

# EIR

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Eyewitness Report: Greece Needs LaRouche's Solutions  
Defying Obama, Palestinians Take Step to Sovereignty  
Step Four: 'Honest Bailouts' of Bankrupt Cities, States

## The Russian 'Surprise': Putin Flanks the Empire



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# EIR

## From the Managing Editor

**T**his issue is a real axiom-buster for anyone who still believes that the British are our friends, free trade is the “American way,” and President Obama is doing the best he can in a tough situation.

Let’s start with the British.

When the Russian top leadership announced that Vladimir Putin and Dmitri Medvedev would exchange places in the next election, making Putin the likely next President, the London press lost its stiff upper lip. The *Financial Times*, for one, quoted a “senior western banker” that the result will be capital flight from Russia, and “it’s going to be ugly.” For the actual strategic significance of what is occurring in Moscow, see our *Strategic Outlook*.

Second, look at the crisis in the Eurozone: Our *Feature* analyzes the cases of Germany and Greece, two key countries from each side of the financial tipping scale. With Germany facing an existential and constitutional crisis, as Helga-Zepp LaRouche reports, City of London mouthpiece Ambrose Evans-Pritchard snarled: “Sorry Deutschland. History has conspired against you, again. You must sign away EU2 trillion, and debauch your central bank, and accept 5% inflation, or be blamed for *Götterdämmerung*. It is not fair, but that is what monetary union always meant. Didn’t they tell you?” (Actually, the LaRouches did tell them, but that’s another point.)

Ramtanu Maitra’s report on the looming civil war in Afghanistan documents what the U.S. command has long known, but refused to admit: the British-Saudi hand in Afghanistan’s insurgency.

Don’t miss our interview with Giovanni Fasanella, co-author of an explosive new book on the postwar “British coup” against Italy.

And then there is Mahmoud Abbas’s history-making speech to the UN, demanding that the Palestinians be given statehood. It was the British who divided Palestine in the first place, in 1948, thus allowing the Palestinians to be driven from their homes. And it is the UN that has passed countless resolutions decrying the injustices against them, but has done nothing to enforce those resolutions.

Finally, we offer the LaRouche solution: our continuing series on Lyndon LaRouche’s seven-step policy for a recovery, with Step Four—U.S. Federal assistance to bankrupt states and localities.



## Cover This Week

*Putin and Medvedev: "Together we shall win."*



Creative Commons/Neeka

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The announcement by Russian President Dmitri Medvedev and Prime Minister Putin "is just the kind of strategic surprise the world needs," Lyndon LaRouche said. "This assertion of leadership sends a clear message of defiance against the British Empire's divide-and-conquer games, and represents a major step forward toward a new Pacific-centered recovery program for the entire world." The decision that Putin will run for the Presidency of Russia in the next elections "is actually a sign of hope for all mankind."

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The leaders of the G20 nations, while attempting to reassure the world that they would take "all measures required" to save the system, actually pushed it one step closer to financial Armageddon, writes Helga Zepp-LaRouche, by promising to open the monetary floodgates for hyperinflation, à la Weimar 1923.

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## The Russian ‘Surprise’: Putin Flanks the Empire

by the Editors

Sept. 28—Noted American economist and political leader Lyndon LaRouche issued a statement of warm congratulations on Sept. 25 to Russian Prime Minister Vladimir Putin, upon the latter’s nomination for the Presidency of Russia in the 2012 elections. He also congratulated Russian President Dmitri Medvedev, who nominated Putin for President at this week’s United Russia party convention; Medvedev has announced his candidacy for the Russian Duma, as head of the United Russia slate.

“This Putin-Medvedev move is just the kind of strategic surprise the world needs,” LaRouche said. “This assertion of leadership sends a clear message of defiance against the British Empire’s divide-and-conquer games, and represents a major step forward toward a new Pacific-centered recovery program for the entire world.”

“The Putin-Medvedev decision,” LaRouche continued, “is actually a sign of hope for all mankind. What is required now is for the American population to dump its British-puppet President, and join with Russia and China to form the ‘Great Pacific Alliance that can rescue mankind’” (see Editorial for full statement).

The decisive Russian move, coming precisely as the bankrupt British-run financial empire is engaged in a panic-stricken drive to maintain even the semblance of

life, is a master stroke. Russia and China have recently been making exciting strides ahead, toward expanded cooperation in the areas of nuclear energy, rail, and development of the mineral-rich areas of Siberia. Their approach to development provides a clear alternative to the globalists’ demands for austerity and bailouts—and with the Putin leadership firmly in place, this thrust becomes more secure.

The Putin-Medvedev action also follows on the heels of LaRouche’s recent call for the immediate convening of a U.S.-Russia-China alliance, which would usher in a real economic recovery based on high-technology great projects such as NAWAPA (North American Water and Power Alliance), and the reinstatement of a fixed-exchange-rate credit system globally. Thus, the groundwork for an appropriate U.S. response to the Russian developments is already in preparation, and can take off, as soon as American patriots get the guts to fire the chief obstacle, President Barack Obama.

### **Catching the Empire by Surprise**

On Sept. 24, the second day of the United Russia nominating convention for the Dec. 4 State Duma elections, Medvedev announced that Putin will run for President of Russia in March 2012, while Medvedev would accept a nomination as prime minister in a new



Presidential Press & Information Office

*Prime Minister Putin and President Medvedev sent shockwaves through political and diplomatic circles with their surprise announcement that they would be switching places, as of next Spring's elections. The British imperial crowd was especially displeased; but LaRouche dubbed it "just what the world needs."*

government, each thus replacing the other in their current posts. The announcement was greeted by prolonged standing ovations from the more than 11,000 delegates meeting in Moscow's huge Luzhniki Stadium. Putin said that he and Medvedev had agreed on this division of labor many years ago.

While there was a general recognition in the West, both Russia's friends and enemies, that it was a virtual certainty that Putin would be the United Russia candidate for President in next March's elections, the announcement at the United Russia convention actually caught almost everyone by surprise.

One reason for the shock was that a large number of Western so-called Russia "experts" had bought into the idea that there were deep personal and policy differences between Putin and Medvedev, and that these splits might be exploited to weaken or destabilize Russia.

The way that the announcement was made served to demonstrate that all of the Western fantasies about a profound rift in the Kremlin and the prospect of a "liberal"—i.e., British—challenge to Putin's authority were just that: pure wishful and delusional fantasies.

It was that flank that Putin exploited, in the timing and character of the announcement. There never was a split, and the Kremlin partnership between Putin and Medvedev was never seriously at risk.

## A Second Flank: Kudrin's Ouster

In the best tradition of flanking warfare, Putin and Medvedev followed their "strategic surprise" announcement about Putin's candidacy, just days later, with a second shocking flanking operation.

On Sept. 26, President Medvedev fired the City of London's darling Alexei Kudrin from the posts of Finance Minister and Deputy Prime Minister of the Russian Federation, during a nationally televised meeting. Kudrin had been head of Russia's Finance Ministry for 11 years, having first joined that ministry in 1997, on the invitation of another London favorite, Anatoli Chubais.

Repeatedly named "Finance Minister of the Year" by British publications such as *The Banker* and *Euromoney*, Kudrin most of all earned the title LaRouche bestowed on him in February 2009: the "Sub-Prime" Minister. Kudrin's frequent

consultations in the City of London, and his call for "global Maastricht" strictures against government credit-creation, made him a menace outside Russia, as well as at home. His avowed goal was to outdo the European Union's Maastricht conditionalities by a factor of three: Kudrin wanted Russia's budget deficit to be no greater than 1% of GDP. His recent attacks on spending included the defense budget, and his statement that if taxes were not raised, Russia's pension age would have to be.

Speaking to the press in Washington Sept. 25, where he attended the annual International Monetary Fund session and several other financial meetings, Kudrin announced that he would not serve in the new Russian government headed by Medvedev, after next Spring's Presidential election. Kudrin openly cited his "disagreements" with Medvedev on defense spending.

An angry Medvedev dressed Kudrin down in public and gave him an ultimatum on his "political future," during opening remarks at the Sept. 26 session of the Commission on Modernization at the Dimitrovgrad nuclear center. Medvedev denounced him for insubordination, and for "irresponsible blabbing."

Said Medvedev, "I would like to say a few words about discipline in the Government of the Russian Federation. We all know that we have begun an election campaign, and this is a difficult trial for our system of

state, and for individuals. I think it has a certain effect on the nervous system, too, and evidently this is the cause of a number of statements made recently, both within our country, and abroad, for example in the United States. We have a whole category of citizens, who, when they want to make an important statement, for some reason go overseas to do it.”

Medvedev continued, with the TV camera cutting to Kudrin, who looked as if his head was about to explode: “Take Alexei Leonidovich Kudrin, who is here. He announced the joyful news that he doesn’t plan to work in the new Government, and that he has serious practical disagreements with the current President, particularly on spending issues, including military spending.

“In this connection, I would like to note several things. First of all, there is no new Government, and nobody has invited anybody to join it. But there is an old Government, which I put together as President, and it reports to me, and it will act under the framework of my Constitutional authority. This Government implements the policy of the President. My understanding is that Alexei Leonidovich had an opportunity to state his position earlier, and to make a decision on his political future; even to join the [party of] rightist forces. They asked him to, but Alexei Leonidovich declined, for some reasons of his own. Nonetheless, I would like to say that such statements as the ones made in the United States of America are unseemly, and nothing can justify them.”

Medvedev then told Kudrin that under government discipline, and in view of his stated disagreements, he had no choice but to write a letter of resignation. If he wanted now to say that there actually were no such disagreements, Medvedev offered Kudrin the chance to write a public commentary to that effect. Kudrin confirmed that he “has disagreements,” but said that he wanted to decide on a response to Medvedev’s “proposal,” after first consulting with Prime Minister Putin. Medvedev replied, “You can consult with whomever you want, including the prime minister, but

as long as I am President, I make such decisions.”

After the late-afternoon meeting, Kudrin took part in another, smaller meeting, held by Medvedev on economic policies. At both the Modernization Commission meeting and the later one, Medvedev ordered the Government to be on constant alert to take various steps, in view of the unfolding economic crisis in Europe and elsewhere.

Then, at just before 8:00 p.m., Moscow Time, Medvedev issued his decree, relieving Kudrin of his government duties.

If there were any doubt that the ouster of Kudrin was “for cause,” and that it was a decision made in full coordination between Medvedev and Putin, Kudrin’s actions on the previous day, when he promised Russian reserves to bail out euro bank debt, put those doubts to rest.

At the Sochi Investment Forum on Sept. 16, Putin had cautioned against such spending, saying to Leon Black of Apollo Management (formerly Drexel Burnham Lambert), “Speaking of [your] call for Russia to acquire some of the assets that financial institutions such as European institutions want to get rid of, I should say, Leon, that in most cases these assets are ‘toxic’ (or just complicated). Who wants to eat expired food? It is a sure way to indigestion.”

### London Geeks

Even before the ouster of Kudrin, the British were already going apoplectic over the Putin-Medvedev policy coup. The London *Financial Times* on Sept. 24 quoted an unnamed “senior western banker” who threatened that there would be capital flight against Russia as a result of the Putin-Medvedev announcement, growling that “it’s going to be ugly.” The banker added: “The oligarchs are going to try and get their money out and foreign investment is going to disappear.” Amused, LaRouche responded that the only ones likely to “disappear” in the strategic configuration now taking shape, are the speculators and their London sponsors.



WEF/swiss-image.ch/Sebastian Derungs

*In the second shoe to drop, Alexei Kudrin, the darling of the London and Wall Street financial predators, was publicly dumped from his position as Russian Finance Minister by President Medvedev at the Sept. 24 United Russia party congress.*

## G20 Demands Global Weimar; LaRouche Has Only Alternative

by Helga Zepp-LaRouche

Sept. 24—On the eve of the annual IMV-World Bank meetings in Washington Sept. 23-25, leaders of the Group of 20 (G20) member-nations felt the need to issue a communiqué assuring the world that they would take “all measures required” to preserve the stability of banking systems and financial markets. In other words, the central banks, faced once again with the immediate danger of a meltdown of the international financial system, will open the monetary floodgates, whatever the cost, even if it means worldwide hyperinflation.

That makes it clear, unfortunately, that the G20 countries have not only proven themselves totally incapable, over the past three years, of defending the common good against financial interests, but they have learned nothing from the mistakes of the Reichsbank in Weimar Germany in 1923, or from the money-printing policy dictated by the Versailles Treaty. Compared to the hyperinflation they are about to set off, that of the Reichsbank in 1923 is “peanuts.” This time, the printing presses are not running full tilt only in one country, and don’t even require paper, being electronic. The disaster this spells for mankind will far surpass the horrendous experiences of the German population in 1923, because such hyperinflation will quickly spread beyond the trans-Atlantic region to the rest of the world—with unforeseeable political, economic, and social consequences.

In this highly dramatic situation, Lyndon LaRouche issued a call from Washington for an immediate end to the policy of bailing out the bankrupt banks and the gambling debts of speculators, for initiating an impeachment process against President Obama for violations of the Constitution, and for the immediate adoption of a Glass-Steagall Act as a first step toward overcoming the crisis, followed by implementation of the whole package of measures that he has long proposed: a credit system to finance economic reconstruction around the North American Water and Power Alliance (NAWAPA), as prelude to the reconstruction of the world economy, and the immediate creation of a New Bretton Woods system, to be launched by the U.S., Russia, and China. In this context, the announcement that Russian Prime Minister Vladimir Putin and President Dmitri Medvedev will exchange their positions in the coming electoral period is excellent news, which also opens promising perspectives for a policy change in Germany.

Between these two alternatives, a fight is raging that will determine the future of civilization for at least the next several generations: should the virtual financial claims of the profiteers of high risk speculation be honored to the bitter end, through increasingly gigantic bailouts, at the expense of the living standards and, ultimately, the life expectancies of billions of people on this Earth, or should the banks turn once again to serv-

ing industry, agriculture, and trade? The answer should be obvious to anyone with common sense.

### The Crisis in the Eurozone

It is an outright scandal that the same hyperinflationary scheme that U.S. Treasury Secretary Tim Geithner presented on Sept. 16 to the EU Finance Ministers' summit in Wroclaw, Poland, and which the latter rejected because of its obvious hyperinflationary effect, was again brought up in slightly different versions at the G20 meeting and the subsequent annual conference of the IMF and the World Bank in Washington. That scheme involved leveraging the EU440 billion capital of the European Financial Stability Facility (EFSF) by a factor of 10, bringing it to EU4.4 trillion, along the lines of the Term Asset-Backed Securities Loan Facility (TALF) program of the Federal Reserve. For Olli Rehn, EU Commissioner for Economic and Financial Affairs, Geithner's role in the latest discussions was "most constructive." On his suggestion, Eurozone leaders are now scrutinizing the role of the Fed in the reaction to the financial crisis in the United States.

In fact, Geithner's proposal comes down to transforming the European Central Bank into a European Federal Reserve, with the power to print unlimited amounts of money. Thus, when insolvency crises erupt in Greece, Portugal, Ireland, Spain, or Italy, or in banks that are considered "too big to fail," the ECB could release a flood of new money. "Geithner is right. You have to hit the problem on the head with a sledgehammer," according to one unnamed Asian official quoted in the *Washington Post*. British Chancellor of the Exchequer George Osborne was also quoted: "What is required is a sense that there is enough government and central bank firepower" to guarantee that banks and governments in the region will not fail. "It is fairly clear that patience has been running out in the international community," said the British minister, in a decidedly threatening tone.



*Weimar hyperinflation: This illustration for a periodical in Weimar Germany shows Johannes Gutenberg, the inventor of the printing press, stricken with amazement: "I didn't want this!" And he didn't have e-banking.*

Simplissimus

### Bankrupt Policies, Terror Tactics

The competing proposals—whether to establish the European Stability Mechanism (ESM) as a permanent bailout mechanism, or to create leverage with a well-funded EFSF or eurobonds; whether to transform the EU into a European economic government or a United States of Europe—all these recipes are ultimately just variants of the same basic concept: giving an intravenous infusion of hyperinflationary liquidity creation to the hopelessly bankrupt financial system, to keep it going at least for a few more days or weeks. November 1923 salutes you!

The various lobbyists for the banks and certain media are currently waging a veritable propaganda war against the population, to get them to accept his policy. Horror scenarios are being bandied about, about how expensive it would be for the taxpayers to leave the euro and return to the D-mark. Mega-speculator George Soros, of all people, is threatening a fiscal worst-case sce-

nario if the European countries are not willing to agree to a new European treaty (which of course would sacrifice the last semblance of sovereignty to an EU dictatorship). And U.S. “economist” Kenneth Rogoff is issuing threats about a run on the European banks.

Rogoff’s remedy is as outrageous as it is brutal. In an interview with the financial newspaper *Bursenzeitung*, he said: “Germany has to put a rescue umbrella over the state debt of Spain and Italy, possibly also France.” In return, the fiscal system in Europe must be completely restructured, with strict discipline and rules [i.e., murderous austerity policies—HZL]. “However, what remains of the Eurozone will only survive if Germany provides a guarantee”—i.e., unlimited liquidity. “Of course, the present Constitution [sic] of the eurozone makes it difficult to take on these reforms, because many decisions require unanimity. But if that is the problem, then the Constitution should be changed.”

Outdoing even his own audacity, Rogoff then lied that a German withdrawal from the euro would mean unbearable costs. In fact, these costs would be relatively small, in comparison to his criminal idea that the German taxpayer, and thus the entire German population, should be the cash cow for the bankrupt casino economy.

Unfortunately, all indications are that Chancellor Angela Merkel and Finance Minister Wolfgang Schäuble are currently, behind the scenes, trying to do everything to lay the groundwork for completely surrendering the last vestige of sovereignty and proceeding with the early establishment of a European supranational government. Because of certain features of election law in Germany, which the parliamentary parties have failed to redraft for opportunistic reasons, the termination of the black-yellow coalition in favor of a Grand Coalition with the pro-EU Social Democrats, is supposed to provide the maneuvering room for such a change.<sup>1</sup>

## How To Fight Back

There can be only one answer to this: The Constitutional Court in Karlsruhe, in its verdict on the Lisbon Treaty in June 2009, clearly established which sover-

eign rights and principles of Germany’s Basic Law (constitution) must not be ceded to Brussels. Each step also requires a referendum under Article 146 of the Basic Law. And precisely such a referendum on the future of Germany must therefore be immediately on the agenda.

For there is a very obvious and realistic alternative to the hyperinflationary madness which is being demanded by the international financial oligarchy, and which for Germany would amount to a suicide pact.

In the United States, the Obama Administration is currently seeking, by all means, but with no prospect of success, to suppress the growing national movement for the reinstatement of the Glass-Steagall, two-tier banking law, while the number of scandals and constitutional violations is increasing that could lead to Obama’s impeachment.

