

# EIR

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LaRouche: Implications of the Death of Ariel Sharon  
An Insider's View of the Fight for Glass-Steagall  
Helium-3: Mining the Moon To Power the Earth

**Concert in Memory of JFK:  
Immortality in the Presidency**



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# EIR

## From the Editor

In his Inaugural Address, given Jan. 20, 1961, President John F. Kennedy defined the mission of his Presidency thus: “Man holds in his mortal hands the power to abolish all forms of human poverty. . . . Together let us explore the stars, conquer the deserts, eradicate disease, tap the ocean depths, and encourage the arts and commerce. Let both sides unite to heed in all corners of the Earth the command of Isaiah to ‘undo the heavy burdens, and let the oppressed go free.’ . . . Now the trumpet summons us again—a call to bear the burden of a long twilight struggle, year in and year out, ‘rejoicing in hope, patient in tribulation’—a struggle against the common enemies of man: tyranny, poverty, disease, and war itself.”

It was to revive this mission through inspiring a paradigm shift in the thinking of the American people, that the Schiller Institute sponsored the second in its Mozart Requiem performances last weekend in Boston, what Lyndon LaRouche described as “the most promising event . . . for the recovery of our Republic, and the defense of peace and progress among nations, that I’ve ever experienced in the course of my lifetime.” We bring you full coverage, but urge you to go to the Schiller Institute website where a video will soon be posted.

Our second major feature deals with the threat of thermonuclear war, and the qualities needed to prevent it, which LaRouche addressed on several occasions in the context of the death of Israeli leader Ariel Sharon. “A Report on an Unusual Production” takes up the question of Israel’s role in the current strategic crisis, as well as the deeper questions of human immortality.

Our news sections update the imminent war threat, the danger of the onrushing financial blowout (unless Glass-Steagall were implemented immediately), and the dire consequences facing the U.S., economically and strategically, as long as British puppet Obama remains in power. We think you’ll find the interview with former financial-analyst-turned-journalist Nomi Prins especially enlightening. A special section on the significance of mining the Moon for Helium-3, put together from our archive, will give you necessary background for the recent discussions by LaRouche and the Basement Scientific Team on this subject.

As we write, the threat of war grows even greater, with new Empire-driven provocations in Ukraine especially. The message of the Boston concert is more urgent than ever.



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*JFK Memorial performance, Mozart's Requiem, Cathedral of the Holy Cross, Boston, Jan. 19, 2014.*



EIRNS/Joanne McAndrews

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## Concert in Memory of JFK: Immortality in the Presidency

by Dennis Speed

I was Twenty-three years old at the turn of the century. It was a time of brave expectations. Many believed that a new epoch was at hand—that the dawn of the twentieth century would prove to be a turning point in the affairs of men. They cited recent scientific advances and predicted a future of great social progress. The era, they said, was approaching when poverty and hunger would at last disappear. In the way people make fervent resolutions at the start of a new year, the world seemed to be resolving at the start of a new century to undergo a change for the better. Who then foresaw that the coming decades would bring the unimaginable horrors of two world wars, concentration camps, and atomic bombs?

*Pablo Casals, 'Joys And Sorrows'*

Jan. 22—Those capable of foresight—and for civilization to survive, the American population must become so capable—will recognize the truth in Casals' observation. Yet, it is our duty to shape the future, and thus to know it. To paraphrase another slain U.S. President: We are now engaged in a 150 years war, testing whether any nation, so conceived and so dedicated, as is the United States, can long endure. Assassinations against American Presidents, have been the preferred criminal method of choice, for dealing with the problem of the American Cultural Exception. So it was with John Kennedy, his brother Robert, and Dr. Martin Luther King.

To respond to the challenge of reproducing and increasing the power of foresight for civilization's survival in the short and long term is the unique mission of the Schiller Institute, a mission which the Institute brought to the City of Boston on Sunday, Jan. 19. The Schiller Institute Chorus, augmented by additional singers and an orchestra largely comprised of volunteers from the New England Conservatory of Music, presented Mozart's *Requiem* in its entirety to an audience of 1,200 at Boston's Cathedral of the Holy Cross, performed exactly 50 years to the day, of a 1964 Solemn High Requiem Mass specially requested by the Kennedy family.

One year after his October 1962 defiance of that faction of "principalities and powers," including Britain's Lord Bertrand Russell, that dared to believe that nuclear war against the Soviet Union was not only conceivable, but winnable (the Cuban Missile crisis), John Kennedy was murdered in Dallas. His assassination, along with that of his brother Robert, and of Martin Luther King, has hung "like a dead hand upon the brain of the living," until now. Four generations have been unable to shake off their effects. That is because there is only one reliable method for doing so: People must be elevated above and beyond their own pre-selected, limiting self-expectation. People require, not "the facts" of "what really happened," but the fire of insight needed to reverse our unending national trauma. No preaching, slogans, or imprecations will cause a terrorized people to have courage. Only their own voices, heard as through the mirror of a great artistic performance, can



EIRNS/Joanne McAndrews

*The Schiller Institute Chorus, joined by singers and an orchestra largely comprised of musicians from the New England Conservatory of Music.*

move the despairing to a higher place, a mountaintop where their souls, much to their surprise, actually live.

Conductor and Schiller Institute Music Director John Sigerson, in an interview with a reporter from *The Pilot*, newspaper of the Boston diocese, was asked whether the Schiller Institute believes that “Classical music can create a change in our culture.” Sigerson’s answer to this was “No.” Rather, he asserted, it was the juxtaposition of the “musical” with the “non-musical,” in this case several excerpts of speeches by JFK, heard at precisely selected points in the *Requiem*, that would allow members of the audience to be provoked to change their minds, and thus hear the music. Sigerson said: “The JFK speeches alone wouldn’t work, and the music alone wouldn’t work. It’s the uncomfortable juxtaposition of the two that works,” this by creating an unexpected cognitive discomfort and tension for the audience.

The Schiller Institute has employed for the second time—the first being in Vienna, Va., on Nov. 22, the 50th anniversary of the President’s assassination—the spiri-

tual and therapeutic power of the Mozart *Requiem* to restore the power of cognition to Americans. As Schiller Institute Founder Helga Zepp-LaRouche said in her remarks, such a Classical revival is *necessary* to inspire Americans to take up Kennedy’s mission again, even as the world currently stands at the edge of thermonuclear war.

### **The Preparation of the Audience**

Master of Ceremonies Matthew Ogden provided a prelude to the music, using a selection of speakers, messages, and quotations to allow everyone in the audience equal access to the depth of meaning contained in the moments they were about to experience, “not in time, but in the Idea,” as Nicholas of Cusa says. For those two and one-half hours, the “virtual reality” brainwashing that accounts for the toleration of a Nietzschean “all is permissible” popular “culture” was interrupted. Those who might have objected that “it’s too long for the audience to concentrate” were once again proven wrong. It

was essential that they be prepared to listen, and not merely hear, the Mozart composition. But why?

In the words of the German conductor Wilhelm Furtwängler, “As far as music is concerned, there is nothing about which the so-called ‘public’ knows less than about its own mind. Above all, there is one prior condition needful to the listener—whether as an individual or as an audience—if he is to formulate a judgment of real value: and that is, he must have enough *time*.” This essential pre-condition having been met before a single note was sung, the audience was thus pre-organized to respond at a higher level than it would otherwise have been capable, even with the best musical performance.

There was more to the audience preparation, however. This audience was assembled through a thorough, consistent political intervention and fight. This audience recruitment was the result of an intense organizing effort conducted over about six weeks or so. There was a successful “outreach” campaign throughout the Boston metropolitan area. One portion of the audience had come because of ads in the *Boston Globe* and other news outlets. *The Pilot* was cited by many as their source of news. Several Boston schools and colleges were represented, along with senior centers and various community organizations. Leaflets and posters were distributed in Chinese, Vietnamese, Spanish, Portuguese, English, and French. Several foreign consulates attended the concert, as well as state representatives from Maine and Rhode Island. There were messages from Michael D. Higgins, President of the Republic of Ireland; Boston City Councilman Steven Murphy; and from Nicholas Di Virgilio, tenor, the only surviving soloist from the 1964 concert (see below for his remarks).

Many who attended recalled having been at the 1964 performance: it must be remembered that for the then-largely Catholic Boston, Holy Cross was their local church. Ray Flynn, former Boston Mayor, and later, Ambassador to the Vatican, who had also attended the 1964 performance, expressed the sense of gratitude and true happiness that the citizens of Boston felt for the thoughtfulness that went into ensuring that the historic nature of the occasion did not go unrecognized (see box).



EIRNS/Joanne McAndrews

*The soloists (l. to r.): Soprano Nataly Wickham, Mezzo-Soprano Heather Gallagher, Tenor William Ferguson, and Baritone Ron Williams.*

### The Performance, and the ‘Pitch’

The Schiller Institute Chorus, soloists Ron Williams (baritone), William Ferguson (tenor), Heather Gallagher (mezzo-soprano) and Nataly Wickham (soprano), and the largely New England Conservatory of Music-based freelance orchestra constituted for Sunday’s performance, accomplished its primary task: to present the Mozart *Requiem* as a single, unified Idea. The *unity of effect* of the performance allowed the words of President Kennedy, the which worked to punctuate and underscore Mozart’s presentation of the idea of immortality, to pose a dialogue about the nature of immortality’s triumph over death with each audience member, as well as the audience as a whole. Maestro Sigerson also noted that the performances of the “Recordare” and “Benedictus” sections of the piece, both set for vocal quartet, were “of a piece” with the entirety, and were delivered with the exact meaning that Mozart intended them to convey.

The performance was conducted at a tuning of A=432, nearly a quarter tone lower than most modern performances, and is a standard feature of Schiller Institute musical practice. While this is sometimes referred to as the “lower” tuning, that designation is imprecise. It is the *proper* tuning; it is merely “lower” than what is currently practiced as the wrong, “higher” tuning. The tuning range for music is perhaps more clearly stated as middle C=256 cycles per second, which yields an A=427-432. The C=256 is the tuning at which the Mozart *Requiem* was composed, designed,

and intended to be heard.

The next day, The Boston Music Intelligencer, self-described as a “virtual journal and essential blog of the classical music scene in greater Boston,” ran an extensive positive review under the headline, “[JFK Remembered in Musical Tribute](#),” characterizing it as “a polished traditional performance.”

One of the supporters of the Schiller Institute, conductor Anthony Morss, who has worked with, and conducted experiments demonstrating the reasons for insisting on what is also referred to as, “the Verdi pitch,” supplied an essay that appeared in the concert program intended to provide some background on the matter (see below).

## Art as Necessity

The *necessity* of art—not only its moral, but physical necessity—was stressed in the brief and precise remarks directed to the audience by Schiller Institute founder Helga Zepp-LaRouche.

“It is *necessary* to commemorate the celebration of Mozart’s *Requiem* which was performed for John F. Kennedy, 50 years ago in this cathedral. It is urgent to evoke again the divine spirit of beauty of Mozart’s composition *in order to reconnect us with the better world which both Kennedy and Mozart represent*,” she said. Zepp-LaRouche insisted, along with the “Poet of Freedom” Friedrich Schiller, after whom the Institute, which celebrates its 30th year in 2014, was named and

## Zepp-LaRouche: ‘To Inspire A New Hope for Mankind’

*Here are Helga Zepp-LaRouche’s remarks to the Schiller Institute Memorial Concert.*

It is necessary to commemorate the celebration of Mozart’s *Requiem* which was performed for John F. Kennedy, 50 years ago in this cathedral. It is urgent to evoke again the divine spirit of beauty of Mozart’s composition in order to reconnect us with the better world which both Kennedy and Mozart represent. Kennedy’s assassination marks the deep cut, the change of paradigm, from which the world suffers since. For the short years of his leadership, the nation and the world were inspired by his trust in the limitless perfectibility of man and his ability to face all challenges, due to the confidence in God, as well as in the creative ability of man to apply scientific and technological progress for the benefit of mankind.

President Kennedy was committed to guide America to contribute to the elimination of poverty in the whole world, and to build a lasting peace among all nations. With his assassination, not only

was he murdered, but also, the hope to achieve these goals. Today, 50 years later, world peace is in danger, large parts of the world are gripped by despair and poverty, and many youth are lacking a future.

Recently, Pope Francis issued the Apostolic writing *Evangelii Gaudium*, in which he insisted that the Sixth Commandment, “Thou shalt not kill,” must also be applied to the economy, and that we are living today under an economic system which idolizes money, and which does kill people. He then called on the political leaders of today to have an energetic change in their basic attitude, and called on them to change that economic system with decisiveness and vision, into one that provides for the welfare of all people on the planet.

In Kennedy’s memory, we must, therefore, not only mourn the torment of the world, but it is our responsibility to follow the call of Pope Francis, to inspire new hope for mankind, by bringing the minds of people together, and generate a movement of inspiration devoted to bring about a revival of humanity from the looming destruction.

Let us therefore participate in this concert with the solemn commitment, to passionately devote ourselves to Kennedy’s vision, and carry out his vision for the future, and in that way, partake in his immortality.





EIRNS/Joanne McAndrews

*The 1,200-person audience, which filled the beautiful Holy Cross Cathedral, experienced what was unanimously judged to be an historic performance, and a fitting commemoration of the 50th anniversary of the 1964 Requiem mass.*

founded by her, that death is swallowed up in the victory of the power of musical immortality as Mozart, Bach, and Beethoven exemplify, and as the power of the Kennedy Apollo Project also demonstrates. Kennedy's optimism allowed every American, and, with the successful landing of the human species on the moon, everyone on the planet, to know, by demonstration, that the mind, though contained in a body, is not that body; the mind has no physical limits (see box).

Zepp-LaRouche's reference to "reconnection to a better world" highlighted the inevitable and necessary Ideas that were not merely evoked, but provoked, by the performance. And, it must needs be so: Kennedy's appreciation for and promotion of the Classical arts and of Classical artists was at the very foundation of his Presidency, though this has been largely ignored in these intervening years. Who, for example, would even today recognize these as the words of JFK, given on the occasion of a commemoration of the poet Robert Frost at Amherst College, October 26, 1963, less than a month before his death?

"Our national strength matters, but the spirit which informs and controls our strength matters just as much. This was the special significance of Robert Frost. . . it is hardly an accident that Robert Frost coupled poetry and power, for he saw poetry as the means of saving power from itself. When power leads men towards arrogance, poetry reminds him of his limitations. When

power narrows the areas of man's concern, poetry reminds him of the richness and diversity of his existence. When power corrupts, poetry cleanses. For art establishes the basic human truth which must serve as the touchstone of our judgment."

### **Now, and Then**

There were some key differences between the 1964 and 2014 performances. In 1964, it was an astonishing step to include the Mozart *Requiem* in the context of the Catholic Solemn High Requiem Mass ceremony—the first time that that had ever been done in the United States.

There was another important difference. In the case of this performance-commemoration, 50 years of erosion of the thinking capacities of the American people, particularly by means of the cacophonous obscenity known as "popular entertainment"—including in the form of the post-2000 American Presidencies—required a uniquely insightful rendering of the music by the performers.

It is essential to note, that the chorus was composed of non-professional Schiller Institute singers, many of whom are involved in daily organizing work with both Helga and Lyndon LaRouche. Initially, many Boston-based semi-professional and professional singers had volunteered to be part of the performance, but withdrew because of a campaign denouncing the Schiller Institute, carried out by certain local members of the Democratic Party to intimidate singers. Some refused to listen, and thus "qualified" themselves to participate. Importantly, not only did the local organizers of the event, composed primarily of former members of the LaRouche Youth Movement who were assisted by an experienced and older group of LaRouche Political Action Committee organizers, not attempt to conceal in any way "who they were." In fact, the organizers insisted that everyone they speak with fully understand *why* it was that *only* the Schiller Institute, and Lyndon and Helga LaRouche, out of everyone in the United States, had insisted that this 50th anniversary commemoration take place.

To answer that question, we pose a seemingly unrelated question, actually identical to the first.

Why was Kennedy, despite his flaws, seen as exceptional by people who were often critical (and sometimes pitiless) judges of human character, such as Charles de Gaulle, Douglas MacArthur, and Eleanor Roosevelt? Posed another way: Why did Kennedy embody for these severe critics of human character, as well as for many “normal Americans,” an efficient deployment of the U.S. Presidency on behalf of furthering the progress, not merely of the United States, but of mankind?

The answer to this is posed as follows.

A statement from his Jan. 20, 1961 Inaugural Address, differentiated Kennedy then, and differentiates Kennedy now, from all the Presidents who have served after him: After listing all of the tasks his Administration will aspire to accomplish, including “a call to bear the burden of a long twilight struggle, year in and year out, ‘rejoicing in hope, patient in tribulation’—a struggle against the common enemies of man: tyranny, poverty, disease and war itself,” Kennedy observed:

“All this will not be finished in the first one hundred days. Nor will it be finished in the first one thousand days, nor in the life of this Administration, nor even

perhaps in our lifetime on this planet. But let us begin.”

Kennedy forecasted his “willed fate” truthfully, and acted accordingly. Despite all the things he did not live to accomplish, in that thousand days, Kennedy managed to save the world from nuclear destruction, and send to, and put the human race on the Moon. The capacity to access the revolutionary principle embedded in the American Constitution and its Declaration of Independence, on which the Lincoln and Kennedy Administrations built their respective commitments and contributions to American progress, has simply not emanated from the Presidency as the guiding policy outlook of any U.S. Administration since Kennedy’s assassination.

In fact, today, the opposite commitment now exists, in the form of the Obama Administration, and the predecessor Bush Administration, and must be reversed by an American people made culturally competent to do so.

That is the reason that the Schiller Institute was uniquely qualified to propose, organize, and perform the Nov. 22 and Jan. 19 Kennedy remembrances. We refuse to submit to voluntary amnesia. There is a connection between courage and intelligence. Kennedy lived up to his own studies of courage under adversity. None of us can do less.

## Flynn: This Cathedral Is Full of History

*Raymond Flynn is the former Mayor of Boston (1984-93). Following that, he served as U.S. Ambassador to the Vatican (1993-97).*



Good afternoon, everyone. Welcome to Boston. Welcome to this historic Cathedral, the Cathedral of the Holy Cross, built by immigrants who came to this country and settled in Boston, and history books are filled with their accomplishments, their successes, their families.

