

[return to home page](#)

It Was No Conspiracy!
MacArthur & Eisenhower
by Lyndon H. LaRouche, Jr.

September 13, 2010—Today, I am among the mere handful of those few still living veterans of a certain past military service, who were part of what some people today would call, mistakenly, ``a conspiracy." Today, we few represent that handful of those veterans who, today, had lived through that awful morning when the news had come, that our greatly beloved President Franklin Delano Roosevelt had died. Ours is simply the patriotism of those, among us at that time, who had reacted with a certain, special devotion to that sense of patriotic mission to which we had been called during what was, still then, the ongoing great, long war.

That was, at first, no more than the silent oath to which I committed myself when the news of President Roosevelt's death reached the few of us who would be gathered that evening in a military encampment at Kanchrapara in Bengal, India. When we met quietly in the dusk of that evening, there, I replied to that group of fellow-soldiers who came to me to ask their question. My words from that past are carved in memory still today: ``We have been led, until now, by a great President, who has now died. The new President is a little man, and, I am afraid for our country, now." One remembers things like that....

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

...Requires Adobe Reader®.

This Week's Cover

- **It Was No Conspiracy!**
MacArthur & Eisenhower
by Lyndon H. LaRouche, Jr.

The strategic post-war alliance of certain high-ranking veteran officers of World War II, such as Generals Eisenhower, MacArthur, and the OSS's Donovan, was not a conspiracy, but rather, a shared devotion to a special patriotic mission. They were determined to continue President Franklin Roosevelt's antiimperial policy against the British Empire, notably, as it was personified by the perfidious Mr. Churchill.

- **Eisenhower's Fight Against the British Empire's 'Cold War'**

President-elect Eisenhower and General MacArthur joined forces in late-1952, to find a 'new approach' to resolving the Korean War, so as to outflank British machinations aimed at expanding that war, or using it to create a 'Cold War' between the U.S. and its former ally, the Russians. Their collaboration made Churchill apoplectic.

Strategic Studies

- **How Adam Smith Fooled You Suckers!:**

Most of the Time

by Lyndon H. LaRouche, Jr.

Adam Smith's continuing evil influence today, notably among the Obama Administration's behavioral economists, is taken up in this short piece. LaRouche poses the question: 'What is human nature, really?' Is it as Smith would have it, that man is ruled by his passions, and the love of pleasure? Or, is it the quality of intellect that characterizes the creative work of Kepler and Einstein?

- **LPAC-TV Weekly Report:**

Getting This Planet Into Motion:

Obama Out; GlassSteagall, NAWAPA In

Lyndon LaRouche's opening remarks to the Sept. 16 weekly Internet program.

National

- **Despite Primary Outcome:**

Rachel Brown To Escalate Fight for Glass-Steagall

The statistical results of the vote in Massachusetts 4th C.D. Democratic Primary, as with all statistics, belie the deeper truth: Rachel Brown's campaign landed a powerful blow against the Bailout King, Barney Frank, and his banker backers in the Boston Vault. And the fight for Glass-Steagall continues.

Economics

- **Fraud of Germany's Economic Recovery:**

Time To Grow Up

by Helga Zepp-LaRouche.

As in the U.S., where the 'Great Recession' is now officially over, Germany too is in la-la land, with the news media full of 'upswing' euphoria. But the reality is quite different, as can be seen especially in the breakdown of infrastructure.

- **Video Review:**

FDR's Destroyed Legacy Can Now Be Restored

Our Malaysian correspondent Mohd Peter Davis reviews the recently released 82-minute LPAC video, 'The Takedown of Glass-Steagall.'

- **Millenium Development Goals:**

UN Summit Covers for Genocide Policy

International

- **Karzai's Battle vs. Britain:**

Does the U.S. Understand What Is at Stake in Afghanistan?

Afghan President Karzai has given the British Empire a black eye, by exposing the role of British troops, in league with the Taliban, in opium production and trafficking in Helmand province. But, unless the unholy alliance between Washington and London is severed, nothing will be done.

Science

- **In What Sense Do You Mean Immortality?**

by Cody Jones, Sky Shields, and Michelle Lerner of the LaRouche Youth Basement Team.

Posing the question, 'Who really is man in the universe, that the universe changes favorably in response to his creative action?', the authors challenge us to go beyond the 'sensorium,' into the realm occupied by those such as Beethoven, who wrote his greatest music when he could no longer hear. This we must do, if we are to extend man's reach out into the Solar System, and beyond.

- **'Miss Keller 'Hears' Tenor'**

Editorial

- **'The New Economy'**

This Week's News

U.S. Economic/Financial News

Census: One in Seven Americans Is Below the Poverty Level

U.S. Municipalities Continue To Disintegrate

Census: One in Seven Americans Is Below the Poverty Level

Sept. 16 (EIRNS)—According to the US Census Bureau annual report issued on Sept. 16, in the year 2009—Obama's first year in office—the overall poverty rate in the U.S. climbed to 14.3%, or 43.6 million people. In 2008, the rate had been 13.2%, or 39.8 million people.

The share of Americans without health coverage rose from 15.4% to 16.7%, or 50.7 million people. The number would have been even higher in 2009 were it not for three factors: increases in Social Security payments, expansions of unemployment insurance, and a record number of working mothers.

Other census findings include:

Among the working-age population, ages 18 to 65, poverty rose from 11.7% to 12.9%. That is the highest since the 1960s.

Poverty rose among all race and ethnic groups, but was highest among blacks and Hispanics. The number of Hispanics in poverty increased from 23.2% to 25.3%. For blacks, it increased from 24.7% to 25.8%.

Child poverty rose from 19% to 20.7%.

The situation is even worse in some states. Take Texas. There, nearly 4.3 million people lived in poverty last year, up 11% from a year earlier. The poverty rate in Texas—17.3%—remained the nation's 6th highest in 2009. The rate among Texas children also has increased since 2008. Poverty now affects almost 1.8 million Texas children under 18. Texas child poverty rate was 25.6% last year, up from 23.1% a year earlier.