In Russia, the prospect of a new Putin Presidency opens up a whole range of policy options, from the construction of the tunnel under the Bering Strait, to the industrial development of Russia’s Far East and Arctic region, the acceleration of manned space flight in cooperation with China, and an emphasis on basic research into new physical principles. And the Chinese leadership has not the slightest interest in becoming the rescuer of the bankrupt U.S. and European banks, but certainly is interested in cooperation with the U.S. and Russia for a policy that can guarantee China’s energy and raw materials security for the next hundred years .

Germany therefore has the choice: Either we bow under the yoke of a political class serving the financial oligarchy, which, moreover, has long conducted secret diplomacy behind the backs of the population, while “the striving for justice,” as the Pope put it in his Bundestag speech Sept. 22, has been abandoned in favor of holding onto their own vile power [referring to the Nazis—ed.], and thereby subjecting us to a state that is nothing more than a “big gang of robbers,” as the Pope aptly quoted St. Augustine.

Or we can decide to ally a sovereign Germany with the growing number of other states that are determined to introduce a two-tier banking system in the tradition of Franklin Roosevelt’s Glass-Steagall Law, the first step toward a reconstruction of the world economy.

Join the growing movement in the world that is fighting for Glass-Steagall, a credit system that serves the people, and a Classical renaissance!

1. The German Constitutional Court ruled in June 2008 that the election law was unconstitutional, and had to be reworked by parliament by the end of June 2011. This was not done, and the Court stated that Germany *does not have a valid election law at the present time*—part of a profound constitutional crisis. The currently ruling “black-yellow” coalition refers to the Christian Union parties and the Free Democratic Party.—ed.

# Greece Needs LaRouche's Solutions To Reverse Crisis, Launch Development

by Dean Andromidas

Sept. 23—An on-the-spot investigation by this author left no doubt that unless Lyndon LaRouche's program for rebuilding the global economy is implemented now, Greece is doomed. Indeed, the vast majority of Greeks are convinced, for good reason, that they are under attack by a foreign power: the international bankers and their tool, the European Union.

I met with politicians, economists, businessmen, and academics across the political spectrum, and found that all agree with the absolute necessity of imposing a Glass-Steagall-type law, to freeze out the financial speculators and protect the physical economy, because all agree that the "Greek" crisis has everything to do with the bankrupt international financial system. Almost all support the creation of a credit system dedicated to an industrial and infrastructure-driven development policy. They agree that the infamous Troika—the European Central Bank, European Commission, and International Monetary Fund—whose brutal Memorandum of austerity and "reform" required of Greece in order to get more bailout packages—will reduce Greece to Dark Age conditions. Many have nothing but contempt for their politicians and political parties.

One person I met with was Member of Parliament Dr. Panagiotis Kouroumplis, one of the most respected parliamentarians in Greece. Known for his strong interest in social policy, Dr. Kouroumplis was among the few members of the ruling PASOK party who voted against the Troika's Memorandum, for which he was forced out of the party. He represents a district in north-western Greece which lies on the strategic axis from the Greek Adriatic port of Patras, going north through Albania, Montenegro, Serbia, Croatia, and into central Europe. He expressed a keen interest in LaRouche's proposals and the benefits they could hold for Greece.

In the view of Greeks today, it is 1940, and Greece is in the position of France; the European Union and the

bankers are the Nazi invaders; the Athens government is Vichy, marching to the tune of the invaders; and the United States has yet to enter the war.

Today, Greece's sovereign debt is unpayable. It officially stands close to EU400 billion, but one has to add another EU100 billion of government guarantees which the Troika has demanded that Greece extend to its banks. With the piling on of more than EU200 billion more debt as part of two "bailout" packages, the debt is expected to top 200% of gross domestic product next year. Then there is the foreign debt of the private sector, another EU300 billion. The vast majority of this debt is held by British, French, German, and American banks, all of which are actually far more bankrupt than the Greek state.

Twenty months of unprecedented austerity has crushed Greece's economy and the livelihood of the population. The economy has collapsed by more than 15-20%, and household income by an average of 50%. With 1,000 people losing their jobs per day, unemployment is now approaching 17%, and youth unemployment is over 40%. Already 200,000 jobs have been eliminated in the public sector through firing over 90,000 contract workers, and a hiring freeze in which 80,000 retired workers were not replaced this year. The Troika is demanding that another 30,000 be cut, with the ultimate aim of reducing public-sector employment by over one-third. With cuts in public-sector salaries and pensions by as much as 40%, dramatic increases in taxes and continued bankruptcies of businesses, poverty is increasing at a dangerous rate. Homelessness has grown by 25% in the past 12 months.

## Protesting 'As Long As It Takes'

Students and workers have launched their Fall campaign, closing down the universities, with rolling strikes closing down the metro, and general strikes planned



*University students in Athens protest against cuts to education, Sept. 1, 2011. Students and teachers were on strike while the author was in the Greek capital attending a conference.*

Creative Commons/endiiaferon

“for as long as it takes” to reverse the policies. Now, even the conservative business community is denouncing the austerity. Athens Chamber of Commerce and Industry President Kostas Michalos charged that the austerity is turning Greece into one vast poorhouse, and that the Greek “government’s heartlessness, which arises from its own unprecedented incompetence, cannot be tolerated by businesses, working people, nor pensioners.” He added that the government’s decision to lower the tax-free ceiling, reduce pensions, impose “hunger salaries,” and dismantle the public sector, along with its announcement of privatizations that are not quantified, will bring about the country’s economic and social destruction.

Michalos was seconded by the president of the Hellenic Federation of Enterprises, Dimitris Daskalopoulos, who slammed the European Union. Speaking before German journalists, he charged that the Troika’s policies are negatively impacting “the lives of people who do not possess the will or the ability to change at the pace dictated by ruthless economic rationalism.” Daskalopoulos said that while the Greek private sector and society are paying the price of the reluctance of the political elite to reform the state, the EU also bears re-

sponsibility. “This country has been the guinea pig for a communal Europe that was structurally unprepared for such crises.” He pointed out that Greece has taken painful and important steps in the last 12 months: “There is no other country that reduced its deficit by more than 7 percentage points of GDP in the midst of a recession, and cumulatively by 10% in two years.”

The ruling Pan Hellenic Socialist Party (PASOK) is beginning to crack under the pressure of the population’s rage. Key PASOK members have called for holding a referendum on whether Greece should leave the euro and return to the drachma, despite the government’s rejection of such a plan. While the Greek liberal daily *Kathimerini*, citing unnamed sources, claims that Prime Minister George Papandreou hopes a referendum result in favor of Greece staying in the Eurozone would give him a popular mandate to carry out the austerity measures, Greek sources told *EIR* that the population would vote for a return to the drachma.

### **Forced To ‘Cook the Books’**

Fanning the hatred for the European Union, a new scandal has broken out: It is reported that the European Union had forced the Greek government *to falsify its*

*debt statistics, so as to implement even more drastic austerity after it signed onto the bank bailout.* A former member of the Hellenic Statistical Authority (ELSTAT) told two other former members of that office that Greece had been forced by Eurostat, the European Union statistics service, to overstate its 2009 budget deficit.

One of the two individuals who was given this information, Zoe Georganta, a professor of econometrics, told the daily *Eleftherotypia* that the deficit was “technically” inflated to make it the highest in Europe. “The deficit of the country in 2009 was intentionally presented at 15.4% [of GDP] by Eurostat. It had to be higher than Ireland’s, which was at 14%, in order for heavy measures to be taken against Greece.”

In a radio interview, Georganta said the 2009 shortfall should have been around 12% of GDP, but Eurostat forced the government to include outlays of public companies and state-owned utilities. Neither France nor Germany include these figures in their accounting of the government budget.

Finance Minister Evangelos Venizelos, in a drastic move, fired the entire board of ELSTAT except for its new president, Andreas Georgiou, a former high official of the IMF. Since ELSTAT is technically independent and answerable only to Parliament, the issue has been taken up in Parliament, where the opposition is demanding answers to rather embarrassing questions.

### **LaRouche’s Policy Comes to Athens**

For the first time, a representative of the Schiller Institute presented the ideas of the LaRouche movement in a public forum in Athens, as well as to well-known economists, industrialists, and others, representing the full spectrum of the Greek political environment.

I was invited by Dr. George O. Tsobanoglou, professor of sociology at the University of the Aegean, to speak at an international academic conference entitled “Supporting Sustainable Communities in Times of Emergency.” In this case, the “emergency,” for especially the Greek speakers, was the economic crisis. I was asked to present the Schiller Institute’s and LaRouche’s understanding of this emergency, the call for a Glass-Steagall reform of the international financial system, and a solution through creating a credit system and launching Great Projects.

The ever-present crisis had its impact on the event, as the latest “reforms” of the university system pro-

voled a strike by students and teachers, and an occupation of the university, which cut into the attendance. Nonetheless, the event went on with the Schiller Institute representative speaking on the opening panel, which included a former president of the Greek Industry Association, the president of the University of Athens, and the mayor of the island of Aegina. The audience included professors, business people, and two parliamentarians.

Since this was an international conference, with representatives from Germany, Poland, Romania, Italy, Latvia, and Japan, many dealt with current and recent crises within their own countries. Prof. Akira Kurashima of Japan spoke on the March earthquake and tsunami, while others spoke of problems of political transition and institution-building in former East bloc countries. The Greek participants concentrated on the crisis that is destroying their homeland. Prof. Georg Gantzias of the University of the Aegean charged that Greece is not responsible for a crisis, which is “a European-oriented virus” and a “global-oriented virus.”

### **The EU’s Effect on Greece**

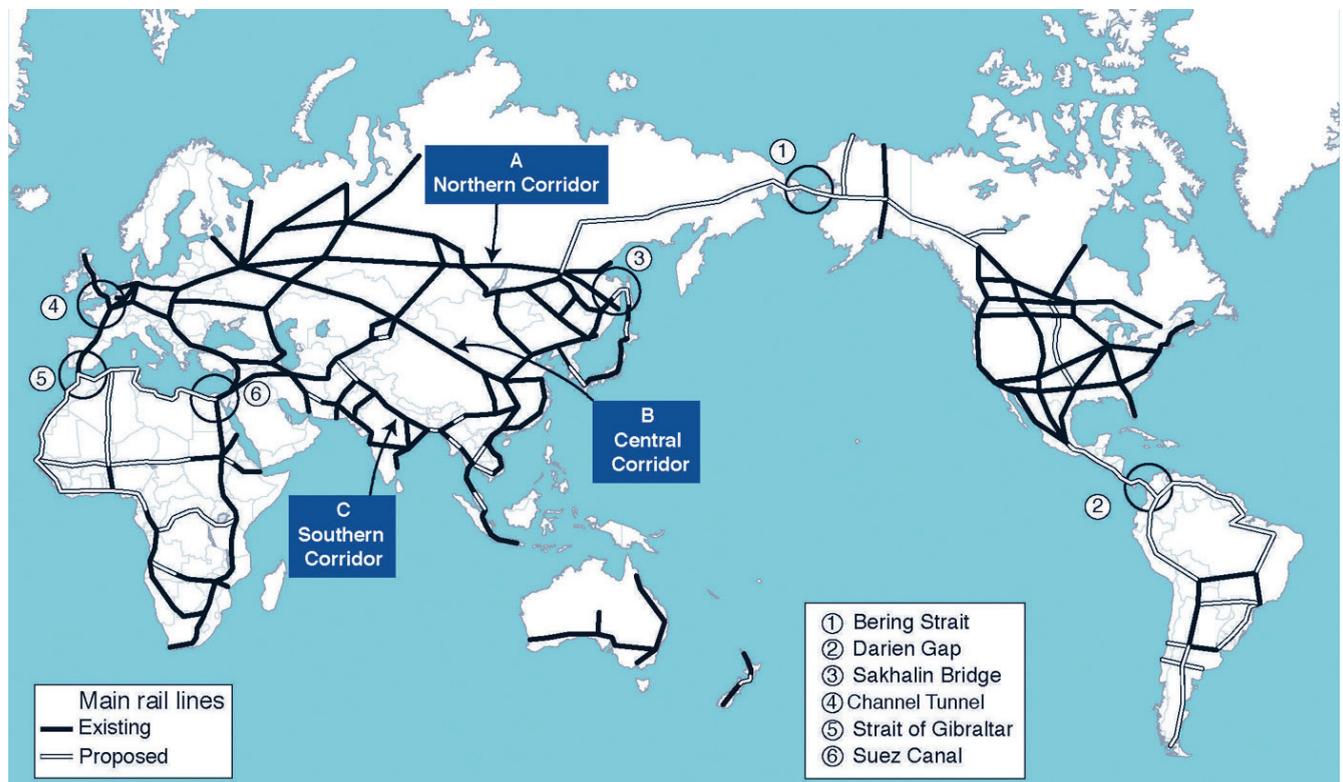
Dr. Tsobanoglou, the organizer of the conference, in his presentation, went to the heart of the crisis: the total disconnect between European Union policy and the realities of Greek society and economy. Dr. Tsobanoglou’s presentation and my own own follow-up research led to the conclusion that, even setting aside the brutal Memorandum, the European Union poses an existential threat to Greece.

For instance, Greece’s climate gives it tremendous potential for many types of agricultural products, including grains, fresh fruits and vegetables, and especially olive oil, and grapes for wine and the table; yet the neo-liberal reforms of the EU’s agricultural policy is destroying Greek agriculture! One of the conference participants, an employee of the Greek Agriculture Ministry, pointed out that there are vast areas of agricultural land in Greece that have been taken out of production.

Sinmos Kedikoglous, an MP from the opposition New Democracy party, was recently quoted in *Russia Today* saying, “With the ‘help’ of the European Union, Greek farmers have stopped producing. Can you imagine that a country like Greece right now cannot feed its own people? We don’t produce enough meat, we don’t produce enough wheat, we don’t produce enough oil. We are importing.”

FIGURE 1

**The Proposed World Land-Bridge**



EIRNS

EU agricultural policy serves the food cartels, not the producers. Greece’s milk quota is only sufficient for half the country’s needs, forcing it to depend on imports. It even imported EU15 million worth of olive oil last year from Germany, which actually originated in Greece!

Another case is cotton. Greece is the world’s tenth-largest producer of cotton and Europe’s largest. Cotton accounts for no less than 10% of its agricultural production. Yet only 15% is consumed in Greece, since there is no real textile industry. And the EU has instituted a “reform” which threatens to eliminate all production in Greece. The reform envisions withdrawal of subsidies in favor of African-produced cotton, as a “favor” to the Africans. A close look reveals that the cartels, such as Cargill, fully control African cotton production, paying small holders far less than they currently pay producers in Greece.

Greek farmers have the lowest educational levels in Europe and extremely weak skills when it comes to marketing, but since the EU works hand-in-glove with

the cartels, it has no programs that would strengthen agricultural cooperatives.

**Greece and the Eurasian Land-Bridge**

The only hope for the development of the Greek economy, is its full participation in the projects of the Eurasian Land-Bridge (Figure 1), and the transportation and water projects proposed for Southwest Asia and Africa, including the Transaqua project. I presented these concepts at the conference, pointing out that in ancient times, when the Eastern Mediterranean and Southwest Asia were the most productive part of what was then the global economy, Greece flourished. Although endowed with modest resources, its strategic location, the seafaring skills of its people, and its relatively advanced culture made it a leading power of the time.

With the implementation of the proposed projects today, Greece’s strategic location can once again serve as the key to its economic development. To its north, the East-West development corridors will

FIGURE 2



transform the economies of the former states of Yugoslavia and of Eastern Europe, including Bulgaria, Romania, Poland, Moldova, Ukraine, Belarus, and the Baltic states, not to mention the Russian Federation.

To the east is Southwest Asia, where a great revival could take place, if the Arab-Israeli conflict could be transformed into economic cooperation, especially in developing transportation links in the area, as well as with Asia, Africa, and Europe.

And to the south is the Suez Canal, whose role as the vital gateway between East and West, and in developing Africa, can only expand.

Greece will find itself at the crossroads of these developments. Complementing its strategic location, is the fact that it is endowed with good ports, which, up to now, have been underutilized and underdeveloped as transshipment points into Eastern Europe. If Greek

ports were served by a network of modern rail lines, allowing efficient transport of cargo, Greece could become the key port of entry and exit for all of Eastern Europe.

This idea for Greece is not new. Over the last 15 years, Greek governments, with the help of the European Union, have been receptive to it, and have made national plans to support it. But under the policy forced upon Greece by the Troika as of February 2011, Greek rail lines were cut off from the rest of the world. No longer is there train service to Bulgaria and into the pan-European rail network, nor to landlocked Serbia, nor to Turkey, which is busy upgrading its rail lines eastward.

Piraeus, the port of Athens, is the tenth-largest container port in Europe and its largest passenger port. China has been quick to recognize its strategic location, and the China Ocean Shipping Company (Cosco) has leased a container terminal for 35 years. It will become China's hub for exports into Central Europe. While, at first

glance, this appears to be a positive move, and does indeed present positive potential, China has come under some justifiable criticism, including for its low wage scales.

The second-largest port is that of Thessaloniki, which is crucial for all of the Balkans. It is closer to Sofia than Burgas and Varna, serving Bulgaria on the Black Sea. It also serves the Macedonian Republic and Serbia. There are rail links that theoretically link it into the pan-European system.

The Greek government is already upgrading the rail link between Athens and Thessaloniki by boring two tunnels through the mountains that will allow for double tracking the full length. When finished, it will reduce travel time from the current seven hours to three and a half. But the entire project is now up in the air because of the crisis.

To the east of Thessaloniki is the port of Kavala, the

principal port for the Greek province of eastern Macedonia. Recent improvements, including a new trade port, have been carried out, with the intention to have both Bulgaria and Romania utilize the port.

Further east is the smaller port of Alexandropolis, which can also service Bulgaria and points north and west of the city. Under what appears now to be a defunct plan, it was to be one of the terminals for the Burgas-Alexandropolis pipeline project, a Russian, Greek, and Bulgarian project to lay an oil pipeline between the Black Sea and the Mediterranean.

On the Adriatic is Igoumenitsa, one of the most important ports in the region, with more than 200,000 passengers and 120,000 trucks passing through annually, and with a major ferry connection linking mainland Greece, the Greek islands, and Italy. There is a project underway to develop the link between the port of Taranto, Italy's second-largest, and Igoumenitsa, and then through the Egnatia Odos Motorway, across northern Greece, linking it with the ports of Thessaloniki, Kavala, and Alexandropolis, and then with Istanbul. Thus it would have access to all the Balkans, including Albania, the former Yugoslav republic of Macedonia, and Bulgaria.

