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LaRouche: Obama's Impeachment Is a Strategic Priority  
U.S. Suicidal War on New Chinese Infrastructure Bank  
The Empire's Cold War vs. the U.S.-Russia Alliance

## Vulture Fund Greed Backfires, As Nations Support Argentina





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# EIR

## From the Editors

**T**he British financial empire is in big trouble, and that means big trouble for mankind, unless emergency action is taken to put that bankrupt behemoth out of action. In this issue of *EIR*, we feature in-depth profiles of two of the leading flanks available for achieving that urgent objective, in this crucial month of July.

The first is the fight of the so-called vulture funds, backed by the U.S. government and Wall Street, against Argentina (*Economics Cover Story*). This showdown has profound implications for the whole financial system, as, in effect, the Wall Street/London crowd is demanding the overturning of national sovereignty itself, in its desperate grasp for loot and power. *EIR* has the inside track on this battle, which goes back to the Argentine debt crisis of the early 1980s, and today includes the potential for the emergence of a new global financial architecture erected around the Eurasian coalition of nations, led by Russia and China. It is a battle that can be won, with the ideas *EIR* and the LaRouche movement have put on the table. We have first-hand reporting on the events.

The Eurasian initiative goes far beyond the Argentine fight, of course, as our strategic lead describes. It represents a conscious flank against the war drive globally, and in hotspots such as the Korean Peninsula.

How the Eurasian initiative is essential to the United States is laid out in our article on the Asian International Investment Bank. As in the case of the Argentine debt fight, the ideas of Alexander Hamilton are crucial to success (*National*).

The second flank we feature is the fight around the long overdue impeachment of Barack Obama, who, as a tool of the British Empire, today represents the biggest threat to the future of mankind (*Feature*). As long as British imperial policy controls the U.S. Presidency through Obama, we are headed for a thermonuclear war. Our coverage features our interview with law professor Francis Boyle on the immediate prospects for impeachment, as well as a picture of the motion in Congress toward this end.

In addition to our strategic overview, we publish two background features. The first is a report on *EIR*'s Lawrence Freeman's trip to Sudan, in which he details how the U.S.'s favorite weapon, sanctions, are destroying that potential breadbasket (*International*). The other addresses the source of the brainwashing of the American population, and Congress, against Russia—the British! Stuart Rosenblatt quotes from MI6 memos and other documentation that should open your eyes (*History*).

## Cover This Week

*Left to right: OAS Secretary General José Miguel Insulza, El Salvadorean Foreign Minister Hugo Martínez, Argentine Foreign Minister Héctor Timerman, and Argentine Economics Minister Axel Kicillof at the OAS meeting in Washington, D.C., July 3, 2014.*



OAS/Juan Manuel Herrera

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Once it was clear, no later than mid-1943, that the Allied effort would defeat the Nazis, the British began a massive redeployment of their intelligence and propaganda capabilities to target the Soviet Union. Their aim was to rupture the U.S.-Russia alliance, and recruit the United States as a military and political collaborator in an immediate post-war attack on the Soviet Union, including the use of the new atomic bomb. Part 1 of a two-part series, by Stuart Rosenblatt.

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THERE IS A LIMIT TO THE TYRANTS' POWER

## Vulture Fund Greed Backfires, As OAS Supports Argentina

by Helga Zepp-LaRouche

July 5—The unbelievable scandal around the attempt of the United States to enforce the lunatic demands of Paul Singer's vulture fund NML Capital against Argentina—with a profit-rate of 1,608% (!) in only six years—is the proverbial last drop that brings the barrel to overflowing. Unlike those many thousands of times in the past, when the mega-speculators have wrought suffering and death upon millions of people, and gotten away unpunished, this time the U.S. administration, the Supreme Court, and the aforementioned vulture fund have been hit with an obviously unexpected, implacable resistance. All of Central and South America are standing unified behind Argentina, and are saying “No!”

With tremendous audacity, the vulture fund, with the help of the American courts, is trying to collect the perverse demand for a profit of 1,608%—for junk bonds which it had purchased in 2008, three years after Argentina's sovereign debt restructuring, for \$48 million, and for which it now wants to be paid at the full nominal value of over \$833 million. This would nullify the successful restructuring of the debt by 93% of the remaining creditors and throw Argentina once again into bankruptcy. The vulture fund's bid highlights the character of the system of globalization, which is nothing more than a gigantic Madoff swindle, a fraudulent Ponzi pyramid scheme, and nothing would be more absurd than to dignify the claims of the hedge fund. One might as well agree to a not-guilty verdict for a

person who kills his parents, just because he pleads that he is an orphan.

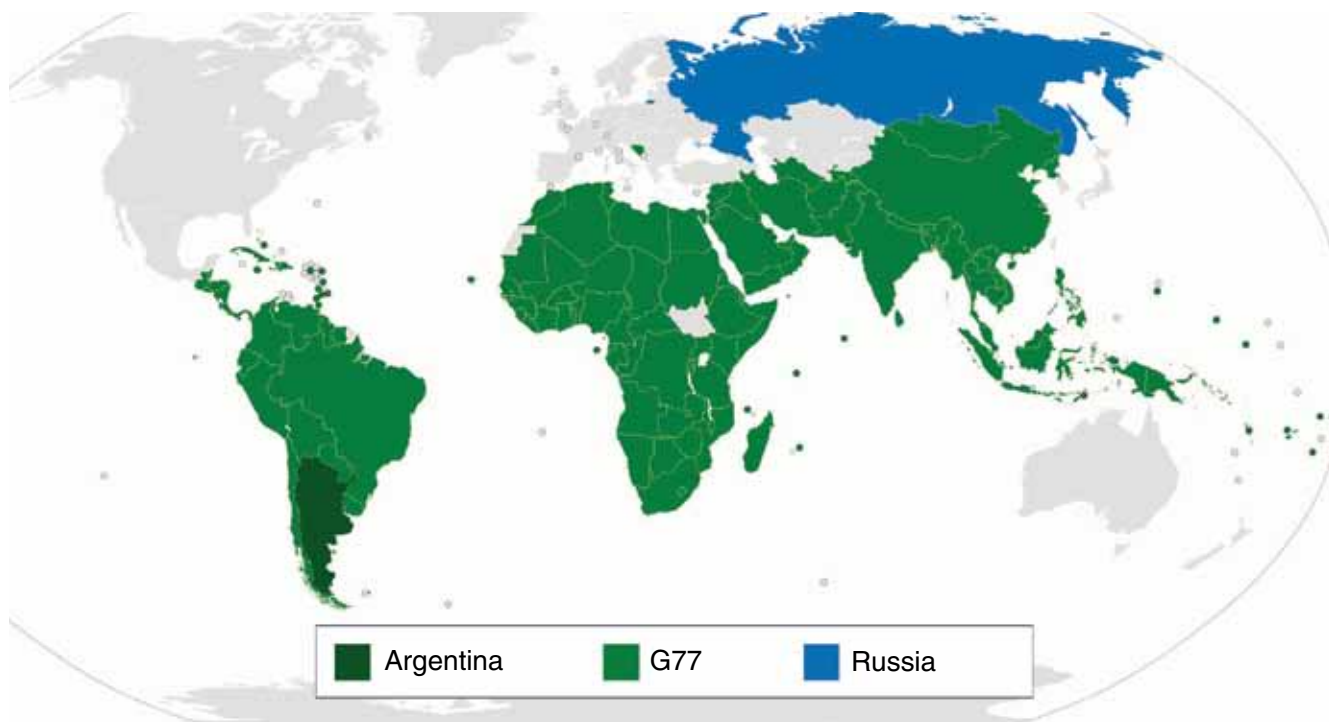
### OAS Foreign Ministers Rally

The chorus of Latin American foreign ministers, which rallied in full solidarity behind Argentina at the emergency summit of the Organization of American States (OAS), was the opening chord of a new composition of a different world financial and economic order, which has to emerge right now. The acting Foreign Minister of Guyana, Robeson Benn, hit the nail on the head, when he challenged his colleagues to appeal to the American Congress with the demand that they reinstate the Glass-Steagall two-tier banking system, without whose repeal such excesses never could have happened. The vulture funds and their “modern piracy” must be stopped with effective re-regulation of the banking system, he said. These funds have destroyed the well-being and desired progress of all countries with their actions, as you can see now with the example of Argentina. Therefore there is a “moral responsibility of all stakeholders, including the American people and their government, to ensure that countries such as Argentina, which has made significant strides in improving their debt situation, do not have to adopt measures that threaten the progress that has been achieved.

“I would like to pose the question, perhaps, as to whether we should not, out of this imbroglio, re-look at the overall question of the repeal of the Glass-Steagall



FIGURE 1

**Support for Argentina vs. the Hedge Funds**

Original by: KYAT02

Act in 1999 in the United States, which related to the activity of the banking system, the international financial institutions, mainly resident in the United States and in the United Kingdom. President [Franklin] Roosevelt, of the United States of America, established a banking act, signed off on the Banking Act of 1933, which set up firewalls between the activities of the banks, and on the questions of speculation in the financial system. There is, perhaps, the need now to take a look at putting back in place important sections of the Glass-Steagall Act which was repealed in 1999,” Benn explained.

After Wall Street has employed a host of lobbyists and spent hundreds of millions of dollars in bribes, PR campaigns, and so forth, to stop the reenactment of Glass-Steagall, the genie is now again out of the bottle, and this time for good. Practically all of the foreign ministers of the OAS, minus those of the U.S. and Canada, naturally, emphatically made the argument that the interests of the murderous speculators should not be placed ahead of the interests of human life. The basic assertion of Pope Francis, which he presented in his Apostolic Letter *Evangelii Gaudium*—that the current world financial system is one that kills—stood plainly before them. Its name was NML Capital.

Venezuelan Foreign Minister Elías Jaua described in detail the exploitation carried out by such murderous vulture funds in Africa, which has led to the death of millions of people. He described how, for example, Paul Singer’s Elliott Management, the owner of NML Capital, which is suing Argentina, likewise sued Congo Brazzaville for \$400 million, a debt which they had bought for \$10 million.

“How many lives could be saved with \$400 million?” he asked. “How many people could eat with that sum of money?” He went on to list how many doses of anti-malaria, pediatric hepatitis A, oral polio, and pediatric pneumonia vaccines could be purchased with \$400 million. He listed how many tons of powdered milk, rice, or beef might also be purchased with that amount “to feed the people of the world. . . . \$400 million would make a huge difference in world efforts to put an end to hunger. Who thinks they have the right to deprive people of the right to food, health, integral development—to life itself?” That is indeed the heart of the matter. NML today has over \$30 billion at its disposal, although it had been founded with only \$1 million.

Argentine Foreign Minister Héctor Timerman declared that Argentina would not be alone at the next



OAS/Juan Manuel Herrera

*Foreign Ministers of the Organization of American States stand in ovation at their meeting in Washington, D.C., July 3, 2014. All except the U.S. and Canada voted in favor of a resolution supporting Argentina's efforts to reach "fair, equitable and legal arrangements with 100% of its creditors."*

meeting with the so-called "Special Master" appointed by Judge Thomas Griesa, who is supposed to preside over negotiations on the debt. "Not only will we be accompanied by all of you, but also by the faces, and the ghosts, of all the victims of the vulture funds—and the countries that protect them" (emphasis added). In the words of Timmerman resonated a higher law, natural law, to which Friedrich Schiller, in his poem "The Cranes of Ibykus" had given expression so powerfully, with the entrance of the chorus of the Erinyes, describing the fate of the murderer:

"Thus we pursue him, tiring never,  
Our wrath repentance cannot quell.  
On to the shadows and even there  
We leave him not in peace to dwell. . . ."

### **On the BRICS Agenda: Global Cooperation**

The story of Argentina will not end with the meeting on July 7 with the "Special Master" in New York. On July 15 there will be a meeting in Brazil of the five BRICS states (Brazil, Russia, India, China, and South Africa) with the heads of state of the CELAC states (Ecuador, Costa Rica, Cuba, and Caricom), a meeting which, according to Chinese Ambassador to Brazil Li Jinzhang, will initiate a new phase of Chinese-Latin American cooperation.

On July 15-16 the meeting of the BRICS heads of state will occur in Fortaleza and Brasilia, in which the

heads of state of all the Latin American countries will also participate. On the agenda will be, among other things, the deepening of cooperation and formalization of the relationship between the Eurasian Economic Union and the Customs Union, on one side, and Mercosur (the South American Common Market) on the other. In addition, Presidents Vladimir Putin and Xi Jinping will have numerous bilateral meetings. Putin will have a state visit to Argentina before, Xi immediately after the BRICS meeting. Many agreements are expected to be signed, for example, for a BRICS Development Bank and a foreign exchange reserve pool.

Already in the run-up to the summit, several trade and cooperation agreements have been reached, which will no longer be transacted in dollars, but in national currencies. One can assume from that, that the question of a new financial system and a just new world economic order will be on the agenda at all these meetings.

The contrast between the geometry of the trans-Atlantic sector and the Eurasian-Pacific sector couldn't be clearer. The region that is dominated by the British Empire—and therefore by London, Wall Street, NATO, and the EU—has not much more to offer than military confrontation against Russia and China, and the dictatorship of brutal austerity to the benefit of the bankers and murderous vulture funds. Russia, China, India, and Brazil have come together into a new alliance of sovereign Eurasian and Latin American states, which are cooperating in their common economic, political, and cultural interests, and a common perspective for a better future holds them all together.

It is in the interest of all states on this planet, including Germany and the United States itself—bearing in mind the commitments of the American Revolution and Constitution—to collaborate around this idea of the future, and to break the tyrannical power of the British Empire once and for all.

*Translated from German by Nancy Spannaus*



## We Need To Re-Look At Glass-Steagall

July 3—The Minister of Transport and Water Works of Guyana, Robeson Benn, speaking in his capacity as Acting Foreign Minister at the Meeting of Consultation of Ministers of Foreign Affairs of the Organization of American States (OAS) in Washington, D.C., today, called for a broad discussion across the Americas on Franklin Roosevelt's 1933 Glass-Steagall law, and urging American legislators to reinstate the bill, since its revocation in 1999 had built up the usurious speculative system which today is trying to destroy Argentina, along with many other countries.

Benn invoked the idea presented by former Malaysian Prime Minister Mahathir, that "the international financial system and policy should revolve around the issue of not begging your neighbor, but prospering your neighbor." He continued:

"I would like to pose the question, perhaps, as to whether we should not, out of this imbroglio, re-look at the overall question of the repeal of the Glass-Steagall Act in 1999 in the United States, which related to the activity of the banking system, the international financial institutions, mainly resident in the United States and in the United Kingdom. President Roosevelt, of the United States of America, established a banking act, signed off on the Banking Act of 1933, which set up firewalls between the activities of the banks, and on the questions of speculation in the financial system. There is, perhaps, the need now to take a look at putting back in place important sections of the Glass-Steagall Act which was repealed in 1999."

"And," Benn continued, "we know the devastation, the dislocations in the United States economy in 2008, had even more devastating, dislocating effects in the world financial system. So we need to perhaps review the question, or call upon U.S. legislators to pursue efforts to put back in place the type of regulation in the banking

system which would prevent culture funds, which would prevent this response whereby there is this form which I call 'modern-day piracy,' modern-day piracy which has serious implications for the world economy and, particularly now, in the case of Argentina, a very significant country in Latin America, severe implications for its economy and which would create a cascading effect in Latin America, and Central America, and elsewhere."

Benn concluded: "Guyana stands in solidarity with Argentina in rejecting and condemning the actions of culture funds that put in jeopardy progress made by these countries.... The dilemma of the Argentine people and government resonates with all developing countries. It is the moral responsibility of all stakeholders, including the American people and their government, to ensure that countries such as Argentina, which has made significant strides in improving their debt situation, [not have to adopt measures] which threaten the progress that has been achieved."



OAS/Maria Patricia Leiva

*Acting Foreign Minister of Guyana Robeson Benn: The best solution to "modern-day piracy" is for the U.S. to re-instate the Glass-Steagall Law.*

## Foreign Debt Doesn't Promote Development

June 26—Argentine Finance Minister Axel Kicillof, addressing ambassadors from the 134-nation G77+China grouping at the UN on June 25, gave a hard-hitting, detailed presentation on how the foreign debt historically has been used to loot Argentina, starting with the usurious £1 million loan from the British Empire's Baring Bank in 1824, which, he said, could well serve as a "parable of the foreign debt of emerging countries such as ours."

The Baring Bank loan was a fraud, he said. It was supposed to go for port development. Instead, Argentina received only £570,000, no ports were built, the government defaulted on the loan, and eventually ended up paying a total of £4 million—for nothing. "Never has the foreign debt in Argentina been used for development," Kicillof said—a statement which earned his speech the label of "defiant" from the Associated Press. In fact, his remarks cry out for the solutions Lyndon LaRouche has elaborated, in the form of reinstating the Glass-Steagall law in the United States and Hamiltonian credit systems worldwide.

Using charts and graphs, Kicillof demonstrated in detail, with the example of the "bloody military dictatorship" imposed in Argentina in 1976, the mechanism by which foreign bankers and multilateral lending organizations plunged the country into the "perverse dynamic" that forced it to take on more and more debt—not to finance development, but to keep "paying an unpayable debt ... leaving our people with nothing except more debt on their backs." This looting process, he said, is what finally led to the explosion and default of 2001.

### 'They Won't Let Us Pay'

The Finance Minister demonstrated the insanity of the rulings by U.S. Federal Judge Thomas Griesa and the U.S. Supreme Court. Argentina has reordered and restructured its finances with great sacrifice since 2003, he explained, all while guaranteeing economic growth



OAS/Juan Manuel Herrera

*Axel Kicillof, Argentina's Minister of Finance and Economy, told the conference attendees, respecting the history of bankers' and hedge funds' looting of Argentina, "Today they come for me, but tomorrow they'll come for you."*

and restoring the social benefits which the military junta and subsequent free-market governments had wiped out. That's what makes this current case so "scandalous," he said.

Argentina wants to pay its debt, he said, "but they won't let us.... They've imposed specific conditions which have consequences that jeopardize our economy as a whole ... our country, our people ... which put at risk our right to protect all Argentines from the international financial system."

Kicillof warned that what is happening to Argentina today "is a mirror of what could happen with other countries.... What Argentina faced in 2001 is what many countries face today." Noting the enormous support his government has received internationally, he concluded by quoting Uruguayan President José Mujica's June 21 warnings that predators would be coming after Argentina's oil and other assets, a fact which, Kicillof said, "is a cause for reflection." The foreign debt in the past "ended up looting our natural resources.... We can't allow this to continue." Remember Mujica's admonition, he said: "Today they are coming for me, but tomorrow they'll come for you. These funds buy debt bonds for two pesos and later expect to take everything,"

## The Drago Doctrine and Today's Debt Crisis

*Venezuelan Foreign Minister Elís Jaua Milano, speaking at the July 3 meeting of Foreign Ministers of the Organization of American States, drew out the implications of the 1902 Drago Doctrine for the organization's member-states today:*

I want to begin by reading these paragraphs on the subject before us:

“The creditor is aware that his contract is with a sovereign entity; and it is an inherent condition of sovereignty that executive procedures cannot be initiated or carried out against it, since that type of collection would compromise its very existence, causing the independence and action of the respective government to disappear.

“Among the fundamental principles of public international law which humanity has consecrated, one of the most precious is that which determines that all States, regardless of the power at their disposal, are legal entities—perfectly equal among themselves and thereby, in reciprocity, deserving of the same consideration and respect.

“Recognition of the debt and its liquidation can and must be carried out by the nation, without in any way undermining its fundamental rights as a sovereign entity; but, at a given moment, compulsive and immediate collection of payment by force could only result in the ruin of the weakest nations and their absorption by the powerful of the Earth. . . .

“Your Excellency will understand the sense of alarm which has arisen upon learning that Venezuela's failure to pay the service on its public debt is one of the reasons for the detention of its fleet, the bombardment of one of its ports, and the military blockade rigorously established along its coasts. If these procedures were to be definitively adopted, they would set a dangerous precedent for the security and peace of the nations in this part of America.”

These paragraphs are extracts from a letter written on Dec. 29, 1902, by Argentine Foreign Minister Luis María Drago, in the name of his president, Julio Roca, and sent to the United States government of then-President Theodore Roosevelt, in defense of a Venezuela



OAS/Maria Patricia Leiva

*Venezuelan Foreign Minister Elías Jaua Milano: “Who are they who think they have the right to deprive people of the right to food, health, integral development—to life itself? Who, and under what ethical or moral precept do they arrogate to themselves the right to loot entire nations?”*

blockaded, bombarded, and invaded by the European powers of the day, not only to collect a debt, but to overthrow a nationalist government, that of Gen. Cipriano Castro, for having revoked the unconscionable conditions by which these countries exploited our natural resources and managed our services.

That letter became a doctrine, the Drago Doctrine, which established the principle that no sovereign State can be obliged to pay a debt by force, let alone be embargoed.

For us Venezuelans, that letter, which is an expression of courageous solidarity, remains engraved in our historic memory, and won a place for the Argentine nation in the deepest affections of the Fatherland of Simón Bolívar. . . . That is why, 112 years after that letter of the worthy Foreign Minister Drago, we have come in the name of our government and our people to say that Argentina cannot be compelled to pay under unacceptable conditions a debt which is immoral, with clear elements of illegality.

One hundred and twelve years ago, European gunships and destroyers were positioned off the coast of Venezuela. Today the United States Supreme Court, U.S. courts, and the risk rating agencies, at the service of the so-called vulture funds, besiege Argentina. . . .

Illustrative cases of [the vulture funds] were seen

when Donegal International bought a debt for \$3 million, a debt contracted in 1979 by Zambia and Romania for the purchase of some tractors. Donegal's claim against Zambia—under the threat of confiscation of even its natural resources—was for \$55 million in order to relinquish execution of the credit. The London Supreme Court compelled Zambia to pay \$40 million, which paid off almost the whole principal and interest on the financial claim.

