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Foreclosure Scandal Exposes Systemic Derivatives Fraud
Pakistan Implodes as London's Serpent Eggs Are Hatched
Berlin Conference: Projects To Link Eurasia, Americas

**LaRouche: Invoke the 25th
Amendment To Remove Obama**



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e-mail: eirns@larouchepub.com

www.larouchepub.com

www.larouchepub.com/eiw

Webmaster: *John Sigerson*

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Editor, Arabic-language edition: *Hussein Askary*

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European Headquarters: E.I.R. GmbH, Postfach 1611, D-65006 Wiesbaden, Germany; Bahnstrasse 9a, D-65205, Wiesbaden, Germany Tel: 49-611-73650 Homepage: <http://www.eirna.com> e-mail: eirna@eirna.com Director: Georg Neudekker

Montreal, Canada: 514-855-1699

Denmark: EIR - Danmark, Sankt Knuds Vej 11, basement left, DK-1903 Frederiksberg, Denmark. Tel.: +45 35 43 60 40, Fax: +45 35 43 87 57. e-mail: eirdk@hotmail.com.

Mexico City: EIR, Ave Morelos #60-A, Col Barrio de San Andres, Del. Azcapotzalco, CP 02240, Mexico, DF. Tel: 5318-2301, 1163-9734, 1163-9735.

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EIR

From the Managing Editor

With less than three weeks until the U.S. elections, Americans who perceive President Obama's descent into deeper narcissism and depression—as reported in our Cover Story—are getting very, very worried. On Oct. 10, Lyndon LaRouche addressed a conference, sponsored by Democratic Congressional candidate Kesha Rogers' campaign in Houston, Tex., and the foremost question on people's minds was: We know we have to get Obama out, but how are we going to do it? Congress has shown itself incapable of taking the necessary action—to impeach the President, to oppose the fascist Obamacare program, to stop the bailout of Wall Street. So, what do we do?

LaRouche replied that the key now is the 25th Amendment to the Constitution. This allows the removal of a sitting President, if that person is mentally or physically unable to discharge the duties of the Presidency. The amendment was ratified in 1967, in the aftermath of the assassination of President Kennedy, when the question arose: What if Kennedy had lived, but in a coma or other incapacitated state? The Constitution had been vague on that question; it is vague no longer. The Vice President takes the helm.

What effect would the removal of Obama have on Congress? Only the best, LaRouche said. There are many in Congress who have failed to act, but are otherwise “decent, capable people.” And therefore, if we get rid of the President in this way, “we’re going to uncork the bottle! And you’re going to find Democrats who had refused to fight, heretofore, now faced with this breakdown crisis of the entire banking system, which is going on right now—they will act!”

The actions they will need to take, are reviewed elsewhere in the issue. First and foremost is the re-enactment of the Glass-Steagall Law, which John Hoefle discusses in *Economics*. The daily drumbeat of scandal over the rush to foreclosure by banks that may, or may not, have owned the homes they are seizing, underlines the importance of Glass-Steagall and LaRouche's Homeowners and Bank Protection Act of 2007. The second requirement is the NAWAPA project, the North American Water and Power Alliance. Our *Feature* elaborates on international projects that will accompany NAWAPA, through speeches at the Schiller Institute's Berlin conference by Dr. Hal Cooper (on the Bering Strait tunnel and railroad) and Dr. Sergei Cherkasov (on Siberian development).

Nota bene: LaRouche's next webcast is on Nov. 6, www.larouchepac.com.

Susan Welsh

Cover This Week

President Obama is cracking up. He should leave quietly, as provided for by the U.S. Constitution.



White House/Pete Souza

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By Jeffrey Steinberg. Eyewitness accounts by a White House insider present a frightening picture of a President undergoing a psychological meltdown. The source noted that Obama was “completely unprepared for the job,” and that he “is suffering from severe depression.” Lyndon LaRouche called it on April 11, 2009: “He is exactly the mental type, described in detail, the narcissist syndrome, and there is no question about it. . . . I was right then, and I’m more right than ever today. So, this man has to go.” The U.S. Constitution provides the measures that must be taken.

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LaRouche: Invoke the 25th Amendment To Remove Obama

by Jeffrey Steinberg

Oct. 9—Speaking on LPAC-TV's Oct. 6 Weekly Report, Lyndon LaRouche announced that he has called for President Barack Obama's immediate removal from office, because he is clearly no longer mentally competent to remain in the Presidency. LaRouche demanded the invocation of the 25th Amendment, which provides for the orderly removal of a President, and his replacement by the Vice President, due to physical or mental impairment (See box).

LaRouche explained his motives for taking this very serious initiative: "Last night, on the basis of information received, I moved for the 25th Amendment for the ouster of the President, on those grounds. The reason of the timing was the general situation, the manifest state of the President's mind, or at least behavior: that he is actually in the kind of mental condition, which warrants his ouster on this. Which means that

The Exodus Begins...



Creative Commons

Peter Orszag, Director, Office of Management and Budget; left July 30, 2010.



Christina Romer, Chair, Council of Economic Advisors; left Sept. 3, 2010.



Remy Steinegger

Larry Summers, head of President's Economic Council; announced his resignation on Sept. 21, 2010, to take effect in January 2011.



chicagoforrahm.com

Rahm Emanuel, White House Chief of Staff; left Oct. 1, 2010.



Creative Commons/Ralph Alswang

James Jones, National Security Advisor; announced his resignation Oct. 8, 2010, to take effect at the end of October.

there should be an initiative by certain people, in the White House itself, including the Vice President, who should motivate this. And, once he does that, then the

The 25th Amendment to The U.S. Constitution

Here is Section 4 of the 25th Amendment, passed by Congress July 6, 1965, and ratified Feb. 10, 1967.

Section 4.

Whenever the Vice President and a majority of either the principal officers of the executive departments or of such other body as Congress may by law provide, transmits to the President pro tempore of the Senate and the Speaker of the House of Representatives their written declaration that the President is unable to discharge the powers and duties of his office, the Vice President shall immediately assume the powers and duties of the office as Acting President. Thereafter, when the President transmits to the President pro tempore of the Senate and the Speaker of the House of Representatives his written

declaration that no inability exists, he shall resume the powers and duties of his office unless the Vice President and a majority of either the principal officers of the executive department or of such other body as Congress may by law provide, transmit within four days to the President pro tempore of the Senate and the Speaker of the House of Representatives their written declaration that the President is unable to discharge the powers and duties of his office. Thereupon Congress shall decide the issue, assembling within forty-eight hours for that purpose if not in session. If the Congress, within twenty-one days after receipt of the latter written declaration, or, if Congress is not in session, within twenty-one days after Congress is required to assemble, determines by two-thirds vote of both Houses that the President is unable to discharge the powers and duties of his office, the Vice President shall continue to discharge the same as Acting President; otherwise, the President shall resume the powers and duties of his office.

Congress is called back from recess, immediately, to consider an impeachment, in this form of impeachment.

“It requires no offense, other than the fact that he has got the problems, and the problems that are diagnosed in the act, as by Jerrold Post and company who composed the study on which the amendment is based—all the conditions are there: This guy is cracking up, he’s gone. He’s not qualified to be President. He must be removed for the sake of the nation, and we have the Constitutional Amendment, which prepares exactly this. And he is exactly the mental type, described in detail, the narcissist syndrome, and there is no question about it. I diagnosed this, of course, on April 11, of last year, and I was right then, and I’m more right than ever today. So, this man has to go.

“If he doesn’t go, the nation itself is in danger, by virtue of his intrinsic incompetence.

“And we see the Congress is inept, incapable of responding to anything competently. We are going into an election where we’re going to have chaos in the Congress, as a result of the lack of competent action by the Congress, under the conditions of breakdown. . . .

“There are other implications of this: Because we

are on the verge of a general breakdown crisis of the entire world economy. This is now in process. We have global hyperinflation; it’s not only global hyperinflation, it’s admitted to be hyperinflation, by our government, by the Treasury Department, by the Federal Reserve. And the Europeans are doing the same thing! Hyperinflation.

“Now, this means a worse condition than what hit, as a result of the German hyperinflation of 1923. The German hyperinflation of 1923 was compartmentalized to within the borders of Germany. And therefore, the rest of Europe, while affected by this, was not clobbered by it. Germany was.

“Now, that means, we are now having a 1923 Germany-style chain-reaction collapse of the world economy, now in progress, on a global scale, and there are no present barriers to a general breakdown crisis of the entire world economy.

“Europe is unable to handle it. Europe has not shown any capability. You have rustling, in Germany; they are not happy about this whole situation. Russia’s got a problem, they have not resolved the problem of management there, their economic policy. China is holding out, and China will resist, but, if the United

States goes, under these conditions—and it can go in the weeks ahead—then the whole world will go. And you will have a prolonged, global Dark Age, which nothing can stop, once it gets rolling. And therefore, before the Dark Age syndrome hits, we’ve got to stop this thing.

“We will not stop it, as long as this President remains President. Therefore, the justification for the 25th Amendment action, is very clear. Not only is this President fit for suspension, of his office, but it is now necessary to do that, because his presence in office ensures the destruction of world civilization.”

The Evidence Is Overwhelming

Beginning on Sept. 7, the website www.newsflavor.com began publication of a series of interviews with an anonymous former member of the Obama campaign and transition team, and a White House insider, who presented a frightening picture of a President undergoing a psychological meltdown. In the interviews, published through Oct. 7, the insider chronicled the breakdown of the Executive branch’s functioning, as President Obama collapsed into deep depression, and became more and more fixated on those publicly criticizing his performance.

This eyewitness account precisely mirrored LaRouche’s clinical assessment of Obama’s Nero Complex, publicly presented on April 11, 2009, in a now-famous international webcast.