And so, we are so proud that all of you, and particularly this ensemble, could be with us here on this very historic day. This Cathedral has hosted many

incredible events, talking about the John Kennedy visit here, and John Kennedy’s memorial service here in 1964. I was here.

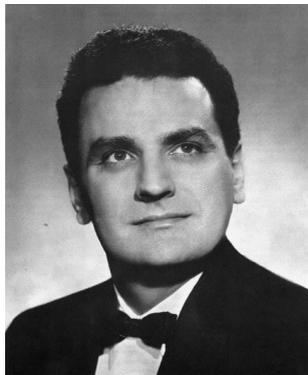
And you mentioned Richard Cardinal Cushing. I guess in South Boston, where I’m from, they say my claim to fame is not being Mayor, not being the United States Ambassador, but I used to be Richard Cardinal Cushing’s newspaper boy—I used to sell newspapers to him. Well, he was here; this Cathedral is full of history.

And I know I speak for all the people of Boston when I welcome you here, thank you for being here, and thank you for sharing your talents on this historic day that meant so much to the people of the City of Boston.

So have a wonderful concert, have a wonderful afternoon, welcome to Boston. I’m sure I speak on behalf of the Cardinal Archbishop of Boston Seán Patrick O’Malley, a wonderful, wonderful leader of the Roman Catholic Church, in welcoming you all, as well as the Pastor here, Kevin O’Leary here at the Cathedral, welcoming you all. And let’s have a great concert. God bless all of you. Thank you.

## Recalling the 1964 Requiem Mass for JFK

*On Jan. 19, 1964, just two months after we lost our beloved President John F. Kennedy to assassins, a Requiem Mass was held at the Holy Cross Cathedral in Boston for the Kennedy family and guests. Maestro Erich Leinsdorf chose the Mozart Requiem in D minor, and invited Sara*



*Mae Endich, soprano; Eunice Alberts, contralto; Nicholas Di Virgilio, tenor; and Mac Morgon, baritone, to sing the solos. The 180-voice choir accompanying the Boston Symphony Orchestra included the New England Conservatory, the combined Harvard Glee Club-Radcliffe Choral Society, and the Chorus Pro Musica.*

*Nicholas Di Virgilio, the tenor soloist at that momentous event, regretting that he is unable to attend in person, sent this reminiscence to the Schiller Institute, on the occasion of its tribute to JFK, to be held exactly 50 years later, at the same Holy Cross Cathedral, featuring Mozart's Requiem in D minor.*

The day of the memorial mass at Holy Cross Cathedral was somber, to say the least, and Maestro Leinsdorf's comment before the quick tempo run-through was that he chose Mozart's Requiem because both men were "young" at death, and for that reason, appropriate for the occasion. Cardinal Cushing was the officiate, aided by the Brother Monks singing Gregorian Chants; after each appropriate chant, the Boston Symphony, a large choral group, and we soloists, Sara Mae Endich, Eunice Alberts, Mac Morgon, and I, sang Mozart's corresponding part of the Mass.

The most telling moment for me was during the soloists' "Benedictus" section, which came during the communion distribution at the altar rail. The Kennedy family and close relatives, as well as close friends,

came to the altar to receive communion. Jacqueline Kennedy came to the altar and knelt no more than nine feet in front of me. To me, the "Benedictus" is the most beautiful and most moving part of Mozart's Mass, and a joy to sing under ordinary circumstances.

Seeing her kneeling in prayer, and seeing mascara streaming down her cheeks during the "Benedictus," struck me with such a strong emotional bolt that I had no recollection of having sung.

The Cathedral was filled to capacity by an invited congregation; the only member absent was Robert Kennedy, who was in the Far East.

Congratulations to all of you in remembering this occasion in this very appropriate way.

My best wishes to you and all pertaining to this project.

*Nicholas Di Virgilio  
January 5, 2014*

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### Anthony Morss

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## Why the Verdi Tuning Must Be Restored

*The following statement was sent to the Schiller Institute Tribute to John F. Kennedy by Anthony Morss, the Music Director and Principal Conductor of the New Jersey Association of Verismo Opera, Inc.*

On Sunday, January 19, 1964 a performance was given of Mozart's Requiem Mass in Boston honoring the recently assassinated John F. Kennedy. The Mozart had been specifically requested by his widow, Jacqueline Kennedy. And on January 19, 2014 the Schiller Institute will present another performance of the Mozart Requiem in memory of President Kennedy—50 years later, to the day—at the Cathedral of the Holy Cross in Boston. This event will honor Kennedy's legacy of inspiration, especially in young people, of the patriotism and soaring idealism which produced the Apollo Moon project and the Peace Corps, and the entire climate of hope and confidence associated with Kennedy's Presidency.

One of the most significant features of the January

19 performance will be its tuning pitch of A=432 [Hz], thereby forging a powerful link to a tradition of deep authenticity beyond the awareness of the average concertgoer. It will be useful to examine some of the history of tuning in order to realize its significance for us today in participating fully in our magnificent cultural heritage.

### The Dilemma of Tuning Pitch

It is not at all surprising that when the high art music of the Renaissance and Baroque was emerging, Europe was so politically divided and communication so slow that there was no consistent tuning pitch. This situation continued well into the nineteenth century. Different cities tuned to different pitches, and different churches within the same city tuned to different pitches. Since the most important music was overwhelmingly vocal, sometimes the only real clues to knowing where to tune came from the range of the vocal parts: voices do have limitations, especially those of church singers not always professionally skilled.

The various tuning pitches were almost always lower than modern tuning, an extreme example being the prestigious Paris Opera at the time that several of Gluck's operas were premiered there: it is known that the tuning at the Paris Opera then was a minor third lower than modern A=440. Music written in F major would thus sound to modern ears in D major. The only solution for a modern performance would be to transpose the whole opera down a minor third. Otherwise some of the solo tenor parts, which are written very high, would be excruciating. By the way, during this period, Rome used the same tuning as the Paris Opera; Naples was a half-tone even lower, and Venice tuned to our modern 440. Most emphatically, one size obviously does not fit all.<sup>1</sup>

1. If we assume that all the best composers everywhere in Europe knew how to write for voice effectively, then perhaps much of their vocal writing achieved very comparable results in pitch, by having composers in the low tuning cities write high, and composers in the high tuning cities write low. When Bach guest-conducted outside of Leipzig, he always took with him different wind transpositions to set the actual pitch of his pieces very close to the Leipzig conditions for which he had composed them.



*Anthony Morss*

Today we face the choice of where to tune in order to do justice to the standard repertory. Bach and Handel both worked in some cities where the pitch was a whole tone down from 440, and later on in places where it was only half a tone down. Modern orchestras that play Baroque music have agreed internationally to use modern copies of Baroque instruments tuned to 415, which is a half a tone down from 440. Those orchestras that play Haydn, Mozart, Beethoven, Schubert, and Mendelssohn by common consent tune at 430, which is nearly a quarter of a tone down from 440. (A full quarter-tone would be 427.)

Laboratory tests conducted in the nineteenth century and repeated in the twentieth (including by the legendary Amadeus Quartet's first violinist, Norbert Brainin, also in collaboration with the Schiller Institute), confirmed that the great stringed instruments of the old Italian masters such as Stradivarius, Guarneri, and Guadagnini achieve their maximum resonance (which is to say their maximum roundness and beauty of tone) between 427 and 432. Actually 432 is ideal because it derives from middle C at 256, a major scientific constant: for example, the characteristic vibratory rates of the subatomic particles are all within this same scale of values.

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What was Bach's own preference in tuning pitch? As it happens, we know that, because Bach was a famous organ consultant, as well as a famous composer and organ virtuoso, and drew up the specifications for building several new organs. One of them was installed in his Thomaskirche in Leipzig six years after his death in 1750, and all his organs are tuned to A=430 or 431. Note how astonishingly close this is to the ideal pitch of A=432!

Why didn't Bach tune to 430 during his time in Leipzig? Because the organ in the Thomaskirche was tuned to 440, a half tone higher than his pitch for the choir, 415. There had been a long tradition in Europe of high tuning for organs in church music and low tuning for chamber music. Retuning an organ was, then as now, an immensely expensive undertaking, and although several organs were indeed tuned down, starting in the seventeenth century, normally you were stuck with whatever pitch your organ was tuned to. Your only recourse then was to do what Bach actually did: have the organ transposed down a half a tone whenever it played with the choir. He did not want his choir to sing a whole tone down, although he had been forced to use that low tuning in Weimar and Cöthen, again at the mercy of the local organ's tuning. Bach's own superb taste and intellect, however, and his view of the ideal tuning, is evidenced in his cited organ specifications.

## Cardinal Cushing (1964) On Kennedy and Mozart

*Here are excerpts from the remarks by Richard Cardinal Cushing, Archbishop of Boston, at the Jan. 19, 1964, Mass held for the assassinated President:*



A few words will not, I hope, intrude unduly on the solemnity of this occasion....

The day has a special meaning for all of us by the presence of our late, beloved President's wife, valiant Jacqueline, who has taken herself from her sorrow for a few hours to pray to God with us in sacrifice and song....

He and his dear Jacqueline enriched the White House with the best in art and culture and in music....

No tribute, therefore, my dearly beloved, to our departed President and his charming wife, could be more fitting than the spiritual, artistic, and the liturgical service of this morning....

No one will fail to note also the appropriateness of selecting Mozart's *Requiem*, sung by outstanding choral groups and accompanied by the world-famous Boston Symphony Orchestra under the direction of its able conductor [Erich Leinsdorf], for America's martyred President. The genius of art and the genius of leadership are joined together in this single event.

Separated by centuries, they were both touched by a creative instinct uncommon in any generation; both brought out of their youth a shining light which will illuminate the ages; both were summoned to eternity at a moment which to us mortals certainly seems untimely.

The President had hardly started on his most promising career to guard the country and the world for peace; Mozart died before he finished his *Requiem*. Yet the memory of men still enshrines both names among the great of this world. Today, in the unforgettable music of Mozart, we have heard again in our hearts the stirring voice of our once-youthful leader; in the artistic expression of Mozart we have caught the unmistakable accent of John F. Kennedy....

II. The most compelling reason to tune at 432, championed by the great Giuseppe Verdi himself, is not just its scientific and theoretical significance, but rather the extremely obvious gain in beautiful tone for stringed instruments, as we have seen, and even more important, for the singing voice. Nor is this improvement noticeable only to connoisseurs: the average concertgoer is immediately aware of the added glow of warmth and mellowness, especially if there is an opportunity to compare it directly with the modern higher tuning.

Such an opportunity was provided in April 1993 by the Schiller Institute during a seminar conducted by the renowned Carlo Bergonzi at New York City's Carnegie Hall, in its Weill Recital Hall, entitled "Save the Art of Bel Canto—Return to the Verdi Tuning." A parade of singers of all voice categories sang each an aria with a piano tuned to 440 and then repeated it with a different piano tuned to 432. Both singers and the public found this comparison startlingly favorable to the 432 tuning.

One can build wind and brass instruments to tune up at any pitch one chooses, but the human voice cannot be so tuned. The great Italian Maestro Tullio Serafin deplored the modern high tuning (at 448 and up) and prophesied that if it continued, it would result in "the death of the Italian Lyric Theatre." This high tuning is currently burning out voices, shortening careers, and forcing opera companies to cast lighter, lyric voices with easy high notes in roles demanding darker and heavier voices, ones that can no longer reach the too-high top notes. No matter how supportive the conductors may try to be in keeping down the orchestral accompaniments for lighter voiced singers, the heavy orchestrations meant to support heavier voices will eventually destroy the lighter voices, which are in any event all the wrong color for the heavy roles, and thus seriously misrepresent the music they are singing.

Whichever tuning most favors the human voice must be the standard one for all music, with due exceptions made for transpositions of music composed to be performed at startlingly lower tunings. But the vast majority of works in the standard repertory will be found to be best served by the 432 tuning.

*Anthony Morss  
Music Director and Principal Conductor  
New Jersey Association of Verismo Opera, Inc.  
January 7, 2014*

A REFERENCE TO TODAY'S POLICY  
COMMITTEE PROCEEDINGS:

## A Report on an Unusual Production

by Lyndon H. LaRouche, Jr.

Tuesday, January 14, 2014

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*The following, extensively revised edition of this following writing, has been crafted by the author, for the intention of its special presentation during the customary evening meeting in the customary Leesburg meeting, for the occasion of this evening. It is to be an inaugural presentation of the meeting on this specific occasion, but generally available, following that "Christening."*

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Here, in the content of the report on a Video production just broadcast in the traditional Monday video broadcast of our weekly Committee meetings, today's broadcast has contained an exceptional forecast, which has been a crucial emphasis on the deeper implications of the presently extreme probability of a thermonuclear, global war, one likely to be launched within the relatively immediate future, unless appropriate international action is taken very soon, to avert that threatened outbreak. In this case, prevention, rather than combat strategy, were the only likely remedy.

Yesterday evening, I had presented the background which were needed to define a much-needed view of the steps which must be taken now. The recent death of Israel's veteran Ariel Sharon, after what is to be estimated as his having been a seven-year coma, presented the best source of insight into not only a particular kind of very deep meaning to the actual adaptation, in Israel, of the British-created, right-wing turn of Israel's political government's full history during his lifetime in Israel itself, but to the implications of the extremely tragic adaptation, inside Israel itself, to the British-forced, right-wing turn from what had been Israel's political government, since the entry of the right-wing, British-oriented influences of the

right-wing government. This was the change in the characteristics of Israel's being turned toward a place under the domination of a right-wing, British-quality of government, to the point of the turn. Up to that point, then, my most closely continued contact, from my own active contact with the leadership-circles of Israeli government, then in the process of being overthrown.

### ***My Relations with Israel Since***

My own relations with the Socialist government in Israel, which had begun shortly after my return to civilian life, back in the United States, returned from military service in Asia, had produced a close attachment to some U.S. university students, Jewish in tradition, who had decided to move to Israel. The students had asked me to become a channel of contact in the course of their intended migration to Israel and had intended remaining resident there (as part of the support for a particular socialist inclination at that time). That had led to my own emerging relations to circles of the Israel government during the subsequent period.

The following text within this report, has been edited for a more appropriate, broader presentation of the same intention, here amplified for this occasion, and thereafter.

Those contacts of mine to Israel's government circles which had ensued since that time, had become strong ties, and remained so, until the (chiefly) British-directed, right-wing turn, later. However, my own affinities remained, as that with ebb and flow of my contacts, which dwindled under the continuing fraction which had been largely the actually fascist turn of U.S. political effects (e.g., British-dominated, Wall Street elements associated with Prescott Bush and related, Hitler-linked, scoundrels) within elements of the U.S. government itself. My relations to those types were not improved, nor did I encourage such sentiments, from my own little victory over Wall Street interests, a trend culminating, during that time) in what soon proved to have been my pyrrhic victory at Queens College in 1971.



Smithsonian Institution/Jim Wallace

*Ariel Sharon's death came "after his long, and bitterly complicated political life," LaRouche writes. Here, then-Foreign Minister Sharon, is shown addressing the National Press Club in Washington, Nov. 5, 2005.*

From that point on, my "Pyrrhic victory" at the British-led conflict in the debate at New York City's Queens College, in 1971, had brought the immediately aroused, and also trans-Atlantic, full wrath of the pro-fascist elements (euphemistically classed as innocently right-wing) within certain elements of the relevant U.S. voices and those of others' governments, most all of whom were, and have remained as, voices of those who have been sometimes wrathfully, and, often, been worse than somewhat clinically insane in their passions, respecting my activities, up through the present time of the trans-Atlantic regions, in particular, or, also, to the point of recent "last

report." Wall Street is now particularly, even also somewhat fearfully enraged, against me and my notable associates, during this present interval, since about last September: when the predators of Wall Street and London, had suddenly awakened to "The Street's" present fear that I had already succeeded in becoming a major "thorn in the side" of the Wall Street, no longer a mere "thorn," but, a "thorn" which they had now recognized, rather suddenly, as that they had mistakenly discounted, and, therefore, tended to have overlooked ("tactically").

In this fashion, during the immediate period of my systemic ties to fraternal relations emerging among ties to an increasing ration of circles of the Israeli socialist faction's governments, I had early contacts, through the indicated types of my contacts to leading Israel political circles, essentially, avowedly Israeli socialist governments. These inclinations, in our mutual, if modest relation, then, had, nonetheless, become, early in the game, increasing confident, but cautious relations, which had been maintained within reliance upon my intentions, at the same as keeping an eminently discreetly defined, formally friendly behavior and distance. Israel, during that time, wished friends, but remained cautious in trusting any outsiders. I was

neither surprised by, nor did I ever resent the barrier of coolness put up as a kind of caution respecting those who remained implicitly regarded as “outsiders.” Hitler, and also British “fellow travellers,” were rightly considered relatively “monsters.”

I was never, actually, a would-be crony, but a person whose own mission, then, as now, has been the objective and moral commitment to the rightfully earned place of Israel to the security and progress of its gain of a rightful place and mission in the array of sovereign nations. Such a policy has serious complications, but that is a policy which must be maintained and supported, nonetheless.

I have never become a “Johnny One-Note” in either music, politics, or strategy, and almost certainly never will never be, now, after more than ninety-one years of life, and have been never in much danger of drifting from that course, especially now. We shall now come to the relevance of that point for insight into the life, and also the matter of the recent clinically concluding death of Ariel Sharon, after his long, and bitterly complicated political life. However, he remains “a man,” and, to that point, that is the reason I have chosen his memory as a most useful choice of a key for exposing the cause at the root of his, and of many other victims of the same type of self-inflicted error of their ways as his own.

He had drifted away from his true knowledge of the soul which had been rightfully his own, as Dante Alighieri might have treated such tragedies as of his own concern. The subject of my view of Ariel Sharon today, is a specific lesson of a cause of a soul which has died, but whose soul could now never speak, and as the souls of the truly greatest scientists and poets have spoken still, even lustily and vividly, even after the mind and body have been long deceased.

