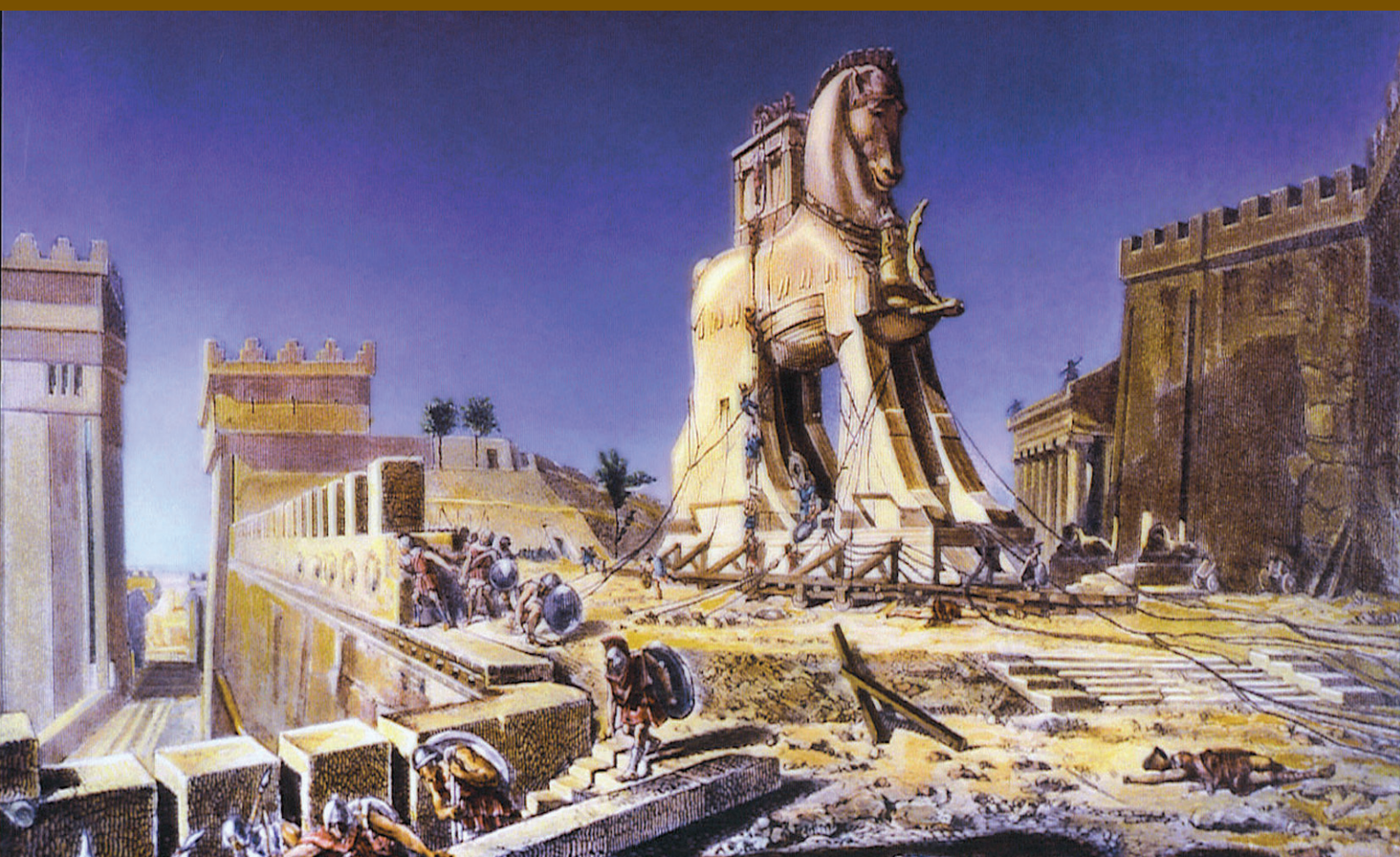
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Glass-Steagall, or Death by Hyperinflation
British, Saudis Trigger Sectarian Bloodbath
The Questions Congress Must Ask About Benghazi

The Lost Empire: Obama And the Trojan Horse



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EIR

From the Managing Editor

What errors in the thinking of the world's leaders have brought us to the beginning of 2013 with the indispensable policies for economic recovery, elaborated by this magazine over many years, still not implemented? What, in particular, are the errors in the thinking of Americans who voted Barack Obama into a second Presidential term—just as the foolish citizens of Troy opened the gates of their city to the Trojan Horse that would lead to their own annihilation? Lyndon LaRouche addresses these matters in our *Feature*, from the "higher" standpoint of the galaxy, the Solar System, and the requirements facing our almost-defunct NASA program.

The principal issue, he writes, is the failure of forecasting, because of reliance upon "a mere, current-time-bound experience of sense-perceptions." This "is the most significant of those mental habits which cripple mankind into a state of failure to seize the critically needed means for meeting the needs of an available future."

Economics reports on the battle between the proponents of Glass-Steagall restoration and those who are insanely committed to hyperinflationary "quantitative easing"—otherwise known as more bank bailouts. There is growing support for Glass-Steagall domestically and internationally, including in presentations at the Nov. 24-25, 2012 conference of the Schiller Institute in Germany, which we publish here. Of particular note is the support for this policy from Daisuke Kotegawa, former IMF executive director for Japan, whose speech contrasts the way Japan handled its 1997-98 financial crisis (those responsible were arrested and prosecuted), and the way "investment bankers in the Anglo-Saxon countries" precipitated the global financial crisis in 2007, but were let off scot-free. No "Pecora Commission" here.

National and *International* highlight the danger of world war, because of the British-Saudi alliance that is destabilizing Southwest Asia, and President Obama's role as their flunkey. As the new Congress investigates the Benghazi affair, we have assembled the 20 questions they must ask the Administration, respecting its covert and overt collaboration with al-Qaeda-linked terrorists.

Susan Welsh

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Obama and the Trojan Horse!

by Lyndon H. LaRouche, Jr.

21 December 2012

First, the Nature of the Challenge!

For mankind, the most urgent knowledge should be the discovery that that which even most among our present scientists and other contemporary learned persons had believed to have been a universal principle, had been, actually, a systemically deadly error of judgment on their part. There have been relatively rare exceptions this far. For our convenience here and now, those errors have been broadly classified, by me, as, chiefly, the following, three points of observation:

(1) First of all: blind faith in the presumed elementarity of sense-certainty,[1] *is the relatively worst mistake encountered among those who had not been either ignorant, or, had been, simply, clinically insane. That means that you must adopt included precautions against a certain, widespread, related error. That has been the error of belief in a systemically fraudulent, pseudo-principle of "sense-certainty," a belief which is proximately consistent with the intellectually numbing fallacies inhering in a Euclidean geometry.*

(2) Secondly: take as an example, one recently actual case of a relatively large asteroid, one which had been discovered only a relatively short time before it had "narrowly missed" an awful collision with Earth.

Consider a complementary threat, one which would be presented to us by any relevant type of large asteroid whose threat-potential, while known to be on a fairly estimated trajectory, lies, for example, within the lapsed space-time of arrival of, perhaps, a year, but an interval which is, therefore,

1. *(sense-perception* ***per se****)*



The U.S. voting population's acceptance of Obama as President can be compared to the decision, by the duped citizens of the city of Troy, to open its gates to the great Wooden Horse, which conveyed the means of their destruction.

too brief a lead-time for steering us into safety by presently known, available means. That, therefore, would put us all in a situation in which mankind's systemic error might be that of wishing to presume the adequacy of the rates of scientific progress of a society which must resign itself to accepting an apparently inevitable lack of the means to turn that threat aside in a timely fashion, while still merely wishing for the best.[2]

(3) Now consider a third, qualitatively different type of case, this time, the case of a type which is, nonetheless, a significantly comparable, but, nonetheless, a distinctly different type in effect.

In that given, latter case, the source of a deadly class of dangers is represented by what would have been one which would have menaced the continued existence of our human species in a different way than the aforementioned two examples. In this third type of case of a deadly threat, the cause of the problem would be located in mankind's reliance on a belief expressed in the form of what is presumed to be an implicitly "religiously blinded faith" in the desired a-priori outcome: "being somehow," of merely human sense-perception per se *(i.e., "sense-certainty").*

In the "real case" of such a belief, the "proverbial rub" would be posed by a presumption which would represent a most remarkable state of affairs consistent with the "happiness" brought about through U.S. President Barack Obama's virtual closing-down of NASA's characteristic function. Thus, that illustrates such a sordid type of case as Obama's characteristically, permanently-rage-driven intellectual and moral devotion, that expressing the intention of outright evil. It were an evil which were, at least for some, an astonishingly comparable behavior, comparable morally to what were represented by the life's history of both the Roman Emperor Nero and Nero's virtual model, President Barack Obama.

Those three, illustrative cases, when so compared, might be justly considered as typical of the concerns which I express in presenting this report.

Now, for what should become obvious reasons, I shall place all of these aforementioned, three, hypothetical types of cases, under the reign of the attempt to specify a common dominion of the three cases. After all relevant facts have been considered, each of these three, interacting types may be appropriately classified to a common end, as reflecting mankind's lack of the will to muster us to react appropriately, even merely sanely, to each of that set of three alternate situations presented. The probable cause for a failure of the third type, would be of the form of an "Obama-like," implicitly stubborn refusal to have acted to prevent the consequently horrid

2. That situation is not "merely hypothetical." The subject which that stipulated case implies, is of the type which would be generated by the relevant party's acceptance of the state of mind specific to belief in the "inevitability" of sense-perception, or, in other words, the presumed inability of a member of the human species, to actually foresee a new, original principled change of qualitative state of existence into an ontologically actual, future qualitative state. In fact, it must be presumed that any healthy human personality possesses ***an innate potential*** to foresee an actual sense of a direction-in-principle "into the actual future." That, in fact, is what is shown by all true discoveries of universal physical principle which express the quality of (as if "seeing") a "willfully changed qualitative future." It is truly significant as a matter of fact, that certain animals, such as a herd of pigs, can "foresee" an earthquake before a human sensorium would react; but, the swine merely react in that way, rather than replicating human creativity's distinctive potential to foresee the creation of an ontologically new category of qualitative state of existence, as in the cases of the then ontologically novel discoveries of such as Nicholas of Cusa, Johannes Kepler, Gottfried Leibniz, Bernhard Riemann, Max Planck, or Albert Einstein.

results: that result is the third, worst case, morally and otherwise.

The reality which might resolve that awkward irony, is that Obama' s intention for mankind, is intrinsically that of evil.

That latter, "worst case" option, would have expressed an error similar to that of a certain foolish judgment made by the ancient city of Troy, a city which had, in fact, been tempted into that opening of the city's gate which had brought the Wooden Horse and its lurking thing, to-be-unleashed inside that wall: to doom the duped citizens of that city of Troy while they had slept. That case of the folly of Troy would have been, in effect, much like voting for President Barack Obama for a new term of office today. Thus, evil had struck, yet again. So, it had been Obama's virtual shutting-down of NASA, which had left our foolishly vulnerable world under his mistress's (Queen Elizabeth II's) tyranny: that without even a preliminary stage of an effective defense against awesomely terrible threats from within nearby Solar space. Hence, the true irony of a conflict between good and evil in the real world of today.

That much said, the immediate issue confronting us after this set of paradoxical considerations, are now taken into account: Hence, "What is the human mind, actually?" I shall now examine, and strongly emphasize this matter of principle and its implications during the body of this report, all that in due course, as will follow implicitly here.

The Role of Foolish Beliefs

Thus, we have the varieties of foolish beliefs which are to be met frequently, among even the overwhelming majority of all those cases today, as also the earlier leaderships of nations this far, as throughout most parts of a presently global society:[3]

First: we must consider the cases of those portions of the leaderships of what are, globally, the most influential nations, portions of processes which are also the particularly problematic aspects of no less than most societies currently. Therefore, let us consider what have been the customarily failed effects of an a-priorist quality of reliance on what is called a notion of the so-called "evidence" which has been adduced from current, but also intrinsically failed proofs, alleged "proofs" which have been based upon, and, therefore, delimited by merely convenient selections of sense-perception as such.

Second: we must take fully into account ***the inherently worst systemic error common among people this far, an error which is that of the mere presumption, that mere human sense-perception could actually measure the physical principles which underlie, and reign over the universe.*** *That is the core of the entirety of the argument which I present as the initial basis for this present report.*

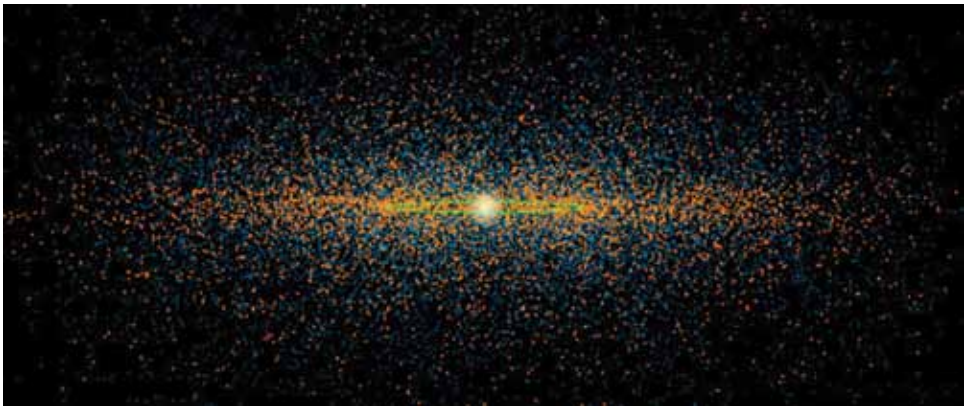
It is the universe itself, which actually determines the principles to which mankind's progress, as if on Earth, must adhere as "bounded." This is true, despite what were merely conveniently wishful, popular, usually stubborn, and systemically incompetent confidences, confidences which were adopted by faith in sense-perception as such. It is that systemically paradoxical quality of those distinctions, which we must recognize in the difference between, on the one side, the mere approximations which are based on sense-perception, and on the opposing side, actually authoritative evidence, which is to be considered as due to be "tangibly" experienced, as the true principles of the universe which mankind must seek to discover, and to master through the actual agency of what were properly identified as "reason." That change is to be made out of regret for the want of regard given to those types of discoveries which have been implicitly dictated to such sane scientists: dictated as being those future states of the universe to which the typically misleading opinion of the member of human species has been currently impelled to adapt, foolishly, as if blindly a-priori.

The paradox to be considered on behalf of our thesis in this present report as a whole, is herewith presented as follows:

For example: Now review what might be identified as the evolutionary history of our own species of U.S. government, for example, such as the regrettable, Congressional motto of "Go along to get along." That mere motto has tended to invite those regrettable follies which remain characteristic of our republic's legislative and related mispractices, practices which had been adopted in the absence of the adoption of those relevant, needed principles bearing uniquely on concern for the future qualities of the consequences of mankind's willful action.

For example: What should we choose to be our "law of the Solar system" as such? This must be a "law" which is certainly not to be degraded into a set of "mere sophistries!" Yet, the widespread opinion

3. E.g., the present Anglo-Saudi and closely related aspects of current society.



NASA/Caltech

The challenge of dealing with asteroids that threaten the Earth cannot be left to "a set of 'merely plausible sophistries on the moment.'" A NASA survey shows that more potentially hazardous near-Earth asteroids are closely aligned with the plane of our Solar System, shown here in an edge-on-view diagram.

present among even the governments and general culture among many relatively leading nations, even respecting their currently prevalent claims to scientific practice, has been commonly premised on the fraudulent, but popularly admired "evidence" of what is merely human sense-perception. The notion of the meaning of "sense-perception," is actually an intrinsically misleading presumption, one which presents us with what is merely the misconceived name of, rather than the actuality of true principle. How, then, must we overcome the presumption of "the bare bodkin" of a blinded faith in the mere sense-perception of a mankind wrongfully defined as being lawfully delimited to bare perception as such?

Consider a certain relevant case:

The Case at Hand:

Heretofore, popular opinion of assorted forms, varieties, and degrees, even generally accepted scientific forms, had been not unfairly treated as representing a misleading experience which had been located, primarily, as if being limited to an observation premised on what might be merely the combination of observations of Earth and our Moon, treated as primary. That is as if to say, that that limitation were to be preferred as an arbitrarily assigned, "authoritative" standard for defining the meaning of presumed universal principles of the universe as such. A "suddenly discovered," nearby passing of what we must regard as a rather large asteroid, ominously near to Earth, only illustrates my criticism of the "worse than do-nothings" on this point.

To repeat the most essential point in fact: the principle which must be emphasized, and that now urgently, is that sense-perception as such, has never been proven to be better, in any way, than what is actually required as measures needed for the purpose of the actual discovery of both old, and newly discovered qualities of universal physical principles of qualitative (rather than merely quantitative) scientific progress. I refer to the importance, even urgent need of stricter attention to those implicitly deeper implications as the work of such exemplary personalities as Max Planck and Albert Einstein have made such a point. That point must be taken together with the actual notion of a principle of the human mind (as distinct from the mere brain, alone), as that distinction is qualified by the collaboration of Max Planck and Wolfgang Köhler on the subject of "mind," as distinct from the reductionist's insistence on a distinctive quality of the mere "animal brain."

We must be forewarned against an always increasingly dubious attempt at merely pragmatic approximations, such as an approximation which had been adapted for service to the promotion of an allegedly "real" authority of mere sense-impression per se.

Now, let us illustrate, and summarize that warning in the following manner.