“Obama loved to campaign,” the anonymous source said in the first of the interviews. “He clearly didn’t like the work of being President, though, and that attitude was felt by the entire White House staff within weeks after the inauguration. Obama the tireless, hard-working candidate, became a very tepid personality to us. And the few news stories that did come out against him were the only things he seemed to care about. He absolutely obsesses over Fox News. For being so successful, Barack Obama is incredibly thin-skinned. He takes everything very personally.”



White House/Pete Souza

The 25th Amendment provides that the Vice President shall assume the powers and duties of the office of President, when the President “is unable to discharge,” those duties. Obama’s mental condition now warrants his ouster, LaRouche declared. Shown: President Obama plays with his Blackberry, accompanied by a worried-looking Vice President Biden, July 2010.

In the second part of the interview series, asked what advice he would give the President, to turn things around, the anonymous Democratic Party figure was blunt:

“I would tell the President to pull his head out of his ass. To man up, grow up, and start to pay attention to what the American people want and need. That is a big, big flaw with this president. He comes at it from the position of thinking he knows what we need because we don’t have the ability to know for ourselves. And he doesn’t respect any opinion that is different from his own. He just doesn’t care to know any other side to any given issue. I really believe it’s a maturity thing. I think our president needs to grow up. I hate to put it that way, but there it is. President Obama, grow up.”

On Sept. 27, blogger “Ulsterman” returned to his anonymous source, and reported from a still-active White House official that the President was being medically treated for severe depression. The source elaborated: “The infighting among the staff is off the charts. More recently, the president has increasingly withdrawn emotionally from the day to day demands of his job—he has become what was described to me as ‘empty’ . . . His natural detachment has become almost chronic to the point of being disconcerting to staff

around him. It appears President Obama is suffering from severe depression.”

Asked why this was happening, the White House source said, “Well, for one, he was completely unprepared for the job of being President of the United States. The demands on one’s time, the emotional and physical toll, are considerable. Second, the failure of the administration to effectively communicate to the American people. You have to understand that Obama believed that his ability to orate would be enough—that is proving to have been a considerable mistake on Obama’s part, and he is not dealing particularly well with that reality.”

Since the publication of these interviews, this news service has independently heard from a number of leading Democratic Party officials that the “Ulsterman” source is genuine, and that the picture of the President’s psychological meltdown is accurate. Several senior U.S. intelligence officials, with close access to the White House, have further corroborated these reports, and have expressed growing alarm about the collapse of Presidential leadership at a moment of great crisis.

It was precisely out of concern for such a future Presidential crisis that the framers of the 25th Amendment acted.

Legislative History

In the aftermath of the assassination of President John F. Kennedy, the U.S. Congress seriously took up the issue of Presidential succession, and the process by which a sitting President could be removed from office, on the basis of incapacity to serve, due to physical or mental illness. The U.S. Constitution was vague on the precise issue of succession and incapacity, and on several prior occasions, it led to potential crisis. In 1841, when President William Henry Harrison died in office, Vice President John Tyler assumed the Presidency, even though the Constitution only provided for the Vice President to be “Acting President.” When President Woodrow Wilson had a mental breakdown (widely attributed to a stroke) 18 months before his term expired, the First Lady and key White House advisors ran the country, without ever officially acknowledging that the President was incapacitated.

In 1963, Senators Estes Kefauver and Kenneth Keating proposed a Constitutional amendment, to authorize the Congress to legislate Presidential succes-



YouTube

President Obama, speaking to a women’s conference in Washington, D.C., Oct. 5, peers over the lecturn after the Presidential seal fell off and crashed to the floor. Is someone trying to tell him something?

sion and rules for removing a President from office for incapacity. That effort was blocked, out of fear that Congress could abuse the power. However, on Jan. 1, 1965, Sen. Birch Bayh and Rep. Emanuel Celler introduced a Constitutional amendment, spelling out the procedures for succession and for determination of a President’s incapacity. The amendment passed both Houses of Congress on July 6, 1965, and was sent to the states for ratification. On Feb. 10, 1967, the required 38 states ratified the amendment (see box).

On two occasions, there was serious consideration of invoking Section 4: On March 30, 1981, when President Ronald Reagan was shot by would-be assassin John Hinckley, there was brief consideration of invoking the 25th Amendment, and an ad hoc group of close Presidential advisors, at Reagan’s bedside following his surgery, concluded that he was mentally fit to remain in office. In 1987, when Donald Regan was replaced by Howard Baker as Reagan’s Chief of Staff, Baker was urged to make a determination as to whether Reagan was still mentally sharp enough to serve out his term. After an initial White House meeting between the President and the new staff, Baker concluded that Reagan was perfectly capable of continuing as President.

It now rests with Vice President Joe Biden and the key Cabinet officials to put the vital interests of the country first, and apply the 25th Amendment.

Foreclosure Scandal Exposes Systemic Derivatives Fraud

by John Hoefle

Oct. 9—Filing false documents in courts to obtain illegal foreclosures, breaking into homes and changing the locks while the residents are still legally living there, and even foreclosing on homes which have no mortgages—these are just some of the things the derivatives arms of the giant banks are doing, as they throw people to the wolves in a vain effort to stop their own collapse into oblivion. We are not at all surprised that the derivatives banks are acting this way—in fact, we would be a bit surprised if they didn't, given the criminal nature of the financial markets. It would be nice to be able to say that we are surprised that the Federal regulators are letting them get away with it, but that one won't fly. Under the Obama regime, with the help of Speaker of the House Nancy Pelosi, and “Bailout” Barney Frank and Chris Dodd of the House and Senate banking committees, the banks have gotten pretty much whatever they wanted. If that includes your house, too bad for you.

Fortunately, a number of state officials have more backbone and morality than the sellouts in Washington, and are beginning to take steps to rein in some of these abuses. Their actions have forced at least four banks—JP Morgan Chase, Bank of America, PNC, and Ally Financial (née GMAC), to temporarily suspend foreclosures—in the 23 states which require court approval in the case of home foreclosures (Bank of America has frozen foreclosures in all 50 states). Attorneys general in a number of states have already launched investigations into the actions of the banks, with more expected.

The magnitude of the problem, and the number of banks involved, have only begun to surface.

The state actions have prompted weak cover-your-mustache posturing from Obama, Pelosi, and company, in a desperate effort to hide their abject subservience to the British Empire and the Inter-Alpha Group. No one is buying it.

The banks, for their part, are covering up this scandal as fast as they can, and with the help of compliant media such as the *New York Times* and *Washington Post*, are attempting to cast it as a story of “shoddy paperwork by low-level nobodies,” whose errors are now “jeopardizing the fragile recovery.” In effect, these bankers are brazenly threatening us yet again—even as they destroy the nation trying to bail them out. “Stop us from taking what we want,” they're saying, “and we'll make you pay.” What unmitigated gall!

Well, we've got a hot news flash for these arrogant bastards: You are already way beyond bankrupt, the economy is already collapsing, and we are through capitulating to your suicidal demands. This time, we're going to shut your derivatives market down, and save ourselves. Enough is enough!

Blame Derivatives

The horror show playing out before our eyes in the foreclosure markets, is the continuing collapse of perhaps the greatest financial swindle in the history of mankind: the derivatives markets. The story revolves

around the way that derivatives were used to create a giant pool of fictitious capital, nominally based on home mortgages, and the way that the banks are now attempting to seize the homes to turn their funny money into hard assets.

What is absolutely clear, is that the mortgage system—which was run by and for the big derivatives players—systematically ignored legal requirements for the conveyance of promissory notes and mortgages, as they engaged in this giant scam. Individual mortgages were sold by their originators, and combined into pools, which were, in turn, used as the basis for the issuance of mortgage-backed securities (MBS). These MBS were then sliced and diced into pieces, and sold. Then many of these pieces were combined into new pools, against which new derivatives were created and sold, *ad nauseam*.

Rather than record these sales with county courts, as required by state real estate laws, the bankers created a giant database called MERS, to keep track of the sales. This allowed the banks to save billions of dollars in time and money on court filings, and made the whole train-wreck run more smoothly—for a while.

The problems for the bankers began in mid-2007, when the mortgage-derivatives market collapsed. Panic set in after the collapse of two Bear Stearns hedge funds, and with good reason: The pyramid scheme had collapsed. Speculators suddenly retrenched into survivalist mode, thereby killing the flow of funds into the mortgage market, and sending property values plunging.

Now the foreclosures have begun to accelerate, as the derivatives-holders try to seize real homes to cover their fictitious claims. The problem they face is that, having ignored real estate filing laws, they are now finding it difficult to prove they are the legal owners of the mortgages/notes, and thus have the legal standing to foreclose.

As a result, the banks acting on behalf of their derivatives pools have resorted to faking the paperwork, filing false affidavits with the courts, and other unsavory actions. They have become so blatant in their criminality



EIRNS/Stuart Lewis

The foreclosure scandal making headlines across the country is sounding the death knell of the derivatives markets. This sign in Leesburg, Va., was from the very beginning of the wave of foreclosures, in February 2007.

and contempt for the law, and for the welfare of the people, that they have triggered a revolt by the public, and the state regulators and courts.

Prosecution of the individuals and institutions that knowingly violated the law is certainly warranted, but that is not sufficient to deal with the problem. If we fine the banks, they will just pay us back with our own bailout money. So people need to go to jail, and institutions need criminal convictions. We must teach the British Empire that violating U.S. laws has serious consequences. No more slaps on the wrist (especially when accompanied by cash under the table).

We must finally recognize that this financial crisis—from the so-called “subprime crisis” to the “foreclosure crisis” and everything in-between, has been the result of a derivatives market which has turned the global financial

system into a giant, and completely bankrupt casino, and that the attempt to bail out this casino by sticking the public with the bill is killing us all. If we are to survive, we must shut down the derivatives markets, declaring all existing derivatives contracts null and void, and prohibiting them in the future. Wall Street will howl, but that’s just a sign something right is being done. If they’re not howling, we’re not doing enough.

