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**On the Urgent Ouster of President Barack Obama:**

**Our Editorial Policy**

**by Lyndon H. LaRouche, Jr.**

May 27, 2010—Considering the relevant, stubbornly recurring patterns of evidence accumulated since the Obama Presidency's monstrous, Hitler-like health-care scheme was prominently reported in April 2009. It should be our present conclusion, now, that, over the course of the interval since his January 2009 inauguration as U.S. President, it has now been shown by President Barack Obama's behavior, that the effect of his variously enacted and actually established policies, is, as a matter of fact, more and more, that of an agent of a British empire working to destroy our United States, as his behavior in the matter of the scandalous case of British Petroleum illustrates the point. That is to say, that the effect of his practice upon the lives and welfare of our people, has been: that a pattern has been shown, chiefly, by economic policies whose expressed intent has been like a housewife's dosing an unwanted husband's still-living body with a slow accumulation of arsenic. In this case, Obama's, the action is treasonous in a matter of a willfully induced effect.

In this case, the only reasonable conclusion must be, that his poisonous dosages of his victim, our U.S.A., are rather large....

**In-Depth articles from EIR, Vol. 37, No. 22**

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## **This Week's Cover**

- **On the Urgent Ouster of President Barack Obama:**  
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**by Lyndon H. LaRouche, Jr.**

Since his January 2009 inauguration as U.S. President, 'It has now been shown by President Barack Obama's behavior, that the effect of his variously enacted and actually established policies, is, as a matter of fact, more and more, that of an agent of a British empire working to destroy our United States, as his behavior in the matter of the scandalous case of British Petroleum illustrates the point. 'That is to say, that the effect of his practice upon the lives and welfare of our people, has been: that a pattern has been shown, chiefly, by economic policies whose expressed intent has been like a housewife's dosing an unwanted husband's stillliving body with a slow accumulation of arsenic. In this case, Obama's, the action is treasonous in a matter of a willfully induced effect.'

## **Economics**

- **Get the Brits Out of Our Gulf; Send Obama to the Queen!**

The failure of the Obama Administration to take action against BP is simply further evidence that this President is a bought-and-paid-for asset of the British imperial interests intent on wrecking our nation, who must go now. As Lyndon LaRouche put it: 'It is just one more indication of why he must be immediately removed from office. If you want to save the nation, get him out of there. People who are not

moving to get him out of office are not real.'

- 'Crimes Were Committed':  
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- Russia Campaigns for U.S. Cooperation in Fight Against Afghanistan Dope

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The mass-strike process, which Lyndon LaRouche first identified in the Summer of 2009, when angry Americans turned Congressional town hall meetings into demonstrations against Obama's Nazi healthcare policy, is evolving, and maturing into a 'monster,' which is terrifying the oncecomplacent so-called political class.
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## Editorial

- The New America

# This Week's News

## U.S. Economic/Financial News

### Federal Judge Blocks Furloughs of New York State Workers

### Reich Slams Dodd Bill; Repeats Glass-Steagall Call

#### **Federal Judge Blocks Furloughs of New York State Workers**

May 28 (EIRNS)—Federal Judge Lawrence Kahn of the Northern District of New York blocked a measure May 28 that would have forced hundreds of thousands of state government employees to take several days off without pay.

Kahn's ruling blocks controversial workers' furloughs that were approved by the New York legislature's Democratic-dominated lower chamber on May 10. The measure would have forced state employees to be given obligatory one-day unpaid holidays per week. The move enraged public employee unions across New York. The Civil Service Employees Association sued Gov. David Paterson.

Communication Workers of America (CWA) president Danny Donohue, a plaintiff, released a statement saying: "Today's decision is a victory for the rule of law in New York, and should make it clear that no governor can run roughshod over people's rights."

Paterson said the furloughs need to continue until squabbling state leaders solve New York's \$9.2 billion budget deficit. The CWA said New York is not in a fiscal crisis. The judge did not agree with the unions' position that the State is not experiencing a fiscal crisis. Kahn granted his preliminary injunction on the grounds that: "The State of New York is party to collective bargaining agreements with a variety of public employee organizations," noting that May 10 legislation "enacted unpaid furloughs, a wage freeze, and a benefits freeze on certain groups of state employees in contravention of a number of such contracts." He concluded, "The Court finds it is substantially unlikely ... that the challenged provisions before it will be upheld." On that basis, the judge blocked implementation of emergency measure provisions dealing with workers' furloughs and wages.

#### **Reich Slams Dodd Bill; Repeats Glass-Steagall Call**

May 24 (EIRNS)—Former Clinton Labor Secretary Robert Reich on May 24 published a frontal attack on his blog, against the Dodd bill, citing three devastating shortcomings that all represented Obama capitulations to Wall Street—and Obama's own shortcomings. Overall, Reich said that the Dodd bill failed to change the fundamental character of the banking system, imposing, instead, regulations that can be easily bypassed. He cited three specific flaws in the bill: It failed to deal with the "too big to fail" problem, by allowing the banks to remain exactly that—too big to fail. Second, the bill failed to impose Glass-Steagall standards for breaking off commercial banking functions from the rest. And third, the bill failed to shut down the derivatives trade, on the specious claim that derivatives are a necessary instrument for the banks.

Reich, in contrast, argued that the banks are desperate to retain their highly profitable derivatives operations, and want to have the guarantees that, ultimately, taxpayers will foot the bill if another derivatives blowout occurs.

Ultimately, Reich concluded that Obama was just too big a coward to directly take on Wall Street and the banks, which

would have been required if he was willing to actually change the structure of the banking business.

## Global Economic News

### Spanish Debt Crisis Has Now Erupted

### German Short-selling Ban Gets Support

### U.K.'s Spending Cut 'Shock Wave' Just the Beginning

#### **Spanish Debt Crisis Has Now Erupted**

May 28 (EIRNS)—The financial and economic situation in Spain can implode at any moment. The Bank of Spain has issued new rules to banks where they have to set aside reserves of up to 30% on property holdings, according to City of London mouthpiece Ambrose Evans-Pritchard. Writing today in the *Daily Telegraph*, Evans-Pritchard said the new rules hit particularly the cajas, Spain's savings banks, which hold much of the EU445 billion of property debt. This follows the failure of Cajas Sur which forced the government to take it over last week.