In 1966, Elliott Associates Corp. acquired a Peruvian debt for \$11 million; four years later, it sued Peru in a New York court for \$58 million, likewise under the threat of an embargo of national assets outside the country.

At this moment, Elliott has a claim against Congo Brazzaville for \$400 million for a debt it bought for \$10 million.

### Redesign the Financial System

How many lives could be saved with \$400 million? How many people could eat with that amount of money?

Calculating on the basis of current international prices, with \$400 million, 13.5 million doses of anti-malaria medication could be purchased. It would also allow purchase of 56.3 million doses of pediatric hepatitis A vaccines, 1.333 billion doses of oral polio vaccine, and 28.3 million doses of pediatric pneumococcal conjugate vaccine.

\$400 million would make a huge difference in world efforts to put an end to hunger. With that sum, you could buy 91,743 tons of powdered milk. Likewise, you could buy 930,233 tons of rice or 64,000 tons of beef to feed the people of the world.

Who are they who think they have the right to deprive people of the right to food, health, integral development—to life itself? Who? And under what ethical or moral precept do they arrogate to themselves the right to loot entire nations?

Ministers, let us do more than issue a call. Let us set ourselves the pressing task of redesigning the international financial economic system. . . .

What is happening today to Argentina, is happening to all of the countries in this Organization. Let us be conscious of the ever-greater deterioration of the capitalist international financial-economic system. The decision of the U.S. court against Argentina sets a precedent for possible sovereign debt restructuring processes in the future. . . .

I once again bring the Drago Doctrine to this discussion.

## When Argentina Defended The American System

by Cynthia R. Rush

On Dec. 19, 1902, Argentine Foreign Minister Luis Marí Drago made an extraordinary intervention into the internal affairs of the United States in defense of the 1823 Monroe Doctrine, penning a diplomatic note to the Teddy Roosevelt Administration objecting to the Dec. 9 military assault on Venezuela by European powers to collect debt owed their bondholders.

When the government of Venezuelan President Cipriano Castro defaulted in December of 1902 on millions of dollars owed to European bondholders, Roosevelt allowed Germany and Britain, later joined by Italy, to send their warships to bomb and blockade the Venezuelan ports of La Guaira and Puerto Cabello, devastating the economy. In the settlement that ensued, Venezuela was forced to hand over 30% of its customs revenues to bondholders.

As Venezuela's current Foreign Minister Elís Jaua explained in his July 3 speech before the Organization of American States (see p. 9), there is no difference between that 1902 military assault on Venezuela by European monarchies and the 2014 vulture fund assault on Argentina. They represent the same predatory, imperial forces.

Addressing the incursion into the Americas, Drago wrote, "This situation appears to visibly contradict the principles so often advocated by the nations of America, particularly the Monroe Doctrine, always so ardently maintained and defended always by the United States. . . ."

What Argentina would like to see consecrated in the Venezuelan case, he added, "is the already accepted principle that there cannot be European territorial expansion in America, nor oppression of this continent's peoples just because an unfortunate financial situation could cause one of them to postpone meeting their obligations. . . . The principle I would like to see recognized is that the public debt cannot give way to armed intervention, or a material occupation of American soil by a European power."



At a time when the United States was governed by an outright British agent and Confederate sympathizer, Teddy Roosevelt, it took the Argentine Foreign Minister to remind the government and the American people not only of the principles embedded in the Monroe Doctrine—the idea of an anti-colonial Western Hemisphere community of principle which had been shaped largely by Secretary of State John Quincy Adams—but also of those fundamental principles of political economy underlying the American System.

### The ‘Famous Hamilton’

Quoting Treasury Secretary Alexander Hamilton, Drago wrote, “‘The contracts between a nation and particular individuals are enforceable according to the conscience of the sovereign and cannot be the object of compulsory force,’ wrote the famous Hamilton. ‘Outside of the sovereign will, they cannot be enforced.’”

In 1914, Drago wrote that he saw his intervention as “something like a corollary to the Monroe Doctrine: the financial Monroe Doctrine,” conscious that he was adding a dimension that was broader, yet still coherent with the doctrine’s original intent.

As a loyal subject of the Empire, Teddy Roosevelt, on the other hand, betrayed that original intent. In his annual message to Congress in 1905, he stated the case explicitly: “We do not intend to permit the Monroe Doctrine to be used by any nation on this Continent as a shield to protect it from the consequences of its own misdeeds against foreign nations.” But as early as his December 1901 annual message, the U.S. President had been clear: “We do not guarantee any state against punishment if it misconducts itself. . . .” Then, in 1904, he added, “chronic wrongdoing, or an impotence which results in a general loosening of the ties of civilized society, may in America, as elsewhere, ultimately require intervention by some civilized nation.”

These threats, combined with the 1904 warning that the U.S. might have to exert “international police power” to correct “wrongdoing,” became codified as the “Roosevelt Corollary to the Monroe Doctrine,” leading to almost three decades of British-inspired U.S. interventions, both economic and military, in many nations of the Americas, until Franklin Delano Roosevelt ended them in 1933 with his non-intervention protocol and Good Neighbor Policy.

## The Drago Doctrine To Protect the Americas

*Argentine Foreign Minister Luis María Drago (1859-1921) wrote the letter excerpted here in 1902 to his government’s ambassador in Washington. His comments, which he later characterized as “the financial corollary to the Monroe Doctrine,” have since been incorporated into international law as “the Drago Doctrine.” Drago issued the letter at a time when Great Britain, Germany, and Italy had blockaded Venezuela’s ports to force it to pay its foreign debts.*

It should be noted in this regard that the capitalist who lends his money to a foreign state is always aware of the resources of the country in which he is going to act and the greater or lesser possibility that the contract will be complied with without problems.

All governments, depending on their level of civilization and culture and their conduct in business matters, thereby enjoy different [levels] of creditworthiness, and these circumstances are measured and weighed before any loan is contracted. . . .

The creditor is aware that his contract is with a sovereign entity; it is an inherent condition of sovereignty that executive procedures cannot be initiated or carried out against it, since that type of collection would compromise its very existence, causing the independence and action of the respective government to disappear.

Among the fundamental principles of public international law which humanity has consecrated, one of the most precious is that which determines that all states, regardless of the power at their disposal, are legal entities—perfectly equal among themselves and thereby, in reciprocity, deserving of the same consideration and respect.

Recognition of the debt and its liquidation can and must be carried out by the nation, without in any way undermining its fundamental rights as a sovereign entity; but, at a given moment, compulsive and immediate [debt] collection by force could only result in the ruin of the weakest nations and their absorption by the powerful of the Earth. . . .

The principles proclaimed on this continent of America state otherwise. “The contracts between a nation and particular individuals are enforceable according to the conscience of the sovereign and cannot



be the object of compulsory force,” wrote the famous [Alexander] Hamilton. “Outside of the sovereign will, they cannot be enforced.”

The United States has gone very far in this regard. The eleventh amendment of its Constitution establishes, in effect . . . that a nation’s judicial power cannot extend to any legal case or equity brought against one of the states by citizens of another state, or by citizens or subjects of a foreign state. . . .

What it has not established, and what is by no means admissible, is that once the amount owed is legally determined, the right to choose the means and opportunity of payment cannot be denied the creditor . . . because the collective honor and creditworthiness [of all] are bound therein.

This is by no means a defense of bad faith, disorder, or deliberate or voluntary insolvency. It is simply a protection of the respect of the public international entity which cannot be dragged to war in this fashion, undermining the noble purposes determining the existence and freedom of nations.

The recognition of the public debt, the definite obligation to pay it, is not, on the other hand, an unimportant statement even though its collection cannot in practice, lead us onto the path of violence. . . .



*Luis María Drago (1859-1921). His letter to the Argentine ambassador in Washington, protesting the coercion against Venezuela by Great Britain, Germany, and Italy to collect the foreign debt, became known as the Drago Doctrine. He quoted “the famous” Alexander Hamilton, that “the contracts between a nation and particular individuals are enforceable according to the conscience of the sovereign and cannot be the object of compulsory force.”*

Your Excellency will understand the sense of alarm which has arisen upon learning that Venezuela’s failure to pay the service on its public debt is one of the reasons for the detention of its fleet, the bombardment of one of its ports, and the military blockade rigorously established along its coasts. If these procedures were to be definitively adopted, they would set a dangerous precedent for the security and peace of nations. . . .

The military collection of debts implies territorial occupation to make it effective, and territorial occupation means the suppression or subordination of local governments in the countries to which this is extended.

## Debt Cannot Justify Armed Intervention

This situation appears to visibly contradict the principles so often advocated by the nations of America, particularly the Monroe Doctrine, always so ardently maintained and defended always by the United States. . . .

We by no means imply that the South American nations can remain exempt from all the responsibilities which a violation of international law implies for civilized nations. The only thing that the Republic of Argentina maintains, and what it would with great satisfaction like to see consecrated regarding the developments in Venezuela by a nation which, like the United States, enjoys great authority and power, is the already accepted principle that there cannot be European territorial expansion in America, nor oppression of this continent’s peoples just because an unfortunate financial situation could cause one of them to postpone meeting their obligations. In a word, the principle I would like to see recognized is that the public debt cannot give way to armed intervention, or a material occupation of American soil by a European power.

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—Lyndon LaRouche, Feb. 11, 2013

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# 'It's Wall Street or Mankind; Your Choice'

*Here is the response given by EIR Ibero-American Intelligence Director Dennis Small, to a question posed during the June 27 LaRouchePAC weekly Friday web-cast: "What is the underlying intention behind this policy [regarding Argentina], and how do we defeat it?"*

Well, this is the *bail-in* policy. This is exactly what the British Empire's intended policy is. They intend to not simply try to collect the debt, because they're actually not interested in a viable, restructured debt arrangement. They are planning, according to various accounts, to try to seize Argentina's oil, other resources, and even its national territory, and simply take over and destroy any actual physically productive capabilities, in order to maintain a pre-selected, predatory, very small portion of the global financial system.

After the Cyprus template, the first trial run of this bail-in policy, where people's bank accounts were simply stolen—i.e., they were “bailed in”—they're now trying to proceed with what you might call the “Argentina template,” as a precedent and bloody example for the rest of the world; except this one is back-firing, because Argentina is resisting.

What's going on here, is the idea of enforcing paper, property rights, over human existence! That's what's at issue. And Lyndon LaRouche, when we discussed this with him today, was quite emphatic: *There is no such property right which has any validity over the rights of human beings to exist. Our Constitution provides no security for speculation. The whole discussion is a fraud!*

Just take a look at a couple of historical precedents from American history. If you've heard arguments about how “we have to respect people's property rights no matter what”—well, I seem to recall a discussion about that topic, during the Civil War in the United States, when slaves were considered property. After all, the slave-owners had actual title to their “property,” and probably had better legal arguments than NML Capital does today against Argentina. Did they really have “rights” to that “property”?

Or, let's take it back a little bit further, to the original Tea Party. What was that all about, actually? I mean, who owned the tea? Did we respect that? Did the British have a property right to that tea, over and above our

right to create a sovereign nation? Of course not!

Now, on this question of what can be done, given the Supreme Court decision backing the vulture funds: We've had numerous discussions with people in Congress over the course of the last couple of days, where many have asked us: “Well, what can we do? We're the Legislative branch; they are the Supreme Court, and we can't interfere. So what can we do?”

I would suggest that what the Legislative branch should do, is what the Constitution says they should do, which is to pass laws. And the simplest and quickest way to make sure that the Supreme Court's crazy, genocidal decision on Argentina is overturned, is to pass a law called Glass-Steagall. If that were passed, the *entirety* of *everything* that NML Capital and all of these hedge funds are doing—in fact pretty much all of Wall Street as well—would be instantly illegal and wiped out, and we'd be back where we should be, on square one. So there's plenty that the Congress can do: Pass Glass-Steagall, followed by LaRouche's three additional proposed laws for economic recovery.

## Threat of Financial Blowout

The underlying issue here is the blowout of the trans-Atlantic system. Let's take a step back, because this is not an Argentine problem. What has been going on, as we can see in the graph depicting “World Financial Aggregates” [see box], the totality of all financial instruments that are out there, is that they have been growing astronomically, and are now about to break the \$2 quadrillion barrier. At the bottom of the graph are financial derivatives, which are completely speculative activity, nothing but *bets* against losses, which are backed by nothing. Then there are two small slivers of the total global bubble, which are the debt of countries, companies, and individuals; and then all the stock markets in the world. But the vast majority, 90% of all financial assets, are derivatives.

What you can see, is that especially after 1999, when Glass-Steagall was repealed, derivatives took off like a rocket. Then in 2007-08, the system blew up, and all of a sudden it wasn't so easy to keep going with this hyperinflationary process. What should have happened is that the whole derivatives bubble should have been completely written off then and there, as LaRouche said at the time. But, instead, what happened is that arrangements were made, through quantitative easing, and a hyperinflationary process, to hold onto the existence of that total cancerous bubble.

That continued up until the end of 2012. What hap-

pened then, is that from December 2012 until today, the rate of growth of derivatives has gone from 8.5% in the first six-month period, on a yearly basis; to 12.3%; to an over 19% *per year* growth rate of derivatives as of March 2014. As of now, the growth rate has undoubtedly exceeded 20% per year, and total financial aggregates are about to break through the \$2 quadrillion barrier.

*This is a hyperinflationary blowout!* And if you want to know why the British Empire is so desperate to launch a thermonuclear war; if you want to know why they're so desperate to wipe out nations such as Argentina, and get the bail-in locked in place; you don't have to look any further than this. All you need to know is that *this system of theirs is gone*.

### Bail-in and Bail-out

How does this relate to the bail-in policy? Well, it's really not that complicated. Because the point to be made is that one man's bail-out is another man's bail-in. In other words, the whole idea of the *bail-in* policy, is to seize assets of depositors and so-called "unsecured creditors" to salvage or *bail out* a handful of banks. So whose assets are seized, or bailed-in, and whose are ex-

cluded? In the entire trans-Atlantic bail-in policy, in Dodd-Frank, in the European Commission documents, in the Bank of England, derivatives are excluded! *They* don't get touched! They have a "go home free" pass. And everybody else gets bailed-in, to bail-out that 90% of the global cancerous bubble.

That's what's going on, which is why the British policy, in fact, leads to—intentionally—wiping out 6 out of 7 billion human beings on the planet.

When this was discussed with Mr. LaRouche earlier today, and he had a chance to glance at this graphic, he said simply: This is a hyperinflationary blowout underway. Just cancel it. It's speculative. The claims are fraudulent. Our Constitution provides *no* security for speculation. This all comes from the British Empire's policy: The Queen is the source of the evil, and she has nothing coming to her, other than pain. Mr. LaRouche went on to say that Wall Street is perpetrating genocide. Their speculation is unlawful, they should be wiped out—we don't need them. Alternately, they could be hung by their testicles with a piano wire!

And he then specified: "It's Wall Street or mankind, your choice."

## Bubble About To Break \$2 Quadrillion Barrier

After a period of relative stagnation from 2008 to 2012, the British Empire's global speculative bubble took off like a rocket in early 2013, and is currently hyperinflating at a rate of over 20% per year. This translates into total global financial assets reaching somewhere in the range of \$1.90-1.95 quadrillion as of June 2014, on a trajectory of breaking the \$2 quadrillion barrier imminently. Nearly 90% of those global assets are financial derivatives—that is, totally speculative assets with no backing whatsoever in real production.

The latest statistics published by the Bank for International Settlements show that officially counted derivatives (which are about half the actual total of all open derivatives bets, according to *EIR*'s estimates) had contracted by 2.3%, from December 2011 to December 2012. But in June 2013, the annualized rate of growth jumped to 8.5%; in December 2013, the annual rate leapt

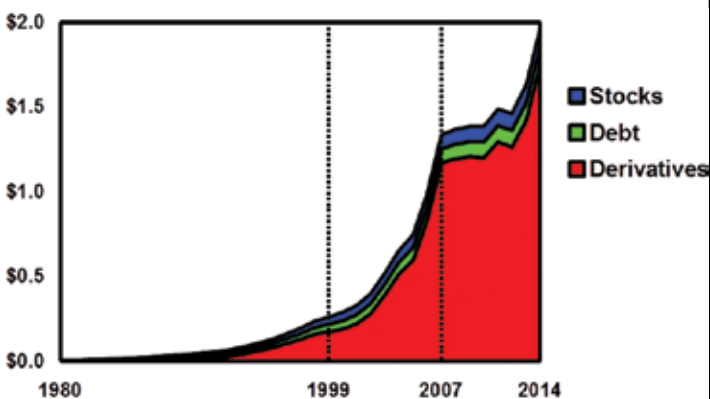
to 12.3%; and as of March 2014 (the latest data available), derivatives were soaring by 19% per year. It is expected that when the figures for June 2014 appear, they will easily exceed 20%.

Total global financial assets grew "only" from \$1.370 to \$1.465 quadrillion in the five years from 2008 to 2012. But in the most recent 18 months, they have soared to an estimated \$1.963 quadrillion.

—Dennis Small

### World Financial Aggregates

(quadrillions of dollars)



# Do You Support Argentina—Or the Criminal Speculators?

*The following appeal was issued on July 1 by the Schiller Institute, and is being circulated by LaRouche-affiliated associations internationally.*

A battle to the death is ongoing between Argentina and two of the most notorious hedge funds, NML Capital and Aurelius Capital Management, and its outcome will determine whether humanity plunges into disaster, and probably annihilates itself in a thermonuclear world war, or whether we get our act together in time and put a new, just world economic order on the agenda.

What is going on?

On the one side, are the unscrupulous mega-speculators, whose greed is insatiable, and who are part of the Anglo-American-dominated imperialist grouping, those attempting to establish a world empire. Part of this is the 24/7 spying on citizens by the NSA and the GCHQ, as well as the Transatlantic Trade and Investment Partnership (TTIP), which would give all power to the multinationals and the “Too Big To Fail” banks, at the expense of the right of sovereign governments to protect the general welfare of their citizens. It also includes the eastward expansion of NATO and the EU, the strategy of encirclement of Russia and China, and the acute danger of a third, thermonuclear world war, which could wipe out the human race.

NML Capital Fund is demanding a payment of \$832 million on the bonds it purchased in default at the scrap price of \$48.7 million only six years ago—a profit of 1,608%! That would force Argentina into bankruptcy, and could very well trigger a systemic crisis of the global financial system.

On the other side stands Argentina, which has emphasized and proven that it wants to pay its debts, but in such a way that the Argentine economy maintains the growth needed to be able to do that. This was also, by the way, the argument by the late Deutsche Bank chairman Hermann Abs at the London Debt Conference in 1953, on the subject of restructuring the German debt.

Argentina has made it clear in an international advertising campaign, that it is paying and will continue to pay, but under conditions that do not kill off its own population and economy.

The murderous ruling by the U.S. Supreme Court in support of the hedge funds has triggered an unprecedented wave of solidarity with Argentina: the Organization of American States (OAS)—except for the U.S.; the G77, with its 133 member-states; MERCOSUR (the Southern Common Market); UNASUR (the Union of South American Nations); China, Russia, France, and even 100+ British parliamentarians—i.e., the majority of mankind—are all defending Argentina’s rights against the usurers.

The crucial question here is: Is international law, as it evolved from the Peace of Westphalia in 1648, and as expressed in the UN Charter, still valid, or not? Can and must a sovereign government defend the general welfare of its citizens, or do criminal speculators have the right to use all means, as Shakespeare depicted so vividly in “The Merchant of Venice,” to demand the debtor’s “pound of flesh,” even if that means that the person dies?

## A Vision of the Future

There is a breathtaking process underway now among the BRICS countries (Russia, China, India, Brazil, South Africa) and Ibero-America, in which these States are constructing a new, just world economic order, based on building up the real economy, scientific and technological progress, and a vision of the future. This is the idea of a World Land-Bridge that will join peoples and nations: The program that the Civil Rights Solidarity Movement (BüSo) in Germany, as well as its sister organizations elsewhere in Europe (Movisol in Italy, S&P in France, EAP in Sweden, Schiller Institute in Denmark, etc.) have been working on for years, is now on the agenda. That is a perspective for the future, and thus provides the framework for ending wars as a means of conflict resolution.

The only thing that the trans-Atlantic camp has to offer is the sacrifice of the common good, of the happiness and the life of its people, in favor of a Frankenstein monster, “the stability of the market,” to which anything and everything should be sacrificed, but which is itself hopelessly bankrupt. This system does exactly what Pope Francis says: It kills. You could also call it satanic.

In the struggle between Argentina and the hedge funds, there is no middle ground. Which side are the European governments on? We want an answer! We want official statements! Now!

# LaRouche: Obama's Impeachment Is a Strategic Priority

by Nancy Spannaus

July 7—On June 24, upon receiving confirmation of the substance of the report by *Blood Feud* author Ed Klein about President Obama's order that Hillary Clinton lie about the nature of the Sept. 11, 2012 Benghazi attack, Lyndon LaRouche directed his Political Action Committee to pull out all the stops in the mobilization for impeachment. LaRouche's statement (reproduced below) is circulating as a mass leaflet around the nation, and serving as the basis for an intensified campaign of confrontation with the U.S. Congress over its responsibility to impeach this President now.

In the two weeks since that leaflet began circulating, the urgency of Obama's removal from the Presidency has increased, as the President, functioning as a mere tool of the British Empire, has used his power to stoke the flames of confrontation between the West, and Russia and China. Once again, as he did in Libya, in a blatant impeachable violation of the Constitution, he has committed U.S. armed forces into a war zone, this time, Iraq, and bragged about it. His administration's stance toward Russia has become increasingly strident and hostile as well.

Not surprisingly, the opposition to the President's policies and person has reached new heights—a recent Quinnipiac poll showed one-third of those polled rating Obama the worst President since World War II, and 54% saying his government was incompetent. LaRouchePAC organizers also report broad anti-war sentiment within the



NATO

*President Barack Obama:  
Going, going...*



U.S. population, including the fear that this President is going to take the country into a new war. Equally stunning, was the Supreme Court's June 26 unanimous decision that Obama violated the Constitution in making recess appointments, in violation of the Constitution's separation of powers.