The Notion of Universal Principles

Consider a more serious quality of actually scientific investigations into that deadly challenge presented to mankind, a challenge which is represented by various present forms of a mortal threat to mankind, as from both a combination of asteroids and also higher-order qualities of threats to human existence. On that account, we are appropriately prompted to question ourselves as follows:

"Only after the crucially principled discovery of the principle of ***vicarious hypothesis*** *by Johannes Kepler, could we rely on attempted observations based on the Solar orbit, to encompass the mortal dangers presently indicated as expressed by a cumulative assembly of a*



White House/Pete Souza

President Obama's defunding of NASA deprives humanity of the means to make the needed scientific breakthroughs in space science. Here, Obama enjoy a laugh with NASA personnel at the Kennedy Space Center, as his policies ensure the end of the space program.

million or more asteroids and the like, when each is each considered as if either one-at-a-time, or as a relatively few cases."

Since the progressive ordering in the launching of man-made devices has now come to include the effects of President Obama's crushing of NASA and related examinations of Earth from reference-points on Mars, and the like: a new kind of actually "strategic" approaches to this growing array of artificed experiences presents us with the challenge of uncovering newly defined qualities of options. We are thereby prompted to shift emphasis from views provided only by a view of our Earth and our Moon, to a view from the reference-point represented by a Mars which an actually, chronically lying Nero-like President Obama had demanded that we avoid exploring, forever![4]

Now, with that much said, mankind's endeavors have been dependent upon developing additional instruments based on Mars, and, prospectively ever more of these. We shall have been committed to enter into an arrangement in which we are well-situated to begin to explore the richly populated space of objects, such as asteroids, which are situated within the space between the orbits of Mars and Earth, doing this in ever fresh and extended modes. What we might learn from the fresh standpoint provided by the coincident standpoints of both Earth and Mars together, will be, whatever turns out, an important change in standpoints of reference, in any case.

Thus, the question posed implicitly by the recent addition of "Curiosity" to Mars, and what must be yet to follow, provides us implicitly fresh viewpoints for exploring the vast accumulations of a myriad of presently known, and yet more plentiful unknowns, roving betwixt and between. We have an implied obligation to explore this suggested, altered approach for nothing less than the reason of exploring the rules of the universal quality of ontological game which might actually be operating within that domain.

Cusa's Follower, Kepler

In this matter, we are confronted with the actuality, that the existing, prevalent dogmas of physical-scientific practice, are customarily premised on the residue of a mish-mash of methods remaining from attacks on the science of the followers of the original founder of an actual modern science, Cardinal Nicholas of Cusa. Cusa's followers, an array notably featuring the inclusion of Johannes Kepler and Gottfried Leibniz, were confronted by the attempts to reconcile the dogma of an actually, already, fully discredited sort of the simply fraudulent sort of Newton-polluted, neo-Newtonian dogma left now in the wake of the added lies of Bertrand Russell and Tony Blair.

The point is, that, when keeping in mind the pollution of science left over from the history of both the real, and, the contrary reductionist modes of the currently prevalent dogma: If we are really serious, we must be prompted, to resume the tradition of those who had freed mankind, after great struggles, to permit the truth to escape from prolonged incarcerations of science by the reductionists' hoaxes represented by such notorious wretchednesses as the Olympian Zeus and such among his putative spawn as his Aristotle and Euclid.

4. E.g., Lyndon H. LaRouche, Jr., **Glass-Steagall or Die**, *EIR*, Dec. 14, 2012, or LaRouchePAC.

Let us now pose the completion of our lesson presented here accordingly. The following, several distinct points are to be considered within these following chapters.

I. The Social Doctrine To Consider

The relevant "tip-off" to the source of the kind of fatal error I present as to be considered here, was already revealed implicitly, in the misguided efforts to superimpose the dogma of mere sense-perception upon physical science generally.

The ugly, implicitly fraudulent error, is the ugly presumption that the agency of human sense-perception must be treated as nothing other than as the authority for defining choices from which the notions of universal physical principles must be derived. Hence, the widespread superseding of an actually physical science by what is merely mathematics.

However, since, such as the exemplary, celebrated habilitation dissertation of Bernhard Riemann, and, most notably, the further advances which are now associated with the leadership for the entry into Twentieth-century science by Planck and Einstein, that notably in opposition to the systemic frauds of the likenesses of science stemming from the contentions of the late Bertrand Russell and his dupes.

Russell serves us here as a means to typify crude attempts to attribute physical principles to the product of mere sense-perception: an expression of that practice of the reductionists' fraud against science, the which has been among the most crippling of the measures taken to deprive even many scientists of their rightful access to actual insight into the principles which define the actual meaning of "future:" a notion of a specific, uniquely distinct principle of the notion of "future" which must be "located outside" the realm of mere sense-perception as such.

Specifically, as Kepler had shown with his discovery of the universal physical principle of ***vicarious hypothesis***, and also that ontologically related principle of ***metaphor*** which is specific to the domains of Classical artistic composition, no actually universal physical principle could be defined as a product of mere, bare mathematics as such. Hence, we must recognize the indispensably fundamental distinction of physical science from what is a "physics" degraded to a method of merely mathematical deduction. Hence, the need to defeat the hoax-like characteristics of the use of mathematics as a deductive approach to defining any actually meaningful notion of a universal physical principle, as this consideration is featured in Nicholas of Cusa's **De Docta Ignorantia**.

The frauds of both Aristotle in general, and Euclid in particular, have been resurrected as devices employed to drag science, again and again, into that morbid pestilence of those deductive methods which have brought the philosophy of death into its rule over so much of what had been the better domain of human progress.

As I have just made the point here, above: the errant presumption is that which delimits the "domain of the believable" to, specifically, something between the actual, or merely presumed experience of the sense-perception of the past and or immediately present. What is even worse than either of those errors, is the added, "strong" element of a mere populist's belief in a merely mythical future under a reign which is virtually "carbon-copied" from a fancifully conceived region of the past. My complaint is against a belief in a concocted future which never really existed outside the realm of those fantasies which are to be identified as products of what has been the worship of what is actually defined as a practice limited, on principle, to what, in the end of all relevant fuss and feathers, is an exotic subterfuge of what remains essentially—*ontologically*—as merely sense-perception—but, "with feathers."

To make this just-stated point indelibly clear: I contrast this to the phenomenon which corresponds, in its effects, to the discovery of universal principles, as after the practice of such as Nicholas of Cusa and, therefore, his faithful student Johannes Kepler's rarely understood notion of ***vicarious hypothesis:*** or to the principle related to that genus of Classical artistic composition, which is that same ontological principle of ***metaphor*** specific to the varieties of expression which are only typified by Johann Sebastian Bach's discovery of a principle of universal human qualities of creativity in composition, a principle matching, in effect, the discoveries of both such as Cusa and his brilliant and exhaustively rigorous student, Kepler.

The emphatic point to be presented in this instance, is that the mental processes of truly Classical artistic composition in music, poetry, and drama, as also the process of actual discoveries of universal physical principles, is delimited to those modes of efficient

knowledge for practice which are not deducible from what is fairly to be deplored as representing "merely mathematical" physics. In fact, Classical artistic composition is the actual author of the capabilities for efficient discovery of what are denoted by "physical principles as such," as the discoveries of Gottfried Leibniz demonstrate the case for the generation of the principles of universal physical and related discoveries.

As Johann Sebastian Bach demonstrated with his sets of preludes and fugues, the proper function of the human mind can be expressed only as knowledge whose existence is rooted in the creative expressions of the anticipated future.

There is a thoroughly distinct proof of this matter as I have identified it here this far: not stuff for the education of the modern expression of academically qualified echoes of the higher ranks of the newly described, "same old peasant slaves from the current past."

Accordingly, on just this, thus pin-pointed account, the hallmark of all that has been important in the net outcome of my own life's experience this far, is what may be seen in retrospect, as being the regrettable popularity of an acceptance of the evidence submitted to the effect experienced by most of humanity, including most so-called physical scientists, and by the mere mathematicians who operate on a relatively lower grade, of which all have always failed in attempts to see the future in any form earlier than the arrival of the current present date.

These folk are, for the most part, functionally illiterate in underlying requirements for actually comprehending these matters in ways other than a merely mathematically-deductive description of the principle of "creation per se." Specifically, even the top-most strata of the majority of professionals have often failed to recognize what has been the essentially human distinction for the "actual future."

Consequently, the current human majorities' belief, is embedded in a specifically defective quality of a systemic type of popular delusion. That delusion is expressed in the form of a devotion to an obsession which delimits the category of "generally accepted knowledge" to the erroneously presumed, merely mathematical, or mathematical-like certainties of a quality of a merely imagined past, a past which had neither already occurred, nor probably ever will. The great majority of humanity has habituated itself to inhabit that pathological quality of the general, so-called merely "popular" outlook, still today. The error to which I have just pointed here, lies within a span of folly which is prevalent among the governments of this planet this far: the folly of "blind faith" in the axiomatic presumptions respecting the meaning of sense perception.

I restate and summarize the foregoing argument in successive stages, as follows:

On "Statistics"

The "statistical economic," or related modes of forecasting, are presently, in effect, expressions of "a cultural disease," one which now threatens the human species with a looming, early prospect of thermonuclear extinction-warfare, a warfare which, in turn, threatens to be launched soon, under the continued reign of Her Britannic Majesty's (and her ever-evil Tony Blair's) British-Saudi empire of today.

I am referring, here, to such matters as the continuing expressions of the so-called "9-11" conspiracies of these recent years of that same British-Saudi conspiracy which has been expressed as a type in such examples from both the U.S.A. of September 11, 2001, and in President Barack Obama's assertion of what he has spread in the forms of fraudulent denials and wickedly false claims respecting the Benghazi assassinations of September 11, 2012.

The possible threat of the human species' sudden extinction, as, perhaps, through an early thermonuclear holocaust, now lurks "just around the fabled corner." Yet, the needed change for the better, is a conjecturable alternative, and also a beneficial turn just around the corner, if the truths respecting the Queen's own President Obama, and Obama's credulously foolish admirers, were suddenly turned around: a turn which is, currently, still a possible result of something which the Queen's and Obama's ostensibly leading and belligerent partisans have customarily rejected, or hysterically overlooked.

I explain: this is to be understood as a matter for treatment of the subject of a science which reaches beyond the pathetic dogma among many notable scientists now. I refer to categories of delusions, or, in some instances, simply critical oversights, respecting what needed to be identified as the credulousness of faith in mere "sense-perception."

The Crucial Paradox

The available key to understanding of the paradox which I have targeted in this way, should be recog-



"The folly of 'blind faith' in the axiomatic presumptions respecting the systemic meaning of mere sense perception": "The Blind Leading the Blind," Peter Bruegel the Elder (1568).

nized through the means of evidence to such effect, that the existence of the effects of human life on Earth—and, therefore, implicitly everywhere, is now a conception prompted by need to study a possible remedy for the colossal, present threats of human extinction by the influence of the so-called "green movement." Such threats are to be recognized, for example, in the lack of needed, relevant development of relevant man-made systems, systems which must continue to be built up on Mars—whether or not mankind actually takes up some human residence there within the span of the coming generation or two. That means that we must assist in bringing about the deep-rooted change which lead away from those cults of sense-certainty which continue to cramp the mental powers of even a wide majority among relevant types of scientists now.

In summary of the immediate point at hand: The inability to "foresee the future presently," and rather relying upon a mere, current-time-bound experience of sense-perceptions, is the most significant of those mental habits which cripple mankind into a state of failure to seize the critically needed means for meeting the needs of an available future. Attention to that fact is mandatory, even among what are considered, if only by a stretch, as among the better-informed intellects of the world of today.

Therein lies the issue posed by the essentially systemic fault which is embodied in the reign of a relative silliness, a silliness which is also expressed by the systemic error of a widespread reliance on deduction in human opinion-making, especially the effects expressed among those in society who occupy its ostensibly most influential ranks. However, it were not sufficient to limit our report to within those limiting topics as such. First, the fraud of attempting to attribute the authority of the universe to matters within the pathetic bounds of sense-certainty must be expelled.

In these prefatory elements presented this far, I have warned against the popular, but awful errors of reductionism; next, I must, next, pin-point the functional location for the cure of such habits.

II. Take the Case of Warfare

The actual birth, and also the high-point of modern European and closely related civilization, had emerged in the form of a general principle which had been typified against the background of such cases as that of the martyred Jeanne d'Arc, and in the consequent Christian reaction against the bestiality of those English Normans who had tortured her most wickedly in burning her alive to death. Those Normans, including their evilly unfaithful priests, expressed a bestiality which prompted a spiritual-intellectual rebellion which was to be become known as "The Golden Renaissance" of such outstanding leaders of all humanity since that time, as the Cardinal Nicholas of Cusa who shares, to the present date, the foundations of such among his students as Johannes Kepler, and also such

as Gottfried Leibniz, all sharing, thus, their consequent bearing of the special authority of being the true authors of the foundations of all competent expressions of a modern European science.

The wretched, lying Normans who cremated Jeanne d'Arc alive, were like the infamous succession of Roman emperors, their Venetian successor, and, yet again, the "New Venetian" faction which conducted both the so-called "Dutch wars" against the France of a foolish Louis XIV, or, also, akin to the followers of such evil incarnations as the British spy and murderer Aaron Burr, or other evil American creatures of his type and time, such as Andrew Jackson, Martin Van Buren, and the later financial and narcotics-trafficking agents of the British empire still remaining dominant among us. The latter set's such activities represent roles performed, up to those presently kindred financial agents of the British empire presently in even our own financial institutions' ranks in our midst, agents who have acted to help in crushing the explicitly Constitutional intent of our republic, enemies of all mankind up to the full extent of their evil capabilities. Treason, when considered in strict fact, thus now abounds among us, barring the precious accomplishments by our noblest citizens, whether higher or lesser in recognized rank.



The effects of the ouster, by the British Empire, of Chancellor Otto von Bismarck in 1890, created a "continuing vacuum in the moral decline of civilized life generally," notably, as it led directly into the First World War, and what followed.

However, the underlying criminality continues to reside, essentially, in the reductionist corruption typified by the permanently chronic traitor to the U.S.A., the British agent Aaron Burr and such among his corrupted likenesses as his asset, Andrew Jackson, and the related "philosophical reductionists" generally.

The principle put at issue on that specified account, has been that exhibited in the case of Cusa's **De Docta Ignorantia**, the work on which all among the greatest valid discoveries of all of the valid progress in modern European science have since depended. The outcome of that specific set of discoveries, is also typified by Cusa's truly greatest followers in science, such as those who are best typified by Johannes Kepler in his discovery of the still most rarely fully-understood principle, that of "vicarious hypothesis," a principle still among truly leading scientists of principle, of today. Gottfried Leibniz was, of course, also such a crucially important case.

Whereas, while some currents in modern science have continued to produce new discoveries of more or less great merit in their own right, contrary currents of both opinion and practice have also grown in their, relatively speaking, morally downward influence on a growing relative majority of what passes for "scientific opinion:" especially among those adhering to the "green delusion." The recent decline since the death of President Franklin Roosevelt has been a downward trend since the assassinations of Mrs. Eleanor Roosevelt's choice of U.S. President John F. Kennedy (and, implicitly, of his brother, Robert). So, consequently, all actual progress in human knowledge, has occurred as what have been creative impulses, impulses which have acted in a mode which has been contrary to the presently gaining trends toward general depravity in what passes currently for "popular opinion," especially the opinion of both "Wall Street" and its admirers.

A Lesson from Bismarck

Such a trend toward both moral and physical decay in academic and other mental life generally, as since the assassinations of President John F. Kennedy and his brother, Robert, had been most notable throughout the world in general, notably since the aftermath of the 1890 ouster of Germany's Otto v. Bismarck by the agents of the British empire.

Bismarck's ouster then, an ouster whose effect has continued to prompt the effect of creating a celebrated, continuing vacuum in the moral decline of civilized life

generally, since that "world war" he identified was first launched, by means of Bismarck's ouster by, and for the British Empire, a crime inherent in that ouster which has been continued by that same empire, as in the 1920s under the influence of the monstrously evil Bertrand Russell.

This had been preceded and continued as if by the monstrous Lord Shelburne who had revived the intention of a world-wide, new Roman Empire, through the time of Russell's death (1970), as through both "World Wars" I and II: all that proceeded under the influence of the presently continuing threat from the tradition of Russell and his current mimic and ruffian in global mass-murder, Tony Blair.

That new Roman Empire adopted by Shelburne et al., was created by the same legacy as the present British-imperial authors of the lurking thermonuclear holocaust who are represented by the influence of such wretches as the international hoaxster, and leading Obama advisor, that same Tony Blair, presently.

The modern style of "World War" had been launched under such figures as the William of Orange of the new world empire which had been consolidated, as also by Tony Blair recently, in his evilly, chronically, and mass-murderously lying man's reaction against the Peace of Westphalia. That had been done under such most evil British imperial creatures as the notorious Lord Shelburne who established, according to his own expressed intention, both the new World Roman Empire wishfully echoing the Caesars, and now as that under the current date of that British empire, and also as the present, increasingly mass-murderous British-Saudi empire currently often referenced as the "al-Qaeda" of "9-11" of 2001, and of the new "9-11" launched under the tenure of President Barack Obama today.

That problematic feature of present-day, trans-Atlantic history, is the principal focus which I am applying here under the dubious mystique of al-Qaeda. I do so for the purpose of clarifying the crucially needed understanding of the actually underlying subject of this present report. The issue is not "British," nor "English."