It is good to remember that immortality of a Jesus Christ who had exemplified his known mortal existence, as actively mortal in form, but, when once deceased, remained still an efficiently living soul, still today. For the treatment of the subject of my report here today: For the subject which is immediately at hand in the subject of my report here, we should pinpoint, specifically, the case of the Saul who adopted a spiritually-inspired identity of Paul, and, who had remained the same person, as a Hebrew virtual prophet, but, who had become re-named as Paul, and who had, thus, assisted the bereaved, the already Christian Hebrews in the mortal struggle of the pre-existing Chris-

tians, but had then realized the means of discovering for himself, the full meaning of attaining a comprehension of the actually, efficiently permanent, immortality of the human soul.

Those candidates for true heroism among all living men and women, who were conscious of the possibilities of living in effect after they have been deceased, as in the fashion which the Apostle Paul had written on the subject of the still living soul which remains an active force in the history of our universe. It was a soul which remains in service to become thus implicit, as if, for us, as an ostensibly mysterious power in our universe; this view meant such as that of a true, human creator, who once now deceased, will be an efficiently active force in human society, even for the mortal identity after his apparently mortal state of death. In those respects, there are not essential differences, other than that one, in principle, between Judaism and a real Christianity which accepts the same intention for which the Apostle Paul had spoken alive, through the medium of such as the most appropriate **I. Corinthians 13**.

Let us now review those, and closely related facts, that for a necessary purpose, here and now.

That particular point of such a form and quality of special coincidence of Judaism to an original Christianity, bespeaks the existence, implicitly, of an actually existing, intervening, immortal and universal intention, that divinely intended for all mankind. Life, if and when considered in those terms of reference, is to be considered as the expression of a universal power in the universe, a power to be realized, more efficiently, by the appropriate means of the choice of our commitment to the mission properly suited to all human beings, the power to live efficiently within the society of those still living, provided that these are those who are still living by the means of this same devotion, as, implicitly expressed in Saint Paul’s **I. Corinthians 13**. Here, Judaism and what is the doctrinal legacy of Christianity, share a common route of ultimate endeavor within eternity. The margin of distinction between them, is that Christianity represents the honor and right needed for all the immortal rights afforded for what is termed, all mankind, that often without properly full comprehension of the essential quality of a mission, in which, of course, the soul lives on, when the mortal body is now deceased.

My image for insight into the tragic death which, apparently, had ostensibly struck down the soul of

Ariel Sharon, is a matter of principle, that we must cherish what should have become the truly assigned destination of his soul, but lament and despise its apparent outcome in his practice, at the end of his known consciousness, up to the point that all known redemption of the soul's opportunities had been quenched in a meaninglessly final death. Until death has come with actual finality, the final judgment must be withheld as matter of principle, as I had followed that principle in this case. That judgment, as a voluntary choice, must be withheld from what is called "final judgment," until death itself has claimed the very existence of the human individual in what is described as its mortal limitations.

Thence, only the true virtue of the person's intent, could secure the identity of the dead, insofar as we, the still living, would still incorporate it as a properly ensured immortality of intention.

***What That Means for Those Who Are, Neither Jews or Christians by Faith?***

Such must be the law, for as long as human life itself may express its ultimate end.

I do not, in any way, encourage reliance on "death-bed" recovery of the soul itself. It is not a bad thing, in any sense, to prolong human life under such circumstances, but it is necessary that those recoveries of the human's abilities, even if they have remained as living, even to the last moment of life, they must be aided to remain sacred matters of authority, until a higher authority has spoken.

Life under the reign of a system of society, or society's government, must have been actively lived, if possible, under an hopefully extended mission of a quality which bespeaks a strong prescience of a posthumous immortality. That intention must be encouraged to be realized, early and often, in the course of life. That requirement must be adopted for definite purpose, as the Apostle made the point, beautifully, in **I. Corinthians 13**, and, yet, with the greatest imaginable, and noble intentions, for that which is to be carried forward, still later, on.

The proper intention of life, is to have been actually lived for the purpose of its properly human intention: for the work of a serious realization of the opportunity



White House/Paul Morse

*Prime Minister Sharon (right) with Palestinian Prime Minister Mahmoud Abbas (and President Bush), following the Red Sea Summit in Aqaba, Jordan, June 4, 2003.*

for the practice of that specific quality of higher intention.

With that much said, up to this point, I now turn to the deeper and higher implications of what I had reported here, this far.

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**The Secret Meaning of Human Life—  
When It Is Being Actually Lived**

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The essential distinction of human life, as human, is, in actuality, fully proven, as in an essential feature to be expressed, inclusively, in physical-scientific terms of reference, terms of the subject of the existence of a willful choice of a destiny of human life, one which is unique to the opportunities of members of that human species, but, also, an opportunity whose existence has been, customarily, either poorly understood, or actively rejected, willfully.

It is of practical urgency, given the presently evil condition of life under the influence of many national cultures, that still presently, to emphasize the point, here and now, that the specific mission which reposes in what I am presenting as a written work, here, in particular, and that in the full extent of this intention of this publication.

Therefore, for such practical reasons, we must now shift our attention, that adequately, back to reference, again, what had been the starting-point of the account being presented in this report. I proceed thus, as

follows, for the interim purpose of this report as a whole.

### *The Scientific Differences*

Later, during the 1970s, representatives of the old Israeli government faction, were interested, but cautious. They had now good reason, politically, to be cautious: not much because of me, but, because of the circumstances created by their “former American friends” in the climate of the post-John F. Kennedy Presidency of the United States, in particular. That points toward the root of the tragic years, and prolonged living death in limbo, of Ariel Sharon, under the reign of a British-directed turn in the post-World War II experience of Israel itself, during the relevant times.

The curse of the presently popular, especially religious beliefs in general, work to the included effect, that the once-dead person is “finally dead.” This belief, as I have long emphasized that distinction from what might appear according to an essentially foolish presumption respecting the prospects for what is, rather, conventional, but also presently preponderant political opinion as such, physical science as such is, allegedly, ontologically defined by a reductionist dogma as such. The notions of “scientific principle,” are thus productions of an extremely pervasive, common contamination of the idea of “science,” as being, ultimately, dependent on intrinsically fallacious, deductive methods: an implicit denial of the existence of an actually universal basis for the ontological conception of a principle of life-as-such, a principle implicitly superior, as a class of universal force, to all processes, less their appropriate ranking, in life.

That much now said, I shall proceed, here and now, to a critically refined (slightly) summary of the entry of what had been the close of the earlier drafting of this same report. That (slightly improved) copy from the earlier version of that concluding passage, will have been reappeared, slightly augmented, as the conclusion of this report.

As I have, implicitly, addressed the consideration of the actual reality of Ariel’s death and prospective resurrection, is to be located, especially, in the direct impact of scientific and related discoveries of such exemplars of modern science as Max Planck and Albert Einstein, prior to the satanic insanities of such as the extraordinarily sheer evil of a typical Bertrand Russell, a legacy of evil which continues to rot out the relics of science,

since his time, to the policies of leading transatlantic nations up through the most recent times.

From modern physical science since the marvelous “Golden Renaissance,” which had briefly liberated, in parallel to the efforts of Jeanne d’Arc, the great Renaissance associated with such outstanding genius as that of such great figures of the great Renaissance associated with the names of the founding of modern science as Filippo Brunelleschi and the greater Cardinal Nicholas of Cusa, and with the seminal founding achievements in emergence of the roots of any competent expression of the founding and continuation of a true and modern science, and all other actually authentic, modern cultural creations introduced to modern history through those channels of trans-Atlantic culture’s paragons, especially those channels which carried these gifts across the Atlantic, as part of the inspiration, traced to Cusa, in the effects of the particular pioneering of Christopher Columbus, whose successes had sparked the liberation of Europeans from the Zeusian depravity which had maintained such abominations as the Roman Empire, and the later such abominations, of those imperialist habits among the modern European cultures, including the Anglo-Dutch imperialism which had destroyed the great achievement of the Massachusetts Bay colony, crushed by the Dutch butchers, and, had, led the repeated pollution of the Presidencies of the once-established British empire, which was merely a Dutch trick with a British cover, the same Dutch and British pollution which authored the pollution spread by the British-bred-and-paid professional assassin, the same Aaron Burr who had brought the treasonous Presidents of the United States to power through his role in backing the British treason in America, which assassination of Alexander Hamilton, on a British payroll deployed in New York, and a legacy of an agency which had ever and always been at the root of every known assassination of a U.S.A. President.

The curse of the presently popular, especially quasi-religious beliefs, those which are to the effect of the presumption, that the once-dead person, is, therefore, *finally* dead. That is not only a religious error, but also a fundamental error in the proposed notion of what are already knowable, underlying principles, of what is termed a truthful expression respecting the truthful expression of the very meaning of any use of the term, “physical science.”



Sharon announces the evacuation of Israeli settlements from Gaza and the West Bank, Aug. 17, 2005, just months before his massive stroke the following January.

The broader quality of error, to which I have now returned our attention here, which I have just, thus, condemned, when focussed upon matters respecting the underlying principles of physical science, *per se*, is not merely the fruit of an insulting remark for allusion to the greatest physical scientists known to modern civilization, as since Cardinal Nicholas of Cusa, and his exemplary follower, Johannes Kepler (whose work had lain the foundations of modern physical science developed generally), through such exemplars Gauss and his circles, such as Bernhard Riemann, and continued through the geniuses of Max Planck, and Albert Einstein, as true modern geniuses. The scientific achievements of Planck and Einstein, which they had effected, and which they had continued thence, typify the souls of the matter, and which, as their included achievements in their tradition in science, had been, earlier as later, even after their own respective demise, earlier or later, have continued to shape the nobler scientific traditions in progress of the human species as a whole, an achievement typified by their own, which must now be recognized as one of the most crucial forms of expression which the mere notion of “human” provides, with excellent evidence, thus.

The merely individual life, as such, frequently fails to realize its own proper destiny, were it not dedicated, essentially, and, unless that were not a dedication which is accompanied by some discovery of principle, as expressed in appropriate deeds, in some discovery which

is not real, until the existence of what should be regarded as an expression of, specifically, the individual human soul. It will be a human soul, whose continued expression, when functioning still, as the living agent, which it is, or has been, the work of changing, and thus advancing the conditions of humanity for, not merely better conditions of life, but, for leaps in advancement of the per-capita productive powers and innate genius of the members of the human species. Such a person must be qualified, and qualify themselves, after the

workman’s hammer had fallen, as if dead.

The purpose to be expressed beyond any death of the individual, is the true self-measurement of what continues the acting immortal, even beyond his, or her demise. To achieve that, they must be satisfying the true status of any truly immortal being, a demand which means the requirement of setting into motion great principled future achievements which are to be harvested in mankind’s future life, and are, therefore, a fruit of a quality of immortality which must be sought perpetually by the living ranks of our human species.

Thus, the implicitly defined responsibility of the truly modern personality, which is, to meet the precondition of such expressions of service for the benefit of all future humanity’s successive generations. A commitment which we, the living, must always become in accord with the principle of The Universal Creator, and the seeking of his Divine intention, what ever the way we may be enabled to express that quality of devotion.

Otherwise, the living human individual, were “a virtually already dead man” walking through the limited stretch of no more than his own mortal existence.

*There is no actual truth for mankind, which is not foreknowledge of the future.*

—Lyndon H. LaRouche, Jr.

## Right-Wing Rabbis Put 'Death Curse' on Sharon

In an article on July 26, 2005 at WND.com, entitled "[Sharon Targeted with 'Death Curse'—Extremists Used Ritual Against Rabin](#)," journalist Aaron Klein reported that the same group of right-wing rabbis who put a death curse on Israeli Prime Minister Yitzhak Rabin one month before his assassination in 1995, for his promotion of the Oslo agreement with the Palestinians, held a kabbalistic ritual on July 21, 2005, calling for angels of death to kill Prime Minister Ariel Sharon and thwart his Gaza withdrawal plan.

According to Klein, the group performed a "Pulsa diNura"—a kabbalistic ceremony in which God is asked to curse a sinner, usually an enemy of the Jewish people—and prayed for a death curse to be placed on Sharon. The rabbis chanted that Sharon's Gaza evacuation will "destroy Israel and the Jewish people."

From the 1970s through to the 1990s, Sharon championed construction of Israeli settlements in the West Bank and Gaza Strip. However, in 2004-05, Sharon orchestrated Israel's unilateral disengagement from the Gaza Strip. Facing opposition to this policy within his Likud party, in November 2005 he left Likud to form a new party, Kadima. He had been expected to win the next election and was widely interpreted as planning on "clearing Israel out of most of the West Bank." However, Sharon suffered a stroke on Jan. 4, 2006, and remained in a coma until his death on Jan. 11, 2014.

Rabbi Yosef Dayan, one of the leaders of the ceremony, told Klein, "I said 10 months ago that I am willing do the Pulsa diNura if rabbis are going to instruct me to do that. We decided now it is time. Sharon is endangering the entire Jewish population. He is giving land to the enemies who will use it to attack us."

The Pulsa diNura was held in an ancient cemetery in the town of Rosh Pina. Describing the ceremony, participant Baruch Ben Yosef, an activist attorney, told WND, "The actual prayer of the Pulsa diNura was read by the kabbalist. There was a quorum of people that read back the prayer as he read it. And the hope we expressed is that the angels of Kaballah will remove Sharon from continuing to destroy the Jewish people and the land of Israel."

Michael Ben-Horin, also a participant, told WND,

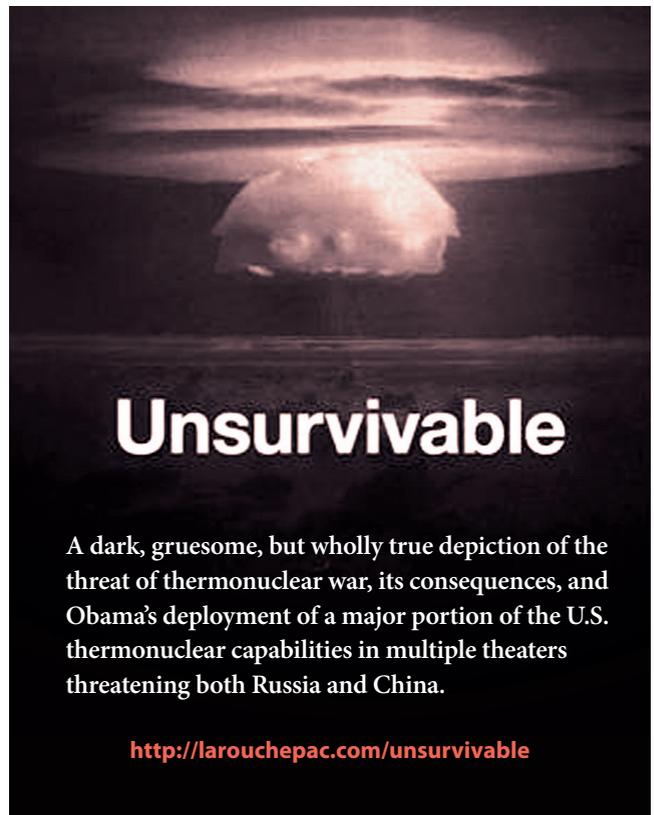
"Sharon cannot be assassinated by a man. He has too many guards and too much security around him. We believe in God, so we are asking God to kill him."

### 'Getting Rid of Sharon Can Do the Trick'

Asked what would be the most appropriate death for Sharon, Ben-Horin replied, "The best thing would be for a Qassam rocket to fall on him like he lets them fall on Jews in Gush Katif. But we'll take what we can get."

Ben-Horin, who, with Dayan, placed a Pulsa diNura curse on Rabin one month before his assassination, said, "Sharon's death is more important than Rabin's. With Rabin, he was just one man surrounded by many others in power who were pushing for the same capitulation to terror. Here, Sharon is the single man pushing his party and many unwilling people to go along with the evil evacuation plan. Getting rid of Sharon can do the trick."

*EIR* has documented the role of British intelligence in steering these right-wing groups since the 19th Century. See, for example, "Temple Mount Fanatics Foment a New Thirty Years War," *EIR*, Nov. 3, 2000, and *EIR* Special Report, "Who Is Sparking a Religious War in the Middle East?", December 2000.



# Will War-Avoidance Measures Rescue Geneva II Conference?

Special to EIR

Jan. 20—Late on Jan. 19, UN Secretary-General Ban Ki-moon announced that Iran had been officially invited to attend the opening session of the Geneva II conference seeking an end to the three-year conflict in Syria. A day earlier, the Syrian National Council, the umbrella organization for many of the Syrian rebel groups fighting the Assad government, formally voted to participate as well. The inclusion of Iran came as the result of extensive diplomacy on the part of Russia, China, and the United States, in which Secretary of State John Kerry worked closely with Russian Foreign Minister Sergei Lavrov in the days leading up to the UN announcement.

However, the very next day, Ban Ki-moon reversed the invitation, after U.S. officials and Syrian rebel groups threatened to boycott the conference if Iran attended with no preconditions. According to one U.S. diplomatic source, the reversal of the invitation came as the result of complaints that Iran had not publicly endorsed the Geneva I agreements of June 2012, on which the Geneva II conference is based. The source expressed confidence, however, that the talks will go forward and Iran will ultimately participate in the process.

The background to the controversy and the back-and-forth negotiations leading to the start of the Geneva II talks is as follows, according to a range of American and Russian diplomatic and intelligence sources:

Iranian Foreign Minister Javad Zarif traveled last week to Moscow for meetings with both Lavrov and Russian President Vladimir Putin. During those talks,

according to U.S. intelligence sources, Lavrov told Zarif that the U.S. was hesitant to allow Iran to participate in Geneva II unless it formally endorsed the Geneva I formulation, which called for a transitional government in Syria. Zarif, in an earlier discussion with Kerry, had hinted that he might be able to get that endorsement from Supreme Leader Khamenei.

It had been widely acknowledged—even by Kerry—that Iranian participation would be crucial to any potential for a breakthrough at the Geneva II meetings, which formally begin Jan. 22.

