corridor.

Despite the fact that discussion of regional infrastructure isn't in the news much these days, regional groups such as Zicosur continue to promote these projects, seeing them as crucial to the region's economy and job creation.

Western European News Digest

Merkel's Remarks Embarrass City of London

Opel's Insecure Future: A Financial Merry-Go-Round

Baltic States Crushed To Save European Banks

Süddeutsche Zeitung Slanders Helga Zepp-LaRouche

Merkel's Remarks Embarrass City of London

June 3 (EIRNS)—German Chancellor Angela Merkel yesterday launched what the London *Financial Times* called on its front page, a "surprisingly strong attack" on the U.S. Federal Reserve, the Bank of England, and the European Central Bank. The *FT* states that it "was remarkable coming from a leader who had so far scrupulously adhered to her country's tradition of never commenting on monetary policy." And Wolfgang Münchau, chief commentator for the *FT*'s German edition, writes in a commentary: "Ms. Merkel is a paid subscriber of those who blame the infidel, inflation-loving, Anglo-Saxon monetary-economic establishment for everything that has gone wrong."

Merkel said: "What other central banks have been doing must be reversed. I am very skeptical about the extent of the Fed's actions and the way the Bank of England has carved its own little line in Europe.... Even the European Central Bank has somewhat bowed to international pressure with its purchase of covered bonds."

Commenting on this report, Helga Zepp-LaRouche said that Merkel is corroborating what the LaRouche movement has been saying all along, about the threat of hyperinflation; finally, the elites seem to realize that LaRouche was right. Another indication of this was the recent cover story in *Focus* magazine, warning against the return of Weimar-style hyperinflation.

Opel's Insecure Future: A Financial Merry-Go-Round

June 1 (EIRNS)—The German government and the federal states agreed on May 30-31 to finance a bridge loan for automaker Opel (part of General Motors Europe), in the amount of EU1.5 billion (with Magna and Sberbank), which then will be transformed into a state guarantee of EU4.5 billion for five years. But the process is a tangle of failed and failing banks, bailouts, and layoffs that are already estimated to be at least 2,000 out of 26,000 in Germany.

The German states (through the state banks, or Landesbanken, which are also to be "restructured" due to their own losses in speculative deals) are going to finance their portion of the Magna credit-guarantee deal.

The question is, who is financing whom? The whole thing looks like a gigantic international merry-go-round to somehow keep money flowing, to prevent a complete collapse of an invisible financial superstructure, along with a possible geopolitical fight, because of the Russian participation via Magna/Sberbank. For Germany the matter is one of great political concern, especially before the Federal elections in September.

German Finance Minister Peer Steinbrück did not rule out Opel's going bankrupt, while defending the present deal as the least bad option.

Baltic States Crushed To Save European Banks

June 6 (EIRNS)—After a decade in which the Baltic states were loaded up EU75 billion in debt, which they cannot pay, the Swedish banking system faces collapse. Nonetheless the policy of the European Central Bank and the International Monetary Fund is to crush the Baltic states for the sins of the Anglo-Dutch oligarchy.

A Financial Stability report from the Swedish Central Bank released on June 2, pointed to an expected sharp increase of defaults in debts owed to Swedish banks, mainly because of their bad Baltic loans. Despite the claim that Swedish banks passed the "stress test," the report states, "The Central Bank estimates that the actions by the state authorities also today are an important precondition for the stability of the financial system in Sweden." This desperate statement was mentioned nowhere in the Swedish press. Between the lines it said, that the bad condition in the banking system since last Autumn has not changed, and is still totally dependent on life support from the state, without any expectation of change.

Süddeutsche Zeitung Slanders Helga Zepp-LaRouche

June 6 (EIRNS)—The morning after Helga Zepp-LaRouche's successful June 3 campaign event in Munich for the Civil Rights Solidarity Movement (BüSo), the German political party which she heads, the Munich-based national daily *Süddeutsche Zeitung* ran a nasty front-page attack on her. "Addressing the electorate for 33 years now with [soulful] eyes, hair falling softly to her shoulders, the bangs covering her forehead, she is always marching ahead; on Sunday as top candidate for Europe, soon again as Chancellor candidate.... No election without her, without Helga Zepp-LaRouche."