There are already 926,000 unsold houses, a figure that could well increase to 1.6 million, once the banks start unloading these properties, Evan-Pritchard writes, adding that it represents "a gamble, risking a house price crash." But it is not just the cajas; both the Inter Alpha Group's Banco Santander and BBVA, Spain's largest and second-largest banks respectively, are being forced to borrow on the interbank market at a stiff premium. BBVA reportedly was unable to rollover EU1 billion in commercial paper. Spanish lenders have to raise EU125 billion by late 2011.

Meanwhile, the Spanish Parliament passed the government's austerity package by only one vote. The measures call for a 5% wage cut for public sector workers and a three-year wage freeze, cuts in various benefits, and raising the retirement age.

An IMF delegation was in Spain this week, and issued a dire assessment of the Spanish situation: "The challenges are severe: a dysfunctional labor market, the deflating property bubble, a large fiscal deficit, heavy private sector and external indebtedness, anemic productivity growth, weak competitiveness, and a banking sector with pockets of weakness."

While the Spanish debt is only 55% of the country's gross domestic product, at least 55% of the debt is held by foreign creditors, who could very easily pull out their funds. On May 28, Fitch Rating downgraded Spain's sovereign debt.

#### **German Short-selling Ban Gets Support**

May 29 (EIRNS)—Support for Germany's unilateral ban on short selling is growing, and the only thing preventing its adoption is the self-imposed "consensus" to do it on a "European" level.

On the European level, the *Financial Times* has an article entitled, "Europe dithers over adopting Germany's short selling ban." While reporting that France and Great Britain were critical of the proposal, the article says others were supportive but mentions only Belgium. It quotes Eddy Wymeersch, chairman of European Securities Regulators, as having said the move was "not off the cards, but not on the cards either. There is not a unanimous view to follow the German approach."

Prime Minister of Belgium Yves Leterme is quoting as having said that a ban "is an interesting idea, which may have merit. For us the key thing is to act together [in Europe]. If it came up in discussion at that level, we might support it. We are studying the dossier."

In Germany, the opposition Social Democratic Party gave its full support to the government decision to act unilaterally, with the vice chairman of the SPD faction, Joachim Poss, saying that such a measure was long overdue.

The German Industry and Trade Chamber Association (DIHT) announced support for limited prohibition of these sales, but demands that it be done European wide, if not internationally.

And, the Austrian government joined the German move against "naked" short sales, by expanding a decree that already had been in place against certain categories of such sales, to a number of leading banks and insurance companies, including a ban on CDS related to state bonds of Eurozone member countries. The Austrian measures will be in effect until November.

## **U.K.'s Spending Cut 'Shock Wave' Just the Beginning**

May 24 (EIRNS)—Chancellor of the Exchequer George Osborne and his deputy David Laws, Chief of the Treasury, announced the first round of budget cuts this year (£6.2 billion), and said they expect to announce deeper cuts later in the year as government departments report in, as Britain adopts an austerity policy to reduce the £156 billion government deficit. "This is only the first step on what will be a long road to restoring good management of our public finances," said Law, adding, "Even tougher decisions undoubtedly await us."

The only areas exempt from cuts this go-round are: spending on defense; foreign aid; the National Health Service (NHS); and schools, with the exception of food aid and administrative overhead. Both the Conservatives and Liberal Democrats in Parliament agreed to the £6.2 billion start-up figure. Labour will oppose cuts in the first year, arguing that the "recovery" has not yet gelled.

## **United States News Digest**

### **Senate Goes on Vacation, Leaving Unemployed, Seniors without Support**

### **Republicans Call for FBI Investigation of Sestak Bribe**

### **National Candidates' 'Movement' Fights for Glass-Steagall**

### **Obama Proposes 'Unnecessary Spending Act; LaRouche: We Need 'Unnecessary President Act'!**

## **Senate Goes on Vacation, Leaving Unemployed, Seniors without Support**

May 29 (EIRNS)—The U.S. Senate left Washington for a ten-day vacation yesterday without taking any action to extend Federal unemployment benefits, even though the average duration of unemployment is now 33 weeks. The official estimates are that 340,000 will lose benefits during the first week of June, and the National Employment Law Project forecasts a total of 1.2 million if the Senate fails to act through the month of June. For most of the one-third of the

unemployed who receive them, these benefits are all that protects them from homelessness and the complete destruction of their families.

It is appropriate to remember on Memorial Day that a large portion of these unemployed are veterans. This is the second time this year that the "let-them-eat-cake" U.S. Senate has done this. Their excuse? With the (fake) economic recovery underway, there's no reason to extend unemployment benefits longer than 99 weeks.

Similarly, the House and the Senate failed to extend the Federal COBRA subsidies which allow some unemployed to keep their health insurance.

And again, the House and the Senate also failed, for the third time, to prevent an "automatic" 21% cut in payments to physicians who care for senior citizens under the Medicare program. The Obama Administration has told the doctors it will hold invoices for 14 days, as it did the last time, so that they will not get the 21% cut if Congress acts by June 14. But even if it does act, many more physicians will refuse to take new Medicare patients, and some even to treat their established Medicare patients.

The American people have by now gone far beyond blaming the detested Nancy Pelosi and the hated Harry Reid and their cohorts. They blame the British traitor at the top—Barack Obama. And they are well on their way to getting rid of him at last.

## **Republicans Call for FBI Investigation of Sestak Bribe**

May 28 (EIRNS)—After White House Counsel Robert Bauer released a statement claiming that former President Bill Clinton, at the behest of Obama Chief of Staff Rahm Emanuel, had had discussions with Rep. Joe Sestak (D-Pa.), exploring whether he would accept an uncompensated advisory board position in exchange for dropping out of the race against Sen. Arlen Specter, House Oversight and Government Reform Committee Ranking Member Darrell Issa (R-Calif.), Judiciary Committee Ranking Member Lamar Smith (R-Tex.), and Republican members of the House Judiciary Committee, sent a letter to FBI Director Robert Mueller urging the FBI to immediately initiate an investigation into allegations that White House officials bribed Sestak with promises of a senior Administration position in exchange for his withdrawal from the Pennsylvania Senate primary.

In a joint statement, the Republicans pointed out that, "Not surprisingly, the White House's own report clears White House officials of wrongdoing. Assurances by the Obama White House that no laws were broken are like the Nixon White House promising it did nothing illegal in connection with Watergate. Clearly, an independent investigation is necessary to determine once and for all what really happened.