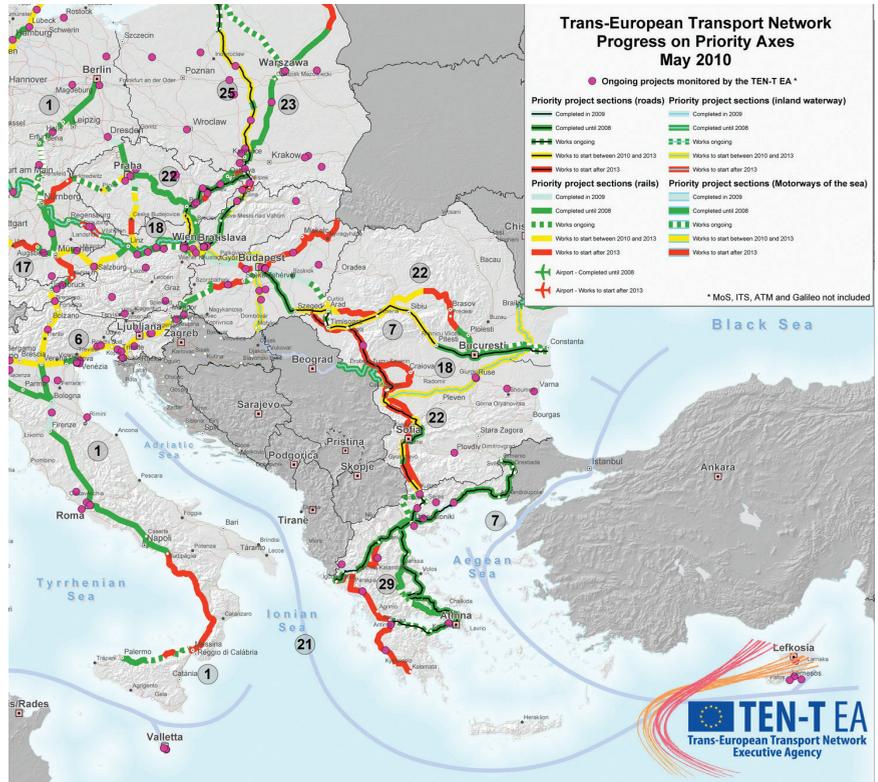
There is the important port of Patras on the north-western tip of the Peloponnese, with its recently completed South Port, and the new Rion-Antirion Bridge across the Gulf of Corinth, which has enhanced the port's strategic location.

The port of Volos, a little more than halfway between Athens and Thessaloniki, serves Thessaly, Greece's largest agricultural region. It could serve as another key outlet to the Middle East and Asia. Currently Greece's third-largest commercial port, there is tremendous room for expansion.

There are several other smaller ports, which could complement these, such as Lavrio in Attica, and Kalamata in the extreme south of the Peloponnese.

With respect to railways, the European Commission's Trans-European Transport Network has already

FIGURE 3



The eastern portion of the EU's planned and completed transportation projects. In February of this year, rail links to Greece were cut off from the network, because of the crisis.

prioritized the railway axis Athens-Sofia-Budapest-Vienna-Prague-Nuremberg-Dresden, which will link Piraeus and Thessaloniki with the pan-European grid (Figures 3). It has also prioritized the railway axis of the Ionian/Adriatic Intermodal Corridor, which will link Kalamata, Patra-Igoumenitsa with Thessaloniki.

Although these are labeled "priorities," they are not conceived as one integrated project, but merely as a series of upgrades, with some new construction, and a program that would take many years to complete. Therefore, the impact on the economy, including on job creation, is limited. Moreover, because of the Troika Memorandum, even existing links are no longer functioning.

These projects should become the center of rebuilding the Greek economy. They should be done on a crash basis, so they become real job creators and have a far more rapid and profound impact on the economy. With an efficient national infrastructure integrated into the greater Eurasia networks, the possibilities for developing the economy at all levels become almost unlimited.

# Palestinians Take Historic Step to Sovereignty

by Michele Steinberg

Sept. 25—President Obama is now a target of hatred among many around the world for his heavy-handed intervention against Palestinian statehood at the United Nations this past week. Obama not only used his speech on Sept. 21 before the UN General Assembly to restate his commitment to veto a resolution giving Palestine UN membership as a sovereign state, but also joined forces directly with Israel’s Netanyahu government to arm-twist and threaten members of the UN Security Council who have indicated their intention to vote in favor of membership for Palestine.

From every indication, these terror tactics at the Security Council will fail, and Palestine will have the required 9 out of 15 votes—or even 14 out of 15 votes—and Obama will have to use his veto to stop Palestinian statehood. But the British-agent American President is not vetoing tiny Palestine, he’s vetoing the entire world; more than 122 sovereign states already recognize the Palestinian State, including America’s most-needed allies, Russia and China.

On Sept. 24, two days after Obama’s perfidious UN speech, Palestinian President Mahmoud Abbas (Abu Mazen) went before the General Assembly to ask for full state membership in the UN. Just the night before, Obama had met with Abbas and directly threatened him—the U.S. will veto Palestinian statehood, the Congress already has a bill to cut off all funds to the Palestinian Authority, and there will be further consequences, not just for Palestine but for the countries that would be voting in favor of the statehood resolution.

Despite the Obama threats—made on behalf of the genocidal and already-dead British financier oligarchy that Obama serves—Abbas announced that he had submitted the application for full statehood membership in the United Nations to Secretary-General Ban Ki-moon.

## **An Appeal for Justice**

“The goal of the Palestinian people is the realization of their inalienable national rights in their independent State of Palestine, with East Jerusalem as its capital, on all the land of the West Bank, including East Jerusalem, and the Gaza Strip, which Israel occupied in the June 1967 war, in conformity with the resolutions of international legitimacy,” Abbas declared.

Citing the long history of negotiations with Israel and speeches at the UN by PLO chairman, and later, Palestinian President, Yassir Arafat, in 1974 and 1988, after the Palestine Liberation Organization and Palestine National Council renounced violence and adopted a peace program that would recognize the State of Israel, Abbas recounted the history of the 1948 *al-Nakba* (the Catastrophe), the violent ethnic cleansing where Palestinians were forced to flee from their homes. He cited the dozens of UN resolutions, and the decades of peace negotiations with the Israelis that have failed to reach an agreement for a Palestinian state.

Abbas appealed to the 193 countries in the UN General Assembly only for justice, reminding them, most of which have had their own decades-long battle against the oligarchical principle and colonialism, that the 1988



UN/Marco Castro

*Despite threats from President Obama that the United States would exercise its veto at the UN Security Council, Palestinian President Mahmoud Abbas went before the General Assembly to ask for full state membership in the United Nations. Here, Abbas holds up a copy of the application, in his speech to the UN, Sept. 23.*

peace resolution was not an easy decision.

“When we adopted this [1988] program, we were taking a painful and very difficult step for all of us,” he said, “especially those, including myself, who were forced to leave their homes and their towns and villages, carrying only some of our belongings and our grief and our memories and the keys of our homes to the camps of exile and the Diaspora in the 1948 *al-Nakba*, one of the worst operations of uprooting, destruction, and removal of a vibrant and cohesive society that had been contributing in a pioneering and leading way to the cultural, educational, and economic renaissance of the Arab Middle East. . . .

“Here, I declare that the Palestine Liberation Organization is ready to return immediately to the negotiating table on the basis of the adopted terms of reference based on international legitimacy and a complete cessation of settlement activities.

“Our people will continue their popular peaceful resistance to the Israeli occupation and its settlement and apartheid policies and its construction of the racist annexation Wall, and they receive support for their resistance, which is consistent with international humanitarian law and international conventions and has the support of peace activists from Israel and around the world. . . .

“I am here to say on behalf of the Palestinian people and the Palestine Liberation Organization: We extend our hands to the Israeli government and the Israeli people for peacemaking. I say to them: Let us urgently build together a future for our children where they can enjoy freedom, security, and prosperity. Let us build the bridges of dialogue instead of checkpoints and walls of separation, and build cooperative relations based on parity and equity between two neighboring States—Palestine and Israel—instead of policies of occupation, settlement, war, and eliminating the other.”

Abbas received a standing ovation from the General Assembly, telling the members, “I do not believe that anyone with a shred of conscience can reject our application for a full membership in the United Nations and our admission as an independent state.”

On his return to the West Bank, Abbas got a hero’s welcome on Sept. 25. He declared: “We have told the world that there is the Arab Spring, but the Palestinian Spring is here . . . a Spring of peaceful struggle that will reach its goal.” He warned that the Palestinians face a “long path” ahead. “There are those who would put out obstacles . . . but with your presence they will fall and we will reach our end.”

### **Obama’s Speech ‘A Crime Against the United States’**

Obama, however, stands alone, with the lowest recorded “approval rating” of his term, 36%, announced two days after his UN speech. His ally is Jabotinskyite fascist Benjamin Netanyahu, who didn’t return to a hero’s welcome in Israel, but hit the U.S. TV airwaves with denunciations of the Palestinians, and pledges that he will never end the settlements. “I’m not going to head recklessly to feed more territory, you know, to the insatiable crocodile of militant Islam, as I call it,” Netanyahu told NBC’s Meet the Press, a pledge to expand settlements, punctuated by the demand that the Palestinians, who are almost one quarter of the Israeli residents, “recognize the Jewish state,” a mantra that Obama is fond of repeating.

How hated is Obama?



Creative Commons/hanini.org

*In his UN speech, Abbas recounted the history of the 1948 Nakba (the Catastrophe), the violent ethnic cleansing that expelled the Palestinians from their homes. He cited the dozens of UN resolutions, and the decades of peace negotiations with the Israelis that have failed to reach an agreement for Palestinian statehood. Shown: Palestinian refugees flee from the expulsion in 1948.*

Listen to the voices of two leading Jewish elder statesman, Israeli writer and war hero Uri Avnery, and American Henry Siegman, an ordained rabbi and U.S. Army veteran of the Korean War.

“At the UN, Obama plunged his knife into the back of the helpless Palestinians,” Avnery wrote on Sept. 24. “A wonderful speech. A beautiful speech. . . . A work of art. The art of hypocrisy. Almost every statement in the passage concerning the Israeli-Palestinian issue was a lie. A blatant lie: the speaker knew it was a lie, and so did the audience. . . . He must have felt the urge to vomit. Being a pragmatic person, he knew that he had to do it if he wanted to be re-elected. . . . Obama gave full service and got paid within the hour. Netanyahu sat down with him in front of the cameras and gave him enough

quotable professions of love and gratitude to last for several election campaigns. . . .

“Barack Obama’s miserable performance was a nail in the coffin of America’s status as a superpower. In a way, *it was a crime against the United States* (emphasis added).

“The State of Palestine will come into being. . . . Obama will be forgotten, as will Netanyahu, Lieberman and the whole bunch. Abbas—Abu Mazen as the Palestinians call him—will be remembered. The ‘plucked chicken’ is soaring into the sky.”

Siegman, who worked with Israeli and Palestinian leaders on peace negotiations for decades, and who had presented a policy proposal to the Obama campaign in 2008, which *included* the U.S. having direct talks with Hamas, wrote an article published Sept. 22 titled “Palestinians Declare Independence from the U.S.”:

“The American insistence on aborting the Palestinians’ initiative and returning them to a peace process in which their fate remains dependent on Israel is shameful. It stains America’s honor. It will not succeed, for the Palestinian decision to defy the American demand is itself a declaration of independence; that genie cannot be returned to the bottle.

“On the ground, little will be changed by a UN affirmation of Palestinian statehood. But nothing will be the same again. . . . The notion that Israel will decide where negotiations begin and what parts of Palestine it will keep is history. It is sad that America, of all nations, has failed to understand this simple truth, even in the wake of the Arab Spring. Sadder still is Israel’s continuing blindness not only to the injustice but also to the impossibility of its colonial dream. That dream may now turn into a nightmare as the international community increasingly sees Israel as a rogue state and treats it accordingly.”

Siegman’s article is receiving wide circulation on numerous websites.

## Time To Reject Obama

The issue for peace is not Netanyahu—his fascist background is a known quantity. The issue is Obama, who must be removed from the Presidency for treasonous acts, as Lyndon LaRouche has repeatedly said since April 2009. Those in Southwest Asia, including Israel, and throughout the Arab and Muslim sector, who defended Obama against the LaRouche movement’s clear battle cry that he must be removed from office for reasons of mental unfitness and for treason, are beginning to recognize their error. But the next days and weeks are

crucial, set against the global financial collapse that especially has the United States and Europe in a panic.

Narcissist Obama will escalate against the Palestinian application now before the UN Security Council. According to Washington intelligence sources, a vicious campaign of threats, bribes, and blackmail against members of the UN Security Council began last week, even before Abbas gave his speech. A public veto at the Security Council would be an even further blow to Obama's standing in the world, so he and Israeli Defense Minister Ehud Barak last week began heavy-handed threats to convince a number of states to change their "yes" votes to abstentions. Nigeria, Gabon, and Bosnia-Herzegovina were among the known targets of this Obama-Netanyahu operation. They are all on the Security Council this year.

Intelligence sources also reported that Obama was in a homicidal rage against French President Nicholas Sarkozy, because Sarkozy presented a draft proposal to the Palestinians under which the Palestinians would go to the General Assembly and get status as a non-member observer state. This would give them access to the International Court of Justice and other UN agencies, and would put Israel's illegal occupation and the brutal assault on Gaza before international bodies.

Under the French "Plan B," a one-year deadline would be established for a negotiated agreement on full Palestinian statehood, based on UN Security Council Resolution 242.

But again, the Palestinians refused, as they did when the Quartet—the U.S., UN, European Union, and Russia—came up with another of its vague proposals for resuming talks.

The Palestinian leadership has responded with one voice, to the effect: "Enough. End the settlements and we will negotiate. Give us the 1967 borders and we will negotiate."

Speaking on Sept. 25, PLO executive committee member Nabil Shaath told Voice of Palestine radio that nine countries will vote for the Palestinian bid to recognize Palestine as a full member of the UN. Shaath, a PLO founding member who frequently plays an official role in Palestinian Authority foreign relations, said that the U.S. should reject the pressures from the Jewish lobby in the U.S. and rebuild its interests in the Arab world.

Russia and China, two other permanent members of the Security Council, are strongly on record for Palestinian statehood.

In January 2011, Russian President Dmitri Medvedev held a press conference with Abbas in Jericho, where he said, "We supported and we will support the inalienable right of the Palestinian people to an independent state with its capital in East Jerusalem."

On Aug. 24, 2011, China's Foreign Ministry put out a statement after Wu Sike, China's special envoy to the Middle East, visited Palestine and met with Palestinian leaders. "The Chinese government and people firmly support the just cause of the Palestinian people to regain their legitimate national rights and interests and support the establishment of an independent Palestinian state with East Jerusalem as its capital and with full sovereignty. Palestine plans to submit this issue to the United Nations in September, for which the Chinese side expressed understanding, respect and support," it said.

Israeli President Shimon Peres spoke to foreign diplomats in Israel on Sept. 26, referring to Abbas as the "best partner" Israel could have, and "begging" him to resume negotiations. In early October, further reconciliation talks between Hamas and the Palestinian Authority are scheduled to take place in Egypt.

LPAC VIDEO

## TO BE OR NOT TO BE: A GALACTIC QUESTION



If we recognize that to man is granted a higher identity, above the simple perceptions of our mere mortal coil, an identity consistent with the greatest achievements of Classical arts and science, then we must locate our mission not in what is, but in what must become.

<http://larouhepac.com/galactic-question>

# The Postwar British Coup Against Italy And the Contrary American Policy

*Giovanni Fasanella is the co-author, together with Mario J. Cereghino, of **Il Golpe Inglese** (The British Coup),<sup>1</sup> a book exposing the British destabilizations of Italy from 1924 to 1978, from the assassination of Socialist leader Giuseppe Matteotti, which consolidated the Mussolini dictatorship, to the assassination of Christian Democratic leader and former Prime Minister Aldo Moro. These events opened the way for the destruction of Italy's postwar political system. The book sold out three days after hitting the bookstands on Sept. 8, and a second edition is already being printed. Fasanelli was interviewed by Claudio Celani on Sept. 14. The interview was translated from Italian.*

**EIR:** Giovanni, you just published a book entitled *The British Coup*, which talks about a continuing coup, which has lasted 50 years, by the British Foreign Office, against Italy. How did you come to write that book?

**Fasanella:** Well, this is a “four-hands book,” written together with a competent archivist, Mario José Cereghino, an expert on British and American archives. The idea of the book is somehow the result of parallel work done by Mario and myself: Mario, through his researches in U.S. and British archives since the early '90s; and myself, through collecting witness reports in my books (I have written 12 books), reports by experts such as Giovanni Pellegrino, former chairman of the Parliament Investigating Committee on Terrorism Acts; Rosario Priore, a prosecutor who investigated major cases of political terrorism, such as the kidnapping and assassination of former Prime Minister Aldo Moro in 1978; the attempted assassination of Pope John Paul II and the Ustica case; and



*Giovanni Fasanella*

Alberto Franceschini, a co-founder of the famous terrorist organization Brigate Rosse [Red Brigades].

Through those witness reports, I tried to reconstruct the framework of many tragic events in Italy between 1969—the year of the Piazza Fontana bombing attack in Milan—and 1978, the year of the Moro assassination.

One of the central themes emerging from those reconstructions was exactly the background of the so-called “Mediterranean War,” i.e., the conflict among “friendly” countries over the control of the Mediterranean and the energy sources in the North African area and in the Middle East. Those threads had already emerged out of the seven-year-long investigation conducted by Pellegrino’s parliamentary committee; the same thread had emerged from some of Priore’s investigations—but it was a background that, although a credible and historically founded one, had no solid and conclusive documentary evidence.

Here we had the happy encounter between me and Mario, because Mario, a collaborator of the daily *Re-*

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1. Mario José Cereghino and Giovanni Fasanella, *The British Coup: From Matteotti to Moro: Evidence of the Secret War for Control of Oil and of Italy*, Chiarelettere, 2011.

*pubblica*, had already found some documents for that newspaper, which he published a few years ago, on the British attempt to condition the course of Italian politics since the '50s and through the '70s.

This coming together between a journalist who had identified a key to read those events, and an archivist who had access to important documents—papers unknown, not because they were hidden or classified, but let us say because of ... laziness. And I do not say more. We found hundreds and hundreds of documents which we read, studied, catalogued, interpreted, and put in context. The impressive thing is that from those papers, that very thread that Priore and Pellegrino had identified came out very clearly: the British attempt to condition in every way, the course of Italian domestic and foreign policy, in particular its policy in the Mediterranean and towards the Third World.