In fact, it would take just one Congressman citing the already well-documented offenses by the President, to start impeachment proceedings against him, as international law expert Francis Boyle pointed out in an interview with The LaRouche Show on June 28 (see below).

## Obama Means War

Interviewed by Voice of Russia on June 26, LaRouche put it this way: "Particularly after the past two days, we can say that the likelihood is, that Obama will be thrown out of office. If that does not occur, however, for some reason or other, we're looking at thermonuclear war."

LaRouche was referring especially to the revelations in the Klein book about Benghazi, which put on the table not only an instance of the President deliberately lying to the American public on a matter of serious concern, but which reflects the very significant political split between Obama and the Clintons, who represent the one potentially viable counterpole to Obama's tyranny within the Democratic Party. The book is being serialized in the *New York Post*, and has hit the top of the *New York Times* bestseller list. While subject to a lot of hostile comment, the book's assertions can be expected to gain traction, and serve as the basis for a raft of subpoenas to the Select Committee looking into the Benghazi murders. There the question will loom: What did the President know, and when did he know it? (See article below.)

But it would be suicidal to wait for Benghazi hearings, to remove a President who is, right now, bringing the world to the edge of World War III.

In Ukraine, the Obama Administration outrageously ignores the outright genocide being carried out by the Nazi-installed government in Kiev (see [EIR](#), May 16, 2014, against the population in the southeast of the country, blames the ongoing violence on Russia, and threatens a new round of sanctions against Moscow. Moscow understands these sanctions well, as "a new type of offensive weapon," in the words of the Deputy Foreign Minister Sergei Ryabkov. If pursued, war by the U.S. and NATO against Russia goes to only one conclusion—thermonuclear war.

In Southwest Asia, Obama follows the British impe-

rial strategy of permanent war, a strategy that involves both sending support to radical jihadis, and carrying out military operations against them. The ISIS onslaught in Iraq is a direct outcome of this policy, whereby Obama (and the British directly) have backed Saudi funding and recruitment of these groups. Indeed, even while the administration expresses alarm at ISIS's gains, it seeks to increase military support to insurgents in Syria—support that will obviously get into the hands of the most radical extremists.

In other words, on both fronts, Obama is, contrary to law, backing *enemies* of the United States—Nazis and al-Qaeda terrorists—and thus both violating the Constitution, and threatening to take the world into chaos, and eventually World War III.

## A Genocide Policy

Obama has committed myriad other offenses against the Constitution, but none is more dangerous and offensive to the nation than his basic economic policy, which comes straight from the British Empire through Wall Street. This orientation, which bans crucial infrastructure projects, nuclear fusion and fission, and the space program—scientific progress—in the name of going "green," condemns the U.S. economy, and its inhabitants, to a dying country.

Obama talks the opposite, of course—with his latest riffs on the minimum wage, income inequality, and the like. That's as truthful as his assertion that his administration guaranteed "due process" to those individuals on his "kill list." It's a lie.

From the moment he entered the White House, Obama has implemented a policy of saving the banks, and slashing living standards of the population. His signature legislation—the Hitler health bill and Dodd-Frank—tells it all. The first, Obamacare, is a complex but clear roadmap for *cutting* health costs—not by taking out waste, but by cutting care. That's genocide, by post-World War II Nuremberg standards. The second, Dodd-Frank, was a deliberate subterfuge to prevent the restoration of Glass-Steagall, *because Glass-Steagall would wipe out the speculators*.

Obama can jawbone about regulation all he wants; if he opposes Glass-Steagall, he is serving the banks.

The latest example of Obama's bought-and-paid-for-by-London character is his administration's defense of the U.S. Supreme Court decision in favor of the vulture funds' attempts to suck the last drop of blood from Argentina. Deputy National Security Advisor Ben

Rhodes uttered the policy on July 1, telling Argentina to “meet its obligations,” in order to regain the “trust” of the international community. This, to a nation which has been paying its debt regularly to 93% of its creditors, and is being held hostage by a mere 7%, comprised of monsters like Paul Singer.

## Not an Option

In the face of Obama’s abominations, there has been a clear upsurge in the discussion of impeachment—much of it by those desperate to prevent it. What most Americans, especially Democratic leaders, have yet to accept, is that impeachment is a *necessity*, just like LaRouche’s Four Laws program of recovery. The British Empire’s policies of war and genocide would be crippled without Obama in the Presidency—and Glass-Steagall can finish them off. For humanity’s survival, Congress must be forced to impeach Obama now.

# Klein Book: Obama Lied on Benghazi 9/11

*The following Editorial appeared in EIR, June 27, 2014, under the headline “LaRouche: Hillary Clinton’s Benghazi Revelations Mean Obama Must Be Impeached Immediately!”*

June 24—Lyndon LaRouche today demanded that the U.S. House of Representatives launch immediate impeachment proceedings against President Barack Obama, based on then-Secretary of State Hillary Clinton’s account of the President’s lying cover-up of the terrorist attack in Benghazi, Libya on Sept. 11, 2012, in which U.S. Amb. Christopher Stevens and three other American officials were murdered in cold blood by the al-Qaeda-affiliated Ansar al-Sharia terrorist organization.

The Clinton revelations are contained in the just-released book *Blood Feud* by Edward Klein. According to the Klein account, provided by a close Hillary Clinton aide and attorney, at 10 p.m. on the night of Sept. 11, 2012, after Clinton had received detailed accounts of the terror attack in Benghazi, and knew that the al-Qaeda affiliated Ansar al-Sharia had launched a heavily armed premeditated assault, she received a personal telephone call from President Obama, ordering her to release a false statement claiming that the attack had been a spontaneous demonstration protesting a video

that had slandered the Prophet Mohammed.

After Clinton protested to the President that there was clear intelligence that the attack was an al-Qaeda revenge attack, on the anniversary of the original 9/11 attacks, Obama persisted and demanded that Secretary Clinton immediately issue Obama’s false statement to the American people and the world. Both Secretary Clinton and former President Bill Clinton concluded that President Obama, fearing that his re-election would be jeopardized by letting out the truth about the Benghazi attack, ordered the fake story to be issued. At 10:30 p.m., Secretary Clinton, on President Obama’s orders, issued the false account.

*EIR* has confirmed from two highly qualified sources, including one with first-hand knowledge of the events of Sept. 11, 2012, that the Klein account of the telephone call between the President and Secretary Clinton is accurate.

Based on this solid corroboration of the Clinton account, Lyndon LaRouche today demanded that President Obama be immediately impeached for lying to the American people and covering up one of the most heinous crimes against American officials since the original 9/11 attacks. “Obama lied to cover up the murders of four American officials and this makes him an accomplice after the fact to those murders,” LaRouche declared. “The President lied. He is unfit to be President and he must be immediately impeached.”

The Clinton revelations put President Obama personally in the middle of the lies and cover-up. There is no longer any doubt about the Presidents complicity in the cover-up. “Hillary Clinton has confirmed that the President was lying. The President can no longer deny his own personal role in the lying to the American people,” LaRouche declared. “Now, Congress must act. The House Select Committee on Benghazi has no choice but to immediately initiate impeachment proceedings against President Obama. This is no time for partisan opportunism. Unless President Obama is immediately subject to impeachment articles, the very foundations of our Constitutional Republic will be shattered. President Obama has nowhere to hide any longer. Every patriotic American must stand up and hold Congress accountable for the President’s immediate impeachment.”



# ‘What Did the President Know, and When Did He Know It?’

by Tony Papert

June 28—Exactly 41 years ago, on June 28, 1973, the late Sen. Howard Baker (R-Tenn.), who died on June 26, asked the above question of witness John Dean, whom President Richard Nixon had just fired as White House Counsel. Baker was then Vice-Chairman of the Senate Watergate Committee, under its Democratic Chairman, Sam Ervin (D-N.C.). When Baker had first been appointed to the committee, he had believed that the Watergate investigation was a partisan political ploy by the Democrats against President Nixon and the Republican Party. But his famous question of June 28 stemmed from an ongoing internal change in Senator Baker, in which he came to understand, that given the seriousness of the offenses with which a President of his own party had been credibly charged, that the truth and the Constitution were the only guidelines he could follow in the investigation. From then on, Baker’s patient and astute questioning was followed by millions on television, so that, through them, his courage and dedication inspired other Republicans as well.

Even before Nixon’s White House “smoking gun” tapes were made public by the Supreme Court on Aug. 5, 1974, the House Judiciary Committee had passed three detailed Articles of Impeachment, with a minority of Republicans voting with the Democratic majority. They were titled: Obstruction of Justice; Abuse of Power; and Contempt of Congress. Then, after Aug. 5, an Establishment committee of leading Republicans visited Nixon to tell him to resign, lest the full House vote impeachment,—after which the Senate would likely vote to convict. On Aug. 9, 1974, Richard Milhous Nixon became the first U.S. President to resign from the office.

## Obama’s Lies

Fast forward to 2014. The facts, as stated by Ed Klein in his recent book, *Blood Feud*, and as confirmed

by *EIR*, document that President Obama knowingly lied to the American people when, on Sept. 11, 2012, he instructed Secretary of State Hillary Clinton to say that the Benghazi attack of that day had been a spontaneous reaction to an Internet video, rather than the al-Qaeda terrorist attack he knew it to be.

With this in view, statesman Lyndon LaRouche has added to Senator Baker’s question, the following: “When did Obama first know that he was a liar?”

The crime of lying to the American people about Benghazi was closely linked to Obama’s impeachable crime of illegally starting a war against Libya without the consent of Congress, to his illegal murder of Muammar Qaddafi, and to his subsequent illegal undeclared war in Syria, and then, via subversion, in Ukraine. Now he has illegally begun a third Iraq war. Couple these with his illegal, extrajudicial executions of Americans via drone-killings, and his illegal spying on Americans through the NSA. Then go back to the unconstitutional so-called “Affordable Care Act,” or “Obamacare,” which marked off the aged and poor as “lives not worth living,” in exactly the manner of Hitler’s T-4 program of 1939. Compared to these, Nixon’s crimes were only childish pranks.

Now where are the Democrats whose dedication matches that of the late Howard Baker (born 1925)? Are they all mere midgets or worse compared to that older generation?

## What Hillary Clinton Really Thought

Hillary Clinton worked on the staff of the Senate Watergate Committee in 1974. Klein’s book includes the following quotation on her comparison of Nixon to Obama:

“When her friends asked Hillary to tell them what she thought—really thought—about the president she had served for four draining years, she lit into Obama with a passion that surprised them all.

“‘Obama has turned into a joke,’ she said sharply. ‘The IRS targeting the Tea Party, the Justice Department’s seizure of AP phone records and James Rosen’s emails—all these scandals. Obama’s allowed his hatred for his enemies to screw him the way Nixon did. During the time I worked on the Watergate case, I got into Nixon’s head and understood why he was so paranoid and angry with his enemies. Bill and I learned from that and didn’t allow ourselves to go crazy bashing people who had anti-Clinton dementia, destroying ourselves in the process.’”

# Obama Is Risking World War III; We Need a ‘Slam-Dunk’ Impeachment

*Francis Boyle is a professor of international law at the University of Illinois College of Law. He was interviewed by host Harley Schlanger on The LaRouche Show, a weekly Internet radio program, on Saturday, June 28, 2014. Joining the discussion was EIR Counterintelligence Director Jeffrey Steinberg. This is an edited transcript.*

**Harley Schlanger:** On June 24, Lyndon LaRouche issued a [statement](#) under the heading “Hillary Clinton’s Benghazi Revelations Mean Obama Must Be Impeached Immediately.” It starts with Mr. LaRouche demanding that the House of Representatives launch immediate impeachment proceedings against Barack Obama, based on the account of the President’s lying cover-up of the terrorist attack in Benghazi, Libya.

We have with us one of the most significant legal experts on this question on the planet, Prof. Francis Boyle from the University of Illinois Law School. Professor Boyle is a renowned fighter for human rights. He’s written many books and articles, and he’s been involved in attempting to protect the Constitution, and protect the country, which includes the right to impeach Presidents who violate the Constitution.

So, Professor Boyle, welcome to our program.

I’d like to start with the obvious question, which is, for you to delineate the basis for an impeachment of President Obama right now.

**Boyle:** Well, it would be the same as any other President. I worked with the late, great Congressman Henry B. Gonzalez [D-Texas] on his bill of impeachment against President Bush Sr. for his war against Iraq, and I

was counsel to him, and did the first draft on that. And basically, it is for conduct that subverts the Constitution. So, it’s just not enough for there to be mal-administration, or incompetence, although, legally and constitutionally—now, I guess technically, the House can impeach a President for whatever they want. In the case of President Clinton, he was impeached for fellatio and lying about fellatio, as opposed to many of the bombing campaigns he engaged in.

In any event, technically, it should be for conduct that subverts the Constitution.

Now, under the current dire circumstances, I don’t think we have time to deal with *all* the conduct that President Obama has engaged in that subverts the Constitution. We are in a very serious, dangerous, near-cataclysmic situation, both with respect to Russia over Ukraine, and then the disintegration of Iraq and Syria as states, setting off a general Middle East war that also could pull in Russia, and has already pulled in Iran.

So, I would recommend for any member of the House of Representatives considering a bill of impeachment—and I am willing to serve as counsel free of charge to any member of the House, as I did to Congressman Gonzalez—to consider a “silver bullet” approach to impeachment, namely, I don’t believe we have time here for hearings, as happened with Nixon. World War III could break out very soon, at any time here, if Obama keeps moving the way he is.

So, what I think we need are articles of impeachment that are clear-cut, slam-dunk, with no need for hearings. Indeed, there is a special procedure under the rules of the House of Representatives, that any member



*Prof. Francis Boyle told a LaRouche Show audience that there is no time to waste in impeaching Obama; all that is needed is one Member of Congress to introduce Articles of Impeachment.*

of the House can get up and simply impeach the President verbally on the floor of the House.

### **A Single Congressman Can Impeach**

**Schlanger:** Francis, you're saying that just one Congressman could initiate this?

**Boyle:** Or Congresswoman, that's correct. One member of the House of Representatives can do that. You can check the rules of the House of Representatives. They can get up, they can orally impeach right there on the floor of the House, and then, since the Republicans control the House, they could move to an immediate vote without hearings. All that can be done under the House Rules, assuming the Speaker of the House, [John] Boehner, is willing to allow it. That would be my recommendation now, given the severity of the situation.

I also wanted to point out, of course, that Obama is threatening war against China too, which is a very serious issue, and is urging Japan—

But let me go through then, two articles of impeachment in a bill, or oral impeachment, that are undeniable and a slam-dunk.

First, clearly, Obama's unconstitutional war against Libya, that violated the War Powers clause of the Constitution, and the War Powers Resolution of 1973. And Obama even sent up his lawyer Harold Koh, now back teaching at the Yale Law School with the other war criminals on that faculty, to justify it. And his justification, even Speaker Boehner said, did not pass the straight-face test. And that's correct. Koh is so bad he wrote the legal justification for Reagan's invasion of Grenada, back when he worked for Reagan—that's what a bad lawyer, and how instrumentalist and opportunist he is.

But even Speaker of the House Boehner said that that argument did not pass the straight-face test.

### **Obama's Murder of U.S. Citizens**

**Schlanger:** What was that argument that they put forward?

**Boyle:** I'm not going to waste my time here—it's a joke. Speaker Boehner said it did not pass the straight-face test, and I agree with him. And there were already extensive hearings on this matter, so we don't need more hearings on that now.

Second, is the murder of United States citizens. Right now, Obama has ordered the murder of four United States citizens, whom we know of, and there is a fifth U.S. citizen on his murder list now—Obama has

already ordered him to be murdered, and they are trying to track him down now somewhere between Pakistan and Afghanistan.

The murder of U.S. citizens clearly violates—this is summary murder—the Fifth Amendment to the United States Constitution, and the Sixth Amendment to the United States Constitution; the first guaranteeing due process of law, that no one shall be deprived of life, liberty, or property without due process of law, and the Sixth Amendment dealing with criminal prosecutions.

Now, in both cases, both of those Articles of Impeachment, there is ample, official documentation in the public record. The U.S. Court in New York just re-

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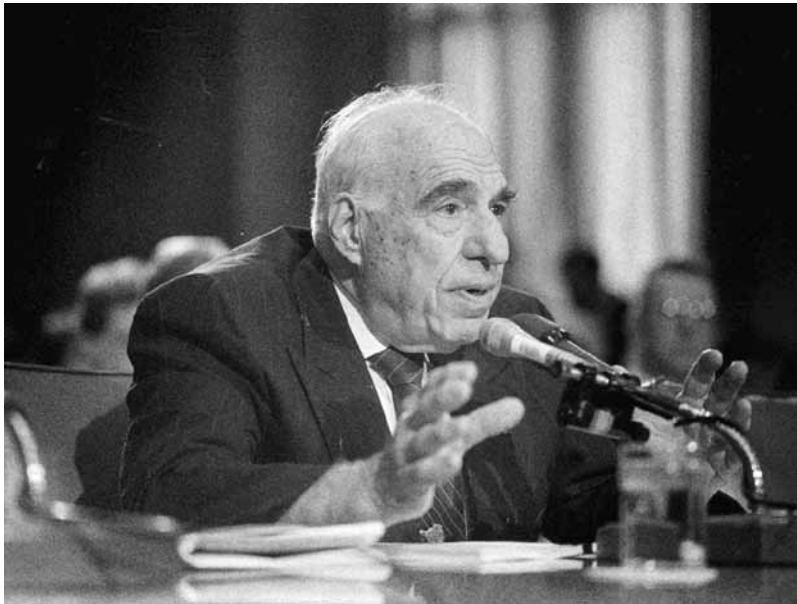
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leased the memorandum justifying the murders of U.S. citizens, by David Barron, working for Obama, who at that time was on the faculty of Harvard Law School—my dis-Alma Mater—along with other war criminals there. It just came out; there are 100 pages, I haven't read it all. But I did read the White Paper that had been previously released, that summarized the arguments.

It is clear if you read the White Paper, which is based on the bigger memorandum, that this memo by Barron—and it was co-authored by Marty Lederman, who's now returned to Georgetown Law School, and they have some war criminals on that faculty too—but, in any event, this memorandum was clearly never drafted in good faith. Rather it was drafted by Barron and Lederman to give Obama so-called legal cover, that basically Obama could say, well, my lawyers told me I could do it, so I did it, and that means it isn't criminal, it isn't a felony. In fact, there's a special U.S. statute, putting aside the murder statute, on murdering U.S. citizens abroad, that was enacted by Congress after Leon Klinghoffer was murdered, and it turned out there was





EIRNS/Stuart Lewis

*Boyle served as counsel to “the late, great Congressman Henry B. Gonzalez [D-Texas] on his bill of impeachment against President Bush Sr. for his war against Iraq.” Gonzales is pictured here at Congressional hearings in October 1992.*

no statute to deal with that issue.<sup>1</sup> So, it’s clear, at a minimum, that that statute was violated.

The memorandum is simply designed to enable Obama to murder U.S. citizens, not only abroad, but even here in the United States. Attorney General [Eric] Holder, in a letter to Senator [Ron] Paul, and also [John] Brennan, the CIA Director, have both taken the position that President Obama can, likewise, pursuant to the Barron memorandum, murder United States citizens even here in the United States.

And this memorandum by Barron—there are others that have not yet been released—is similar in purpose to the legal opinion done by Jay Bybee when he headed the same office in the Department of Justice, for President [George W.] Bush, and wrote an opinion letter, that basically enabled the entire torture scandal. The whole purpose there, was basically to give Bush and the rest of them a “Get Out of Jail Free Card,” being able to say, well, the government’s official branch said that I could do it, so I did it, and therefore it was not illegal.

The differences, of course, between Bush and Obama are twofold. One, Bush (not to excuse him) never arrogated to himself, openly and publicly, the al-

leged right to murder U.S. citizens, as Obama has done. And number two, Obama, unlike Bush, is a lawyer! He was behind me at Harvard Law School. He was taught Constitutional law by Larry Tribe, and the late great Paul Freund taught Constitutional Law both to Tribe and me. So, that’s the pedigree there.

Obama knows that this is clearly illegal and criminal, and unconstitutional activity.

## **Boehner: Kicking the Can Down the Road**

I think those two articles in a bill of impeachment, even orally, are incontestable. They do not require hearings to stall and delay everything.

Basically that’s what Speaker of the House Boehner’s announced lawsuit is all about. On a positive side, it indicates that massive pressure has been applied upon Boehner by House Republicans to impeach the President. But Boehner said, well, I’m

doing this lawsuit—I’m not going to impeach him. And really, Boehner is really just kicking the can down the road. He said, well, sometime in July, I’m going to introduce legislation that will authorize the lawsuit. Well, he could certainly introduce legislation, a bill of impeachment, and get the whole thing taken care of immediately, if he wanted to.

But second, all Constitutional lawyers know, that at the end of the day, this lawsuit is going to be knocked out of court. I’m not going to go through all the grounds, here, but it will be knocked out on standing—the *Raines* decision by the U.S. Supreme Court—and also the political question doctrine. So, everyone knows this.

Now, Speaker of the House Boehner is not a lawyer, but he has some very sharp lawyers there advising him, and he knows full well that nothing is going to come of this lawsuit. So, he’s just trying to postpone and stall and delay, and stave off the demand for immediate impeachment of President Obama.

## **Violation of the War Powers Resolution**

**Schlanger:** I’d like to ask you about the urgency, given that we’re about to see, at least the President has indicated, that he’s not going to go to the Congress before he acts in Iraq. There’s evidence from the Defense Intelligence Agency and others, that this situa-

1. Leon Klinghoffer was an American who was murdered by Palestinian terrorists in 1985.

tion, that seems to have happened suddenly, has been unfolding for a long period of time, with the full knowledge of the President and key people on his staff.

Is there something that can be done to preempt? Would you say that the oral presentation is the best way to preempt the President from getting us into another war?

**Boyle:** I think you are certainly correct that Obama knew full well what was going to happen in Iraq, and also Syria. Indeed, the gameplan has always been to basically disintegrate Iraq as a state, and that's really what's going on here, and Obama knows all about it.