Her looks have changed a bit, the column stated, but "she is still the same person, who [in 1976] ran for the election, a slim 28-year-old. She represents the party that always has the only solution, the *Patentrezept*, the ultimate truth. The party has

many names, currently 'Bürgerrechtsbewegung Solidarität' (BüSo). But whatever the name of the association is at present, it does not matter, because one is as obscure as the other. In the party program, conspiracy theories are balanced with thinly veiled anti-Semitism—just LaRouchism, with a totally new world order."

This attack reflects fear of the visibly increasing popularity of the BüSo. It is indicative that the Munich BüSo event drew an audience of 60, whereas a public event in Wiesbaden on the same day, featuring the top Social Democratic Party (SPD) candidate for the European Parliament, Martin Schulz, and SPD national chairman Franz Müntefering, could draw no more than 150.

On June 6, *Süddeutsche Zeitung* ran an even more vicious slander, which called for banning the BüSo. Jetzt.de, the newspaper's youth website, slandered the BüSo as part of the international "right-wing polit-sect" of the LaRouche movement, and accused it of killing a British youth, who had committed suicide in 2003. The article called the BüSo dangerous, said that it has to be banned as a political party, and that the state has to "pull out the weed before its grows." The website also linked to the BüSo election campaign's TV spot—which may backfire, since many viewers will find it highly interesting (<http://bueso.de/europawahl>).

Russia and the CIS News Digest

Economic Forum: London Pushes To Dump Dollar

Investment Stopped by Big Russian Enterprises

Putin Orders Back Pay for Desperate Workers

Economic Forum: London Pushes To Dump Dollar

June 6 (EIRNS)—City of London representatives directly, as well as Russian officials under pressure from London-centered financial interests, made their push to get rid of the dollar as the main international reserve currency a centerpiece of the just-concluded St. Petersburg Economic Forum in Russia.

On the last day of the three-day annual event, today, there was a special panel on "The Future of Reserve Currencies." *Vedomosti* reports that a key participant was one Ousmene Jacques Mandeng of the U.K. company Ashmore Investment Management, who demanded that developing sector ("emerging market") currencies quickly be brought into use in a multiple-currency reserve system. As head of Ashmore's Institutional Council on the Public Sector, Mandeng has been campaigning for this policy at least since *The Banker*—a publication of the London *Financial Times*—published his article, "Why Central Banks Need More Reserve Currencies," in November 2008.

More recently, Britain's Martin Gilman, the former International Monetary Fund representative in Russia, took to the pages of the *Moscow Times* to call for Russia and China to start dumping the dollar by selling the Treasury bills they hold as reserves.

At the session with Mandeng, Kremlin economics adviser Arkadi Dvorkovich said that new reserve currencies imply some center which would manage them. This could be a reformed International Monetary Fund, he said, echoing the scheme promoted by George Soros and others, for the IMF's Special Drawing Rights to become a supranational currency. Dvorkovich said that the SDR should function within a basket of reserve currencies, including the traditional ones, plus China's yuan. Alexei Kudrin, the Russian finance minister who coordinates closely with City of London circles, said

earlier during the Forum, that he foresees the emergence of the yuan as a new world reserve currency within the next decade, if China moves to make it convertible.

President Dmitri Medvedev stoked attendees' interest in the topic of changing reserve currency models, claiming in his keynote speech, that over-orientation of the world economy to the dollar was even the chief cause of the current crisis. Things must be different in the post-crisis period, Medvedev said, as if such a time will simply arrive by itself one of these days. Noting that there has been talk about "new reserve currencies," the Russian President went on: "Many countries are moving from talk to actual action. This is true of Southeast Asia and Latin America, for example, and our national currency is being increasingly used in settlements with a number of countries." He claimed that the existence of the euro as a reserve currency had "played a big part in mitigating the global crisis impact in many European countries." Medvedev said that multiple reserve currencies, movement toward SDRs as a supranational currency, and the role of gold in the international monetary system should all be on the agenda for discussion.