Also the British hate came out, a hate against some protagonists of Italian history, particularly in the postwar period, who embodied a national spirit, and were less sensible to the influence, to the appeal of British “sirens” and the interests of that country. Those leaders tried to accomplish exactly those two things which Italy, according to the Churchill doctrine [British imperialism with a democratic face—ed.], was not supposed to do: namely having a fully democratic political system and an independent foreign policy, especially in that area of the Mediterranean world, based on the identification of its own national interest.

Those political figures were considered by the British, in the judgments emerging from the documents, as mortal enemies. Enrico Mattei<sup>2</sup> [the founder of Italy’s oil industry, who was killed by a bomb placed on his plane in 1962], is even characterized as a “wart” in the British diplomatic papers. Therefore, mortal enemies of global British interests, to be eliminated with all means.

### The U.S.-British Conflict

**EIR:** Through the documents, the book allows a reconstruction of Italian history which is revolutionary in respect to established mythology, often fed by the Left,

2. See Claudio Celani, “Mattei and Kennedy: The Strategic Alliance Killed by the British,” *EIR*, June 5, 2009.

which says that everything bad and threatening to Italian independence and freedom came from the United States—

**Fasanella:** No doubt.

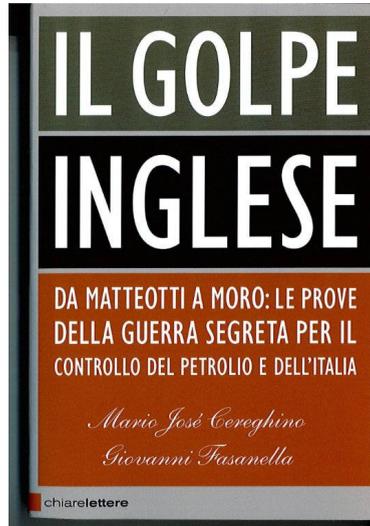
**EIR:** —including the so-called “strategy of tension,” whose history must be rewritten, because you put it in the context of what happened in the Mediterranean area in 1968-69.

**Fasanella:** Yes. This book, I repeat, is entirely based on British archive material, of course, integrated with other documents and information, and clears away many fairytales spread by leftist pseudo-historiography in the last 30-40 years, i.e., the idea of a large, uninterrupted conspiracy steered by the Capital of Evil, Washington, aimed at preventing the Communists from taking power in Italy by using any means—even terrorist massacres, attempted coups d’état, and political assassinations.

Well, the book clears up, in a quasi-definitive way I would say, this theory, which had never been supported by serious documentation. Not that there was never any responsibility, here and there, in the United States; but it is one thing if some elements of the United States had a role in those developments, another thing would be to say “America as such”—its administrations, its Presidents, its diplomacy, its intelligence, and all its institutions—played this dirty game in Italy.

No: Instead, from the papers, a conflict emerges which nobody in Italy had suspected could exist, between the United States and Great Britain. Their views of the Italian issue, including the Communist problem, did not always coincide; on the contrary: Most of the time they were in contrast, starting with the status that Italy should be given after the end of the Second World War. For the Americans, we were a “co-belligerent” country, i.e., a country that, through the armed Resistance, had freed itself from the dictatorship by fighting besides the Allied armies. For the British, instead, we were a country defeated in war, and therefore subject to the rule of the winners, Great Britain in the first place.

These two conflicting views between America and Great Britain have had effects throughout the history of the following decades, because in the most dramatic phases, contrary to the mythology I referred to earlier,



the United States was on the other side. America, different from the British, is the country that has prevented Italy from falling into a dramatic vortex, and its democratic system into collapse.

For instance, through the documents, we have the evidence that [former Fascist leader] Junio Valerio Borghese, who attempted the famous coup d'état in 1969, was a British agent, although he also had contacts with some U.S. agents. And the Borghese coup attempt, planned with British support, was blocked at the last moment precisely by the Americans.

In other circumstances, during the '70s, when Christian Democratic leader Aldo Moro pushed for a democratic evolution of the Italian Communist Party in view of its possible election victory, you cannot say that the Americans wanted the PCI in the Italian government, but they had another view of the Communist problem: They were less obsessed than the British, because the Americans counted on a slow democratic evolution of the PCI, and promoted it in all ways—secretly, of course.

Whereas, for the British, the PCI was a mortal enemy, just like Aldo Moro's Christian Democratic Party, and like Mattei. For the United States, when the problem of the PCI entering the government arose in the '70s, it was certainly not seen as a reason to uncork the champagne bottles; but it was viewed as a problem that could be solved by limiting Italy's ability to have access to the most sensitive NATO secrets. For the British, as you can read in their own records, the problem must be solved in a radical way, even through a military coup.

In 1976, for one entire year, British diplomacy, its intelligence services, and its armed forces (and this emerges from the Defence Secretary papers), had planned a military coup to be implemented in Italy to prevent the "historic compromise" between Moro and PCI leader Enrico Berlinguer. That plan, organized in detail for one whole year, and submitted to other NATO countries (the U.S.A., France, and Germany), was eventually dropped because the Americans were not enthusiastic about it; they considered it to be a dangerous initiative. There was also resistance from Germany and Giscard d'Estaing's France.

Facing the problems and obstacles coming from NATO member-countries, the British dropped the project of a military coup d'état and chose a Plan B, which they characterize explicitly in their papers as the support for a "different subversive action." We are in December 1976: Less than one and a half years later, Moro was kidnapped and assassinated.

## Italy Emerges as a Postwar Power

**EIR:** Since you mentioned the 1968-69 period, could you briefly draw a picture of the strategic context of the Piazza Fontana bombings, followed by the Borghese attempted coup?

**Fasanella:** We are between the end of the '60s and the beginning of the '70s. The British, after Mattei's death, realized that the problem had not been solved, because the leadership of the Christian Democratic Party, the Fanfanis, the Moros, etc, wanted to continue Mattei's energy policy, and therefore ENI [the then-state-owned oil company, headed by Mattei] continued its activity in the world, greatly disturbing the British interests.

But in that Summer of 1969, something happened, which I would call decisive, from the standpoint of resetting the balances of power in the Mediterranean. Qaddafi, a young Nasserian officer in the Libyan Army, trained in Italian military academies, took power through a coup d'état.

That coup, and the ensuing new Libyan regime, was, for the British, a real catastrophe. Their military bases in Libya were closed, their oil interests were lost, especially in Cyrenaica, the region where the British had old historical roots [the pro-British King Idris, whom Qaddafi overthrew, came from Cyrenaica]. And therefore, the coup in Libya closed the circle, a cycle we might say, because the British, having already been kicked out of Egypt after the nationalization of the Suez Canal, had lost influence in Iran and in the Middle East, as well as in many raw materials-rich African countries.

If you open a geopolitical atlas to see what happened in Africa between 1957 and 1962, you see that 32 countries got rid of British and French colonial regimes. Therefore, the coup in Libya was somehow the seal on that process, the final outcome of that process of downsizing British interest in the Mediterranean area, in the Middle East, and in Africa. Of course, the French, too, experienced something similar, and they too, afterwards, played a role in Italian events.

Mattei's policy first, and Moro's policy after, had turned Italy into a real point of reference for those emerging countries. The British did not forgive us for that, and their records and their analyses show with extremely strong evidence, the fact that Italy, which they had always considered as a sort of British protectorate, a marginal, non-influential country not to say even worse, had become, instead, a middle power, hegemonic in an extremely important area of the world, such as the Mediterranean, Africa, and some parts of

The British role in the destabilization of Italy between 1924 and 1978 is exposed in the Cereghino-Fasanella book. Especially horrifying was the 1969-78 terrorist rampage known as the Strategy of Tension, bookended by the Piazza Fontana bombing in Milan, and the kidnapping and murder of Aldo Moro by the Red Brigades. Right: Moro, in captivity, before his brutal assassination; below: the Milan daily, *Corriere della Sera*, headlined, "Horrendous Massacre in Milan; 30 dead and 90 wounded."



place around which to build its identity and its own national interest. It has increasingly lost position and prestige at the international level, reaching the epilogue in the last days.

What happened in Libya is what the British and the French dreamed of accomplishing, at least since the beginning of the '70s—unsuccessfully. They managed to kick Italy out of that area, and to put their hands on the wealth of that country, de facto partitioning Libya ex-

actly as was done soon after the war, into two areas of influence: Cyrenaica to the British, Tripolitania to the French.

**EIR:** We must say that today, the role of the United States is quite different. . . .

**Fasanella:** Yes, because the U.S.A. today is much weaker. While Italy could grow, thanks also to the support of the United States, which saw in our country the possibility to contain French and British expansionism, today Italy, without prestige, strength, and without a credible leading class, is no longer able to play the role that America seems to have assigned, actually, to France and Britain. And this is a sign of extreme weakness on the side of the U.S.A. I have the feeling that France and Britain have somehow plotted to weaken the positions and the prestige of the United States of America.

### A Clash Between Two Visions

**EIR:** I am sure our readers, especially policymakers, in America, will get the message.

The last question: Among the many British figures meddling with Italy, who appear in your book, is a certain William Rees Mogg, a journalist who then became editor of the *London Times*. In the '90s, he wrote that it is not worth educating 95% of the population; it is enough to educate the top 5% to run society.

This embodies the oligarchical model, a view of the world and of society that has always informed British policy in its strategy of world domination. The Italian political class of the postwar period, on the other side, has another, opposite view, embodied by Mattei and

the Middle East—not to mention Latin America.

Thus, the British faced the problem of how to deal with this Italian policy; of how to warn the Italians that they had trespassed across a boundary they should have not trespassed in any way. This was the limit imposed by the 1943-45 Churchill doctrine, eventually formalized in the 1947 Peace Treaty. Italy, defeated in the war by the British, had become a modern country, touching, between 1969 and the early '70s, the highest point of its influence: the fifth-largest economic power, leaving Britain behind, and had become the hegemonic power in this area. This, the British could not tolerate.

**EIR:** What is going on today? The British and the French have come back to Africa. . . .

**Fasanella:** After Moro's death, all the targets the British wanted to achieve had been achieved in some way, because Italy has fallen into ever-deeper crisis. Since the death of Moro, Italy has become a more and more divided country domestically, hardly finding a

Moro. In this sense, between Britain and Italy, we see not a competition between two “wills of power,” but between two systems. Do you agree?

**Fasanella:** Absolutely, yes. There is a clash between two visions: On one side, there is a vision that sees politics as the engine for development of nations, and this vision is embodied by the ruling classes of Italy in the immediate postwar period. These were ruling classes of a high cultural-political level, who, even in facing strong domestic opposition, as during the Cold War (Italy had the largest Communist Party in the Western world), never lost their view of the national interest, i.e., of the need to hold together the unitary fabric of the country as a base on which the political system should grow, evolving towards a mature democracy.

The public sector of the economy, the “*industria di stato*,” was one of the great insights on the part of that national political class, and although they had enemies at the political/ideological level, those adversaries found a compromise at the economic level, and established a compromise between a Marxist and a free-market view of the economy, around the role of the state industry.

Therefore, a “*stato imprenditore*” [entrepreneurial

state], as the historian Benito Livigni, one of the closest collaborators of Enrico Mattei, describes it: an entrepreneurial state which was able to counterbalance the presence of a private sector such as the Italian one, a largely oligarchical, family-centered (in the sense of aristocratic families) sector, often connected to foreign interests, almost always to British interests.

Therefore, there is a clash between these two visions; and it is not an accident that today, the attack by these oligarchical circles—or let us better characterize them as technocrats, financiers—is an attack on politics as such, because they need to completely destroy the political forces, political institutions, in order to have total control over nations, including Italy.

And that is what has happened in the last years in Italy. We are witnessing an attack against politics—and politics often deserves it—but we see a rage, an insistence, a violence, in the way this attack is carried out; and this, of course, does not indicate a desire for the improvement of Italian public life, but rather, the aim of wiping out politics, in order to replace it with financial circles, the so-called technocratic governments which represent the interest of those oligarchies.

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# Iran Joins Group of Nuclear Power Nations

by Ramtanu Maitra

Sept. 21—Iran celebrated connecting its first nuclear power plant to its electrical grid on Sept. 12. The 1,000-MW power plant in the port city of Bushehr was completed with Russia's help. It will reach its full power-generating capacity by the year's end, following further testing, official Iranian reports said.

Russian Prime Minister Vladimir Putin hailed the efforts of Iranian and Russian experts, Iran's Fars news agency reported.

The ceremony was attended by Russian Energy Minister Sergei Shmatko, head of the Rosatom nuclear agency Sergei Kiriyenko, Iranian Foreign Minister Ali Akbar Salehi, and head of Iran's Atomic Energy Organization Fereydoon Abbasi-Davani. In his speech on that occasion, Shmatko said: "Together with our Iranian counterparts, we went through difficulties and problems building the Bushehr power plant. And today we can be proud of the results that are drawing the attention of the whole world. I'm sure our further cooperation in operating the station and developing other nuclear energy projects will be distinguished by the atmosphere we created while working together."

Besides being the 31st nation in the world with at least one operating commercial nuclear power plant, Iran earned the distinction of becoming the first nation in Southwest Asia, except for Israel, to commission a nuclear power plant (NPP). Iran's nuclear power plant came alive at a time when many nuclear power nations, confused by the mishaps at Japan's Fukushima nuclear power plants in the aftermath of the massive March 11 earthquake and tsunami, put on hold, or abandoned, electrical power generation from nuclear fission.

Moscow is committed to training Iranian physicists and technicians for Bushehr at the Kurchatov Institute and the Novovoronezh Nuclear Power Plant. Iranian nuclear scientists also visited the Scientific Research Design Institute of Energy Technologies in Moscow and, according to former Minister of Atomic Energy Aleksandr Rumyantsev, Russian specialists will assist Iranians in the operation of the first unit of the Bushehr

NPP for the first six years of its operation.

In 2005, the then-head of Russia's Atomic Energy Agency claimed that "Tehran intends to build another six nuclear reactors," adding that "when Iran announces new tenders to construct nuclear reactors, we'll take part in them." Since then, however, no other statements have been made regarding additional Russian construction projects in Iran.

There were other reasons for Iran to celebrate the commissioning of the Bushehr plant. In 1975, when Iran was ruled by a monarch, Mohammed Reza Shah Pahlavi, a staunch ally of the West against the Soviet Union, the German firm Kraftwerk Union AG, a joint venture of Siemens AG and AEG, signed a contract worth \$4-6 billion to build the pressurized water reactor NPP in Bushehr. Construction of two 1,196-MW plants was scheduled to have been completed in 1981, but was aborted because of a series of events that followed, including the Iranian Revolution and the taking of U.S. hostages in 1979, and the West's increased hostility towards Tehran.

## Past Western Support ...

The West was not always hostile to Iran, however. In 1957, the United States and Iran signed a civil nuclear cooperation agreement as part of the U.S. Atoms for Peace program. "Ten years later, the United States supplied 5.545 kg of enriched uranium—5.165 kg of which contained missile isotopes—to Iran for fuel in a research reactor," wrote the Oxford Research Group's Dr. Farhang Jahanpour. "The United States also supplied 112 kg of plutonium—104 kg of which were fis-





newsru.com, "Novosti Dnya" program

Russian media coverage of the Iranian launch of the Bushehr nuclear power plant, Sept. 12, 2011. Shown are Iranian Foreign Minister Ali Akbar Salehi (right) and Sergei Kiriyenko, the director of Russia's nuclear power company, Rosatom.



vesti.ru, "Rossiya 24" program



newsru.com, "Novosti Dnya" program

sile isotopes—for use as ‘start-up sources for research reactor.’”<sup>1</sup>

In 1973, a joint stock company, Eurodif, was formed by France, Belgium, Spain, and Sweden. In 1975, Sweden’s 10% share went to Iran as a result of an arrangement between France and Iran. The French government subsidiary company Cogema and the Iranian government established the Sofidif (Franco-Iranian Society for Enrichment of Uranium by Gaseous Diffusion), with 60% and 40% shares, respectively. In turn, Sofidif acquired a 25% share in Eurodif, which gave

Iran its 10% share of that company. The Iranian monarch lent \$1 billion (and another \$180 million in 1977) for the construction of the Eurodif factory, in exchange for the right to buy 10% of the production of the site.

In 1975, as President Gerald Ford’s Secretary of State, Henry Kissinger signed and circulated National Security Decision Memorandum 292, “U.S.-Iran Nuclear Cooperation,” which laid out the administration’s negotiating strategy for the sale of nuclear energy equipment projected to bring U.S. corporations more than \$6 billion in revenue. At the time, Iran was pump-

1. “Chronology of Iran’s Nuclear Programme 1957-2007, <http://www.irandefence.net/showthread.php?t=12318>

ing as much as 6 million barrels of oil a day, compared with about 4 million barrels that it pumps daily today. The Ford Administration made clear that the deal would ensure Iran a complete nuclear fuel cycle. President Ford's strategy paper said that the "introduction of nuclear power will both provide for the growing needs of Iran's economy and free remaining oil reserves for export or conversion to petrochemicals."

### ...And Betrayal

However, with the fall of the Shah in 1979, and the emergence of a cleric-ruled Iran under Ayatollah Ruhollah Khomeini, Western nations began working actively to prevent Iran from becoming a nuclear power nation. A March 27, 2005 *Washington Post* article, "Past Arguments Don't Square with Current Iran Policy," quoted Charles Naas, who had been deputy U.S. ambassador to Iran in the 1970s, saying that technical experts at the time were very concerned about proliferation, "but the nuclear deal was attractive in terms of commerce, and the relationship as a whole was very important." At that time, Dick Cheney was the White House Chief of Staff, Donald Rumsfeld was the Secretary of Defense, and Paul Wolfowitz was associated with the national security apparatus in Washington.

Documents show that U.S. companies, led by Westinghouse, stood to gain \$6.4 billion from the sale of six to eight nuclear reactors and parts. Iran was willing to pay an additional \$1 billion for a 20% stake in a private uranium enrichment facility in the United States, which would supply much of the uranium to fuel the reactors.

Following the overthrow of the Shah, Western companies, under pressure from their respective governments, began abandoning Iran. France refused to give any enriched uranium to Iran, and Eurodif refused to return Iran's investments. Iran was denied uranium, which, as a joint owner in the French Eurodif international enrichment facility, it was entitled to obtain.

In January 1979, Kraftwerk Union stopped working at the Bushehr nuclear project, with one reactor 50% complete, and the other 85% complete; it fully withdrew from the project in July 1979. Kraftwerk said its action was based on \$450 million in overdue payments owed by Iran. By then, Kraftwerk had already pocketed \$2.5 billion of the total contract. The French company Framatome, a subsidiary of Areva, also withdrew.