Get Back On Track

Putting the nation back on track requires a fundamental change in policy, starting with the reinstatement of Franklin Roosevelt’s Glass-Steagall law. We must separate out and protect real banking, of the sort needed to keep a proper economy functioning, from the speculations of the casino. We will honor legitimate debts, but not derivatives claims and other casino chips. We will put the Federal Reserve into receivership, go back to a Hamiltonian credit system, return to a Bretton Woods-style fixed exchange rate, and launch an infrastructure Renaissance in the style of Lyndon LaRouche’s NAWAPA/Mars concept.

To succeed, we must break the power of the British Empire and its Rothschild-run Inter-Alpha Group over the world economy, and, in particular, the U.S. economy. We are at war with the empire, and our very sur-

vival is on the line. The actions we see in the foreclosure process are just a small part of the financial warfare directed against us. The empire's puppets—from Obama on down, in Washington, and virtually all of Wall Street and the Boston Vault—must go. We must return to the concept of “of, by, and for the People.”

We had a chance in 2007 and 2008 with LaRouche's Homeowners and Bank Protection Act, which would have stopped the foreclosures, and ripped legitimate banking functions from the clutches of the speculators. That effort, which had considerable public support, was sabotaged by “Bailout” Barney Frank and others. Had it passed, we would not be in the mess we are today. Those who blocked the HBPA on behalf of the empire, committed treason, if not by the letter of the law, then by the intent of the Constitution. They are not fit for public office—even in sanitation. They're so corrupt they would probably contaminate the sewers.

What was a financial crisis, having been made far worse by the bailout scheme, has turned into a full-fledged breakdown crisis. We must bust up the imperial crime wave via Glass-Steagall. That will clean up the mess, but it still leaves us with a dying economy, which is where NAWAPA (the North American Water and

Power Alliance) and LaRouche's “platform” concept come in. Nothing less will work, anything less is a waste of time.

Finally, in closing, we have a suggestion for all the investigators looking into the foreclosure crisis. The devil is not in the details, but in the nature of the now-dead financial system. You are looking at a vast criminal conspiracy intended to destroy the United States, and the nation-state system itself, in favor of the re-establishment of the British Empire on a global scale.

You should also consider the possibility that the deliberate failure to follow legal document-recording standards has to do with more than just saving time and money. We suspect, knowing the nature of the empire, that what they were really doing is selling the same assets to more than one buyer. They will gladly take “paperwork” fines, to hide that. Don't let them get away with it.

So, put away your Sherlock Holmes, and turn off “CSI,” and read Edgar Allan Poe's “The Purloined Letter.” That is the method you will need to get to the bottom of these crimes. Look with your mind, not your senses.

johnhoefle@larouchepub.com

LaRouche in 2007: Mortgage Fraud Can Topple System

Oct. 7—The shaking of the entire underpinnings of the U.S. mortgage market, due to massive numbers of fraudulent home foreclosures, compounded by the creation of the mortgage-backed securities (MBS) bubble, was anticipated by Lyndon LaRouche as far back as November of 2007. At that time, Federal Judge Christopher A. Boyko had dismissed 14 home foreclosure cases in Cleveland, Ohio, based on the doubt that the foreclosing bank, Deutsche Bank National Trust Co., actually held title to the houses which it was foreclosing. The judge ruled that there was no proper recording with local government officials, of the property titles, mortgage contracts, and assignment of ownership.

LaRouche commented at the time that this “smells

of a major problem.” There is legitimate suspicion that loans that have not been recorded in local registries, have been sold as part of a securitized package, over and over again, leading to liabilities that exceed assets by enormous amounts. “These people have been caught with their pants down,” LaRouche declared.

LaRouche stressed that, implicitly, the Ohio case involved much more than the judge's interpretation. The question posed is whether banks have been duplicating the use of assets. Any suspicion and doubt about this is enough in itself, to bring the system down.

When you are dealing with a situation like this, LaRouche said, you are dealing with a “breakdown crisis, and not with a management crisis.” This cannot be “managed.”

Even the smell of such a situation could blow the system out, LaRouche commented at that time. Due to the failure of Congress to enact LaRouche's Homeowners and Bank Protection Act, and to revive Glass-Steagall, that is now precisely what is happening.

Schwarzenegger Wields the Axe; Insane Legislators Accept Deeper Cuts

by Harley Schlanger

Oct. 9—A definition of insanity, attributed to Albert Einstein, is doing the same thing, over and over again, and expecting different results. By this definition, the Governor of California, and members of the state legislature, are insane!

The budget deal passed on Oct. 8, a full 100 days into the fiscal year, is another example of why the state is careening into ungovernability. Even before the ink was dry on the deal, Gov. Arnie Schwarzenegger broke it, by using his line-item veto power to cut almost \$1 billion more in spending, slashing areas which the Democrats thought had been protected by the agreement!

Sound familiar? This is not the first time the Governor has broken a deal made with Democratic Party leaders. Only this time, in his final budget as Governor (a successor will be elected on Nov. 2), Schwarzenegger brought the budget axe down, harder than ever, on the necks of the state's most vulnerable citizens, demonstrating, once again, that no deal made with this son-of-a-Nazi can be trusted.

Further, he made good on his pledge to those who put him in as Governor—from George Shultz, the economic hit-man who, in 1971, ended the Bretton Woods system, to Lord Jacob Rothschild, who runs the supranational Inter-Apha Group of banks—that he would destroy the faith of the people in government. Shortly after being sworn in, in November 2003, he told the editorial board of the *Sacramento Bee* that, as Governor, he intended to “starve the

Beast.” And the Beast, he told them, is government!

He has now made good on that promise, going even one step further, which is also to his controllers' liking: In addition to starving the “Beast,” his policies may lead to the starvation of poor children, whose families will be cut off from any form of public assistance.

A Fake Budget

Before Arnie's line-item veto, the budget, which was \$87.5 billion, supposedly closed a deficit of over \$19 billion. To achieve this, Schwarzenegger, with full agreement from compliant legislators, agreed to push the bulk of the deficit into next year, a stale accounting gimmick which he has employed virtually every year. For example, \$2 billion in mandated payments this year



Gov. Arnold Schwarzenegger briefs the press on his plans to slash California's budget, Sept. 1, 2010. By the time a budget deal was reached on Oct. 8, some \$20 billion was cut, including in vital programs to the state's neediest citizens. The legislature is “going along to get along.”

to public schools and community colleges, was postponed into the following year. This means that the next fiscal year, which does not begin until July 1, 2011, is already in deficit!

Further, this year's budget relies on what the leaders of both parties admit are "optimistic revenue assumptions." It should be noted that those who provided these assumptions have been forecasting a "strong economic recovery" for California for each of the last five years. Each year, they have been dead wrong. Thus, this year's \$19 billion deficit will not be fully covered, pushing an even larger deficit into the next fiscal year. Even more absurd, is the claim that this year's deficit will be closed, at least on paper, due to expectations of billions in further assistance from the Federal government, a highly unlikely scenario, as long as Nero Obama remains in the White House.

In addition, the state will sell off buildings, then lease them back, at marginal savings. Perhaps if eBay's former CEO, Meg Whitman, who is the Republican candidate for Governor to replace Arnie, is elected, she can put the whole state up for sale on eBay!

As for cuts, the annual threat from the Governor to dismantle what remains of the state's deeply damaged social welfare net was postponed, initially, but there were "smaller" cuts written into the budget, such as reducing pay in essential services like the state's in-home care program, which will hit the state's most vulnerable people. There have been similar cuts in each of the last several budgets, as Schwarzenegger used an identical strategy: first, threaten to completely dismantle all protection of the poor, the sick, and the elderly; second, after gaining some concessions from Democrats, modify the cuts; and third, use the line-item veto to make bigger cuts, leaving the Democrats in an impotent position, falling into the trap he set for them.

This year, it should have been clear that he would go in for the kill, especially as he has felt empowered by the state's Supreme Court ruling earlier this week, which upheld his right to cut state employees' wages by over 13%, through his mandatory unpaid three-days-per-month furlough program, bypassing approval by the legislature.

Once again, the Democratic leaders of the legislature were "tricked" into being Arnie's co-conspirators, in his zeal to "starve the Beast." Or, perhaps, they weren't really tricked: Perhaps the Democrats, at least some of them, have been fully witting, from the beginning. Do not forget that Arnie's marriage to Maria

Shriver established his bona fides with the Kennedy family, and he now works closely with such Shultz-allied Wall Street Democrats as banker Felix "the Fixer" Rohatyn!

Arnie's Last-Minute Killer Plans

Wielding his line-item veto, Schwarzenegger went after CalWorks, the program designed to move unemployed people from welfare to work. This has helped many single parents to find jobs, through aid from the state. Arnie cut \$366 million from this program, which will leave these parents with no ability to work, as their children will have no programs available to them while the parent is working. This was made worse by his cut of \$256 million in subsidized childcare. Together, these cuts will hit these poor families hard, from after-school programs, to health care.

It has been clear, from the moment of his swearing in, that Schwarzenegger was, at best, an over-the-top buffoon, whose buffoonery was supposed to hide the intent of his Wall Street controllers, to use him to dismantle state government, and kill off "useless eaters." But how can legislative leaders of both parties, who are aware of the collapse of state revenue resulting from the shutdown of physical production in the state, justify their willingness to "go along to get along" with this fascist?

They cannot. Instead of facing the reality of the global financial breakdown crisis, which has led to the rapid and thorough dismantling of California's highly developed industrial-agricultural economy, and fighting for a change in national economic policy—beginning with the drive to remove President Obama, using the 25th Amendment—California's so-called leaders have turned their backs on the collapse of city and county government, on the growing army of unemployed, on the families which have lost their homes and health care, on the seniors left with little income and no protection, on state employees whose current income has been slashed, and whose pension plans will be severely cut. In return, the best they can offer is a promise that the economy will improve, at some bright shining moment in the future.