The issue is precisely as Shelburne decreed, as he did in the contexts of both the agreements of the 1763 Peace of Paris, and the 1782 founding of the British (imperial) Foreign Office, and of the negotiations steered by Shelburne himself in 1783. This had been an intended British replication of the original Roman Empire, which is still, today, the legacy of the same "New Venetian system" of both William of Orange and, later, the Lord Shelburne who had shared this legacy in their respective times, and which is still the current legacy of the British empire and its mask of nominal identity as "al-Qaeda" presently.

To summarize the point up to this time: as during the most relevant development of the British empire as such, between the times of the 1763 "Peace of Paris" and the 1783 treaty, under Shelburne's emerging role as the de facto founder of the British (imperial) Foreign Office's role (1782): So, effectively, the sundry reorganizations of the original (i.e. imperial) "Foreign Office" are continued to the present day, as, for example, the Saudi Kingdom and its associated elements, such as those of Qatar and the quasi-mythical al-Qaeda, which are, in fact, an integral part of the currently actual "British Empire."

Notably, cases of assassination campaigns against President Charles de Gaulle, President John F. Kennedy, his brother Robert Kennedy, and kindred assassination-operations such as Tony Blair's intrinsically, explicitly fraudulent concoction of a needless "Second War" in Iraq, are typical of these British imperial operations, as such imperial features are sometimes relatively distinct from the relatively modest realities of the United Kingdom and certain other cases. This imperial pattern had been set by the Roman Empire and its Mediterranean-centered successors, such as medieval Venice, and the New Venetian empire associated with William of Orange's role in campaigns to destroy France as a power under Louis XIV, and in the same William's role in the subjugation of what are referred to as the British Isles, including mass murders among the people of Ireland.

All-in-all, the pattern which we are considering here, is aptly traced back to such well-documented instances as the siege of Troy, when that past development is now examined in the setting of the various archeological sites of that specific geological identity still today. The Anglo-Saudi operations of today, thinly masked under the foggy mask of al-Qaeda, are in the same category as the wars conducted in the form of those mass-executions and salting actions which were the relevant outcome of not only the famous Trojan War, but of the legendary reign of the Olympian Zeus, and its most notable heir, known, in part, as the Roman empire, and, also the heritage of the New Venetian empire of William of Orange and the British empire of which my United States was victim. The general pattern of relevance here, is the history of the existence of



NASA

A Moon-Mars mission requires that mankind break out of the fallacy of sense-certainty, in favor of the discovery of universal physical principles. Shown: an artist's rendering of crew members setting up equipment during a Mars polar exploration.

the imposition of mass-murderous reigns of what are classed as "empires" of the Roman empire, its antecedents, and its heritage of the same essential cultural expression, including those elements associated with the mass-murders expressed in the bestialities of the Roman imperial arenas, and the traditions continued in that direction, as "spectator sports," still presently around the world now.

Now, the Civilized Opposition

We must now recognize, that so-to-speak, "with full force," the systemic distinction of civilized human society, as distinct from the traditions of the methods of quasi-extermination used to conduct the Trojan War and the worship of that Olympian Zeus and the imperial tradition which his name represents. This means an abhorrence of the reign of societies premised on the motive of a beast-like physical force, an abhorrent premise. The premise which, in practice, has depended on the systemic form of limitation respecting the use of "physical progress" per capita and per square kilometer. The contrary policy is expressed in the service of those activities and purposes which are specific to the increased development of the human species' dedication to ultimately unlimited increase of its powers.

Such development serves its truly human purpose, to the extent that we might be ultimately enabled to escape the wretched fate ultimately foreseen for our Sun during some relevant time, presently believed to occur in some very distant future. The incorporation of the developable functions of the planet Mars into such included missions as the defense of human life on an already threatened Earth, is our properly included mission as a species.

"Mars!"

Now, return to that issue associated with the presently urgent "Mars Mission." Once we had turned our attention to the matter of known biological history of living species on Earth, the common feature of both the evolution of living species generally, and of that progress which is to be considered as unique to the human mind, is the uniqueness of the increase of the efficient "energy flux-density" expressed by the correlative of an effective, evolutionary progress in the development of the functions of the human mind's unique expression, the expression of qualitative progress in those specific functions of the human mind which are

not otherwise expressed by any known lower form of life.

The irony of all of this, is that the most essential principle of the human mind is frequently "muted," even among truly intelligent persons of notable scientific rank in society. The honorable exceptions to such limitations, are relatively rare in society presently, and that, today, rarer still than in the time when President John F. Kennedy had still lived, in a time when I had been his junior by a relevant margin of less than a generation's difference in our respective ages as adult professionals. The difference between then and now, on that account, is expressed by that relentless decadence which is to be recognized as typical, not only as the continuation of the accelerated degeneracy of the "68ers," but which has been subsequently, continually worse up through the present date.

III. What Is Wrong about Sense-Perception

What might be described as the use of sense-perception to derive mis-alleged "concepts" of intended universal physical principles, can be effectively corrected in practice, but that only once we have considered the causal root of such a fallacy as that one: **the fallacy of a misplaced use of a method of mere deduction**. Essentially, that should be understood as signifying that the notion of sense-perception must be adduced from what are truly universal principles, not the other way around. It is the whole, which measures the behavior of what might be considered, wrongly, to be defined by that part contained within the bounds of mere sense-perception. It is the effect which must be shown to have been the originally determined effect on the part.

Let me point out in the following, preliminary choice of language:

It is the effect which must be shown to have enclosed what had been, rightly, or wrongly presumed to have been the proper design of what must be discovered to have been the properly, originally determined effect on the part.

What we are considering as our subject-matter here, is the long-overdue recognition of the fact, that humanity is not defined, in a functional sense, by sense-perception.

Rather, sense-perception must be made to become a faithful subordinate of those higher principles of the actual human mind which could never be redefined by mere sense-perception. The essential fraud in the ordinary use of the notion of sense-perception, is the inherently fraudulent pretension, that sense-perception measures the proof of the experience, while in reality, sense-perception itself is merely something contained, as like the guiding bellow of a fog-horn in an otherwise impenetrable fog.

Therefore, the following is to be said.

The misplaced presumption, respecting the part which determines the whole process, is what is at fault. *The tragic error lies within the precincts of the popular misbelief, that respecting the effect expressed as the ridiculous notion that mere sense-perception efficiently prescribes, as if axiomatically, the presumption that the deductive mode of mathematical function determines the process as a whole, as has been argued, against the great Philo, as the notion of the "already dead world" as on behalf of Euclid and Aristotle*.

There lies exactly what is systemically false in the prevalent notions of a "popular opinion" consistent with the notion of "sense-certainty."

Having said that much, we must continue to work our way through the implications of what I have already stated this far. In brief:

Life is a universal principle of the universe.

For example: consider the fact that the properly economical deployment of a thermonuclear-fusion trajectory, must be defined by an ascent ("rise and fall"), followed by a descent into actual consumption, in the successively ascending-descending, thermonuclear-fusion velocity of trajectory for the policy of a direct, or proximate process from Moon to Mars. What must now be considered on this account, as the evidence to be considered for anticipated accomplishments, expresses the proofs that it should be obvious, that it is the action of the whole process to be considered, which defines the trajectory of the evolving report, rather than, as the notions of "sense-certainty" demand, the false belief which is that it is the mistakenly presumed action of the separately considered parts as such. This is the key to recognizing the intrinsic incompetence of a faith in what a bestialized human culture treats as the pathetic evidence of "experienced sense-certainties" echoing what is arbitrarily considered as being the expression of an already departed noëtic past.

From this point onwards, in examining that conception of a perpetually evolving future which is the subject of this report of mine, we must, first, recognize that

the shallow belief in a human history defined by already past "current events," is the effect, for actually human beings, of something like the effect of "self-induced brain-damage." The healthy human mind creates new physical states of the universe prior to the actually manifest expression of those new states as "actually created physical experiences." Human realities exist efficiently only as manifested expressions of a truly noëtic (e.g., "prophetic") future, as typified in mode by discoveries of the principles which inspire a certain quality of the whisper of the future sensible result of the activity of the human mind as such.

"The so-called practical man, is all too often, the expression of a mostly dead-ended mind."

Contrary to the appearances created by the suppression of the human species' inherent *noëtic* potential, the essential distinction of the human mind from that of the mere beasts of all known assorted species, is that the mind in an actively *noëtic* state of being is, insofar as we have knowledge of the distinction of the actively creative state of the human mind, unique to the human species. Yet, the faculty which human noëtic mental functions express, has the form of being a unique echo of that merely biological *noësis* expressed in the progressive, but "merely biological" development occurring among the living species generally.

Putting considerations of so-called "neotony" aside, there are some important clues pointing toward a possible, better understanding of an ontologically distant, formal parallel; but the human mind remains unique.

The proper conclusion of relevance expressed as human creativity, as I have identified it here, is the "fact" that the human mind's noëtic capabilities demonstrate mankind's access to the ability to act efficiently on what we identify as the physical future of the universe which we inhabit. It is particularly significant that man demands such a specific power "over time," as a unique quality of our living species. This, incidentally, focuses a bright intellectual light on the practical meaning of mankind's present modes for the human-managed development of not only Mars, but Mars' potential in service to man on account of the need for organizing resistance to destruction of the human population of Earth from implied assaults from among a myriad of a suspected millions or more meteorites appearing to be roaming through the space which is located within the bounds defined by a description of the Mars and Venus orbits.

The success of the still relatively recent landing of the apparatus named "Curiosity," has been a leap in the advancement of what should be considered as mankind's increase of our power to "manage" what happens in the space which now includes increasing abilities to manage processes within the nearby parts of the Solar system, and, implicitly, beyond. Without a human foot on Mars, so far, Mars is, nevertheless, now an actual, and potentially rather efficiently developing "colony" and servant of mankind's Earth. We should dare nothing less than that perspective for a revived NASA and the like, on this account, from here on.

This brings us to the importance of emphasis on the inescapable role of our inescapable dependency on increasing the intensity of leaps in the "energy flux-density" of the continued acceleration of the power of the human species, per capita, through the means of progress measured in accelerating orders of magnitude of the power which the human species expresses in its measure of the terms of accelerated leaps in the human species' power per capita, whether on Earth, or in incremental power expressed within the Solar system's prospective man-managed places beyond the reach of both present and future locations in "space" so-called.

We have already touched what remains only the apparently distant prospect of a future in which there is "management" of the means of matter/anti-matter reactions. What stands in our pathway of progress, is, chiefly, the cult of a tradition presently expressed in the existence of the British empire, and among the like-minded, today. We shall end the reign of that cult, or mankind would be, soon, no more.

IV. What Is Truly the Mind of Mankind?

We are now confronted, within the bounds of the preceding arguments, by the distinction of the human mind from the characteristics of all other living species known to us presently. However, although that is a true statement of fact, there is a practical difficulty in presenting that case to contemporary audiences, even many among leading scientists. The root of that difficulty is to be found, chiefly, in the legacy of the social rules of behavior bequeathed by ancient practices of human slavery (a.k.a. "serfdom"). The essential nature of that difficulty, in turn, is that most persons caught



Library of Congress

What is the distinction of the human mind from that of all other living species? It is our ability to break free of the enslavement to sense-perception, as this is so profoundly illustrated in the extraordinary life of Helen Keller.

within the system of a class of rulership, are, indeed, profoundly conditioned to think and act as human slaves, slaves who claim the powers of violence against both their masters and one another, but rarely recognize the natural power of the individual to express a true power of individual creativity. Consequently, the custom of obedience to even capricious expressions of authority imposed, as some notion of arbitrary forms of laws and customs passed down from rulers upon human subjects, has produced modes, in society, which demand the denial of truly noëtic discretion for creative actions effecting actually provable discoveries.

Hence, for example, the transparency of the folly of reliance on what are intrinsically the follies of statistical methods of economic and related forecasting.

Thus, for example, it is the "authority of reigning authorities of custom," which is expressed in the inherently fraudulent reliance on "statistical economic" and related forms of forecasting of developments in the general social process. Ironically, whereas the notions of "lawfulness in the universe" have been claimed to have been ordered for human society as if "on principle," the entire sweep of modern academically preferred notions of human creativity is associated with devotion to fixed standards of pre-ordering of society's processes, instead of truly noëtic ones.

This is particularly notable in the attempts to extend the powers of human free will to mathematical physics and related cults. The notable conclusion which this problematic presumption presents, is the insanely fanatical presumption that the universe is controlled by a system of mathematical physics which operates within the universal bounds of mathematical statistics! This is presented as bald-fact without proof, when the contrary premises are that mankind should be occupied not with the principles of consistency of mathematical deduction as such, but, rather that we must locate the principles of physics as in coherence with the lawfulness which is the actual precondition for both the mere existence of our human species, and preconditions defined by the methods through which mankind is lawfully enabled to change the conditions of mankind's actually creative existence in the universe.

In other words, the truly greatest evil imposed upon mankind, is the peculiar species of evil represented presently by the lunatic cult of what is the inherently mass-murderous cult of so-called "environmentalism." That has been a cult operating since before the siege of Troy under the reign of the force of evil presented by the satanic cult of servitude under the fiction of the Olympian Zeus.

The Principled Notion of Self

The relevant evidence which those considerations require of us, involves, that in a scientifically crucial way, the essential role of the individual scientifically-directed human will in locating individual creativity, as expressed within the original achievements of the specifically sovereign, human noëtic powers' individual potential to present individually launched discoveries of universal principle, as by Nicholas of Cusa and his inspiration to Johannes Kepler, on which physical-scientific and Classical artistic forms of individual noëtic practice depend essentially.

Mankind is at its best when both physical science and true artistic insight and its productions are able to change the apparent laws of the universe, when the methods of human practice are coherent with the disposition for creativity shown by the universe itself.

Much more could be said. but that is conveniently reserved, if momentarily, for this present occasion.

Classical Music and Scientific Discovery

The LaRouchePAC Weekly Report of Jan. 2, the first of the New Year, addressed the question of the relationship between the passion for Classical art—in particular, music—and scientific genius, as this relationship was personified in the two leading scientists of the 20th Century: Albert Einstein and Max Planck, both of whom were accomplished amateur musicians.

Participating with Lyndon LaRouche in the discussion were LPAC Basement Team researchers Shawna Halevy and Jason Ross.

Halevy began by noting that, while most people know that Einstein was the father of $E=mc^2$, the world's most famous equation, what they don't know, is that Einstein attributed his scientific ability to his connection to music.

This is what Einstein said (quotes are as read):

> My discovery of special relativity occurred to me by intuition, and music was the driving force behind that intuition. My discovery was the result of musical perception.
>
> I am enough of an artist to draw freely upon my imagination. Imagination is more important than knowledge. Knowledge is limited. Imagination encircles the world.
>
> I believe in the brotherhood of man and the uniqueness of the individual. But if you ask me prove what I believe, I can't. You know them to be true, you could spend a whole lifetime without being able to prove them. The mind can proceed only so far upon what it knows and can prove. There comes a point, where the mind takes a leap. Call it intuition, or what you will, the mind comes out upon a higher plane of knowledge, but can never prove how it got there. All great discoveries have involved such a leap.

Einstein understood, Halevy pointed out, that knowledge, per se, can only take you so far; after that, you have a make "a leap." And that's where music comes into play. Music is specifically designed to help the mind make those leaps. A great composer, such as Mozart or Beethoven, "will take an idea, develop it to a point where it's consistent within itself; but then they will introduce a singularity, they will introduce an irony, something that doesn't quite fit with the picture. And after that gets developed, you actually see that this paradox, something that seems like a flaw in your landscape, leads you to a higher plane, which subsumes what came before.

"So even though, at first, the paradox seemed out of place, or maybe something you would like to ignore to keep the beauty of the piece consistent, you see that on the other side of that paradox, it was a bridge to something higher and more beautiful and more perfected, than what the piece was doing to begin with."

The Fight for Causality

In his remarks, Jason Ross reviewed the fight that Einstein waged against the quantum mechanists, who attacked him because he refused to abandon the idea of causality. To them, Einstein said:



Einstein: "My discovery of special relativity occurred to me by intuition, and music was the driving force behind that intuition."

I believe that events in nature are controlled by a much stricter and closely binding law than we suspect today, when we speak of one event being the cause of another. Our concept here is confined to one happening within one time section. It is dissected from the whole process. Our present rough way of applying the causal principle is quite superficial.

We are like a child who judges a poem by its rhyme, and not by its rhythm. Or, we are like a juvenile learner at the piano just relating one note to that which immediately precedes or follows. To an extent, this may be all very well, when one is dealing with simple compositions; but it will not do for the interpretation of a Bach fugue. Quantum physics has presented us with very complex processes, and to meet them, we must further enlarge and refine our concept of causality.



Planck: Science cannot solve the ultimate mystery of nature.... Music and art are, to an extent, also attempts to solve, or at least express that mystery.

In a similar vein, Planck said:

> Where the discrepancy comes in today, is not between nature and the principle of causality, but rather, between the picture which we have made of nature, and the realities in nature itself. Our picture is not in perfect accord with the observational results, and, as I have pointed out, over and over again, it is the advancing business of science to bring about a finer accord here. I am convinced that the bringing about of that accord must take place, not in the rejection of causality, but in greater enlargement of the formula and a refinement of it, so as to meet modern discoveries.

At another time, Einstein is asked: "There are many scientists who believe that the outer world is just part of our own inner imagination." He answers:

> No physicist believes that. Why would anybody go to the trouble of gazing at the stars, if he did not believe the stars were really there? Here I am entirely at one with Planck. We cannot logically prove the existence of the external world, any more than you can logically prove that I am here, talking to you right now. But you know that I am here, and no subjective idealist can persuade you to the contrary.