U.S. Municipalities Continue To Disintegrate

Sept. 18 (EIRNS)—The ever-deepening financial crisis faced by governments at every level shows just how entropic "money" really is. When budget writers and government officials are faced with needs that can't be funded by shrinking tax revenues, they slash spending and reduce or eliminate essential government activities such as public safety, health, and infrastructure, all of which guarantees that they will be cutting even more when the next round of budget-writing begins.

The following developments illustrate the point:

* Hollywood, Fla.—The FY11 budget proposed by the city manager cuts funding to 150 cultural events and proposes laying off 105 city employees, including 26 firefighters, 31 police officers, 40 general employees, and 8 managers, in order to close a \$5.2 million budget deficit. The city commission declared a "financial emergency" earlier this month, allowing it to unilaterally reopen union contracts in order to force concessions from public sector unions.

* Chula Vista, Calif.—The city is contemplating laying off 33 police officers by Jan. 1, 2011, as part of an effort to deal with a \$12.5 million budget deficit. The police layoffs would "save" the city \$4 million, out of a \$44 million police budget, but one officer says that Chula Vista's police department is already the "leanest staffed law enforcement agency in the county."

* Erie County, N.Y.—The county executive is warning that the county can't get through the Winter without "real cuts." He won't say one way or the other how many layoffs there will be, but the word is about 500, or more than 10% of the county workforce.

* Oregon—The state police is proposing to close its drug enforcement and counterterrorism programs to meet its required budget cuts. These closures would mean the layoffs of 31 employees, including 30 sworn officers. The department is also proposing 33 layoffs in forensics, administration, and data-keeping, for a total of 64 layoffs.

* Saginaw County, Mich.—Sheriff's deputies held an informational picket outside the county courthouse on Sept. 17 to "get the word out" on looming layoffs. The board of commissioners denied the sheriff's request to take money out of the payroll reserve fund, and now 16 deputies are threatened with being laid off. The sheriff has said the layoffs "will be dangerous" for public safety.

* Genesee County, Mich.—64 layoff notices went out this week, mostly to Health Department and county clerk's office employees. Another 55 employees are retiring and won't be replaced, for the elimination of 119 positions altogether. The county faces an \$18 million budget deficit.

Global Economic News

[Race to Hyperinflationary Blowout on Eve of Fed Meeting](#)

[Is the Irish Taxpayer Bailing Out the ECB?](#)

[Close to One Out of Three Humans Lacks Access to Electricity](#)

Race to Hyperinflationary Blowout on Eve of Fed Meeting

Sept. 20 (EIRNS)—The speculative boom which Lyndon LaRouche pointed to in the context of the Fed's Aug. 10 hyperinflationary decisions, as confirming his forecast of a financial system blowout at that time, is intensifying as the Fed prepares another intervention tomorrow. Junk bond prices are now the highest since June of 2007, just before the collapse. Dealogic reports that junk bond issues in 2010, at about \$170 billion as of last week, had already exceeded the full-year record level of \$164 billion for all of 2009, *Financial Times* reported today.

Covenants which protect junk bond buyers are also being weakened or removed from current junk-bond issues, the *Wall Street Journal* reports today, as was previously done in the same pre-Summer 2007 period.

Corporate stock buy-backs are also proceeding at record levels, amounting to \$257.7 billion so far in 2010, versus \$125 billion in all of 2009, Bloomberg reported today.

Investment banks' profits are low in all areas except bond underwriting and mergers & acquisitions, the *Journal* reports.

On this, the *Journal* features so-called "expert" Ken Rogoff, Harvard professor and former IMF chief economist, who "notes that new credit bubbles don't typically form immediately in the aftermath of old ones." Typically foolish. He should have listened to LaRouche rather than believing in statistics.

Is the Irish Taxpayer Bailing Out the ECB?

Sept. 20 (EIRNS)—As Ireland sinks into a sea of bailout debt, questions are being raised as to why the names of those who are profiting from the bailout are being kept secret. The *Irish Independent* questions how many bondholders in Anglo Irish Bank had their bond holdings converted to a "deposit" between March 17, 2007, the day the Anglo bubble burst, and Sept. 30, 2008, when the Irish government extended its guarantee to all deposits and bond holdings in Anglo.

The *Independent* further reports that the names of senior bondholders, junior bondholders, and major institutional depositors also in the bank, remain secret. The daily writes, "Confidentiality, we are told, prevents the Irish public knowing who we are going into debt for a hundred years to rescue."

Now it turns out that among those for whom the Irish taxpayer is going into debt for 100 years, is the European Central Bank (ECB), which has EU30 billion worth of guaranteed deposits in Anglo Irish, which poses the question of whether these too had been bonds. *Irish Independent* notes the fact that "the EU is a benefactor of Irish state aid, a provider of EU aid to Ireland, through buying our government bonds, and the not insignificant matter of the ECB's huge 'deposit' in the bank that has suffered the biggest collapse of any bank in history, is the greatest story never told about our economic quagmire."

Meanwhile, the collapse continues in other Euroland countries: The Portuguese daily *Diario de Noticias*, according to London's *Daily Telegraph*, reported that three former Portuguese finance ministers said that the country might have to call in the IMF, saying the country had become sunk into "reckless reliance on foreign debt," and "runaway public spending."

In Greece, the International Monetary Fund is stationing a team in Athens for the duration of the IMF-European Union aid package which could be increased to last until 2020. This extends it from three years to ten, longer than the Allied occupation of Germany.

Close to One Out of Three Humans Lacks Access to Electricity

Sept. 15 (EIRNS)—Some 1.5 to 2 billion people on the planet have no access to electricity, concluded the Sept. 12-16 World Energy Congress attended by experts, government officials, and private executives in Montreal, Canada. While India, Brazil, and China are going ahead with the build-up of hydroelectric capacity, many developing countries remain in the dark, notably in Africa. One frightening figure: The rich-in-resources African continent, with 1 billion people, has the same installed electric power capacity as Spain, whose population is 21 times smaller!