Three weeks ago, senior Russian figure Yevgeni Primakov, the former prime minister and a member of the Academy of Sciences in economics, threw cold water on fantasies about the ruble's becoming a reserve currency, given Russia's economic condition, or any kind of mass departure from the dollar. "A rational approach to world financial reform is not compatible with the notion that it would be possible to downgrade the U.S. dollar," Primakov said on May 18. On June 1 in an interview with Regnum.ru, economist Yelena Veduta of Moscow State University joined the growing chorus in Russia, saying that the "ruble as reserve currency" scheme, of which Medvedev is enamored, is not going anywhere soon.

Investment Stopped by Big Russian Enterprises

June 4 (EIRNS)—The collapse of commodity prices and the plunge in industrial production in Russia are forcing Russia's big enterprises to slash investment programs, *Nezavisimaya Gazeta* reported today. These enterprises are the backbone of the Russian economy.

Russian Railways has cut its investment program by almost half, from 442 billion rubles (\$14.5 billion) to 252 billion rubles (\$8.3 billion). Itar Tass reports that passenger traffic on Russian Railways has fallen by over 11% so far this year, to 455.9 million people. Cargo shipments were down by almost 25% from a year ago, to 428.3 million tons. The railways carried 1.3 billion passengers in 2008, and 1.304 billion tons of cargo.

Other enterprises are also cutting investment. *Nezavisimaya Gazeta* quoted Nomos Bank analyst Igor Golubev saying that the Moscow power utility Mosenergo has "slashed its investment program by 60%. Overall, natural monopolies will cut their investment programs by more than 30% this year." Electricity generation has slumped by nearly 6% this year, and gas production is down by over 19%.

Alexei Belogoryev, head of the gas studies sector at the Moscow Institute for Natural Monopoly Problems, said that gas production is "one of the hardest-hit in the Russian fuel and energy sector." The crisis hit as the industry had to launch a whole new cycle of investment. "The sector needs more than \$500 billion of investment in the next 20 years," he said. All the major energy projects planned for 2010-20, such as the development of the deposits in Yamal, East Siberia and the Far East, offshore deposits in the northern seas, and pipeline and LNG infrastructure projects, must begin from scratch. "If the country abandons these projects now, the domestic market will experience major gas shortages as early as 2010-2015," he said.

Putin Orders Back Pay for Desperate Workers

June 4 (EIRNS)—Dramatic protests by hundreds of unpaid industrial workers in the northwest Russian town of Pikalyovo,

brought Russian Prime Minister Vladimir Putin there today, where he asserted that the workers' back wages of 41,240,000 rubles (\$1.3 million) had to be paid immediately, Novosti reported. On June 2, up to 500 workers began blocking the highway near the town, some 200 km from St. Petersburg—where the St. Petersburg Economic Forum on world financial policy was about to begin—and caused a 300 km traffic jam. Earlier, on May 22, hundreds of workers, many of whom cannot afford food, stormed into the emergency meeting at a local administration building to demand payment.

Pikalyovo, which has 22,000 residents, is a "monogorod," a Soviet-era city dependent upon one industry—a plant which produced alumina, a compound used both to smelt aluminum and to produce ceramics. This plant used to be an industrial leader in all of Russia. The price for alumina has crashed, and this factory, and the adjoining cement and potash plants, shut down late last year. Since then, workers have received nothing, and have been reduced to living on nettle soup and dandelion leaves, Russia Today reported.

Putin announced that the plants will resume operations, whether or not their owners, including the heavily indebted (barely still) billionaire Oleg Deripaska's Basic Element group, agree. "If the owners cannot agree between themselves, the integrated complex will still be restored.... If you can't agree between yourselves, it will be done without you," Putin said.

Deripaska had to accompany Putin on his inspection, and the Prime Minister accused him of gross neglect, and his managers of "running around like cockroaches," unable to do anything. Deripaska is known for "entertaining" Lord Mandelson, when he was EU trade commissioner, on his yacht. Deripaska's financial operations have to "restructure" billions of dollars in debts to international banks by June 11, the *Daily Telegraph* reported today.

The State Duma committee on social policy has proposed nationalizing the plants, but this would be the first time this were done in Russia's "modern history," Novosti reported.