Technically, constitutionally, he is already in violation of the War Powers Resolution. He sent 300 Special Forces over there, which he admitted are equipped for combat, and the War Powers Resolution gets triggered whenever U.S. forces are sent "into the territory, airspace, or waters of a foreign nation while equipped for combat." And he is currently positioning them for combat.

The Administration officials have already said they are going to start bombing in Syria and in Iraq, and it appears that at least half of these Special Forces are slated to become forward air controllers for any bombing campaign. They already have armed Predator drones over there now, in the skies over Baghdad. So, Obama is already in violation of the War Powers Resolution, now, as we speak.

And indeed, that's why the War Powers Resolution was put in there, to deal with another Vietnam, that started out with President Kennedy sending in Special Forces, Green Berets—and then it gradually escalated from there. So, Obama is already in violation of the War Powers Resolution on Iraq.

The problem here, Harley, as I see it, is that these issues that I'm raising now, have not been addressed by Congress, or in the public record. There would probably be a demand for hearings on them, like on Libya, and that would postpone everything. So, in my opinion, to stop Obama bombing Iraq, bombing Syria, and provoking Russia to invade Ukraine—which could happen soon: As you know. President Putin just ordered all his troops to stand down, withdraw—he rescinded the resolution giving him authority to invade Ukraine by the Russia Duma—he's recognizing [Petro] Poroshenko as the President [of Ukraine]. And now, as we speak today, the Obama Administration just issued an ultimatum that if he [Putin] doesn't cease and desist, and basically convince the insurrectionists there to surrender, comprehensive economic sanctions will be adopted against

Russia on Monday. Obama has the EU on board for comprehensive sector economic sanctions against Russia on Monday [June 30], with a fixed deadline.

So, it is clear again. Likewise, in Ukraine, where Obama and [Victoria] Nuland, the neocon who used to work for [Dick] Cheney, orchestrated a neo-Nazi coup d'état against a democratically elected government in Ukraine. And we now have Obama, and Nuland, and the U.S. government working with neo-Nazis in Ukraine, and literally threatening Russia. And we now have skirmishes over the Russian-Ukraine border, which has never been legally demarcated since the collapse of the Soviet Union.

### Fast Track to Impeachment

**Schlanger:** So what you just described just adds to the necessity for some immediate action in the House. Jeff, I think you wanted to ask a question, or say something?

**Jeffrey Steinberg:** Yes, Francis, I'd like you to just take our audience through the fastest possible steps. You've mentioned either a written or an oral bill of impeachment on two, basically slam-dunk issues. Are you suggesting that, for example, when Congress comes back after the Fourth of July recess, that the full House could go into immediate grand jury proceedings? How would that work, precisely?

**Boyle:** As you know, Congress has recessed for the Fourth of July holiday weekend period. I think, when they go home—not the Senators, but the Members of the House—they have to be *personally buttonholed* by their constituents. It's not enough to send an e-mail. They'll be out there in their districts, and the constituents—they have to respond to their constituents—must go up and demand the immediate impeachment of President Obama.

Now, I'm standing by here to help draft Articles of Impeachment, if I get instructions from a Member of the House. We could draft these Articles of Impeachment, and have them read when the House reconvenes. And when the House reconvenes, the bill should be put in, the bill of impeachment on these two articles. There should be a debate and a vote. I believe the counts are already there to impeach the President—you had a Republican member of Congress say this openly—and then, ship it off to the Senate for trial.

Of course, the Senate is controlled by the Democrats. You need a two-thirds vote for conviction; I can't predict what will happen there in the Senate. But I think



CSPAN

*House Speaker John Boehner has threatened a lawsuit against President Obama, but, “he knows full well that nothing is going to come of this lawsuit,” said Boyle. “So, he’s just trying to postpone and stall and delay, and stave off the demand for immediate impeachment of President Obama.”*

even a lot of the Democratic Senators are completely disillusioned with Obama. Many don’t want to see another war. Others might decide that Joe Biden would be a more responsible figure as President than Obama. I can’t say.

But the other thing we know from previous impeachment efforts, especially the first President [Andrew] Johnson, is that when things go to the Senate, anything can happen. The whole thing becomes completely volatile. And I think that what this would do, is force Obama to back down. That he would be realizing that if he continues on with attacking Iraq and Syria, provoking a war, confrontation, a Cuban Missile Crisis with Russia, that he very well could be convicted in the Senate right away.

So, I think sending this off to the Senate immediately would mean Obama is dead in the water. He would have to spend full time preparing his defense in the Senate, and that would give us—whatever the results were—would give us time for the de-escalation of these crises. And even if Obama is not convicted in the Senate—and I’m not saying he would be—it would chasten him, and force him to cool his jets, certainly, on threatening Russia in Ukraine, promoting the collapse of Iraq and Syria, as he did to Libya—the disintegration of both of them, as he’s done to Afghanistan, and also threatening

China, which is very serious, with the so-called pivot to Asia.

The statement that the United States is prepared to go to war with China over a few rocks that Japan stole from China in the 1895 War of Aggression, which Japan waged against a weakened China. That’s just outrageous, that Obama and [Secretary of Defense Chuck] Hagel would threaten war with China over these little pieces of rock.

And in the meantime, Obama is enabling the militaristic Prime Minister [Shinzo] Abe in Japan. Abe is a direct descendant of a war criminal. The problem with Japan, after World War II, unlike in Germany, is we never de-nazified Japan. General MacArthur decided to keep them all in power, and they’re still there today, and Abe is their leading representative, and we are enabling Abe in this confrontation with China.

So, we have three major geopolitical hotspots, right now, as we speak. Three separate tinderboxes that Obama has deliberately moved us into. And a spark, like what happened 100 years ago today in Sarajevo, could set off any one of them.

## The Nixon Template

**Steinberg:** I’d like to ask you to buttress the points that you made over the last 30 minutes: In the case of Richard Nixon, at a certain point, leading figures within his own party concluded that he had to go. In some cases, it was for partisan reasons; in other cases, it was putting the issue of the survival of the country over the party. I’m sure you’re familiar with the fact that a delegation of leading—in that case, Republicans—Barry Goldwater, Hugh Scott, and I think that Howard Baker was somehow involved—went to Nixon and gave him the option of resigning, or facing a virtual certainty of conviction in the trial in the Senate.

And it strikes me, that there is a nascent Democratic revolt against Obama and what he’s done to the country and the party, and as you emphasized, the uncertainty of what would happen in a Senate trial. Do you see the possibility of a Nixon option for Obama, namely, resign as an alternative to being actually convicted in a Senate trial, after a virtually certain bill of impeachment coming out of the House?

**Boyle:** I think you’re right, Jeff. That’s an important

precedent for you to bring out—what happened with Nixon—that the powerbrokers in the Democratic Party could tell Obama he should leave, and resign, rather than face conviction in the Senate. But we're never going to get there, unless we have a bill of impeachment in the House.

**Steinberg:** Absolutely, right.

**Boyle:** And the Republicans control the House. They could have impeached Obama already, if they had wanted to, and long ago, if they had wanted to. And they haven't. So we need to build a fire under their feet. And especially when they go back into their districts now, over the Fourth of July weekend. They need to be buttonholed, and talked to.

**Schlanger:** And Francis, all of our listeners should take what you said, and use this, to take to their Congressional offices. You don't have to set up an appointment, just go into the office. Find out where they're going to be, a lot of them are going to be campaigning. And I think the point you're making, is that if they get a sense that the population has had it, with war, with violations of the Constitution, with illegality, if they get a sense that there's that burning sentiment in the population, we may

have the conditions where your proposal will be taken up, hopefully within the next couple of weeks, because the situation is dire, indeed, as you've delineated it.

**Boyle:** Again, I simply cannot underestimate the severity of the situation, especially in Ukraine, especially China, and now the Middle East. A hundred years ago today, one assassination led to the deaths of 10 million human beings. Well, anything could happen in either one of those three locales because of Obama, that could lead to the deaths of hundreds of millions of human beings, because Russia is nuclear-armed, and China is nuclear-armed.

So, the stakes here are far higher than anything we have confronted before. And I think people have to understand that.

**Schlanger:** Okay. Well, thank you very much. This has been very useful for our listeners, and I think we'll make sure that your offer, I know that your offer to provide counsel is generally known in Congress—we'll make sure that everyone knows it.

**Boyle:** All right, great. Yes, I'll be standing by, and especially if I hear from a Member of Congress between now and over the Fourth of July break, I'd be happy to work with him or her.

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# Congress: Obama Must Get Its Okay for War

July 5—Within days of his lying on June 13 that “we will not be sending U.S. troops back into combat in Iraq,” President Obama announced he was deploying 275 troops as “advisors” there. Within days of that, calls from the Senate and House were becoming louder, insisting that if any U.S. military forces are to be sent to Iraq, the regime must get the approval of Congress, since the Constitution mandates that it is Congress alone that has the responsibility to declare war.

After making that point in a *Washington Post* op-ed that was picked up across the country, Sen. Tim Kaine (D-Va.) gave a speech during the June 25 Morning Session, in which he elaborated his argument against that of the President. He took on the issue directly from the start:

## Not This President—Or Any President

“Last week, the President summoned congressional leadership to the White House to discuss the deteriorating situation in Iraq and a potential U.S. response. Press reports of the meeting had Members quoting the President as saying he had all necessary authority for military action already, and some accounts had the congressional leaders also agreeing that the President had necessary authority.

“I do not believe this President—or any President—has the ability without congressional approval to initiate military action in Iraq or anywhere else, except in the case of an emergency posing an imminent threat to the United States or its citizens.

“I also assert that the current crisis in Iraq, while serious and posing the possibility of a long-term threat to the United States, is not the kind of conflict where the President can or should act unilaterally. If the United States is to contemplate military action in Iraq, the President must seek congressional authorization.

“Let me point out that the White House has been in significant consultation with congressional leadership and Members in the past weeks, and that consultation is important and it is appreciated. But it is not the same thing as seeking congressional authority. That has yet to



Ralph Alswang

Sen. Tim Kaine: “The President must seek Congressional authorization.”

be done, and it must be done if the United States intends to engage in any combat activity in Iraq. . . .”

Kaine went on to elaborate *why* the Founders insisted on Congressional authorization, and to expound on the importance of public debate and support for any military action. He pointed to the events around the avoidance of the strike on Syria, as an example of success on this matter.

Then, on June 26, Kaine appeared on MSNBC’s Morning Joe, where he was asked again about his differences with the Democratic leadership on whether Obama needed to seek Congressional authorization to go to war. The Senator was clear: It’s a matter of the law. He doesn’t care about the politics—the power to declare war is the most important power of the Congress, and Congress must behave accordingly.

Kaine also noted that he represents the most militarily connected state in the country. Notably, his predecessor in the Senate, Jim Webb (D), who earlier had been Secretary of the Navy, had taken a similar stance, championing a resolution insisting that the Congress, not the President, make the decision on war—that time, in the case of Syria.

## Members of the House Agree

On June 24, Reps. Barbara Lee (D-Calif.) and Scott Rigell (R-Va.) began circulating a letter to other members of the House, sending the same message to Obama. By July 3, when the names of the letter’s co-signers



were released, 78 additional Representatives had signed on.

The letter states, in part:

“We do not believe intervention could be either quick or easy. And, we doubt it would be effective in meeting either humanitarian or strategic goals, and that it could very well be counter-productive. This is a moment for urgent consultations and engagement with all parties in the region who could bring about a cease-fire and launch a dialogue that could lead to a reconciliation of the conflict.

“Any solution to this complex crisis can only be achieved through a political settlement, and nothing short of that can successfully bring stability to Iraq or the region and only if the process and outcome is inclusive of all segments of the Iraqi population.

“As you consider options for U.S. intervention, we write to urge respect for the constitutional requirements for using force abroad. The Constitution vests in Congress the power and responsibility to authorize offensive military action abroad. The use of military force in Iraq is something the Congress should fully debate and authorize. Members of Congress must consider all the facts and alternatives before we can determine whether military action would contribute to ending this most recent violence, create a climate for political stability, and protect civilians from greater harm. We stand ready to work with you to this end.”

A press release on Lee’s website reminds readers, “Last August, Congresswoman Lee and Congressman Rigell led independent letters calling on the President to consult with Congress before taking military action in Syria. In a sign of bipartisanship, the two joined together in leading today’s letter on the use of military force in Iraq.”

The letter to Obama was published on the same day. Reports estimate that now almost 1,000 troops have been deployed to Iraq to “secure the U.S. embassy” and to “advise Iraqi security forces.”

The press release quotes Rigell saying, “I share a deep concern over the rise in sectarian violence in Iraq in recent weeks. However, engaging our military forces at this time when no direct threat to the United States exists and without prior congressional authorization would violate the separation of powers that is clearly delineated in the Constitution.”

Lee was the only Member of Congress in 2001 to vote “No” to the Authorization of Use of Military Force Against Terrorists, warning the Congress then to be

“careful not to embark on an open-ended war with neither an exit strategy nor a focused target.”

Now the question remains: Will Congress finally act in a meaningful way, if Obama continues to snub the House and Senate, and the Constitution?

## **Bipartisan Action**

*Below are the signers of the letter to President Obama; the deadline to sign was July 1, 2014.*

Barbara Lee (D-Calif.); Scott Rigell (R-Va.); Sam Farr (D-Calif.); James Moran (D-Va.); Janice Hahn (D-Calif.); Peter DeFazio (D-Ore.); Hank Johnson (D-Ga.); Mike Honda (D-Calif.); Chellie Pingree (D-Me.); Betty McCollum (D-Minn.); John Garamendi (D-Calif.); Rick Nolan (D-Minn.); Beto O’Rourke (D-Tex.); Katherine Clark (D-Mass.); Zoe Lofgren (D-Calif.); Earl Blumenauer (D-Ore.); George Miller (D-Calif.); Anna Eshoo (D-Calif.); Julia Brownley (D-Calif.); Hakeem Jefferies (D-N.Y.); Chris Gibson (R-N.Y.); Jackie Speier (D-Calif.); John Duncan (R-Tenn.); Judy Chu (D-Calif.); Bobby Scott (D-Va.); Alan Grayson (D-Fla.); Jim Himes (D-Conn.); Michael Michaud (D-Me.); John Larson (D-Conn.); Mark Pocan (D-Wisc.); Reid Ribble (R-Wisc.); Frank Pallone, Jr. (D-N.J.); Karen Bass (D-Calif.); Maxine Waters (D-Calif.); John Conyers, Jr. (D-Mich.); Walter Jones (R-N.C.); Peter Welch (D-Vt.); Jared Huffman (D-Calif.); John Sarbanes (D-Md.); Ed Pastor (D-Ariz.); Grace Napolitano (D-Calif.); Alcee Hastings (D-Fla.); John Lewis (D-Ga.); Jose Serrano (D-N.Y.); Nydia Velazquez (D-N.Y.); Louise McIntosh Slaughter (D-N.Y.); Andre Carson (D-Ind.); Gloria McLeod (D-Calif.); Jim McDermott (D-Wash.); Keith Ellison (D-Minn.); Lloyd Doggett (D-Tex.); Rush Holt (D-N.J.); Bobby Rush (D-Ill.); Emanuel Cleaver (D-Mo.); Bennie Thompson (D-Miss.); Lois Capps (D-Calif.); Kurt Schrader (D-Ore.); Jerrold Nadler (D-N.Y.); Mark Takano (D-Calif.); Collin Peterson (D-Minn.); Ann Kuster (D-N.H.); Justin Amash (R-Mich.); Charles Rangel (D-N.Y.); Raul Grijalva (D-Ariz.); Niki Tsongas (D-Mass.); Kathy Castor (D-Fla.); Mike Capuano (D-Mass.); Yvette Clarke (D-N.Y.); Matt Salmon (R-Ariz.); Kyrsten Sinema (D-Ariz.); Donald Payne, Jr. (D-N.J.); Lois Frankel (D-Fla.); Rosa DeLauro (D-Conn.); Richard Neal (D-Mass.); Eleanor Holmes-Norton (D-D.C.); Alan Lowenthal (D-Calif.); Stephen Lynch (D-Mass.); Joseph P. Kennedy (D-Mass.); William R. Keating (D-Mass.).

# Court Ups Pressure On Saudis Over 9/11

July 7—While the Obama Administration continues to do everything in its power to prevent the Saudi role in the 9/11 terrorist attacks from coming to light, the pressure on the Saudi Kingdom is slowly increasing on a number of fronts. This includes a recent Supreme Court action, a Freedom of Information lawsuit in Florida, and growing pressure in Congress to force the Obama Administration to declassify the suppressed 28 pages on Saudi involvement, from the 2003 Joint Congressional Inquiry into the 9/11 attacks. We highlight here recent developments on the first two fronts.

## 9/11 Families vs. Saudis

On June 30, the U.S. Supreme Court refused to hear an appeal brought by the Kingdom of Saudi Arabia, thus allowing a lawsuit by 9/11 families and insurance companies to proceed against the kingdom. At the same time, the court refused to hear an appeal brought by 9/11 families involving another lower court ruling, which barred them from suing banks and individuals that provided support to al-Qaeda and the 9/11 terrorists. In both cases, outrageously, the Obama Administration had intervened on the side of the Saudis against U.S. citizens and 9/11 victims.

In the first case, *Kingdom of Saudi Arabia v. Federal Insurance Corp.*, the Supreme Court declined a petition for review filed by Saudi Arabia, a number of Saudi princes, and the Saudi High Commission (an alleged charity), of a December ruling of the 2nd Circuit Court of Appeals. By refusing to review the case, the High Court let the appeals court ruling stand, permitting the suit against the Saudis to proceed in U.S. District Court in Manhattan, where litigation has been ongoing for years against other entities.

“From our perspective, we are looking forward to having the opportunity to finally conduct an inquiry into the financing of the Sept. 11 attacks,” said Sean Carter, a partner at the Philadelphia law firm Cozen O’Connor. Carter said he expected that discovery of

Saudi government documents and depositions would begin shortly, according to the *Philadelphia Inquirer*.

## The Sarasota Saudis

The second case pertains to a wealthy Saudi family living in Sarasota, Fla., who were known to have been in regular contact with a number of the 9/11 pilots and hijackers, and who fled the country shortly before Sept. 11, 2001—a fact which the Bush and Obama administrations have systematically covered up.

On June 30, the *Broward Bulldog* online newspaper, which is suing the Department of Justice and the FBI under FOIA, received 11 additional, heavily redacted pages of FBI reports concerning the Saudi Ghazzawi and al-Hijjii families. Most of the information in the documents was only classified in early June, to prevent its release, although such documents are supposed to be classified when they are created.

Among other things, the Justice Department asserts that classification is necessary because the censored information pertains to foreign relations or foreign activities, including confidential sources. “This could be about information considered embarrassing to Saudi Arabia,” said *Bulldog* attorney Tom Julin, as reported in the *Bulldog* and the *Miami Herald*.

The 11 pages released on June 30 contain statements reiterating that the al-Hijjiis had departed the U.S. in haste shortly before 9/11, and that further investigation had revealed “many connections” between them and persons associated with the 9/11 attacks—statements that flatly contradict the FBI’s earlier public statements that its agents had found no connection between the families and the 9/11 plot.

“This release suggests that the FBI has covered up information that is vitally important to public safety,” said Julin. “It’s startling that after initially denying they had any documents, they continue to find new documents as the weeks and months roll by. Each new batch suggests there are many, many more documents. There needs to be a full-scale explanation of what’s going on here.”

The judge in the FOIA case is still in the process of examining the full 80,000 pages of the FBI’s Tampa field office investigation of 9/11 to determine if other documents are relevant to the investigation of the Sarasota Saudis and their links to the 9/11 hijackers.

# Russia and China Outflank British Empire War Drive

by Jeffrey Steinberg

July 7—Russia and China have launched a deadly flanking assault against the British Empire, without firing a single shot. While London continues to press for strategic confrontation with Vladimir Putin's Russia through its control over the Obama Presidency, and its own direct long-running operations in Ukraine, Moscow and Beijing are moving rapidly to create a new economic and monetary order free from the shackles of the British system of free-trade looting and radical Malтусian genocide.

Both China and Russia have made clear their desire to have the United States and Europe join in the new arrangements, but they are declaring their independence from the system of usury, speculation, and war that has dominated the planet for centuries.

The coordination between Russia and China will be on display next week, when both President Putin and Chinese President Xi Jinping travel to South America to participate in the 6th BRICS (Brazil, Russia, India, China, and South Africa) summit July 15-17, in Fortaleza, Brazil, and a series of bilateral meetings. At the BRICS meeting, two new financial institutions are expected to be established: a BRICS development bank and a collective fund to beat back currency assaults on the member states. The recent efforts by vulture funds, in collusion with U.S. Federal courts, to loot Argentina, and break up the bond restructuring arrangement negotiated between Argentina and 93% of its bondholders, have backfired and created accelerated momentum to

break the stranglehold of the so-called Washington Consensus of the IMF, the World Bank, the Bank of England, the U.S. Federal Reserve, and the U.S. Treasury over global financial affairs.

At the same time, China is spearheading the creation of an Asian Infrastructure Investment Bank (AIIB) before the end of the year. Beijing is seeking as many as 30 initial members in the bank, which Wall Street and London clearly see as an undesirable alternative to the Asian Development Bank which has been dominated by the Washington Consensus, through slavish cooperation by Japan. The stated purpose of the AIIB is to promote rapid construction of the Eurasian Land-Bridge of transportation and development corridors stretching from the Pacific Far East to the westernmost shores of Europe. In announcing the AIIB, Chinese officials also announced that they planned to finance a high-speed rail link between China and Iraq.