## **New Iran Sanctions Headed for Defeat**

A number of other important developments preceeded the Ban Ki-moon announcement and abrupt reversal. In Washington, opponents of Geneva II and the P5+1 negotiations with Iran over its nuclear program suffered a setback when Senate Majority Leader Harry Reid announced that he would block Senate action on a new Iran sanctions bill introduced by Senate Foreign Relations Committee Chairman Robert Menendez, and Senators Charles Schumer and John McCain. Although the Senate bill has 59 co-sponsors, President Obama, under pressure from Kerry, Defense Secretary Chuck Hagel, and Joint Chiefs of Staff Chairman Gen. Martin Dempsey, has promised to veto the sanctions bill if it comes to his desk. Sixty-seven votes are needed to override a Presidential veto.

The chances of an override were killed on Jan. 14,

when Sen. Dianne Feinstein, Chair of the Senate Select Committee on Intelligence, delivered a blistering attack on the Menendez bill on the Senate floor. She declared that “Should these negotiations fall apart, the choices are few and the most likely result, in my view, is the eventual and inevitable use of military force. That is what is most distressing: If we had not reached an agreement, with the cooperation and leadership of the big powers of this world, that would be one thing. The fact is we have reached agreement and that action is just about to take place, and we are going to jaundice it, we are going to hurt it, and we are likely to collapse it by passing additional sanctions now which a President of the United States will veto. . . .”

She concluded, “How does that make any kind of common sense? It defies logic, it threatens instant reverse, and it ends what has been unprecedented diplomacy. Do we want to take that on our shoulders? Candidly, in my view, it is a march toward war.”

Even worse, the Menendez bill commits the United States to go to war against Iran if Israel launches military action! “While I recognize and share Israel’s concern,” Feinstein declared, “we cannot let Israel determine when and where the United States goes to war. By stating that the United States should provide military support to Israel in a formal resolution should it attack Iran, I fear that is how this bill is going to be interpreted.”

### **Diplomats, Intelligence Officers Weigh In**

Adding weight to these initiatives, a group of nine former top American diplomats and intelligence officers, including Ryan Crocker, Daniel Kurtzer, Thomas Pickering, Paul Pillar, and Frank Wisner, issued an open letter harshly attacking the Menendez bill. The Jan. 6 letter warned that “The bill will threaten the prospects for success in the current negotiations and thus present us and our friends with a stark choice: military action or living with a nuclear Iran.”

The same day that Feinstein took to the Senate floor, General Dempsey delivered his own sharp criticism of Washington policymakers and civilian national security officials who ignore the war-avoidance warnings of top military officials. In a widely publicized speech at the National Defense University in Washington, followed by an interview on National Public Radio, Dempsey warned that most Americans do not understand the “military instrument” and its limitations. Dempsey told the audience that “being the [JCS] Chair-

man actually requires me to be more *reflective* and much less *reflexive*. . . . If you don’t understand the difference in those two words, you’re in the wrong place. . . . We face a deficit that’s larger than our budget, and that is a deficit of understanding between those of us who serve in uniform and our fellow citizens.” He pointed to the wars in Iraq, Afghanistan, and Libya and the still-unfolding crises in Syria and Iraq, as clear indications of the actual limits of military force. Dempsey was one of the strongest voices, at the time of the Iraq invasion in 2003, warning that the conflict would be prolonged and it would hard for the United States to withdraw once there was a commitment of force.

The loudest and most frequent voice opposing U.S. military action, has been that of former Defense Secretary Robert Gates. Gates on Jan. 14 released his memoir of his four and a half years as Defense Secretary under Presidents George W. Bush and Barack Obama. The book, *Duty: Memoirs of a Secretary at War*, and his speaking tour have been an attack on both Bush and Obama, and their civilian advisors, who rushed to war in Iraq, Afghanistan, and Libya, without consideration of the consequences, including the loss of life of American soldiers as well as foreign nationals. Gates has appeared on virtually every major news show on television and radio. On Jan. 16, he spoke before a crowd at the Mayflower Hotel in Washington at an event sponsored by *Politico* magazine.

The Gates-Dempsey-Feinstein efforts are paralleled by exhaustive Russian and Chinese diplomacy, both public and behind the scenes, aimed at preventing a new Middle East war that would almost certainly escalate into global conflict, one that could ultimately lead to a thermonuclear war of extinction.

Lyndon LaRouche has been writing and speaking about the danger of just such a war of extinction for months. In a soon-to-be-published paper, LaRouche warns that the world has been in a state of near-perpetual warfare since the ouster of Chancellor Bismarck in Germany in 1890. Bismarck’s ouster created the preconditions for World War I, which, following a brief inter-war period of rearmament, led to World War II, the onset of the Cold War, and a half-century of perpetual wars in Indochina, Central Asia, and the Middle East. All of these actions, LaRouche warns, have now brought us to the brink of yet another world war, at precisely the time that any such war, involving the United States, Russia, and China, would inevitably lead to the use of thermonuclear weapons.

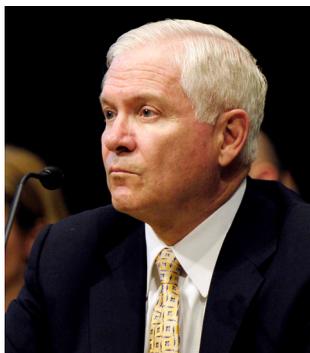
## Gates, Dempsey Speak Out On War Avoidance

*Former Secretary of Defense Robert Gates has been interviewed widely about his new book, "Duty: Memoirs of a Secretary at War." Here are some of his comments.*

**Jan. 13, National Public Radio:** Gates, asked whether it were appropriate to criticize a sitting President, replied: "You know, I did think about that, but the reality is if you look at the book as a totality, it's about war, it's about getting into wars, how you get out of wars, about the risks of launching military operations, whether it's in Libya or Syria or Iran. It's about dealing with China. It's about relations between the President and his senior military. It's about defense reform and how we ought to be spending our defense dollars. It's about the role of the Congress in all of this, and the impact of the dysfunction in Congress in all of these areas. These are all contemporary issues, and having worked for eight Presidents and being a historian, I felt I had a unique perspective. And these issues are with us today. These are not issues that can wait to be written about in 2017. And so that's the reason that I decided to go forward with the book."

On his comments about President Obama's staff, he said: "Well, I had a lot of battles with those folks. . . . I'd worked for probably three of the most significant and toughest national security advisers in our history: Henry Kissinger, Zbigniew Brzezinski, and Brent Scowcroft. And there were things that went on in the Obama White House that, under those three guys, I'm confident would have been a firing offense, such as direct calls from NSC staff members to four-star generals, and so on. That just wouldn't have been allowed."

**Jan. 15, Fox News:** Gates was asked why he didn't wait to write the book until Obama were out of office.



DoD/Staff Sgt D. Myles Cullen, USAF  
*Former Defense Secretary  
Robert Gates*

"As we look at Syria, we look at Iran, China, Russia," Gates answered, "I've worked for eight Presidents, and I think I have a perspective on how to deal with these problems that I brought to those Presidents. And because those debates and issues are still before us, I wanted to put my views on the table." Gates said that "waiting to write those things in 2017, struck me, it would just make everything irrelevant."

He added that he "would like to see less micro-management from the White House," but that, "as much as anything, it is a message to the Congress, as well, about how damaging their approach and the way they are conducting their business, is to the national security of the United States. And people ask me, 'What's the greatest threat to American national security today?' And I say: It's encompassed within the two square miles that involve the Capitol and the White House."

**MSNBC's Morning Joe:** Asked why he had written the book, Gates answered: "Well, first of all, there are a lot of contemporary issues that are addressed in the book, both at the end, but also threaded throughout, in terms of, when do you use military force? What are the criteria? What are your goals? What are the consequences? What are your assumptions? We, for example, in both Iraq and Afghanistan, we made the assumptions that both wars would be short—a grievously wrong assumption. And I make the point in there, that that's an assumption often made when you launch military forces."

"So that has relevance as you look at Syria, as you look at potentially using force against Iran, if the negotiations don't work. It was part of the considerations when we were deciding to intervene in Libya. And so what I've tried to do is write a book that shows and humanizes, by bringing the personalities of the people into it, how Presidents wrestle with these questions of peace and war, the passion that comes to the table."

On Afghanistan, Gates said: "I thought our original goals were a fantasy, they were so ambitious." Gates made it clear he was referring to both Bush and Obama.

**Jan. 16, Wall Street Journal:** "One should be extremely careful about preventive war," Gates said, when asked to define the "Gates doctrine." Such wars

depend on high levels of accuracy and confidence in U.S. intelligence, and “frankly, we shouldn’t have that much confidence that we can get it right,” he said, citing the Iraq war as an example.

**The Daily Show:** “One of the points that I make in the book is that in recent decades, I believe, Presidents, when confronted with a foreign challenge or a foreign problem, have been too quick to reach for a gun to solve it. I said in another book I wrote 15 years ago, that the dirty little secret in Washington is that the biggest doves, wear uniforms. Because they have *seen* war, and they have *seen* the consequences, and they have also been sent into battle, sent into conflict, and seen political support evaporate because of political leadership, the lack of political leadership, or whatever. So one of the themes in the book is that we need to be a lot more *careful* when we deploy our forces, and when we use the military force, and be willing to admit that we don’t understand unintended consequences, and that we know very little, usually, about our adversaries. And we make assumptions like, ‘all wars will be short, and we’ll be in and out’—that’s 12 years after we went into Afghanistan. So I think there’s some cautionary tales in the book, that I hope will have some relevance as we look at the problem in Syria, and we look at the issues with Iran. . . .”

Asked whether we’ve grown to see American power as being infallible, Gates responded, “Well, we have more power than anyone else in the world. I *do* believe that we are an indispensable nation—there’s really not any major international problem that can be solved without the United States being involved or leading the effort. But the reality is, we *can’t* solve every problem, and every time there is an oppression, or some terrible thing happens internationally, the answer is not necessarily to send in American troops. We need to pay more attention. . . .”

**Jan. 17, Politico:** At an event in Washington, sponsored by Politico and the Bank of America, Gates was asked about his views on George W. Bush’s preemption doctrine. He said he was “by and large, very much against preventive war,” since you rarely had the degree of intelligence necessary to proceed. He quoted the American General Fox

Conner, who Gates said, had three maxims: Never fight unless you have to, never fight alone, and never fight for long.

“One of the few issues in the book where I am critical of the President [Obama], he said, “has been in his reluctance to speak out, particularly for the troops, on why success in Afghanistan is important. . . . I once told [former White House chief of staff Rahm Emanuel] that I don’t object to the President’s speeches about exit strategies, but the troops need their Commander-in-Chief to tell them why he is sending them there and why their sacrifice is worthwhile.”

When asked what he would recommend to young people coming into government in Washington, Gates responded: “Read history.”

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## Dempsey Continues His War-Avoidance Drive

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DoD/Staff Sgt Sun L. Vega, USA  
Joint Chiefs of Staff Chairman  
Martin Dempsey

**Jan. 14, National Defense University:** Gen. Martin Dempsey stated that “being the Chairman [of the Joint Chiefs of Staff], actually requires me to be more reflective and much less reflexive,” warning his listeners: “If you don’t understand the difference in those two words, you’re in the wrong place. So reflective is good, reflexive is not so good in terms of strategy.” He added that “we face a deficit that’s larger than our budget, and that is a deficit of understanding between those of us who serve in uniform and our fellow citizens.” He noted that the problem is not

that the military has lost contact with the American people, but “it’s really a lack of understanding about our role, not just during times of war, but in everyday life and the everyday business of protecting our national interests and promoting our values . . . and I worry the American public as a result doesn’t really understand what they’re buying, with all of the significant budget authority that they grant us.”

Because of this, he said, “I’ll need the remainder of my time as Chairman to actually fully unpack the definition of military strength and how it interrelates, and must interrelate, with other instruments of national power.”

# The Future of Germany and China Lies in Joint Space Exploration

by Helga Zepp-LaRouche

Jan. 17—The strategic situation is stretched to the breaking point, pitting an existential threat to mankind's existence against the hope for a much better future. The battle remains undecided. On the one hand, there is the war faction, which is playing with fire in many world hot spots, trying to consolidate a global empire; on the other hand are those who are actively trying to prevent war, such as former U.S. Secretary of Defense Robert Gates, with his recently published memoirs. And beyond both of these, at a much higher level, there is a vision of a new era of mankind, which is absolutely within our reach.

If we compare the situation on our planet today with the chessboard of 1914, when the shots at Sarajevo triggered the First World War, it is obvious how much more dangerous the situation is now. First there is Southwest Asia, where terrorist groups, mostly financed by drug money, are destabilizing the entire swath from Pakistan, Afghanistan, and parts of Central Asia, to the Middle East and North and Central Africa. The Russian intelligence agency FSB is said to be in possession of evidence that there was a Saudi hand in the recent bombings in Volgograd, with Saudi support of the al-Nusra Front and al-Qaeda in Syria groups, as well as the Saudi Wahhabis, who were crucial in trying to set up a Caliphate based in Fallujah, Iraq.

Despite significant progress in the UN's P5+1 talks on Iran and the Geneva II talks on Syria, thanks to the peacemaking efforts of Russian Foreign Minister Sergei Lavrov, U.S. Secretary of State John Kerry, and the Vatican, the repeated failure of these negotiations is a matter of the greatest concern. The role of Israel's Netanyahu government, both in its ongoing settlements policy and its rejection of a diplomatic solution between Iran and the United States, is one of the major dangers. In short, the situation in Southwest Asia today, given the existing alliances, could be the trigger for a global war.

The Pacific is a no less dangerous theater of strate-

gic tensions, both because of the strategy of encirclement of China with the U.S. Air-Sea Battle doctrine, and the dangerously escalating tensions between Japan and China. Here too lurks the potential for catastrophe, whether by provocation or accidental escalation. The situation in North Korea is more murky than ever and is considered by some analysts to be the most dangerous of all.

The demonizing of Russian President Putin and of China should definitely be considered part of the alarming pre-war atmosphere. Instead of realizing that it is thanks to Putin that the crisis in Syria did not become the trigger for World War III, a considerable portion of the media is sympathetic to the terrorists of Volgograd and the propaganda of the activists financed by George Soros, rather than understanding that the same terrorists and drug networks also threaten the West.

## The 'Western Alliance'

And what is the situation in the so-called Western Alliance? Under the present circumstances, we [in Europe] are doubly vassals of the oligarchical Empire: Obama made clear in his much-anticipated speech today on the promised reform of the NSA, that "foreigners"—that means all of us—will continue to be spied upon; with the exception of heads of state (if you believe that), governments will also continue to be monitored. He didn't even bother to mention the scooping up of data from Internet communications and the undermining of encryption standards.

In effect, this means that all the data skimmed off by the NSA and the British GCHQ will be fully shared among the so-called Five Eyes: USA, UK, Canada, Australia, and New Zealand, with the addition of Israel. And is the EU, which is increasingly becoming a super-state, somehow protecting citizens with some kind of EU data protection regulation? Far from it. Within the EU, citizens are subjects; the Brussels bureaucracy sees

itself a high-and-mighty power elite, for which the characterization that it has a “democracy deficit” is the euphemism of the century.

Karl von Habsburg-Lothringen, the son of the late head of the Pan-European Union, Otto von Habsburg, went right to the point in his recent interview with the [Guardian](#), when he said that he was very pleased that the EU has evolved just as his father had envisaged. “The EU is the continuation of the old idea of a super-national empire by other means,” he said. “That’s what Otto von Habsburg saw in Europe and what he wanted. The circumstances have changed, that’s right, but we are working on the idea of a super-national legal structure and a subsidiarity principle.”

The reality of the EU today is certainly equivalent to von Habsburg’s concept of “Europe of the Regions”: total loss of sovereignty of nation-states—which, in the event of a crisis, are the only institutions that could defend the common good—to a supranational corporatist bureaucracy that rules over relatively powerless regions. This corresponds exactly to the ideas of [Giuliano Amato](#), one of the authors of the EU’s Lisbon Treaty, who gushed at one time about the Middle Ages and feudalism as a vision for Europe. That is the Europe that we are experiencing today: Whole regions are dying out, the standard of living is sinking dramatically, the death rate for southern Europeans and the poor in general is rising, while entire generations have no future.

### To the Moon!

The good news is that there is an alternative to the current dynamics in the trans-Atlantic region. With the first soft landing on the Moon since the Russian Luna 24 mission almost 40 years ago (1976), the landing of the Chinese spacecraft Chang’e-3 (Moon Goddess) on Dec. 14, 2013, and the deployment of the rover Yutu (Jade Rabbit) just hours later, opened a new, more optimistic chapter in human history (see this week’s *Science* section). The Chinese mission to the Moon is not conceived as an isolated event, but rather as a springboard to a long-term space program, with which China has come a giant step closer to its stated goal of becoming the leading spacefaring nation. This perspective includes using the rich helium-3 deposits on the Moon as a resource for a future industrial revolution based on nuclear fusion. Scientists agree that the helium-3 deposits on the Moon can ensure the energy security of all mankind for up to 10,000 years.



EIRNS/Claudio Celani

*Giuliano Amato, one of the architects of the EU’s Lisbon Treaty, hailed the feudal Middle Ages as a vision for what the European Union should be.*

The Moon landing is a qualitative breakthrough for China, because it was by no means a mere repetition of the American and Russian programs of 40 years ago. It was the first time that, along with the first landing of a rover, detailed data was transmitted on the composition of the lunar rock to a depth of 30 meters, and less precise data, even to a depth of several hundred meters. China is thus by no means a youngest child who has to wear its older siblings hand-me-downs! It is outflanking the other powers, which are currently trapped in their green negative-growth ideology—a perspective that is also evident in other areas. For example, the People’s Liberation Army on Jan. 9 tested an experimental hypersonic missile, the Wu-14, which is expected to reach a speed of Mach 5. Beijing had already, in May 2012, put into operation the world’s largest wind tunnel, which allows the simulation of flights between Mach 5 and 9.

The good news is that the European Space Agency made an essential contribution to the Chinese lunar



China Central Television

*Chinese President Xi Jinping congratulates scientists on the successful mission of Chang'e-3 to the Moon.*

landing, by supporting it with the ESA network of ground stations. The 15-meter antenna of the ESA station in Kourou, French Guiana, provided telecommunications and functioned as an interface to the Chinese mission control. All the spacecraft's movements are monitored by the control center of the ESA's ESTRACK ground station network, at the European Space Operations Centre in Darmstadt. A Chinese engineering team will be in Darmstadt for the duration of the mission.