The legislature, under the direction of that one-time admirer of Adolf Hitler, Arnold Schwarzenegger, has proven, with the latest budget debacle, to have learned nothing from the last seven years of abject failure. It is scientifically accurate, therefore, to call them collectively insane!

Call To Kill Desertec Solar Power Project

by Hussein Askary

Oct. 6—The project called Desertec, for the production of solar power for Europe in the Arab Sahara, should be killed for the sake of protecting the minds of coming generations, and the economies and sovereignty of the Arab and European nations.

The Desertec project, which is being promoted in Europe and some Arab countries, is an economic as well as scientific fraud.

It should be clear to any person who has studied the economic aspects of solar power and wind power (so-called “renewable energy”) that it is very costly and economically inefficient, and cannot work without massive government subsidies. In northern Europe, for example, wind power costs more than twice the electricity generated by water and nuclear power (EU7 cents vs. EU3-4 cents). The same would apply to solar power, but with innumerable other complications than wind power.

The cost of installation of solar panels in large areas that are far from urban centers is greater, because totally new infrastructure networks, such as power lines, roads, and water pipelines, would need to be built. Add to this, the sandstorms and continuously moving sand dunes, which makes the operation of the solar panels difficult, if not impossible. Now, if you add the factor of the need for freshwater for steaming and cooling of the aggregates (760-950 gallons/kwh, according to a 2006 U.S. Energy Department study) in such extremely water-deficient regions as North Africa and Southwest Asia, the idea would be born dead.

Those who say that solar power is “free” and just waiting for somebody to harvest it, are either delusional, or swindlers.

Scientifically, even if we hypothetically accept the lie that we need clean energy in order to decrease the emission of carbon dioxide (which is falsely and unjustly being accused of raising Earth’s temperature), and concentrate on solar power, we are consequently demanding to keep the desert a desert, a hot and ex-

panding wasteland that would eat up the remainder of the green areas left in these regions. Furthermore, the solar panels themselves would increase the temperature in these deserts.

If we do the opposite, and follow Lyndon LaRouche’s idea to use high-temperature, gas-cooled nuclear reactors to produce both power and process heat to desalinate seawater, to turn the deserts gradually into forests and agricultural lands, we would both raise the living standards of the population, and contribute to cooling the climate, because green areas have a cooling effect, and increase the recirculation of water in the atmosphere to increase rainfall and so forth.

The best collectors of solar power are green plants and the chlorophyll within them, which uses solar rays and CO₂ to build carbohydrate structures and sugars that benefit living creatures, including humans, and increase the potential and preconditions for more life. Therefore, man’s mission is to help nature to spread life, not sands and death in the deserts and the civilizations around them. This cannot be done without the use of reason and the invention of advanced technologies such as nuclear power.

The intellectual damage caused by Desertec and other so-called renewable energy projects is probably the most dangerous aspect of the scheme. Behind the Desertec project stands the Club of Rome, a Malthusian institution that promotes the idea that humanity is a destructive parasite that eats up and destroys natural resources, and does not contribute anything to nature, nor to life. Accordingly, humans are considered as mere consumers.

This satanic idea not only stands diametrically contrary to the sublime concept of *istikhlaf*¹ of man on Earth and in the universe, but is also an unscientific misconception that has been proven wrong by human society’s development. We have moved from lower technical and productive levels to higher and higher levels, and from a lower population level to greater and greater numbers; and from a certain platform of “natural resources” to another higher and more diverse platform, through the use of reason and scientific, cultural, and social progress over hundreds of thousands of years. Why should we stop here and now?! And why

1. *Istikhlaf* is the Islamic concept of the the Creator’s decree that man is the Creator’s vicegerent, a representative of the Divine will and reason on Earth, provided with free will and reason to fulfill this delegations. See The Holy Qu’ran, Soura 2, “The Calv” verses 29-33, for example.

FIGURE 1

Sketch of Possible Infrastructure for a Sustainable Supply of Power to Europe, the Middle East, and North Africa (EU-MENA).



DESERTEC/Michael.Straub@desertec.org

The Desertec project, which is being promoted in Europe, North Africa, and Southwest Asia, is an economic as well as scientific fraud. But needy African and Southwest Asian nations are being lured by promises of investment in their economics.

should the process of discovery of new natural resources stop here, and not do what we did when we moved from wood to coal, and to oil and gas afterwards, and later, to uranium and fission, and what we can get from developing fusion power and exploring other planets. Why now, exactly?

Institutions such as the Club of Rome and the World Wide Fund for Nature (WWF), are the intellectual and political property of the British Empire and its allies in the United States, Europe and elsewhere. The British royal family and its European and international friends would like to appear as kind people who want to protect some sweet animals and beautiful forests. But their philosophy, as a matter of fact, is that humans (especially poor people in Asia and Africa), who are procreating in large numbers, are a danger to nature, and that the reduction of their numbers is a necessity, as they declare openly and as stated repeatedly by Prince Philip.

There is no more effective way to commit genocide against large numbers of people than by depriving them of modern technology to build infrastructure, power production, modern agriculture, and health care. Therefore, the British Empire and the financial and economic interests dominating the world today are intensively promoting ignorance and the return to the more primitive, “simple” lifestyles of societies, especially in Africa, Asia, and South America. They advocate for stopping industrial and technological development as an alien idea imposed by Europeans, and that these societies should instead focus on “sustainable development” and not think about nuclear power and modern agricultural and industrial methods.

In order not to be suspected of using “double standards” when dealing with poor and rich nations, these institutions demand that Europe and the United States too should slow down the process of economic development and phase out modern industries, nuclear power, and large-scale infrastructure projects, and even return to “ecological” agriculture, where artificial fertilizers and upgraded seeds are abandoned. Therefore, the environmental movement was unleashed to spread panic and hysteria against man’s desire to progress, because this desire, according to them, is the source of all evil.

It is not surprising, therefore, that Desertec is based in Germany, the largest and the central modern industrial nation of Europe. Germany is under attack by hordes of greenies and their oligarchical backers. German political leaders and industrialists are being induced to go along with this Club of Rome swindle in order to get “remission of sins” from the high priests of



DESERTEC-UK

The best collectors of solar power are green plants, not solar mirrors in the desert. Behind the solar power scam stands the Malthusian Club of Rome which intends to drastically reduce world population.

environmentalism and the intellectual, financial, and economic interests of the European oligarchy represented by the Club of Rome and the WWF.

The ‘Pyramid Scheme’

But how would it be possible to find financing for such a mega-swindle as “renewable resources”? Needless to say, the promoters of Desertec don’t have EU400 billion, nor even 40 billion, in light of the current financial and economic breakdown crisis. However, there is an ancient method to attract capital, known as a “pyramid scheme,” which is considered a crime, but only after it has collapsed and been exposed.

It would simply work as follows: The European Union and the involved industries and banks put together start-up capital to finance the first pilot projects in Morocco and Egypt, for example. They then take photos and films of the existing project and use them in glossy brochures and flashy commercial films, to be shown in large and fancy conferences, and in the mass media, to attract the first group of investors. Part of the new investments from the first group of investors will then be used to build more projects, and the rest will be used both for making more propaganda material, and conferences, and a little part will be paid to the first group of investors as dividends, to show anyone who has suspicions that there is profit, and to attract a second

group of investors.

The EU and U.S. governments will invest public money, such as pension funds, in the project, and maybe some oil-rich governments will put their “sovereign funds” into the new project. This new money from the second group of investors will, in turn, be used to create new small projects, more propaganda, and more dividends.

Thus, the game will continue, not because the power plants are economically effective or because electricity is flooding into the European markets and making profit, but because the promoters hope that there will always be a new group of suckers who will be lured by the propaganda and political support for the pyramid scheme exerted by governments and powerful interests who launched the project in the beginning.

A number of Arab countries have already expressed their willingness to host such projects on their territories, not because these governments are convinced of the feasibility of solar power (actually these same countries, such as Morocco, Algeria, Tunis, Egypt, and Jordan, have plans to build nuclear power for energy and water desalination; see box), but because they need the aid and any free investment from the EU into their poorly performing economies. They also need to reduce the political pressure from the former colonizers, and to keep a relatively balanced relationship with them, although they know that the EU intends to stop them from acquiring nuclear technology.

It is inevitable that the Arab countries will eventually become dependent on Russia, China, and South Korea to build their infrastructure and nuclear reactors, as long as Europe is intellectually and politically dominated by the oligarchy’s determination to keep the Arab countries away from modern technology and continuously dependent on aid from Europe and the United States.

The Arab governments that accept this openly fraudulent game will be facing great difficulties, because they will have to brainwash their own populations, especially the young people, about the merits of such Dark Age and backward concepts as renewable energy and sustainable development, and include them in school curricula for a whole generation.

Therefore, they should withdraw from this Faustian/satanic game, and instead, tell the European countries to return to the modern, humanist form of society which is based on the respect for the sanctity of human creativity, scientific progress, and real economic development, and not be dragged down by unscientific superstitions.

For all these reasons, the international LaRouche movement is calling on Arab politicians, intellectuals, scientists, and all citizens to engage in a real scientific discussion of these developments. We will be producing and translating into Arabic a number of studies and films created by the LaRouche Youth Movement to

expose this black propaganda and those who are behind it. We will also provide Arab citizens and their leaders with the humanist alternative, such as the NAWAPA project for the development of the North American deserts, the Oasis Plan for Southwest Asia, and the Trans-aqua and related projects to bring water from the Congo River to refill Lake Chad, and develop the desert regions of Africa, and many other projects. We will also present the intellectual, philosophical, and scientific bases upon which the economy of a modern nation-state should be built.

husseinaskary@hotmail.com

Nuclear Desalination at Top of SW Asia Agenda

Oct. 1—Over the past few weeks, there has been considerable activity in Southwest Asia regarding nuclear power and water desalination. Here are some highlights:

- A Vienna conference Sept. 28-29, on, “Nuclear Power: Middle East & North Africa 2010,” discussed the prospects and aspirations of Middle Eastern countries regarding nuclear power, focusing on the plans of Iran, Turkey, Jordan, Egypt, and Tunisia. Other countries attending the conference, such as Yemen, Kuwait, and the U.A.E., announced their plans to build nuclear power plants with special emphasis on nuclear-powered water desalination.