## **The Eurasian Approach vs. London/Wall Street**

The idea of the rail line to Iraq underscores the qualitative difference between the Asian approach being aggressively promoted now by Beijing, and the bankrupt policies of permanent war being peddled by London and its Wall Street and Obama White House allies. Iraq remains under siege by the barbarian forces of the Islamic State of Iraq and Syria (ISIS), which last week proclaimed a Caliphate on the territory of the two coun-

tries. Backed by Persian Gulf states and wealthy individuals, ISIS has been conducting a lightning drive toward Baghdad, defeating the Iraqi Army in a series of engagements. ISIS is operating with Sunni tribes and remnants of the Saddam Hussein-era Iraqi Army who were purged during the U.S. occupation of the Bush-Cheney era. The factions have maintained cohesion through the Sunni tribes and the Army of the Men of Naqshbandi, a Sufi network of Ba'athist military officers and soldiers who have been shut out of power by the U.S.-backed al-Maliki government in Baghdad.

### **Threat of Regional War**

The threat posed by ISIS to neighboring countries, including Syria, Lebanon, Jordan, and Saudi Arabia, has created the conditions for a new regional war. One thousand American troops are now in Iraq as advisors, trainers, and intelligence liaisons, as well as security for the U.S. Embassy and an estimated 25,000 Americans working in various parts of the country. Last week, Russia sent SU-25 fighter planes and Russian trainers to Iraq on short notice at the behest of the al-Maliki government. Iran has an estimated 100 Al Quds Brigade (IRGC) military advisors in the country as well, mostly working with Shi'ite militias called upon to fight against the Sunni insurgents.

Last week, Secretary of Defense Chuck Hagel and Joint Chiefs of Staff (JCS) Chairman Gen. Martin Dempsey gave a frank assessment of the situation on the ground in Iraq. Dempsey told reporters at a special Pentagon briefing that he believed the Iraqi Army could hold back an ISIS assault on the capital, but that they possessed no capacity to launch any counterattacks to take back territory already lost to the rebels.

At the request of President Obama, the JCS delivered military options last week, suggesting that it would take as many as 6,000 American troops—one entire combat brigade and relevant air and communications support personnel—to simply secure the U.S. Embassy, the Baghdad International Airport, and the 15-km road connecting them. Obama authorized the deployment of an additional 300 U.S. troops, far less than the Pentagon's assessed requirements.

Obama has already violated the Constitution by dispatching American forces without Congressional approval. There is a bipartisan revolt brewing against the President's latest Constitutional infringements. Rep. Barbara Lee (D-Calif.) sent the President a letter signed by 80 members of the House on July 3, warning him

against any military action without Congressional authorization (see *Feature*, in this issue).

Moreover, Washington and London appear to be doing everything possible to escalate the provocations against Russia, using the Poroshenko government in Ukraine as its instrument. After a series of meetings and conference calls among Presidents Putin and Poroshenko with German Chancellor Merkel and French President Hollande, the seeds of a negotiating process to end the violence in Ukraine were beginning to sprout, until Poroshenko abruptly ended the ceasefire between the Ukraine government and pro-Russian federalist forces in the southeast of the country, and resumed military operations.

Russian Foreign Minister Sergei Lavrov blamed the sudden shift on pressure from an unnamed outside force—an implicit reference to London and Washington. Putin has made clear his willingness to negotiate an equitable agreement, and has taken concrete steps, including asking the Federation Council, the upper house of parliament, to rescind the law giving him authority to intervene militarily in Ukraine, and pushing for OSCE (Organization of Security and Cooperation in Europe) observers to be deployed to the Ukraine-Russia border. Nevertheless, the crisis continues to grow.

It is in this context that the Russian and Chinese actions to forge a new just economic system in Eurasia and beyond represent a crucial flank against the power of the British Empire. Were Congress to remove President Obama from office, not only would the immediate war danger be vastly reduced (the British, without the U.S. on a leash, have no capability to fight a general war). The prospects for the United States directly participating in the new economic order would be vastly improved.

Lyndon LaRouche has repeatedly stated in recent years that the advent of advanced thermonuclear weapons has made modern warfare impossible. Any general war would be a war of extinction. Since the dwindling power of the British Empire system is the only driving source of the war danger, defeating that Empire system by forming a new economic and financial system on traditional Hamiltonian American System principles—with U.S. full participation—would be the single-most deadly blow to the last vestiges of the British Empire. Either the British will succeed in provoking a general war, in which case mankind is doomed, or the power of the British Empire will be defeated, starting with the removal of British pawn Barack Obama from the Presidency.

## South Korea Chooses Development Over War

by Mike Billington

July 7—Chinese President Xi Jinping, the initiator of the “New Silk Road” for Central Asia and beyond, and the “New Maritime Silk Road” for Southeast Asia and the Indian Ocean, continued to give concrete meaning to his commitment to the cooperative development of all Asian nations, during his summit in South Korea July 3-4.

While Seoul has been subjected to intense pressure from Washington to participate in President Obama’s military and economic confrontation with China, President Park Geun-hye has refused to submit, and instead, welcomed China’s leader to a red-carpet reception, based on extensive trade and economic development agreements. South Korea has insisted that being an ally of the United States cannot, and will not, mean joining in the insane confrontation against China demanded by Washington, nor the self-destructive, no-growth financial bail-out and bail-in looting taking place across the trans-Atlantic region.

President Xi arrived in Seoul with 250 top Chinese business leaders. The trip began with Presidents Xi and Park announcing agreements making the Chinese yuan and the Korean won directly exchangeable, so that their booming trade can be carried out with their own currencies, rather than in dollars, freeing them from double transaction charges and from fluctuations in the value of the dollar. The yuan is only the second currency, after the dollar, which is now directly convertible with the won.

Also, at a joint press conference, President Park said South Korea and China will aim to complete long-running trade talks by the end of this year. China also agreed to include South Korea as one of the countries that can invest in the domestic Chinese stock and bond markets.

AP reported July 3 that South Korea’s two-way trade with China was \$229 billion last year, exceeding the combined value of South Korea’s trade with the

U.S. and Japan. Xi told reporters after the summit that the two countries will strive to boost their trade to over \$300 billion annually. U.S. trade with South Korea remained stagnant at \$125 billion last year, about the same as the previous year.

China is also a huge market and a production base for South Korean exporters such as Samsung, Hyundai, and LG, which are key foreign investors for China. Samsung’s sales within China surged from \$23 billion in 2011 to \$40 billion in 2013.

President Xi is also offering South Korea participation in its plan to launch an Asia Infrastructure Investment Bank (AIIB), with 22 nations now showing interest. The AIIB will create a \$100 billion fund to invest in the desperately needed infrastructure across Asia. As reported elsewhere in this issue of *EIR*, the U.S. has even intervened to pressure Seoul to keep out of this crucial and beneficial project, claiming that vast infrastructure development is simply a trick by Beijing to break up the U.S.-South Korea alliance!

The U.S. response to this is reflected by *New York Times* reporter Jane Perlez, who wrote on July 3 that Xi’s trip to Seoul is only intended to “unsettle U.S. alliances in Northeast Asia and fortify his argument for a new security architecture in the region, with China as the dominant player.”

### Dealing with North Korea

The *Korean Herald* on July 3 pointed to one crucial reason that South Korea wants to join the AIIB: that “participation in the infrastructure investment bank could help South Korea prepare for a possible reunification of the two Koreas, which would require a massive amount of funds for infrastructure.”

A key aspect of the summit is that President Xi visited Seoul before visiting Pyongyang, breaking the precedent of past Chinese presidents. While Western scholars and journalists emphasized the fact that China has the same concerns as the West about North Korea’s nuclear weapons program—which is certainly true—they ignore the more important fact that South Korea’s refusal to break with China is based not only on their extensive economic cooperation, but also on the fact that China, like Russia, actually wants to *solve* the problem with North Korea—avoiding the confrontational methods of Washington, which offers only threats and a military buildup, but rather by offering North Korea a stake in regional development projects involving Russia, China, and South Korea.





Office of the President of the Republic of Korea

*Chinese President Xi Jinping joins South Korean President Park Geun-Hye in Seoul July 4, where the two leaders reached a number of important economic and trade agreements—much to the consternation of London and Obama's Washington.*

*China Daily* editorialized on July 4 that “China remains opposed to the D.P.R.K.’s [North Korea’s] pursuit of nuclear weapons, which severely harms China’s national interests. In fact, Beijing expects Pyongyang to focus on economic development rather than seek nuclear weapons. Only by doing so will there be a chance of rapprochement on the Korean Peninsula. However, Beijing continues to insist that the D.P.R.K.’s security concerns need to be considered if it is to be encouraged back on a sound track.” The editorial goes on to note that North Korea’s nuclear weapons program has been used by the Obama Administration to justify the vast military buildup around China, claiming it is aimed at North Korea.

In fact, South Korea has directly rejected Washington’s effort to use the North Korea problem to draw Seoul into a military buildup around China. In addition to the U.S. pressure not to join China’s plans for vast infrastructure development across the region through the AIIB, the Obama Administration has also demanded that Seoul agree to the deployment of THAAD (Terminal High Altitude Area Defense) missile systems on its territory, claiming that the U.S. wants to help in their defense against a potential North Korean attack. The South Korean government has repeatedly told Washington, and released to the press, that they have no need for high-altitude missiles against the threat from North Korea (North Korea is

only 35 miles from Seoul), and that it is obvious that the THAAD missiles would be aimed at Beijing, not Pyongyang.

Just days after Xi’s visit to Seoul, the North Korean official news agency KCNA released a statement calling for North and South Korea to work together to “achieve reunification through a federal formula in Korea where differing ideologies and social systems exist,” and to “create the atmosphere favorable for reconciliation and unity, to end calumnies and vituperations,” as reported by Itar-Tass from Russia. The statement calls for both sides to end “reckless hostility and confrontation,” including the regular military exercises carried out by both sides. How this will develop remains to be seen.

## **Territorial Disputes To Be Settled**

The territorial disputes between China and its neighbors in the South and East China Seas have become flashpoints for war with China. This is being stoked by the Obama Administration on three fronts: lavish praise for Japanese Prime Minister Shinzo Abe’s executive decision to “reinterpret” Japan’s post-war pacifist Constitution, now allowing Japan to join in a U.S. war in the region; signing a deal with Philippine President Noyoy Aquino to deploy U.S. air, sea, and land forces and equipment throughout the Philippine islands; and encouragement of Vietnam’s violent attacks on a Chinese oil rig in contested territory in the South China Sea.

Here again, South Korea has not fallen for the trap set by Obama and his British imperial backers. Presidents Xi and Park agreed during the summit that the territorial disputes between the two nations will be settled through bilateral negotiations, which will begin in 2015.

When nations act together on the basis of their common economic interests, the Empire’s tools for division and conflict are easily overcome—a lesson for those in the region caught up in the madness of the Empire’s drive for war.

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# Sudan at the Crossroads: Sanctions Are Killing Off Africa's Breadbasket

by Lawrence K. Freeman

*The author spent more than a week visiting Sudan, from June 10-18. This is his report.*

July 5—As Sudan approaches the third anniversary of the division of the country with the creation of South Sudan on July 9, 2011, the leadership in Khartoum will be making momentous decisions over the next 12 months that will affect not only its own future, but that of South Sudan and the Horn of Africa.

After meeting with a wide range of people and institutions in and out of the government, two things are immediately clear to me. 1) The country is trying to cope with the detrimental effects of the partition of Sudan, once the largest country in Africa; of murderous sanctions; poor economic performance over the last three years; and a continued armed insurgency. 2) This has led to a healthy flux of discussions on many aspects of policy, including initiating a reform within the ruling National Congress Party (NCP), a “national dialogue” with the almost 100 opposition parties, and a debate on how to approach relations with the United States, which is at one of its lowest points. It is vital that in this environment, which includes reflection on past practices, a new, positive path for Sudan be laid down.

It was evident in the many discussions I had that there is insufficient understanding among the Sudanese of the nature of the global strategic crisis brought on by the bankruptcy of the trans-Atlantic financial system; the Anglo-American policy to dismantle the central government in Khar-

toum; and the need for a visionary economic policy that would transform the country, dramatically improving conditions of life.

## Genocide Against Sudan Is Called Sanctions

While many foolish people in the West were duped politically and financially into supporting unsubstantiated claims of genocide in Darfur, the real genocide against the Sudanese people is being carried out by U.S. and European sanctions. For almost the entire 25 years since the bloodless coup in 1989 that brought Gen. Omar al-Bashir to power, Sudan has been suffering from multiple layers of sanctions. U.S. Presidents Bill Clinton, George W. Bush, and Barack Obama, supported by European nations, have brutally imposed years of privation on the Sudanese people, despite promises by U.S. Presidents to remove some sanctions in 2005 with Sudan's signing of the Comprehensive

Peace Agreement (CPA) with rebel forces in the South, and in 2010 with Sudan's acceptance of South Sudan's decision to separate. Economic sanctions applied to a poor, undeveloped country like Sudan, have only one effect: They kill people, and should be challenged legally as “a crime against humanity.”

According to the Convention on the Prevention and Punishment of the Crime of Genocide adopted by UN General Assembly in 1948, genocide is defined as “any of the following acts committed with intent to destroy, in whole or in part, a national, ethnical, racial or religious group as such:

FIGURE 1  
Sudan





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Lawrence Freeman (third from right) with members and friends of the Sudanese Women Parliamentarians' Caucus, in Khartoum. The Caucus is circulating a pamphlet on "The U.S. economic boycott and its effects on health, education and services and their impact on women and children," June 2014.

"a) Killing members of the group;

"b) Causing serious bodily or mental harm to members of the group;

"c) Deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part."

Contrary to all the hypocritical wailing about violations of human rights today, the most essential and sacred human right is *the right to life*, which sanctions take away.

Here are some of the worst effects of the sanctions:

#### **Medical:**

- Advanced HIV-testing technology that can determine whether babies are HIV-infected within three days of their birth cannot be imported, so infants have to wait until they are 18 months old before it can be determined whether they have the virus.

- No import of advanced incubators;
- No import of certain life-saving equipment and medicines; the price of other medicines is three times higher than the market price.

#### **Airlines:**

Due to inability to import spare parts, Sudan's airline industry has one functioning airplane, forcing it to rent additional aircraft.

#### **Railways:**

Rail transportation from Khartoum to Port Sudan formerly depended on importing U.S. locomotives and coaches from General Electric. From 1975 to 1986, Sudan purchased 106 trains from GE. After 1997, sanctions stopped all these purchases, as well as the import of spare parts, leaving Sudan with 18 functioning trains, forcing it to cancel its 1994 Five Year Plan for expanding rail transportation.

#### **Roads:**

Sudan is forced to buy less efficient road-building machinery from countries that have not imposed sanctions.

#### **Science and Technology:**

Khartoum University's "Africa City of Technology," which has the largest super-computer for research in Africa, connecting to 40 universities on the continent, and which has 120 researchers (including many young women) and students, who have to go outside Sudan for certification. Google will not allow users in Sudan to purchase software needed for their scientific work.

#### **Jobs:**

The Ministry of Industry estimates the loss of 100,000 jobs due to lack of American and European technology.



## Sanctions Sour Sugar Production

Sugar production is one of Sudan's biggest industries, and the third-biggest in Africa—not surprising, given the country's "sweet tooth," whereby tea is served with heaping teaspoons of sugar on every street corner in Khartoum. Sugar farming/production employs thousands of workers and tens of thousands of farmers who support hundreds of thousands in their families. The Sudanese Sugar Company (SSC) runs four of the six agro-industrial sugar factories, built from 1962-81 by Germany, all of which are under sanction because they sell their sugar to the government. These are Guneid, N. Halfa, Assalaya, and Sennar, whose combined production of processed sugar peaked in 2009 at 356,395 tons. The fifth plant, Kenana, is considered private and not under sanction; it yields another 400,000 tons, totaling 750,000 tons at peak level for all five.

This is about 450,000 tons short of Sudan's consumption needs of 1.2 million, which is made up through imports. The White Nile Sugar Company, which began operations in 2012, is expected, when fully functional, to eliminate the need to import sugar. However, due to the long-term effects of sanctions of the last five years, production at the four sugar plants has dropped to 271,077 tons in 2014—a steep 25% decline from 365,395 tons in 2009. Sugar farmers reported that they lost 150-200,000 tons of sugar in 2013 due to lack of American technology, which is recognized as superior to others. SSC would like to increase capacity to 700,000 tons by bringing new land into production, more mechanization, and improved technology. This would allow Sudan to become a sugar exporter, and help reduce poverty by increasing the employment of workers and farmers.

This author visited the Guneid sugar farm, built in 1961-62, and saw the graveyard of U.S.-made John Deere farming equipment—harvesters and tractors that are now dysfunctional due to lack of spare parts. They have been unable to buy new farm equipment since the 1997 sanctions were imposed. Production at Guneid declined by more than 20% from its peak of 92,440 tons in 2012, to 73,139 in 2014. Guneid, with an area of 27,000 feddans, is supplied by 2,500 farms, with each farmer owning 15 feddans. The operation affects over



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*U.S. tractors, sold to Sudan in happier years, are now dysfunctional due to the country's inability to buy spare parts, under the sanctions regime.*

80,000 families, who own their land and cultivate additional food crops for everyone in the area. When Guneid tried to circumvent sanctions by purchasing six John Deere harvesters from the privately operated Kenana farm for \$4 million, the U.S. government objected, and after two years threatened Kenana, forcing Guneid to return them.

In surveying the fields of cane, I was impressed with the innovative irrigation system. One feddan (slightly more than one acre) of sugar cane uses 10,000 cubic meters of water per planting season—a year to 16 months—to produce 40 tons of cane. To irrigate the fields, they pump the water directly from the Blue Nile River into a canal, which is contoured to allow the water to flow naturally to the rows of cane. There are two pumping stations, each with four pumps (a maximum of three operate at the same time) which pump 1,500,000 cubic meters of water per day from the Blue Nile. It is a sight to see, watching the old pumps churning, bringing the water through huge pipes to fill the canal—yet it works efficiently enough to produce rows of stalks of sugar cane, as far as the eye can see.

## The Shock of 2011

Sudan has not recovered from the shock-effects of its dismemberment in 2011. One well-respected Sudanese economist described the severe and deep problems

that followed separation, which resulted in Sudan losing 10% of its GDP, 75% of its foreign exchange, 50% of its budget revenues, a third of its land, and almost 25% of its population. After South Sudan emerged as an independent nation, Sudan lost the revenues and foreign exchange from 350,000 barrels of oil per day that came from the oil fields of the South. Sudan was left with less than 150,000 barrels of oil per day, an agricultural sector that had been severely neglected during the heyday of the big oil years, 2000-10, and found itself desperately searching for new sources of foreign exchange. The immoral sanctions and full court press by the West to deny Sudan assistance, credit, and investment have had their intended results.

The three-year 2011-14 survival plan that was supposed to help Sudan transition to better times did not succeed, and the austerity measures taken by the government have failed to improve the economy. The government did not reduce its imports of wheat and sugar (the country still has to import 1.2 million metric tons of wheat—60% of its 2 million tons of consumption). Subsidies on fuel and other products were lifted, as demanded by the IMF, provoking unrest among the population, which is living with a 40% inflation rate. A gold rush has taken over parts of the country, not entirely dissimilar to what happened in the U.S. in the 1840s. The Khartoum government, in order to get a commodity that can be sold for foreign exchange, is forced to buy gold from “scavengers” at the black market rates of 9 Sudanese pounds (SDG) to \$1, but can only receive payment at the official rate of SDG 6 to \$1 on the international exchange.

Over the last three years, Sudan’s sovereign debt has risen from approximately \$36 billion to \$45 billion, as arrears have grown due to its inability to pay. Promises were made at the time of separation, when Sudan assumed the total debt for the two countries, that Sudan would be allowed debt relief under the IMF’s Heavily Indebted Poor Countries Initiative. Like so many other promises, this one was broken by the West.

Some in the ruling party, the NCP, insist that austerity will have to be maintained in the short term, but there are strong objections inside the party to continuing this failed policy. There is widespread agreement that after years of neglect, Sudan will have to prioritize



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*Sudanese Minister of Agriculture and Irrigation Ibrahim M. Hamid briefs Freeman on his ambitious plans to increase food production, June 2014.*

the development and expansion of its agro-industrial sector. However, while there are plans for various agricultural, industrial, and infrastructure projects, thus far there is no bold transformative economic growth plan. This is one of the important discussions taking place in the country, in which the ideas of Lyndon LaRouche are valued, as he and *EIR* are well respected for their work with Sudan over many years.

### **A Snapshot of Industry**

Sudan’s industrial production, as a percentage of GDP, rose from 7% in 1956, the year of independence (it was formerly ruled by the British—officially by an Anglo-Egyptian condominium), to 24% and then decreased to 16-17% in the late 1990s after the 1997 sanctions. As a result of oil revenues in the early 2000s, some investments in the economy were made, resulting in a rise of industrial production to 28% of GDP from 2004-10.

Movement of cargo by railroad suffered after 1997, even as purchases of locomotives from China and South Africa replaced the superior ones made by GE. Rail freight declined from 4 million tons in 1995 to 200,000 in 2004. There is no functioning train from Khartoum to Sudan’s major port on the Red Sea, Port Sudan, and the tracks have been ripped up and sold off for scrap iron. In a huge country like Sudan, where roads are minimal at best, without extensive rail lines to move goods and



people, the economy will never develop. With no foreign exchange, no credit, the inability to even transfer money through banks in the West (which block remittances), lack of technology, capital equipment, and spare parts, and the additional the loss of oil revenues, factories are operating at best at 30-40% of capacity. Under these conditions there is no possibility for Sudan to develop a healthy economy that will provide sustenance to its people.

### Providing Food Security

Out of approximately 170 million feddans of arable land, less than 30% is presently used for food production. Sudan's large, flat areas of fertile land are ideal for growing wheat, sorghum, alfalfa, and similar crops, for human consumption and animal fodder. If *developed*, Sudan's agricultural output could not only feed its 40 million people and eliminate hunger in the Horn of Africa and North Africa, but also become a net exporter to other countries, such as China, which has already requested from Sudan 1 million tons of alfalfa for fodder. Agriculture contributes almost 35% of Sudan's GDP and employs 60% of its working population, but is still dominated by small-scale traditional farming. To realize Sudan's potential as a major food exporter would require a fully integrated infrastructure platform of rail transportation, water management, and electrical power. The failure to realize Sudan's agricultural potential decades ago can be considered a "crime against humanity," because it would have prevented the deaths of millions of Africans due to minimal food/nutrition.