And Planck:

> Science cannot solve the ultimate mystery of nature, and that is because, in the last analysis, we ourselves are part of nature, and therefore, part of the mystery that we are trying to solve. Music and art are, to an extent, also attempts to solve, or at least express that mystery. But to my mind, the more we progress with either, the more we are brought into harmony with all nature itself. And that is one of the great services of science to the individual.

The Mind Is the Subject

In conclusion, LaRouche said, "The point is, that the true expression of principles of science, are actually those of Classical artistic composition. And it's when you look at the world, your experience of it, through the ideas of Classical tradition, and you see the progress in what is called the Classical tradition, which goes to the functions of the mind themselves. *It's the mind itself that is the subject.* And it's the ability, through the development of the mind, that mankind is able to acquire higher orders of language, higher orders of physical science. Without Classical art, that could never have existed."

NOW BEFORE CONGRESS

It's Either Glass-Steagall, Or Death by Hyperinflation

by Nancy Spannaus

Jan. 5—Within the opening hours of the 113th Congress, Reps. Marcy Kaptur (D-Ohio) and Walter B. Jones (R-N.C.) moved to revive Franklin D. Roosevelt's Glass-Steagall act by reintroducing a bill, H.R. 1489, which had 84 co-sponsors when the 112th Congress expired. The new bill, H.R. 129, is expected to rapidly gain even more overwhelming support.

The official Library of Congress website on legislation identifies the purpose of the bill thus: "To repeal certain provisions of the Gramm-Leach-Bliley Act and revive the separation between commercial banking and the securities business, in the manner provided in the Banking Act of 1933, the so-called 'Glass-Steagall Act', and for other purposes."

The full text will be available soon. The bill has already been referred to the House Financial Services Committee.

Lyndon LaRouche and his political action committee (LaRouchePAC) have identified the reinstatement of Glass-Steagall as the essential, immediate first step in rescuing the U.S. and global economy, from the catastrophes of hyperinflation and draconian austerity, to be immediately followed by the creation of a Federal credit system linked to inaugurating major infrastructure projects such as the North American Water and Power Alliance (NAWAPA). The objective is to pass the initial bill in January—preferably, even before the Jan. 20 Inauguration.

We are in a countdown, before the hyperinflation, set off by the bailout policies of the Federal Reserve and the European Central Bank (ECB), creates an unstoppable crisis, LaRouche argues. Many leading bankers are fully aware that we are on the cusp of precisely such a catastrophe, which is why prominent bankers in London and elsewhere are now speaking out for Glass-Steagall. What they, and many in Congress, don't understand is that this emergency measure must be taken *now*, within weeks, in order to launch the crucial next steps of a recovery program: a credit system with funds dedicated to rebuilding the physical economy.

LaRouchePAC will be moving immediately not only for passage of H.R. 129 as an emergency measure, but for introduction of a matching measure in the U.S. Senate, where support is growing for banking separation. Most importantly, LPAC organizers will be stressing the way in which LaRouche's full three-point program, of which Glass-Steagall is only the first part, will overthrow the "tyranny of worthless money," which has been imposed by the London-centered global financial empire, and lead to the re-establishment of the true American System of political economy upon which the United States was founded.

Monetarist Tyranny

The reintroduction of Glass-Steagall, as part of the LaRouchePAC three-part program for recovery, comes as the hyperinflationary regime of the Federal Reserve and ECB threatens to both blow apart the financial



LPAC-TV

Glass-Steagall is back at the top of the agenda, here and in Europe. Now is the time to ram it through the Congress, as the spearpoint for LaRouche's three-point recovery program. Shown: LPAC organizing in New York City, September 2012.

system, and trigger dramatically escalated death rates in the trans-Atlantic region. As LaRouche emphasized once again in his Jan. 4 LPAC webcast, the kind of hyperinflationary monetary emission which the central banks are using to keep their system afloat, is money *with no production behind it,* and thus simply degrades and depresses not only the currency, but also living standards.

On the one hand, the rate of monetary emission is stunning. As of Jan. 1, the Fed began purchasing $85 billion a month from the banks, to keep them afloat—thus generating an additional bailout obligation of over $1 trillion a year. One could easily come to the conclusion, as LaRouche noted on Jan. 3, that the London financial powers behind the Wall Street bankers, now being bailed out at the public trough, are actually out to bankrupt the United States.

The solution to that, of course, is Glass-Steagall, which will immediately cut off the bailout of the bankers' gambling debts (see "Use Glass-Steagall Standard To Restore Credit," below), and let them go bankrupt.

A similar, not unrelated, process is underway in Europe. "Financial policy is creating the danger of hyperinflation" blasted the headline of the *Börsen-Zeitung*, the newspaper of Germany's stock exchange, on Dec. 29. The article goes on to attack the process of cheap monetary emission that goes *nowhere* but to bail out the banks, and to warn that hyperinflation is threatened.

On the other side, these bailouts demand that nations be put through hell, allegedly in order to pay off the unpayable, largely worthless debts. The most shocking case is that of Greece, where outright genocide is underway (see "Katsanevas: Greece should Exit Euro, Promote Growth," below). But the other nations of the trans-Atlantic region are on the chopping block as well.

This is the significance of the so-called fiscal cliff discussions in the United States, where the political spokesmen for "the markets," from the President on down, are insisting on budget "adjustments" that will destroy the living standards of the most vulnerable sections of the population. A case in point, is the fact that the one explicit budget cut that was included in the deal reached by the Congress and the White House on Jan. 1, to avoid going "over the cliff," was a cut in Medicare payments to health facilities for elderly Medicare recipients. The standard argument that these cuts, which are reducing the ability of these institutions to provide care, and helping drive many toward closure, only hurt providers, not patients, is worse than a bad joke.

Now, of course, both the Obama White House and the Republican leadership are planning to embark on a new political sideshow over new murderous cuts, in the name of balancing the budget—a Dance of Death. Does the U.S. Congress have a sufficient number of members with the courage and understanding to reject this game, and go for LaRouche's three-point program, starting with Glass-Steagall? It's up to those who do understand, to make sure that they do.

Current Prospects

As of this writing, the mood on Capitol Hill is definitely very positive for the reinstatement of Glass-Steagall. Teams of LPAC organizers scoured Washington on Jan. 3, and found tremendous receptivity to the Glass-Steagall solution. What's not yet visible, is the initiative and determination to ram it through.

On the House side, in addition to Kaptur and Jones, there are at least 74 other Members who have gone on record in support of restoring Glass-Steagall. On the Senate side, at least 5 new Senators have come out for banking separation, with the most outspoken being Sen. Angus King (I-Me.), a former board member of the Bank of Maine, who, in an interview with the *Portland Press-Herald*, declared Glass-Steagall to be just the kind "structural change" required to prevent financial crises like that of 2007-08. He called it his "dream fix" to prevent another meltdown.

One of the major blocks to actually passing Glass-Steagall in 2012 was the fact that no Senator would introduce a complementary bill in the Upper Chamber.

Growing International Support

As the financial and economic breakdown crisis worsens, international motion toward restoring Glass-Steagall has become visible once again. The latest call came from a British think tank, the Institute for Public Policy Research (IPPR), which issued a report in the first week of January saying that ring-fencing—which places a bank's riskier investment activity in a separate legal subsidiary—the current policy of the Cameron government, won't solve the problem of reckless gambling, and the need is for full banking separation.

But a review of the trans-Atlantic region shows that 2012 was a breakthrough year for the Glass-Steagall issue in Europe. Compared to one year ago, when the LaRouche movement worldwide was almost alone in pushing for such a reform, it is now the center of the debate in all G-8 countries (France, Germany, Italy, Japan, the U.K., the U.S., Canada, and Russia). It started with Jacques Cheminade's campaign for President in Franch, and the bill introduced by Sen. Oscar Peterlini in Italy, which was sponsored by Movisol (the LaRouche movement in Italy). These initiatives then reverberated in François Hollande's electoral promises in France, and in further legislative proposals in the Italian Parliament by individuals such as former Economy Minister Tremonti, and the Lega Nord party.

Then, in May, came the first of a series of financial shocks which boosted the call to action: JP Morgan's derivatives losses of $2 billion. That shock, together with the worsening banking crisis in Europe, prompted Elizabeth Warren, who has since been elected to the U.S. Senate from Massachusetts, to start her campaign for Glass-Steagall in the U.S., collecting 100,000 endorsements within a few days. Signatures on the Kaptur draft bill for Glass-Steagall in the House went over the 70 mark. LaRouche Democrat Kesha Rogers' victory in the Democratic primary in Texas on May 29 was also a strong signal from the Democratic Party base for real bank separation.

To drive the momentum, Helga Zepp-LaRouche and Jacques Cheminade issued an "Appeal to Governments and Parliaments for Glass-Stegall Now," on June 19.

Then came the second shock: revelations on the deliberate manipulation by the major banks of the Libor/Euribor rates, which showed just how rotten the entire financial system had become. This offered popular backing for a significant policy shift in Great Britain. On July 4, the *Financial Times* announced its support for a full-fledged, Glass-Steagall-like banking separation. The *FT* shift reflected a policy shared by a faction in the political establishment and in the Bank of England.

On July 17, the third shock: the U.S. Senate Subcommittee on Investigations released a report revealing that HSBC had recycled at least $7 billion of drug money. (This led to a $2 billion fine being slapped on the bank in December.)

Never had the time been so ripe for a cleanup of the rotten financial system. Had the President of the United States heard the public outcry and supported the existing bills providing for a Glass-Steagall law, it would have passed the Congress in a matter of hours. Instead, the Obama Administration blocked any action. In vain, did Andrew Haldane of the Bank of England bring the debate to the yearly meeting of central bankers at Jackson Hole, Wyo., with his now famous "The Dog and the

Frisbee" speech.[1]

How did the EU respond? The group headed by Finnish central banker Erkki Liikanen issued a report in early October rejecting Glass-Steagall, and promoting a fake separation of banking activities under the same roof.

Soon after, Obama's response was stated loud and clear in an interview with *Rolling Stone* (Oct. 25), in which he repeated the Wall Street mantra that Glass-Steagall would not have prevented Lehman Brothers from going belly-up. That may be true, but it would have prevented U.S. families from going belly-up!

The degeneration of party politics led to Obama's re-election on Nov. 6, which has brought the world closer to the collapse of the economy and general warfare because of the continuation of Obama's Wall Street policies.

At the same time, more and more people, including those in the political establishments, are aware of the acute nature of the danger. In Great Britain, a poll published by the *Financial Times* on Dec. 28 revealed that a 6:4 majority in the British Parliament would support a Glass-Steagall-like, complete banking separation.

No Time To Spare

As LaRouche emphasized in his Jan. 4 webcast, there is currently no leeway for failure. The question is whether the gambling banks, or the population, are going to survive. Those who choose to save the people, have no choice but to dump the current bankrupt system, and go for the Glass-Steagall/credit system/NAWAPA solution. It needs to be done this month, this week—even tomorrow.

Dumping the British Empire's financial system is the most potent act anyone could take to deal with the war danger, as well as the devastating financial-economic crisis.

The models for how it can be done are readily available, in studies *EIR* has produced on Alexander Hamilton, Nicholas Biddle, the Second Bank of the United States, and physical economics in general. It means once again defining economy and finance as Hamilton did: as a means of developing the productive powers of labor for current and future generations, at higher and higher levels of power over nature.

And it starts with implementing Glass-Steagall.

1. Haldane's speech can be found at: http://www.bis.org/review/r120905a.pdf

IMF 'Nuremberg Defense' on Greece

'We Had No Idea What It Would Lead To'

by Paul Gallagher and Dean Andromidas

Jan. 5—"We had no idea at the time, what it would lead to" was the defense attempted by many government and military officials under Hitler's Third Reich, when, at the end of World War II, they came to be charged with crimes against humanity, including mass murder.

Now, the IMF's chief economist has issued a report, dated Jan. 4, which says about the murderous policy the "Troika" (the IMF, European Central Bank, and the European Union) has imposed on Greece, Portugal, Ireland, Spain, and Italy, that "We had no idea what it would lead to." The Greek population is dying. The Irish population is emigrating en masse. Spaniards and Portuguese are likewise leaving their nations; others are scavenging in trash bins; their death rates have soared, and their birth rates fallen; and public self-immolations like those in Greece have started in Spain.

The report by IMF chief economist Olivier Blanchard and IMF economist Daniel Leigh documents that the Fund formulated, demanded, and imposed this deadly austerity in error, without understanding what its results would be.

"Forecasters significantly underestimated the increase in unemployment and the decline in domestic demand associated with fiscal consolidation," write Blanchard and Leigh. In detail, they say that the IMF's forecasters incorporated in their forecasts—without explaining why—that every 1% of GDP worth of cuts imposed on a country would produce a 0.5% GDP contraction in the economy. Instead, "the circumstances of the European economy" made this contraction at least 1.5% GDP for 1% GDP in cuts, producing the deadly "debt spiral" that has racked these countries since 2010.

The IMF forecasters, Blanchard and Leigh acknowledge, said, in 2010, that Greece could "cut deeply into government spending and quicky bounce back to economic growth and rising employment." Instead, 30

months later, the economy is contracting at an 8% annual rate, and government debt has ballooned to 175% of GDP.

Greece Suffers Genocide

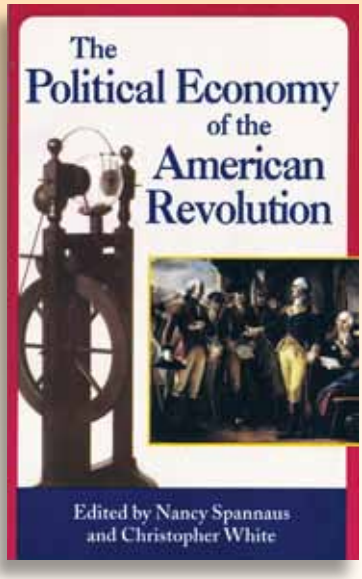
The cuts have created a humanitarian catastrophe in Greece, for example, with the IMF's chief Christine Lagarde adding demands for new "adjustment packages" and new, brutally regressive taxes at every stage, while infamously chiding the Greeks for not paying their taxes. The policy has killed unknown thousands, and threatens the lives of millions in a country of under 10 million people. The crimes which the IMF is now calling accidental, are:

• The reduction of Greek public-sector salaries by 25-50%.

• Reduction of the minimum wage by up to 50%. This is in addition to the layoffs and a freeze on hiring.

• Across-the-board reduction of salaries in the private sector, with employees being put on temporary contracts, denying them benefits given to permanent workers. It is common practice now that private-sector workers are several months behind in receiving paychecks.

MOST AMERICANS have been deliberately deceived as to the origins and content of the economic system which uniquely built the United States. This book presents the core documents, today often hard to find, which defined the political economy of the American Revolution, ranging from the time of Leibniz, to Colbert, to Franklin, and Alexander Hamilton's famous reports.



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• Pensions cut by 25-50%, leaving the aged unable unable to pay for medical care, with many thousands resorting to soup kitchens and searching garbage cans for food.

• Officially, 26% unemployment with 58% youth unemployment, but unofficially near 50% overall. Entire families have been living on the reduced pensions of the grandparents. This has led to mass migration, with hundreds of thousands—some report as many as a million—having left Greece to seek employment. It was reported that in Berlin alone, 30,000 Greek youth were looking for work.

• Massive tax increases. There are no exemptions from income tax for the poor, with tax being paid from the first euro earned. Value added tax is 23%, with extra real estate taxes being put on electricity bills that so if they are not paid, the electricity is cut. Increased taxes on heating oil have made it more expensive than high-performance diesel, leading to an 80% drop in purchases of heating oil. Burning wood has caused a 400% increase in air pollution in large cities such as Athens, multiplying health problems.

• A dramatic increase, of at least 50%, in suicides.

• Destruction of the health-care system entirely. The Troika has demanded a 30% reduction in health-care funding, by simply not paying into the state-sponsored health-insurance program. This program is not free, and must be paid into by those who receive benefits. The government has not reimbursed pharmacies for prescriptions, forcing patients to pay cash, which virtually denies pensioners, unemployed, and most employed the wherewithal to pay for heart, cancer, and other expensive drugs. In many cases international drug companies have stopped selling to Greece.

It has not been recorded how many people have died or will soon die because of these policies. Hospitals, which are owed hundreds of millions of euros, are barely functioning, forcing patients to bring their own food, linens, and even medications. Despite a hiring freeze over the least three years, the new memorandum signed with the IMF in December demands another 10% reduction in the number of doctors.

There is a macabre twist in what some have called the IMF's *mea culpa*. One London financial expert told *EIR* that the IMF was compelled to admit its error, in order to continue to issue loans with murderous conditionalities. There's no guilty conscience here: just the "cost of doing business."

Daisuke Kotegawa

Glass-Steagall Is Essential to Recovery



This paper was read on Mr. Kotegawa's behalf at the Schiller Institute conference in Flörsheim, Germany, on Nov. 25, 2012. He is currently research director with the Canon Institute for Global Studies; he was the former executive director for Japan of the International Monetary Fund, and a former official of Japan's Ministry of Finance.

1. I was in charge of the restoration of the Japanese economy in the late 1990s and early 2000s. Among others, I was in charge of the liquidation of Sanyo Securities and Yamaichi Securities in 1997, partial nationalization of Long Term Credit Bank and Nippon Credit Bank in 1998, and the establishment of the Industrial Revitalization Corporation of Japan in 2003. We were targets of criticism, not only from domestic voters, but also from international opinion leaders, for mismanagement of the Japanese financial sector. Several staff of the supervisory authorities, including the Ministry of Finance and the Bank of Japan, were arrested and found guilty. Some of them committed suicide, including friends of mine.