- A conference held Sept. 28-29 in Damascus, Syria, and organized by the Network of Syrian Scientists, Technicians and Inventors Abroad (NOSSTIA), in cooperation with the Middle East Water Desalination Institute and the International Desalination Association, concluded that the only solution for the water crisis and desertification in Southwest Asia is water desalination. Al-Jazeera.net quotes engineer Basim Halabi of NOSSTIA: “Water desalination is the main solution for the Arab countries, and there is no other alternative.”

- A conference held in Jeddah, Saudi Arabia Sept. 12 inaugurated the “King Abdullah City for

Nuclear and Renewable Power.” Speaker Prof. Ahmad Hassan from the New Mexico Institute for Mining and Technology and a member of the IAEA, praised the Saudi decision to launch a nuclear program, referencing the massive positive applications of nuclear power and technology, especially water desalination, medical applications, but most importantly raising the scientific level and productivity of the Saudi labor force.

- Jordanian King Abdullah II received on Sept. 28 a high-level delegation from China, including Trade Minister Chen Deming; the chairmen of China’s Export-Import Bank, the Industrial Bank, senior officials of the Chinese nuclear power agency, among others. Jordan is expanding its options to include China and Russia in its nuclear power sector, in the event that the United States and Europe drag their feet. Jordan has one of the world’s largest unexplored uranium reserves. One of the main foci of the Jordanian government is to launch the nuclear-powered water desalination project on the Gulf of Aqaba and start the industrial mining of its massive uranium and sand-oil reserve.

- Egypt’s Irrigation and Water Resources Minister Dr. Mohammed Nasreldin Allam told Egyptian press that President Hosni Mubarak has issued directives that all water supplies in the dry northern coastal regions will be provided through the desalination of seawater by nuclear power and solar power. Egypt is planning to build four reactors with 1,000 MW each in the coming 20 years.

SCHILLER INSTITUTE BERLIN CONFERENCE

Projects Will Develop, Link Eurasia to the Americas

Oct. 9—As we reported last week, the Schiller Institute held an international conference on Sept. 25 in Berlin, Germany, titled “Rebuilding the World Economy—NAWAPA, the Bering Strait, and the Eurasian Land-Bridge.”

The conference was sparked by efforts of Lyndon LaRouche and the “Basement Team” of young scientists working under his direction, on the scientific requirements to revive the world’s physical economy. At the forefront of their investigations is the commitment to define an expanded version of the North American Water and Power Alliance (NAWAPA), a project developed in 1964 by The Ralph M. Parsons Co., but never implemented. The green cultural “paradigm shift” began to set in during the late 1960s, branding industry and development as “bad for the environment”; during the same period, President Nixon and the British pulled the plug on the Bretton Woods financial system, ushering in the past 40 years of insane financial speculation that culminated in the current systemic breakdown crisis.

Schiller Institute president and founder Helga Zepp-LaRouche presented some of this history in her speech, which we summarized at length in last week’s issue. She said that the world today would be in quite a different situation, had the great projects that engineers worked out completely many years ago, such as NAWAPA, Transaqua, and the Eurasian Land-Bridge, been implemented. Hundreds of millions of people would have been spared malnutrition, poverty, and war.

She emphasized that the only hope for the United States is to re-enact President Franklin Roosevelt’s Glass-Steagall Law, which was repealed in 1999; this would immediately dry up the speculative frenzy. Then, a Four-Power Alliance of the United States, Russia, China, and India would convene to shape a New Bretton Woods system, based not on money, but on government-issued credit for productive priorities. This would allow the reconstruction of the world economy to be financed. The financial system now, she said, is so bankrupt, that an uncontrolled disintegration of the dollar is likely, with a global chain reaction that would first hit the Eurozone.

If the trans-Atlantic system crashes, Zepp-LaRouche explained, China, Russia, Latin America, and Africa will also be dragged into the abyss. A new dark age of the entire planet would thus be inevitable.

After her keynote address, other speakers elaborated some of the projects that are already on the drawing boards, waiting for the political will and financing to proceed. We publish two of them below. First, is U.S. engineer Dr. Hal Cooper’s presentation on the long-proposed construction of a tunnel and railway across the Bering Strait, linking the Eurasian and North American continents. This is a project which he has promoted for many years. Second, is Russian geologist Dr. Sergei Cherkasov’s Powerpoint presentation on Siberian development—past, present, and future. Dr. Cherkasov is a scientific coordinator at the Vernadsky State Museum of the Russian Academy of Sciences in Moscow.

A World Rail Network To End The British Imperial System

Dr. Hal Cooper, an engineer and infrastructure specialist, addressed a conference of the international Schiller Institute, on, “Rebuilding the World Economy—NAWAPA, the Bering Strait, and the Eurasian Land-Bridge,” on Sept. 25, in Berlin, Germany. Cooper laid out a project, on which he has worked for many years, to build a railroad/tunnel across the Bering Strait, connecting the United States and Russia. (See last week’s EIR, for a report on the conference).

It’s a pleasure to be back in Germany. . . .

I’m going to talk today about the Bering Strait tunnel project, which really, in a way, is an extension of the North American Water and Power Alliance, which I’ll have a little to say about at the end.

I just finished putting together a proposal on the Bering Strait tunnel, which was presented to Mr. Vladimir Yakunin, the president of the Russian Railways, in January of this year, in Frankfurt, at a meeting. And I’ll be happy to make copies available to anyone who would like a copy.

What is being proposed is a multi-mode energy and transportation system, between Russia and Alaska, at the critical juncture point between the Eastern and the Western Hemispheres of the world [**Figure 1**]. And the ultimate objective of that, is not only to promote transportation and energy transfer, but to bring about a political and economic realignment of the world. And ultimately that gets back to what Helga [Zepp-LaRouche] spoke about earlier, about the so-called Four-Power Alliance, Four-Power Agreement, this being Russia, China, India, and the United States—which is ultimately the objective—and a necessity for the Bering Strait tunnel to be built. It is not just about transportation logistics [**Figure 2**].

Now, what is proposed would be an electric railroad—not diesel, but electric—in combination with a natural-gas pipeline, electric transmission, and fiber-

optic telecommunications. At this point, we don’t see water transfers taking place through a tunnel, but we do see water transfers taking place on the approaching railroads in both North America and Asia.

You saw earlier today, during Helga’s presentation, the North American Water and Power Alliance, which would be bringing water from the Yukon and Mackenzie river basins of northwestern Canada, and Alaska, and the coastal-range-mountain short rivers, through trenches, aqueducts, and pipelines, to the lower 48 states of the United States, and ultimately to Mexico. Helga did not mention this, but another program that has been proposed by a LaRouche associate in Mexico, Manuel Frias, talks about water transfer projects from the southern part of Mexico, to the northern part, from the water-abundant regions of the Yucatan Peninsula, to the north, to the water-scarce regions. And this would be going from south to north, at the same time that the North American Water and Power Alliance would be bringing water from north to south, making all of this entire region productive for agriculture, industry, population development, and reversing this endless pattern of decline that we have seen for so many years, since 1971.

Now, what was proposed earlier goes back—believe it or not, the first time someone proposed building a tunnel under the Bering Strait, was by the governor of the Territory of Colorado, before it became a state, William Gilpin. He proposed building railroads from the 48 states—well, there weren’t 48 states then, there were still a lot of territories—from the United States, up through Canada, to Alaska, and then coming from Asia.

There were several other proposals made between then, and the turn of the century—some serious, and some not so serious, the most serious of which was in 1906, by a jointly owned company of Russian, French, and American investors, who actually raised \$6 mil-



EIRNS/James Rea

Dr. Hal Cooper, the world-class engineer and infrastructure expert, addresses the Schiller Institute conference on “Rebuilding the World Economy.” He has long been a passionate advocate for constructing a rail/tunnel link across the Bering Strait, between Russia and Alaska.

lion. They did feasibility studies, and they began to raise \$50 million to get started with construction.

Britain and the Politics of Oil

When one reads the book by William Engdahl about oil [*A Century of War: Anglo-American Oil Politics and the New World Order*], it is Mr. Engdahl’s hypothesis that this is the reason the British oligarchy started World War I, because they did not want land connections extending the railroad developments in the United States and Canada, between East and West, and in Russia, along the Trans-Siberian [Railway], between West and East, to connect. I personally agree with that. That’s exactly why World War I was started.

And of course, the opposition of the British oligarchy to developing the Bering Strait has never changed.

Now, we see a connection between Alaska and Chukotka, which is the region of Russia right across the Bering Strait from Alaska, from a place called Egvekinot [Russia], population 4,000, a gold-mining and fishing center, to Fairbanks, Alaska, a city of

80,000 people, some industry, some military, a supply center for the central part of Alaska, with a 950-mile corridor, approximately 1,600 kilometers between the center of Alaska, and the center of Chukotka, from which rail lines will connect to the southeast, to the main part of the United States. It will come to a place called Prince George, British Columbia, and to Dawson Creek, British Columbia, where major connections with the existing North American rail system can take place.