Experts now advise nations to exploit their own resources before tapping those of others. Chile, for example, which imported Argentine gas, now, after being cut off, has renewed interest in its own hydroelectric potential.

The energy source whose use increased the most is not nuclear, but coal which produces, for example, 53% of the primary energy of India. Worldwide, coal consumption is increasing faster than oil consumption, with an annual increase of 4.5%.

Private managers, such as Patrick Kron of the French energy infrastructure construction giant Alstom, hope the World Bank or the European Investment Bank will return to financing such projects. "The return to growth can be seen in the newspapers," Kron told a group of journalists, "but not in real life." In 2009, the world market of energy infrastructure fell by 50%, he underlined.

United States News Digest

Colin Powell: Obama Has Lost Ability to Connect with Americans

Democrats Continue To Break with Obama/Pelosi

Neocons Issue Disinformation Report on 'Shariah Threat'

Ambulance Privatization Threatens Emergency 911 Response

Obama Holds Carefully Scripted 'Discussion' To Preach Genocide

Dorgan's Proudest Moment: Warning Against Taking Down Glass-Steagall

Colin Powell: Obama Has Lost Ability to Connect with Americans

Sept. 19 (EIRNS)—Former Secretary of State Colin Powell, one of Barack Obama's early supporters for President, said on NBC's "Meet the Press" today that the economy and jobs are the overriding concerns of Americans, and that Obama "has lost some of the ability to connect, that he had during the campaign." Obama will not be at all happy with the bucket of cold water Powell just (politely) dumped on him. "The single issue that is uppermost in the minds of the American people," Powell stated, is "employment... For the American people, the main attack is employment." He added that people are angry not only at Obama, from whom they expect more focus on the economy, but also at establishment Republicans. He noted that the Tea Party has tapped into that anger, and is making a lot of noise, but you have to have more than slogans.

Democrats Continue To Break with Obama/Pelosi

Sept. 16 (EIRNS)—This morning, Tennessee Democratic District 6 Congressional candidate Brett Carter sent a letter to House Speaker Nancy Pelosi (D-Calif.) requesting that she step down for the good of Democratic candidates. If elected, Carter said, he would not cast his vote for Pelosi to continue as Speaker. "It is time that we show Washington and time we show America that we are prepared to lead going forward," Carter said.

Another Democrat, Rep. Gene Taylor (Miss.) broke with the Obama White House by signing onto the Republican-initiated petition to repeal Obama's nazi health-care bill. Taylor is the first Democrat to sign the petition drafted by Rep. Steve King (R-Iowa). "Adding Rep. Taylor to the discharge petition is a significant step towards repealing Obamacare," said King. "Rep. Taylor is the first Democrat to sign the discharge petition, and it is my hope that his decision will pave the way for other Democrats who support repeal to break ranks with Speaker Pelosi and President Obama."

Taylor had voted against the bill on final passage, along with 34 other Democrats.

Neocons Issue Disinformation Report on 'Shariah Threat'

Sept. 15 (EIRNS)—Another facet of the build-up for perpetual war and a U.S. and/or Israeli attack on Iran was launched today, with the release of a report, "Shariah, the Threat to America," a 177-page tome geared to become a "primer" on Islam extremism for the American military. The report is poisonous disinformation, created by a core-group operating through the discredited neocon think tank, the Center for Security Policy. The authors include: former CIA Director and Cheney cabal operative James Woolsey; Christian Zionist Gen. "Jerry" Boykin (ret.); neocon think-tanker Frank Gaffney; and Gen. Paul Vallely (ret.), who coauthored "Mind Wars" with satanist Michael Aquino in the 1990s, and has advocated "total war" against Iran, including the use of nuclear weapons. This Anglo-Israeli operation is targetted against the U.S. military, which is the main institutional opponent to war against Iran.

In an op-ed announcing the report in the (Moonie) *Washington Times*, Sept. 15, Woolsey (and coauthors Andrew C. McCarthy and Harry E. Soyster) compare the need for this report to the Cold War "Team B" study designed to destroy the arguments that were "soft" on communism.

"Today, the United States faces a similarly insidious ideological threat: Shariah, the authoritarian doctrine that animates the Islamists and their jihadism," the article says.

According to well-informed military sources, the report uses the tragic Ft. Hood, Texas shootings to fan the flames of paranoia, and revive the "clash of civilizations" doctrine that makes Islam the enemy. The op-ed says, "Shariah is a compulsory system that Muslims are obliged to wage jihad to install and to which the rest of the world is required to submit," and that the authors will not "debate" other interpretations of the Islamic law with moderates.

Washington sources also report that the distribution of this disinformation will be heavily geared to Congress—especially the pro-Netanyahu Congressional offices—in order to pressure the administration into going into war with Iran.

Ambulance Privatization Threatens Emergency 911 Response

Sept. 14 (EIRNS)—As part of the Depression-era budget-cutting, more and more U.S. municipalities have contracted out their ambulance services to private corporations. Some of these companies are not local, but national, and even multi-national in nature. One of them, American Medical Response (AMR), a company formed only in the past few years, boasts both "off-shore" and "international" EMS response services. AMR has recently taken over the operation of the 911 phone banks in the Washington, D.C. area.

AMR is contracted by dozens of municipalities across the nation, including the cities of Las Vegas, Nevada, and Topeka, Kansas, and numerous communities in Santa Clara County, Calif. Recently, AMR was brought up in a complaint in Amarillo, Tex., for not having its ambulances properly outfitted with emergency supplies. Although they were cleared, the question of a "for profit" company providing emergency services is significant. For instance, the problem of privatized ambulances quickly becomes bound up with HMOs and insurance. HMO insurance will typically cover only the *transportation* portion of any emergency response, leading profit-based companies to try and maximize the trip/vehicle ratio, at the expense of all else. Thus their response times often suffer, sometimes being double the 3-5 minutes of the local fire and rescue squads.