No state-supported agricultural projects, such as the Gezira Scheme, which will require a large and costly rehabilitation program to overcome its deterioration during the past decade, can get credit, technology, or equipment from the West because of sanctions.

Increased use of modern irrigation is required for expanded food production. Of the 40 million feddans planted with crops, the vast majority is rain-fed, and yields are significantly lower than those grown on the 3 million feddans of irrigated farmland. For example, on



*A sorghum farm along the Nile River, April 2012. The country's large, flat areas of fertile land are ideal for such crops.*

EIRNS/Danielle Detoy

irrigated land, wheat and cotton yields are respectively 1.2 and 1 ton per feddan, more than twice the output per feddan on rain-fed farms, which account for almost 93% of all lands planted. To utilize the rain more efficiently, water conservation by tilling the land to reduce water runoff, and planting more grass to hold the water, are being practiced, but that does not significantly impact the output when only 7% of the land is benefiting from mechanized irrigation.

Minister of Agriculture Ibrahim M. Hamid intends to increase agricultural production and has graphs showing the large differences in yields between Sudan and more productive countries. In the short term, he wants to double yields of cotton from 1 to 2 tons per feddan and wheat from 1.2 to 2 tons per feddan. His ambitious plans for the future are to increase output per feddan by 500%, though increased use of good seeds, fertilizer, more mechanization replacing traditional farming, expansion of extension programs to educate farmers on new methods of growing food, and making more credit available.

Sudan is also leasing large tracts of land in northern Sudan to other countries; here the yields of wheat are higher, due to the large underground lake-aquifer that provides water. An Arab fund will finance the needed infrastructure, and the countries concerned have agreed to transfer 35% of the food output from the leased lands back to Sudan, as payment in kind. Saudi Arabia has contracted to lease 225,000 feddans; Qatar 275,000;



EIRNS/Douglas DeGroot

*Sudan's Merowe Dam is the kind of great infrastructure project that the country urgently needs, to feed its own people and become a breadbasket for the world, April 2009.*

The idea is for seven leaders representing the three parties currently participating in the government—the NCP, Umma, and DUP—to meet with seven leaders chosen from the over 90 opposition parties, plus President al-Bashir (the “7 plus 7 plus 1”) to discuss a new direction for Sudan. This will have to include reforms within the NCP, reforms within the government, and a new Constitution. Undoubtedly the challenges facing the future of the President, who is still a target of the fraudulent International Criminal Court, will also have to be considered.

Lebanon 216,000; and Brunei 100,000. Initial leases are for 25 years, and can be renewed three times, with Sudan never giving up ownership of the land.

### **The National Dialogue**

At the beginning of 2014, a year and half before the 2015 Presidential election, President al-Bashir launched a “national dialogue,” inclusive of all parties from all religions and ethnicities, from all parts of the country, to discuss fundamental concerns that will affect the Sudan’s future. The effort has moved forward in fits and starts, with Washington having designs to use the national dialogue for its own purposes.

Sayed al-Khatib, the Director of the Center for Strategic Studies in Khartoum, is responsible for the initial phase of creating the four principles of the national dialogue: peace, democratization, combating poverty, and a national Sudanese identity. Resting on these four pillars, the concept is for the dialogue to cause “a leap” in people’s thinking, recognizing past mistakes, reflecting, and hopefully leading to a change in the consciousness of Sudanese society. As al-Khatib described it, everyone must go through a personal *intifada* (the Arabic word literally means “shaking off”) to “shake yourself up.” This process is expected to result in changes in the Constitution, and in the practices of government and parties.

The African Union is supportive of whole process, recognizing it as a positive step by the government of Sudan, and thinks it should be accompanied by lifting of sanctions and debt relief.

The West is once again involving itself in Sudan’s sovereign affairs by commenting on what it considers to be an “acceptable” national dialogue. The “regime change” faction in Britain and the United States would like to pervert the national dialogue to implement its own version of a “New Sudan”: one that has a weak central government, with the NCP stripped of its dominance, and with President al-Bashir removed from power. To wit: regime change by other means.

### **U.S.-Sudan Relations**

In the midst of these new initiatives by the leadership in Khartoum, and with the country facing enormous economic challenges and combating an insurgency whose goal is to overthrow the government, the NCP is involved in an intense discussion of how to approach the U.S. with hopes of having sanctions lifted. Despite Washington’s horrible treatment of Sudan for the last quarter century, the people of Sudan do not hate the U.S., and would welcome its leadership. However, those who want to believe that the U.S. policy towards Sudan can be changed by education and public rela-

tions should understand that persuasion will not work. National Security Advisor Susan Rice, an administration insider with long experience in the subversion of Sudan, will not allow it, and her view is backed up by UN Ambassador Samantha Powers. A reliable Washington source told this author that anyone in the State Department who hints at a change in U.S. sanctions against Sudan essentially can forget about a career in the foreign service. President Obama has no policy for Sudan, nor the rest of Africa for that matter, other than to continue the genocide.

To understand the Obama Administration's policy, one has to understand that the world is pivoting around the conflict between the economically collapsing trans-Atlantic nations and those of Eurasia, led by Russia and China. President Obama is a creature of the bankrupt trans-Atlantic monetarist system, which is ideologically opposed to economic progress, especially in Africa, which its spokesmen view as overpopulated. The West will not provide long-term, low-interest credit for infrastructure in Africa, as a matter of a policy, thus increasing the death rate there.

### Number One Enemy Is Poverty

In Khartoum, a representative from Ethiopia described how the mindset of the leadership of his country changed in 2000-01, when the ruling coalition of the EPRDF party came to realize that the greatest danger to the stability of Ethiopia came not from any belligerent country, outside political force, or internal insurgents, but from *the poverty of its people*. They understood that the only way for Ethiopia, a land-locked nation with the second-largest population in Africa (95 million), and one of the poorest, to survive and progress, was to eradicate poverty. A similar transformation is required for the NCP and others if Sudan is to realize the full potential of its people and its land. Ethiopia's leaders comprehended that the production of more physical wealth for its people created improved conditions to national unity.

To strengthen the Sudanese identity, which is one of the four principles of the national dialogue, Sudan should embark on an historic national mission, uniting the country with a military-like commitment to eliminate hunger and feed the world. Imagine the excitement this would arouse in Sudan, in Africa, and around the world, given everything that Sudan has endured over the last 25 years.

Investment is urgently needed in water, energy, and rail. High-speed railroads are vitally necessary to link

all parts of the country, extending to its immediate neighbors—Egypt, Chad, Ethiopia, through South Sudan to Kenya and Uganda, and eventually connecting to east-west and north-south continental rail networks.

The absence of one continuous road from Sudan to South Sudan highlights the historic realities that contributed to the partition of the country.

The natural alliance between Ethiopia and Sudan can be built around a common mission to grow food, utilizing Sudan's large tracts of arable land and Ethiopia's expanded energy production. This can also provide much-needed stability in the region. Both Sudan and Ethiopia are already receiving large numbers of refugees from South Sudan and Somalia. Over 500,000 desperate people have migrated from South Sudan to Sudan in the last six months, and with South Sudan on the edge of a humanitarian disaster of unbelievable proportions, there is grave concern about what will happen, if that country implodes.

Ethiopia is exporting about 100 megawatts (MW) of electrical power to Sudan and would like to increase that to over 500 MW in the near future, as its Gibe III hydroelectric plant comes on line, providing 1,870 MW of power. Ethiopia is looking to the future with plans to achieve 40-50,000 MW of hydroelectric power in the next 25 years. Ethiopia, with less fertile land, has increased food production from 5 million tons to over 25 million tons in 20 years, through aggressive educational programs to teach subsistence farmers new methods of farming, by building 28 agricultural colleges since 1991. However, while Ethiopia can grow vegetables and some cash crops, it is not well suited to produce large amounts of grains and cereals, which it needs to feed its population of 95 million. Ethiopia would like to help develop Sudan's land with the export of electrical power and by managing the rivers, which flow from Ethiopia into Sudan, for improved irrigation. All this is perfectly feasible.

Unfortunately, thus far, this type of visionary outlook for the future of Sudan is absent from the political discussion today, even as Sudan engages in its national dialogue and reforms, and prepares for elections in 2015. It would be a strategic error with fatal consequences, if a program for the development of Sudan were not articulated and discussed with its citizens in this period of *intifada*.

—lkfreeman@prodigy.net

# U.S. Suicidal War on New Chinese Infrastructure Bank

by Paul Gallagher

July 7—An international credit bank being set up by China to fund infrastructure development around the world is being fought by the Obama Administration, although the U.S. economy needs it desperately to recover.

The Asian Infrastructure Investment Bank (AIIB) will begin operations at the end of this year, and is planned to issue credit of \$50-100 billion annually for major infrastructure projects with their basis in Asia. The Bank has been in planning meetings for a year involving about 20 nations other than China, although China is clearly prepared to provide nearly all of the capital and credit for the bank, if necessary. The Obama State and Treasury departments have strongly pressured countries *not* to participate in the AIIB, as has now broken into the open in the South Korean and Japanese press around Chinese President Xi Jinping's visit to Seoul July 3-4 (see article in *International*).

While the AIIB's stated purpose is to provide infrastructure credit to developing countries in Asia, it could take on a global infrastructure mandate with participation by the United States and other big economic powers. Chinese credits for major new infrastructure projects are already spread around the globe. China is promoting and building three rail corridors across the entire expanse of Eurasia to the Atlantic coast of Europe, with one, the "Silk Road Economic Belt," and another, to the English Channel, already operating reg-

ularly. This recalls the United States' construction during the last third of the 19th Century of the Transcontinental, Southern Pacific, and Northern Pacific railroads across the High Plains, Great American Desert, and Sierra Nevada Mountains. China is also working on major North-South Eurasian rail/development corridors, and envisions 50,000 miles of high-speed rail development in Eurasia, Africa, and Ibero-America.

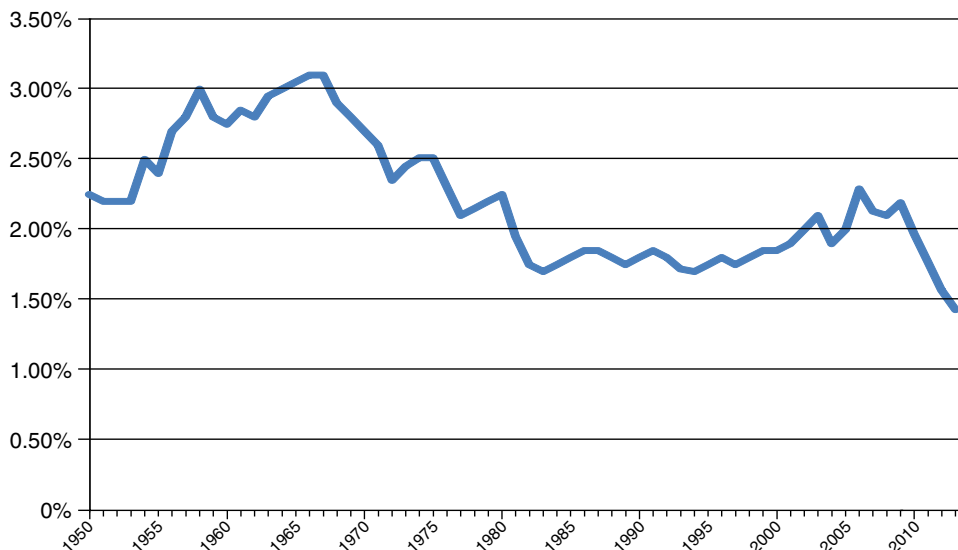
The AIIB's purpose is clearly to accelerate the worldwide spread of high-speed and magnetic levitation rail corridors, water management and navigation projects, nuclear power development and fusion power research, and new communications infrastructure.

The most prominent news reporting on this side of the Atlantic related to this initiative, is the spate of coverage in British Columbia and Washington State media of a China-financed high-speed freight and passenger rail corridor, potentially coming through Russian Siberia, across the Bering Strait, and through Alaska and Canada, down into the United States. China announced its intention to pursue this project in May; but the corridor will not reach Anchorage, Vancouver, Seattle, or Chicago without U.S. participation. There is both long-term and well-paid employment, and trade and transport revenue there for the United States economy, should it happen.

FIGURE 1

## The 50-Year Disappearance of U.S. Infrastructure

Annual investment as % of GDP



*From its peaks in the 1930s under Franklin Roosevelt, and in the 1960s under John F. Kennedy, American infrastructure investment has all but disappeared—and the Obama “Stimulus Act” helped finish it off.*

### Eurasian and U.S. Economics

For Asia, the Obama Administration’s strong opposition, if it contracts the AIIB’s size and credit capacity, will be deadly. Asian nations need combined infrastructure investments of \$750 billion *per year* through 2020, according to the Asian Development Bank (ADB), which is dominated by Japan and the United States. But the ADB and World Bank combined are making infrastructure investments of just \$20 billion/year, worldwide!

Both ADB Chairman Takehiko Nakao and World Bank Chairman Jim Yong Kim have recently “welcomed” the AIIB and said they want to cooperate with it, but both are also criticizing China’s widespread infrastructure investments outside China as “environmentally insensitive.”

And what about the United States, whose current President is fighting so hard to kill an international public bank which could quickly quintuple the combined infrastructure investments of the World Bank and ADB?

The 50-year collapse of investment in new economic infrastructure missions (see **Figure 1**) has meant disaster for the U.S. economy. The associated stagna-

tion in productivity in U.S. industry, outside the IT sector, has occurred despite rapidly shrinking employment in manufacturing, mining, and construction over that entire period, to a mere 10% of the labor force. And the 40-year decline in real wages, accelerating since the 2007-08 crash, has become the dominant political-economic and social phenomenon in American society. This decline is only accelerated by the last “three years of private-sector job gains” touted by the Obama White House; in June, for example, the U.S. economy created 800,000 part-time jobs, net, while *losing* 525,000 full-time positions.

Business investment in the entire economy is stagnant. Recent studies of the current claimed “manufacturing recovery,” including one by Obama’s own former “auto czar” Steven Ratner, have shown that average wages have fallen dramatically even in manufacturing, since 2008, with temp jobs and “contracted-out” employment proliferating throughout the sector.

Only one policy can reverse this long collapse in real productivity and wages: government-led investment in new, high-technology economic infrastructure platforms.

No such investment is occurring, or planned by the Obama Administration, which has also effectively abandoned manned space exploration—a very high-technology form of infrastructure development—and is happy with shrinking NASA budgets, leaving space achievements to China, Russia, India, and other space-faring nations.

Now, with the exhaustion of the U.S. Highway Trust Fund due to declining gasoline usage and tax revenues, the long infrastructure collapse has reached its fag end. Even that eternal fixture, highway construction and road and bridge repairs, will stop this Summer unless Congress legislates a new source of national



credit to fund it. None of the crisis proposals so far *is* a new source of national credit, and none has much support.

The last such proposal in Congress was made 15 years ago, when then-Illinois Republican Congressman and later Transportation Secretary Ray LaHood proposed reissuing the equivalent of “Greenbacks” for Federal infrastructure investment. LaHood’s H.R. 1452 in the 106th Congress would have authorized the Treasury to print the new notes for \$72 billion annually, over five years, in loans to states and municipalities for infrastructure projects.

Problematically, the new credit was to be for whatever projects the municipalities happened to want to carry out. Such small, “micro-fractured” infrastructure investment does little or nothing to raise economic productivity, which depends on using new technologies and new economies of scale in infrastructure simultaneously. This means, as Lyndon LaRouche proposes in his “Four Laws” for U.S. recovery, fusion power technologies and expanded space exploration as the “science drivers” for the productivity projects which infrastructure banks will be investing in.

The LaHood initiative was, however, a gesture to the real American System of creating credit for internal improvements and productivity: Hamiltonian credit issuance, including President Lincoln’s successful revival of Hamilton’s policy in the Greenbacks.

## Death Struggle or Economic Life

The Obama Administration’s current moves to try to prevent cooperation with China’s planned AIIB, are part of its commitment to a London-centered financial empire which is headed for another, more thorough collapse and threatened world war as a result.

Even as it does so, a second new international development bank is being planned for early launch around the BRICS Summit (Brazil-Russia-India-China-South Africa) in Brazil in mid-July. This BRICS Bank, funded with credit from those five nations, will have a comparable capital to the AIIB, be similarly focused on infrastructure investment, and be worldwide in operations, not limited to any one continent.

Thus the prospect is that several hundred billion dollars-equivalent in infrastructure credits could soon be issued *annually* by those banks. This is still not nearly sufficient for the many great infrastructure proj-

ects by which the human species can once more reshape its own economic productivity.

But no nation *needs* this infrastructure credit more urgently than the United States—which continues to fail to invest in new infrastructure platforms, no matter how low the government’s borrowing costs may have been. Instead, the United States can help raise the credit and capital of new international infrastructure banks to the level actually required to pull the world economy away from collapse.

What the United States needs, instead of working against the new international development banks, is to join them, as it has evidently been invited to do by China in regard to the AIIB.

It can do so by issuing Treasury Notes as infrastructure credits in dollars (“Greenbacks”)—as China will issue credit to the AIIB and BRICS banks in renminbi. Rep. Ray LaHood’s 1999 proposal should be re-examined. Or the U.S. can do so by forming a new National Bank for the purpose of supporting the kind of large new international infrastructure platforms which can really transform economic productivity. A National Bank for infrastructure can be created by Congress by reorganizing a small portion of the United States’ \$11 trillion in publicly held debt into the long-term capital of the new Bank, as Treasury Secretary Hamilton proposed in his Reports to Congress on Credit and on a National Bank—and which he implemented successfully (see subsequent article).

Why then join international development banks? Because the most important infrastructure demands and horizons stretch “from the Mississippi River across the Pacific to Eurasia,” as LaRouche puts it. A high-speed rail base in North America which crosses the Bering Strait to Eurasian high-speed rail corridors; large-scale water-management projects to reverse the devastating drought spreading across the west of the entire North American continent; development of thermonuclear fusion technologies as well as nuclear fission power; these are the productivity investments which will make the greatest transformation.

Otherwise, despite current Obama Administration attempts to kill them, the new infrastructure banks planned by the China-Russia-India powers particularly will go ahead. And the London-centered trans-Atlantic financial system which crashed in 2007-08, will collapse again into impoverishment, depopulation, and war.

# Bankruptcy Reorganization For a Credit System

*The application of the concept of creating sovereign credit, in the face of seemingly unpayable debts, was pioneered by the U.S. First Treasury Secretary Alexander Hamilton. While his debt restructuring differed significantly from the total program required today—since he was dealing only with honorable war debts of the nation, not speculative looting by private banks—the principles involved hold valuable lessons to be learned.*

The following description comes from the article “Alexander Hamilton’s Economics Created Our Constitution,” by Nancy Spannaus, which appeared in the Dec. 10, 2010 edition of EIR.

President Washington appointed his former aide-de-camp as his Secretary of the Treasury in September 1789, and Hamilton went to work immediately. The bankruptcy of the nation was near total. Much of the agricultural land had been heavily damaged by the war, the British were interfering with the use of the fisheries, and commerce had been choked by the British as well. There was no national currency worthy of the name, just coins of various other nations circulating. The use of barter was increasing, even for such transactions as payment of taxes.

On top of the collapse of the physical economy, there an enormous amount of debt.

There were three categories of debt, plus arrears in interest on debts. The largest amount was money owed by the Confederation to individuals, including Army veterans, or states, amounting to approximately \$40 million. This debt had been taken over by the Federal government, as prescribed in the Constitution. The second-largest category of debt was that owed by the states, incurred for their expenses during the war, approximately \$25 million. The third category was foreign loans, approximately \$10 million—an amount also assumed by the incoming government. Interest on this debt—with rates at 4-6%—was several million dollars in arrears.

To service this debt, Hamilton figured, would cost over \$1 million a year—more than the revenue projected to be available to the Federal government from the one major source, the tariff that had been passed two months before.

So, what did Hamilton propose? He proposed to *add* to the debt owed by the Federal government, by assuming the debts of the states—and then to turn that debt, in the form of bonds, into a pool of capital for a National Bank, which would provide the basis for beginning to build up the physical economy of the nation! That, he emphasized in his first *Report on Public Credit*, would be the means of securing the public credit of the bankrupt country. His second *Report* went into the particulars of the formation of the National Bank, and the benefits that it would accrue to the nation.

Hamilton’s first *Report* proceeds from the first principle, of course, that the debt from the war is a moral obligation of the nation (“the price of liberty”), and must be repaid. But to do that, there are certain urgent measures that had to be taken to support public credit. He summarized the objectives as follows:

“To justify and preserve their confidence; to promote the encreasing respectability of the American name; to answer the calls of justice; to restore landed property to its due value; to furnish new resources both to agriculture and commerce; to cement more closely the union of the states; to add to their security against foreign attack; to establish public order on the basis of an upright and liberal policy. These are the great and invaluable ends to be secured, by a proper and adequate provision, at the present period, for the support of public credit.”

Yet this could obviously only be done by increasing the productivity of the nation! Thus the debt—most of which fortunately did not include any due date for the principal—had to be turned into annuities, or bonds, monetized, in such a way that it provide funds for real, physical-economic development. This funding of the

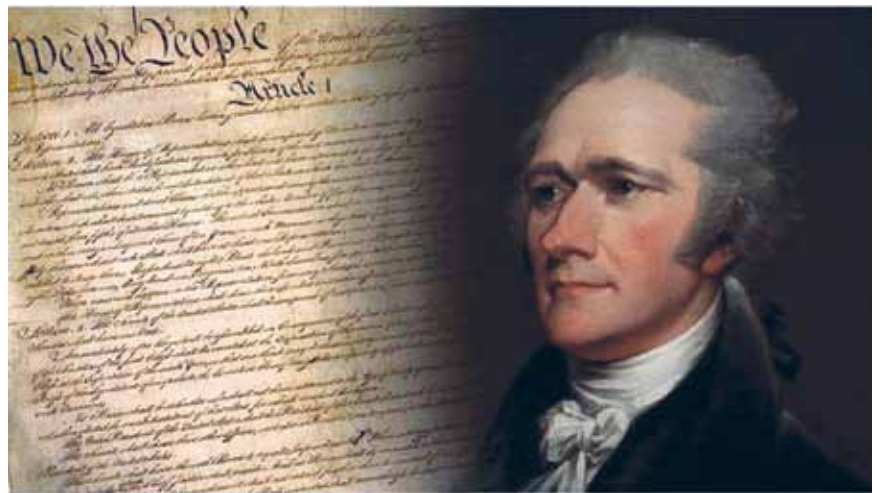
debt would provide for regular interest payments, but turn the debt into capital.