And on the Russian side, a connection to Yakutsk, to the south, and to the Trans-Siberian and Baikal-Amur Mainline. . . . And also, connections to the west of Russia. During Stalin’s time, in the 1930s, studies were actually undertaken, routes laid out, of a near-polar mainline along the south shore of the Arctic Ocean in Russia, and also a line going to the southwest, to connect to the Trans-Siberian Railway. And Russia has always taken a greater interest in the

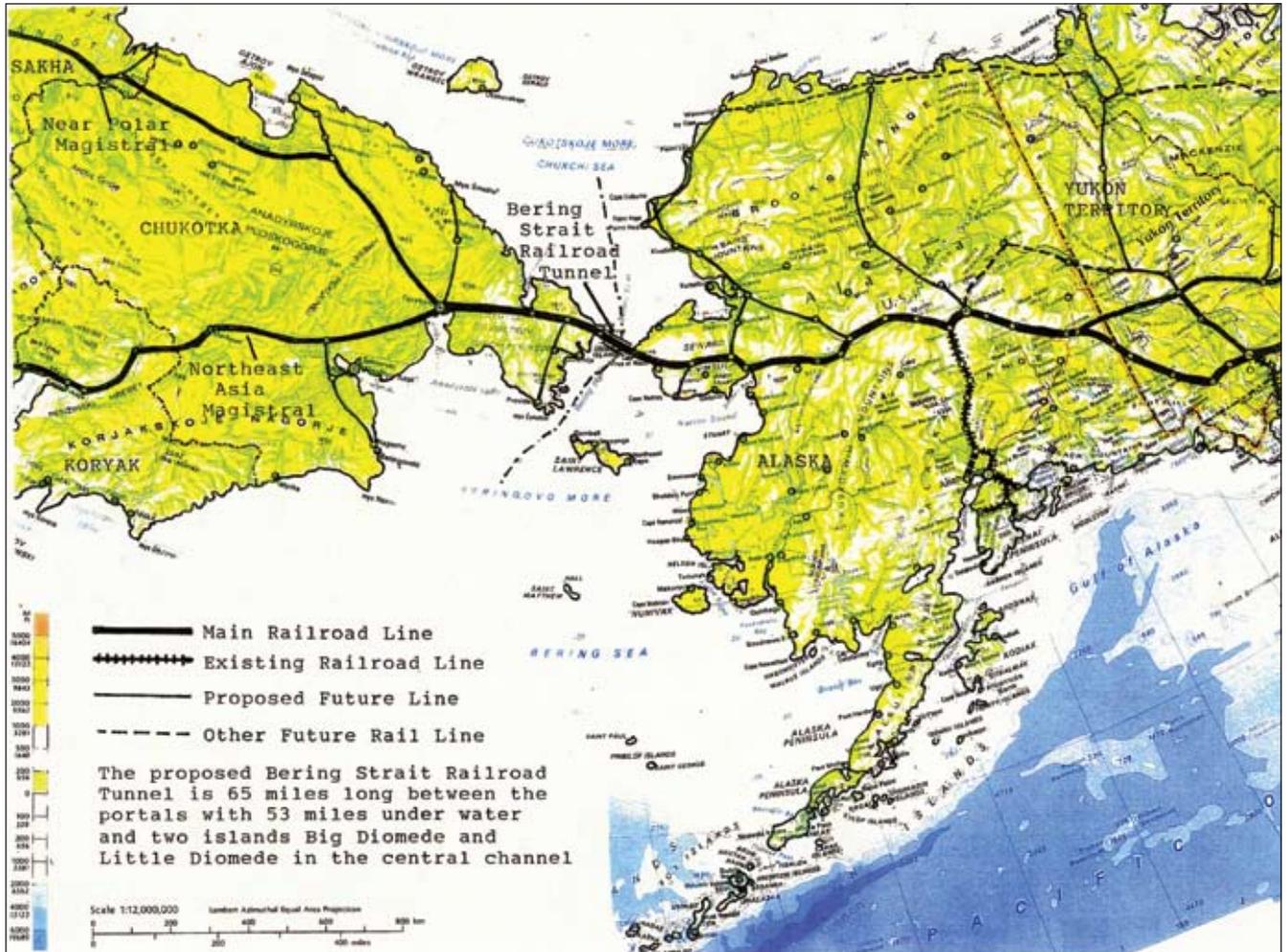
connection through the Bering Strait than has the United States. And what we’ve seen ever since Harry Truman, is opposition.

Believe it or not, in 1941, at the beginning of World War II, when Pearl Harbor was attacked, Stalin asked Roosevelt to send Harry Hopkins to Moscow, right after the attack, in late December of 1941. How could the United States supply Russia? Ships? Airplanes? And even the possibility of trains, and there was only one connection point, the Bering Strait.

At the time, it was felt that it was too difficult a logistical connection—it would take too long to build, it would be too much money, and so forth. But studies had already been done under Stalin. Actually, one of the reasons those studies were done, was actually to connect the concentration camp zones, where there was gold-mining, and other things going on. I understand today there is a renewed interest in mining activities of gold and other minerals in that region of Russia, and that is a very important thing, but not the major reason why we would develop these rail sys-

FIGURE 1

Proposed Route of the Interhemispheric Railroad To Connect Alaska and Chukotka Through the Bering Strait Railroad Tunnel



Hal Cooper, President, Cooper Consulting Company

tems. It's really for economic development, and political integration.

Now, when we build a tunnel, we build it through a combination of granite and limestone—it is relatively easy to dig, it's just that the rock is generally hard, and it's going to take some time, but we would put it about 100 feet below the water level, and the water would be about 60 to 70 meters deep, 180-200 feet. There are two islands in the middle: Little Diomedé on the United States side, and Big Diomedé on the Russian side. There are 200 people, Native people, who live on Little Diomedé. Big Diomedé is a weather station, and military base, with Russia.

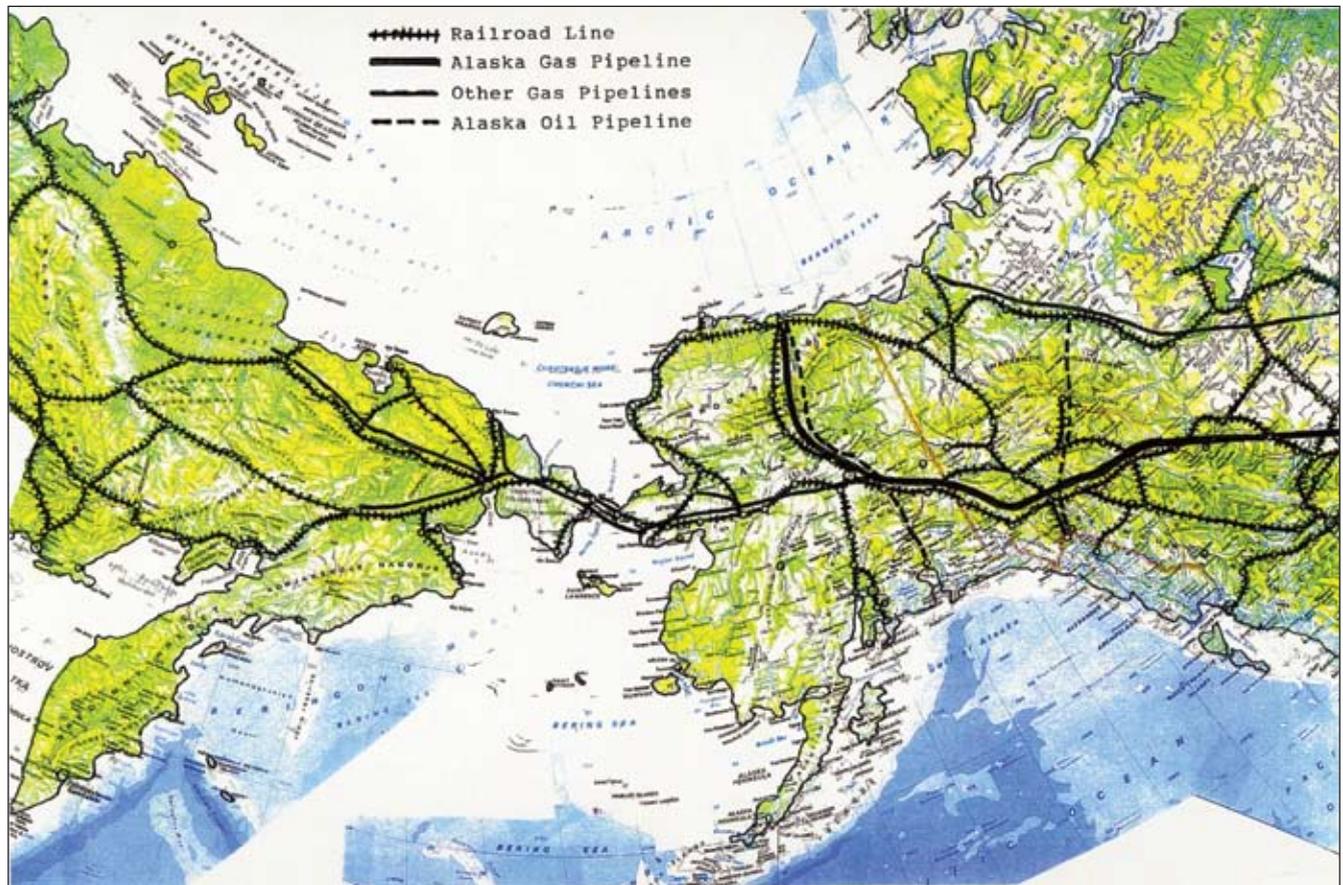
Double-track railroad. Center utility tunnel, just like

we have at the English Channel. And there is another tunnel, actually being built right now, connecting Europe and Asia, at the Bosphorus, between the European and Asian sides of Istanbul, Turkey, called the Marmaray railway tunnel. It's about 12 kilometers long, 8 miles, approximately. It's a trench where precast concrete sections are placed at the bottom of the trench, and then at the ends there will be tunnel bores to take it to near the surface. Commuter trains and high-speed intercity passenger trains would run during the day; freight trains at night.

That is the western end of the Eurasian Land-Bridge. And the Bering Strait would be, really, the eastern end.