From this background, it is quite easy for me to predict what will come next in the ongoing financial crisis, because it really follows suit from the crisis I experienced in Japan ten years ago—an unwelcome déjà-vu.

2. First, it is essential to identify those who are responsible for this crisis. It is investment bankers in the Anglo-Saxon countries who were indulging in high-risk gambling types of trading, and created a bubble. It is quite awkward to see that nobody has been arrested who gained from this bubble.

In Japan, almost all the board members of liquidated or partially nationalized financial institutions during the financial crisis in 1997 and 1998 were arrested and prosecuted.

The Financial Bubble

3. The main structural cause of the financial bubble in the United States and Europe from 2002 to 2007 was the complete abolishment of the Glass-Steagall Act in February 1999. It was abolished under the leadership of Treasury Secretary Lawrence Summers during the process of liberalizing the financial markets in the late 20th Century.

Glass-Steagall was enacted in 1933 in order to divide the business of banking and securities, in light of the tragic experiences of the Great Depression. Surplus liquidity created by an extended period of lax monetary policy in the first decade of the 21st Century, under the auspices of the Federal Reserve Chairman [Alan] Greenspan, fueled a so-called money game by investment banks, which was inconsistent with the laws of real demand.

4. Then there were serious mistakes committed by the governments of the United States and the United Kingdom during the liquidation of Lehman Brothers.

When Yamaichi Securities closed in November 1997, the Japanese government allowed the liquidation of Yamaichi only after all cross-border transactions had been unwound. The main purpose of this was to not let the closure of Yamaichi affect overseas financial institutions and drag Japan into the epicenter of a world depression.

This was not the case for the liquidation of Lehman Brothers. Lehman went bankrupt *without* unwinding its huge volume of cross-border transactions. This had an extraordinarily contagious effect on the world financial system, and triggered a world depression comparable to the Great Depression before the Second World War. Liquidating Lehman only after all foreign transactions had been unwound could have averted a worldwide crisis.

The Bank Bailouts

5. The next problem involves the process of bailing out financial institutions. U.S. authorities bailed out banks by injecting public money in order to defend the financial system. In light of our experience in Japan, there are three problems with regard to the modality of the bailout in the United States:

(a) The balance sheets of all major financial institutions were not rigidly examined by any official authority, using mark-to-market accounting;

(b) The amount of public funds necessary to completely dispose of non-performing loans in each insti-

tution was not clearly identified;

(c) Each institution did not dispose of all non-performing loans, making it vague to market investors whether non-performing loans had been left on the balance sheets.

6. The mark-to-market accounting rule was frozen as a result of pressure by the U.S. Congress. The method of examining balance sheets of major financial institutions has not been stringent, unlike in Japan.

7. All major financial institutions avoided liquidation except Lehman Brothers, but they were kept intact through a bailout and because of their political clout. This situation made it difficult not only to launch fundamental reforms of the financial system, but to fully investigate the real cause of the financial crisis. In particular, it has made it extremely difficult to investigate the responsibility of executives of major banks. As a result, top executives of major banks in the United States have not learned any lessons from the Lehman crisis. It is frightening to think that such executives are likely to make the same mistakes again.

8. Western investment banks, British and American in particular, were kept intact, with unhealthy balance sheets. They have not recovered from insolvency, while superficially they look fine, thanks to the bailout, relaxation of accounting rules, and obscure stress tests. To get out of this dangerous situation as soon as possible, they are desperately seeking high returns within a short period of time.

9. Investment banks found good victims for this purpose: countries that suffer from budget deficits caused by fiscal stimuli that they enacted in 2009 to counter the economic downturn, such as Greece, Ireland, Portugal, Spain, and Italy. Banks used excess liquidity in the market, which had been supplied by central banks supposedly to enhance the economy, but which failed to stimulate the economy due to the lack of real demand. Short sales and credit default swaps were used as a means of attack. Consequently, European countries have had to rely upon fiscal austerity.

10. This has had a devastating effect on the recovery of the European economies. As was well witnessed in the economic crisis in Japan, at the time of economic crisis after the collapse of the financial bubble, the household sector and the corporate sector suffered from a hangover of over-borrowing during the bubble period. They tried to squeeze their balance sheets in order to repay loans. Left alone, this would have resulted in the shrinking of the national economy. It is the government sector that has to increase its expenditure to prop up the domestic economy, by way of deficits. But, the attack by the market has made it difficult for European countries to rely upon such policies. I am afraid that the European countries are entering a vicious cycle of economic contraction.

Fundamental Changes Needed

11. A fundamental change of thought to battle the economic crisis is essential now. Instead of relying upon austerity, rules and regulations which would make it impossible for banks to attack countries, such as the Glass-Steagall law, should be introduced.

12. With the introduction of Glass-Steagall, for the purpose of splitting commercial banks and investment banks, large banks will have to conduct "due diligence" in order to identify their assets and liabilities. It is highly likely that such due diligence will reveal that investment banks are insolvent, and that there are no options for them other than liquidation. Cancelling out their positions would substantially reduce the liabilities of commercial banks.

It is hoped that, by conducting this process, and possibly by injecting public money into commercial banks, the balance sheets of financial institutions in Western countries will be cleared, and confidence in the sector will be restored. This is a prerequisite for economic recovery from the crisis. The options left for us are very clear: interests of bankers or interests of the general public. The answer should be very simple.

13. Huge amounts of money have been used to bail out banks. That money was wasted. It did not help investment banks improve their balance sheets; instead, they were engaged in another round of speculative trading. Such money should have been used, instead, to stimulate the real economy. Provision of excess liquidity by central banks has failed to create real demand, and funds have been abused in attacking European governments and, thereby, brought misfortune to the general public in those countries. Fiscal stimulus has to be used for the purpose of investments, not for the sake of government or private consumption. It should be recalled that the stimulus package in the United States in 2009 was absolutely ineffective in this regard.

With the depth of economic contraction all over the world, governments should launch a global scale of large infrastructure projects to create real demand on a global scale. In addition to relaxation of international rules that have prohibited private money from taking

risks, such as Basel III, governments should extend an umbrella, in such forms as government guarantees, to large-scale infrastructure projects, so that affluent resources in the market will be mobilized effectively to take risks in those projects.

Álfheidur Ingadóttir

Only Glass-Steagall Can Protect the People

Greetings to the Schiller Institute conference in Flörsheim, Germany, on Nov. 24-25, 2012 from the Deputy Speaker of Iceland's parliament; she is also the chairman of the Left Green Movement's parliamentary group.



I extend my best wishes for a successful Schiller Institute conference, and applaud the Schiller Institute's international campaign for Glass-Steagall bank separation. I urge parliamentarians from around the world to familiarize themselves with the bank separation motion we have introduced in the Icelandic parliament, and to seriously consider taking similar actions.

Common people all over the world are suffering deeply because of the high-risk speculation of the financial world, and now this same financial world is exerting immense pressure on politicians to save their monetary values, by imposing brutal austerity on their constituents. I believe that that is wrong, and that there are alternatives. One is re-imposing full Glass-Steagall bank separation, which can help protect the population's savings, and help to build productive and sound economy.

After the onset of the current financial collapse, Iceland became the first country in which the financial system crashed. It has also become the first country to start to recover. Now, a group of Icelandic parliamentarians, including myself, is working to make Iceland the first country to re-impose Glass-Steagall-style bank separation.

The Resolution

On Oct. 24, 2012, a motion to separate commercial and investment banking was reintroduced into the Icelandic parliament, by 17 MPs from all parties and independents, except the Independence Party, which also announced its support for the idea during the hour-long parliamentary debate held on the subject. The motion reads:

"Parliament resolves to entrust the Minister of Economic Affairs with the task of appointing a committee which is to revise the framework of banking services in Iceland in order to minimize—through the separation of commercial and investment banks—the risk of disruptions within the banking sector for the national economy. The committee is to examine the policymaking of neighboring countries in this regard, and to submit its proposals before Feb. 1, 2013."

Were our motion passed, as seems most likely, it should be possible for the proposals to be ready earlier than the Feb. 1 deadline.

During the parliamentary debate, these are some of the points I stressed:

- The aim of the motion is to separate commercial banking and risky investment banking in our country. Right now, investment activity is still low in Icelandic banks, believed to be about 5%, but it had reached a little over 30% before the crash.
- The co-sponsors think that it is appropriate to make this step now, in full, before investment banking takes back all power in the Icelandic banking system. Although the percentage is still small, it is growing.

Why should we separate these activities?, one may ask. Separation of these two different types of financial services will reduce the systemic risk of the financial sector for the economy. While some point out that separation does not solve all problems, others stress that this is an absolute prerequisite for economic stability and honest business. Through separation, we actually ensure that public savings would not be re-used as "gambling money" in risky lending by investment banking owners. Through separation, the state can ensure that normal saving deposits would not be misused again, so that the loss due to risky loans and investments would not revert to the taxpayers and the state Treasury.

Ordinary deposits, and lending to households and businesses, are classified as normal or commercial banking. These deposits are largely protected by government guarantees. Should these protected deposits be

put together with a speculation- and risk-based investment strategy, a toxic mix would be created that could place, and has placed, an entire financial system in ruins, with serious consequences for households and the Treasury, the consequences of which we know so well in Iceland.

The co-sponsors have no doubt in their minds that this toxic mixture has been a traceable cause of our banking collapse.

In a report issued by the Minister of Economic Affairs and presented in April 2012, it says on pages 84-85 that there is no doubt that the very unfortunate relationship between deposits and investment had been part of the roots of the crisis of 2008.

It says, moreover, that financial stability would seem to be strengthened with a clearer distinction between these two aspects of banking, and that currently there are warning signs about the unfortunate connection between the two segments of the financial system here.

The authors would not preclude differentiation or separation of these segments as a future arrangement, especially if the trend is heading in the direction of the international marketplace.

In a statement accompanying our motion, we discuss how a perfect separation of these two factors was ensured among the banks in the United States, after the collapse of the stock exchange in New York [in 1929], and the crisis that followed. The so-called Glass-Steagall law was in effect from 1933 to 1999, and the global financial system followed in the footsteps of the U.S. in this regard; but in 1999, it was no longer considered necessary in the United States. The law was abolished, and it took a little less than ten years from the time that financial institutions were again permitted to combine commercial banking and investment banking, for a new banking bubble to burst in 2007-08.

It is clear that the recent banking crisis has called for a reassessment of these issues throughout the trans-Atlantic region. Especially since the Barclay's bank scandal in the U.K., there has been a public debate about reinstituting Glass-Steagall in the U.S., the U.K, Europe, and Iceland.

The idea of implementing bank separation again, in the spirit of the Glass-Steagall Act, has increasing support throughout the Western world.

But, there are also those, especially in the United States and Great Britain, who argue that a partial bank separation were better, including the British Vickers Commission's proposal for ring-fencing for separate departments within the same bank, or those who favor the weak Volcker Rule for the United States.

We, however, believe that only full bank separation would protect the population from the excesses of the speculators. Here in Iceland, we now have a unique opportunity to fully take this necessary step, and to lead the way for other countries to implement full bank separation. The co-sponsors think that passing this motion is necessary so that we may continue to build a sound economy of the nation, upon which the future of our nation depends.

Now is the time for political leaders to think about welfare of future generations, and take bold actions to protect the population's general welfare. We owe allegiance to our constituents, not to the powers of the financial world.

Theodore Katsanevas

Greece Should Exit Euro, Promote Growth



Professor Katsanevas, Ph.D. (L.S.E.), teaches economics at the University of Piraeus, Greece, and is a former member of the Greek Parliament. He addressed the Schiller Institute conference in Flörsheim, Germany, on Nov. 25, 2012, by video. The following is drawn from both his advance text and the speech as delivered. The full title is "The Solution for Greece: Exit the Euro, Cut International Debt, and Promote Public Expenditure and Economic Growth."

I send you greetings from Athens, where it is a sunny day, but our whole existence is dark. Allow me to say that every day here in Greece, more than 1,000 people lose their jobs, about 3-5 people every day commit sui-



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Homeless in Athens: the result of the disastrous EU policies that have left Greece in the worst crisis since World War II.

cide because of the economic situation; unemployment is rising fast, at levels of 25-30%; enterprises cannot cope with their debts; and millions of people are falling into absolute poverty.

Never, never, *never* in the last 100 years or even more, excluding periods of war, have we seen such a disaster.

A simple question arises: Why did we enter the Eurozone, if not to improve the Greek economy? Yet the opposite happened. Never in the postwar period, living with our own currency, the drachma, did we see a disaster like what we are facing now.

Our entrance to the Eurozone in 2002, together with (I have to admit it) the government's mismanagement of the last 15 years, reduced our economy to ashes. This is because of the government, not the Greek people. Allow me to say that the Greek people work, according to international statistics, *more* than people in other European countries; but I must accept that labor productivity in the public sector is very low.

But there is a deeper problem than this, which is a systemic problem. In my view, it is the Eurozone, its loose existence without a strong central management, that is hitting the peripheral economies, like Greece. More and more strict measures are imposed upon my country, despite the failure of the initial austerity policies taken after the crisis of 2008-09.

The country is facing an endless depression that creates more depression, leads to huge unemployment, widespread poverty, and kills hopes for a better future. The economy follows a recessionary vortex which leads to further contraction in domestic consumption, reduces the tax base, and extinguishes development possibilities. Imported products from our competitors, who trade internationally with soft currencies, remain cheaper or much cheaper than our own.

The main focus of the regional Greek economy on tourism and agriculture requires a labor-intensive production process. Labor costs cannot be compressed below a certain level, so total production costs will be lower than or equal to that of our competitors. To speak simply: A room in a Greek hotel costs about double that of countries with soft currencies, such as Turkey, Egypt, Bulgaria, Romania, or Hungary. Greek olives, oranges, lemons, peaches, and cherries, falling from our trees and rotting, are supplanted by cheaper imports from faraway Argentina, Morocco, Egypt, etc.

Is it "the economy, stupid"? Of course not. The "clever" Dutch, and not only they, import agricultural products from outside the Eurozone, baptize them as "European," and re-export them to the "stupid Greeks." The cost of fertilizers produced by oligopoly companies in north Europe is more than double that of Greek fertilizers, with relevant consequences for production costs.

Imported Greek armaments from the West, in the last ten years, cost about EU90 billion—a sum almost

equivalent to our original deficit. Turkey, a candidate for entering the European Union, continues to direct threats against the territorial integrity of Greece and Cyprus, and obliges us to spend the largest portion of GNP internationally on armaments, after the U.S.A. The same country bombards us with 200,000 illegal immigrants yearly, while our children are fleeing abroad, with tragic consequences for our economic and national existence.

Who Wants the Euro?

The "suit" of the euro is tailored to the measurements of the northern European countries that produce capital-intensive products of oligopoly, of high technology and innovation. The cost of these products can be compressed significantly, and profit margins are very high. So, the strong euro permits Germany and our other northern allies, to accumulate high foreign-exchange surpluses, and speculate on the huge difference in spreads.

Exploring the impact of the Eurozone upon several countries, we made an impressive finding. The developmental course of the GIPSI (Greece, Italy, Portugal, Spain, Ireland) continued well, before they joined the euro in 1999-2002, but dropped a little later. The same is more or less true for other Eurozone countries, and especially for Cyprus, Slovenia, Slovakia, Estonia, and Belgium. Instead, countries outside the Eurozone, such as Britain, Denmark, Sweden, the Czech Republic, Bulgaria, Hungary, Poland, and Romania, maintained a steady growth trend, with a partial decline with the advent of the crisis of 2009.[1]

Countries outside the EU, such as Norway, Serbia, and Turkey, are withstanding the crisis, as are Russia and others. Argentina, after disconnecting its currency from the hard dollar, developed exponentially, not to mention the impressive economic rise of China, mainly due to the soft yuan.

Let's be realistic. Our partners insist on keeping Greece inside the Eurozone, because they are afraid of the dangerous domino effect of the "Grexit." But maintaining our economy in a state of economic paralysis does not allow hopes for recovery. Our poor competitiveness, our shrinking domestic production and consumption at present, are leading to a vicious cycle of debt defaults and the need for more and more new loans. Over the longer term, this is burdensome to all, even to our lenders. It is true that the exit from the euro will initially be painful for a country like Greece; but now we are also experiencing pain, but without hope for tomorrow.

What We Should Do

As things stand today, a clear solution is a controlled bankruptcy, by cutting about 50% of total debt, with a grace period of two years to start repayment of the remaining 50%, and by extending the repayment period. And above all, exit from the euro, but, of course, without an exit from the European Union. The new drachma may be deflated initially by 50%, and then, a reasonable rate linked with a basket of currencies which will contain the euro, the dollar, and other soft currencies of our competitor countries. Another solution could be the creation of a second euro of the peripheral European countries.

In any case, the tragic rise of unemployment and suicides, the widespread closure of enterprises, the extreme cuts of salaries and pensions, the layoffs of civil servants at the age of 50-55 when they might not find a job in the private sector, the push of millions of people toward absolute poverty, apart from being inhumane, are obviously bad for the economy and politically unacceptable. They lead to a large drop of domestic demand, as well as to broad social uprising, with tragic economic, political, and social consequences.

No doubt, there is an urgent need for modernizing public administration, social insurance, and health care, and combating corruption, impunity, bureaucracy, and reducing tax evasion. As an active development policy, there is also a need to support healthy industrial and manufacturing units, and promote strategic sectors of the economy to alternative energy; exploiting oil, gas, and mineral resources; promoting quality and marine tourism; competitive and/or alternative agricultural crops, aquaculture, food industry and fertilizers; defense products, shipbuilding, pharmaceutical, transportation, financial services, new technologies, research, and innovation.