Rather than being the paymaster for Europe within the imperial EU—for payment of debts that could never be paid anyway, because of the derivative structure of the casino economy—and supporting the austerity policies of the Troika, which makes Germany hated in all the affected countries, where it is being compared to Germany under the Nazis; and rather than remaining stuck in an imperial dynamic, which can only lead to a third, this time thermonuclear, world war, why don't we ally ourselves with the Asian countries that are forging ahead with a future-oriented policy of scientific progress?

We need a total paradigm shift, breaking with the axioms of the current trans-Atlantic policy, which is based only on profit maxi-

mization and geopolitical power games by the oligarchical financial elite, and is playing Russian roulette with the existence of the human species. We must put politics on a completely different basis, on which human creativity and the ability to continually discover new laws of the universe, for the benefit of the human race, is the foundation of politics, economics, and science.

Many of the scientific breakthroughs that are the basis of today's cutting-edge science were developed in Germany: Albert Einstein, Max Planck, Otto Hahn, Krafft Ehrlicke, and Wernher von Braun, to mention only a few, came from the 19th-Century humanist scientific tradition of Wilhelm and Alexander von Humboldt and many others. It is high time that Germany find its way back to its

true Promethean identity, as a land of poets, thinkers, and inventors, and free itself from the oligarchical, green clutches of the EU and the Anglo-American Empire. There is not a single objective reason why we cannot again become the land of poets, thinkers, and inventors. But we need you, as fellow campaigners for the Promethean alternative!

*Translated from German by Susan Welsh*



Wikimedia Commons

*The control room of the European Space Operations Centre (ESOC) in Darmstadt, Germany, is working with China to monitor the movements of the Chang'e-3.*

# Trans-Atlantic Banks Face Explosion from Eurozone

by Paul Gallagher

Jan. 21—A series of egregious events in January indicated the threat of a crash of the huge zombie banks of the Eurozone. These banks have been heavily supported by the U.S. Federal Reserve since the 2008 collapse, and are interconnected with the biggest U.S.-based banks in a highly dangerous trans-Atlantic financial system.

U.S. Treasury Secretary Jack Lew spent two days in early January visiting European capitals in Germany, France, and Portugal, to demand that the governments dramatically increase the size of the “bank resolution fund” they just created—which is supposed to handle big failing banks while expropriating their unsecured creditors and uninsured depositors—and that the European Central Bank (ECB) buy assets from big banks in Fed-style “quantitative easing.”

Back in the U.S., Lew summed up his demand at an event sponsored by the Council on Foreign Relations Jan. 16: The resolution fund for bank failures is inadequate, “We don’t think it’s big enough. We don’t think it’s fast enough.”

That same week, on Jan. 15, the *Financial Times* had warned, and events soon proved the truth of the warning, that EU Banking Commissioner Michel Barnier had moved any form of “bank separation,” however slight, totally off the European banking agenda. In November and December, Barnier had made statements about “introducing a policy of bank separation” early in 2014, but that abruptly and completely disappeared in

what became, by Jan. 13, the proposed EU “Single [Bank] Resolution Mechanism Treaty.” Barnier rejected all recommendations made by the original Liikanen Group—which Barnier had created in June 2012 to examine bank separation proposals—although those were as far away from the principles of Glass-Steagall as any in Europe except the demands of the big banks themselves not to regulate them at all. This latter is what Barnier decided on.

Barnier’s proposal is expected to be published in late January or February, but it is not designed to go into effect before 2018, or maybe even 2020, for some of the “systemic” banks. Whether the draft will be debated by the outgoing European Parliament, whether it will be on the agenda of the newly elected Parliament after the May elections, whether the European Union (EU) governments will okay it before the year 2015 or 2016, is totally uncertain. What is certain though, is that, should anything happen that required new bailouts and bail-ins, the Commission will okay that, and banks will not be separated in Europe, but instead be protected against any serious attempt to regulate.

Then when the legislative proposal for a European “Single Resolution Mechanism” (SRM) was published Jan. 13—the one whose bail-in/bail-out fund Lew was denouncing as much too small—it ruled out any attempt by any EU member-state to move in the direction of Glass-Steagall. Ring-fencing of banking operations “creates obstacles to the exercise of fundamental free-

doms and distorts competition in the internal market,” the proposed intergovernmental treaty for a Single Resolution Mechanism asserts.

The choice is now between immediate implementation of Glass-Steagall principles, or bank panic and financial crash worse than 2008.

### **Leverage Bet of 35:1**

Over the weekend of Jan. 12-13, global bank regulators, including the Federal Reserve and the ECB, made a shocking “don’t touch the banks” agreement which showed just how great their fears are about a blowout of big European banks. Meeting at the Bank for International Settlements (BIS) in Basel, Switzerland, the regulators agreed that the banks’ minuscule capital ratios should not be touched, leaving them at 3% (or about 35:1), indefinitely. The regulators went along on every point with the biggest trans-Atlantic banks, leaving the leverage ratios untouched after what the *Financial Times* called “ferocious resistance” by the banksters to proposals to raise the ratio to 6% (or 16:1), or to 8% (about 12:1 leverage). Moreover, they agreed to change the definition of bank assets *back to one which includes almost none of the derivatives exposure*, or other off-balance-sheet structured investments, of the so-called systemically important financial institutions (SIFIs).

The decision at the BIS was hailed by ECB president Mario Draghi, who is now under intense pressure to print money (“quantitative easing”) to support these SIFIs. But the decision is an insane one, simply illustrating the regulators’ extreme fear of placing any pressure for soundness on banks which are not lending, and are near blowout. These 35:1 and similar leverage ratios destroyed Lehman, Bear Stearns, and would have collapsed many others without TARP, FDIC, and Federal Reserve-led bailouts which are still continuing.

The biggest British and Eurozone banks have no ability to raise capital because of their toxic condition, except from government bailouts, or by confiscating creditors and depositors in “bail-ins.” Witness the steady postponements of the Italian government’s attempts to get Monte dei Paschi di Siena, the world’s oldest and Italy’s third-biggest bank, to raise capital before it fails, despite two bailouts.

The big banks also do not want to be forced to get any less big—the other way to raise their capital ratios. The only thing the Eurozone big banks will now have to do, is to drop the “risk-weighting” which makes even

their tiny capital ratios fraudulent—and they may have to make that change as early as ... 2018. “The big banks can now exhale,” wrote the German financial daily *Handelsblatt*.

They could, that is, if they were breathing, not the zombies they are. Combined with the leaked reports that the Single Resolution Mechanism Treaty and EU bank union head Michel Barnier will *not* regulate any breakup or even ring-fencing of banks, the picture is clear: The Eurozone banks are too fragile to be touched in any way while they “stumble toward the next crash,” to quote former British Prime Minister Gordon Brown in the *New York Times* Dec. 16. (See “EU Banking Union To Impose Dictatorship,” following this article, for a full analysis of the SRM Treaty.)

### **Down with Dodd-Frank**

The Jan. 12 decision is also another blow to the phony Dodd-Frank Act, and to the holiday boastings of Federal Reserve chairman Ben Bernanke that the United States was just about to impose a 6% non-risk-adjusted capital ratio (16:1 leverage) on the U.S.-based SIFIs on Jan. 1. That Dodd-Frank regulation was reported, in the second week of January, to have been put off, due to fierce opposition from the U.S. banksters, who insisted on waiting to “harmonize” it with European rules! The FDIC’s Thomas Hoenig is now alone, says the *Financial Times*, in continuing to fight for a 6% non-risk-adjusted ratio counting derivatives exposure; although the paper’s article supported him.

The source of all this anxiety showed itself nakedly on Jan. 19 when Deutsche Bank, Europe’s largest, and with the world’s biggest derivative’s exposure, reported a loss of \$1.35 billion in the fourth quarter of 2013, and warned of ongoing distress in 2014, which its chief executives ominously referred to as “the turning point” for the bank. Deutsche Bank had investment bank losses, falling revenue, had to make provisions for credit losses on “toxic” assets, and other provisions for litigation on the rapidly increasing judicial and regulatory investigations of its crimes. The *Wall Street Journal* reported Jan. 20 that this was “a likely precursor to other European lenders absorbing financial hits.”

The fourth quarter of 2013 also showed a drop in lending by the European banks as a whole, by more than EU100 billion, mirroring the situation with the biggest U.S.-banks, thus continuing to starve the U.S. and European economies of credit.

# EU Banking Union To Impose Dictatorship

by Ulf Sandmark and Claudio Celani

Jan. 15—Documents now available on the European Union’s soon-to-be-completed Banking Union show that it is not only “the most complicated piece of legislation drawn up in the EU,” as the website euinside.de put it, but that it also gives unprecedented powers to a restricted body of non-elected persons to manage the private-sector economy of nations, the public sector already being under the thumb of the Troika (the IMF, European Central Bank, and European Commission), and make real reforms all but impossible.

The Banking Union is a tool conceived to manage the bankruptcy of the European banking system by selectively choosing which national or regional sector should be sacrificed in case of a major bank insolvency, to keep “financial markets” functioning. Thanks to the Banking Union, EU supranational bodies, led by non-elected technocrats, will be able to shift losses around from privileged banks, typically overexposed investment banks, to targeted banks, putting the latter through a resolution process and looting real assets and deposits in favor of the former.

The model for this is what happened with Monte dei Paschi di Siena, Italy’s third-largest bank, and the oldest bank in the world (founded 1472), which was intended to absorb the losses of the Dutch giant ABN AMRO in 2008. ABN AMRO had acquired an Italian bank, Antonveneta, in 2005. When ABN-AMRO went bust in 2007, the City of London mobilized to prevent a systemic collapse. ABN AMRO was acquired by a consortium comprised of Royal Bank of Scotland, Santander, and Fortis. Part of the losses were then dumped on Monte dei Paschi (MPS), by selling them Antonveneta at an overpriced value of \$9 billion, \$3 billion more than ABN AMRO had paid for it.

That purchase, done against any commercial logic, has bankrupted MPS, which went into debt and incurred derivative losses to finance the deal. MPS will probably be the first bank to be “resolved” according to the new EU guidelines, with a combination of bail-in and bail-out procedures.

## Ruling Out Glass-Steagall

The legislative proposal also rules out any attempt by any EU member-state to adopt an actual separation of commercial from investment banks, as with Glass-Steagall. Ring-fencing of banking operations creates obstacles to the exercise of fundamental freedoms and distorts competition in the internal market, the proposed intergovernmental treaty for a Single Resolution Mechanism (SRM) asserts.

The EU proposal for ring-fencing from the High Level Expert Group led by Erkki Liikanen, in October 2012, was delayed by the European Commission, so that there is no chance for any decision this year, although a proposal for an EU Directive on Bank Recovery and Resolution (BRRD) for handling banks in crisis could come as early as this Spring. This lends credibility to the report published in the Jan. 6 *Financial Times*, according to which EU Commissioner Michel Barnier is working on a watered-down version of the already toothless Liikanen ring-fencing scheme.

Bank resolution (liquidation) is an extremely important issue, as it involves controlling changes in the power structure of banks and their relationship to their customers. The process begins with deciding which bank to put in resolution. One of many options could then be implemented: The bank could be sold or reconstituted with a new management; its assets could be transferred to separate bridge institutions (“bad banks”), or could be sold; or with a bail-in, the liabilities to creditors and depositors could be written off or converted into bank shares. In addition, the bank resolution fund could be used for a bailout.

Bank resolution procedures are laid out in the draft Directive of the EU, which cannot be rejected by EU member-states. However, before the Directive can be implemented, the SRM Treaty has to be ratified. That Treaty establishes a Single Resolution Fund (SRF), as well as the Single Resolution Mechanism. Contrary to previous reports, governments are sidelined in the new institution, which is to be managed by a Board of five persons. According to the SRM agreement itself, this Board is a new, unique kind of organizational structure of the EU system. It will work alongside the already established and very powerful single supervisor (SSM) at the ECB.

Decisions on what to do with a bank that has been fingered by the SSM will be worked out by the SRM Board and sent to the EU Commission for approval. Only if the Commission disapproves the proposal sub-

mitted by the Board will the governments of the EU member-states be contacted. Indeed, the Commission needs the support of the finance ministers to disapprove a SRM Board proposal, but since the Commission is represented on the SRM Board, any disagreement is highly unlikely.

### Bail-In Gives Priority to Speculators

The general procedure for handling banks in crisis was laid out in the Bank Recovery and Resolution Directive (BRRD), applicable to all 28 EU member-states. In the non-euro states, it will be handled by national bank resolution authorities, while the SRM names the authority responsible in the Eurozone. The content of the BRRD and the SRM was agreed on in a final compromise at the December 2013 EU summit. We have obtained a copy of the otherwise hushed-up 336-page document.

Fearing public backlash after the outrageous bail-in system implemented in Cyprus, EU authorities have solemnly promised that the accounts of small and medium-sized enterprises (SME) will be better protected, and all deposits under EU100,000 will be secured (within the limits of the Deposit Guarantee

system). SME accounts could, under exceptional circumstances, be given special priority among the unsecured creditors. However, there is still priority for others, for instance, derivatives, which would make the improved protection meaningless in a crisis.

Privileged creditors in the event of a bank in crisis are holders of all secured liabilities (including hedging instruments, securitizations, and counterparties for those assets as per Art. 68(2)), and all liabilities with a maturity of less than seven days. The intention of the draft proposal of the BRRD to protect all derivatives straightaway, before the depositors, is toned down, but is still there.

The EU directive on bail-in procedures can only be implemented if the SRM Treaty is ratified by national parliaments and by the European Parliament. EU leaders now hope to rush the Treaty through before the European elections in May, fearing that a new, Euroskeptical-dominated Parliament would take it off the agenda.

So far, national parliaments have ratified all EU treaties, shamefully and unconstitutionally surrendering their sovereignty. This is the last chance for them to redeem themselves by voting against the ominous SRM Treaty.

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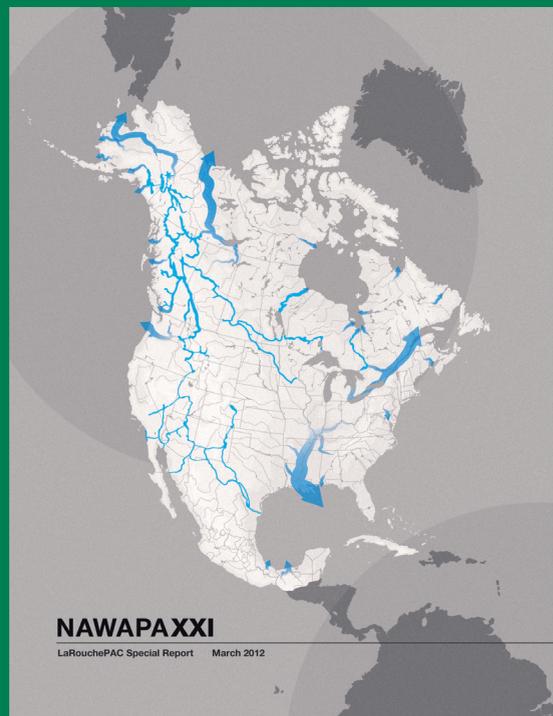
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# An Insider's View of the Historic Fight for a Glass-Steagall Standard

*Nomi Prins is a journalist, author and speaker. She was a managing director at Goldman Sachs, ran the international analytics group as a senior managing director at Bear Stearns in London, and worked as a strategist at Lehman Brothers and an analyst at Chase Manhattan Bank. She is currently a Senior Fellow at the non-partisan public policy think-tank, Demos.*

*Jeffrey Steinberg interviewed her on Jan. 8. This is an abridged transcript.*



**EIR:** You've written a widely circulated critique of the Volcker Rule,<sup>1</sup> which is unique, in that you've clearly read the entire 800-plus pages of the rule and the many exemptions. You've spent years on Wall Street, worked at some of the big financial houses, and have a unique insider's insight into the goings-on within the major financial institutions. Could you highlight for us your own experiences?

**Prins:** Well, I start out on Wall Street in the late '80s at Chase, and then spent over a decade with a variety of banks, ending up at Goldman Sachs in the early part of the last decade; I left in 2002.

During that time, the evolution of banking, and particularly investment banking, was moving in an accelerated fashion towards more esoteric types of securities, combined securities, synthetic securities—ways in which to combine the positions that banks had, or took on their own books, and rejigger them in such a way as to distribute them to end-buyers. This has been investment banking for decades before that, but particularly in the time before I left, it was accelerating.

For example, I would be sitting in trading and sales

meetings during which a trader would come in and say, "Hey, I've got this position in this kind of junky bond or junky security"—they might not use the term "junky," but "a double B," or "something of inferior value"—"I need to move it. Can you figure out a way, a story, a means to get it out the door?" With a larger, more complex security, the idea was to create a more generous spread or profit for the bank, and move that risk to the buyer. That's obviously manifested in the large blowup in 2008, and also in 2001-02, with

Enron and Worldcom, and will continue to manifest itself through different types of crises going forward.

**EIR:** Does the Volcker Rule, in any meaningful way, address any of these problems?

**Prins:** It doesn't. And the reason is that, the position of a trading desk, in the minor example I gave, isn't necessarily just proprietary trade for an investment bank, which is the only thing that the Volcker Rule sort of gets at. The idea of trading, of market making, of all the terms that are used by banks to identify their activities as speculators, by saying they're "customer-driven" or "client-driven," are not stopped or delimited in any way by the Volcker Rule.

What the Volcker Rule does, is specifically look at *one* aspect of one kind of speculative trading that an investment bank or a commercial bank might be engaged in: the proprietary desk. But the nature of creating securities, complex derivatives, of distributing these through their "market-making" capabilities, through their insurance arms, through their advisory arms, through all sorts of different entities within the banking arena, within the one umbrella of a bank holding company—these are *explicitly exempted* from being touched by the Volcker Rule in its current format.

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1. "Volcker Rule Made Meaningless by Abundant Exemptions," [Truthdig](#), Dec. 18, 2013.