Iran tried to find a contractor to finish the plant during the 1980s, but failed, owing to U.S. pressure on potential suppliers. In April 1984, a U.S. State Depart-

ment spokesman pointed out that it would take at least two to three years to complete the reactors at Bushehr, and that its light water reactors were not particularly well-suited for a weapons program. Despite that State Department assessment, a couple of months later, in June 1984, the Minority Whip of the U.S. Senate, Alan Cranston (D-Calif.) asserted that the Islamic Republic of Iran was on its way to becoming a nuclear weapons state and was seven years away from building its own nuclear weapon.

Then came the Iraq-Iran War. Between 1984 and 1988, the Bushehr reactors were damaged by multiple Iraqi air strikes, and work on the nuclear program came to a standstill. In 1984, Kraftwerk made another assessment, with an apparent intent to resume work on the project. However, that assessment led nowhere, as the war continued to rage.

### Neo-Cons Launch 'Regime Change'

In the post-9/11 period, at the time Iran was identified by President George W. Bush as one of three nations that constituted an "Axis of Evil," Cheney, Rumsfeld, and Wolfowitz—all of whom had advocated that Iran become a nuclear-power-generating nation in the 1970s—and a few other U.S. neo-cons went at it hammer and tong to isolate Iran and prevent it from achieving a nuclear-power-generation capability. Cheney, who was advocating air attacks on Iran to take out its nuclear installations, said in 2005: "They're already sitting on an awful lot of oil and gas. Nobody can figure why they need nuclear as well to generate energy." Obviously, a "nobody," such as himself, had no problem in 1975 figuring out that Iran indeed needed nuclear power to generate electricity.

Once Iran was identified as a charter member of the "Axis of Evil," the U.S. and Britain went to work, with the help of the accommodating United Nations, to slap Iran with one round of sanctions after another. The first round, under UN Resolution 1737, was adopted unanimously by the Security Council in December 2006. It called for blocking Iran's import and export of "sensitive nuclear material and equipment" and for freezing the financial assets of those involved in Iran's nuclear activities. The Council decided that all countries should prevent the supply or sale of equipment and technology that would aid Iran's nuclear program in any way.

In March 2007, the Security Council voted to toughen sanctions, banning all of Iran's arms exports. It also froze the assets and restricted the travel of people it

deemed involved in the nuclear program.

Further restrictions imposed in March 2008 encouraged scrutiny of the dealings of Iranian banks. It also called upon countries to inspect cargo planes and ships entering or leaving Iran, if there were “reasonable grounds” to believe they carried goods prohibited by previous resolutions.

The fourth round of sanctions, UN Resolution 1929, was imposed in June 2010, at the goading of the Obama Administration, following the betrayal-stained footsteps of the Bush Administration and its neo-con cabal. This called for measures that would prohibit Iran from buying heavy weapons such as attack helicopters and missiles; toughened rules on financial transactions with Iranian banks; and increased the number of Iranian individuals and companies that were targeted with asset freezes and travel bans. There was also a new framework of cargo inspections to detect and stop Iran’s acquisition of “illicit” materials.

### Russia’s Help

These sanctions weakened Iran financially, but did not curb its determination to have nuclear power plants.

In August 1995, Russia and Iran signed a ten-year contract under which Russia would supply nuclear fuel, made at the Novosibirsk Chemical Concentrate Plant, for the Bushehr plant. In February 2002, Rosatom announced that the Bushehr NPP’s first reactor would become operational in September 2003. The first unit was completed in early 2009, after the project experienced a series of delays caused by insufficient funding from the Iranian government, caution on the part of Russia, and mounting international pressure.

One issue that caused delay was the fuel, but it was resolved. Russian officials said Iran had signed a pledge to ship all the spent uranium fuel back to Russia for re-processing, thereby eliminating the possibility that any of it could be used to make nuclear weapons. Russia has insisted that the Bushehr project is essential for persuading Iran, which signed the Nuclear Non-Proliferation Treaty (NPT) in 1968, to cooperate with the International Atomic Energy Agency (IAEA) and fulfill its obligations under international nuclear nonproliferation agreements.

The Bushehr NPP was then scheduled to go online sometime in late 2010. Iran began loading fuel into its nuclear power station in August of that year, in a ceremony attended by Russian officials. The U.S. State Department said that it saw no “proliferation risk” from the plant. The British Foreign Office, however, said in a statement that, “It is totally unacceptable that a country that so blatantly violates [international treaties] should enjoy the fruits of using nuclear energy.”

Then, the head of Iran’s atomic energy agency, Ali Akbar Salehi, told the news media that the commissioning of the plants would be delayed; the process of placing fuel rods would be completed in early November. “Two or three months from then, the electricity generated by the plant will be connected to the grid,” he added, pushing the timeframe to early 2011. He had previously blamed the delays on “severe hot weather,” and insisted that the plant was no longer being affected by the sophisticated Stuxnet computer virus that Iran’s Foreign Ministry has described as a “new game of soft warfare” by the country’s enemies. “We implemented measures to protect our computers last year, but during the past two months, these [cyber attack] activities increased dramatically,” Salehi said on state radio. “Fortunately, we were able to neutralize the enemy’s objective without involving the media. The fact these activities are continuing smoothly is evidence of this.”

# 10 Years Later

An LPAC-TV Feature Film

Eight months before the September 11, 2001 attacks, Lyndon LaRouche forecast that the United States was at high risk for a Reichstag Fire event, an event that would allow those in power to manage, through dictatorial means, an economic and social crisis that they were otherwise incompetent to handle. We are presently living in the wake of that history.

<http://larouchepac.com/10yearslater>



# Afghanistan Heads Back to the 1990s as Civil War Looms

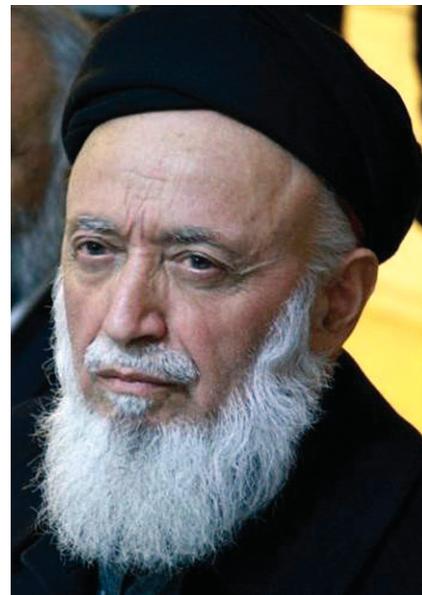
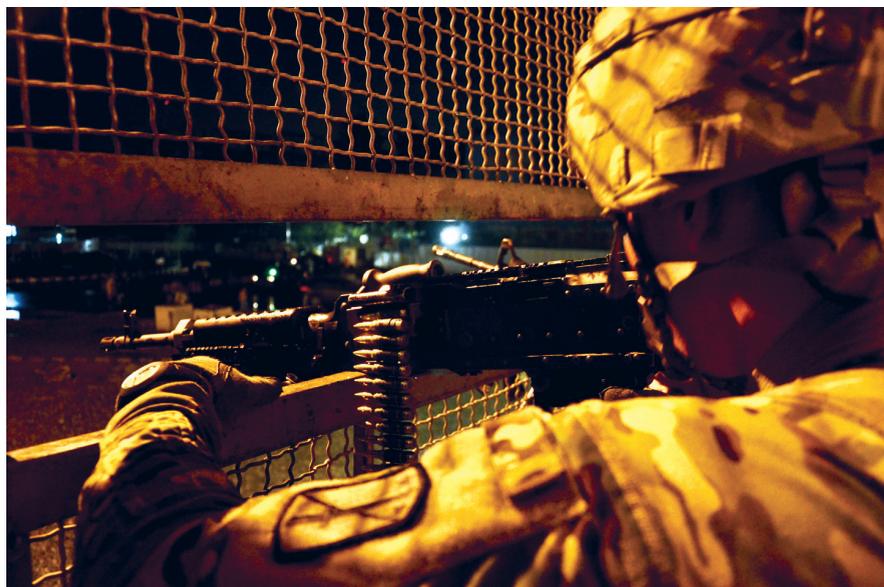
by Ramtanu Maitra

Sept. 25—The well-orchestrated attack on the U.S. Embassy in Kabul (Sept. 13) and the assassination of former Afghan President Burhanuddin Rabbani, a Tajik-Afghan, by a suicide bomber inside Rabbani's home in Kabul (Sept. 20), a stone's throw away from the U.S. Embassy, have been passed on to the American people by the Western media as an omen that the collapse of peace talks between the "Taliban" and the occupying forces, is in the offing.

However, the truth about why these acts were committed at this stage of the Afghan War is altogether different. These violent acts were orchestrated to unleash once more, the British-led policy of unrestrained chaos and violence in Afghanistan. That policy is being implemented through the Saudi-Pakistan network that controls the jihadis on the ground, and is presided over by a hapless and befuddled U.S. President Barack

Obama. Obama, in light of his ongoing disastrous Presidency, has hoped that he would be able to bring home a significant number of U.S. troops next year to influence the American people to re-elect him. His delusion is that he could do that, by killing off the "Taliban" militants, using unlimited drone attacks. But, these violent incidents suggest that this could be wishful thinking, and that the U.S. troops, along with their reluctant NATO colleagues, may soon be caught up, in a gut-wrenching civil war, about to be unleashed in Afghanistan.

This fact is slowly sinking into the minds of those in Washington who prefer to live in la-la land, justifying such fairy-tale thinking by asserting political exigencies, or some such nonsense. The real purpose of the lies is to mislead the American people, a perpetual practice of this White House; but the process eventu-



US Army/Sgt. Catherine Threat

*The recent attack on the U.S. Embassy in Kabul, and the assassination of former Afghan President Rabbani were part of the British-orchestrated permanent war in the region, implemented through London's Saudi-Pakistani jihadi network. Above: U.S. Forces in a firefight with insurgents during the attack on the Embassy, Sept. 13; former President Burhanuddin Rabbani.*

ally fools them as much as anyone else.

The single-most important lie about the Afghan War by this White House, and the previous one, is the denial of Saudi-British links with the insurgents, or the terrorists, or the jihadis. Every follower of the Afghan situation has pointed to the huge sum of Saudi money that goes into funding these anti-U.S./NATO groups, and the groups working inside Pakistan in tandem with the insurgents. There is no dearth of evidence of the role of Prince Turki bin Faisal al-Saud, director general of Al-Mukhabarat Al-A'amah, Saudi Arabia's intelligence agency; and Prince Nayef bin Abdel-Aziz, longtime Minister of Interior of Saudi Arabia, among the Taliban and other terrorists in Afghanistan over the years. Yet, the White House has never made these facts known to the American people, and never called to question the Saudi role against the United States.

The case with Britain is the same. London, the controller of many Islamic jihadis, has remained a major recruitment center for the Afghan insurgents, as has been documented by many, including this author, in the United States. This could not have been accomplished without the protection of British intelligence, MI5 and MI6. Besides some occasional whining heard from individuals allegedly close to the White House, no one in the Obama Administration would question the British role in Afghanistan, or in Pakistan, or its collaboration with the Saudis, who are funding a horde of terrorists within Afghanistan and Pakistan.

## **A Destructive Alliance**

In other words, Washington has established a long-term self-destructive alliance with Britain, Saudi Arabia, and, by extension, with Pakistan. This alliance does not allow the White House to tell the truth about who our real enemies are in Afghanistan. The alliance centers on maintaining control over oil and gas fields around the world; a Middle East policy that promotes Sunni-Shi'a sectarian strife to keep Islamic nations off balance; and the unholy financial ties between Wall Street and the City of London, which includes the laundering of huge sums of drug money, generated in Afghanistan and elsewhere, to keep the bankrupt banks of London and Wall Street alive.

In such a wide-ranging alliance, their "friends" role in the killing of a few thousand Americans, and hundreds of thousands of Afghans, does not bother

either Washington, or London, or, for that matter, Riyadh. Simply put, to this White House, Britain and Saudi Arabia are untouchables, but Pakistan can be whipped from time to time.

There are indications that that is what is driving Washington to divulge certain facts about the recent role of Pakistan in Afghanistan. However, the murky role of both Islamabad and Washington together, over the last two decades, in conjunction with the Saudis and British, has still been kept behind the curtain. Nonetheless, on Sept. 21, the chairman of the U.S. Joint Chiefs of Staff, Adm. Mike Mullen, accused Pakistan's intelligence agency, the ISI, of playing an active role in the attack on the U.S. Embassy in Kabul, by supporting the Haqqani insurgent network. That network, he said, is a "veritable arm" of the ISI. Mullen, who is now saying what he knew years ago, but did not want to accept, is about to step down as JCS chairman. He had been a staunch defender of U.S. engagement with Pakistan, and has met more than two dozen times with his Pakistani counterpart, Gen. Ashfaq Kayani, who, as Pakistan's Chief of the Armed Services, oversees all ISI actions.

On Sept. 16, the U.S. Ambassador to Pakistan, Cameron Munter, said, in a wide-ranging interview with Radio Pakistan: "The U.S. has evidence linking the Pakistan government to the Haqqani network, which was behind this week's attack on the American Embassy in Kabul." Subsequently, it has been revealed to the unsuspecting public that this "fact" was based upon interception of cell phone communication between ISI officials and the terrorists who carried out the attack. Similar cell phone interceptions that the Indian intelligence service had also cited after the November 2008 Mumbai attack, did not prompt the same conclusion by officials in Washington at the time—the residents of la-la land—who refused to acknowledge that as valid evidence.

This time around, revelation of this fact is gaining traction. Bruce Riedel, a former top CIA analyst and former advisor to the Obama White House, told Reuters that Administration officials have told him, that the militants who attacked the U.S. Embassy and NATO headquarters in Kabul on Sept. 13 phoned individuals connected with the ISI before and during the attack. Following the attacks, Riedel said, U.S. security forces collected cell phones that the attackers had used. These are expected to provide further evi-

dence linking the militants to the ISI.

Another hapless lot in Washington, the U.S. Congress, joined the chorus swiftly. A Senate committee voted on Sept. 21 to make conditions on U.S. assistance to Pakistan more rigorous, and contingent upon its cooperation in fighting militants such as the Haqqani network.

Rawalpindi, the military headquarters of the Pakistani Armed Forces, pooh-poohed the accusation. Senior Pakistani officials have lashed out against the allegations of support for the Haqqani militant network, accusing the U.S. of trying to make Pakistan a scapegoat for its troubled war in Afghanistan. Pakistan's Prime Minister Yusuf Raza Gilani advised the U.S. not to send "wrong messages"; Foreign Minister Hina Rabbani Khar warned of the loss of an ally; and General Kayani rejected Mullen's charges out of hand.

### Why Is Behind the Attacks?

After ten years of military muddling by the U.S./NATO troops, it became clear to those who have any understanding of Afghanistan, that the foreigners have so far neither won this war, nor do they have the capability to achieve a victory in the short, medium, or even long term. Then, why did the Saudi-ISI-Haqqani group go after the U.S. Embassy, and later, assassinate Rabbani? Was it to establish its supremacy?

Despite the presence of 150,000 foreign troops in Afghanistan, various factions of the insurgents together control most of Afghanistan. They may not have the capability to assassinate such bigwigs as the U.S. ambassador, or the Afghan President, but it was always evident that they possess the capability, thanks to the Saudi-ISI nexus and its agents operating deep within almost every Afghan institution, to take out most people that they want to eliminate. They showed such strength by killing off many Afghan governors they did not like, and their assistants. Therefore, these recent acts by the Saudi-Pakistani ISI-jihadis were not to flex their mus-



State Department

*U.S. Secretary of State Hillary Clinton has expressed her commitment to finding a regional solution for the Afghanistan conflict. Such a regional solution, she insists, will include a role for Iran, the avowed enemy of Saudi Arabia and Britain. Here, Clinton is greeted by Pakistani Prime Minister Yusuf Raza Gilani in Islamabad, October 2009.*

cles. It was no 1968 Tet Offensive, which was launched by the Viet Cong on behalf of the Vietnamese people. The recent attacks in Kabul have no connection to Afghan nationalism, unlike the Vietnamese nationalism that was expressed through the Tet Offensive. What was it, then?

The British-Saudi-Pakistani ISI, and the jihadis they control, are concerned about two developments. Their objective is to undermine these two developments by striking while the iron is hot, to throw Afghanistan back into a primitive, ethnic slaughtering house.

The first development centers around the statements by U.S. Secretary of State Hillary Clinton and the U.S. envoy to Af-Pak Marc Grossman, indicating their interest in working towards a regional solution for Afghanistan. Such a regional solution, they pointed out in no uncertain terms, will include Iran, the avowed enemy of Saudi Arabia and Britain.

Also, the Shanghai Cooperation Organization, which consists of Russia, China and the "-stan" coun-

tries of Central Asia (excluding Turkmenistan), made clear in its last summit meeting at Astana, Kazakstan, last June, that it considers the peaceful resolution of the Afghanistan conflict to be an important part of its regional security agenda. The communiqué said that the SCO supported its member-states in working together with international institutions and other parties to take part in economic reconstruction programs in Afghanistan. What unsettled the Britain-Saudi-Pakistani ISI network is not only the Clinton-Grossman statements, but that the SCO is becoming increasingly warm towards India, Iran, and President Karzai-led Afghanistan.

### **British-Saudi-ISI Nexus Pushes Civil War**

The second development that triggered the assassination of Rabbani, a Tajik-Afghan, and was one of the seven notorious mujahideen leaders who were nurtured and armed by the U.S.-Britain-Saudi-Pakistan nexus to give the invading Soviet Union a bloody nose during the 1980s, by conducting a high-profile proxy war Afghanistan, is the re-arming of the major non-Pushtun ethnic groups, such as the Hazaras, Tajiks, and Uzbeks.

The killing of Rabbani was intended to provoke the Tajiks. However, unlike the other six mujahideen leaders—semi-literate jihadis wearing the cloak of democracy and freedom, handed to them by their Western masters—Rabbani could visit Tehran, Riyadh, Islamabad, and New Delhi and be listened to. In other words, warts and all—and there were many—Rabbani had a presence, and he was not a handmaiden of the ISI, or of Prince Turki or Tony Blair. Moreover, President Karzai had appointed him as the head of the High Peace Council, and was enabling his acceptance among the country's diverse regional and ideological forces, to bring about some sort of resolution which would not hand Afghanistan over to the Taliban, or to the British-Saudi-Pakistan-jihadi nexus.

The rearming of the ethnic groups—who have been slaughtered by the Taliban with the help of the Pakistani military and ISI, and of the Saudi funding in the 1990s—began once it became evident to them that President Obama had no Afghan policy, and therefore, in the end, he would smilingly accept a policy vis-à-vis Afghanistan cooked up in London, Riyadh, and Rawalpindi. These ethnic groups are convinced that Obama would resort to almost anything to bring home a significant number of U.S. troops, to win support at home, paying

no attention whatsoever to what happens next in Afghanistan.