"Because of the alleged involvement of high-ranking Administration officials, any investigation into criminal activity by the White House should be spearheaded by the FBI. Admissions that the White House intentionally sought to manipulate the outcome of a Democratic Senate primary strike at the heart of our democracy. Only a full criminal investigation can restore integrity to our election process."

Judiciary Committee Republicans requested that the FBI respond no later than June 11.

The White House attempt to divert attention away from Emanuel, by inserting former President Bill Clinton into the picture, was characterized by Lyndon LaRouche today as a nasty attempt to get at Hillary Clinton. Other sources have said that Emanuel is running a White House "Plumbers Unit," à la Richard Nixon, and that a serious probe into what really happened in the Sestak case could blow things sky-high.

It should be noted that the brief discussion between Clinton and Sestak took place in the Spring of 2009, and that the real question, that the White House is desperately trying to dodge, is: What happened in the intervening year?

## **National Candidates' 'Movement' Fights for Glass-Steagall**

May 25 (EIRNS)—While the LaRouche movement Congressional candidates—Kesha Rogers of Texas, Rachel Brown of Massachusetts, and Summer Shields of California—are taking the lead in mobilizing the U.S. population to adopt LaRouche's recovery plan, starting with Glass-Steagall, there is a visible candidates' movement coming into being around the demand for a return to FDR's Glass-Steagall approach to constitutional banking.

As of this writing, *EIR* has identified seven candidates actively campaigning for Glass-Steagall in their Congressional or local elections, and the number can be expected to expand rapidly. One additional candidate, Muhammad Ali Hasan, a Republican from Colorado, who insisted on Glass-Steagall being restored, was defeated in his party's convention this last weekend.

The other candidates actively campaigning for Glass-Steagall are:

\* Thomas L. Fiegen, a candidate in the Iowa Democratic party primary for the U.S. Senate race against incumbent Republican Chuck Grassley. In a release issued May 17, Fiegen endorsed the McCain-Cantwell amendment, and said that, "If Senator Grassley fails to support the Glass-Steagall amendment, that action by itself will signal to Iowans that he is on the side of unbridled greed by Wall Street firms instead of the financial safety and security of working Iowans."

\* Art Dunn, a candidate in the Democratic primary for the U.S. Congress in California's 17th C.D., is mobilizing his district behind the Glass-Steagall legislation.

\* Tyler Gernant, one of four Democrats challenging Montana Rep. Dennis Rehberg (R), is campaigning for the restoration of the Glass-Steagall.

\* Nancy Price, a candidate in the Democratic primary for the 2nd Congressional District of Nevada, has declared her intention to put Glass-Steagall in place "so that we can trust the banks again."

\* Danny Tarkanian, a candidate in the Republican party primary to choose a candidate against Nevada Sen. Harry Reid, has called for the reinstatement of the Glass-Steagall Act "to separate commercial and investment banks."

\* Denny Heck, a candidate in the Democratic party primary to pick a candidate for retiring Washington state Rep. Brian Baird, has put out a letter giving full support to Sen. Maria Cantwell (D-Wash.) and her fight against derivatives and for Glass-Steagall.

\* Ryan Maher, a South Dakota state senator running for re-election this year, has endorsed the LPAC call for reinstituting Glass-Steagall and shutting down derivatives, as part of his platform.

## **Obama Proposes 'Unnecessary Spending Act'; LaRouche: We Need 'Unnecessary President Act'!**

May 25 (EIRNS)—This week, President Obama spoke out against "unnecessary" government spending, and is sending to Congress a bill through which he intends to exert yes-or-no power over whether any Congressionally passed spending

authorization will be carried through or not. In effect, it is Obama's attempted imperial revival of the "line-item [budget] veto," which was declared unconstitutional in 1998 by the Supreme Court.

The title of the newly proposed Presidential authority to make such cuts is, the "Reduce Unnecessary Spending Act of 2010."

Lyndon LaRouche pointed out today, that "It's time for an 'Unnecessary President Act'"! We've had necessary Presidents, such as Abraham Lincoln, Franklin Delano Roosevelt, and John F. Kennedy. But Obama is unnecessary. It's urgent that he should go.

Obama's "Reduce Unnecessary Spending Act of 2010" would have three features: First, it would require that a package of proposed recisions be submitted within 45 days after the final passage of an appropriations bill. Second, Congress would not be permitted to amend the package of cuts. Third, the House and Senate would face time limits for debate, which would guarantee the President's cuts getting an up or down vote quickly.

But Sen. Robert Byrd (D-W.Va.), for one, has already denounced the Obama power-play, as verging on the unconstitutional.

## Ibero-American News Digest

### Brazil Steps Up Role as Key British Imperial Outpost in Americas

### Mexico Gets Clobbered with 'British Week'

### Mexican Congressman: Mexico Should Help With BP Oil Spill

#### **Brazil Steps Up Role as Key British Imperial Outpost in Americas**

May 28 (EIRNS)—The Lula government this week formalized Brazil's role as the key enforcer for the British Empire in Ibero-America at this critical moment, signing a Memo of Understanding with the International Monetary Fund to establish a "Joint Regional Training Center for Latin America" to train government officials in issues of imperial monetarist policy. The training center will be run by the IMF Institute, Brazil's Foreign Ministry, and the university run by Brazil's Central Bank (UniBacen).

Africa is targetted, too, as the IMF reports that the new center may also offer seminars for high-level government officials, expanding a ten-year-old program under which Brazilians have given an average of 12 training courses per year to Ibero-American and Portuguese-speaking African public officials.

Brazil's Central Bank is headed by a representative of the British East India Co.'s Boston Vault, Henrique Meirelles, who was president of FleetBoston Global Bank and of BankBoston Corporation before Lula da Silva called him in to head the Bank at the outset of his Presidency. In the past ten days, Meirelles was honored, first in Wall Street, and then in London, as "Personality of the Year" for his alleged help in holding the international financial system together a few months longer, after the 2008 Lehman Brothers collapse.

The Brazil-IMF agreement was signed during a two-day visit by IMF chief Dominique Strauss-Kahn, in which containing



Germany's sovereign action against derivatives was also discussed. Strauss-Kahn spoke out publicly against "national oriented responses" to the crisis, insisting that "Brazil has a key role to play in global economic governance."