FIGURE 2

Proposed Locations of the Bering Strait Railroad Tunnel and Natural Gas Pipeline Network



Hal Cooper, President, Cooper Consulting Company

Electric Power and Water-Transfer

Now, I would forecast, and have proposed, a gas pipeline from Russia to Alaska, in a separate tube; an electric transmission line, probably using superconducting cables, because we can transmit very large amounts of electricity with minimal losses. And we would also be able to transfer electricity back and forth between Asia and North America; as the time of the day changes, and the peaks change, we can help equalize the loads, and, of course, it would also provide a means to facilitate the development of northern Alaska, and northeastern Russia: a critical component.

Now, on the water-transfer side, it isn't directly a part of the Bering Strait tunnel, but of the approaching rail lines, it is. On the Alaska-Canada rail side, the North American Water and Power Alliance. That's already been talked about today, and we will be hearing a lot more about it in the future. On the Asian side, it's possible, as Helga mentioned, to take water from the Irtysh

and some of the other rivers in Siberia, all of which flow north into the Arctic, and pump them to the South to refill the Aral Sea. Actually, we could put it in other places as well. And that would certainly help agriculture in that region.

Unfortunately, the Aral Sea has always been shown as an example of what's wrong with water transfer. The problem is, it was never done right. And they didn't transfer water to where it was really needed to be.

And of course, the McKenzie River in Canada, the Yukon River in Alaska and Canada, and then, on the Russian side, the Ob, the Irtysh, the Lena, the Yenesei, and the Kolyma, all flow north into the Arctic Ocean, and can provide substantial water. So that's another issue.

Possibly we could put in a fiber-optic telecommunications cable—that's a relatively minimal cost issue. So, we would have a utility/pipeline/railroad corridor. I would also propose building power plants, to supply the

electricity—I estimate it would take about 2,000 megawatts, of which half would be for the railroad, and half for the local economic development of that region.

There's a lot of mining on both sides. There's gold mining in Chukotka. There's other mining, especially to the west of the Sakha Republic. There's gold mining and other mining in Alaska. There's the lead and zinc mine at Red Dog. There are very large coal reserves in the Point Lay region of northwestern Alaska. Some of that could go to China, and I propose hauling it by rail, some of it. It's very low-sulphur, very high-grade coal, and it could be used for some of the small industrial boilers in China, as well as home heating and cooking.

There are some people, but not all, who forecast that coal production in China may be falling, but demand continues to rise. It's on its way down. China just signed an agreement with Australia to purchase 300 million tons of coal, for 20 years, being shipped out of Newcastle to China, and maybe there will be more in the future. I suspect there probably will. But it's just one more reason to build the tunnel.

Now, the tunnel would be 100 kilometers long. The railroad itself would be 1,500 kilometers long, between Egvekinot, Chukotka and Fairbanks, Alaska. But we're actually looking at connecting the main rail systems—together, we're actually looking at about 8,000 kilometers, about 5,000 miles, with major connections on each side. The end point cities on each side of the Bering Strait: You will end in Uelen, which is a fishing village of about 300 people, and Wales, Alaska, which is a similar place, with about 200 people.

In terms of the cost, my estimate is that the tunnel itself is going to cost about \$25 billion, and the entire rail system, connecting Fairbanks and Egvekinot, is about \$45 billion. It would cost approximately \$10 billion for the natural-gas pipeline, in that section, and approximately \$10 billion for the high-voltage superconducting cable electricity in that section, as well.

And my estimate of the traffic: It would be increasing in the first year from 25 million tons a year, to about 270 million tons a year, by 2050, the starting point being between 2020 and 2022. And passenger service would provide approximately 5% of the revenue, 10% of the number of trains. To have passengers would be nice, but that is certainly not the main reason.

Interestingly enough, I did some studies on container movements between China and the United States, specifically between Xian, in Central China, and Chicago. It would take 8 to 10 days to ship that container by

rail, 1 day by plane, 20 to 24 days by the existing ship-rail system, and 30 days if you went through the new Panama Canal, when it's completed, and then shipped the container by rail at the end. So, there is a definite time-savings as well. And potentially, a cost saving. My estimate is that with the exception of all-water shipping, the rail would be competitive, and probably 5-10% less than shipping through the conventional ship-rail system, to the United States.

A Million New Jobs

Now, what would it do in terms of employment?

My estimate is that the construction itself would create between 25,000 and 50,000 jobs directly, and the operation would take between 10,000 and 15,000 people, when all the aspects, related maintenance, and operations, plus ancillary activities, are considered. And the indirect jobs would be those, the multiplier of 2.5 to 3, or whatever it comes out to—somewhere between 90,000 and 160,000 jobs. So, you're really looking at between 700,000 and 1.2 million new jobs, when all economic activities are considered.

But what's also going to happen is, Alaska and Chukotka are going to become the centers of trade for the world. When you go there now, you would say, that's a pretty far fetch. *But*, when you have companies like UPS and Federal Express, and others, which would make use of that kind of service, with the trains running at 70 to 90 miles an hour, which can be relatively easily done, and of course, some people have suggested magnetic levitation. Personally, I think that's something that's a separate system—we'd have to add another tube for it.

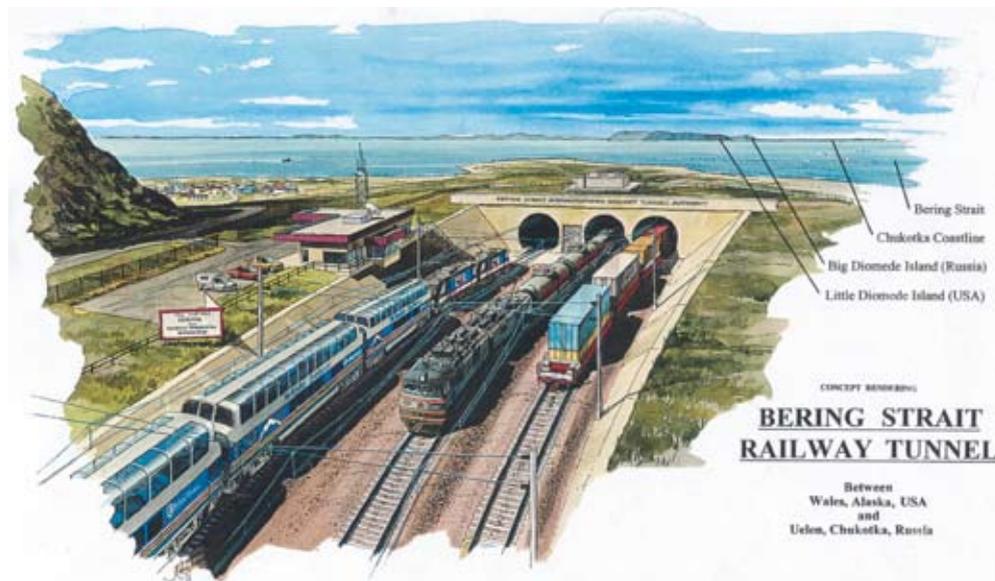
Gauges: The standard of Europe, Western Europe, and the United States and China, and many other countries of the world, with standard gauges, 4 feet 8½ inches, 1,435 millimeters. The Russian gauge is 1,520 millimeters or 5.0 feet; it's just different enough that you can't run a train from one gauge onto the other.

The Koreans, the Polish, and the Spanish have come up with different systems—either cars or locomotives—that can be changed from one trackage to the other.

Now, China has announced that it's going to build a new rail line, from Urumqi in western China, in conjunction with the countries along the route, Kazakstan, Uzbekistan, Turkmenistan, Iran, and Turkey—a standard gauge line, all the way through Central Asia, connected to Iran at Mashad, and then all the way to Tehran,

FIGURE 3

Bering Strait Railway Tunnel



J. Craig Thorpe; Commissioned by Cooper Consulting for Alaska Gov. Frank Murkowski

and all the way to Istanbul. They also proposed building a line from Kunming in southwestern China, through Myanmar, and India, Pakistan, Iran, to connect at Tehran, to this system.

Just last month, there was a train that went from Istanbul, carrying containers all the way to Islamabad in Pakistan, and back. And there's a new commercial service that just started—that, of course, is the Eurasian Land-Bridge. But it would connect, ultimately, to the lines going to the Bering Strait.

You will become an expert in geography studying where all these routes are. Going from a place called Ust-Kut, on the Baikal-Amur Mainline, to the northeast to Lensk, in the southwest of the Sakha Republic (Yakutia), and then across the new bridge between Haptagay and Tabaga, which is probably the most formidable single infrastructure project in this whole area, except for the tunnel itself. And when I spoke with Mr. Yakunin, he said, well, we're going to have to get that problem resolved first, and the problem is primarily an economic one, in that it costs almost as much to build a 5 kilometer bridge as it does a 500 kilometer railroad, because of the complexities involved: that you're going to need natural-gas pipelines, and oil pipelines, and water pipelines and roads and rails, and electric utilities, because everything has to go across the same bridge.

I have in my paper a painting, which was done by

the ever-popular Craig Thorpe, the noted railroad artist—some of you have seen his work, including on the Bering Strait tunnel, as it was presented in Kiedrich, in the 2007 event [Figure 3].

So, it is very important that all these things fit together as a system. And I can tell you, from having read the recent Russian Railways annual report—and I think our next speaker is going to discuss this in more detail—that there really are some advanced network plans going. And in fact, the Russian Railway has a very orderly 20-year plan,

to build out to the Bering Strait, from the present end of its railroad, lacking a major international initiative to put all this together.

What Are the Benefits?

Now, why do we want to build it? What are the benefits?

Well, we certainly know about the jobs. We would create many jobs and new businesses. We would reduce transit times, and probably costs. We would create a land-based corridor without any maritime connection, so there isn't going to be any more finagling of breaking up everybody into little groups, so they can all be controlled and manipulated against each other. That's very important. I think coal shipments to China, oil shipments to the United States—some of it could go by rail—are important.