Putin has also instructed the government to give AvtoVAZ, Russia's biggest automaker, an interest-free loan of 25 billion rubles (\$806 million). The company has \$1.3 billion in debt, and has had to put its workers on "forced vacations" and short work in recent months.

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Clinton Exposes Israeli Lie on Alleged Secret Agreements

June 7 (EIRNS)—U.S. Secretary of State Hillary Clinton has exposed the lies being pushed by Israeli Prime Minister

Benjamin Netanyahu's government, that there was a secret agreement between the Bush Administration and Israel to allow for "natural growth" in existing Israeli settlements in the occupied territories. Speaking at a press conference on June 5 with Turkish Foreign Minister Ahmet Davutoglu at the State Department in Washington, Clinton said there is no evidence of any such agreement.

"I do not recall any agreement between Israel and George Bush's previous government, according to which Israel will be authorized to extend the construction of settlements in the West Bank," Clinton said. "There is no memory of any informal and oral agreements. If they did occur, which of course people say they did, they did not become part of the official position of the United States government. And there are contrary documents that suggest that they were not to be viewed as in any way contradicting the obligations that Israel undertook pursuant to the Road Map. And those obligations are very clear."

Israeli attorney Dov Weisglass, who served as former Israeli prime minister Ariel Sharon's go-between with the Bush Administration, had written an op-ed this week in the Israeli daily *Yedioth Ahronoth*, claiming that there was a secret agreement allowing Israel to build in existing settlements.

Clinton was reiterating what President Barack Obama said on June 4 in his address to the Muslim world in Cairo, where he stated, "The United States does not accept the legitimacy of continued Israeli settlements; it is time for these settlements to stop."

Clinton repeated this on ABC TV's "This Week" on June 7.

In a related development, President Obama has postponed moving the U.S. Embassy from Tel Aviv to Jerusalem. Based on legislation passed by Congress in 1995, moving the U.S. Embassy is at the discretion of the President, who must formally make that decision.

Envoy Mitchell May Visit Syria

June 1 (EIRNS)—Presidential Envoy to the Middle East George Mitchell may go to Syria for high-level meetings in the near future, reports the London *Financial Times* today. This would be the highest-level meeting by a U.S. official since the Bush Administration withdrew the American ambassador in 2005, amidst a concerted assault on Syria, as had been outlined in "Clean Break," the neocons' screed on regime-change, written for Benjamin Netanyahu in 1996. In Washington, the repair of U.S./Syria relations is considered to be an important step away from the "Cheney doctrine."

Damascus is also an important factor in the Palestinian relations, since Hamas leader Khaled Mashaal has been living there since the mid-1990s, after he left Jordan in the wake of an Israeli attempt on his life.

U.S. Military Delegation Will Also Visit Syria

June 3 (EIRNS)—As a result of the mediation of Sen. John Kerry (D-Mass.), chairman of the Foreign Relations Committee, U.S.-Syrian relations are again moving forward, according to *Washington Post* columnist David Ignatius.

In a telephone conversation on May 31 between Secretary of State Hillary Clinton and Syrian Foreign Minister Walid al-Moualem, there was what Ignatius calls "a mini-breakthrough" in relations, in which Syria agreed to let a delegation of U.S. military officials visit Damascus, where they will discuss joint efforts to stabilize Iraq.

Syrian officials had reportedly been angered by the Obama Administration's announcement last month that the U.S. was renewing sanctions against Syria, and describing Syria as posing an "extraordinary threat" to the United States.

Imad Moustapha, the Syrian Ambassador to the U.S., hailed the prospect of a military visit. "The Bush Administration used to accuse us of aiding the insurgents, and we used to say it was untrue," he said. "We said we needed to sit together and discuss the issue, but they would not do that." But with the Obama Administration, "we have a very different context," Moustapha continued. "This Administration wants to address all issues. We believe this is a very strong opportunity to cooperate with this Administration."