## **Mexico Gets Clobbered with 'British Week'**

June 1 (EIRNS)—With the collusion of their political leaders, the people of Mexico have just had to suffer through the obscenity known as "British Week"—200 hours over a nine-day period of British "cultural" displays (music, film, art, theater) plus business conferences—allegedly designed to show how the two nations are bound together by their common history and culture.

British Week is part of a broader "Think Britain" campaign which the Foreign Office (FCO) has organized together with the British Embassy in Mexico and several Mexican government ministries, based on the premise that the two governments are "strategic partners." It is all the more offensive that the FCO has launched this campaign this year, when Mexico celebrates its Bicentennial on Sept. 16, thus distorting the early history of Mexico as a sovereign nation.

British Week's propaganda crowed that Great Britain, not the U.S., was the first nation to officially recognize Mexico's independence in 1825, and then to become its most important foreign investor. This, one journalist argued, "made the U.S. very jealous."

The reality is starkly different. Even from before Mexico's Sept. 16, 1810 declaration of independence from Spain, Mexican independence leaders looked to the United States as their model. As Lyndon LaRouche pointed out on May 30, "the American tradition [in Mexico] was very strong." The British knew this, and targetted Mexico for destruction, to the point that, today, it "is a destroyed country.... There is no optimism with Mexico as a process," LaRouche said. Contrast this to Argentina, he added, where "you have a longstanding hatred of the British," which was on very public display during the May 25 celebrations of the country's Bicentennial.

Thus the organizers of British Week were unhindered in promoting the Empire's cultural degradation and economic destruction as Mexico's future. British Week's big business event, hosted by Mexico City Mayor Marcelo Ebrard, was on how Mexico's private sector can collaborate in promoting the genocidal "low carbon" agenda to deal with climate change. The British Embassy's website brags that "this is one of a number of similar events that the British Embassy will be helping to organize all around Mexico this year." The U.K. Trade & Investment Office, headed by HRH Prince Andrew, is urging Mexican companies to take advantage of the "business opportunities" to be had at the 2012 Olympic games in London.

Perhaps looking toward British Week, on May 5, the London School of Economics held a seminar entitled, "Mexico: UK's Strategic Partner?" which noted that [collapsing] Mexico "presents itself as a strong emerging market filled with business opportunities" for Great Britain.

## **Mexican Congressman: Mexico Should Help With BP Oil Spill**

May 28 (EIRNS)—In a private discussion with *EIR*, a prominent Mexican Congressman of the PRI party angrily denounced the way President Barack Obama has handled the BP oil spill, calling him "irresponsible," and saying that neither Obama nor BP know how to handle the situation. He strongly agreed with Lyndon LaRouche's demand that BP be immediately nationalized, and said that, in fact, the governments of the United States, Mexico, and Cuba should be jointly working on the problem, as the most directly affected nations. "We, as countries, can't just sit by and wait for BP to do something," he said.

A biologist by training, the PRI Congressman said that there is clearly huge destruction going on, and that BP is showing no real concern at all. He said he doesn't believe *anything* that BP has been saying about the spill and its consequences, and noted that Mexico has asked to send some cruisers to the area to see for themselves—but was told "no." He recalled that Mexico also has experience with offshore oil accidents, including the infamous 1979 blowout of Ixtoc in the Gulf of Mexico; that well spewed oil for ten months before it could be stopped, and it was in only 50 meters of water.

## Western European News Digest

### The Bloody Queen's Fascist Austerity Plans

### Glass-Steagall-Type Legislation in Belgium

### Mass Strike Dynamic in Portugal

### Germany's Exit from Euro Must Occur "Overnight"

#### The Bloody Queen's Fascist Austerity Plans

May 26 (EIRNS)—The drug-peddling, genocide-merchant whore currently occupying the British Throne, Queen Elizabeth II, lived up to her bloody reputation in opening up the new Parliament May 25, announcing the new legislative program for Her Majesty's Government. As AP reported: "Wearing her diamond-studded crown, Queen Elizabeth II arrived at Parliament in a gleaming horse-drawn carriage to deliver a message of austerity and making do with less in troubled economic times."

Explaining the nature of her slave-labor vision of the future for the British people, she declared that there would be "sanctions for those who refuse available jobs," that the state pension age would be "reviewed," that National Insurance (unemployment and pensions) will be changed to "safeguard jobs and support the economy"—i.e., slashed to the bone.

Her opening words were: "The first priority is to reduce the deficit and restore economic growth. Action will be taken to accelerate the reduction of the structural budget deficit. A new Office for Budget Responsibility will provide confidence in the management of the public finances." Confidence from the City of London, that is.

#### Glass-Steagall-Type Legislation in Belgium

PARIS, May 26 (EIRNS)— On March 11, Belgian Senators Jose Daras and Freya Piryns (Green Party), introduced a proposed law into the Senate to "split up banking activities" between commercial and savings banks and investment banks. Former Belgian Transportation Minister Senator Daras is the third vice-president of the country's Special Follow-up Commission in Charge of Examining the Financial and Banking Crisis.

"We must dare to learn the lessons of history. The separation of banking professions has given satisfaction in the past. Today, the leaders of great nations intend again to reduce the size of banks and separate the activities of taking bank deposits from proprietary market trades," the authors say.

The proposed legislation (4-1700/1) would go into effect as of 2012.

## Mass Strike Dynamic in Portugal

May 29 (EIRNS)—Another day of labor protest is taking place in Portugal today, highlighted by two big protest rallies in the main squares in the country's capital Lisbon, Marques de Pombal and Restauradores. The protest was by the country's leading labor federation, CGTP-Intersindical, whose General Secretary Carvalho da Silva considers that Portugal is undergoing its biggest social-economic crisis since the revolution of 1974.

The government's plans to freeze public sector wages, cut unemployment support, and increase income taxes and value-added taxes, are going to hit mainly the broad majority of the nation's low-income households, which da Silva said is "simply not acceptable." The CGT-Sindical sees its protests today, plus the mass protests already set for June 8, as preparations for—if necessary—a wave of general strikes to force the government to drop its brutal austerity plans. The two leftist opposition parties in the national Parliament, Bloco de Esquerda and the Portuguese Communist Party (PCP), are backing labor.