To kick off the implementation of his plan, he needed (and got) another loan from France. He also opened subscriptions for a new loan to cover the domestic debt, but at 4% interest rather than the going rate of 6%, sweetening the deal with additional options, including a certain amount of public land. He also increased revenues by an increase in excise taxes on liquor, and created a sinking fund which would perform the functions of a national bank until that could be established.

Hamilton outlined in detail the benefits which would accrue upon his plan to fund the debt. It would extend trade, by making available greater capital, promote agriculture and manufactures, and reduce the interest on money, by putting more into circulation. It would also be a blow against speculators, who were counting on the depressed values of land and overall instability in the economy, to profit at the expense of the nation.

The response to Hamilton's first proposal was an uproar. To a large degree, that uproar focussed on his plan to assume the state debts. Some of the states had already paid off their debts, while others were in great arrears—a situation which led the richer states to resist assumption, on the alleged grounds of inequity. More seriously, the representatives of those states, especially New York and Virginia, saw clearly that increasing the size of the national debt, and funding it, would increase the power of the Federal government, and its ability to advance the aims of industrial and technological development—rather than the plantation system (Virginia) or largely commercial system (New York)—an outcome which Hamilton, Washington, and their collaborators were clearly driving for.

The tool for agitating against Hamilton's plan was primarily the plight of the war veterans, who had been forced to sell the promissory notes (or "indents") from the government for their pay, at a cut rate, over the recent period of near-financial anarchy, and now would not benefit, while the individuals who bought them out would receive full value from the Federal government. Hamilton was not unsympathetic to those who lost out, but insisted that there could not be created two cate-



Alexander Hamilton

LPAC

ries of such paper. It would just be too chaotic and time-consuming.

The spokesmen for the opposition were primarily the Virginians, House of Representatives leader James Madison, and Secretary of State Thomas Jefferson. Both waged a propaganda campaign against Hamilton's plan, and it was only through a private bargain, in which Hamilton agreed to support moving the nation's capital from Philadelphia to the Maryland-Virginia border along the Potomac, creating the Federal District of Columbia, that they agreed to let the *Report on Public Credit* be adopted, although its provisions had to be passed in four different pieces of legislation. The whole process took until August 1790, a full eight months after it had been submitted.

But, even though the second *Report* was clearly an integral sequel to the first, Madison and Jefferson decided to oppose that report, known as the *Report on the National Bank*, as well.

Hamilton submitted his *Report on the National Bank* in December 1790. The Bank of the United States, as he dubbed it, was to be capitalized with \$10 million, making it a monolith compared to the three other existing banks in the country—the Bank of North America, the Bank of Massachusetts, and (Hamilton's) Bank of New York. Two million dollars of the initial capital was to come from the Federal government, and \$8 million by public subscriptions, which were payable one-quarter in specie, and three-quarters in 6% securities of the Federal government. Thus, these government securities (debt) formed the basis for extending credit.

The bank's income would come from interest on the

Federal securities, and its loans to what we would call today the “private sector,” for development of the physical economy.

While Hamilton did not make a point of differentiating his plan for a National Bank from the Bank of England, not only its intent—as outlined above—but its entire functioning was different. First, the Bank was not to deal with public debt—i.e., buy government bonds—after the initial funding. It could provide short-term loans to facilitate collection of tax revenues and be a depository for government funds, but its major function was to provide a money supply for financing the physical economy: agriculture and industry.

From this standpoint, it is not hard to understand why Hamilton specified that the Bank of the United States was to be run by private individuals, although it was responsible to report to the Federal government on its functioning, and was subject to the government’s regulations. Hamilton insisted upon tying the public credit to the growth of the nation, not to serve as a piggy bank for the Federal government, which he feared would be a source of corruption, just as it clearly was in England.

The Bank bill came to the Congress in January 1791—and a major war began. The bill passed the Senate easily, and even after some extensive Constitutional arguments by Madison, it passed the House. But then, Madison, backed by Jefferson and Attorney General Edmund Randolph (also a Virginian), despite the fact that the previous deal on the location of the national capital had been struck, decided to try to block Hamilton’s plan. The tack Madison took was that which we still hear today: the claim that the Constitution did not permit the Federal government to create a corporation, namely the Bank of the United States. The three Virginians launched a full-scale assault to get President Washington to veto the Bank bill.

Washington was in danger of being railroaded. The pressure on him was so great, that he actually had Madison, who was considered a Constitutional authority, draft a veto message. But, in fairness, Washington also sent a note to Hamilton, requesting his response to the challenge on the constitutionality, which had been written by Randolph. With the deadline for the veto looming, Hamilton penned what has become the nearly definitive document on the meaning of sovereignty under the U.S. Constitution, in his “Opinion on the Constitutionality of the National Bank.” The paper was extensive, but we will quote it in summary. The core argu-

ment is this response to the argument that the U.S. government cannot erect a corporation:

“Now it appears to the Secretary of the Treasury, that this *general principle* is *inherent* in the very *definition* of *Government* and *essential* to every step of the progress to be made by that of the United States: namely—that every power vested in a Government is in its nature *sovereign*, and includes by *force* of the *term*, a right to employ all the *means* requisite, and fairly *applicable* to the attainment of the *ends* of such power; and which are not precluded by restrictions & exceptions specified in the constitution; or not immoral, or not contrary to the essential ends of political society.”

Hamilton proved beyond the shadow of a doubt that the establishment of the Bank was *necessary* and *proper* for meeting the basic objectives of the U.S. government: creating a prosperous nation, with an efficient tax system, and with the institutions that would support its credit and the expansion of its future productive power, through its investments in agriculture and industry, all for the General Welfare. Washington was convinced, and the Bank bill was signed into law on Feb. 25, 1791.

The Supreme Court affirmed Hamilton’s view in its 1819 opinion upholding the constitutionality of the National Bank, *McCulloch vs. Maryland*, written by Hamilton’s collaborator, Chief Justice John Marshall. That decision has never been overturned, and thus, is part of our Constitutional law.

The National Bank was to survive for its chartered 20 years, and make substantial progress on its mission, despite the subversion of its aims by President Jefferson and his Treasury Secretary Albert Gallatin, who did their best to use it to pay off debt, rather than use the debt for capital formation. The vote to prevent its re-chartering, on the eve of the War of 1812—just like the killing of the Second National Bank by Andrew Jackson in the 1830s—was a deliberate, effectively treasonous act to subvert the economy, and even the existence, of the United States.

So far, however, such traitors have not succeeded. In fact, leading members of Jefferson’s own party, centered on Mathew Carey, recognized that Hamilton’s economic principles were indeed the principles enshrined in the Constitution, and required for the survival of the nation, and kept them alive into the 19th Century, where they eventually bore fruit in the administrations of patriots. There is still a vestigial institutional impulse toward the Hamiltonian approach, but it is waning fast.

# The British Empire's Cold War Vs. the U.S.-Russia Alliance

by Stuart Rosenblatt

The current U.S./NATO/British imperial offensive against Russia, exemplified by the coup carried out against the nation of Ukraine by the Western powers, in collaboration with avowed Nazis, has its roots in the British orchestration of the Cold War. The danger of a British-instigated thermonuclear World War III erupting over Ukraine, or any of a number of other flash-points, makes it urgent that the fraud of U.S.-British alliance against Russia, China, and the rest of Eurasia be exposed, and stopped.

In fact, the United States and Russia have historically been allies, beginning with Russia's support of the American Revolution against the British Empire, and continuing throughout the 19th and 20th centuries, most recently with the U.S.-Soviet alliance that defeated Hitler in World War II. The British Empire desperately sought allies after its Nazi puppet, Adolf Hitler, turned on it and attacked Britain and France at the outset of the war.

However, once it was clear, no later than mid-1943, that the Allied effort would defeat the Nazi armies, the British began a massive redeployment of its intelligence and propaganda capabilities to target the Soviet Union. Their aim was to rupture the U.S.-Russia alliance, and recruit the United States as a military and political collaborator in an immediate post-war attack on the Soviet Union, including the use of the new atomic bomb.

This paper will tell the first part of the story of that

treacherous shift in British policy, using the empire's own documents as a resource (the second and final part, on the actual launching of the Cold War, will appear next week). By exposing the British role in initiating the Cold War, and the hot wars of the post-World War II period, we intend to free the world from the current replay of the Cold War, which is leading rapidly to World War III. Our aim is to stop the drive for world war and crush the British imperial gambit once and for all.

## **Not Cold War; Endless War**

There never was a Cold War per se; there was merely a continuation of the ongoing war of the British Empire against Russia, the United States, and much of civilization. When the United States dropped the atomic bombs on a prostrate Japan, the British upped the ante to nuclear war against the Soviet Union, at the earliest possible time. Their intention was to destroy the USSR, not to engage in a protracted chess match dubbed the Cold War. The Cold War was merely the temporary result of the Soviet Union having developed its own nuclear arsenal in 1949, and its thermonuclear bomb in 1953, to check the Anglo-American onslaught.

Both the evil Lord Bertrand Russell and rabid imperialist Winston Churchill were staunch advocates of pre-emptive nuclear war against the Soviet Union. In late 1945, Russell threatened to use the bomb if the USSR did not submit to his plan for world dictatorship,



which started with total control over which nations were permitted the possession of nuclear arsenals. Once the atomic bomb was dropped on Hiroshima and Nagasaki in August 1945, Churchill stumped for its early use against the Soviet Union. In a letter to Charles Moran, a close friend, in 1946, Churchill wrote, "America knows that 52% of Russia's motor industry is in Moscow, and could be wiped out in a single bomb. It might mean wiping out 3 million people, but they think nothing of that."<sup>1</sup>

Churchill was the grandson of a duke and the son of a baron. His father, Lord Randolph Churchill, was Chancellor of the Exchequer and leader of the House of Commons. His mother, the seductive Jenny Jerome of New York, whored her way through most of the aristocracy to ensure Winston's many promotions, and restored the family's place in "society." Churchill was directly responsible for the worst British criminal actions of the 20th Century. Racist to the core, he was determined to save and expand the British Empire.

As World War II was coming to a close, the British knew they had little time to act. Following the war, the British Empire would be bankrupt and spread thin around the globe. The United States would emerge as a dominant industrial and political juggernaut. The Soviet Union would be badly damaged industrially, and would lose a large portion of its manpower, but had vast resources and a strong (even if detestable) government to drive a recovery. They would present a formidable enemy. It would be better to conquer them immediately at war's end, rather than wait for them to recover. But, to do this, the British had to incorporate the United States directly into the British Empire. It would necessarily follow that the U.S. could be mobilized for war



Library of Congress

*Throughout the war, President Franklin Roosevelt made no secret of his plans for the postwar: to dismantle the colonial empires of the British and other imperial powers; London, meanwhile, led by Winston Churchill and other imperialists, schemed to wage war against Russia, and turn the U.S. into its marcher lord. Here, the Big Three at Tehran, at the end of 1943.*

against the Soviet Union.

This was the task: to transform the United States into a satrap of the British Empire. At war's end, the United States was a staunch ally of the Soviet Union, and was collaborating with the Soviets to plan out the new United Nations. Leading U.S. policymakers were demanding the dismantling of the colonial empires of Britain, France, the Netherlands and others, as FDR had envisioned. Americans were praising Russia, and condemning the British. A Gallup poll after the war found 60% of Americans were anti-British!

### **Britain's Secret War Against the Soviet Union**

As the war raged across the battlefields of Europe and Asia, a political war was being fought out among the three wartime Allies, the United States, the

British Empire, and the Soviet Union, as to the makeup of the postwar world. President Franklin Roosevelt, much of the U.S. military, and the majority of Americans saw the British Empire as their implacable enemy, and this animosity caused much consternation in the British camp. FDR made it clear to Churchill that that the war was not being fought to save the British Empire.<sup>2</sup>

In August 1941, at the Placentia Bay conference, FDR surprised Churchill by issuing the Atlantic Charter, guaranteeing all nations the right to self-determination. This reflected the powerful anti-imperialist sentiment in the United States, and was correctly seen by Churchill and his cabal as a direct attack on the British Empire.

FDR also demanded that Britain dismantle its preferential trade system within the Commonwealth, whereby Great Britain received cheap raw materials and other supplies from its colonies in exchange for finished goods. Roosevelt's non-stop attacks on the Brit-

1. Stuart Rosenblatt, "Our Luck Stopped Here: How Trumanism Overturned Roosevelt's World," *EIR*, Aug. 16, 2002, p. 21.

2. See Elliott Roosevelt, *As He Saw It*; Greenwood Press, 1946.



Wikimedia Commons

*FDR and Churchill nearly came to blows, more than once, over the shape of the postwar world. At the Placentia Bay conference, August 1941 (shown here), the President infuriated the Prime Minister by issuing the Atlantic Charter, guaranteeing all nations the right to self-determination.*

ish colonial system infuriated the Prime Minister. In 1942, Churchill declared, in response to a U.S. demand to dismantle the empire, that “he had not become the King’s First Minister in order to preside over the liquidation of the British Empire.”<sup>3</sup>

The British monarchy and foreign policy establishment, despite their temporary alliance with the Soviets to defeat the Hitler’s Germany, began to mobilize in earnest in 1943. They assembled a cabal which included the Foreign Office, MI6, the Chiefs of Staff, and the Special Operations Executive.

Bletchley Park was a center of British intelligence operations run by MI6. Here the government Code and Cipher School was intercepting German intelligence codes. It ran the Ultra program that intercepted Nazi signals and broke the famous Enigma Code, and its role was central to the Allied defeat of the Nazis.

Until 1943, Bletchley did not read Soviet communications; then, early that year, orders were given to begin interception. The order came from MI6 chief Sir Stewart Menzies, who, like Churchill, was a scion of an aristocratic family, and from the highest levels of the British wartime establishment. The chair of the Joint Intelligence Committee, Victor Cavendish-Bentinck,

wrote a memo spelling out the policy:

“Since Stalingrad [August 1942-February 2, 1943, where the Red Army repulsed Hitler’s invading army—ed.] our immediate strategic objectives had changed. Until then it had been in our interest to do all we could to take pressure off Russia. Now that the tide had turned, it was in our interest to let Germany and Russia bleed each other white. We would find it easier to effect a landing in Europe, and Russia, however sentimental the British people might be about her, was likely to be a troublesome customer at the end of the war.”<sup>4</sup>

Among the items surveilled were Soviet communiqués to Stalin-controlled anti-fascist partisan groupings and anti-Nazi resistance organizations inside Europe. The British were determined to lengthen the war and keep the Russians fighting the Germans, and would do whatever it took to sabotage Russian operations.

In August 1943, the Chiefs of Staff established a Post-Hostilities Planning (PHP) Sub-Committee, chaired by Gladwyn Jebb. The purpose of the group was to map out plans for the post-war deployment of the British military. Jebb reported their uncompromising view that the only potential enemy after the defeat of the Nazis was the Soviet Union. “Jebb described PHP members as ‘would-be drinkers of Russian blood.’”<sup>5</sup>

## Guns Aimed at Russia

By the end of 1943, the wheels were in motion for a British turn against Russia, and the plot was hardly a secret. British spy Donald Maclean was passing on the details of British anti-Soviet planning to the Russian government, which, in turn, fed them to Soviet news agencies, which began attacking “nests of Fascist opposition in the West.” These exposés led a deputy under-secretary in the Foreign Office, Geoffrey Wilson, to conclude that “the suspicion and even hostility of the Service Departments towards Russia are now becoming a matter of common gossip.”<sup>6</sup>

4. Stephen Dorill, *MI6, Inside the Covert World of Her Majesty’s Secret Intelligence Service*; New York: The Free Press, 2000, p. 12.

5. *Ibid.*, p. 13.

6. *Ibid.*

3. Anthony Cave Brown, *The Secret Servant: The Life of Sir Stewart Menzies, Churchill’s Spymaster*; Penguin Group, London, 1988, p. 483.

After the successful Allied landing at Normandy in June 1944, top British officials, under Churchill's command, intensified their turn against Russia, starting with the military. On July 27, 1944, the chief of the Imperial General Staff, Viscount Alanbrooke met with Foreign Secretary Anthony Eden and later confided in his diary, "Should Germany be dismembered or gradually be converted to an ally to meet the Russian threat of twenty years hence? I suggested the latter. . . . Germany is no longer the dominating power in Europe—Russia is. She has vast resources and cannot fail to become the main threat in fifteen years from now. Therefore, foster Germany, gradually build her up, and bring her into a federation of Western Europe." Senior Foreign Office official Sir Orme Sargent reported that "the chiefs of staff and certain high placed officers were speaking of the Soviet Union as enemy number one, and even of securing German assistance here."<sup>7</sup>

In the Summer of 1944, the head of the British Military Mission in Washington, Gen. F.H.N. Davidson, former Director of Military Intelligence, met with a senior advisor to President Roosevelt, and asked him "whether the United States could be counted on to march with Britain in the 'next war' with Russia." The White House was appalled, and expressed its firm disapproval. Under FDR, the British had it backwards: The Russians were our ally and the British were the enemy.

MI6 was in lockstep with the imperial army. In late Summer that year, MI6 chief Menzies created the infamous Section 9 of the agency, which was tasked to track international Communist activities, a counter-espionage unit. The unit, one of the most important at MI6, was headed up by the Soviet/British master spy Harold "Kim" Philby. Whatever MI6 discovered was also



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*Sir Steward Menzies headed up MI6, 1939-52. He created the infamous Section 9, a counter-espionage unit deployed against the Soviet Union. He and Churchill also maintained an extensive spy apparatus inside the U.S.*

leaked to Joseph Stalin, confirming the Soviet leader's suspicions that the main target of British operations, even during the war, was Russia, not Germany.

In October 1944, Churchill went behind Roosevelt's back, and met directly with Stalin to establish a postwar order. In this famous "percentage deal," Stalin would get 90% control of Romania and Bulgaria, in return for Stalin's recognition of Britain having 90% control in Greece. There would be joint Soviet and British/American control over Hungary and Yugoslavia. Italy was conveniently left out of the deal. Churchill unilaterally decided that the West would control the fate of Italy, one of the three Axis powers, with no role for the Soviet Union. Stalin was incensed by Churchill's duplicity, and repaid him by refusing the

U.S. and Britain a say in Romania, Bulgaria, and Hungary. Churchill's perfidy stoked the enmity among the "Allies."

At the same time, MI6 began recruiting refugees from the Eastern Front in order to turn them against the Russians. They picked up captured Soviet soldiers who had been liberated from German POW camps as Hitler's army retreated, and began the systematic recruitment of Nazi collaborators and Waffen SS members from the Baltic area. With no regard for the war crimes that had been committed by these troops, they began assembling intelligence on the Soviet armies moving into Western Europe.

By the end of 1944, MI6 was contacting anti-communist, pro-Nazi exile groups from throughout Eastern Europe. These included the Intermarium organization and the Promethean League, which would be instrumental in recruiting leading Ukrainian pro-Hitler mass murderers such as Michael Lebed and Stepan Bandera. Some of these pro-Nazi, anti-Russian killers would be redeployed into the Soviet Union after the war to subvert that government. Others would be recruited into

7. Ibid.

the ranks of British MI6 and Allen Dulles's CIA, to orchestrate spying, intelligence-gathering, and covert operations.<sup>8</sup>

The single biggest problem remained the Roosevelt-led United States. The British complemented their growing attacks on the Russians with deployments inside the United States to corrupt and destroy opposition to an Anglo-American anti-Soviet alliance. Churchill and Menzies maintained a massive spy apparatus inside the United States.

### Roosevelt's Death: The Shift in British Policy

Franklin Roosevelt's death on April 12, 1945 was a watershed in the campaign to control and take over the United States in the post-war period. It was the absence of Roosevelt from this moment on, that led almost inexorably to the crisis engulfing mankind today. Unlike Roosevelt, President Harry Truman was putty in the hands of the British and their American cohorts. He was surrounded by Anglo-ophile controllers. Like Barack Obama today, he was a puppet of the Anglo-American establishment. He was a vicious "little man," with no abilities, save perhaps his superior skills at poker playing. He also had a conceited belief that he was an "expert" in history and military strategy. His expertise was rivaled only by that of Richard Nixon, decades later.

Within two weeks after the Allied victory over the Nazis, on May 7, 1945, the British Army and the Joint Intelligence Committee were planning for war with Russia, under orders from Churchill. Churchill told the military to plan a campaign that "would drive the Soviet Union back to its prewar borders before the United States and Britain had a chance to demobilize." However, the top brass concluded that the best they could hope to achieve was to drive the Soviets back to the line that the Germans had reached. Before the atomic bomb



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*Immediately following the Allied victory over the Nazis in May 1945, Churchill was planning for war with Russia, and to drive them back to the farthest point that the German armies had reached. Here, a Soviet soldier waves the flag following the defeat of Hitler's armies at Stalingrad, February 1943.*

was developed, the British were planning for a conventional war.<sup>9</sup>

Churchill and the Conservatives were defeated in the general election of July 1945, and Churchill was removed from office. It was assumed that the takeover by the Labour Party would lead to a change in post-war policy. However, it must be remembered that Britain is not a republic. In the British system, governments serve at the pleasure of the monarchy, and the Cabinet is vetted by the Crown. Despite token opposition, the anti-Soviet drive of the oligarchy would continue.