The arming of the ethnic groups was not a difficult process. Most of the warlords in northern and western Afghanistan are non-Pushtuns. Following the defeat of the Taliban in 2001, and the subsequent failed U.S. policy that made the entire Pushtun community of Afghanistan an enemy of Washington and Kabul, Karzai's mainstay remained these non-Pushtun warlords. The warlords, in turn, benefitted immensely from the opium explosion and narcotics trafficking over the past decade. They are flush with money. They have militias. Many have come to the conclusion that the U.S. President has no more cards to play, and that the United States will leave them in the lurch, as it did in 1989.

Meanwhile, the Saudis, the Pakistani ISI, and the jihadis, nearly all of whom are ethnic Pushtuns, have developed the necessary wherewithal to gain control of Kabul.

Moreover, the large Afghan National Army (ANA), created by the United States and NATO, to take control of Afghanistan's security once they leave, is large in size, but not terribly competent. Nonetheless, of the 200,000-man ANA, 85% are non-Pushtuns. However ill-trained they are, they possess weapons, and could pose a mortal threat to the jihadi-Pushtuns in the future.

Evidence of preparation for the next civil war has now begun to emerge. In western Afghanistan, the Hazarajat (hometown of the Hazaras) is receiving large assignments of arms from Iran. Although the Hazaras, who are Shi'as (like the Iranians), and constitute about 19% of the Afghan population, have their own differences with the Tajiks (25% of the Afghans) and Uzbeks (6%), in the north, they have no qualms about joining hands with them to defy the Saudi-Pakistan-backed and -armed Pushtun jihadis.

In the north, Atta Mohammad Noor, one of the top commanders under the legendary Tajik-Afghan leader (and arguably the only nationalist Afghan leader who emerged out of the opposition that fought the occupying Soviet forces in the 1980s), Ahmed Shah Massoud, who was assassinated by Saudi agents two days before 9/11, has now emerged in Mazar-e-Sharif, the second-largest city in Afghanistan, and capital of the northern Balkh province, as the unchallenged military leader.

The other indications that a civil war may break

open soon come from New Delhi and Quetta in Pakistan. During the 1990s, India had armed the Tajik-Afghans under Massoud, not only because he was friendly to both India and Russia, but because he was vehemently anti-Saudi-Pakistani-ISI-Wahhabi jihadis. India had set up a hospital in Farkhor, Tajikistan to provide medical help to the Tajiks who were under attack from the Taliban. With the advent of the U.S. troops in Afghanistan, that hospital was closed.

Last month, a top Indian Air Force officer, Air Marshal Kishen Kumar Nakhor, visited Dushanbe, Tajikistan, foreign ministry officials said, and during Nakhor's visit, Tajikistan's defense ministry announced that India would build and equip a hospital for Tajikistan's military officers. And in July, Indian Defense Minister A.K. Antony visited neighboring Kyrgyzstan and announced plans to open a joint high-altitude military research center there.

That's one side—and the reaction has already begun.

In Quetta, a military center of the Pakistani Army, bordering Afghanistan, 26 Shi'a pilgrims belonging to the Hazara community were dragged out of a bus in which they were travelling, at Mastung in Balochistan, on Sept. 20, lined up and shot dead by unidentified gunmen suspected of belonging to the anti-Shi'a Lashkar-e-Jhangvi (LeJ), which is close to al-Qaeda and the Taliban.

The Hazaras had long been a target of the Wahhabi-indoctrinated Sunni terrorist groups. An Indian analyst pointed out the massacre of the Hazaras in Afghanistan after the Taliban captured power in Kabul in September 1996, and allowed the LeJ to operate in Pakistan from sanctuaries in Afghan territory. The Hazaras of Pakistan, who were suspected by al-Qaeda and the LeJ of letting themselves be used by U.S. intelligence in its hunt for Osama bin Laden, subsequently became the targets of the LeJ. There have been many attacks on the Hazaras, who are to be found in large numbers in Balochistan, the Indian analyst said.



*From the time that the Soviets left Afghanistan in 1989, the Pakistani Army and ISI worked together to put top terrorist and drug trafficker Gulbuddin Hekmatyar in power in Kabul. But the Washington cabal had knowingly backed and funded him as well.*

## Among Washington's Unwashed Sins: Sleeping With Snakes

The resumption of civil war in Afghanistan, were it to happen, would not be simply the result of the latest Saudi machinations, nor those of Britain or the Pakistani ISI. Since the day that the now-defunct Soviet Union invaded Afghanistan, the proxy war, funded and waged by the Western nations with the help of the Saudis, had another element, which is to further the process of ethnic division of Afghanistan.

The beneficiary of most of the Saudi and Western support that flowed in to defeat the Soviet troops was the then-Pakistani military dictator, Zia ul-Haq, who had hanged the elected Prime Minister, Zulfikar Ali Bhutto, in

1979. Zia came under verbal attack for executing Bhutto, from the British-Liberal circles in the United States, although the hard-core anti-Soviet establishment in Washington continued to love him. To the jihadi-tuned Zia, the Soviet invasion of Afghanistan was veritable manna from Heaven.

From the very first day after the Soviets left Afghanistan in 1989, defeated and demoralized, the Pakistani Army and the ISI worked together to put a top terrorist and drug trafficker, the Islamist-mujahideen leader Gulbuddin Hekmatyar, into power in Kabul. The megalomaniacal Hekmatyar was the Saudi-Pakistan pawn in the game. But, the entire Washington cabal, including the CIA, in those days, had knowingly backed and funded this well-established drug-trafficker, jihadi, and terrorist.

Let us backtrack a little. In 1992, after the then-Pakistani army chief, Gen. Aslam Beg—who now runs a shadow-ISI outfit outside the intelligence agency, along with the former ISI chief Lt. Gen. Hamid Gul—had removed Prime Minister Benazir Bhutto from power, and replaced her with the pro-Saudi Nawaz Sharif, he called the Afghan mujahideen leaders to a *shura* (council meeting) at Rawalpindi. The objective of the meeting was to goad the most powerful and the best-organized commander from the Panjshir Valley in northern Af-

ghanistan, Ahmed Shah Massoud, to bring Hekmatyar to power in Kabul by ousting the Moscow- and New Delhi-backed Najibullah. Beg wanted Massoud to become Hekmatyar's "spear." But, what was Beg's spiel to these commanders?

Peter Tomsen, the U.S. special envoy to Afghanistan during 1989-92, and one of the very few U.S.-based Afghan experts who call a spade a spade, pointed out in his book, *The Wars of Afghanistan*, what Beg told these commanders. According to Massoud, Tomsen says, Beg "laid out a geo-strategic vision for Pakistan and Afghanistan's liberation."

"Beg called for Pakistan and Afghanistan together to foster Islamic revolution to the Muslim world. There was, Beg claimed, a leadership vacuum in Islamic countries. He claimed that Pakistan's assistance to the Afghan jihad placed it in a unique position to fill that vacuum. . . Utilizing a map, the general pointed to the five Soviet Central Asian republics. A different color distinguished them from the rest of the USSR. He remarked that following Najib's defeat, Pakistan and Afghanistan could start a new jihad to free the Muslim populations of Soviet Central Asia. Afterward, the two countries could assist other Islamic revolutions in Muslim regions of the world where jihads were already under way, such as in Kashmir, or where they had not begun. He predicted India would disintegrate when the Islamic revolutionary wave reached an advanced age."

Massoud, of course, did not buy any of that. He told his men in Panjshir that Pakistan was not interested in Afghanistan, but had a grand design, which is jihad. However, in secular Washington, where brilliant analysts were poring over data 24/7, they "had no clue" as to what Beg stood for then, and what the intentions of the ISI always were, and always will be, vis-à-vis Afghanistan. The same Beg and Gul, and the rest of the jihadis, are now directing the ISI in Pakistan. Whether Mullen knows it or not, Kayani is part of that as well.

Ambassador Munter said the ISI is helping the Haqqani terrorist outfit. Is this news? Or is it the coming out of the closet, an operation to bring to an end the decades-long policy of "don't ask, don't tell," so assiduously followed by the U.S. Embassy in Pakistan?

Throughout the early part of the 1990s, Washington backed the ISI when it was sending all kinds of support to Hekmatyar, a declared terrorist, to get control of Kabul. In April 1992, when Hekmatyar was fighting to gain control of Kabul militarily, three Pakistan ISI honchos, Hamid Gul, Afzal Janjua, and Sultan Imam (who

was killed recently by the terrorists he trained), were helping Hekmatyar inside Afghanistan. All of them were in active service, and the CIA knew all of their movements. More importantly, five Pakistani Army battalions were brought into Afghanistan to aid Hekmatyar in gaining control of Afghanistan.

None of that was unknown to President George H.W. Bush, a former CIA director. The U.S. knew everything. In fact, when Pakistani journalist Ahmed Rashid reported that "50 trucks of arms and ammunition" destined for Hekmatyar's forces in Logar province, were traveling from Pakistan to Afghanistan, the Russian Embassy counselor in Washington rushed to the State Department to complain about the ISI interference on behalf of Hekmatyar. He was met with a stone wall.

The Russians were told, as Tomsen reports in his book, that "the US sees no need to proceed with a joint approach in Pakistan concerning the Russian claim that Islamabad is assisting Hekmatyar." In other words, the U.S. State Department lied through its teeth to validate Islamabad's denials.

Now, it is Islamabad's turn.

## Knew You Not, Pompeii?



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# Will Obama Self-Destruct? We Can't Afford to Wait and See

by Nancy Spannaus

Sept. 26—Is narcissist Barack Obama losing control, and on the edge of disintegrating publicly? That is the clear implication of his behavior at the Congressional Black Caucus (CBC) meeting Sept. 24, when he concluded his remarks with a racist attack on the members of the Caucus.

“Take off your bedroom slippers, put on your marchin’ shoes. Shake it off. Stop complainin’, stop grumblin’, stop cryin’. We are going to press on. We’ve got work to do, CBC,” said the President who has been nothing but a toady for Wall Street during his two and a half years in office. His utter contempt unmistakably oozed through.

Appropriately, Obama then took off for virtually a full week of fundraising events, many of them geared to those who could ante up as much as \$38,000 a piece to hear him speak. The President, speaking at the CBC event, may have mentioned the “poor” for the first time in his Presidency, but he certainly wasn’t going to campaign among those who have no money.

Meanwhile, the Federal government was careening toward a possible shutdown as of Sept. 30, including the drawing down of the disaster fund of the Federal Emergency Management Agency to *zero*. Other than taking a few potshots at the Republicans, the President is AWOL when it comes to actually solving the problems of the tens of thousands suffering from floods, hurricanes, fires, and tornadoes all around the nation.

As leading Democrats are painfully aware, this is a

President who is out of touch with everything except his own narcissistic ego. He is prepared to bring down the party itself, as long as he survives, and he is playing hardball with those who dare to buck him. But the consequences of capitulating to this malignant narcissist are not only the destruction of the Democratic Party, but of the nation itself. That is the moral question that faces every citizen in the crucial days and weeks ahead.

## **Some African-Americans Want To Fight**

Obama’s display in front of the Black Caucus did not go totally unanswered. Despite an overall disgusting show of support at the CBC for the President, who has let the black community, among others, go to Hell during the term of his Presidency, leading African-American Congresswoman Maxine Waters (D-Calif.) stepped forward to express publicly what many must have felt privately.

“I’m not sure exactly who the President was talking to,” Waters told CBS’s Early Show Sept. 26, noting that members of the the Black Caucus have been out in five cities with town hall meetings and job fairs addressing the horrendous unemployment in black communities. “I find that language a bit curious,” because when Obama spoke to the Hispanic Caucus, which is pushing him on immigration, “he certainly didn’t tell them to stop complaining, and he would never say that to the gay and lesbian community, who are really pushing him on ‘don’t ask, don’t tell,’ and when he spoke to AIPAC



CBS News

*Obama's public meltdown at the Congressional Black Caucus event, all but accusing its members of being "stepin fetchits," prompted Rep. Maxine Waters to tell a CBS interviewer, "I'm not sure exactly who the President was talking to."*

[the American Israel Public Affairs Committee], "he would never say to the Jewish community: 'stop complaining about Israel' ... so I don't know who he was talking to."

Waters also spoke with CNN's Suzanne Malveaux, where she not only repeated her message, but raised her previous challenge to the President at the Detroit Jobs Fair, where she asked the audience to give her permission to challenge the President, and got their full approval.

Along with Waters, the other most prominent black Democratic challengers to Obama are talk show host Tavis Smiley and Prof. Cornel West, both of whom attended the CBC meeting, and are consistently speaking out about the plight of the country which the President is ignoring. In fact, during the CBC meeting, Smiley appeared at a book-signing in Baltimore where he repeatedly compared Obama unfavorably with the great African-American Civil Rights leader Dr. Martin Luther King.

Smiley asked his audience: "The question is, what is the threshold of pain that we will bear, and we are looking at a moment of social change when people cannot take it any longer." Without giving people a specific recipe, he raised the question: What are you going to do about this? While not prepared to call for Obama's ouster, Smiley evoked what he said is a real irony and problem for future historians: that at the very moment that African Americans were celebrating the election of the first black President, they were plunged into an economic and cultural hell. How will historians explain this? Why has Obama caved in to all the demands of the Republicans during the debt ceiling talks? Smiley asked.

Smiley evoked, in contrast, the fight of Dr. King,

which he said was based on three principles: 1) service for others, 2) fight for social and economic justice, and 3) love of humanity. He said that he and West had, earlier in the day, spoken at the Congressional Black Caucus meeting in D.C., and had then visited the new King Memorial, asking themselves, what would Dr. King do today?

One of the things that West is doing is joining with environmentalist activist Ralph Nader to find a primary challenger to face Obama in 2012. While this may be well-intentioned, it is a far slower process than what is required to save the nation from the life-threatening effects of the economic-financial collapse.

### **Glass-Steagall Front and Center**

There is no solution to the existential crisis which the minority community, and the country as a whole, face without the immediate implementation of Franklin Delano Roosevelt's policy of Glass-Steagall separation of commercial from investment banking. That policy, embodied in legislation put forward by Rep. Marcy Kaptur's H.R. 1489, would separate the toxic paper out, and effectively put it in the trash, thus leaving the way clear for launching a credit system to rebuild the economy, and saving the economy from an unstoppable explosion. At present, there are 43 co-sponsors to Kaptur's bill.

The problem is that President Obama is determined to do everything in his power to sabotage its passage. For he is not only a narcissist, but a British puppet, committed to implementing the policies his British financial benefactors demand. Thus, he moved to kill the Glass-Steagall bill in the Senate in 2010, and he is currently deploying Treasury Secretary Tim Geithner, and

perhaps others, to exert excruciating pressure on members of Congress who might turn the steady growth of support for H.R. 1489 into an avalanche.

The pressure from the White House against Glass-Steagall and those Democrats who are following LaRouche's lead in demanding its immediate implementation, is likely to grow rapidly in the immediate period ahead. Obama is aware of his increasing unpopularity, and he is fighting for his political life. His opponents, starting with LaRouche, but including many others—even Hillary Clinton, because her popularity has soared while Obama's has crashed—are on the target list.

Particularly unnerving to Obama must be the growing support within the Democratic Party local organizations for Glass-Steagall. Two state party central committees—Washington and Louisiana—have now passed resolutions in support of H.R. 1489, and some of those who rammed that through in Washington participated in a raucous demonstration against the President, when he showed up for his exclusive fundraiser in Seattle Sept. 25. He probably has also been informed that the Harris County Democratic Central Committee, the Houston-based group which was mobilized against LaRouche Congressional candidate Kesha Rogers who won the Democratic primary in 2010, also just passed a resolution for Glass-Steagall unanimously.

### Other Threats

By any realistic standard, of course, the current moves to bring Obama down, for reason of his constitutional violations, or his insanity, fall far short of what's required. Only LaRouche and his movement are stating the case loud and clear—and providing the remedies to what many see as a hopeless economic and political situation.

Obama has already committed sufficient violations of the Constitution and the public trust to be impeached. The illegal Libya War is sufficient in itself—not to mention the Budget Control Act, which denies Congress of its Constitutional powers, and flagrant expansion of the Federal police-state powers which were established under George W. Bush. Yet Congress—from both sides of the aisle—has punted on taking any steps toward impeachment.

Last week, however, the first moves were taken—predictably on the smaller corruption scandals which proliferate with this Administration. Republican committeemen have now called for independent investiga-

tors of the Administration's actions in two cases: the Solyndra bankruptcy, where it appears that the Administration pushed through a half-billion-dollar loan to a failing company for political reasons; and the Fast and Furious scandal, in which guns were provided to the drug cartels in Mexico, with the result of murders of U.S. agents. (See article, *EIR*, Sept. 23) A third major scandal, whereby the Administration conditionally approved a license for the wireless Internet and cell phone network scheme of LightSquared, despite the fact that it would fatally endanger GPS communications of the U.S. military, is also headed in the same direction.

On the surface, Obama may appear confident that he can weather such scandals, and not only stay in office, but win reelection, one way or the other. But those with close personal contact with the President, including diplomats, confirm that Obama looks terrible, as if "something terrible was going on inside." He is undergoing an internal meltdown, and that puts the nation in danger. We cannot afford to wait and see. He must be safely removed from office now.



**Sam Vaknin**, author of *Malignant Self-Love*, is interviewed in a 46-minute LPAC-TV video, on President Obama's narcissistic personality disorder, a condition which Vaknin says is increasingly controlling the President's mental outlook. Agreeing with Lyndon

LaRouche, Vaknin believes that Obama poses a grave danger to the United States and the world, unless he is immediately removed from office.

<http://larouchepac.com/node/19464>

# ‘Occupy Wall Street’: The U.S. Indignados

by Diane Sare

Sept. 22—On Sept. 17, a crowd of about 1,500, mostly young protesters assembled under the banner of “Occupy Wall Street,” at the infamous Merrill Lynch (Wall Street) Bull in New York City. Simultaneous occupations were launched in San Francisco, Los Angeles, and elsewhere in the United States, joining the peaceful international movement of “Indignados” (Indignant Ones) in Spain and Greece, who had called an international day of action, and gathered in the tens of thousands.

What is universal about the protests, is the opposition to bone-crushing austerity against the poorest and weakest members of the world’s population, while the London and Wall Street financial interests continue to receive bailout upon bailout.

Happily, the reinstatement of President Franklin Roosevelt’s Glass-Steagall Act is listed as one of the demands of “Occupy Wall Street,” but because the gathering is officially not a unified group, the statement of mission usually reads, “most of us support ... a return to Glass-Steagall,” among a list of other desired financial regulations.