But for all that, the country should be ruled by a sense of fairness with efficiency, competence, and honesty by the best political human force, and not by the worst. And this is a point where our European friends can provide their useful advice and help.

1. EU countries within the Eurozone are Austria, Belgium, France, Germany, Greece, Estonia, Ireland, Spain, Italy, Cyprus, Luxembourg, Malta, Holland, Portugal, Slovakia, Slovenia, Finland; those outside it are Bulgaria, Denmark, Lithuania, Great Britain, Hungary, Poland, Romania, Sweden, and the Czech Republic.

Step Two: Use Glass-Steagall Standard To Restore Credit

by Dennis Small

Reprinted from *EIR*, Sept. 16, 2011.

On Aug. 24, 2011, Lyndon LaRouche outlined a seven-point program as the only possible solution for the present threat of a global breakdown crisis. Having presented the overview of the program in our Sept. 2 issue, and in-depth attention last issue to Step One—the removal of President Barack Obama from the U.S. Presidency, and the reenactment of Roosevelt's original Glass-Steagall Act of 1933—we turn now to Step Two: the separation of fictitious from real liabilities, according to the Glass-Steagall standard.

In that Aug. 24 urgent message, delivered on LPAC-TV, LaRouche stated:

"The next thing we must do, after having established Glass-Steagall, is that the powers ascribed to the original version of Glass-Steagall—that is, by Franklin Roosevelt's Administration—must be applied, and there must be a division of the assets in question, between two categories: On the one hand, you will have the category which belongs to the merchant banking sector and similar kinds of finances. The entirety of the claims against the United States, due to that sector, will be assigned to that sector, and removed as liabilities from the list of liabilities of the government section and the regular banking section. That division of assets and liabilities will define the situation which confronts us at that point.

"Now, the key part of this thing, is that the amount of credit which will survive the purge of this system of debts, is unfortunately rather small. Therefore, it is not possible to simply use Glass-Steagall in the simple way, by continuing the present national currency system. You have to go to a credit system, as implicitly defined by Alexander Hamilton when he was Treasury Secretary, and in forming that aspect of the Federal Constitution. So therefore, that division will define a section of the debts that will go to the merchant banking sector and similar sectors—the gambling sector—they are on their own; they get not a penny of bailout! All the debt is entirely assigned to them, that part of the debt.

"The debt, however, of the part that will be rescued from this embrace, will be a very small part, because we've waited much too long on this thing, and therefore, the ratio of bad money to good money has gone that way as such. So that has to be done; so we have the division of liabilities."

The Glass-Steagall *Standard*

The second point of LaRouche's seven-point program is perhaps the most polemical and contentious point of all. What at first blush seems fairly obvious—the need to separate the speculative financial instruments of the merchant banks or investment houses, from the productive credit issued for normal commercial banking purposes—quickly leads to a string of nervous objections:

"How do you decide what gets paid and what doesn't?"

"Who is going to make those decisions?"

"But they are all debts, and my mother told me that you always have to honor your debts, right?"

"And if we don't pay Wall Street and London's demands, won't the whole system crash?"

The reason that LaRouche's Step Two is so contentious, is that it raises the most fundamental question of economics: If *money* is accepted as the basic measure of value in an economy, then there is in fact no way to rigorously distinguish between a million dollars owed on a steel plant, or a million dollars owed for buying and selling derivatives, or a million dollars owed on prostitution and drugs. Money simply becomes the unit of account of an underlying philosophical worldview

known as *hedonism*, or the *pleasure-pain principle* of British Liberalism.

The contrary view in economics, that of the American System of political economy enshrined in the Constitution of the United States, is that value is measured not by money, but by the advance of the *General Welfare*, by the advance of the *public interest* in physical-economic terms. Under this worldview, financial in-

Franklin Roosevelt's 1933 Glass-Steagall Act

The following excerpts are taken from the 37-page H.R. 5661, "Public—No. 66-73d Congress," the Glass-Steagall Banking Act of 1933."

An Act

To provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes....

[Sec. 3 (a)] Each Federal reserve bank shall keep itself informed of the general character and amount of the loans and investments of its member banks with a view to ascertaining whether undue use is being made of bank credit for the speculative carrying of or trading in securities, real estate, or commodities, or for any other purpose inconsistent with the maintenance of sound credit conditions; and, in determining whether to grant or refuse advances, rediscounts or other credit accomodations, the Federal reserve bank shall give consideration to such information. The chairman of the Federal reserve bank shall report to the Federal Reserve Board any such undue use of bank credit by any member bank, together with his recommendation.

[Sec. 7] The Federal Reserve Board shall have power to fix from time to time for each Federal reserve district the percentage of individual bank capital and surplus which may be represented by loans secured by stock or bond collateral made by member banks within such district... It shall be the duty of the Board to establish such percentages with a view to preventing the undue use of bank loans for the speculative carrying of securities....

[Sec. 11 (a)] No member bank shall act as the medium or agent of any non-banking corporation, partnership, association, business trust, or individual in making loans on the security of stocks, bonds, and other investment securities to brokers or dealers in stocks, bonds, and other investment securities....

[Sec. 20] After one year from the date of the enactment of this Act, no member bank shall be affiliated in any manner described in section 2 (b) hereof with any corporation, association, business trust, or other similar organization engaged principally in the issue, flotation, underwriting, public sale, or distribution at wholesale or retail or through syndicate participation of stocks, bonds, debentures, notes, or other securities....

[Sec. 21 (a)] After the expiration of one year after the date of enactment of this Act it shall be unlawful—

(1) For any person, firm, corporation, association, business trust, or other similar organization, engaged in the business of issuing, underwriting, selling, or distributing, at wholesale or retail, or through syndicate participation, stocks, bonds, debentures, notes, or other securities, to engage at the same time to any extent whatever in the business of receiving deposits subject to check or to repayment upon presentation of a passbook, certificate of deposit, or other evidence of debt, or upon request of the depositor....

[Sec. 32] From and after January 1, 1934, no officer or director of any member bank shall be an officer, director, or manager of any corporation, partnership, or unincorporated association engaged primarily in the business of purchasing, selling, or negotiating securities, and no member bank shall perform the functions of a correspondent bank on behalf of any such individual, partnership, corporation, or unincorporated association and no such individual, partnership, corporation, or unincorporated association shall perform the functions of a correspondent for any member bank or hold on deposit any funds on behalf of any member bank, unless in any such case there is a permit therefor issued by the Federal Reserve Board; and the Board is authorized to issue such permit if in its judgment it is not incompatible with the public interest, and to revoke any such permit whenever it finds after reasonable notice and opportunity to be heard, that the public interest requires such revocation....

struments and liabilities have merit and standing under our Constitution only to the degree that they contribute to the general welfare.

This is also, emphatically, the worldview of Roosevelt's 1933 Glass-Steagall Act, as even a cursory reading of the law shows (see box, "Franklin Roosevelt's 1933 Glass-Steagall Act"). In fact, its opening statement of purpose is unambiguous: "To provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes." Throughout its 37 pages, the Act repeatedly attacks "speculation," and states that the banking sector must promote the "public interest." Its specific provisions, including the establishment of the FDIC, and the strict separation of commercial banking from merchant banking and brokerage activities, were guided by this outlook, and were intended to protect individual depositors from predatory speculative practices in order to keep the entire system functioning productively.

This is what LaRouche is referring to when he says that the Glass-Steagal *standard* must be applied today, to separate fictitious from legitimate obligations. That *standard*—as stated in what we might refer to as the "Preamble" of the Glass-Steagall Act cited above—is a direct echo of the Preamble of the Federal Constitution, which proclaims:

"We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America."

Therefore, to accept that financial liabilities can be sorted out at all, and that some are to be considered as legitimate while others are not, in fact, implies an axiomatic break with the very premises of British hedonism. And *that* is what many people recoil from in panic today, when they consider the implications of LaRouche's Step Two.

A Cultural Paradigm-Shift

Why is this such a generalized response among Americans today?

Because the United States has gone through an underlying cultural paradigm-shift since the 1963 assassination of President John F. Kennedy, as expressed in today's Baby-Boomer generation. What used to be obvious and second-nature—that we should promote the general welfare, that the public interest comes first, that speculation is to be abhorred, and that economics and morality are one—is now rejected in favor of *my pleasure*, *my money*, *my investments*. "And please don't talk to me about morality. What does that have to do with economics?"

In the domain of economic policy, 1971 was a milestone in the dismantling of the Glass-Steagall *standard*—if not yet the Act itself. In that year, the link of the dollar to any physical-economic idea of value was severed internationally, as the British Empire induced President Nixon to take the dollar off gold, and usher in the era of floating exchange rates among currencies. That destroyed Roosevelt's design of the post-war Bretton Woods system, and allowed for endless quantities of dollars to be printed *outside the sovereign control of the United States government*, and to begin the creation of an uncontrolled speculative bubble of financial instruments.

Throughout the 1980s and 1990s, the reins on speculation were progressively loosened, both financially and—more importantly—philosophically, culturally, and morally. For example, the British Empire was allowed to foist illegitimate foreign debt on Third World nations, such as in Africa, and use it to impose their policy of genocide and depopulation.

The year 1999 was a watershed. On Nov. 12, Roosevelt's Glass-Steagall Act was formally overthrown and replaced by Gramm-Leach-Bliley. Earlier that same year, in mid-June, the IMF had forced the government of Colombia to officially count *drugs* as part of their gross national product. In late June, the head of the New York Stock exchange, Richard Grasso, met in the jungles of Colombia with Raúl Reyes, the head of finances of the FARC cocaine cartel, to discuss a "mutual exchange of capitals," as Grasso put it (see box, "Gross Narco Product").

As the drug case so clearly shows, Roosevelt's Glass-Steagall standard had been dethroned, and British Liberalism and hedonism reigned supreme.

Applying the Standard: Manure vs. Credit

Step Two of LaRouche's seven-step action program calls for reviving the Glass-Steagall *standard* to separate the wheat from the chaff—productive from speculative liabilities—in the U.S. (and international) financial system. LaRouche has promoted this policy for

decades. Just a few examples.

In his first major response to Nixon's Aug. 15, 1971 decision to bury FDR's Bretton Woods, LaRouche wrote that the physical economy was being "crushed under a mass of stocks, bonds, mortgages, and other capitalist paper. Destroy that paper, and prosperity

Gross Narco Product

On June 9, 1999, the Colombian government's National Administrative Department of Statistics (DANE) announced that its GNP statistics would henceforth reflect the "inclusion of illicit crops in agricultural production"—i.e., narcotics—using "sophisticated techniques," as demanded by the International Monetary Fund. On June 25, 1999, Richard Grasso, the head of the New York Stock Exchange, met with the head of finances of the narco-terrorst FARC, Comandante Raúl Reyes. In its July 16, 1999 edition, EIR *published "The IMF and Wall Street are gunning for drug legalization," by Dennis Small, which included the following:*

In fact, if monetary value is accepted as an economy's sole metric, then one has implicitly adopted London's bestial view of man that banishes all morality from economics: After all, we are told, a dollar is a dollar is a dollar; you may not *like* the fact that it comes from drug production, prostitution, or gambling, but you can't let your "personal tastes" dictate "objective economic measures," such as GNP.

That outlook is called monetarism. And it is the way economics is taught today in every major university in every single country around the world—whether it be called neo-liberalism, Keynesianism, or Marxism.

If that is *your* outlook, or the outlook you tolerate, then please answer a few simple questions: If drugs and prostitution are to be counted as part of GNP, shall we then consider a successful drug bust as a reduction in GNP or "value added"? Shall we also count pornography as "value added"? What about child pornography (it's a multibillion-dollar business)? How about "snuff films," where people (especially children) are sexually exploited and then murdered, on film?

Perhaps murder, rape, and torture should also be counted as part of GNP—with "sophisticated techniques," no doubt? Was the poison gas used in Hitler's death chambers also part of GNP?

Do these questions make you uncomfortable? Then where do you draw the line? More importantly, *how* do you draw the line between real economic value, and evil with a price tag? Is there not some fundamental difference between "bankers' arithmetic" and "human arithmetic"?

The stark reality is that there is no scientific, systematic, and valid way to repudiate drugs in an economy, until you are prepared to jettison the entirety of standard classroom economics, including its definition of GNP, and replace it with the science of physical economy as developed by Gottfried Leibniz, Lyndon LaRouche, and others. In this approach, economics and morality are united in the concept of economic value being defined as that which contributes to the successful social reproduction of humanity, as measured in rising potential relative population density. Science, Classical culture, and creativity in all its expressions—i.e., that which is moral about man—becomes the bedrock of economic advance.



ANCOL/Fernando Ruiz

The "Grasso Abrazo": Richard Grasso embraces Comandante Reyes in the FARC's jungle hideout.

could emerge." The guts of the problem was clinging to fictitious "money" values, rather than the physical wealth associated with increasing the productive power of labor.

In 1982, at the height of the "debt bomb" crisis, LaRouche stressed, in his book-length *Operation Juárez*, that the world financial system had to be reorganized by freezing the hundreds of billions of dollars of illegitimate Third World debt with a debt moratorium, and issuing new productive credit for great infrastructure projects.

At both these points, such a procedure could still have salvaged a reformed international monetary system. But the situation today is too far gone, and more drastic measures are now required.

As the global breakdown crisis was playing out in 2008 and 2009, LaRouche presented his policy to solve the crisis with total clarity, such as in these remarks to a private meeting of diplomats and others in Washington, D.C., on Nov. 11, 2008:

"There's no way to save this monetary system in its present form. It's so full of junk, with the financial derivatives far in excess of a quadrillion dollars in claims, against the nominal size of the actual production of nations, it is impossible to reform this monetary system in its present form. You have to put the monetary system itself *through bankruptcy*. You will have to wipe out the greatest portion of nominal monetary assets in the world today! Cancel them! Because the system as a whole is hopelessly bankrupt.

"Now, what do you do in that case? Well, what you do for a monetary reform to a credit system, is, you use the U.S. Constitution. Because of our Constitution, we can create, as Roosevelt did that formally, we can create a credit system. To replace a monetary system.

"Now, what you do under this case, and with agreement with the United States and its Constitution, with Russia, China, and India, it can be done. What you do, is you say, we put all the claims which are equivalent of monetary or credit claims in two piles. One pile we call 'monetary.' That's the manure pile. The other we call the 'credit' pile.

"Now under the U.S. Constitution, money, when the Constitution is followed, is created only by the will of the government. It is done by the Executive branch of government, with the consent of the House of Representatives, and things flow from that. This credit being issued, is also authorized for monetization: So, the credit can be issued as loans for projects, or international loans, and part of it can actually be monetized, under the condition under which it was uttered.

"Particularly, if we had a national banking system, which we don't have presently, we could convert the Federal Reserve system, which is bankrupt, into a national banking system, as Hamilton proposed. Then it would do that automatically. We *do* need a national banking system in each country. That doesn't mean they're the only banks, but it does mean you use a national banking system to control the relationship between government and the banking system as a whole, in general....

"What do you do? You have to protect those things which are productive, and are necessary for the government and necessary for the population. Therefore, you create a pile called the 'credit pile.' What you do, is you take every obligation, and every asset, which is valuable to society, currently, or necessary and meritorious—you take the monetary value of that, and you assign that to the creation of credit, government credit, a credit system. *And you leave the remainder to rot.*"

In an international webcast on Jan. 22, 2009, two days after the inauguration of Barack Obama, LaRouche returned to the issue:

"Put the present system, economic system of the United States, in particular, into a general reform, general reorganization, reorganization in bankruptcy. This means putting the Federal Reserve system into bankruptcy, under bankruptcy protection; taking the assets, or claimed assets, of the banking system and sorting them into two piles. One pile fits the chartered bank standard, conventional ordinary banks, as under Glass-Steagall, that kind of contingent. Those banks must be restored to full functioning now, and they must be used as receptacles of Federal credit to get some things moving that have to be gotten moving.

"On the other side, the garbage side, the bailout side: Not a penny! You put them into bankruptcy receivership, freeze them. That's the garbage department: You freeze the garbage so it doesn't stink too much. Don't put more garbage in there, don't generate more garbage."

How Much Garbage Is There?

An awful lot.

First, let's consider some of the categories of the interlocking global financial garbage that will simply be written off, or returned to the City of London and Wall Street for them to handle on their own. It will *not* be

A Dog with a Bad Case of Fleas: JPMorgan Chase & Co.
(Dec. 31, 2010)



Derivatives $78.7 trillion



Assets $2.1 trillion



Equity Capital $176 billion

What in the World Are Derivatives, Anyway?

The easiest way to grasp the nature of the derivatives markets is to think of a dog with a bad case of fleas. The fleas, whose existence depends upon eating the dog, set up little empires buying and selling the dog's blood. They are so successful, in fact, that the dog begins to die. This presents the fleas with a real dilemma, but being clever little critters, they come up with a solution. Instead of trading the dog's blood, they switch to trading blood futures. Suddenly, their trading is no longer limited to the amount of blood they can suck out of the dog—they are now trading virtual blood, which by its nature is unlimited. Their trading empires expand as never before, making them rich beyond their wildest dreams—and who cares if the dog has died in the meantime?

—John Hoefle

bailed out by governments—i.e., by you, the taxpayer. This is by no means a comprehensive list, but it includes:

- Derivatives instruments, such as MBS (mortgage-backed securities), CDO (collaterized debt obligations), CDS (credit default swaps), foreign exchange swaps, and commodity futures markets. Derivatives in general are the lion's share of the total speculative bubble; nobody really knows the amount involved, but it clearly surpasses $1 quadrillion, and infects the entire Trans-Atlantic financial system.