Source Confirms U.S. Efforts to Improve Relations with Syria

June 4 (EIRNS)—A well-placed Washington intelligence source told *EIR* that the David Ignatius report on Sen. John Kerry's intervention to get U.S.-Syria relations back on track, is accurate. After Obama's provocation against Syria, Kerry stepped in with several telephone calls to President Bashar al-Assad, discussing how to improve relations. Kerry had held lengthy discussions with al-Assad, and in March 2008, Kerry and his wife had dinner with al-Assad and his wife.

The Clinton-Kerry-Mitchell grouping is part of a senior policy group within the Democratic Party which has been pushing for opening relations with Syria since long before the 2008 elections. Kerry made several trips to Syria during the Bush Presidency, in an attempt to normalize relations between the two countries. But, according to Ignatius, the Syrians refused the military cooperation several weeks ago, after Obama attacked Syria with repeats of George W. Bush/Cheney-type "axis of evil" language, when Obama renewed the Congressionally mandated sanctions against Syria.

EIR's source also stressed that Foreign Minister Moualem had a close working relationship with the Clinton Administration when Moualem was Syria's Ambassador to Washington, and that this personal relationship also will be a factor in restoring ties.

Iranian Foreign Minister Meets Sarkozy

June 3 (EIRNS)—Manoucher Mottaki, Foreign Affairs Minister of Iran, was received today by French President Nicolas Sarkozy, in the company of French Foreign Affairs Minister Bernard Kouchner. The meeting was held at Iran's request, and the French Presidential office reports that it was set up in full transparency with the "5+1" diplomatic group on Iran, in an attempt to re-engage the Iranians on stopping their uranium enrichment program. Iranian President Mahmoud Ahmadinejad had just declared that Iran refuses to restart negotiations unless they occur in the context of the International Atomic Energy Agency (IAEA). It is impossible to imagine that the question of France's new naval base off the Iranian coast will not be raised.

This is the first meeting of a high-level Iranian official with Sarkozy since the latter was elected in May 2007, and the first time he has met with an official of a lower rank.

However, in the meantime, other diplomatic contacts have occurred. Sarkozy received Ali Akbar Velayati, who is now a diplomatic advisor to Iran's Supreme Leader, Ali Khamenei, in October 2007. Also, Kouchner met with Mottaki on the sidelines of the recent Davos Forum.

Turkish Trade Collapses Further

June 2 (EIRNS)—Turkish exports for May collapsed by 39.97%, as compared with May 2008, to \$7.3 billion. Mehmet Busukeksi, chairman of the Turkish Exporters Assembly, said that in the first five months of 2009, exports amounted to

\$108.4 billion, a decrease of nearly 10% compared with the same period in 2008. He forecast a 14.4% contraction of developing economies. Commenting on the ongoing talks with the IMF, he cautioned about moving too fast in coming to an agreement, obviously because of the conditionalities. He said, "We may need fresh cash from the Fund, but this is a serious issue and should not be done haphazardly," adding that hastiness would damage Turkish small businesses.

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Pakistan's Release of Terrorist Raises Alarm in India, U.S.

China Discovers Terror Cells, Urges Pakistan To Uproot Terrorism

Coup Attempt Against the Constitution in the Philippines

Rio Tinto Dumps Chinalco

Pakistan's Release of Terrorist Raises Alarm in India, U.S.

June 3 (EIRNS)—The decision of Pakistan's Lahore branch court to release Hafiz Muhammad Saeed, leader of a banned terrorist group, Jamaat ud-Dawa (JuD), led Indian Home Minister P. Chidambaram to tell reporters that the release has ruined the chances of early resumption of a dialogue with Islamabad. "It is a commentary on the commitment of Pakistan to investigate the perpetrators of the Mumbai attack," he said, adding that the move showed Islamabad's "lack of seriousness" in bringing the perpetrators of the Nov. 26, 2008 terrorism in Mumbai, India, to justice. Saeed was named as one of the major plotters of the Mumbai incident.

Richard Holbrooke, U.S. Special Representative for Pakistan and Afghanistan, told Pakistan's Geo News channel on June 3, "His release has disturbed us all."

In its short order, the Lahore High Court observed that the government did not have proof to detain the petitioners for "preventive measures." Saeed was put under house arrest in early December, after a UN Security Council committee added him and the JuD to a list of people and organizations linked to al-Qaeda or the Taliban. A spokesman for Saeed told Reuters that the court order proved the JuD charity was not linked to terrorism.