LaRouchePAC organizers participating in the San Francisco and New York occupations found a great openness to “heavy ideas” among the demonstrators. In San Francisco, there was intense interest in the work of LaRouche’s Basement Team on science, as well as a strong response to a distribution of FDR’s Second Inaugural Address, which one person read out over the bullhorn.

## Education and Song

In New York, LaRouche candidate Diane Sare was joined by a choral contingent from Boston, led by Jennifer Getachew. This chorus of *bel canto* voices had a profound effect in the entire area. Crowds of demonstrators and tourists stopped to listen, and in some cases, sing along, or even conduct along, and always applauding at the end of pieces. A favorite was Haydn’s canon “To a Greedy Person,” but the American patriotic

songs also caught people’s attention, especially because some of the protestors haven’t figured out that the United States is *not* an empire. In front of the chorus was a large banner with pictures of Washington, Lincoln, and FDR, and the words: “The Pressure Mounts: Save the Republic, Glass-Steagall or Die—LaRouche PAC,” as well as a NAWAPA poster, and an “Obamas-tache” poster.

Also in New York, an economics teach-in was held with a group of about 100 occupiers in a park. Both Sare and Myles Robinson of the Boston LaRouche movement were among the five official speakers. While one of the speakers, an author, made a useful point about the relationship of debt to empire, and called for a debt moratorium, only Sare and Robinson addressed the civilization-threatening nature of the current crisis, and how to solve it.

Sare, after identifying herself as affiliated with Lyndon LaRouche, and a candidate for U.S. Congress in New Jersey, briefed the gathering on Treasury Secretary Tim Geithner’s insane mission to Poland to attempt to convince the European finance ministers to adopt more hyperinflationary bank bailouts, and the urgent necessity of Glass-Steagall; Robinson delightfully provoked the crowd with an attack on the Second Law of Thermodynamics (one of the other speakers had published a book on entropy!), and attacked environmentalism for what it is: a British imperial plot to reduce world population. Both speeches sparked lively questions and debate, particularly around the issue of the Earth’s presumed “carrying capacity,” a popular fraud of the people-hating environmentalists.



*Diane Sare addresses the Wall Street “Indignados” rally; Myles Robinson is to her right.*

LPAC-TV



LPAC-TV

*One of the demands of the “Occupy Wall Street” coalition, shown here at the Sept. 17 march and rally, is the revival of Glass-Steagall. But the group needs leadership to counter the liberal/greenie tendencies.*

Throughout the day, the only negative response to the LaRouche presence came from a disheveled old Boomer hippy with a large, scruffy beard, a cane, and a NORML (National Organization for Reform of Marijuana Laws) button, who tried to rip down the banner. Several of the demonstrators approached him and told him to stop—that this was unacceptable behavior, and the occupation was inclusive of all. No one had an interest in his anti-LaRouche ravings.

### Prospects

As of this writing, several hundred occupiers remain camped out in a park near Wall Street. They are garnering a great deal of support and international media attention. They are holding daily assemblies to plan their actions, marches, and teach-ins, and plan to stick it out for weeks, or longer, if necessary.

Unfortunately, since the United States has been through 40 years of post-Kennedy-assassination, Congress of Cultural Freedom brainwashing, the legitimate demands of the occupiers (see below) tend to be buried in a morass of liberalism and environmentalism, which doom them to failure. To solve the global crisis, a deep appreciation of the American Revolution against the British Empire is required, which means mastering Alexander Hamilton’s work on credit and economy, and a solid commitment to scientific progress involving nuclear power and a revived space program, to say the least.

It remains the case that the LaRouche movement globally is the most effective organizing force in the

Solar System, and only we have put forward the necessary program to ensure mankind’s long-term survival, starting with the removal of Obama from office, the reinstatement of Glass-Steagall, and a Russia-China-USA partnership to drive a global economic recovery.

Whether the Wall Street occupation portends a Shelley moment: “an accumulation of the power of communicating and receiving intense and impassioned conceptions respecting man and nature,” or a “Schiller tragedy”—“A great moment has found a little people,” depends on the rapid growth of the LaRouche movement worldwide.

## The ‘Occupy Wall Street’ Demands

The tentative list of demands of the Occupation, which, as of this writing, have *not* been endorsed by the group’s General Assembly, but are being put forward for endorsement, include:

- Halt home foreclosures for the unemployed, sick, and elderly
- Increase funding to public services by raising taxes on the richest Americans by 1%
- Forgive all student loan debt
- Reinstatement of the Glass-Steagall Act in order to control speculation
- Work with the other G20 nations to implement a 1% “Robin Hood” tax on all financial transactions and currency trades
- Ban high-frequency “flash” trading and bring sanity to the markets
- Break up the “too big to fail” banks that threaten our future
- Arrest the financial fraudsters responsible for the 2008 meltdown and bring them to justice
- Ordain a Presidential Commission tasked with ending the influence corporate money has on our elected representatives in Washington

# ‘One Planet Is Not Enough’

Special to *EIR*

JOHNSON SPACE CENTER, HOUSTON, Sept. 21—NASA astronaut Donald Pettit, Russian cosmonaut Oleg Kononenko, and European Space Agency astronaut André Kuipers, who will crew the upcoming voyage to the International Space Station, responded enthusiastically to questions from two representatives of *21st Century Science & Technology* magazine at a Sept. 20 press conference here. In a lively round of comments, the spacefarers, all scientists as well, called for putting human DNA on other planets as a matter of survival (Pettit); mining the Moon and colonizing the Solar System (Kuipers); and exploring other galaxies (Kononenko).

The three are set to launch to the Space Station aboard a Soyuz TMA-03M spacecraft around Dec. 26, from the Baikonur Cosmodrome in Kazakstan. Prior to that, another crew of three is set to fly to the Space Station aboard a Soyuz craft on Nov. 14. The present ISS crew will return a few days later.

However, as a result of President Barack Obama’s criminal attack on the U.S. space program, and the lack of capable technology in other nations, the Russian rockets and Soyuz modules represent the only remaining manned space launch capability on the planet today.

If there is a problem with the November launch, the ISS will be unmanned for the first time, following a ten-year stretch of continuous habitation.

While most questions at the press conference focused on technical matters related to the upcoming flights, or on how the crew likes working with each other, *21st Century Science & Technology* was able to direct the discussion to the deeper questions of human immortality and survival of the species, which are so intimately tied up with the manned space program.

With a view toward the Three-Power Alliance recently proposed by Lyndon LaRouche, *TCS* representative Ian Overton asked Cosmonaut Kononenko:

“The United States and Russia have a long history

of collaboration in national strategic missions, from the Transcontinental Railroad—and, hopefully—far, far into the future. And so, the question that I have is: What do you see as a direction for long-term future collaboration between the United States, Russia, and also China, on space exploration, especially, manned space exploration?”

Kononenko, a mechanical engineer and avid sportsman, replied that, in his personal opinion, “I think that space has long been a sports arena, where every participant demonstrates how fast or how huge they are. I think that the future of space exploration is only in joint exploration, and we will be able to do deep space missions only if we cooperate. So I think our future is joint cooperation.”

### Galactic Question Ignites Discussion

A follow-up question came from Juliette Lamoreux, also representing *TCS*, who ignited the participants with the query: “And what do you think about the potential threat of cyclical mass extinctions every 62 million years, that we’ve seen on Earth; and how might mankind begin to address that bigger galactic question?”

The question brought the press conference to life, exciting the deep passion for discovery and accomplishing miracles, which all of us familiar with the manned space program know and love. All three of the astronauts answered.

“I’ll tackle the galactic question here,” astronaut Pettit volunteered. “I’m a firm believer that one planet



LPAC-TV

At a NASA news conference in Houston, Sept. 20, (left to right:) NASA astronaut Donald Pettit, Russian cosmonaut Oleg Kononenko, and European Space Agency astronaut André Kuipers, who will crew the next voyage to the Space Station, engaged in an animated dialogue with correspondents of *21st Century Science & Technology* magazine.

is not enough. And I like to say that perhaps the ultimate reason for exploring space can be learned from the dinosaurs. If the dinosaurs had explored space, if they had colonized other planets, they would still be alive today. So I think this is ultimately why human beings, if we want to live on the time scale of tens to twenties of millions of years, we're going to have to have our DNA on more than one planet!"

Pettit, a doctor of chemical engineering, is a veteran of two space flights, including a six-month stay on the Space Station in 2002-03, in which he became known for his "Saturday Morning Science" series, demonstrating how fluids behave in extremely low gravity. He also voyaged to Antarctica on an exploration for meteorites.

Smiling broadly, Cosmonaut Kononenko added to Pettit's comments:

"I think that problems with resources will always face humanity. So humanity will actually have to look for additional means of existence. And I think that it will be an urgent need to explore other galaxies and other planets." Kononenko is a mechanical engineer who led teams in the design and development of spacecraft electrical power systems at the TskB-Progress fa-

cility in Samara (Kuybyshev), where the rockets that carried the Soyuz modules to the ISS were constructed. He is also a veteran of two space walks during a 199-day mission aboard the Space Station in 2008.

Dutch physician and ESA astronaut Kuipers, also smiling, added a crucial historical perspective:

"We have been around for only a short time. And if we think in cosmic terms—I don't know who said this first, but we're standing at the edge of the ocean with only our toes in the water. There's an ocean to discover!"

Then, expressing the uniquely human ability to think beyond the bookends of one's life, which manned space exploration tends to engender, Kuipers noted:

"If you look back to our age from the far future, people will see that Sputnik, Gagarin, Armstrong, the first base on Mars (the Space Station will be skipped, because it will be normal—you'll have several bases), industrialization, mining on the Moon—all of these things will happen. I'm convinced that humanity will spread out through the Solar System, and who knows, beyond..."

The press briefing was broadcast live around the planet on NASA-TV, and was also recorded on site.



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*Laurence Hecht*  
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## LAROUCHE'S SEVEN NECESSARY STEPS

# Step Four: 'Honest Bailouts' For Bankrupt Cities, States

by Harley Schlanger

*On Aug. 24, 2011, Lyndon LaRouche outlined a Seven-Step program as the only possible solution for the present threat of a global breakdown crisis. Having presented the overview in our Sept. 2 issue, and in-depth attention to Steps One, Two, and Three—the removal of Obama from office and reenactment of Glass-Steagall; the reinstatement of the Glass-Steagall standard; and the application of Alexander Hamilton's credit system—we now turn to Step Four: "Provide 'honest bailouts' for the bankrupt cities and states."*

*As LaRouche put it in that LPAC-TV presentation:*

*"We have to set up the national and state programs, in which you will have two things to consider. First of all, we have a bailout problem of a different type, an honest bailout problem. We have a lot of institutions that are broken down, that have to be repaired and put back into operation immediately. In other words, old things that are already on the agenda, have been removed temporarily from the agenda—firemen, policemen, schools, etc., etc. These things, which are state and national liabilities, must be covered with credit supplied by the Federal government use of this substitute for a bailout program."*

As the Obama Administration has escalated the bailout of Wall Street and City of London banks, "investment" firms and insurance companies, channeling trillions of dollars to bankrupt financial institutions—which

bankrupted themselves, due to their reckless speculative gambling, made "legitimate" with the final elimination of Glass-Steagall banking regulations in 1999—state and local governments have been confronted with ever-soaring deficits, and have resorted to brutal, increasingly deadly budget cutting to survive.

These governments have been placed in an impossible position. Their revenues, which come largely from income tax, sales and property taxes, and a variety of "user fees," have collapsed, due to the dismantling of the nation's physical economy, following the destruction of the manufacturing and agriculture sectors, and the disinvestment in infrastructure, over the last 40 years. This overall collapse has resulted in 25-30 million Americans becoming unemployed or underemployed, leaving families not only unable to contribute to the revenue base, but also increasingly dependent on aid from the state and Federal governments for basic survival, thus increasing the costs to government. With the Obama Administration's willful alliance with fanatically driven budget-cutting Republicans, the Federal share of income which states had come to depend on, has also dried up, and now, the last pittance of "stimulus funds" has disappeared.

Since state and local governments have limited legal ability to borrow, and most are legally bound by



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*Cities all around the U.S. have become increasingly unable to repair their crumbling infrastructure, a problem only Federal credit can address. Here, a street in San Diego, Calif., in 2006.*

balanced budget laws, state and local officials have blindly engaged in non-stop budget cutting since the bubble popped in the Summer of 2007. As LaRouche has repeatedly warned, such austerity measures never work: not only is there not enough “waste” to cut, to achieve a balanced budget—despite the lying, ideologically based claims of the free market, anti-government quackademics, and think-tankers—but the cuts being adopted destroy the future potential to produce a growing level of real physical wealth, which is what is required to reverse the collapse!

Further, at a time when demands are growing on state and local governments to provide some minimal aid to the growing numbers of unemployed, homeless, sick, elderly, and poor, not only are the programs being cut, but the public employees who provide the aid are being laid off. There were over 120,000 layoffs of teachers, policemen, firemen, nurses, and aid workers nationally, immediately after the fiscal year ended on June 30, 2011, but hundreds of thousands more layoffs will be imposed, in deeper cuts, as the economy speeds toward a hyperinflationary implosion. According to the Center for Budget and Policy Priorities’s July 28

report, 577,000 jobs have been eliminated from public-sector workforces of states and localities since August 2008.

Thus, the necessity for the fourth of LaRouche’s “Seven Necessary Steps,” that Federal funds be made available, immediately, to state and local governments, which is the only alternative to chaos in America’s urban centers and rural communities.

### **The Principles Involved**

The idea of local economies sustaining themselves has tremendous popularity these days, especially because of the abuses of Federal regulatory power in areas such as environmental law, for example. But the overriding reality must be

faced: *Consonant with our Constitution, only the Federal government can create credit.* Therefore, the credit-creating power of the Federal government is essential to providing the necessary financial support for local economies, either through direct grants, or through providing necessary productive employment.

The closest thing to a model for this Federal government behavior can be found in the Franklin Roosevelt Administration’s Federal Emergency Relief Act (FERA) of May 12, 1933, which applied FDR’s state program of the same name to providing aid to the cities and states (see box). Unlike the standard Keynesian theory mouthed today—“We want to put more money in consumers’ hands so that they can spend”—the idea of FERA was to provide for absolutely necessary services for the population—from individual needs, such as food and shelter, to the needs of the community, such as fire, police, and sanitation.

The second principle also stems from our Constitution, as stated clearly in its statement of purpose, the Preamble, specifically in that Preamble’s commitment to the general welfare: that *no section of the population of the United States must be allowed to be destroyed by*

*so-called economic forces.* We have a responsibility as a nation to care for our people, as FDR so eloquently put it in many of his Fireside Chats—his radio addresses to the American people during the Great Depression.

It was FDR's conception, and it should be ours today, that the direct bailouts needed by the cities and states should be emergency measures, not long-term. The realization of that concept depends upon the assumption that the overall credit policy of the Federal government would result in the massive increase of productive employment, at higher and higher levels of science and technology, and therefore, in an increased revenue flow, through reasonable taxes, into the coffers of the cities and states. Healthy people *want* to work, and they should be given the opportunity to contribute to society by their work. And if they are working, they will increase the productivity, and real wealth, of the society as a whole.

In the immediate future, however, as in the 1930s, cash bailouts are going to be necessary to bring the states and cities back up to a level of livable functioning, to provide education for the children, and to sustain social life while the productive economy is set into motion. Tax increases and budget cuts won't work.

### **California: What Not To Do!**

The once-“Golden State” of California offers one example of the insanity of budget-cutting austerity, as the state has cut billions of dollars in spending over the last decade, and yet still faces a growing crisis in the coming fiscal year. Under the former Governor, Arnold Schwarzenegger, nearly \$100 billion in cuts were enacted between 2005 and 2011, hitting especially hard health care, education, police and fire protection, and other social services. Still, the former steroid-popping body-builder left a \$26 billion-plus

## **FERA: Aiding the Cities And States, FDR-Style**

The current crisis of local revenues, and resulting disastrous poverty, in American cities and states, is only comparable to the situation which faced President Franklin Delano Roosevelt when he took office in March 1933. After initial measures to bring banking under control, and begin to address youth unemployment with the Civilian Conservation Corps, FDR rammed through the Federal Emergency Relief Act (FERA) on May 12.

The key was speedy, non-bureaucratic action. The bill called for the establishment of one Federal Relief Administrator who would cut through the bureaucracy to get aid immediately to those millions in need. FDR gave the job to the man who performed a similar function for him during his governorship of New York State, Harry Hopkins.

Hopkins immediately communicated with all the state governors, telling them to set up state agencies; he began to review requests, and send off the

money—reputedly \$5 million in the first two hours. The first objective was to bring families back from the edge of starvation, put clothes on their backs, and give them shelter.

While half of the FERA funds were supposed to be dispersed as matching funds for what the states had previously spent, half was for outright grants. Hopkins concentrated on getting the money where it was needed. But his major concern was to move immediately from cash relief to providing jobs. By June, FDR, who shared Hopkins' objective, convened a conference at the White House to outline the kind of local projects he envisioned being funded by FERA funds.

From this time on, until FERA was effectively replaced by other public works programs, its monies poured into the funding of local and state jobs—teachers, road building and street repair, parks, and so forth. According to author Nick Taylor, FERA ultimately put some 2 million people to work, mostly in local road repair, but also tens of thousands of teachers, and other public servants.

Is this not precisely the kind of support our states and cities need today?

—Nancy Spannaus



LPACTV

*Hundreds of thousands of vital city and state workers have been laid off or had their incomes slashed since 2007, as the revenue streams for their functioning have collapsed. Here, protests to support collective bargaining for state workers in Michigan in February 2011.*

deficit to his successor, the recycled Gov. Jerry Brown.

For his part, Brown cut close to \$15 billion from the 2011-12 budget, then proclaimed that, since the state was beginning an economic recovery, future deficits would be easily controlled by “competent fiscal management.” However, a short-term spike in revenue, largely due to capital gains tax increases from the speculative jump in stock prices in 2010-11, disappeared as rapidly as it had appeared, and the state is now facing a growing deficit, despite cuts that have sliced into bone.

Over the last decade, the state has seen a shrinkage of revenue of close to 30%!

### **Austerity Equals Murder**

Programs which insured poor children have been cut, taking away dental plans, and sight and hearing tests for pre-schoolers; programs which provided work for welfare recipients, and daycare for their children so they could work, have been slashed; home services, to enable the handicapped and the elderly to stay in their homes, have been cut, with no provisions to aid their relocation to long-term care facilities; and state funds for neighborhood health clinics and rehabilitation centers have been cut dramatically. Doctors’ and nurses’ associations have denounced the cuts to health care, saying that these have already led to many unnecessary deaths, and will accelerate death rates among the poor, the sick, and the elderly.