AMR is caught up in the middle of dispute between the City of Stockton, and San Joaquin County, Calif., on this very issue. On Aug. 31, the County supervisors issued an order barring local Stockton Fire Fighters from administering advanced life support to the public, allowing only (privatized) AMR crews to do it.

The message for the public: If you get in an accident, have your credit card handy.

Obama Holds Carefully Scripted 'Discussion' To Preach Genocide

Sept. 13 (EIRNS)—President Obama held a meeting with small business leaders in suburban Fairfax County, Va., after meeting with a family in their home. The questions were clearly crafted to promote his pet programs, but Obama could not hold back from preaching mass murderous austerity to his selected audience. When asked how he will be able to work with the next Congress, which will likely be Republican-dominated, Obama invoked the example of his bipartisan deficit reduction commission (aka "Catfood Commission"), whose mandate is to get the deficits and debt under control. "And, by the way, they are going to be some tough decisions." Obama threatened. "People, I think, have a sense that somehow if we just eliminated a few pork projects and foreign aid, that somehow we would solve our debt. *The big problem with our debt is actually the costs of Medicare and Medicaid. Our health-care system is by far the thing that is exploding faster than anything, and as the population gets older and it's using more health-care services, if we don't get control of that, we can't control our long-term debt*" (emphasis added).

But health care is not the only way to kill people, said the President. "We've also got to look at everything from defense budgets to food stamps."

Dorgan's Proudest Moment: Warning Against Taking Down Glass-Steagall

Sept. 13 (EIRNS)—Retiring Democratic Sen. Byron Dorgan (N.D.) identified his proudest moment in the Congress as his fight against repealing Glass-Steagall in 1999, and his warning that repeal would bring disaster in ten years. Speaking on the NBC show "Exit Interviews," Dorgan was asked "What piece of legislation did you work on that made you the most proud?"

Dorgan replied, "One of the things I'm proud of, although I'm not proud of the circumstance under which it occurred, but in 1999, my exact quote on the floor of the Senate was that if you pass this legislation, within a decade you're going to see massive taxpayer bailouts. And that was about passing the Gramm-Leach-Bliley bill that took down the protections of Glass-Steagall and others. It turns out—not knowing it before that date—I was exactly right: a decade later, the most significant bailouts in the history of our country. Back then, I was one of only eight that voted against that, but I'm proud that I stood my ground and felt strongly about things and didn't care whether I was part of such a very small minority. I predicted what was going to happen and it happened, regrettably."

Ibero-American News Digest

- [LaRouche Sends Message to Bicentennial of Mexico's Founding](#)

LaRouche Sends Message to Bicentennial of Mexico's Founding

Sept. 19 (EIRNS)—The atmosphere at the celebrations of 200 years of the Mexico's Independence Sept. 16, was a strange mixture of the desire to celebrate in a big way with patriotic pride, and deep disillusionment over what is happening in the country, between the economic collapse and the drug cartels. Many Mexicans, despairing that there is nothing to celebrate, were upset that the government spent \$40 million on the celebration, as the flooding in the southeast of the country left approximately 500,000 affected.

In the nation's capital, LaRouche organizers brought a fighting spirit to the celebrations, singing patriotic and well-known folk songs, some with new, polemical lyrics written for the occasion.

The following statement from Lyndon LaRouche, "On the Subject Of Mexico's Anniversary," was included on the 5,000-plus leaflets distributed that day:

"Mexico had been a proud and progressing nation until the U.S. administration of President Ronald Reagan capitulated to vigorous British pressures exerted by British interests and their North American accomplices, during May-September 1982, the British intention to crush Mexico's independence. Mexico has never recovered, to the present date, from the brutality of an assault assigned to the leading role of London tool Henry A. Kissinger. With Mexico's loss of its sovereign federal system of national banking, Mexico became indefensible until now.

"Until that 1982 rape of Mexico then, and since that time, is fully reversed, Mexico has no truly efficient sovereignty.

"This is not to suggest that Mexico's situation is a hopeless one. If the United States acts now, as it should, even for no other reason than in its own direct interests, it will lend efficient support to Mexico's efforts to regain its true sovereignty now. It is difficult for the people of any nation to obtain, or regain their true sovereignty, even with the support of strong neighbors, unless they themselves are efficiently determined to gain it for themselves.

"Therefore, the only visible opportunity for Mexico's patriots to regain the combination of both true independence and true economic recovery, lies presently in the possibility that the U.S.A. will soon replace a worse than useless President of its own, British puppet-President Barack Obama, launch a return to the Glass-Steagall reform by President Franklin Roosevelt, and the consequent launching of the outstanding project known as the North American Water and Power Alliance (NAWAPA). The benefit to Mexico itself in those northern regions which will benefit most directly from NAWAPA, gives perfectly realistic hope of the rejuvenation of the economy and the personal life's opportunities of the population of Mexico as a whole, as also to Canada, for many generations of progress over the remainder of the presently young generation.

"The freedom of the people of any nation depends on its willingness as well as the opportunity to use those measures which assure the future prosperity and other expressions of true welfare and opportunities of its people over generations still to come. Such a movement, to such a purpose, once bestirred and unleashed, is the only truly practical expression of the meaning of the ideas of freedom and patriotism.

"I, for one, being the grandson of the American citizen Joseph LaRouche from Rimouski, Quebec who, before being killed by cancer in 1931, had hoped to spend the last years of his life in a Mexico whose beauty he admired, am committed to the promotion and the sovereignty of Mexico in 2010, as I was in the Spring, Summer, and Autumn of 1982. Truly wise

citizens have come to know, that it is the great passions which span a century-and-a-half, or more, which supply the roots of passion from which the immortal great achievements of future histories have often sprung."

Western European News Digest

EU Junta Sets Timetable for Direct Taxation

Anglophile Press Barrage Prelude to Financial Attack on Italy?