The new Prime Minister Clement Attlee opposed many of the policies of the oligarchy, but the new Secretary of the Foreign Office, Ernest Bevin, was a vicious anti-Soviet operative. With Bevin leading the way, and under the sway of the anti-Soviet permanent bureaucracy of the Foreign Office, the policies of Churchill would be continued, and then some.

MI6, the Foreign Office, and the military had been moving in lockstep against the Soviet Union from the beginning of 1945.

Hugh Trevor-Roper, the historian who had been recruited to MI6 during the war, wrote that "the [MI6]

8. See Rachel Douglas, "British Imperial Strategists Push EU To Confront Russia," *EIR*, March 7, 2008; and "British Imperial Project in Ukraine: Violent Coup, Fascist Axioms, Neo-Nazis," by an *EIR* Research Team, *EIR*, May 16, 2014.

9. Julian Lewis, *Changing Direction, British Military Planning for Post War Strategic Defense 1942-47*; Sherwood Press, London; 1988, p. 242.

professionals, who were ‘lunatic in their anti-communism,’ sometimes regarded the war as ‘a dangerous interruption of the Service.’ The younger officers were invited to the Chief’s [Menzies’] office, where they heard Menzies declare ‘we are in a rapidly changing world, politically and economically.... Basically, it is becoming clear that Germany will slowly become our ally and the Russians our enemy.’ In anticipation, the summer months were spent reading books and papers on Marxism, communism and the Soviet Union. ‘A real war had just ended,’ and something which became known as a ‘Cold War’ was beginning,’ recalled MI6 official Desmond Bristow.”<sup>10</sup>

A close friend of Philby, Bristow was instrumental in running deception operations against the Germans in World War II. He orchestrated the leak of the famous “disinformation” reports about the location of the Allied landing at Normandy, in 1944. He was the last person to lunch with Philby before the latter’s defection, and wrote the book *A Game of Moles*, the first public exposé of British double/triple agents in World War II.

In July 1945, the war strategy against Russia was outlined in two critical documents: the Foreign Office report, “Stocktaking after VE Day,” and “The Security of the British Empire,” written by the Joint Planning Staff of the British military. The first report was penned by Sir Orme Sargent, the Permanent Under-Secretary of the Foreign Office. Taken together, these papers laid out the turn in British strategic thinking only days after the Nazi surrender.

There were two main points. First, that the Soviet Union was to be identified as the new enemy, and second, that Great Britain alone could not confront the Soviets. They would have to recruit the United States to



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*In July 1944, long before the war had ended, senior Foreign Office official Sir Orme Sargent reported that “the chiefs of staff and certain high placed officers were speaking of the Soviet Union as enemy number one, and even of securing German assistance here.”*

be their “marcher lord” in a war with the USSR.

Sargent was a protégé and collaborator of Sir Alexander Cadogan, his predecessor as Permanent Under-Secretary. Both men hailed from the imperial tradition in the Foreign Office. As reported by associates, the senior officials of the Foreign Office, “always had a condescending, paternalistic approach to any co-operation with the Americans.”<sup>11</sup>

In his report, Sargent said the British would have to overcome the powerful anti-imperial impulse of the Americans, and their desire to negotiate the shape of the new order directly with the Soviets through a strong United Nations organization. Sargent wrote that “in the minds of our big partners, especially in that of the United States, there is a feeling that Great Britain is now a secondary Power and can be treated as such, and that in the long run all will be well if they—

the United States and the Soviet Union—as the two supreme World Powers of the future, understand one another. It is this misconception which it must be our policy to combat.”

Sargent was optimistic that British cunning could outsmart the Americans, but a critic, Sir Ronald Campbell, recently returned from a three-year stint as chargé d’affaires in the British Embassy in Washington, did not share his outlook. “Discrimination, Exclusiveness, Monopoly, Imperialist Economy, all these words will be trotted out against us and gain spontaneous and often unthinking response from the US public. Is this point worthy of mention in your Stocktaking after VE Day? It is important in estimating the prospects of Anglo-American co-operation.”<sup>12</sup>

10. Op. cit., Dorrill, p. 18.

11. Peter David Poole, “British Foreign Policy, the United States, and Europe, 1945-50,” Dissertation submitted to the University of Birmingham, England; 2011, p. 7.

12. Ibid., pp. 33-34.



Sargent all but dismissed the role of the UN. As far as the Foreign Office was concerned, the UN was a Roosevelt innovation, and not a concern of the Empire. Sargent was planning for the conflict with Russia and the recruitment of the United States to do the dirty work. He outlined the key areas of concern.

The British, and presumably the Americans, must deal with the Soviet occupation of Eastern Europe, the economic rehabilitation of the destroyed European and British economies, and the appropriate “administering of Germany.” He focused his attention on Europe, but made it clear that the entire planet had to be addressed, especially the Near East and Middle East. If the Empire was to be preserved, Britain must retain friendly relations with Italy, Turkey, and Greece, as these were the gateways to both the Middle East and Africa. This analysis underlay all British operations over the next two years. Sargent was especially worried that if there were no U.S. intervention in Europe, then Europe would fall to the Soviets, followed by Greece, Turkey, the Middle East, potentially Egypt, India, and the whole empire—i.e., he initiated the “Domino Theory.”

He also acknowledged, for the first time, the financial crisis gripping the Empire in the aftermath of the war. Just as today, the economic crisis was a crucial factor in the equation. “Having lost a quarter of her wealth, 7,300 million pounds, and assumed a debt to other countries of 3,555 million pounds, it is not unlikely that this ‘may have been the focus’ of some consideration.” This economic crisis demanded that the British negotiate a new loan from the United States and resolve Article 7 of the Mutual Aid Agreement of 1942, wherein “Britain was required to dismember the Commonwealth preferential system of trade agreed at the Ottawa Conference of 1931.”<sup>13</sup>

Sargent underscored the need to recruit the U.S. into the imperial camp.

“With the contempt and cynicism which came from years of diplomatic service to what had been one of the foremost powers in the world,” wrote historian Peter David Poole, “Sargent proposed to counter any such tendency [of British inferiority—ed.] by imposing a British foreign policy on the Americans: ‘We must have a policy of our own and try to persuade the United States to make it their own. This ought not to be too difficult.’”

How would this be done?

“Sargent apparently expected a free hand for Britain to intervene, ‘in the countries which the Soviet government was intent on controlling, whilst the interest and prestige of the United States was engaged in solving the economic problems of Europe. However, once the Americans have been induced to use their economic power in the reconstruction of Europe, the Deputy Undersecretary believed they would find it ‘difficult to disinterest themselves in the political development of the countries whom they are saving materially.’”<sup>14</sup>

Sargent continued, “The process of inducing the United States to support a British resistance to Russian penetration of Europe will be a tricky one, and we must contrive to demonstrate to the American public that our challenge is based on upholding the liberal idea in Europe and not upon selfish appreciations as to our position as a Great Power.”<sup>15</sup>

It has been this figure of speech, “the liberal idea,” meaning “democracy,” “freedom,” “free trade,” etc., that has been at the center of all brainwashing dogmas foisted on the United States ever since. Whether by Dean Acheson or Robert Kagan, this has been the mantra that has been used to convince us to defend the evil British Empire.

### **The Atom Bomb Changes the Equation**

Everything changed on Aug. 6 and 9, 1945, when the United States dropped two atomic bombs on Japan. The war had only been extended after VE Day for the purpose of achieving success in the Manhattan Project, and using the already prostrate Japanese as guinea pigs for the experiment. The nuclear bombing of two Japanese cities was opposed by all military leaders in the United States, from Eisenhower and MacArthur on down, but executed by the Anglophile madmen Henry Stimson, James Byrnes, Harry Truman, and their accomplices. It was militarily unnecessary. Japan had agreed to surrender in March 1945, on the same terms that were ultimately adopted in September.<sup>16</sup>

The purpose of this war crime was to terrorize the world, especially the Soviet Union, to submit to the jackboot of the British imperialists and their American junior partners. For the next few years they would hold a nuclear gun to the head of the Soviets, and they aimed

14. Ibid., p. 51.

15. Ibid., p. 36.

16. See Max Corvo, *OSS in Italy, 1942-1945: A Personal Memoir* (Westport, Conn.: Praeger Publishers, 1989). Also: *EIR* interviews with Max Corvo by Jeffrey Steinberg, unpublished.

13. Ibid., p. 52.

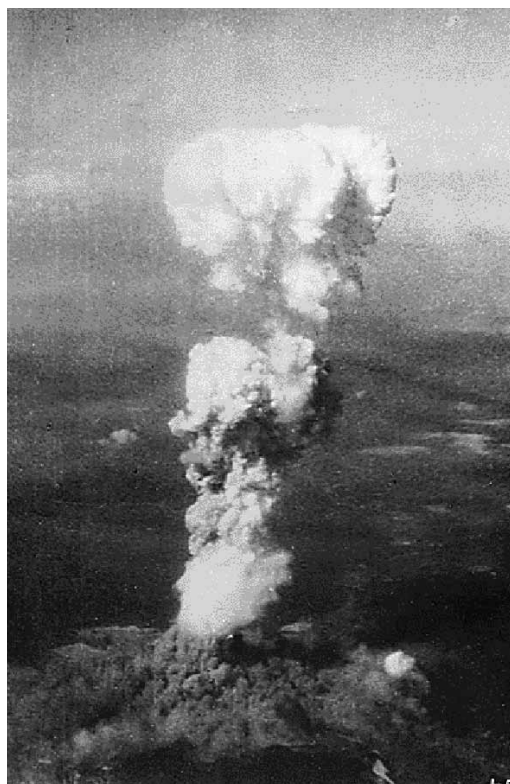
to achieve the maximum result.

The leading mouthpiece on the British side for the assault on the Soviet Union was anti-communist blusterer Ernest Bevin, the Foreign Secretary. Bevin was a longtime leader of the Transport and General Workers Union, who had butted heads with communist agitators on many occasions. He waged a non-stop campaign against Stalin, comparing the Soviet leader to Hitler in 1945, even before the war had ended.

During the Summer of 1945, the empire faction was very obsessed with the U.S.-Soviet entente. In July, Lord Halifax, the British ambassador to Washington, sent a report that U.S.-Soviet ties were on the rise. He further said that Russia was in direct negotiations with the U.S., mediated by FDR ally Harry Hopkins, over the future of Poland, which the British assumed to be under their own control.

At the same time, the Soviets were requesting military bases in Turkey and unfettered access to the eastern Mediterranean. This was a legitimate request aimed at ensuring that a repeat of German attacks on their southern flank would not occur again; the Soviets also wanted to engage in trade throughout the Africa-Middle East region. Since the reign of Catherine the Great, the Russians had sought access to the Mediterranean, and they decided that the loss of 27 million lives in the War was a reasonable price to pay.

Bevin and the Foreign Office were livid. They were concerned with preserving "The Empire," and the



National Archives



*In August 1945, under orders from President Harry Truman, the U.S. dropped two atomic bombs on Japan, on the pretext that they were needed to end the war. In fact, Japan had agreed to surrender the previous March. The purpose of the atrocity was to terrorize the world, especially the Soviet Union, into submission to the British Empire.*

ported the fledgling United Nations as the venue to resolve differences. He said the advent of air power negated the strategic importance of the Middle East, and called for making it a "neutral zone" for all nations to utilize. He further called for disengagement from Greece and Turkey in early 1946, to defuse the growing threat of conflict with the Soviets.

He even questioned the fundamental assumption that the Soviet Union was out for world domination. He

center of the empire lay in the Middle East, the gateway to the oil fields, the guardian of the Suez Canal and Egypt, and the passage to India. It was also the entrée to Africa, the source of raw materials needed to revive the shattered British economy. The Bevin-led empire faction drew a line in the sand in the Middle East, and also in the Balkan Peninsula, which protected access to Southwest Asia.

The British reacted to the Soviet initiative. They decided that Bulgaria was now in their "sphere of influence," along with Turkey and Greece. They also demanded that the disposition of the Italian colonies in Africa exclude the Soviet Union, and allow the British to control at least Cyrenaica, in eastern Libya. The Foreign Office, as spokesman for the Empire, decided to confront the Soviet Union at every point, charging "Soviet expansionism," while failing to mention their own.

Attlee waged a bitter fight against the Foreign Office and the Chiefs of Staff. He refused to attack the Soviet Union, and said "there is no enemy now to fight." He sup-

opposed a military doctrine of confrontation, for both strategic and financial reasons. He agreed that Egypt was a British satellite, but thought that the Soviet Union should be invited to share the monitoring of the Suez Canal, which served their needs as much as those of Britain.

Ironically, despite the torrent of lies coming from the empire group, the Soviet Union had no intention to expand further. Exhausted by the war, and having lost 27 million men in the conflict, the Soviets wanted spheres of influence to prevent yet another war, but had no appetite for adventure. According to Soviet reports at the time, "Her material losses surpassed the overall national wealth of England or Germany and constituted approximately 1/3 of the national wealth of the United States. According to the Ivan Maisky-Maxim Litvinov Report, the Russians sought 'several decades of peace,' in which to recover."<sup>17</sup>

Two Russian historians, Vladislav Zubok and Constantine Pleshakov, summarized Stalin's geopolitical objectives. "At no point did Stalin's demands and ambitions in 1945-46 exceed the maximum zone of responsibility discussed by Litvinov and Maisky. In fact, in some cases, Stalin's moves in the international arena were more modest in scope. During 1946, Stalin 'kept restraining revolutionaries not only in Iran, but also in Greece' and other places where he did not want to provoke premature confrontation with the British and Americans."<sup>18</sup>

No matter: Beginning Jan. 1, 1946, the British imperial faction waged a relentless campaign to force a confrontation.

In January, Christopher Warner, head of the Northern Department of the Foreign Office, issued the intelligence justifications to launch the confrontation against Russia, and the Joint Intelligence Committee of the Cabinet initiated its own operation. Warner conspired with Frank Roberts, a top diplomat posted in Moscow, to send inflammatory accounts of the situation in the Soviet Union back to Whitehall.

"Roberts concluded, 'we are faced with a Soviet policy designed to advance Soviet interests at every possible opportunity, regardless of those of its allies, and it now seems regardless even of treaty obligations.' He then outlined 'an alarming situation in which Soviet security has become hard to distinguish from Soviet

imperialism and it is becoming uncertain whether there is, in fact, any limit to Soviet expansion.'"<sup>19</sup>

Roberts coordinated his work with George Kennan, Deputy Chief of the U.S. Mission in Moscow, and this collaboration led to Kennan issuing his famous "Long Telegram." Sent to Washington on Feb. 22, 1946, the Long Telegram, a wild attack on the Soviets, led to the promulgation of the "Containment Doctrine" against Stalin. While not calling for military confrontation with the USSR, the Telegram was nevertheless used by those around Truman who wished to stoke the fires against Moscow. The fuse was lit to shift a working relationship between the United States and the Soviet Union into an increasingly adversarial contest.

In the new "atmosphere," Warner acted quickly to create a committee to coordinate a publicity and action offensive against the Soviet Union. In April 1946, Warner created the Committee on Policy Towards Russia, or the Russia Committee. In its first meetings in April and May, Warner and company attacked all analyses that contradicted their Russian imperialist/expansionist assertion. They dismissed outright any Russian claims of suffering large losses, having no stomach for immediate wars, rebuilding their destroyed country, etc. Warner called for a "defensive-offensive" policy ranging from intervention into elections on the continent to propaganda campaigns against Russian militarism through the BBC and other media.

Warner's efforts expanded rapidly and were coordinated with similar operations run by MI6 and the military.

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17. Op. cit., Dorrill, p. 39.

18. Ibid.

19. Ibid., pp. 40-41.

## Ensuring a Pro-British Successor to Roosevelt

The success of the British post-war plans, including the dropping of the atom bomb, had everything to do with ensuring that President Roosevelt was succeeded by a British pawn. It was well known that FDR was very ill going into the 1944 Presidential race, and the person he chose as a running mate would be crucial.

The man to beat, in the British view, was Henry A. Wallace, FDR's Vice President in his third term. Wallace had a strong anti-imperialist program which he envisioned implementing after the war. When British spies within the United States found out just what Wallace was planning, they made it a top priority to ensure that FDR did not put him on the ticket.

The malleable, pro-British Truman owed his place on the ticket to their efforts.

One aspect of the story, involving direct British espionage against Wallace, is described in Anthony Cave Brown's book '*C*': *The Secret Life of Sir Stewart Graham Menzies, Spymaster to Winston Churchill*.

The British agent involved was Roald Dahl, a young, wounded fighter pilot, who had been assigned to the British Embassy in Washington as assistant air attaché, but became a member of the section of MI6 run by superspy Sir William Stephenson, while remaining on the staff of the Embassy.

Dahl's main assignment during the Summer of '43 was to keep tabs on Wallace and to report to Stephenson. At that time, he became aware that Wallace, with the help of John Carter Vincent and Owen Lattimore of the State Department, had written a pamphlet called "Our Job in the Pacific."

Dahl got his hands on the Wallace manuscript while at the home of a mutual friend, Charles Marsh, and started reading it, later saying it "made my hair stand on end." It proposed American post-war

economic assistance for the industrial development of Asia, a trade policy for the Asian countries, and the "emancipation of colonial subjects" in the British colonies of India, Burma, and Malaya, in the French colony of Indonesia, and the Dutch colonies in the East Indies.

Dahl later described how he called an MI6 contact, and arranged to meet. Dahl gave him the Wallace manuscript; the contact took it to his office and copied it, and returned it in 15 minutes. A copy went to Stephenson, then to Menzies and then to Churchill, who "could hardly believe what he was reading."

Wallace recorded in his diary how he was approached by Dahl, who told him that "the entire British secret service was shaking with indignation as well as the British Foreign Office." Dahl told Marsh, a power in the Democratic Party, that "This is very serious. You know Churchill is likely to ask the President to get a new Vice President."

At Churchill's request, British Ambassador Halifax told Secretary of State Hull about the "regrettable" statements made by Wallace. Other channels were also used. Sir Stephenson stated: "I came to regard Wallace as a menace and *I took action to ensure that the White House was aware the British government would view with concern Wallace's appearance on the ticket in the 1944 Presidential elections*" (emphasis added).



FDR Library

Vice President Henry Wallace, with President Franklin Roosevelt.

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## Editorial

### *Man, or Beast?*

The bestiality should shock any sentient human being. A young Palestinian teen burned alive in a revenge killing, mass beheadings in Iraq of those who refuse to bow to the diktat of the “Islamic Caliphate,” tens of thousands of destitute Central American youth fleeing certain death from drug gangs and poverty across the Mexican border into the United States. A devastating picture globally, of man’s inhumanity to man. A New Dark Age.

Particularly gripping in recent days has been the situation of young illegal migrants into the United States. They have been sent either by desperate parents, who see no chance to give them a future in their own countries, or by murderous drug gangs, eager to use them as tools of their expanding trade. They brave the perils of long travel and flood across the border in the same way as Africans take to leaky boats in the Mediterranean, to try to get to Europe. They know many of them will die in the attempt, but they see no alternative.

This is a pattern of tragedies which must be addressed at its common root. Or, should we say rot.

That rot is the stink of Empire, with its corrosive destruction of the very idea of humanity in its essence of creativity and agapē. As with the dominance of the Roman Empire centuries ago, the planet is now being shaped by the imperial ideology of the British financial empire, based on the paradigm of the not-so-fictional Zeus. No culture is immune from this disease, although it takes different forms within different religions and states.

One of those dominant forms which spreads across cultures is the worship of money, as Pope Francis has reminded us. It has been a world economy based upon money producing money—rather than human invention creating improvements in

nature and human existence—that stands behind much of the desperate, virtually animal struggle for survival which we see today. That is the case, for example, in Central America, where unemployment rates are estimated to range upwards of 50%, basic infrastructure of clean water and protection from the elements is lacking, and internationally financed predator gangs run rampant, stronger than the state.

Another characteristic of the disease is the denial of the unique, sacred nature of the human mind. Every human being has the right and obligation to develop that creative capability to the best of his or her ability. Yet the Imperial ideology—whether it be through religious fundamentalism, Bertrand Russellite atheism, or mathematical behaviorism—literally tries to kill this capability. Perhaps the best example of such ideology is the deliberate spread of mind-destroying drugs, as we see today from, among others, the international banks, the British House of Lords, and billionaires like George Soros—with the blessing of the Obama Administration.

Clearly our culture will not be cleansed of this rot overnight, nor with the stroke of a legislative pen. Where we must begin is with a recognition of the problem, and a determination to rid our societies of the imperial practice. From that standpoint, the obvious first step is to move immediately to bankrupt the British Empire’s enforcer, its financial system, and turn instead to a model of high-technology economic development, as is now being sought in the Eurasian world.

Lyndon LaRouche has laid out the program and philosophical underpinnings in his “Four New Laws To Save the U.S.A.” It’s the pathway to a *human* future for all mankind.

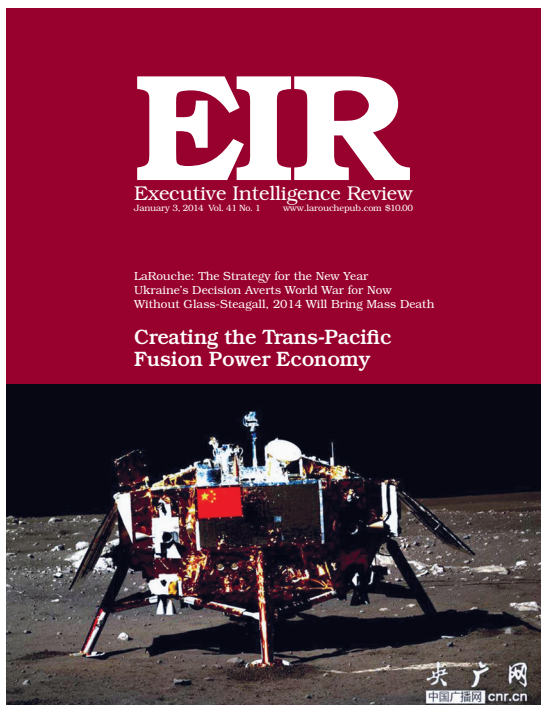




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