White House Photo/Pete Souza

*Paul Volcker meets with the President, Jan. 21, 2010. The “Volcker Rule” specifically exempts most of the speculative trading that led to the 2007-08 crisis, and will do nothing to prevent another one.*

### Not a ‘Rule,’ But a Set of Exemptions

**EIR:** I gather from your recent article, that there are about 51 pages of the Volcker Rule that define the limits, and then hundreds and hundreds and hundreds of pages, itemizing all of the exemptions, and pretty much giving a roadmap for how to drive a Mack truck through the holes in the rule.

**Prins:** Yes. A sheer visual interpretation of the 892-page Volcker Rule would show you a very small percentage of “rule” and a very, very large percentage of exemptions to the rule. It’s been massaged and lobbied for in all sorts of different ways, to ensure that *there’s no way to misinterpret the ineffectiveness of the Volcker Rule, vis-à-vis the large banking institutions.*

So basically, after 55 pages of talking about what the rule *is* going to do with respect to proprietary trading and limiting those activities, it then goes into *all* of the ways that banks don’t have to curtail their trading-related activities, such as trading securities, trading government securities, such as their insurance-related activities, such as their asset-management-related activities, such as all of the things that are under that one umbrella in the bank holding company, into which trading and speculative activities go, and will continue to fester.

**EIR:** The largest U.S. banks are actually much larger today, by about 40%, than they were at the time of the 2007-08 crisis. What do you see as the level of

risk or danger in the U.S. and European banking systems now? Do you see a threat of another major banking crisis looming in the near term?

**Prins:** First of all, yes. The big six banks are somewhere between 37% and 40% greater in terms of their assets than they had been before the 2008 crisis, largely by design, and partially because of smaller banks going belly-up and their businesses going over to the big six banks. And by design, things like Bear Sterns being taken over by JPMorgan Chase, with government backing; Bank of America taking over Merrill Lynch, with government support, and so forth—all those things have definitely made these banks bigger.

In terms of risk, the top six banks are responsible for 93-94% of the trading activities in the country: That is a substantial risk. They’re also very interdependent. They’re no less interdependent than they had been before the 2008 crisis. By that I mean, they’re often involved in co-managing a particular derivative, and different components of that complex security, or other activities that combine to create a particular transaction. Sometimes they do transactions individually, but because they incorporate so much of the trading activity in the market, and because they are so connected to each other in terms of jointly operating in a lot of that trading activity, or being exposed to the same sorts of risks through the different institutions, in that type of trading activity, the risk in the system continues to exist.

In terms of derivatives themselves, these big six banks are responsible for 96-97% of all of the derivative-related risk of all the U.S. banks. These big six banks not only own the largest set of deposits and assets historically, but they are also historically large in terms of the risk that that size represents, by virtue of the trading activities and derivatives activities in which they engage.

Therefore, it is highly probable that another crisis—maybe not related to mortgages, maybe not related to particular sectors of the corporate world, like it was back in beginning of the 2000s—but most certainly the risk is there, and most certainly there will be another crisis, because the structure of the banking industry has not been altered, to mitigate the possibility of a crisis. The banks have not gotten smaller; the banks have not

reduced their risk in any meaningful way; the banks have not been prohibited from creating complex securities, or acting in ways that are difficult to decipher, that create risks that can't even be calculated or represented properly. And so, there is no reason to assume there won't be another major crisis looming.

## Glass-Steagall

**EIR:** You're a longstanding advocate of a return to Glass-Steagall. As you know, there are now two Glass-Steagall bills in the Senate and two in the House. I'm sure you support these efforts. How do you see the prospects of passage of Glass-Steagall, in the current session?

I should note that the vice chairman of the FDIC, Thomas Hoenig, who's also a very strong advocate of Glass-Steagall, has testified before Congress, the House Financial Services Committee on July 26 last year, that he believes that Glass-Steagall must be reinstated before the next big banking crisis, because in the panic that will ensue, the impulse to bail out the too-big-to-fail banks will be almost impossible to overcome.

So how do you see the efforts to pass Glass-Steagall in a timely fashion?

**Prins:** First, I absolutely agree with Mr. Hoenig. When I left the banking industry and wrote my first book, *Other People's Money*, which came out in 2004, I ended the book by saying that if we do not bring back Glass-Steagall, if we do not restructure the banking system in such a way as to separate deposits and commercial banking from other types of investment banking or speculative activities, we *will* have another crisis. The crisis at the time was over the corporate and banking interests regarding Enron and Worldcom in those sectors. The next crisis was regarding the mortgage sector. But I was very explicit in saying that there *will be*—and there was—another crisis, because banks were not separated.

I believe that, going forward, the conclusion remains the same. Hoenig's conclusion remains the same: The bills that have been proposed by Senators Warren and McCain, and Cantwell and King, in the form of the 21st-Century Glass-Steagall Act, and also by Tierney for the House version of that Act, are absolutely imperative.

The good thing about the language of the Warren-McCain bill is that it doesn't just look at proprietary trading, like the Volcker Rule does; it examines *all* of the ways in which the Glass-Steagall Act has been

weakened over the decades since it was passed in 1933. It talks about ensuring that these banking conglomerates shouldn't be able to have deposits, and have government deposit insurance, plus be involved in insurance, plus be involved in other types of investment banking activities as well. The Warren-McCain bill looks at the whole gamut of problems of having this financial services industry in control of *so many* different types of businesses, and therefore, forms of inherent risk in the system.

So they're very good bills. And it would be very important for the financial security of the citizens of this country and the nation itself, to ensure that they are passed.

However, the likelihood of them being passed, unfortunately, at this point, seems very slim. If we could not get the Dodd-Frank Act—and the inclusion of this Volcker Rule, which took five years to basically be represented as something that's effectively meaningless—to be passed in such a way as to restructure the banking system back to a Glass-Steagall format, in wake of the crisis of 2008, in the more lackadaisical atmosphere today, where many people, including in Washington, believe that the crisis has passed, and everything is merry and stable right now, it is more unlikely that these acts will get passed.

I hope they do, I think they should. I think it's a battle that I think we all need to be involved in, because all of our financial securities are at stake.

## The Roosevelt Years

**EIR:** I'll just mention, that through our own activities, there are resolutions either before or already passed in 25 state legislatures, that call for reinstatement of Glass-Steagall. And Senator Warren has put herself in the position of becoming the point-person on Capitol Hill, with a significant amount of media attention.

One of the obstacles that obviously makes for a profound difference between 1933 and 2014, is that President Roosevelt was clearly on board with the original Glass-Steagall. It was an integral part of the agenda of his First Hundred Days. But President Obama, not surprisingly, with Timoty Geithner and Larry Summers and similar people as key advisors during his Presidency, is openly opposed to the reinstatement of Glass-Steagall.

**Prins:** Yes, back in 1933, and even in 1932, under President Hoover, when the Glass-Steagall Act was originally brought into Congressional debate, and when



*President Roosevelt after the signing of the Glass-Steagall Act, June 16, 1933. With him are Sen. Carter Glass (far left) and Rep. Henry Steagall (right), and members of the Administration.*

the Pecora Commission was begun as a different form of investigation of what the banks had done egregiously wrong during the 1929 Crash and going into that period, FDR had not only the intent, and saw through on it, to pass the Glass-Steagall Act. Both Houses of Congress, because of that and because of his political abilities, overwhelmingly voted in a bipartisan fashion to pass Glass-Steagall. And in addition to that, something we do not have today, is that *two of the three main banks at the time*, were very much in the camp of passing a Glass-Steagall Act which would separate the two components of their business, to such an extent that they *publicly advocated* the passage, and they even preempted the passage by announcing that *they* would separate their own institutions; *they* would reduce the size of their own reach, in order to ensure the effective implementation of the Glass-Steagall Act.

So FDR was able to politically organize members of Congress, invoke the public will, *and* get bankers to promote his agenda, in order to pass Glass-Steagall. There was an overwhelmingly positive approach to reforming banking, and it served to not just reform banking, but to stabilize the fears that were still running through the country in the beginning and middle of the Great Depression.

What we have today is a President whose closest advisors, on the one hand, are members of the team that obliterated the Glass-Steagall Act, under Clinton, in 1999. And also the White House and the Federal Re-

serve, because they are so involved in the bailouts and want to act as if these were the successful ameliorant for creating stability, rather than reforming the banks in a meaningful way, are very positive about something as weak as the Volcker Rule, so they can act as if something has been done, that is reformative. When the Dodd-Frank Act was passed, Geithner and Obama both said this was the most sweeping form of legislation since FDR—and it most certainly is not.

So, the will politically at the very top echelons of Washington is aligned against Glass-Steagall being reinstated. The will of Senator Warren, of all of the supporters who know that it is necessary for stability in the system, is going to be fighting that battle.

## **The Pecora Commission**

**EIR:** You mentioned the Pecora Commission, which certainly did a critical thing in spotlighting the criminal misconduct of certain key Wall Street players and creating a public groundswell, that President Roosevelt certainly understood quite well how to use. It's notable to me, that we have a contrary situation now, namely that the Wall Street top financiers have been more or less given a permanent "stay out of jail" card. There's actually even something referred to as the Holder Memorandum, which says that sending top bankers to jail would create significant secondary effects, instability in the banking system, and therefore we don't dare do that.

How do you see the issue of criminal prosecutions? The case of JPMorgan Chase comes up prominently this week, with clear indications that at least some top executives were aware of and did nothing to stop the Bernie Madoff Ponzi scheme, which was a blip on the radar screen compared to things like the Libor scandal.

The climate of "too big to jail" seems to be one of the important differences between then and now.

**Prins:** Well, what happened then was not only did the Pecora Commission showcase the criminal activities of the main bankers, but the main bankers stepped aside and new ones stepped into place. So before, when I referred to bankers supporting Glass-Steagall and working together with FDR, these bankers were his friends. These bankers stepped into running Chase and

what was National City Bank at the time, now Citigroup, to commandeer a more stable environment even after the reforms were passed, and they continued to support FDR in that capacity.

The men who had been at the helms of those banks actually were not jailed. One was fined for tax evasion, and one was very embarrassed and abdicated his position. So there is a sense historically that bankers of the main institutions don't get jailed; but the difference back then, was they specifically *did* step aside, and they specifically were prosecuted in some capacity.

Now, today, that hasn't happened, in terms of the bankers who have had the tightest relationships with Washington. You mentioned Chase: Jamie Dimon certainly has a very tight relationship with Washington. And Timothy Geithner spent a lot of time with Jamie Dimon when Dimon was a Class A director at the New York Federal Reserve, and Geithner was running it even before all the bailouts started happening after the 2008 crisis. And everything else that's developed has been the situation where Chase, through Dimon, can say, "Oh this was an element, this was a problem, we can settle on this." And billions of dollars of the settlements have been ways to avoid any criminal implications or punishments, but just sort of passing the buck—literally!

The Department of Justice has really stepped away from prosecuting any of the major banks, particularly the ones with the strongest lines to Washington. That's what we are dealing with right now: that settlements and fines just work to pave over enormous problems and bad practices. And punishments that are really meaningful, the same way actual reform could be meaningful, are not used.

**EIR:** I was at a briefing given by Sen. Carl Levin last year, the day before the Senate Permanent Investigations Subcommittee released their report on HSBC bank, and found that they were deeply involved in facilitating drug-money laundering on a pretty massive scale, from Mexico; that they were violating all kinds of international sanctions involving both terrorist networks in the Middle East and the Iranian government.

The other thing that comes to mind, is that we're still waiting to see what will be the outcome of the investigations into the Libor scandal, which seems to have been a major market-rigging, and had a significant impact on municipalities and counties around the U.S., which were buying interest-rate swaps as a way of hedging against rate hikes.

It seems that the level of sophistication of some of the criminality that's going unpunished, is probably beyond what was in play in the 1920s and '30s.

**Prins:** I think on the one hand, yes, it is beyond; things are more complex. On the other hand, I think there's an acceptance, at the higher echelons in Washington, at the Department of Justice, that this complex system that we have right now is sort of too difficult to prosecute. Not necessarily that it is, but the *perception* that it is, so that this amounts to the same lack of prosecution.

It's not that complicated to understand, that if you rig interest rates collectively, and based on that, as you mentioned, municipalities lose money, or investors or clients are purchasing things at the wrong levels, and these banks, in turn, profit from those activities, that that is *fraud*, that is embezzlement, that is all sorts of felonies. And yet, there's this willingness to ignore that, to not try to make the case.

And I think that's the problem that we have today: Yes, maybe things are more complex, but we should be more knowledgeable. This just didn't happen in an instant. And if you're in charge of monitoring or regulating or running a system, or of having the jurisdiction of law over that system, you should step up to the plate. You should learn a bit about what you're dealing with!

And I think there's been a complete reluctance to do that. It's a political reluctance; it's perhaps a knowledge reluctance, but whatever the reasons, it's been an effective means to *not* prosecute, and therefore not agree to fully reform the system.

The simplicity versus the complexity of 1933 compared to 2014 is really not the issue. It's a convenient excuse.

### **The Dodd-Frank 'Bail-In'**

**EIR:** I absolutely agree.

Recently Federal Reserve Chairman Ben Bernanke, who leaves office in a few days, and Treasury Secretary Jack Lew, have claimed that any new systemic banking crisis of the too-big-to-fail banks will be resolved without another Federal bailout, through various provisions of Dodd-Frank, and specifically, Section 2 of Dodd-Frank, which established a "bail-in" resolution authority, like the bail-in process that we saw last year in Cyprus.

How do you assess the Bernanke and Lew claims that the system is now insulated against another major too-big-to-fail crisis, because of alternatives to a taxpayer bailout, which, most everybody seems to agree, is going to be an *extremely* hard sell at this point?

**Prins:** I think that's the same wishful thinking/negligent thinking that is behind considering the Dodd-Frank Act to be a sweeping reform; or the Volcker Rule to be a sweeping reform. It's different parts of the same willful misinterpretation of what we're dealing with. The Section 2 of Dodd-Frank specifically calls for banks, particularly the biggest banks, to submit a resolution<sup>2</sup> strategy to the FDIC, and they had done so; that the date to submit a final version was Oct. 30 of last year, whereby they would discuss how they would act in the event of an emergency. I looked at these documents as well: They tend to be about 30 pages, from places like Goldman Sachs and JPMorgan Chase, with about one page of resolution, and 29 pages of explaining what they do for a living.

But in that one page, it basically says things like, "we will adhere to Section 2," that the FDIC will be the authority that, after the banks have exhausted *all other measures*, have exhausted basically trying to find other buyers to get rid of their bad securities, trying to do whatever else they can do—and mind you, this could be in a situation where they're *all* facing the same problems, and they're all interdependent, as they were in 2008, and still are! But they will somehow first try and reduce their size, sell their bad securities, or whatever the problem is. When that doesn't work, the FDIC will effectively take them over, and the FDIC will try to do the same thing.

But the idea that in a crisis situation, where some securities or sector in which all of these six banks are operating, goes belly-up, as we just saw in the 2008 mortgage-related part of this crisis, it is impossible to assume that the FDIC can really take on the risk and the resolution of all the big banks! They are just too big!

Yes, the FDIC can, and has, resolved issues with smaller banks; when IndyMac went belly-up, basically, the FDIC took it over and rejiggered it and sold it to private equity firms. But with JPMorgan Chase, it's very unlikely. And it's *more* unlikely that this would happen if there is a systemic crisis among the six banks—the FDIC just doesn't have the capacity, or the funds, to deal with this!

But the reason the banks only spent a page talking about how they would adhere to Dodd-Frank, and 29

pages of BS about what they do, is because it doesn't matter! Because in the event of a truly large, systemic crisis, with these big six banks being as big and as interdependent and as complex as they are, the FDIC will not be able to resolve the situation by itself.

And so, all the verbiage involved in this, and all of the accolades about the verbiage, is kind of irrelevant if there's actually a crisis.

**EIR:** One of the other dimensions of this, that I think only came out because of certain limited Congressional demands on further Fed disclosure—Bernie Sanders and even Ron Paul come to mind—is that a certain amount of the bailout in 2008 went to European banks that happen to have operations in the United States, but it was primarily because of the interaction between the big six U.S. banks, and counterparty banks in Europe, like Deutsche Bank, Barclays, UBS, and others. It's not even conceivable that such a crisis would remain strictly within the borders of the U.S. banking system.

**Prins:** Correct. We can talk about jurisdiction and regulatory authority from the standpoint of justice in the U.S. banking system, just as the big six banks are interdependent and connected in the United States, they're also interdependent and connected on an international basis, which is why the *idea* of this resolution agreement is not something that is effective. Although it is something that the Administration and others seem to want to point to as being effective.

### All in the Family

**EIR:** I understand that in April, you'll be coming out with a new book, *All the Presidents' Bankers*, which takes up this question of the incestuous relationship between Wall Street and our political institutions. Could you give us a preview of the book, and what you hope to stir up with this?

**Prins:** Well, the book was something that I worked on by going to all of the Presidential archives across the country, to examine what the relationships were between the Democrats, Republicans, and the key bankers of that time, who happen to have been related to a similar set of families—blood relationships, protégé-mentorship relationships—that have run the country over the past more than a century. I examined how those relationships impacted policies over different events: economic panics, like the Panic of 1907, the Crash of 1929, what happened in the wake of the Crash and the Great Depression, how

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2. "Resolution" is what the FDIC does when a bank it insures fails: a form of bankruptcy proceeding. The bank is shut down and its assets are transferred to a new entity controlled by the FDIC. From the [Financial Times Lexicon](#).

banks were involved during World War I and World War II, Vietnam, and so forth, up through today's relationship between bankers and Presidents. And some of the same people that have really been components of our history, the same institutions, the same families, continue to be involved in aspects of policy in ways that are not voted on by the public.

It was very fascinating in terms of the research, because I wasn't just focused on economic events, but also on social events to some extent, and military events, and how all those things interrelated to the same set of "recycling" families and people.

**EIR:** It very much reminds me that one of the fairly recent biographies of Franklin Roosevelt was called *Traitor to His Class*.