The crisis is worsened by one of the “short-term” moves used by Brown, to transfer funds from the cities to the state, with a vague future promise of repayment. Thus, the cuts in state programs have been magnified by the inability of cities to compensate, which threatens a further implosion. For example, the City of Oakland, which reduced the size of its police department, has seen a jump in crime. Los Angeles has laid off teachers, closed neighborhood health clinics and parks, and cut back hours for libraries. The city of Vallejo, which filed bankruptcy in 2008, has been abandoned by many of its citizens, as its neighborhoods are filled with empty and foreclosed homes, while the reduction of its police force from 158 to 90 has led to a significant increase in drug sales and prostitution.

Even the once-wealthy Orange County is facing chaos. The *Orange County Register* reported in mid-September “Spiraling public safety costs and plummeting revenues have pushed Orange County cities to the brink,” with Costa Mesa “outsourcing” half the jobs at City Hall, while Stanton is calling for “volunteers” to reopen its police department. The city of Anaheim just announced a \$5 million cut in police and fire protection, joining larger cities, such as Los Angeles and San Diego, in closing fire stations on a rotating basis, threatening the lives of its citizens in areas annually hit with devastating forest and brush fires. This, on top of the 30% reduction in state funds for

Forest Services, that are allocated mainly in managing wild fires.

As for education, on which the future depends, even the present education system, with its poor quality, is being savagely reduced. From kindergarten through high school, cuts have hit teachers, and the maintenance of school facilities. The once-famous California state college and university system, which was key to innovations, ranging from space exploration to the development of the most efficient delivery of power and water to a growing population, to the transformation of desert to the most productive farmland in the world, is being irreversibly damaged, as faculty leave, incoming student numbers are reduced, plant and equipment are left to the ravages of age, and tuition costs are hiked annually by as much as 10-16%, even while the availability of grants and loans is slashed.

In short, without an infusion of Federal funds, California is plunging into chaos, with no hope for a better future.

### **It's Not Just Kookifornia**

While some would like to say that California is a special case of overspending do-gooders trying to use government to solve every problem, reality is that what has happened in California is happening, with similar results, to every state and local government.

Take the late July overview of the Center for Budget and Policy Priorities, on budget cuts planned in the new fiscal year in certain areas, due to revenue shortfalls.

- 30% cuts to health care and Medicaid: Huge new FY2012 cuts are being made in at least 20 states, coming on top of two years of cuts in all 50. Arizona and Washington have both frozen enrollment in parts of their Medicaid program, denying, in the case of Arizona, coverage to 100,000 persons.

- 30% from public education: Both pre-K and K-12 education funding, and also higher education funding, are being cut deeply by states. Thousands of teachers' jobs are gone. Florida's cuts led to 15% tuition hikes to



Library of Congress

*President Franklin Delano Roosevelt*

colleges, for a total hike of 52% since 2009.

- 40% to all other functions: Cuts to state allocations for such basics as firefighting, public-health measures, police; and in Virginia, paying for burial of the indigent. For many localities, state funding normally constitutes over 30% of their revenue. Now it's not there.

The same is true of local governments. "Risk-management" programs sold to desperate officials in cities such as Harrisburg, Pa., and Jefferson County (Birmingham), Ala., have brought these cities to bankruptcy. Harrisburg, with a debt of over \$310 million, due to costs associated

with an incinerator system, has been debating whether to file for bankruptcy, or be taken over by the state.

As for Jefferson County, a scam run by a JPMorgan-led consortium convinced the county to purchase "interest-rate swaps," to protect against an uncertain credit market, in financing a necessary upgrade of the county's sewage system. (There are many other cities, large and small, which have been victimized by such operations run by JPMorgan, Goldman Sachs, Morgan Stanley, and others.) Following the collapse of 2008, and the credit squeeze on everything except bailouts for the biggest speculators, the debt owed by the county on these swaps ballooned, leading to a 400% jump in the costs of sewer rates to citizens there. A deal worked out by JPMorgan, to avoid a declaration of bankruptcy by the county, led one County Commissioner to say that many people will not be able to afford the higher costs, and that it is wrong to do it this way, as "they are balancing that debt on the backs of the poor."

Local and state officials have responded impotently to the demands of their creditors, accepting what they believe are unchangeable circumstances. Since California, and most other states, must have a balanced budget, and the ability to borrow is limited to ballot referendums, the budget battles have been waged under the false axiom that the tools available to governments to deal with budget crises are limited to either raising taxes or cutting spending—which

avoids the fight for the real solution.

Instead of backing LaRouche's leadership, in getting Obama out, and Glass-Steagall in, as necessary preconditions for the uttering of Federal credit for great projects such as NAWAPA (North American Water and Power Alliance), which will increase jobs, and produce new physical wealth—which is the only way out of this crisis—cowardly state and local officials have been reduced to whining, complaining, and murderous budget cutting, while the bailout of the criminals, whose speculative appetites are responsible for the breakdown of the Trans-Atlantic economy in the first place, continues, at an accelerating rate.

For a small percentage of the cost of the bailouts, the Federal government could make payments to state and local governments, to protect essential, life-saving programs from being cut. Further, funds applied to state and local governments for necessary improvements in upgrading the overall economic platform—i.e., investments in so-called infrastructure—would enable states to benefit immediately from such projects as NAWAPA, establishment of improved power production, and a grid of high-speed rail transport.

# Federal Government Must Give Backing To the States

*Lyndon LaRouche outlined the appropriate approach of the Federal government toward the states in the context of a Dec. 7, 2002 presentation to meeting of California supporters. We provide the relevant excerpt here.*

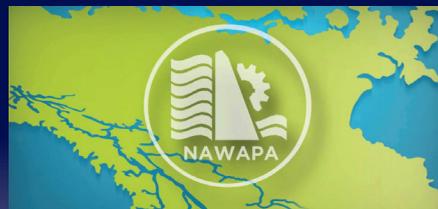
We have two levels on which to operate in our economy, in order to deal with this kind of crisis.

First, on the state level: The Federal states of the United States each have authority and responsibility for the development and maintenance of basic economic infrastructure. That is, the creation of public utilities on the state level, for example; or the granting of powers by the states, to municipalities and others, to create local public utilities. These types of utilities, which were protected and regulated, used to be a safe place for people to put money

## Seven Necessary Steps for Global Economic Recovery

A 40-minute feature video presenting Lyndon LaRouche's Emergency Program to End the Global Depression

<http://larouchepac.com/node/19282>



**5.** IMMEDIATE NATIONAL MOBILIZATION FOR THE CONSTRUCTION OF THE NAWAPA PROJECT



**1.** FORCED RESIGNATION OF BARACK OBAMA & IMMEDIATE PASSAGE OF GLASS-STEAGALL



**3.** FOR LACK OF REAL ASSETS REMAINING, ISSUE HAMILTONIAN CREDIT FOR NATIONAL PROJECTS



**6.** ENGAGE LATENT LABOR FORCE FOR SUBSIDIARY PROJECTS SUCH AS TRANSPORT AND NUCLEAR



**2.** DIVISION OF FICTITIOUS FROM REAL LIABILITIES ACCORDING TO GLASS-STEAGALL STANDARD



**4.** THE ONLY BAILOUTS WILL BE HONEST BAILOUTS FOR THE BANKRUPT CITIES AND THE STATES



**7.** EXTEND COOPERATION INTERNATIONALLY TO MEXICO, CANADA, RUSSIA, CHINA AND OTHERS

for their retirement and so forth. No longer, as you know.

All right. But we have to rebuild them. But we do not have the credit in the banking system, or in sale of stock or anything else, to do this rebuilding job. We have to, therefore, go to the credit-creating authority, and regulating authority, of the *Federal* government, to give the backing to the *states*, which will enable the states to carry out their program, such as rebuilding in California, generation and distribution of electrical power, the improvement of water management, which is an adjunct to the development of electric power. We have a water disaster. We could fix it. We'd better get at it. We have a power crisis. We'd better fix it. We'd better get at it.

These are things which require action on the *state* level, under state authority, and cooperation *among states*, as individual states, but also the protection of the Federal government itself, and the credit-creating authority.

So therefore, what has to happen is two sets of legislation: First of all, as I've proposed, a national infrastructure program, which I've sometimes called a "Super-TVA," to remind people of the TVA development under Franklin Roosevelt. We need that. We need that on the Federal level and the state level. We must save our rail system, we must protect our air-traffic system from collapse—which is now in progress. We must protect our water-management system, keep those in place, and so forth, as well as our energy-generating and distributing systems. And also our health-care systems, and our educational systems, and so forth. These things must be fixed. We're disintegrating as a nation. We can't have this continue.

This means that the Federal government must create legislative authority, with the Executive, and the Presidency, and the Congress, to repeal—temporarily at least—all of those changes in law, which were made over the past 35, approximately, years, changes in law which took us away from a fixed-exchange-rate international monetary system, to a floating-exchange-rate system; away from a protectionist policy to a free-trade policy; and into massive deregulation.

So, all the legislation, which would mandate deregulation, cessation of construction of essential infrastructure, and so forth, these things must be wiped from the books, at least for the duration of the emergency. Under that authority, and by putting the banking system into bankruptcy reorganization—the financial system into bankruptcy reorganization—and using Federal credit to generate growth, as Roosevelt did, then we can come out of this quite well.

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## Among the Gnomes

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# Swiss Lawmakers Moot Glass-Steagall Law

Sept. 23—In the midst of the escalating bankruptcy of the trans-Atlantic banking system, the Sept. 15 Thursday morning session of the Swiss Nationalrat, the lower house of parliament, was hit with startling news: The Swiss megabank UBS announced an over-\$2 billion loss on bets by its flagship London trading office. Within hours, and into the next Nationalrat session on Monday, with parliament already debating a banking bill known as "Too Big To Fail," the Swiss were on the way to having the first elected body, on either side of the Atlantic, vote, and make the law of the land, a Glass-Steagall-modelled two-tier banking system (separating investment from commercial banking), to protect the real economy and related credit/deposit system from the threatened bankruptcy of UBS and its equally large sister, Credit Suisse.

Although in June, the Ständerat, the upper house, and in August, the parliamentary Joint Economics and Expenses Commission, had debated, but voted down a two-tier banking system clause for inclusion in the "Too Big to Fail" draft bill, within hours, leading figures of the two major parties, the Social Democrats (SP) and the Swiss People's Party (SVP), were presenting competing proposals for a Glass-Steagall-type law.

That morning, SVP Nationalrat member Caspar Baader submitted a motion that the draft bill be sent back as inadequate, and that the government should re-submit it with either a two-tier banking system clause, or a strict "holding structure" division of the banks. The online protocol of that day's session is filled with numerous demands and ideas from delegates on how to protect Switzerland from the consequences of the two banks' investment banking divisions. SP delegate Susanne Leutenegger-Oberholzer rejected the SVP motion, claiming its proposal wouldn't withstand foreign claims on UBS Swiss assets, if their U.S. investment banking operation went bankrupt—"It's not watertight," she said. SVP deputy secretary Silvia Baer would later say the SP should simply support the SVP banking reform proposal.

Although that motion was defeated, 115-45, calls for Glass-Steagall, or a complete ban on commercial banks doing investment banking, echoed into the weekend. In the next day's press, Leutenegger-Oberholzer was quoted promising that, on Monday, they would make a motion to ban UBS and Credit Suisse from doing any investment banking. On Sunday, leading SVP figure Christoph Blocher was interviewed in the *Sonntags Zeitung*, reiterating their call for a two-tier or "holding structure" solution, but added that, if pressure from managers continued to prevent that, then it "must seriously be considered whether one shouldn't forbid the commercial banks from engaging in investment banking."

Speculation was rife that the two parties, normally fighting each other like cats and dogs, might cooperate and get into the law some form of the Glass-Steagall standard.

### A Major Setback

The Sept. 19 Nationalrat session brought a major setback. The Leutenegger-Oberholzer procedural motion to reopen the session (the deadline for motions closed the previous week) to make possible a new motion for a ban on investment banking, was narrowly defeated, 55-42. Over 90 delegates were not even present in the Nationalrat chamber to vote! Despite sentiment for Glass-Steagall in the population and in the parties, something went wrong.

Although petty party squabbling played a role, the strategic implications of an exemplary Swiss Glass-Steagall move would have immediate implications for the rest of Europe and the United States. On Sept. 21, in the parallel session of the Ständerat, Delegate Markus Stadler submitted a motion mandating the government to conduct an urgent review of how a two-tier system could protect Switzerland. He issued an impassioned warning that the "Too Big To Fail" bill would not work, that "the danger of dramatic events is not passed," and that Switzerland "had to prepare itself for the possibility of a collapse" of the financial system.

The head of UBS America, Robert Wolf, is a close personal friend and advisor of President Obama; the latter has done everything possible to prevent the reimplementation of Glass-Steagall since he took office, up to and including muscling members of Congress against supporting the current draft bill in the House of Representatives (H.R. 1489). Former New York Federal Reserve head, and now Treasury Secretary Tim Geithner was just in Europe proposing massive new hy-

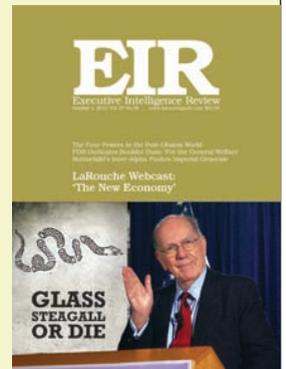
perinflationary bailout schemes.

UBS CEO Oswald Grübel himself got his start in banking in London in the 1970s, when London and Wall Street dismantled President Franklin Delano Roosevelt's Bretton Woods System, and used the deregulated U.S. dollars accumulating abroad under London's direction for casino-style banking. Grübel was a London partner of White, Weld, Credit Suisse, which developed the bond market in London precisely for those dollars.

*EIR* discussions with political figures in Switzerland have made clear that they recognize the need for decisive action from the U.S., precisely because the power within Switzerland of UBS and Credit Suisse derives from their London and New York connection. As such, there is confusion among Swiss legislators about what Glass-Steagall really is. Susanne Leutenegger-Oberholzer told *EIR* that professors have claimed that a Glass-Steagall approach wouldn't protect Swiss taxpayers. The source of this confusion comes from London and Washington, whence legions of arm-twisting "economic hit men" lobbyists are desperate to prevent a Glass-Steagall defense of the nation-state, be it the U.S., or Switzerland.

## Lyndon LaRouche ON Glass-Steagall AND NAWAPA:

The North American Water and Power Alliance



"The greatest project that mankind has ever undertaken on this planet, as an economic project, now stands before us, as the opportunity which can be set into motion by the United States now launching the NAWAPA\* project, with the preliminary step of reorganizing the banking system through Glass-Steagall, and then moving on from there."  
 "Put Glass-Steagall through now, and I know how to deliver a victory to you."

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# *Toward a Great Pacific Alliance*

Noted American economist and political leader Lyndon LaRouche on Sept. 25 issued a statement of warm congratulations to Russian Prime Minister Vladimir Putin, upon his nomination for the Presidency of Russia in the 2012 elections. He also congratulated Russian President Dmitri Medvedev, who nominated Putin for President at this week's United Russia party convention, and has announced his candidacy for the Russian Duma, as head of the United Russia slate.

"This Putin-Medvedev move is just the kind of strategic surprise the world needs," LaRouche said. "This assertion of leadership sends a clear message of defiance against the British Empire's divide-and-conquer games, and represents a major step forward toward a new Pacific-centered recovery program for the entire world.

"Over the recent weeks, the Putin-Medvedev leadership has taken new initiatives toward cooperation with China, on precisely the basis of high-technology development, including space and nuclear, that the world needs to get out of the current depression. Once the United States, without Obama, joins with this Russian-China alliance, we have the basis for a Great Pacific Alliance, which will be the alternative to war and a New Dark Age.

"We are already seeing whining and screaming from lackeys of the British Empire, about this crucial decision. In fact, they have brought this development on themselves, by wrecking the trans-Atlantic economies through deindustrialization and globalization. People in the West have no right to complain.

"The Putin-Medvedev decision," LaRouche continued, "is actually a sign of hope for all mankind. What is required now is for the American population to dump its British-puppet President,

and join with Russia and China to form the Great Pacific Alliance that can rescue mankind.

"This alliance is already in the making, as of the Putin-Medvedev announcement yesterday. Now is the time for American patriots to move decisively to dump Obama so we can join it, and take the necessary measures to save every section of the planet from an otherwise-inevitable collapse into the future envisioned by the British financial empire—depopulation and death."

The Great Pacific Alliance to which LaRouche referred, has been the policy of the movement he heads, since the collapse of the Soviet Union in 1991. Initially dubbed the Eurasian Land-Bridge, this project called for the creation of high-technology development corridors linking the most advanced centers of Western technology, with the vast Asian landmass which contains the largest concentration of the world's population. The Chinese government adopted this Eurasian policy, historically known as the Great Silk Road, in the 1990s, and has made considerable progress since.

Indeed, over the last decade, the only location for real economic development on the planet has been Asia, especially China and environs.

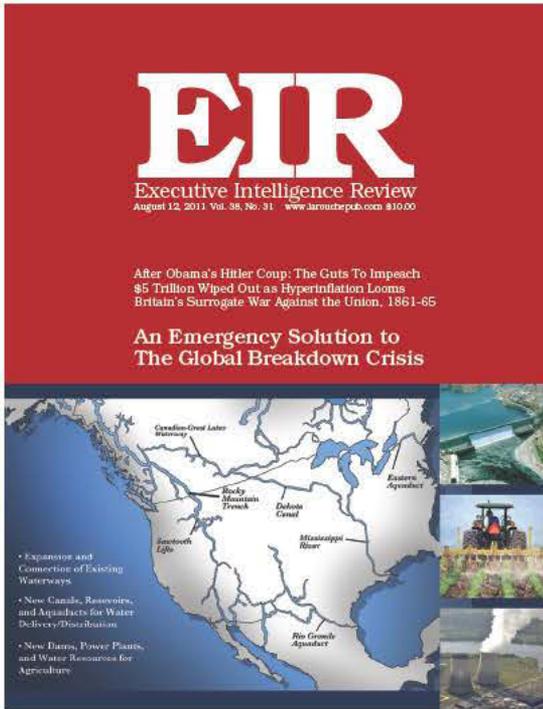
In 2010, LaRouche updated the Eurasian Land-Bridge perspective by putting forward the immediate necessity for building the North American Water and Power Alliance (NAWAPA), a huge biospheric engineering and water management project which would be a launching pad for expansion into Asia through the Bering Strait Tunnel, and expanded space cooperation with Russia and China.

With the Putin-Medvedev move, we are now on the cusp of realizing this perspective. The crucial next step is removing Obama—the key obstacle to a new world credit system.

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