Saxony Police Union Head Gives BüSo Interview

Mass Anti-Austerity Demonstrations in Greece

German Industry Group Demands Infrastructure Investments

British 'Expert' Calls for Legalizing Cannabis

EU Junta Sets Timetable for Direct Taxation

Sept. 15 (EIRNS)—EU Commissioner for Budget Janusz Lewandowski was in Rome yesterday for talks with the Italian government on the proposed EU direct taxation scheme. He gave an interview to the daily *Milano Finanza* in which he said that in mid-October, the EU Commission will publish a feasibility study to "evaluate the impact of potential new measures on citizens and on states." The various proposals will be discussed at the European Parliament and at the EU Council of governments. Then, "The official Commission proposals will come around mid-2011, at the beginning of the Polish Presidency [of the EU], so that an agreement can be reached in 2012." Lewandowski complained that the current system, with the 76% of EU budget being composed of government payments, "is not in line with the [Lisbon] Treaty and with the project of the founding fathers."

Anglophile Press Barrage Prelude to Financial Attack on Italy?

Sept. 17 (EIRNS)—Some in Italy are worried about the campaign that the Anglo-American media are waging against Italian "corruption" as being a factor in perceived financial vulnerability.

The London *Financial Times* magazine, *The Banker*, writes that Italy is the next Greece. The author, Venetian-educated Silvia Pavoni, quotes Charles Calomiris, who "was one of the first people to predict Argentina's debt crisis a decade ago," and now says, "that Europe's biggest concern after Greece is Italy, given that it has the continent's second highest debt-to-Gross Domestic Product (GDP) ratio, not to mention the perceived level of corruption within the country."

Pro-drug global speculator George Soros spoke about an "Italian problem" in a recent interview with CNBC, the Italian *Il Riformista* writes. "For some time now, the country risk on Italy has increased, parallel to political uncertainties. On this issue, hedge funds are the most diffident, and have decided to increase their insurance level against adverse scenarios," i.e., the massive purchase of CDSs (credit default swaps).

The U.S.-based magazine *Foreign Policy* published an article on Italy by James Walston, entitled "Bordello State," which

focusses on Prime Minister Silvio Berlusconi's sex scandals, and his relations with Russian Prime Minister Putin and Libyan strongman Qaddafi. The author is a British professor in Rome who used to write articles on terrorism for the London *Guardian* in the 1970s.

Saxony Police Union Head Gives BüSo Interview

BERLIN, Sept. 17 (EIRNS)—In another breakthrough in the BüSo party's institutional work in Germany, the head of the Saxony police union, Matthias Kubitz, granted a one-hour interview to the BüSo (Civil Rights Solidarity Movement, led by Helga Zepp-LaRouche), in which he painted a devastating picture of the situation facing public employees.

Kubitz detailed the effects of planned layoffs of one-fourth of all policemen in the state of Saxony over the next few years, further increasing the already long response time to emergency 911 calls; in auto/deer accidents, response time already exceeds 90 minutes. He warned that if the present economic course does not change—with *Mittelstand* companies going either for low wages or shutting down altogether; young people moving west to the more prosperous states in the Federal Republic; and managers "earning" the lion's share of the money—all this will lead to violent social tensions, which the police then have to deal with, made all the more difficult if the police officer patrolling the streets is seen as a representative of the ever-more-hated government.

According to his best information, he said violence against police has increased by 50% in the last years. The situation obviously puts officers under considerable stress, especially as the appropriate law enforcement manpower cannot be maintained as personnel cuts grow. He warned that the lack of police officers in some regions is becoming so bad, that the idea of vigilante committees (*Bürgerwehr*) is already being discussed by local citizens. Security might become a private commodity.

In response to a question, he also raised his deep concern that the lack of police manpower could be used by certain groupings to argue for deploying the military inside Germany, thereby possibly leading into a "military state." He pointed to the difference in task structure, in which the police are the helpers and friends to citizens and serve them, whereas the military has to defend the country against foreign enemies. "You don't want tanks providing security for a football stadium."

Mass Anti-Austerity Demonstrations in Greece

Sept. 13 (EIRNS)—Prime Minister George Papandreou was met by 20,000 angry demonstrators in Thessaloniki, Greece's second-largest city, yesterday, when he arrived to give a speech on his austerity policy. In the speech, he claimed there will be no more new budget cuts. The previous cuts have already reduced the living standards of state workers by 20%. While saying Greece will not default or restructure its debt, he announced the privatization of the national railway, electricity, and other public companies, a move that will lead to further job cuts and income loss.

Demonstrators chanted "Thieves!" and "Let the rich pay for the crisis!" and held banners with slogans like "We Are Not for Sale" and "No to EU and International Monetary Fund," while trade unionists promise a Winter of discontent. Demonstrators came from all over the country to participate in the rallies organized by labor unions.

A Greek doctor, believed to be a member of a far-right group, tried to throw a shoe at Papandreou, shouting that his government betrayed the Greek people and served the interests of bankers. The man, who was seized by police, posted on his website a call to the people of Thessaloniki to "welcome Papandreou with their old shoes."

German Industry Group Demands Infrastructure Investments

Sept. 17 (EIRNS)—In an unusual intervention, the Federation of German Industries (BDI), in a joint statement with 12 other associations, mostly in transportation, on Sept. 15 called on the German government to invest at least EU12 billion annually into German transportation infrastructure. "Germany lives more and more off its substance" of infrastructure, due to the last years' persistent underfunding, they warn. Between 2001-08, less than EU10 billion a year was invested by the Federal government, and only in 2009-10 in some areas, did funding reach the minimum EU12 billion that is required. German infrastructure is deteriorating to a "disturbing extent," the statement says. This is also reflected in the collapsing "rate of modernization," which describes the aging of capital investment in all means of transportation, which fell significantly, between 1980-2008, from 78% to 66%.

But, as the statement points out, "the quality of infrastructure is decisive for the wealth of tomorrow. The aim must be to secure an excellent transportation infrastructure for Germany" through more investments and more efficiency. "Well-developed and integrated transportation routes constitute the backbone of our export nation," as "essential preconditions for growth, wealth, climate protection, and quality of life." It points out that, "For every EU1 billion you invest in infrastructure, you create 20,000 jobs."