## Germany's Exit from Euro Must Occur "Overnight"

May 25 (EIRNS)— This is the view expressed Tuesday in a conversation with *EIR* by Alfonso Tuor, an economist and the deputy editor of the Swiss daily *Corriere del Ticino*. Tuor's comment was directed at the scenario proposed by Berlin-based DIW researcher Belke, who had proposed a year-long process. "You cannot do it in one year; it must be done overnight, or in a weekend," Tuor said. "The announcement must be done by surprise, like: 'You are given 30 days time to convert euros into DM and state whether you want your debt to be denominated in Deutschmarks or euros.'"

"It must be done in the same way as Nixon did with gold."

The question of the physical changeover is irrelevant, according to Tuor. The amount of "circulating money is very little. Monetary supply is mostly electronic." Technical banknote changeover "is a joke," you can do that afterwards.

Tuor is convinced that Germany will exit from the euro in 2-3 months, "or even in one month." "Now everything is coming down" in the financial system, he said. "I do not see who can intervene" to stop that. The stock market plunge is having other effects, in terms of devaluing bank collateral. It is a chain reaction.

"I am convinced that Germany's participation in the bailout package is the price Germany paid in order to get out of the euro," he said. In other words, soon Germany will say: we gave what we could, now it is over. Now we're going back to the Deutschmark.

## Russia and the CIS News Digest

### Yakunin: 'Overcome the Crisis Through Infrastructure'

### Medvedev Meets Venture Funds; LaRouche's 'Pirates' Sweeps Russian Internet

#### Yakunin: 'Overcome the Crisis Through Infrastructure'

May 31 (EIRNS)—The kind of investment approach Russia really needs, as against the silly "Silicon Valley" replica scheme being marketed by City of London/Wall Street tool Anatoli Chubais and his followers, was voiced by Russian

Railways CEO Vladimir Yakunin during last week's Strategic Partnership 1520 conference, held in Sochi. The name of the event refers to the wide-gauge track used in the Russian rail system.

Interviewed May 27 on RTR Vesti state television, Yakunin said that the concept of the Russian Railways investment program "as a kind of locomotive" for the economy is shared by Prime Minister Vladimir Putin. "We create demand for the products of our industry, our economy," he explained. "At the same time, we are of interest to foreign investors and producers. It means integration on a global scale, plus investment.... On the whole, infrastructure, as such, is a staging ground for the key economic objectives which society has, and the government has. And I hope that this process will continue, and in the coming years, from the standpoint of implementing the strategic program for developing of rail transport in Russia to 2030, yes, there may be some delay, some correction associated with the crisis, but if we don't overcome this crisis through infrastructure, then I don't know how to overcome it."

Asked about Russian Railways policy for the "post-crisis period, or period of stagnation," Yakunin warned: "First of all, I would not rush to call the period we are living in 'post-crisis.' One of the findings of the scientific analysis, which I have made public, is that we believe the crisis phenomena have not been overcome. Today, going even just by the TV reports on what is happening in world markets, European markets, that evidently confirms that we have a long way to go, both from a global standpoint and, in my view, from a domestic standpoint, before we overcome the crisis. Stagnation can only be overcome by specific actions, geared toward development. You can't just sit there on your money, you can't sit there on your piggy-bank and think that now everything is stabilizing, and any minute now the market will rise, and we'll be able to get a higher price. We're losing time. We need to invest, and to invest in promising sectors. The promising sectors, under crisis conditions—and this was demonstrated by the American crisis in the 1930s—are infrastructure, jobs, and, without question, investment in 'human capital,' as it's put these days: education, and youth."

During the Sochi conference, Russian Railways announced it is ordering 221 freight locomotives from the Ural Locomotive plant, a joint venture of Germany's Siemens and the Russian company Sinara. The 42 billion ruble (\$1.4 billion) contract is for production in 2011-16. Under another contract, Russian Railways, Siemens, and Aeroexpress will set up rolling stock production in Russia, building Desiro Rus model trains. Another large locomotive contract, for 200 passenger train units, was finalized between Russian Railways and Transmashholding, working with the French firm Alstom Transport.

Yakunin announced that Russian Railways is studying the possibility of a project for high-speed rail service between Moscow and Kiev. The recent change of government in Ukraine, he said, "means there is the necessary level of political support for this project." A May 28 article in the German daily *Frankfurter Allgemeine Zeitung* described Yakunin as seeking to develop Russia's high-speed rail network, while making Russia a bridge for freight between Western Europe and the Far East. Siemens-built Sapsan high-speed trains have begun to run between Moscow and St. Petersburg.

## **Medvedev Meets Venture Funds; LaRouche's 'Pirates' Sweeps Russian Internet**

May 31 (EIRNS)—Twenty-two leaders of U.S.-based "venture capital" funds were the guests of Russian President Dmitri Medvedev on May 25 at his residence outside Moscow. The delegation was organized by Rosnano CEO Anatoli Chubais, purveyor of British-school monetarism in Russia for the past two decades, along with the American Business Association of Russian-speaking professionals (AmBAR). Details of the visit, featuring leading figures from what's left of the U.S. Silicon Valley, were also developed by Kremlin aide Arkadi Dvorkovich during his April visit to Stanford University in California.

Hence it was fitting that the Kremlin meeting coincided with the release of a Russian translation of LaRouche's blockbuster April 24 briefing, "Free Russia from the Pirates of the Caribbean!—The Case of Arkadi V. Dvorkovich." The document is now sweeping Russian-language Internet sites.

The confusion of Russian economic policy-making, even as figures such as Prime Minister Vladimir Putin and Russian Railways CEO Vladimir Yakunin continue to emphasize the priority of physical infrastructure development, was expressed by President Medvedev himself in greeting the "venture" group. One of Russia's "competitive advantages," Medvedev said, is that it has deregulated financial flows, positioning Moscow to become "one of the world's financial centers." He also boasted of the country's 13% flat income tax.

Siguler Guff, a fund with \$8.5 billion under management, announced a \$250 million investment to set up IT services for Skolkovo, the future office park in suburban Moscow, which is supposed to become Russia's Silicon Valley replica. Chubais's pet project Skolkovo, so far, is overwhelmingly oriented to IT, although Medvedev has called for it to do biomedical R&D, as well, and named senior Academy of Sciences physicist Zhores Alfyorov to the board.