**Prins:** Yes. And what I found very interesting about FDR is that—he was obviously President for quite a number of years—and there were times in which he and his class were very, very much allied, and that included during the beginning of his Presidency, during the passage of Glass-Steagall, at the beginning of the Great Depression. Where that diverged was in the period between the Great Depression's height and World War II. There were some people who actually thought, okay, you've done your regulation, you've done your New Deal: All right, back off! Whereas before that, they were actually aligned with him. However, when they went into the war, they were back, aligned with him, again.

And so it's very interesting to see how his class, and people he hung out with, he grew up with, really supported him, at one point, then diverged, and then re-supported him.

It's a very interesting way, to me anyway, of looking at that whole period, as not simply black and white, "supporter" or "traitor," but with a lot of nuances in between.

**EIR:** One of the studies I was engaged in myself was the process by which Glass-Steagall was repealed, starting back in 1984, when Alan Greenspan was a director at JPMorgan, and they produced a paper called "Rethinking Glass-Steagall." You've probably seen that. It's striking how certain personalities recur. The guy who worked under Greenspan on that project was William Dudley



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*Bankers and Presidents: FDR's friend Jack Morgan, Jr. (left), the only one of the Big Three bankers who opposed Glass-Steagall when it was passed; and Jamie Dimon of Chase (now JPMorgan Chase), who has close ties to Washington and opposes the reinstatement of Glass-Steagall today.*

**Prins:** Who is now the head of the New York Fed.

Dudley and I passed a couple times when we were both at Goldman, and he's actually a really nice guy, but he's in a position where he has to do what he has to do.

What's interesting, is that even in that study, I do mention it; they get a lot wrong. You'll see in the book. At the time, Morgan was obviously against Glass-Steagall. That was the bank that was against it, whereas the other two banks were for it, but they still saw it as a way to sort of decrease their competition; and then once the war started, everyone was on the same side.

But FDR himself was very close to Jack Morgan and Tom Lamont, at the time. He gave them his house when he was assistant Navy Secretary in World War I, and they were going to Harvard, and they had a very longstanding relationship. Some of the letters that I found between them, and actually a third guy at Morgan, [Russell Cornell] Leffingwell, who became head of Morgan later, was very close to FDR, in such a way that

he really could tell FDR what he thought was wrong with what FDR was doing, and FDR really responded to him. It was the kind of thinking on those matters that a lot of us haven't seen publicly.

They have self-interested reasons, but so did the people on the other side. But it's very interesting to note that the bankers were always self-serving. That's the nature of capitalism. But you can do it in such a way that you take into account the greater picture. And they don't do that today.

**EIR:** I find it ironic that you've got Sandy Weill, now, who's come out and said it's time to reinstate Glass-Steagall, and John Reed, also from Citibank. And the *Financial Times*, last year, published three or four editorials in which they said explicitly that the Vickers Commission and the ring-fencing idea, all of these things, are inadequate. And that ultimately we're going to have to have a full-scale separation, Glass-Steagall. So there are obviously some people who are worried that it's not good for the banking sector to—

**Prins:** Exactly. And that's what happened then [in the 1930s]. The head of Chase at the time, the complement to Jamie Dimon, Winthrop Aldrich [of Chase Na-

tional Bank], a friend of FDR, was for Glass-Steagall. His predecessor, Albert Wiggin, was a very staunch *dis-*advocate of Glass-Steagall.

Aldrich was in and out of Washington, and he became a fierce advocate of making Glass-Steagall stronger, when, in 1935, the bankers tried to bury it the first time. He was pissed off. And FDR made him his guy, inside Congress. Can you imagine Jamie Dimon being Obama's guy, in favor of regulation? It's not even feasible.

**EIR:** We're trying to explore some of the fault lines among the Big Six, on the one side, and some of the regional and community banks, on the other. And we've had two or three head-to-head confrontations with the American Bankers Association on these state resolutions.

**Prins:** Because they don't want it! And they never did, all throughout the history. Obviously, the more they can operate on a national level, the more power they have. They don't like things at the state level—not insurance, not banking, not electricity—because then you have to deal with another set of people who can get in your way.

And the Fed is easy. It's the New York Fed or whatever. Or the White House. That's easy.

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—Lyndon LaRouche, Feb. 11, 2013



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# Mining the Moon To Power the Earth

by Marsha Freeman

China's ongoing Chang'e-3 lunar mission is the first step toward creating a scientific and economic revolution which will power global economic growth and open the entire Solar System to mankind. The future development of civilization will require vast increases in energy consumption per capita, and fusion power will make that possible. The most advanced fusion technologies will increase mankind's productivity by orders of magnitude, and one pathway toward this end is to use helium-3 as the fuel for fusion. Although mining helium-3 on the Moon to power the Earth has been a goal of scientists since the end of the Apollo program in the early 1970s, today, China alone has embarked on a long-term program to reach that goal.

During his weekly LaRouchePAC webcast on Jan. 17, Lyndon LaRouche addressed the meaning of China's Chang'e-3 lunar mission:

"This Moon landing was a brilliant enterprise, which far exceeded the accomplishments of any attempt at Moon exploration heretofore. But one of the greatest implications of that problem, that challenge, was the fact that on the Moon, there is a raw material which has dropped on the Moon as a part of the radiation of thermonuclear fusion [from the Sun], essentially, that is, of the helium-3. The helium-3 as radiated from the Sun, and accumulated on the surface of the Moon, is now the most promising factor in planning the future of the life of the human species.

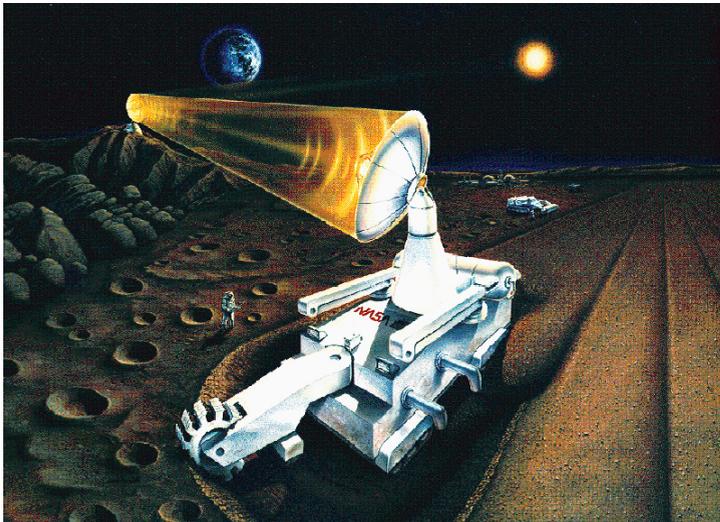
"This means that if we do what was implied by what

that China team has done, and has reported to mankind, at least to scientific mankind, if that is done, we are no longer Earthlings. Because the effective use of a resource which is not available to us in significant quantity on Earth, helium-3, if included as a raw material, as the core of a raw material, abundant on the Moon, to us, and we develop that, then, if we transmit the benefit of that Moon's accumulation of thermonuclear fusion, *we are no longer Earthlings*; because while we will not live on the Moon, we will not live on Mars, not in any known future; *but*, we can bring into a relationship, a functional relationship between Earth and the Moon, and other places, a new kind of relationship, in which we are no longer Earthlings!

"Because we can, if we succeed in taking advantage of what the Sun delivers to the Moon, as an accumulation, and apply that to the intention of thermonuclear fusion on Earth, the successful application of the use of helium resources stored on the Moon, will create a quality of achievement in the development of thermonuclear fusion *on Earth*, which will *change the history of the Solar System!* And that is my mission-orientation."

## 'Tons' of Helium-3

Although China's Chang'e-3 rover is not equipped or designed to locate helium-3 on the surface of the Moon, it will be able to determine the titanium content of the bulk lunar soil. Titanium has been found to correlate positively with a concentration of helium-3, so



University of Wisconsin

*In this artist's rendition of a concept developed at the University of Wisconsin, a remotely operated mobile unit scoops up lunar soil, extracts the helium and stores it, and then ejects the mined soil.*

this mission is taking an indirect measurement of a resource that will be vital for the future.

Since the 1970s, when scientists examined the lunar rock samples that were returned to the Earth by the Apollo astronauts, and by the unmanned Soviet Luna probes, they have known that there is helium-3 on the Moon. It was estimated that the Apollo 11 landing site at the Sea of Tranquility, alone, contains 8,000 tons of helium-3, to a depth of about two meters.

Having been deposited there over eons by the solar wind, on a body where there is no interfering atmosphere or magnetic field, the helium-3 has lain undisturbed, bound up in the rocks and soil. Scientists have long recognized that this Earth-rare isotope of helium, used as a fusion fuel, could provide a source of energy available that is a qualitative advancement over the energy sources available today, or even those on the horizon. But the short supply of helium-3 available on Earth had discouraged scientists from seriously considering this more advanced fuel for fusion, until it became clear that there are bounteous reserves available on the Moon.

Recognizing this intimate relationship between the Moon and fusion, China is pursuing a multi-decade lunar exploration program, with the long-term goal of detecting, mining, and using helium-3 as a fuel for fusion power plants. To make this a reality, China is carrying out a determined experimental program to develop commercial fusion energy, by the middle of this century. It plans to build the infrastructure to develop

the Moon, and using the helium-3 that is there for fusion could be the first step in deploying the power that lunar development will require. Industrial-scale mining and processing of the lunar regolith, or soil, could produce helium-3 for transport to power the Earth.

Although small-scale fusion experiments with helium-3 have been carried out, most notably by a very determined group of scientists at the University of Wisconsin, the overall contraction of the U.S. fusion program over the past 30 years virtually eliminated the support that would have allowed the breakthroughs in the science and engineering to make fusion energy a reality in the United States. China has picked up where the U.S. left off, decades ago.

The question now posed is, who will join China along this pathway to the future?

### Why Fusion?

Each scientific breakthrough, translated into new technologies, creates new resources and entirely new interventions into nature by man. In the last century, through the new science of the atom, the applications of nuclear fission created the possibilities for food irradiation, disease diagnosis and treatments, extended capabilities in space exploration, and peaceful nuclear explosions for construction, none of which could be done with coal, oil, or natural gas, much less solar collectors or windmills.

The fusion of light ions releases orders of magnitude of energy greater even than the most advanced nuclear fission processes. But it is the *quality* of the energy produced, more than the quantity, that makes fusion a wholly new energy platform. The fusion reaction can be engaged to produce energetic particles, and also can be tuned to release its energy in an array of wavelengths along the electromagnetic spectrum. This allows processing of materials, not only by heat, but, for example, by microwaves or X-rays. A highly-energetic fusion-plasma system will revolutionize space propulsion, whether to send probes to the outer reaches of the Solar System, or to direct energy to disable, destruct, or deflect asteroids and comets that threaten the Earth.

With fusion enabling the industrial development of the Moon and the technologies to explore beyond the Moon, mankind will expand dominion over nature to the entire Solar System.

## Why Helium-3?

The fusion experiments being carried out and planned around the world use primarily deuterium and tritium—both isotopes of hydrogen—to create the controlled fusion reaction. This is the easiest fusion reaction to attain, in terms of the temperature of the plasma and the strength of the magnetic field needed to confine it. But there are drawbacks to this approach.

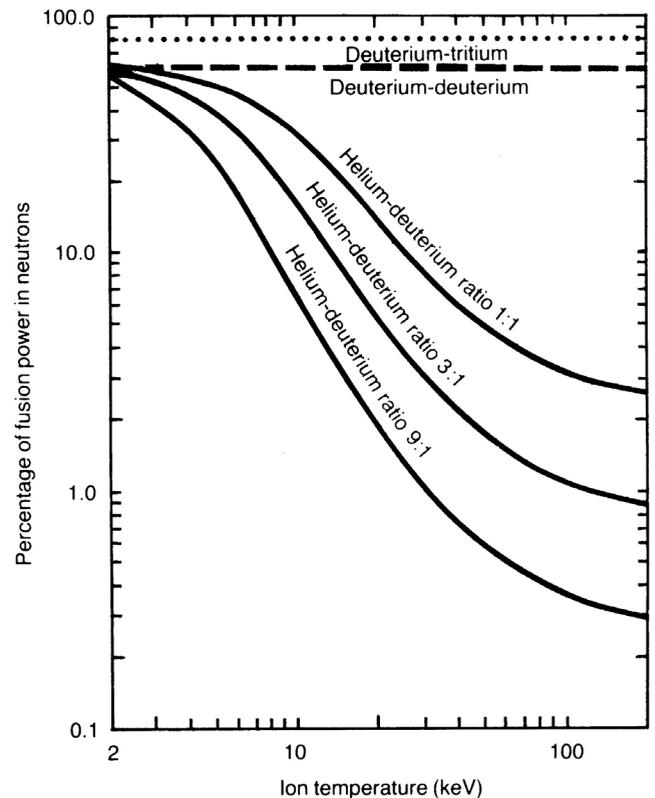
One, is that about 80% of the energy from the deuterium-tritium (D-T) fusion reaction is in the forms of neutrons (**Figure 1**). These cannot be controlled or directed away from the walls of the inside of the fusion machine through the use of magnetic fields. The energy from fusion is extracted from the neutral particles in the form of heat, by slowing them down. These collisions present serious challenges to the materials placed between the neutrons and the lining of the wall of the reactor, which will come into contact with the neutrons. It also means that the only way to use the energy is to degrade it to a temperature low enough to boil water, to turn steam turbines, to produce electricity. Much of the energy-dense fusion reaction is wasted in this process.

In the D-He-3 reaction, upwards of 90% of the energy produced in the fusion reaction is in the form of charged particles, rather than neutrons. This has a number of advantages. From the materials standpoint, the high-temperature fusion products can be directed away from the walls of the reactor by magnetic fields, simplifying the engineering. From the standpoint of efficiency, it is not necessary to use heat to boil water, because the plasma products from fusion can be separated by charge, using magnetohydrodynamic or electrostatic direct conversion, and produce electricity directly. The efficiency of conversion from fusion energy to electricity would be more than double what is possible with the 19th-Century technology of steam turbines.

In space, the stream of highly energetic charged particles from a D-He-3 reactor can be directed with magnetic fields to exit the back of the rocket for propulsion, and can provide efficient on-board power for the spacecraft. The higher efficiency of plasma propulsion translates into trips to the planets, such as Mars, in a matter of days, rather than months or years.

Eliminating the use of slightly radioactive tritium in the fusion process, by using deuterium and helium-3 for fuel, also has the benefit of simplifying the engineering to meet radiation standards. Moreover, tritium is not an abundant, naturally occurring isotope of hydrogen on Earth, because of its short half-life of 12.3 years. For

FIGURE 1  
**Neutron Output Using Helium-3 and Deuterium Fusion Fuel**



Source: NASA Lunar Helium-3 Fusion Power workshop, April 1988

*A major advantage of burning deuterium and helium-3 as fusion fuel is the reduction of the percentage of fusion energy in the form of neutrons. Three helium-3 and deuterium fuel mixtures are compared to deuterium-tritium and deuterium-deuterium (at 50% tritium burnup). Using a fuel with a 9:1 ratio of helium-3 to deuterium results in a small neutron flux, thus allowing for simple plant design and the direct conversion of the fusion energy to electricity and coherent energy.*

D-T fusion, the tritium would have to be bred from lithium, in a blanket surrounding the inside of the fusion reactor, which is a complication that would be eliminated with D-He-3 fusion.

Various approaches have been proposed to meet the challenges of the more demanding temperature and magnetic-field requirements for the D-helium-3 fusion reaction, as compared to D-T fusion. It has been suggested that the fuel be polarized, to increase the reactivity of the plasma, and lessen the constraints on the helium-3 fusion process. Other approaches to fusion, and different geometrical configurations and designs for experiments, have also been proposed.

For initial experiments that should be done in both existing and new fusion devices, the small cache of He-3 on Earth can suffice. There is some helium-3 created as a natural decay product of tritium, which is used in the production of thermonuclear weapons. There is a small amount of helium-3 that can be extracted as a by-product of natural gas production. This could supply the near-term research, in order to move the research forward.

But to supply the Earth with fusion power for centuries, we have to return to the Moon.

### Why the Moon?

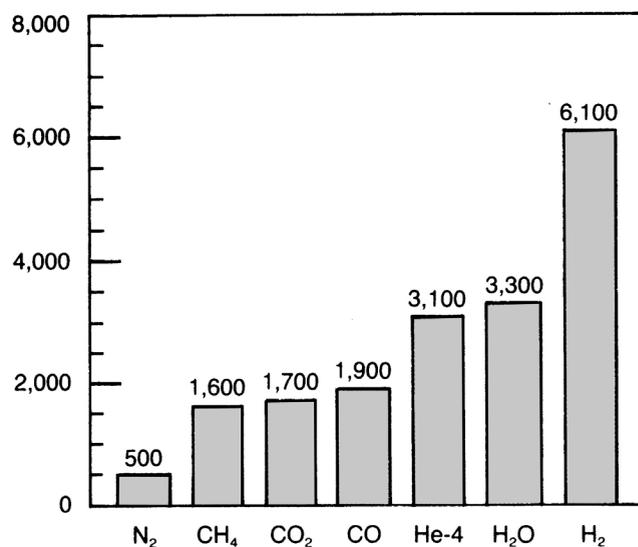
The Earth's magnetic field and atmosphere have destroyed the helium-3 that would have been deposited here from the solar wind, whereas estimates are that there are more than 1 million tons on the Moon.

These are not in concentrations, such as bodies of ore that are found on our planet, but embedded in the upper layers of the lunar regolith. Concentrations are estimated to vary from zero to 300 parts per million. Dr. Gerald Kulcinski and the team of scientists at the Fusion Technology Institute at the University of Wisconsin, have done extensive research on D-helium-3 fusion since the mid-1980s. At that time, dramatic progress had been made in fusion experiments at laboratories in the U.S. and abroad.<sup>1</sup> This success indicated that meeting the more demanding challenges of moving to advanced fusion fuels was a possibility.

To mine the Moon, they suggest that the top 30 centimeters of lunar soil would be scooped up by an automated rover, and heated to 6,000°C. This would vaporize the material, so the helium-3 could be extracted. To produce 1 kilogram of helium-3, they estimated that about 100,000 tons of soil would have to be processed. Having done their calculations when the United States was still flying the Space Shuttle, and using what is still a valuable heuristic device, the University of Wisconsin group estimated that one Shuttle payload bay full of helium-3, could produce as much electricity through fusion as the entire amount consumed in the United States in 1985 (**Figure 2**). This would require mining an area the size of Washington, D.C. A cornucopia of other valuable materials—such as oxygen, nitrogen, and carbon monoxide and dioxide—will be produced in the course of recovering the helium-3.