British 'Expert' Calls for Legalizing Cannabis

Sept. 14 (EIRNS)—Her Majesty's drug pushers are reopening the debate in Great Britain on legalizing cannabis. Aberdeen University Prof. Roger Pertwee, the man who claims to have discovered THC, the psychoactive ingredient in marijuana, hashish, etc., called for legalizing cannabis and putting it on the same level as tobacco and alcohol. Speaking at the British Science Festival, he said, "We should consider licensing and marketing cannabis and cannabis products just as we do alcohol and tobacco. At the moment, cannabis is in the hands of criminals, and that's crazy. We're allowed to take alcohol, we're allowed to smoke cigarettes. Cannabis, if it's handled properly, is probably not going to be any more dangerous than that."

Pertwee was given big play in the British media, including interviews on BBC and Sky News, in which he said he wanted to restart the debate on legalizing cannabis. He played a leading role in finding so-called "medical uses" for marijuana, including in the development of Sativex, the licensed cannabis-based medication launched by the British biotech company, GW Pharmaceuticals, allegedly to relieve neuropathic pain and spasticity in multiple sclerosis.

Russia and the CIS News Digest

Russia Must Have Asian Investment To Develop Far East

Putin: Save Russian Industry and Workforce

Ex-Clinton Official Calls for Ratification of Nuclear Pact

Russia Must Have Asian Investment To Develop Far East

Sept. 19 (EIRNS)—Russian President Dmitri Medvedev's visit to China this month will focus on economic cooperation, essential for the development of Russia's vast eastern region, Russian experts told the Chinese and international press before the visit. This area of northeast Asia has huge reserves of mineral and other resources, and is the potential hub of great infrastructure projects which will link Eurasia and the Americas, if Lyndon LaRouche's concept of infrastructure is put to work.

Russian trade is increasing more rapidly in Asia than Europe, and this is happening much faster than Moscow had anticipated, Russian Railways president Vladimir Yakunin told Reuters in an interview Sept. 15. "At the end of 2008, beginning 2009, our cargo flows shifted," Yakunin said. "The main volumes went to Far Eastern ports, because shippers have reoriented toward Southeast Asian markets." These cargoes include steel, coking coal, petrochemicals, and fertilizers. However, the scale of trade remains small. While China overtook Germany this year to become Russia's largest trade partner, it accounts for only 9% of Russia's total; the whole EU, with a population just 40% of China's, makes up 50% of the trade. Most of this is concentrated in oil and other mineral exports.

This could change, Yakunin indicated. He told Reuters he regrets the lack of infrastructure investment over the past 20 years, and that without some key projects, such as the Kuznetsov tunnel in Komsomolsk-on-Amur, the situation would be critical in 2015. He added, "I think that cooperation, if not economic integration, is more in the interest of the European states than of Russia."

Russia must develop its eastern economy, to expand relations with Asian nations, Sergei Sanakoyev, head of the Russia-China Center of Trade and Economic Collaboration, told Xinhua in an interview in Moscow published Sept. 17. "It is in Russia's best interests not to put all our eggs in one basket, by narrowing all trade with China down to raw materials. Russia needs Chinese investments for development of advanced technologies and machine-building. We need to increase the share of the machine-building industry in our exports. This share has been growing by 70% a year, but in sheer numbers, the volume of non-commodity exports has still been negligible."

Alexander Lukin, director of the Center for East Asia and Shanghai Cooperation Organization Studies at the Moscow State Institute for International Relations (MGIMO), told Xinhua that Chinese investment will be essential for many Russian projects, including the massive reconstruction of Russia's key Pacific port, Vladivostok, for the 2012 Asia Pacific Economic Cooperation (APEC) summit. "Every country should make effective use of its resources. Russia should utilize income from energy export to boost development in other sectors," he said. "Russia really needs new technologies, and naturally in the European part of Russia, the majority of the investment comes from Europe. But in the Far East and Siberia, the majority of investment will arrive from Japan, South Korea and China."

Putin: Save Russian Industry and Workforce

Sept. 19 (EIRNS)—Russian Prime Minister Vladimir Putin stressed the need to save Russia's industry and workforce, from the ravages of more globalization, in two statements this week. While some of his proposals were limited, given the need for development of Russia's scientific and technological potential, Putin was emphatic that Russia must not go down the deadly globalization spiral, as Western Europe has done.

Putin told a meeting of the General Council of the Federation of Independent Trade Unions (FITU) of Russia yesterday: "The [Russian] government and trade unions should interact on the issue of level of wages. Russia risks the possibility of repetition of the experience of the Western European nations, which are shifting manufacturing to other countries and are unable to stop it," Putin said. "Soon everything will be [made] in India and China, even the hi-tech production, because the cost of labor in these countries is [low] beyond comparison."

Russia is pursuing a policy aimed at the formation of a civilized labor market, including attracting workers from abroad, he said. For Russia, "the most important problem today is the quality of the economic development. It is in line with our common interests to ensure the economic growth, mostly as a result of the modernization of production, the creation of effective jobs and the growth of labor productivity. Otherwise Russian enterprises will not be able to remain competitive, and new jobs will be created outside Russia, the way it is taking place in many countries."

Earlier, in the city of Nizhny Novgorod Sept. 14, Putin reiterated his commitment to using national funds to save industry from the world financial crisis, which hit Russia extremely hard. "We often hear people say: Why bother with our own production when we can buy everything abroad—planes, ships, cars, and even some weapons?" Putin said to a meeting of the United Russia party. "Yes, we can [buy everything], by selling oil and gas. We will even save money. But I am deeply convinced that the deindustrialization of Russia is a dead end."

Allowing major industry to die would push Russia to "the bottom of the pyramid of the international division of labor," he said. "We will continue the policy of support for technologically advanced sectors of economy. We will continue doing it until market demand is fully restored." The Russian government has supported the nuclear energy, aviation, auto (unfortunately also by a cash-for-clunkers operation), fishing, and other critical industries, and has allocated emergency funds to keep alive the devastated single-industry towns.