Obama Administration official Michael McFaul was in on the meeting with Medvedev.

## Southwest Asia News Digest

### Israeli Yahoos Have Run Out of Options

### Obama Tried To Prevent Iran-Turkey-Brazil Agreement on Nuclear Swap

### Colin Powell Smacks Obama on Iran Policy

### London Times Fans Iran-Israel Confrontation

## Israeli Yahoos Have Run Out of Options

May 31 (EIRNS)—In Jonathan Swift's classic, *Gulliver's Travels*, Lemuel Gulliver, in his fourth voyage, encounters the Yahoos, a race of vile and savage creatures, filthy, and with unpleasant habits, who, unfortunately, bear an absolute physical likeness to human men and women. The Yahoos are promiscuous, sadistic, cowardly, treacherous, and they have an absolute love of war.

Israel, under Prime Minister Benjamin Netanyahu (Netan-yahoo), has once again displayed all of the characteristic traits of Swift's Yahoos. Early this morning, Israeli naval commandos boarded a flotilla of ships, carrying humanitarian aid to Gaza. In the ensuing confrontation, at least ten of the peace activists onboard were killed, and scores of others were injured. The incident occurred in international waters. It caused an immediate international furor, with the Turkish government (the lead ship in the aid flotilla was flying a Turkish flag) calling in the Israeli ambassador, and recalling the Turkish ambassador from Tel Aviv. The United Nations Security Council convened an emergency session, the Arab League threatened to cut off all peace talks with Israel, and most European countries condemned the Israeli actions.

Netanyahu, traveling in Canada en route to a scheduled White House meeting on June 1 with President Obama, abruptly cancelled his Washington, D.C. visit, and raced back to Israel, issuing statements along the way, defending the Israeli commando actions, and accusing the humanitarian aid workers on board the ships of attacking the Israeli soldiers. Obama had a 15-minute telephone discussion with Netanyahu, in which he demanded a detailed account.

Briefed on these events today, Lyndon LaRouche observed that the Israelis have been playing these kinds of provocative games for decades, and they are no longer working. Netan-yahoo cannot accept that Israel's bargaining position is greatly

diminished, and so he is trying to create absolute Hell in the Middle East. He may succeed. What's more, the range of options available to the United States is greatly limited by the fact that Barack Obama remains as the President of the United States, and is a puppet of a foreign imperial power, the British Empire. Remove Obama from office and a world of further options open up, options that can outflank and defeat the Yahoo-like behavior of the present Israeli leadership.

## **Obama Tried To Prevent Iran-Turkey-Brazil Agreement on Nuclear Swap**

May 29 (EIRNS)—Obama is exposed throughout the world as a fool, liar, and narcissist in his nuclear policy. The Nuclear Summit he held at the White House in mid-April was useless; the Non-Proliferation Treaty agreement at the just-ended five-year NPT meeting at the UN, endorsed a Middle East Nuclear Free Zone, and demanded that Israel sign the NPT. Hit with protests from Israeli fascist Prime Minister Benjamin Netanyahu, Obama tried, but failed, to have the mention of Israel removed.

Worst of all for British puppet Obama is the backlash against him for arrogantly pushing through sanctions against Iran at the UN Security Council immediately after Iran, Turkey, and Brazil signed an agreement to carry out the swap of Iran's low enriched uranium for more highly enriched uranium for Iran's medical reactor. It turns out that Obama had tried—during his April nuclear summit—to prevent the three-way agreement.

Obama's attempted sabotage has been exposed with the public release of his April 20 letter to Brazil's President Lula da Silva. A similar letter was sent to Turkish Prime Minister Erdogan. The letter to Lula references a meeting that Obama, Lula, and Erdogan had about "the provision of nuclear fuel for the Tehran Research Reactor (TRR)," and the intent of Brazil and Turkey to work out a solution.

Obama then writes, "I agree with you that the TRR is an opportunity to pave the way for a broader dialogue in dealing with the more fundamental concerns of the international community," regarding Iran.

"For us, Iran's agreement to transfer 1,200 kg of Iran's low enriched uranium (LEU) out of the country would build confidence and reduce regional tensions by substantially reducing Iran's LEU stockpile. I want to underscore that this element is of fundamental importance for the United States...."

Obama then retails a false version of the communications with Iran, since October 2009, asserting that Iran has completely refused to swap the LEU on the territory of any other country than itself, or even discuss it:

"There is a potentially important compromise that has already been offered," writes Obama. "Last November, the IAEA conveyed to Iran our offer to allow Iran to ship its 1,200 kg of LEU to a third country specifically Turkey at the outset of the process to be held 'in escrow' as a guarantee during the fuel production process that Iran would get back its uranium if we failed to deliver the fuel. Iran has never pursued the 'escrow' compromise...."

"That is why I question whether Iran is prepared to engage Brazil in good faith, and why I cautioned you during our meeting. To begin a constructive diplomatic process, Iran has to convey to the IAEA a constructive commitment to engagement through official channels—something it has failed to do."

But as soon as Iran met all of those conditions, Obama went flight forward with the sanctions, and still insists on them, even after Iran formally notified the IAEA of the agreement on May 14.

## **Colin Powell Smacks Obama on Iran Policy**

May 29 (EIRNS)—Former Secretary of State Colin Powell has become the latest senior veteran policy figure to smack Obama over his sanctions insanity against Iran. Powell, who endorsed Obama for President in 2008, suggested on ABC's "This Week," that the U.S. might have to live with Iran's enrichment program. Powell said he doesn't think the proposed sanctions cause "sufficient pain that will cause [Iran] to say, 'Gee, why didn't we realize we were so off on this and we're going to stop all of our nuclear program?' The nuclear program is there.... And I don't think they're going to give it up easily...."

"Maybe we have to accept [an Iranian] nuclear program that's designed strictly for power generation and for their medical research reactor," Powell said. U.S. intelligence sources have told much the same thing to *EIR*: that if Iran agrees to halt secondary enrichment, and stick to the 3% enrichment required for nuclear reactors, a deal can be reached.