1. For more on this, see Marsha Freeman, "Mining helium-3 on the Moon for unlimited energy," *EIR*, July 31, 1987.

FIGURE 2  
**By-Products of Lunar Helium-3 Mining**



Source: NASA Lunar Energy Enterprise Case Study Task Force Report, July 1989  
*The tons of gases released from the mining and processing of lunar soil for helium-3 can be exported to be used by spacecraft and other facilities in space. The amounts given are metric tons per metric ton of helium-3 recovered.*

The Wisconsin team calculated that if the entire surface of the Moon were mined, and all of the helium-3 were used for fusion fuel on Earth, it could meet world energy demand for over 1,000 years. Of course, it will not be necessary to mine the entire Moon, because there are supplies of helium-3 throughout the Solar System. The giant gas planets in the outer Solar System are estimated to be composed mainly of hydrogen, but with estimates that as much as 25% of the weight of Jupiter and Saturn is helium. There is helium-3 deposited by the solar wind, not only on the Moon, but the other inner, solid planets, and on asteroids and other space travelers.

And before there could be any possibility of running out of helium-3, more advanced technologies, such as matter/anti-matter reactions, will have already been developed.

The most important thing that the Chinese space and fusion programs are providing to world civilization now is optimism. The late space visionary Krafft Ehrlicke advised that the Moon should become the seventh continent of the Earth, to supply the materials and manufacturing capabilities of an open world. This is the path the Chinese have chosen.

THE CHOICE IS CLEAR

## It's Glass-Steagall Now, Or Let the Bankers Rule

by Nancy Spannaus

Jan. 20—In his second Inaugural Address, given this day 77 years ago, President Franklin Roosevelt celebrated the accomplishments of his first term in office, and the tasks yet to be achieved, while highlighting his own commitment to continuing the principles set forth in the U.S. Constitution, whose 150th anniversary the nation celebrated that year. One of the accomplishments he described was as follows:

“In fact, we have begun to bring private autocratic powers into their proper subordination to the public’s government. The legend that they were invincible—above and beyond the processes of a democracy—has been shattered. They have been challenged and beaten. . . . We are beginning to abandon our tolerance of the abuse of power by those who betray for profit the elementary decencies of life. . . .”

What FDR was referring to was clear to the American people at the time, specifically the measures taken in the Banking Act (March 1933), the Glass-Steagall Act (June 1933), and the Securities and Exchange Commission Act (1934)—all of which put the brakes on the rampant theft and abuse of average American citizens by a banking cartel gone wild. Beginning with his first Inaugural speech, FDR had blasted the “rulers of the exchange of mankind’s goods” and “unscrupulous money changers” for their “mad chase of evanescent profits” and deprivations against the ordinary people of the country. He had taken them on, and, for the moment, won.

Today, under British puppet Barack Obama, as with

George W. Bush before him—and effectively since the death of President Kennedy—those “unscrupulous money changers” of Wall Street and the City of London have had virtually free rein to carry out the same abuses FDR condemned, for which the repeal of Glass-Steagall in 1999 was a turning point. Yet Congress has still failed to act to assert the general welfare over these private interests, instead allowing the banking institutions to accelerate their looting, even as they come ever closer to the next crash. The question becomes more urgent by the day: When will Congress oust puppet Obama, and reinstitute Glass-Steagall?

### **Commodities, for Example**

While substantial numbers of Congressmen and Senators have signed on to the Glass-Steagall bills in Congress (see below), no hearings on the bills have been called. But there has been considerable pressure building about various outrageous abuses, including the involvement of banks in taking over larger and larger swaths of commodities and commodity trading, with the result of inflating prices on essentials such as energy, cotton, and food. A hearing was held on Jan. 15, dedicated to the question of banks’ involvement in the physical commodities and production infrastructure.

On the eve of Sen. Sherrod Brown’s (D-Ohio) Banking subcommittee hearing on this subject, the Federal Reserve made a “surprise” announcement that it was reviewing its decisions of a decade ago to let banks own

physical commodities and infrastructure. This announcement came along with 24 questions for public comment, which, according to Bloomberg, were phrased in such a way that it was clear that the Fed would do *nothing* to curb this abuse.

The Fed's witness at the hearing, Michael Gibson, did nothing to dispel this conclusion.

Senator Brown opened the hearing by saying, "For years, U.S. banking laws drew sharp lines between banking and commerce, and respected this separation. In 1999, Congress weakened those lines"—a clear reference to the Glass-Steagall Act, whose re-establishment he has not yet sponsored.

The Fed's Gibson then opened his testimony by claiming that "before Gramm-Leach Bliley" (getting rather close, himself, to naming the Glass-Steagall Act, which that bill almost entirely repealed), banks were allowed some commodity dealings. Those were, he said, owning certain metals so closely related to their business as to be incident to it (gold and silver—no surprise there), and "engaging as principals in derivatives contracts" based on commodities.

In fact, Gramm-Leach-Bliley included a grandfather clause that gave Goldman Sachs and Morgan Stanley even wider latitude to deal with commodities than other banks—and the rules were loosened further over subsequent years.

Gibson's line was based on a riff which the American Bankers Association and regulators, led by Alan Greenspan, have been selling Congress since 1989-90: that derivatives are not securities. Many in Congress believe this, even though bank bond-trading desks and derivatives salesmen have always known perfectly well that they were selling securities, and some have explained this in books.

Once again it was Sen. Elizabeth Warren (D-Mass.) who brought clarity to the issue. She asked Gibson a simple question: If Glass-Steagall were restored, as by the act she had sponsored with other Senators, would the Federal Reserve be analyzing each case of each commodity and each financial institution, and making determinations to allow or not allow ownership of each one? Gibson's eventual answer was no, since this would then be an area of impermissible bank activity.

## **Banning Theft**

In fact, all four of the Glass-Steagall bills before Congress—H.R. 129 and H.R. 3711 in the House and S. 1282 and S. 985 in the Senate—would ban the kind

of speculation in commodities that the Fed has enabled. They would effectively prohibit other kinds of theft as well, including the murderous interest-rate swaps by which the banks are looting cities, states, and hospitals around the country. Wall Street's grip on the financial system would be broken, creating the opportunity, and necessity, for the new Constitutional credit system for real economic growth which the nation so desperately needs.

On Jan. 15, eight Congressmen added their names as sponsors to H.R. 3711, the "21st Century Glass-Steagall Act of 2103," bringing the total signers to ten. H.R. 3711 is the companion bill to the Senate 21st Century Glass-Steagall bill, S. 1282, which was introduced by Senators Warren, Angus King (I-Me.), John McCain (R-Ariz.), and Maria Cantwell (D-Wash.) in July of last year.

Senator Warren's bill, which has become a focal point of discussion and attack by Wall Street over the past six months, also has a total of ten sponsors.

Congressmen John Tierney (D-Mass.) and Walter Jones (R-N.C.), are both signers on H.R. 129, the "Return to Prudent Banking Act," introduced by Rep. Marcy Kaptur (D-Ohio) in early 2013. Kaptur's bill, which also has a companion bill in the Senate (S. 985, sponsored by Tom Harkin [D-Iowa.]), currently has a total of 78 co-sponsors, including both Tierney and Jones.

The new signers on H.R. 3711 are all Democrats: Michael Capuano (Mass.), Elijah Cummings (Md.), Suzan Delbene (Wash.), Barbara Lee (Calif.), James McGovern (Mass.), George Miller (Calif.), Eleanor Holmes-Norton (D.C.), and Jan Schakowsky (Ill.). All but Delbene are also sponsoring H.R. 129.

Crucial to getting Congress to move will be the mobilization of citizens. In 2013, four states—South Dakota, Maine, Indiana, and Alabama passed memorials in one or both houses. Six state memorials, introduced in 2013, are still live: California, Illinois, Michigan, Minnesota, New York, and Pennsylvania; and new memorials have been reintroduced into the Senates of Virginia (S. 22) and Washington State (S.J.M. 8012). The Washington State resolution has 17 sponsors, 13 more than the one submitted in 2013.

Calls for Glass-Steagall, including its reinstatement in the United States, are also continuing to come from Western Europe, from local governmental bodies as well as individuals (see *EIR*, Jan. 3, 2013).

# House Select Committee Needed for Truth About Benghazi Attack

by William Wertz

Jan. 16—The Democratic-controlled Senate Select Intelligence Committee, chaired by Dianne Feinstein (Calif.), yesterday released its report on the attack on the American mission and CIA annex in Benghazi, Libya, of Sept. 11, 2012. The Democratic majority, in its views appended the end report, not surprisingly exonerates President Barack Obama of any responsibility for the attack and for his attempted cover-up of the fact that it was carried out by the al-Qaeda-affiliated Libyan Islamic Fighting Group (LIFG), his allies in the overthrow of Libyan leader Qaddafi. The additional views of Committee Vice Chairman Saxby Chambliss (R-Ga.), on the other hand, document the Obama Administration's continuing obstruction of the investigation.

In response to the release of the report, Rep. Frank Wolf (R-Va.) issued a statement pointing out that “the report ... fails to even broach the subject of just what the CIA was doing in Benghazi,” and renewed his call for the creation of a House Select Committee: “We are never going to get all the answers to what happened that night until there is a House Select Committee that can reach across jurisdictional boundaries, compel testimony and documents that the administration continues to withhold from the Congress, and protect those who may want to testify about the events of that evening.”

On Jan. 14, two additional Congressmen signed on as co-sponsors to Wolf's H. Res. 36, which calls for a House Select Committee. There are now 180 co-sponsors, and yet the House Republican leadership under Speaker John Boehner (Ohio) has refused to allow the measure to come to the floor for a vote, thus protecting Obama.

## The Senate Report

Although the Senate report includes some useful new intelligence, it fails to address the most important issues:

1. The policy of Obama in allying with the al-Qaeda-affiliated LIFG, in the Administration's illegal war to overthrow Qaddafi;

2. The purpose of the CIA annex in Benghazi;

3. The issue of illegal gunrunning both to Libya during the war, and from Libya to Syria after the war, with the complicity of the Obama Administration, both in violation of the UN arms embargo;

4. The fact that the head of al-Qaeda, Ayman al-Zawahiri, issued a video on Sept. 10, 2012, calling for revenge for the death of Abu Yahya al-Libi, who was killed in Pakistan by a U.S. drone. (Did anyone ask the NSA or the CIA if they were aware of this video?)

5. The report in a hacked e-mail from journalist Sidney Blumenthal to Secretary of State Hillary Clinton on Feb. 16, 2013, that French, Algerian, and Libyan intelligence had information indicating that the attack was funded by wealthy Sunni Islamists from Saudi Arabia.

While failing to address any of these substantive issues, among the important intelligence nevertheless revealed in the report is the following:

1. A July 6, 2012 CIA report stated: “This year, Muhammad Jaymal's Egypt-based network, al-Qaeda in the Arabian Peninsula (AQAP), and al-Qaeda in the Lands of the Islamic Maghreb (AQIM) have conducted training, built communication networks, and facilitated extremist travel across North Africa from their safe haven in parts of Eastern Libya.”

2. An Aug. 15, 2012 cable reported that a CIA officer “briefed the EAC [Emergency Action Committee] on the location of approximately ten Islamist militias and AQ training camps within Benghazi.”

3. “Individuals affiliated with terrorist groups, including AQIM and the Mohammad Jamal Network, participated in the Sept. 11, 2012 attacks.”

4. “Although it did not reach the U.S. Intelligence Community until after the attacks, it is important to note that a former Transitional National Council (TNC) security official in Benghazi had received information of a possible imminent attack against the Mission facility in advance. The official said that approximately four hours prior to the attack, he attempted to notify the Libyan Intelligence Service (LIS) that an attack was expected, but he was unable to reach two contacts he had in the LIS as they were out of the country.”

5. "According to U.S. AFRICOM, neither the commander nor its Commander were aware of an annex in Benghazi, Libya. However, it is the Committee's understanding that other DOD personnel were aware of the Benghazi Annex."

### 'Additional Views'

The report is accompanied by three "Additional Views," those of the Democratic Majority; those of Vice Chairman Chambliss and Republican Senators Richard Burr (N.C.), James Risch (Idaho), Dan Coats (Ind.), Marco Rubio (Fla.), and Tom Coburn (Okla.); and, finally, those of Sen. Susan Collins (R-Me.).

The "Additional Views" of Chambliss et al. are the most significant, because they underscore the need for a Select Committee, without making that argument explicitly.

They stress that "important questions remain unanswered as a direct result of the Obama Administration's failure to provide the Committee with access to necessary documents and witnesses." They argue that the "Administration's lack of cooperation is directly contrary to its statutory obligation," and point out that the committee under Feinstein never held a vote to exercise

its subpoena power to end this "obstruction." They also point to the fact that the Administration has "made repeated and spurious claims of the 'executive' and 'deliberative process' privileges, serving to deny information to the Committee."

While Feinstein et al. argue that the reference to al-Qaeda in the talking points given to Administration spokesmen immediately after the Benghazi attack was "included in early drafts of the talking points [but] was removed by CIA staff, not by the White House," Chambliss et al. correctly point out an e-mail from then-CIA Director David Petraeus on Sept. 15, 2012, in which he stated that the final content of the talking points was the National Security staff's "call, to be sure."

Chambliss et al. state in this respect that "we believe the role of the White House must be fully explored. As we write these Additional Views, we are still without a full understanding of the substance of the Deputies Committee meeting that resulted in the final changes to the talking points, and we have yet to receive a clear explanation of the specific interactions among the President, the Secretary of Defense, and the Secretary of State on the night of the attacks."

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### *Closing in on Saudi Terror*

Momentum is building to expose, and close down, the Anglo-Saudi terror apparatus, which carried out the mass-murderous 9/11 attack on the United States, and is now spreading brutal religious war and terror throughout huge sections of the world. It is urgent this be done now to prevent further catastrophes—and perhaps World War III.

Here in the United States, the fight centers on declassifying the crucial 28 pages from the official Congressional Inquiry on 9/11, which are reliably reported to contain damning information about how the Saudis, and specifically the then-Ambassador to the U.S. Prince Bandar bin Sultan, funded and set up the hijackers to carry out the terror attacks. Former Sen. Bob Graham (D-Fla.), who co-chaired that Inquiry, has waged a dogged fight on this issue, but has been thwarted by the perfidy of both President George W. Bush, and now Barack Obama, both of whom have been fully committed to the cover-up.

Ever since our 2007 “Scandal of the Century” exposé of the British/Saudi genesis of 9/11, *EIR* and the LaRouche movement have been campaigning for the release of the evidence to expose this network. Over the course of 2013, we escalated with the Congress, and on Dec. 3, 2013 Reps. Walter Jones (R-N.C.) and Stephen Lynch (D-Mass.) introduced H.R. 428, demanding that President Obama declassify the pages.

It should be clear that the release of this evidence of Saudi involvement is not just a matter of the historical record. Up to the present day, the Saudi kingdom is acting as a cat’s paw for the British Empire in fomenting deadly terrorism through wide sections of Southwest Asia, and especially Syria. In December, this apparatus struck at one of the Empire’s main targets, Russia, with the bomb-

ings in Volgograd. This is nothing less than irregular warfare by the Empire against Russia—and the Russians know it.

Over the past week, *EIR* has received credible intelligence reports that the Russians have identified the Saudis as sponsors of the terror teams which carried out the Volgograd and other attacks. In addition, on Jan. 14 the *Tehran Times* reported on a briefing book provided to foreign diplomats in Baghdad by Iraq’s Prime Minister Nouri al-Maliki, also detailing Saudi funding and other support for the al-Qaeda terrorists behind the wave of asymmetric warfare in Anbar province near the Syrian border.

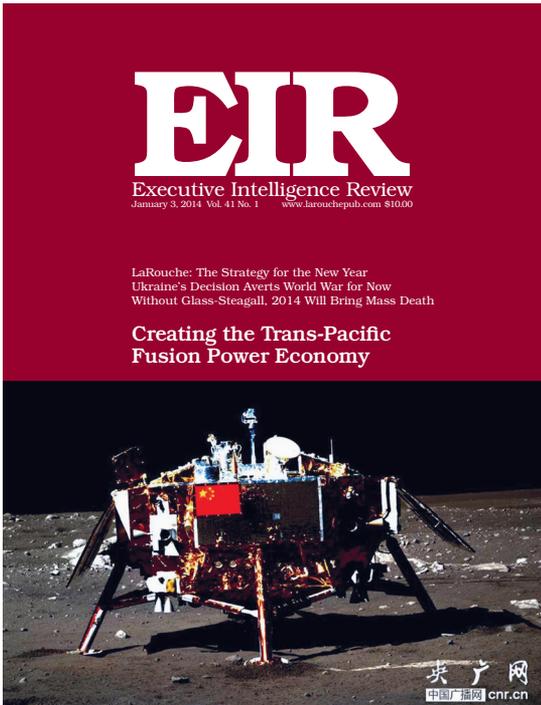
A senior U.S. intelligence official reported to *EIR* that both the Russian and Iraqi reports are accurate, adding that U.S. intelligence has photographic and biographic evidence that “retired” Saudi military officers are working on the ground with hardcore al-Qaeda groups inside the Syrian insurgency, including both the al-Nusra Front and the Islamic State of Iraq and Syria (ISIS). The source emphasized that during this week’s Geneva meeting among U.S. Secretary of State Kerry, Russian Foreign Minister Lavrov, and UN Special Envoy Brahimi, the issue of counter-terrorism cooperation was a top priority for discussion at the Jan. 22 Geneva II conference.

It is intolerable for the U.S. government to sit on the evidence of Saudi sponsorship of 9/11/2001 any longer. Release of the 28 pages would make it clear that the U.S. and Russia, among other nations, have a common interest against the Saudis and their British sponsors, and that terrorism *can* be stopped. That will mean getting rid of Obama, and the Bush relics—a task already long overdue.

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