Ex-Clinton Official Calls for Ratification of Nuclear Pact

Sept. 15 (EIRNS)—Thomas Graham, senior director for Russia on the Clinton National Security Council and presently president of Kissinger Associates, in an article in the Russian weekly *Expert*, called on Congress to quickly ratify the 1-2-3 nuclear framework agreement between Russia and the United States. Expressing concern that the "re-set" with Russia is not yet on firm ground, he argued that ratification of this "framework agreement" would create a number of possibilities for further cooperation between the two countries.

"The two sides could move quickly to give it substance by, for example, creating a U.S.-Russian joint venture to build a civil nuclear reactor in a third country," Graham wrote, "undertaking joint work on the disposal of nuclear waste, showing U.S.-Russian leadership in creating an international fuel bank for the expected global renaissance of civil nuclear energy, or setting up a joint venture to build an enrichment facility in the United States to produce fuel for the U.S. domestic market."

Although not mentioning proposals for a Bering Strait tunnel, Graham cited a convergence of interests between the West Coast of the United States and Siberia: "Yet another possibility, which would tie into the current modernization effort in Russia, is to build a university consortium linking Russian institutions in Siberia and the Russian Far East to counterparts in Alaska and on the American West Coast with a focus on innovation in selected fields. This would provide a powerful impulse to the economic development of those Russian regions."

The Russian-American Pacific Partnership forum, bringing together Siberian and U.S. West Coast political and business leaders, took place Sept. 14-16 in Portland, Oregon.

Southwest Asia News Digest

Combat Is Not Over in Iraq

Obama Administration Divided over U.S. Role in Yemen

Saudi Diplomat Seeks Asylum in U.S.

Combat Is Not Over in Iraq

Sept. 18 (EIRNS)—According to President Obama, the mission of the 50,000 U.S. troops remaining in Iraq is no longer

combat, but rather to "advise and assist" the Iraqi security forces in establishing security in Iraq. That this is a lie, has been assumed from many quarters since before Obama made the announcement, but now it comes from an unexpected source: the commander of U.S. special forces in Iraq.

Col. Mark E. Mitchell told the *New York Times* that raids by U.S. and Iraqi special forces have actually spiked since the Aug. 31 announcement. One of the battles that his troops and other U.S. troops were involved in was an intense firefight in Diyala province, last week, that lasted three days and saw the first U.S. air strike inside Iraq since June 2009.

Reporting on the incident, McClatchy News quotes an Iraqi lieutenant insisting that Iraqi forces were facing no more than 25 insurgents, and yet were completely incapable of handling them without American help. "Three-quarters of our soldiers only care about their salaries. They have no readiness to fight. And to add to it, we have no good command that can plan and lead the army to victory," the lieutenant said.

Obama Administration Divided over U.S. Role in Yemen

Sept. 16 (EIRNS)—The *New York Times* reports that senior U.S. State Department and military officials are deeply divided over plans to counter the growth of al-Qaeda in Yemen, by ramping up the pace and the amount of military aid consisting of weapons and training.

The Obama Administration is also preparing to defend its claimed authority to authorize the assassination of a U.S. citizen abroad, in particular, a radical Muslim cleric in Yemen, Anwar al-Awlaki. The *New York Times* reports that the Administration is circulating a draft legal brief with proposed arguments to dismiss the lawsuit challenging the plans to kill al-Awlaki, which was filed by his father. The lawsuit argues that this an extrajudicial (i.e. no grand jury indictment and trial under the Fifth and Sixth Amendments) killing of a U.S. citizen.

The position of the Yemeni government on this, is unclear.

Saudi Diplomat Seeks Asylum in U.S.

Sept. 13 (EIRNS)—A Saudi diplomat in Los Angeles reportedly has asked for political asylum in the United States, claiming his life is in danger if he is returned to Saudi Arabia. Ali Ahmad Asseri, the first secretary of the Saudi consulate in Los Angeles, in a letter, also reportedly criticized the role of militant imams in Saudi society. He has threatened to expose what he describes as politically embarrassing information about members of the Saudi royal family, living in luxury in the United States.

Asia News Digest

India Opting for Nuclear Desalination

British Spread Chaos and Violence in Pakistan

China, Japan, South Korea Offer To Fund and Build California High-Speed Rail

China Will Maintain Economic Crisis Measures, Wen Tells Davos

After Three Obama 'No Shows,' Indonesian President Has Prior Engagements

Carter: North Korea Wants U.S. Peace Treaty, Denuclearization

India Opting for Nuclear Desalination

Sept. 15 (EIRNS)—The U.S.-based Alternate Energy Holdings Inc. (AEHI) has signed a memorandum of understanding with Tubestar Oil and Gas, an oilfield inspection service based in Mumbai, India, to help determine the feasibility of building a nuclear desalination plant to supply clean water and power there. According to recently published reports by the World Bank, India's demand for water will exceed its sources of supply by 2020. Indian companies are looking into nuclear desalination reactors as one solution to that nation's water crisis.

India has been engaged in desalination research since the 1970s. In 2002, a demonstration plant coupled to twin 170 MWe nuclear power reactors (PHWR) was set up at the Madras Atomic Power Station, Kalpakkam, in southeast India. This hybrid Nuclear Desalination Demonstration Project comprises a reverse osmosis (RO) unit with 1,800 m³/day capacity and a multi-stage flash (MSF) plant unit of 4,500 m³/day. In 2009, a 10,200 m³/day MVC plant was set up at Kudankulam to supply fresh water for the new plant.

"India's potential deployment of nuclear desalination reactors on a commercial basis would help spur its economic growth over the next decade," said AEHI's CEO Gillispie. "India should position itself to lead the world in the use of nuclear desalination reactors, as both the government and private sector businesses demand a cost-effective solution to the country's water crisis."