It is pointless for our purposes here to either try to define, or quantify, each of these forms of financial cancer. Instead, we refer the reader to the succinct definition of derivatives provided by *EIR*'s John Hoefle (see box, "What in the World Are Derivatives, Anyway?").

- Third World debt, which officially totals a mere $2.5 trillion, is almost entirely illegitimate debt which has been paid many times over by these countries.
- Stock markets worldwide.
- The trillion-dollar international drug trade.

On the other side of the ledger, we have obligations that will be defended and guaranteed under the Glass-Steagall standard, including:

- Social Security, Medicare, Medicaid, and similar government programs serving the general welfare.
- Pensions, from both the public and the private sectors.
- Business loans for productive activities.
- Family home mortgages—as distinct from the fraudulent Ponzi scheme built up on mortgages by the leading banks.
- Infrastructure investment projects.
- Commitments by states and municipalities for productive economic activity.

Globally, speculative financial assets have grown from about $200 trillion in 1997 (before Glass-Steagall was revoked), to well over $1,000 trillion ($1 quadrillion) today—a fivefold increase. During this same period, the physical economy, and its valid obligations, have been savagely shrinking, such that the ratios are now unmanageable.

Look at the situation of America's leading banks. They have been thoroughly taken over by the cancer of derivatives. In 2000, the country's top ten banks had some $2.5 trillion in assets, which tripled to about $7.7 trillion in 2009. But those banks' exposure to derivatives went from $45 trillion in 2000 to $294 trillion in 2009—a 6.5-fold increase! And when you compare the derivatives cancer to the banks' equity captial (see De-

rivatives box, for the case of JPMorgan Chase), the true magnitude of the insanity is even clearer.

The cancer is also highly concentrated. The top five derivatives banks in the U.S.—JPMorgan Chase, Bank of America, Goldman Sachs, Morgan Stanley, and Citigroup—hold about 90% of total derivatives.

So guess who got bailed out when the derivatives bubble blew in 2008? Of the nearly $17 trillion in bailouts provided, as documented by Sen. Bernie Sanders (I-Vt.), amounts disbursed included:

$1.5 trillion to Morgan Stanley;

$1.2 trillion to Merrill Lynch (now part of Bank of America);

$1 trillion to Citigroup;

$700 billion to Bank of America;

$600 billion to Goldman Sachs.

Another large, and continuing, flow of bailout funds is going to British and other European banks, through unlimited dollars provided through the Federal Reserve's swap window with the European Central Bank and the Bank of England.

And now that the Bush and Obama administrations, consecutively, have handed over $17 trillion in taxpayer funds to help feed the cancer, we are being told that some $4 trillion in cuts have to be made out of the flesh and blood of the *productive* economy: Social Security, Medicare, state and local budgets, and people's living standards in general.

This is the exact inverse of the Glass-Steagall standard. Instead, we should reinstate Glass-Steagall and, for starters, "charge back" the $17 trillion that was added to the government's illegitimate obligations—which is more than four times the amount of cuts in legitimate, vital programs that Obama is proposing to make.

Lunacy has taken over our national policy-making on economics. It's as if a man with cancer went to his oncologist to report a big cancer tumor growing in his belly, only to be told to stop complaining, that he was showing clear signs of "growth," and that all cells have equal rights in any event.

If that were your doctor, you would fire him for being a quack, wouldn't you? Time to do the same with Obama, and get on with the treatment.



British-Saudi Terror Team Sparks Sectarian Bloodbath

by Ramtanu Maitra

Jan. 7—It's all going according to the hideous plan. Dozens of sectarian killings are occurring every day in the region spanning from North Africa to Syria to Afghanistan and Pakistan, creating chaos, and threatening to detonate a Sunni-versus-Shi'ite conflict that could drown the region in blood. If the bloodshed doesn't end up provoking a nuclear confrontation between NATO on the one side, and Russia and/or China on the other, it will create the conditions for a level of genocide not seen since the Mongol marauders, at the behest of the Venetian Empire, swept across Asia centuries ago.

This is the British imperial plan. Behind the local militias and jihadis are the kingdoms of Saudi Arabia and Qatar, which fund, arm, and direct the mayhem. But the Saudis and Qataris are themselves not "independent" forces, but integral and controlled assets of the British Empire, which is determined to create the conditions where it can maintain its global financial dominance, as well as to set off the most massive depopulation the world has ever seen, achieving the monarchy's wish for reduction of the world population from the current 7 billion, to something like 1 billion.

The British Empire is determined to use its historical control over radical and royal currents in the Islamic world—emphatically including its control of what is called al-Qaeda—to stir up more than 1 billion Muslims into a bloody conflict that could destroy civilization itself.

At present, the cockpit of this conflict is Syria, where Saudi- and Qatari-funded fanatics are waging a brutal war against Christians, Shi'as, and the Assad regime, with the support of the Western nations. Soon, however, the British hope to install the same kind of alliance in Afghanistan, as the majority of NATO troops leave. And that, too, will be only the beginning of an uprising that is intended to spread to all of Central Asia, including Russia and China.

Unless a patriotic leadership in the United States succeeds in turning the U.S. Presidency *against* this deadly British game, and that very soon, disaster is certain.

Iraq: Once Again Under Siege

Instead of restraining the sectarian terrorist onslaught, the Obama Administration has given the Saudis a free hand to fund and arm the Sunni militants in the Shi'a-majority nation of Iraq. As a result, in recent months, violence there has risen multifold.

Brian M. Downing, a military analyst, in his article, "The Saudis' dangerous alliance with Salafi forces, against Arab Spring," appearing in WorldTribune.com on Dec. 19, 2012, pointed out that Riyadh is out to weaken the Shi'a power in Iraq. Extremist Salafi/Wahhabi forces were central to the anti-coalition insurgency in Iraq and continue to oppose Shi'a rule. "The House of Saud sees the tide of democracy as neither good nor inevitable nor irreversible. Riyadh will use its influence and wealth to roll back democracy. Failure to do so, in Riyadh's view, will weaken its rule and



White House Photo

The monarchies of Saudi Arabia (left: King Abdullah) and Great Britain (right: Queen Elizabeth II) are fomenting bloodshed throughout Southwest Asia, steering and funding such groups as al-Qaeda in Iraq (below). The guise is "democracy," but the whole world knows that this is a sick joke.





strengthen Shi'a power in the Gulf and beyond. Halting democracy, then, is a moral and strategic imperative. The campaign is likely already underway," Downing wrote.

The preparation for sectarian violence resumed even before the U.S. troops had left Iraq. A report, "Al Qaeda exploits Iraq's orphans for a new army of militants," by Nizar Latif on Dec 7, 2011 in *The National*, revealed that a new generation of al-Qaeda militants recruited from Iraq's overcrowded orphanages is posing a formidable challenge to security and intelligence officials in Baghdad. There are also reports that Shi'as are getting support from Iran in order to counter the Saudi-led Wahhabi[1] insurgents, furthering the bloodbath.

But if you listen to the Royal United Services Institute (RUSI), a British intelligence-linked think-tank, a larger scheme emerges. It is no surprise or coincidence, RUSI points out, that demonstrators in Anbar (a large Sunni-majority province in western Iraq, bordering Saudi Arabia, Jordan, and Syria) are flying the flag of the Syrian revolt, alongside the former flag of Saddam's Iraq. The ties that bind the populations of Anbar and other Sunni areas in Iraq with those in Syria are strong and were forged in the fires of the Iraq civil war of 2005-07. A post-Assad, Sunni-dominated government in Syria would have a profound impact upon the pattern of political power in Iraq—something that Iraqi Prime Minister Nouri al-Maliki seems to be aware of. (*RUSI Analysis*, Jan. 3, 2013, by Gareth Stansfield, Senior Associate Fellow and Director of Middle East Studies.)

RUSI's report was corroborated in an article in the Lebanese news daily *Al-Akhbar* on Dec. 30, titled "Could Iraq's protests lead to a whole new state? Sunnis look for secession." The journalist wrote, "the most significant aspect of the Anbar sit-in and the accompanying demonstrations has been the growing number of voices calling for the establishment of a self-governing region in western Iraq similar to the Kurdish region in the north. Others have gone further, advocating the creation of a breakaway 'State of Western Iraq' consisting of the country's western governorates as well as neighboring Jordan, in the event of the monarchic regime there falling."

The article quoted political analyst Ahmad al-Sharifi, pointing out that Prime Minister Maliki's recent visit to Jordan and offer to extend an oil pipeline across Jordan to Aqaba to export Iraqi oil and satisfy Jordan's crude oil requirements, was aimed at countering this alleged scheme. "It is part of his plan to back the Jordanian regime and prevent it from collapsing. The kingdom had announced prior to Maliki's visit that it was going through very hard times," he noted. "Maliki knows that if the Jordanian regime collapses and Islamist forces come to power, that would provide the cornerstone for the declaration of a State of Western Iraq."

The break-up of Iraq, of course, does not *end* the process of bloody conflict, but is only a stepping-stone

1. See "What Is Wahhabism?" *EIR*, Sept. 28, 2012.

to larger conflicts and disintegration of the remaining nation-states in the region, perhaps starting with Jordan.

Next Comes Afghanistan

While the mayhem in Syria, Libya, and Iraq spreads, another country waiting for the axe to fall is Afghanistan. Having failed to establish stability in that country over the last 11 years, the Obama Administration, which inherited the mess in 2009, is planning to pull out most of its 68,000 troops by 2014. NATO allies of the United States are also set to move out most of their 30,000 troops around the same time, if not earlier.

However, the problem that Washington encounters is: Who would be left in charge of Afghanistan? Historically, Afghanistan has never had a democratic political process, nor political parties that would effectively represent the multi-ethnic societies. And, as a result of the intervention of Britain's Saudi assets, the country is now riddled with well-armed, pseudo-religious mujahideen groups, who are effectively Wahhabi foot soldiers under the label of the Taliban. These are the militants whom the 2001 U.S. invasion ousted—and which the Karzai government is now being pushed to bring back as the governing party![2]

As *EIR* has extensively reported, as far back as 2009, the British imperial plan has always been to bring the Taliban back into power. In fact, one of Britain's major complaints about Afghan President Hamid Karzai, is that he has aggressively opposed this plan, going so far as, on Dec. 27, 2007, to expel two MI6 agents on charges that they posed a threat to the country's national security. An unnamed Afghan government official told the London *Sunday Telegraph* that "this warning," that the men had been financing the Taliban for at least ten months, "came from the Americans. One of the agents, Mervyn Patterson, worked for the United Nations, while the other, Michael Semple, worked for the European Union.

The London *Times* wrote that, when Patterson and Semple were arrested, they were carrying $150,000, which was to be given to Taliban commanders in Musa Qala. "British officials have been careful to distance current MI6 talks with Taliban commanders in Helmand from the expulsions of Michael Semple, the Irish head of the EU mission and widely known as a close confidant of Britain's ambassador, Sir Sherard Cowper-Coles, and Mervyn Patterson, a British advisor to the UN," the *Times* wrote.



Sir Cowper-Coles hit the nail on the head, telling the House of Commons in 2010 that the future of Afghanistan will be like "a double-decker bus," with an American driver, the locals and other parties as passengers, and "with luck, a British back-seat driver"!

Sir Cowper-Coles: Britain Must Be in Charge

Now that the Obama Administration—after pursuing a designed-to-fail counterinsurgency policy, which has led to many deaths of American troops and many more Afghans—has come to realize that it has no further card to play, and has turned to London's plan to bring back the Taliban. No one expresses this outlook more clearly than Sir Cowper-Coles, the top British intelligence operative who is *now an executive with BAE*, the very agency that funded al-Qaeda in its 9/11 plots and beyond.

In the uncorrected version of the British House of Commons minutes of evidence (Nov. 9, 2010) taken before the Foreign Affairs Committee on the U.K.'s foreign policy toward Afghanistan and Pakistan, Cowper-Coles was quoted, answering a question from John Baron MP:

"The key question—this was Mr Baron's question—-is how you accompany a military draw-down with a serious political process. The analogy that I have used—I thought of it a few weeks ago—is of a double-decker bus. You need an American chassis, an American engine, an American driver and an American sat-nav system.

"The passengers on the lower deck of the bus will be the internal parties. This is about far more than just talking to the Taliban; the Tajiks are increasingly alienated.

2. See "Afghan Warlords Prepare for Another Civil War," *EIR*, Nov. 30, 2012.

"On the top deck of the bus, you have all the external parties. The largest passenger will be Pakistan, but India, China, Russia, Iran, Saudi Arabia, Turkey, the emirates and the lower tier of the -stans will all be there. The bus will be painted in Afghan colours and have a UN conductor on each floor and, with luck, a *British back-seat driver*" (emphasis added).

He went on to say: "We are major. We are very much premier league and everyone else is sort of champions league." (Cowper-Coles' reference point is the English Football League, where the top teams play in the premier league, while the lesser ones in the champions league.)

Inter Press Service analyst Gareth Porter, in an article, "Afghan Peace Talks Widen US-UK Rift on War Policy," Oct. 9, 2012, pointed out that Cowper-Coles is reported to have put much of the blame for the deterioration of the situation in Afghanistan on the Karzai government. "The security situation is getting worse," he quoted Cowper-Coles as saying. The report makes it clear that the British want to withdraw all their troops from Afghanistan within five to ten years. Cowper-Coles is said to have suggested that the only way to do so is through an "acceptable dictator."

Now, who might this "acceptable dictator" be that Cowper-Coles suggests? Obviously, it is the Taliban supremo, Mullah Omar. And that is why the Obama Administration is running from pillar to post to find a way to talk to him.

A New River of Blood

Will such a dictatorship bring peace? Of course not.

There is no doubt that to put the Taliban back in power in Kabul, thus adhering to the British- and Saudi-led plan, which the hapless Obama Administration is ready to implement, will usher in yet another river of blood. There are widespread reports that the Afghan warlords are arming themselves to meet the violence that would ensue. The Indian news daily *The Hindu* carried an article by Graham Bowley, "Afghan warlords regrouping," on Nov. 14, 2012, that said one of the most powerful mujahideen commanders in Afghanistan, Ismail Khan, is calling on his followers to reorganize and defend the country against the Taliban as Western militaries withdraw, in a public demonstration of the faltering confidence in the national government and the Western-built Afghan National Army (ANA).

In addition, Marshal Muhammad Qasim Fahim, an ethnic Tajik commander, who is President Karzai's First Vice President, said in a speech in September, "If the Afghan security forces are not able to wage this war, then call upon the mujahideen." Another prominent mujahideen fighter, Ahmad Zia Massoud, said in an interview at his home in Kabul, that people were worried about what was going to happen after 2014, and he was telling his own followers to make preliminary preparations.

Supplementing the historic opposition by the Tajik-Uzbek-Hazara Afghans to the Taliban (who are ethnically Pushtun), the United States has raised the Afghan National Army, with about 350,000 soldiers. Although most of the ANA members are not as competent as their opponents, the fact remains that they have guns, and at least 60% of them are non-Pushtuns who virulently oppose the Taliban.

Gautam Das, a former Indian Army officer who helped train Afghan officers of an earlier period, wrote in *The Small Wars Journal* recently that "while the officer corps is still slightly Tajik-heavy, the ANA as a whole is a little over 40 percent Pashtun, nearly a third Tajik followed by the Hazaras, Uzbeks and the other smaller ethnic groups reflecting the broad composition of the country. It's an obvious strength, but it also a potential risk. What if soldiers of one ethnic group refuse to take part in operations for some reason or the other; perhaps they don't want to go on an operation in a Pashtun-dominated area or there is some other cause for disaffection?"

Break the U.S. from British-Saudi Grip

The historical control by the British Empire over the Gulf Arabs, and large sections of the Islamic world, has been extensively documented for decades, including by *EIR*. Thus, it should be no surprise that London is a world-recognized center for terrorists, and exercises the decisive control over its terrorist creations, such as al-Qaeda, Hizb-ut-Tahrir, and other violent jihadi groups.

What makes the British role especially deadly is the fact that the U.S. Presidency, under both George W. Bush and now Barack Obama, is lending its support to the British terror projects—even in the face of the role played by those very terrorists in attacks on the United States, such as 9/11/2001 and 9/11/2012.

Such an alliance can be tolerated no longer. It not only threatens the United States, but civilization as a whole. It's about time U.S. citizens recalled that the only significant enemy the U.S. has is the British Empire. Once that tie is broken, primarily financially, the prospects for progress and harmony will be back on the agenda.

LAROUCHEPAC INITIATIVE

The Questions Congress Must Ask About Benghazi

by William Wertz

Jan. 1—President Obama swore an oath to "support and defend the Constitution against all enemies foreign and domestic," as did every member of the U.S. Senate and House of Representatives. Obama has broken that oath by supporting the enemies of the U.S. Constitution. As several members of the House Foreign Affairs Committee pointed out in recent hearings, the issue is the policy of the Obama Administration, which contributed to causing the deaths of Amb. Chris Stevens and three other Americans in Benghazi, and if continued in respect to Syria, threatens to bring the world to the brink of thermonuclear war.

Congressional demands for explanations of the Sept. 11, 2012 Benghazi attacks, must begin with a thorough airing of the ongoing alliance between the Obama White House and al-Qaeda. Nothing short of a thorough probe will prevent a replay of the first two 9/11 attacks, perhaps on a far grander scale.