## **London Times Fans Iran-Israel Confrontation**

May 30 (EIRNS)—Today's London *Sunday Times* published an inflammatory story clearly aimed at escalating confrontation between Iran and Israel, on the eve of Israeli Prime Minister Benjamin Netanyahu's scheduled (but now cancelled) June 1 White House meeting with President Obama. Under the banner headline, "Israel Stations Nuclear Missile Subs Off Iran," the *Times*' Uzi Mahnaimi claimed that Israel has now permanently positioned a submarine with nuclear weapons on cruise missiles in the Persian Gulf, ostensibly as a "deterrent" against possible Hezbollah or Syrian rocket attacks against Israel.

According to the *Times*, Israel now has three German-made submarines—Dolphin, Tekuna, and Leviathan—and one of the three, at least, will be in the Persian Gulf off the Iranian coast, at all times, for deterrent and intelligence gathering purposes. The subs will each carry nuclear-tipped cruise missiles, with a range of 1,500 kilometers. The subs are able to remain at sea for 50 days at a time, and can move at a depth of 1,150 feet below the surface, according to the *Times* account.

According to Mahnaimi, the submarine-launched cruise missiles would be used in an Israeli attack on Iran's nuclear program. When Defense Minister Ehud Barak was in Washington recently, he delivered a classified Israeli dossier, with surveillance photographs, showing Hezbollah ostensibly taking a delivery of rockets capable of striking Tel Aviv. After initially buying the Israeli account, U.S. State Department and NSC officials later backed off the Israeli claims. Now, the fuller picture emerges, of the claimed Israeli sub deployments as part of a deterrent (sic) and potential first strike.

Among the issues that Netanyahu was to raise with President Obama on June 1 is that the United States did not block the final communique of the just-concluded United Nations conference on nuclear non-proliferation, which specifically singled out Israel, and called for Israel to sign the Non-Proliferation Treaty (NPT), and dismantle or put its entire nuclear program under IAEA supervision. Netanyahu went ballistic when the U.S. failed to kill the final communique, and was not in the least satisfied with statements by National Security Advisor Gen. James Jones, who vowed that the United States would take no actions that would jeopardize Israeli security.

## **Asia News Digest**

**[Who's Pushing for War in the Koreas?](#)**

**[Hillary Clinton Repairs China-U.S. Relations](#)**

**[Japan-U.S. Conflict Apparently Resolved](#)**

## India's President Meets China's Highest Officials

### Who's Pushing for War in the Koreas?

May 29 (EIRNS)—Following the conclusion by an international investigation last week, that the sinking of the South Korean naval frigate *Cheonan* in March was carried out by North Korea—with no conclusive proof, and with serious questions about the circumstantial evidence—both South Korea and the United States are trying to respond in ways that appear to be as serious as the accusations they are making against the North would require, but at the same time to keep the crisis within bounds, and prevent the East Asian war that the British would love to provoke.

On May 24, the Pentagon announced that the U.S. and South Korea will hold joint naval exercises in the area "in the near future," aimed at anti-submarine capacity and stopping North Korean ships with banned cargo. South Korean President Lee Myung-bak announced that Seoul would cut off all aid to the North (but would not shut down the Kaesong economic development zone), and that North Korean ships would be denied access to the territorial waters of the South.

Lyndon LaRouche asserted that the only party with an interest in creating the chaos this crisis portends, for China and the world as a whole, is the British oligarchy, and that investigations should be pursued in that direction.

China has refused to blame the North until more conclusive proof is provided, and has proposed a joint investigation by China, the U.S., North Korea, and South Korea.

Russia has also refused to blame North Korea, and is sending a team to carry out its own investigation. A Russian Foreign Ministry spokesman said that Moscow was not planning to discuss the situation at the UN Security Council until it possesses "100 percent correct evidence that [North Korea] has anything to do with the ship's sinking.... We should make the conclusions by ourselves, so everything will depend on the evidence."

Konstantine Pulikovsky, Russia's former Presidential envoy to the Far East, said on May 28 that, from his extensive knowledge of the North Korean leadership, he has "serious doubts that it was North Korea that sank the ship. Why do this? For what purpose? I don't see any logic."

On May 25, North Korea, which continues to deny responsibility for the sinking, announced that it was cutting all ties with South Korea in retaliation for the South Korean sanctions, and abrogating the agreement on non-aggression between the two Korean states.

On May 28, the North Korean National Defense Commission held a rare press conference to refute the accusations against the North. Maj. Gen. Pak Rim Su told the press, "We don't have anything like a 130-ton Salmon-class submersible," which the five-nation report claims fired the torpedo that sank the *Cheonan*. He also refuted the claim that a torpedo fragment dredged up near the scene of the incident was North Korean.

Pak compared the accusations to the U.S. and British false charges of WMD in Iraq, which were used to justify the invasion and occupation of that country, and said that the UN Security Council had been party to that fraud and thus should not be involved in this one.

### Hillary Clinton Repairs China-U.S. Relations



May 26 (EIRNS)—The just-completed U.S.-China Strategic-Economic Dialogue was marked by increased cooperation on the diplomatic front, and a cooling-out of U.S. screaming about China's currency valuations and other issues that have strained relations. Secretary of State Hillary Clinton and Treasury Secretary Tim Geithner, leading the largest-ever delegation of about 200 officials and business people, met with China's leaders for two days.

Clinton praised China's cooperation on Iran, although China reiterated its insistence on a diplomatic solution and applauded the agreement that was reached in Tehran a week ago among Iran, Brazil, and Turkey on fuel reprocessing. Clinton said China was working with the UN's Permanent Five plus Germany (P-5+1) on a sanctions resolution for the UN on Iran. The two sides called for "patience" by all involved in the Korea crisis.

China stood firm on the currency issue. Assistant Finance Minister Zhu Guangyao said: "China and the U.S. have reached consensus that the U.S. understands that China will independently decide on the specific steps of its exchange-rate reforms, based on its own interests, taking into account world economic conditions and China's own development trends." U.S. Treasury Secretary Geithner acquiesced to this. "This is, of course, China's choice," he said.

China, meanwhile, pressed Washington to lift restrictions on exports of U.S. high technology to China. Earlier, U.S. Commerce Secretary Gary Locke said a review of export controls would be completed by mid-year, but declined to specify which curbs could be relaxed with respect to China.