British Spread Chaos and Violence in Pakistan

Sept. 17 (EIRNS)—The self-exiled leader of Pakistan's MQM party, Imran Farooq, was stabbed to death in London yesterday. Since 1999, Farooq had been there under the protection of British intelligence, and was extremely active in his party's affairs in Pakistan. Following the killing, Karachi, and a few other Sindh towns, where Farooq's party is dominant, have been shut down. Reports of violence from Karachi have begun to filter out. Karachi, a city of 15 million people, is reeling under violence.

It is evident that British Intelligence's MI5 had lifted protection to permit Farooq to be killed. In recent months, the British-Saudi nexus has suffered a number of setbacks in Afghanistan. A British-Saudi effort to lodge the Taliban quickly in Kabul was rejected by the U.S. and NATO, and did not generate much support in Pakistan. In addition, British troops were pushed out of the Afghan opium fields of Helmand province, and now the mainstream news media report that British troops are allegedly involved in opium smuggling, and will be investigated.

Farooq's assassination may shut down Karachi, Pakistan's number-one commercial center and port, and further undermine Pakistan's debt-ridden economy. The Brits expect the violence in Karachi to increase pressure on Pakistan to support British-Saudi plans in the area.

China, Japan, South Korea Offer To Fund and Build California High-Speed Rail

Sept. 16 (EIRNS)—California may finally get a high-speed rail connection between Los Angeles and San Francisco—because China, Japan, and South Korea want to build the project, and are offering the funding, as well as the technology, to get it done. The three nations, led by China, are large-scale holders of U.S. dollars and U.S. Treasury bonds,

so this project and others like it, could also support the value of the dollar, were the nations to re-invest such holdings into productive infrastructure in the United States.

The California rail project would cost about \$40 billion; the Obama Administration has allocated a measly \$8 billion for high-speed rail for the whole United States, of which California will get only \$2.3 billion. The state approved a \$10 billion bond issue for the project in November 2008; at that time, House Speaker Nancy Pelosi and Sen. Dianne Feinstein were assuming that "the priorities of President-elect Obama" would provide as much as \$15-20 billion in federal funding for the project, the *San Francisco Chronicle* reported then.

California Gov. Arnie Schwarzenegger is currently touring these nations, and while most of his agenda is promoting Silicon Valley-type operations and financial hubs, he is also riding on high-speed trains. It shows how badly Arnie has bankrupted California, that what was the world's sixth-largest economy, now has to depend upon China or Japan to build such an important project. The train would reduce travel time from an 8-hour drive to a 2.5-hour trip. It could be launched as early as 2012 for completion by 2020.

On Sept. 14, He Hua-wu, chief engineer of the Chinese Rail Ministry, said that China can offer a "complete package" to California, including financing. "What other nations don't have, we have," He Hua-wu, said in Beijing. "What they have, we have better." He said that China's unique experience in building long-distance high-speed rail would help California.

Japan is also ready to fund the project, through loans from the state-owned Japan Bank of International Cooperation, since the East Japan Railway Co. will likely bid for the contract, Transport Minister Seiji Maehara announced Sept. 13.

China Will Maintain Economic Crisis Measures, Wen Tells Davos

Sept. 13 (EIRNS)—Chinese Premier Wen Jiabao addressed the 1,500 delegates, businessmen and bankers, foreign officials, and think-tankers attending the Summer Davos conference being held this week in Tianjin, China. The Summer Davos was set up several years ago, recognizing the growing importance of China in the world economy, and gathering some of the same international crew that attends the other Davos conference, in Switzerland, but with an overwhelming participation from the Chinese side.

While expressing some optimism with regard to China's success in weathering the international financial crisis, he urged his listeners to be extremely cautious, as the economy had by no means turned the corner. For this reason, he said, China would continue the "extraordinary measures" that the government had introduced to meet the crisis. He said it would create the "instruments" needed to increase domestic demand and would continue to transform the economy from its heavy dependence on cheap exports. This would include increasing the consumption and the wages of Chinese workers. He also indicated the various problems with which China still had to cope in this respect: closing the income gap between rich and poor, continuing the drive toward urbanization, awarding qualified migrant workers the full rights of city-dwellers, and transforming the rural infrastructure.

These efforts would be based on promoting scientific innovation and upgrading industrial structures, he said: "We will create a number of world-class industrial clusters, which can serve as growth-drivers for the economy. We will transform China from a large manufacturing country to a strong manufacturing country. And domestic demand is the key to growth."

After Three Obama 'No Shows,' Indonesian President Has Prior Engagements

Sept. 15 (EIRNS)—Indonesian President Susilo Bambang Yudhoyono is unlikely to attend a summit of Southeast Asian leaders called by U.S. President Barack Obama this month in New York, a spokesman said. Officials blamed the short

notice given for the summit, which was announced Sept. 3, and Yudhoyono's prior engagements.

President Obama has scheduled and cancelled three trips to Indonesia, where he spent part of his childhood. The necessity for additional Congressional arm-twisting over Obamacare occasioned the last cancellation.

Carter: North Korea Wants U.S. Peace Treaty, Denuclearization

Sept. 16 (EIRNS)—Former U.S. President Jimmy Carter reported on his trip to North Korea last week in a *New York Times* op-ed. "During my recent travels to North Korea and China," he wrote, "I received clear, strong signals that Pyongyang wants to restart negotiations on a comprehensive peace treaty with the United States and South Korea and on the denuclearization of the Korean Peninsula. The components of such an agreement have been fairly constant over the past 16 years....

"The basic provisions hold that North Korea's old graphite-moderated nuclear energy reactor, which can easily produce weapons-grade plutonium, and all related facilities and products should be disabled under inspection by the International Atomic Energy Agency; that while the reactor is shut down, the United States should provide fuel oil or electric power to North Korea until new power plants are built; that the United States should provide assurances against the threat of nuclear attack or other military actions against North Korea; that the United States and North Korea should move toward the normalization of political and economic relations and a peace treaty covering the peninsula; that better relations should be pursued by North Korea, South Korea, and Japan; and that all parties should strengthen their economic cooperation on energy, trade and investment."

All rights reserved © 2010 EIRNS

[top of page](#)

[home page](#)