What makes this particularly urgent, is that in using al-Qaeda to overthrow Assad in Syria, the British Empire, Saudi Arabia, Qatar, and British stooge Obama, are pushing the world to the edge of a thermonuclear war with Russia and China. The crimes of Obama of failing to provide sufficient security to the U.S. mission in Benghazi and not responding after the attack by providing military assistance, are the result of the underlying policy.

The crimes of Obama are not the result of bureaucratic sloppiness. These crimes and the lies of the Obama Administration's "talking points," which were designed to cover them up, are a result of the underlying crime of having allied with known enemies of the United States of America. As Regional Security Officer Eric Nordstrom testified before the House Oversight Committee in October 2012: "In my view, the Taliban is inside the building."

LaRouchePAC Takes Initiative

The killings of the four Americans in Benghazi were carried out by the very terrorists Obama and his masters *intentionally* supported to overthrow Qaddafi, and are supporting now to overthrow Assad.

The U.S. designation of al-Nusra in Syria as a terrorist organization is just a fig leaf. As reported in the Sept. 11 memo sent by Ambassador Stevens to Washington, Wisam bin Hamid and al-Garabi told U.S. officials on Sept. 9 that "fluid relationships and blurry lines" define membership in the brigades in Benghazi. "They themselves were members of multiple brigades, they said." The same is true in Syria.

Over the past three weeks, LaRouchePAC has produced a series of updated fact sheets, which conclusively document that the Obama Admministration has

been in bed with al-Qaeda in Libya; and, as the Syrian opposition itself has affirmed in respect to Syria (by proclaiming that "we are all al-Nusra"), with the al-Qaeda-dominated Syrian opposition as well. These fact sheets have all been provided to Members of Congress, who, in fact, have access to even more precise information than that available to LaRouchePAC from the public domain.

While the initial questioning of State Department officials in the House Oversight and Government Reform Committee hearings Dec. 20 began to pinpoint some serious issues, Congress has much more to do. To aid in the process, LaRouchePAC has formulated the following policy questions to be asked by Congressional investigators.

The Libyan Islamic Fighting Group

The Libyan Islamic Fighting Group (LIFG) was listed as a Foreign Terrorist Organization (FTO) by the U.S. State Department, the UN Security Council, and the U.K. Home Office, before it officially disbanded in February 2011, and merely renamed itself the Libyan Islamic Movement for Change. In 2007, al-Qaeda had announced its merger with the LIFG. There are numerous links between the LIFG and 9/11/2001 known to the U.S. from interrogations in Guantanamo. Thus, Congress must ask:

How does the Obama Administration justify allying with leading members of the LIFG in Libya? Did Obama authorize the decision to work with the LIFG? Given the U.S. State Department designation of the LIFG as an FTO, did anyone in the State Department object to this policy? Why has the Administration not designated the Libyan Islamic Movement for Change as an FTO?



YouTube

Abdel Hakim Belhadj

The emir of the LIFG, Abdel Hakim Belhadj, fought alongside Osama bin Laden in Afghanistan, and then moved with him to Sudan in 1992. He ran training camps for al-Qaeda in Afghanistan in the late 1990s. He fled Kabul in 2001, and went with bin Laden to Tora Bora. He was listed as a co-conspirator in the 2004 Madrid bombings. In Libya, he received weapons from Qatar, in a transaction approved by Obama. He became the military commander of the Tripoli Military Council in August 2011, and was responsible for security at all foreign embassies. Thus Congress must ask:

Why did we ally with a known terrorist to overthrow Qaddafi? Why did we allow Qatar to provide Belhadj with weapons, bypassing the Transitional National Council (TNC)? Did the Obama Administration protest Belhadj's becoming responsible for security at all foreign embassies?

The February 17 Brigade



AlJazeera/YouTube

Abdel Fattah Younis

Gen. Abdul Fattah Younis, the military commander of the TNC, was assassinated on July 28, 2011. The assassination paved the way for Belhadj to become the military commander of the Tripoli Military Council. A deputy of Younis, Mohammed Agoury, told Associated Press that the February 17 Brigade was behind the assassination. Other sources have said that Ansar al-Sharia was responsible. Thus Congress must ask:

Why did the Obama Administration hire the February 17 Brigade to provide security in Benghazi under these circumstances?

The February 17 Brigade was formed by Ismael al-Sallabi. Belhadj was in Benghazi in April 2011 to help form the Brigade. According to the Senate Homeland Security Committee report, the Brigade was involved in extrajudicial detentions of U.S. diplomatic personnel prior to Sept. 11, 2012. On Sept. 11, according to the State Department Accountability Review Board (ARB), the February 17 Brigade guards at the mission failed to notify the Brigade barracks. According to the Senate Homeland Security Committee, the Brigade failed to respond to two calls for assistance from the CIA annex. Thus Congress must ask:

Did the Obama Administration know that the February 17 Brigade was created by known LIFG operatives when we hired it? Why did the Obama Administration continue to employ the Brigade after it

conducted extrajudicial detentions, and after its loyalties were called into question?

Meeting in Qatar

After Belhadj became head of the Tripoli Military Council, he and Ismael al-Sallabi traveled with TNC leader Mustafa Abdul Jalil to Qatar to meet with NATO officials. Thus Congress must ask:

Why did NATO choose to meet with known terrorists? Who authorized this meeting?



Creative Commons

Mustafa Abdul Jalil

Ansar al-Sharia

Abu Sufian bin Qumu is the head of Ansar al-Sharia, which took credit for the attack on the U.S. mission in Benghazi on its Facebook page. The Senate Homeland Security Committee report says individuals affiliated with Ansar al-Sharia were allegedly involved in storming the Tunisian consulate in Benghazi on June 18, 2012. Bin Qumu is known to be a member of the LIFG and al-Qaeda, and was assessed to be a *high* risk to U.S. interests. He received a monthly stipend from one of the financiers of the original 9/11 in 2001. He began training rebel forces in Derna in April of 2011. Thus Congress must ask:



Abu Sufian bin Qumu

What actions did the Obama Administration take against him and Ansar al-Sharia before Sept. 11, 2012? Why is Ansar al-Sharia not listed as an FTO? On what basis did Secretary of State Hillary Clinton argue that an entry on Ansar al-Sharia's Facebook page taking credit for the attack is not "evidence"?

Libya Shield

U.S. officials met with Wisam bin Hamid and Muhammad al-Garabi on Sept. 9. The Library of Congress reports that bin Hamid is possibly the leader of al-Qaeda in Libya. He leads Libya Shield, which is the same as Free Libya. He hosted a demonstration in Sirte in 2012 which was attended by the head of al-Qaeda in Magreb. He participated in another rally in Benghazi, sponsored by Ansar al-Sharia with other militias on June 7-8, 2012. The Library of Congress reports that these militias "probably make up the bulk of al-Qaeda's network in Libya." It was Libya Shield which detained U.S. forces sent from Tripoli for three hours at the Benghazi airport before following them to the annex. The attack on the annex commenced shortly after their arrival. Thus Congress must ask:



Wisam bin Hamid

Why did U.S. officials meet with Wisam bin Hamid? Why did the U.S. rely on Libya Shield for security in Benghazi?

The Blue Mountain Group

The Senate Homeland Security Committee report indicates that a current and a former employee of the Blue Mountain Group were suspects in the bombing of the mission on April 6, 2012. The ARB report says that a Blue Mountain guard may have left the gate to the mission open, and had done so on a previous occasion. Thus Congress must ask:

Why did we continue to employ Blue Mountain?

The Syrian Connection

There are numerous reports indicating support by the Libyan terrorist groups for the Syrian opposition. Thus Congress must ask:

Did Obama know about the trip made by Belhadj to Turkey in November 2011 to meet with the Free Syrian Army and Turkish representatives? Did Obama approve this trip? Did this trip result in an agreement to provide weapons, personnel, and training to the Free Syrian Army?

Six hundred LIFG fighters went to Syria in November 2011, led by al-Harati, the deputy commander of the Tripoli Military Council under Belhadj. Congress must ask:

Who knew about and approved this deployment?

There are reports that Belhadj and the LIFG are now providing weapons to al-Qaeda in Syria and Mali. Congress must ask:

Why has neither the U.S. nor NATO intercepted these weapons, which, in the case of Syria, are transported to Turkey by ship?

Motivation for the 9/11 Attack

It is reported that Ambassador Stevens opposed Belhadj becoming either Minister of Defense or Minister of the Interior in Libya. Thus Congress must ask:

Is this true and if so, why?



Abu Yahya al-Libi

The Libyan Interior Ministry official in charge of border control is Abdul Wahhab Hassan Qayad, a leading member of the LIFG, whose brother, al-Qaeda leader Abu Yahya al-Libi, was killed in Pakistan in June 2012 by a U.S. drone attack. Thus Congress must ask:

What contact does the Obama Administration have with Qayad about the transport of jihadis and weapons to and from Libya? What is his involvement in the events in Benghazi on Sept. 11, given the killing of his brother on June 2012, which some sources identify as a potential motivation for the attack?

Wisam bin Hamid and Muhammad al-Garabi told U.S. officials on Sept. 9 that they would not continue to provide security for the Benghazi mission, if Mahmoud Jibril became prime minister. Congress must ask:

Did the U.S. and Ambassador Stevens support Jibril for prime minister in the General National Congress elections which took place Sept. 10-12, 2012?

On Sept. 12, one day after the Benghazi attack, Jibril was defeated in his effort to become prime minister. Now the Muslim Brotherhood controls nearly half of the cabinet positions in Libya, and the Brotherhood candidate for prime minister, Ibrahim Awad Barasi, is a deputy prime minister. Congress must ask:

Did the Obama Administration support this ascension of the Muslim Brotherhood in Libya?

Ambassador Stevens

Various questions have been raised about Ambassador Stevens' role in Benghazi. Congress must ask:

What was the purpose of Ambassador Stevens' meeting with the Turkish ambassador in Benghazi, just before the attack on Sept. 11?

The ARB report states that U.K. diplomatic personnel were in Benghazi on Sept. 11. The attack began immediately after U.K. security personnel left the U.S. mission. Congress must ask:

What was the purpose of this one-day visit, and did they meet with Ambassador Stevens?

More broadly, on policy, Congress must ask:

What was the purpose of the CIA annex in Benghazi? Why was the mission in Benghazi "never formally notified to the Libyan government," as reported by the ARB? Was it involved in support operations for supplying weapons or personnel to Syria?



LaRouche Says Cancel Food-for-Fuel Now!

by Marcia Merry Baker

Jan. 3—The "fiscal deal" reached between President Obama and Congress this week includes Federal subsidies for diverting edible crops and farming effort for fuel, not food. In the forefront is the reinstatement of the biodiesel tax credit, under which close to 5 billion pounds of soy oil per year is already being burned as diesel fuel: one-quarter of all the soy oil produced in the United States.

Diesel blenders will be paid a dollar a gallon to include soy-diesel. This measure was already in place, beginning in 2005, but expired in December 2011, so the new law makes the Federal subsidy retroactive to that date! It is to continue to December 2013.

There is an acute and worsening shortage of grains and oilseed crops, internationally, as well as in the United States. Of all the world's soybeans traded in recent years, the U.S. accounts for over 40%. One in four rows of U.S. soybeans goes to China, which, ironically, is very import-dependent for soy.

Lyndon LaRouche denounced the food-for-fuel provision in his Friday Webcast on Dec. 27, 2012, in response to a question on biofuels and worsening food scarcity.

"The first thing we're going to have to do, right now, as of tomorrow, or any proximate time, we're going to cancel the use of edible food for synthetic fuels," he said. "We'll just cancel the whole program. No more synthetic fuels, using materials which are edibles, essentially, using sources of food. We are not going to do that. We are not going to convert food into gasoline or anything resembling it! You want gasoline, you're going to have to buy it, on a separate market. You're not going to take food and transform that into fuel. That's being fuelish, very fuelish.

"So this must be cancelled immediately!

"Now, this is going to cause a big ruckus. But the problem is, we have not had any options to encourage the sane citizens of the United States, who are getting hungrier and hungrier, and more in danger of starving, in order to feed the egos of stupid people who think that by lowering the productivity of labor, you're going to increase the production of food!

"So the whole Green program is going to be scrapped in large degree, all these features of it.... Everything that Obama is insisting on, has to be cancelled tomorrow morning, on that issue! We are not going to starve either our people, nor are we going to starve the livestock on which they depend, nor are we going to continue to destroy the sources of foodstuffs, which are grown in our territory and developed in our territory. That's cancelled!

"Take 'em out! Use the guillotine, whatever else you need to do! Get rid of that stuff, because it has to be done *now.* Too many human lives depend upon doing that.

"And we want the people who want to do it, to tell us how many people they want to kill, and how much they're going to be convicted of, for doing it."

Obama's 'Bio-Products' Genocide

Obama has all along pushed what he calls his "Bio-Products" program, for a sweeping diversion of U.S. food crops and farming (of non-food crops) for fuel, and also for any and all kinds of other non-food purposes—paint, glue, ink, plastics, construction materials. In 2012, in the face of terrible crop and livestock losses from bad weather and inflation, he refused to lift the Federal mandate for corn-for-ethanol. The scarcity of key grains is severe; livestock numbers are being cut. Obama's food scarcity policy is a direct application of the British imperial genocide objective.

Many key farm state lawmakers supported the biodiesel tax credits, because they cannot see what it means, and will not work for reinstatement of stable, parity-based, floor prices for farmers. They insist that Federal subidies for biofuels are the only way that corn and soy farmers can get a decent price. The new Obama biodiesel tax credit was hailed by agricultural state leaders Sen. Chuck Grassley (R-Iowa), Rep. Collin Peterson (D-Minn.), and many others.

Other immoral, crazy biofuel measures are also in the new law: A $1.00/gallon tax credit will be paid for diesel made from other biomass. A $1.01/gallon credit will be given to biofuels made from cellulose. A tax credit will also go to fuel produced from algae.

Editorial

Defeat the Tyranny of Money

As the fight for implementing Glass-Steagall and the follow-on policies of a credit system and NAWAPA, *this month*, goes into high gear, those who understand its necessity have to take on the central issue: the tyranny of money. For, returning to a Glass-Steagall-dominated economy is going to demand a revolution in the concept of money held by virtually all Americans. All of a sudden, it will be credit, not money, that represents the metric for economic growth.

First, face the fact that most of the money out there, on the "markets", is backed up by absolutely nothing. It's worthless, fictitious, because there is no production in the economy connected to it. So, as Glass-Steagall's reinstatement will confirm, that money is just going to have to be written off. Poof! It's gone—because it was never an honest obligation to begin with.

Now, that is going to get a lot of people very upset.

Take the prototypical Republican, who thinks like a businessman. He sees himself as a hard-headed realist, protecting his own particular enterprise, no matter what happens to anyone else. He doesn't want to talk about anything else, except *his* money.

On the other side, there's the typical silly Democrat who has no connection to enterprise whatsoever. He is living in fantasyland, waiting for a bail-out to be supplied from somewhere. He doesn't have a clue about getting anything produced; he just wants the money to flow.

Now, both of these modes of thinking, which are shared by a large preponderance of Americans, and especially those in Washington, are nuts. The policies of both have led us to the brink of our destruction as a nation, and they are going to have to be junked. And the key lies in the concept of credit.

Lyndon LaRouche's recent weekly Friday webcasts have hammered at this point, but it must be repeated again and again. In one recent discussion, he put it this way:

"A system of credit is based on society. It's based on the cooperation of work, of actually producing wealth, not taking money and spending it, at the expense of other people." That system depends upon government institutions establishing the rules which will facilitate and advance that cooperation, thus creating an economy which promotes the general welfare, and increases the productivity of the nation, for current and future generations.

This was Alexander Hamilton's conception, when he reorganized the debt of the fledgling United States, and mobilized it as credit for building the nation. It was John Quincy Adams' and Nicholas Biddle's idea in their management of the Second Bank of the United States, which produced a dramatic economic boom in the U.S. in the 1820s—until British agent Andrew Jackson shut it down. It was also the conception of Abraham Lincoln and Franklin Roosevelt, who each, in the face of financial warfare from Wall Street and London, found ways to advance the credit to transform the nation with great projects and leaps in productivity.

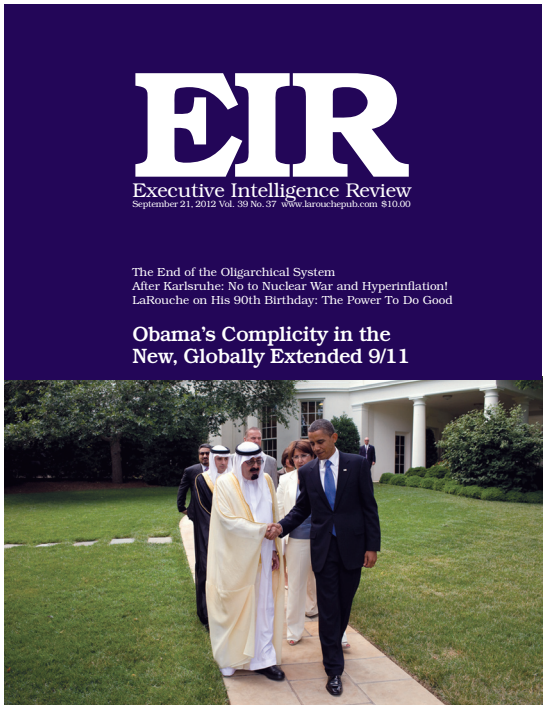
As Hamilton put it in his *Report on the National Bank,* money sitting in the bank, or just used in exchange, is "dead Stock." On the contrary, money used as active and productive capital, for production, increases the national wealth.

Another name for that kind of money is credit, a down payment on future production.

Down with the tyranny of money! We need credit for production, and a future.

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