## **Japan-U.S. Conflict Apparently Resolved**

May 28 (EIRNS)—The simmering conflict over the U.S. airbase in Futenma, Okinawa, Japan has apparently been settled, although the after-shocks will likely be severe. The Bush Administration had agreed in 2006 with the former government in Tokyo to move the base, which is in an urban area, to another Okinawa site which is closer to another U.S. base and in a less populated area. However, Okinawans and many other Japanese wanted the base moved out of Japan altogether, and the current government had campaigned for office on the issue of renegotiating the 2006 deal.

Prime Minister Hatayama, and especially his more leftist Social Democratic coalition partners, has insisted on the renegotiation since coming to power last year, but the United States strongly insists on Japan's living up to the 2006 agreement. Now, the crisis erupting in the Koreas has been used to argue for keeping the full U.S. military presence in the region, and Hatayama has given in. Japan and the United States announced that the 2006 deal will be upheld.

Opposition groups are certain to continue to protest. The head of the Social Democrats, Consumer Affairs Minister Mizuho Fukushima, was dumped from her Cabinet position due to her refusal to back the decision on the base. Prime Minister Hatayama's popularity is already extremely low, and this decision will further weaken his support.

## **India's President Meets China's Highest Officials**

May 28 (EIRNS)—Indian President Pratibha Patil arrived in Beijing May 26 for a state visit, the first high-level Indian visit to China in almost ten years. During her meeting with Chinese Premier Wen Jiabao on May 27, the two pledged to enhance political and economic ties, and to bolster people-to-people contact.

Wen proposed that the two states treat bilateral ties from a strategic and long-term standpoint. "Practicing mutual respect conforms with the fundamental interests of the two states and peoples and will spark new hope for human beings," Wen said.

In her meeting with Chinese top legislator Wu Bangguo, Patil said all the parties of India support the development of

relations with China, and that "China and India do not pose a threat to each other and their common interests far outweigh differences."

The Indian President pointed especially to the cooperation between India and China at the Copenhagen climate change summit in December 2009, where that cooperation foiled the British plots to use the "climate change" hoax as a club to beat back industrial development in the two largest Asian nations and the rest of the world.

## Africa News Digest

### Obama Administration Maintains Anti-Africa Offensive

### Algeria Signs Nuclear Agreement With South Africa

#### Obama Administration Maintains Anti-Africa Offensive

May 26 (EIRNS)—The British empire is still upset about the African-engineered formation of a Unity government in Zimbabwe, and last night the Obama Administration went out of its way, at an event to honor Africa, to show that it subscribed fully to British imperial perspectives for Africa. The implications of the pronouncement for British targets of balkanization, beginning with Sudan, are extremely ominous for Africa.

In his keynote address to the "Africa Day" dinner in Washington, D.C. last night, a gala event celebrating the May 25, 1963 founding of the Organization of African Unity (OAU), Johnnie Carson, U.S. Assistant Undersecretary of State for African Affairs, violated all norms of diplomacy by including a gratuitous attack on Zimbabwe President Robert Mugabe's ZANU party for alleged human rights and good governance violations: "In Zimbabwe, ruling ZANU-PF government officials continue to hinder democracy through harassment of the opposition and civil society and failure to honor their obligations to open the political space as called for in the Global Political Agreement."

Zimbabwe attained the highest level of education in sub-Saharan Africa after its independence in 1980, which represented a dangerous development for the British, who targetted the country consistently from that point. The British economic warfare against Zimbabwe provided the basis for the subsequent political destabilization campaign. This operation was up-ended by then-South African President Thabo Mbeki, who successfully negotiated an agreement on Sept. 11, 2008, for the formation of a Unity government in Zimbabwe.

This coalition government began stabilizing the Zimbabwe economy, thereby seriously hampering British-led efforts to blow up the country. The British and their allies then had no alternative but to drop their daily tirades on Zimbabwe, although they continued their campaign to refuse any assistance for the development of the economy. By dredging up an issue which had been worked out nearly two years ago, the Obama Administration showed its malice against an African country which had been targetted by the British.

After Carson's comment, Zimbabwe Ambassador H.E. Machinvenyika Tobia Mapuranga stood and told Carson, "You are talking like a good house slave!" He then left the dinner. Lawrence Freeman, director of *EIR*'s Africa Desk, supported Ambassador Mapuranga and joined him in walking out of the event.

One of the founding planks of the OAU was that African borders, as inherited from their prior colonial masters, were to remain sacrosanct. The OAU's founders knew that if these borders were not maintained, then all African countries would be vulnerable to rebellions instigated and backed by the British imperial financial cartel, which could have led to

dismemberment, along ethnic and cultural lines.

The Obama Administration has consistently supported the British policy of using the horrendous conditions created in Africa by imperial policies, as the pretext to prevent the development that would eliminate these conditions. It has supported the British demand for "democratization," instead of fostering development to eliminate the horrendous conditions created in Africa by imperial policies in the first place. It is these disastrous conditions, about which nothing significant has been done, that have created the conditions that create conditions that can be used to create conflict and destabilization.

## **Algeria Signs Nuclear Agreement With South Africa**

May 26 (EIRNS)—It was announced today in Algiers that Algeria and South Africa have signed cooperation agreements on the peaceful use of nuclear energy. The agreement was one of six signed during a two-day visit to Algeria by South African President Jacob Zuma, for talks with Algerian President Abdelaziz Bouteflika.

"We believe that the peaceful use of nuclear energy among the African countries is critical in contributing to the decimation of energy poverty on our continent and will catapult our two countries onto an even higher economic development," South African Energy Minister Elizabeth Dipuo Peters said, after she signed the agreement today with Dr. Chakib Khelil, Algerian Minister of Energy and Mines. There will be exchanges in the production of medical radioisotopes, training staff, and expertise. South Africa is developing the Pebble Bed Modular Reactor technology, which would be ideal for use in Africa.

Zuma arrived yesterday to attend the fifth session of the South Africa-Algeria Presidential Bi-national Commission.

Algeria has two experimental nuclear reactors, and has nuclear cooperation agreements with Argentina, France, China, and the United States.

On May 24, the day before Zuma arrived, the Algerian Cabinet approved an ambitious \$286 billion five-year investment plan. The purpose of the plan is to diversify the Algerian economy away from oil dependency, according to Algerian sources. About \$130 billion of the amount will go towards completing railway, road, and water projects, according to reports. The remaining \$156 billion will finance new development projects, including other infrastructure, education, and improvements in agricultural production, among other areas. A large number of new universities will be built as part of the plan, according to Algerian sources.

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