China Discovers Terror Cells, Urges Pakistan To Uproot Terrorism

June 3 (EIRNS)—Chinese police have uncovered seven "terrorist cells" operating in the country's westernmost region of Xinjiang, *China Daily* reports. This area has seen simmering British-promoted movements to secede from China. The cells were based in the town of Kashgar, close to the border with Afghanistan and Pakistan. The report said all members of the groups had been arrested, but gave no further details.

The newspaper quoted Zhang Jian, the top Communist Party official in Kashgar, as saying there were signs that the cells had foreign links and were given orders via Internet. "We know that the extremists will keep attempting to separate Xinjiang from China, and we know they will never get what they want," he said, adding that the government believed the number of people joining such cells was declining.

Meanwhile, China has asked Pakistan to use all its resources to uproot the militant East Turkistan Islamic Movement

(ETIM) from the country. According to BBC, Chinese President Hu Jintao sent this message to President Asif Ali Zardari, asking him to improve the security of Chinese nationals working or living in Pakistan. BBC quoted a Chinese Foreign Ministry source saying that there was a news report on East Turkistan Islamic Movement members hiding and operating in Pakistan's Tribal Areas. The source said the militant organization was involved in terrorist activities in China and was trying to convince Chinese Muslims to join them.

Coup Attempt Against the Constitution in the Philippines

June 2 (EIRNS)—The Philippine House of Representatives, largely owned by the government party of President Gloria Arroyo and the Fidel Ramos cabal, rammed through a resolution late last night, by voice vote, declaring the House a Constitutional Assembly, with full power to rewrite the Constitution. This was done in total disregard for the constitutional requirement for a three-fourths vote of both Houses in order to convene such an assembly. The Senate stands in almost total opposition to this attempted coup. While the Senate and opponents in the House are screaming that this is "tyranny" and a "rape of the Constitution," the government forces are claiming that they are only trying to force a Supreme Court case, to determine whether this is legal. Nearly the entire Supreme Court was appointed by Arroyo, and in any case, earlier Supreme Courts rubber-stamped both the 1986 coup against Ferdinand Marcos and the 2001 coup against Joseph Estrada (which placed Arroyo in power).

The two primary constitutional changes proposed by the coup plotters: first, trash the American-style Presidential system in favor of a parliamentary system, eliminating the pesky "checks and balances" from the Senate, while allowing Arroyo to stay in power, as a prime minister (she cannot run in the 2010 Presidential election because of a two-term limit); second, eliminate the constitutional restrictions on foreign interests owning the raw material wealth of the nation and certain restricted industries.

This is a coup on behalf of the British Empire.

Sources in the Philippines have reported to *EIR* that significant forces within the military consider this attempt to destroy the Constitution to be intolerable.

Rio Tinto Dumps Chinalco

June 5 (EIRNS)—A deal arranged last February for China's aluminum producer, Chinalco, to double its 9% share of the Anglo-Australian conglomerate Rio Tinto, for \$19.5 billion, was suddenly called off by Rio Tinto chairman Jan du Plessis in London yesterday—a demonstration of why China should not be buying into British Empire assets in an attempt to realize its strategic economic interests. China wanted to ensure access to Australian ores for its copper, aluminum, and other industries, and prevent a hostile takeover of Rio Tinto by BHP Billiton, to prevent a monopoly. But playing by the "rules of the game" in this crashing world economy, can achieve nothing.

Rio Tinto is now planning to raise over \$15 billion in a sale of shares, in an effort to bring down its \$38.7 billion in debts, which is why the conglomerate wanted the Chinese investment in the first place. Rio Tinto will now join its iron ore assets with those of BHP Billiton. This unholy deal is based on the recent "recovery" in metals prices from the deep trough earlier this year, but such recoveries are known to be fickle.

China's sovereign wealth fund has already lost a huge amount on international financial investments. Either Beijing enters into economic cooperation policies based on Lyndon LaRouche's proposed Four Powers agreement, or it risks losing a lot more.

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