But I think that the Four-Power Agreement of Russia, China, India, and the United States, as Helga mentioned, is really one of the ultimate objectives.

But there is an even more important objective. And that is, creating a world rail system from Cape Horn, at the bottom of South America, to Cape Good Hope, at the bottom of Africa, and everything in-between, to create growth and prosperity, and end the reign of the British oligarchy.

And with that, I thank you.

Developing Siberia's Raw Materials: An Adventure for the 21st Century

Dr. Sergei Cherkasov addressed the Schiller Institute's Berlin Conference on Sept. 25. He is a geologist and Scientific Coordinator at the Vernadsky State Geological Museum of the Russian Academy of Sciences, in Moscow. His remarks were accompanied by a PowerPoint presentation; we publish here an edited transcript, with some of the graphics.

First of all, I would like to thank the organizers for the opportunity to talk here in Berlin. Last time, I had a similar experience in Kiedrich [2007], it was quite impressive. So, thank you Helga, thank you, guys.

Right before the break, we heard very poetic and very precise words about an infrastructure corridor going to the Bering Strait. I'm a geologist, so right now, I would try to marry the poetical and numerical approaches, with some of the common sense of a geologist.

First of all, we will look at the infrastructure projects that were either accomplished in Russia, or not accomplished, and we will try to understand what the signs are of a successful project, and where the faults were that prevented us from accomplishing such infrastructure projects. Also, since most of the load carried on the railways is provided by the mining industry, we will look a bit at the mineral resources for the area, where we are going to see, in the future, this infrastructure corridor. And then, we can discuss the results.

Figure 1 shows the currently existing Russian railways. You can see the European part, and the Trans-Siberian Railroad, and what we call the Baikal-Amur Mainline. And you can see this strange appendix going to western Siberia. What is also important, here, in the north, is a small railway, in the middle of nowhere.

With more or less detail, we will look at the history of the Trans-Siberian Railroad. It was under



EIRNS/James Rea

Dr. Sergei Cherkasov told the conference that the development of Siberia will not only benefit Russia, "but the whole world. Because Russia has a great stock of mineral treasures."

construction from 1890 to 1916, twenty-six years. Construction on the Baikal-Amur Mainline began in 1933, also a long time ago, when the Stalin government decided to build the Baikal-Amur Mainline, and it was completed just seven years ago. The next project is the Industrial Urals-Arctic Urals project, which started in 2003, and right now, its perspective looks quite pessimistic. And also we will say a few words about the North Seaway, which, in fact, has been under construction, from time to time, starting in 1915.

In **Figure 2**, the green dotted line, shows Industrial Urals-Arctic Urals, this new project; and this is the approximate route we are talking about with the new in-

frastructure corridor to the Bering Strait. The blue line shows oil and gas pipelines; and in dark blue, the Northern Seaway, which was widely used through the Soviet period. It worked a lot during the Second World War. Many transports from the United States went to Russia through this seaway.

The Trans-Siberian Railroad

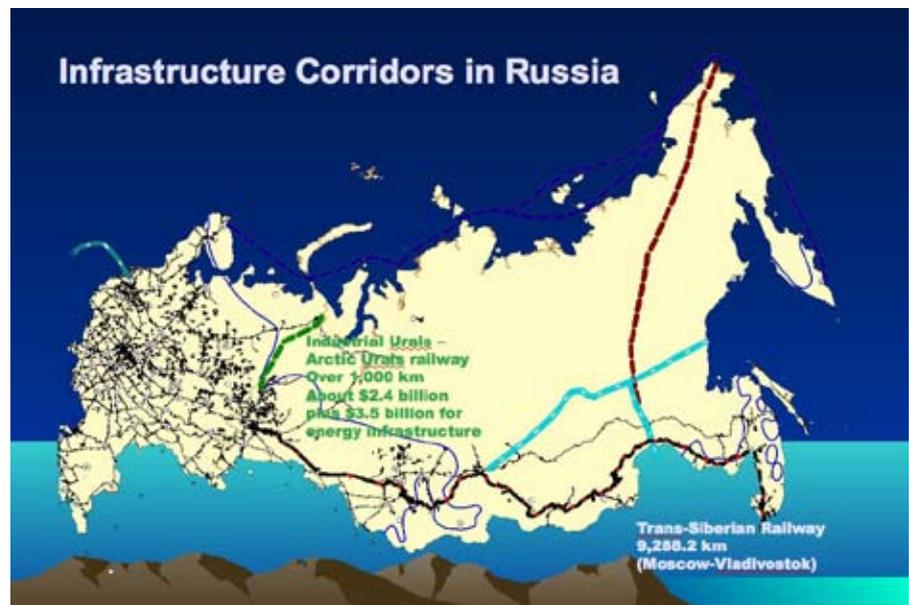
We will start from what is maybe the most successful (Figure 3), the Trans-Siberian Railroad. If you look at the history, it was first proposed in 1857: The governor of Eastern Siberia proposed that the government establish such a project. It was, I think, too early. And only by 1890, did the decision of the Russian government become positive. Of course, there were different reasons for taking such a positive decision: First of all, in the Russian Empire, the Far East and Siberian territories were already more or less populated, but the trip from Moscow to Vladivostok took no less than three months. So, any mail, anything that had to be delivered, took three months minimum, sometimes up to five to six months.

And, of course, the Empire was worried about keeping these territories within Russia, so the connection was absolutely necessary. So, from one standpoint, it was a political decision; from another standpoint, as you see on this old map, there are towns that already had some industry—maybe not a lot, but some. There was already a reason to connect these towns, so they could transport goods and people from town to town. You can approximately evaluate the scale: The distance between Krasnoyarsk and Irkutsk, in the south, at the end of Lake Baikal, is about 1,000 km.

FIGURE 1

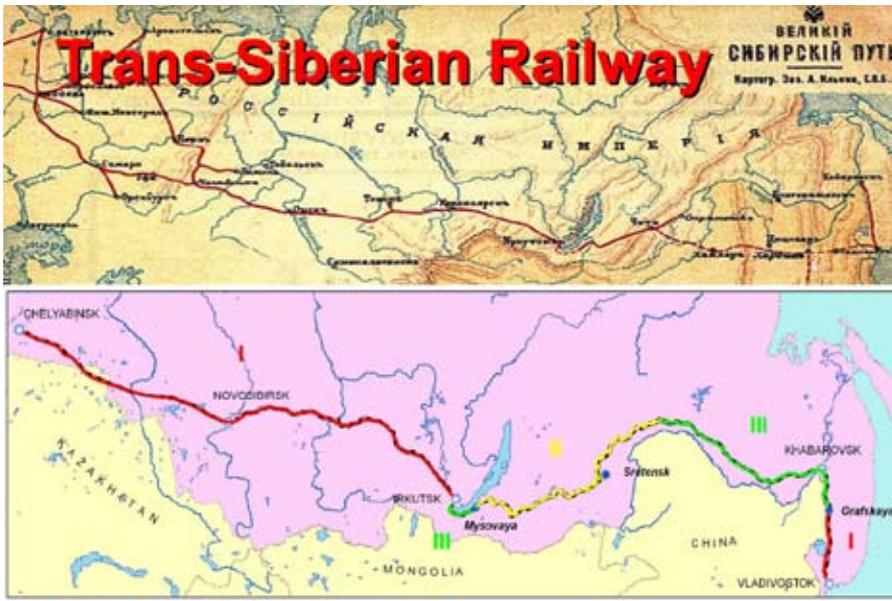


FIGURE 2



So, when we talk about the Trans-Siberian Railroad, sometimes people say, “It goes from Moscow to Vladivostok; it is nearly 9,500 km.” But, in fact, when we talk about the railway which was built from 1890 to 1916, it goes from Chelyabinsk—in fact, from the Urals—to Vladivostok, and it is nearly 7,000 km long. It took 25 years.

FIGURE 3



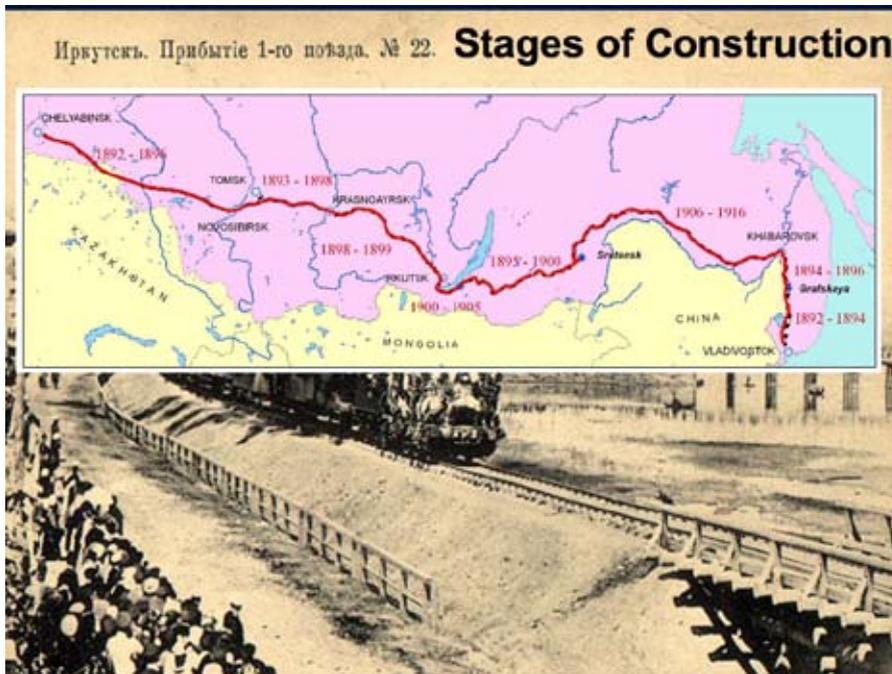
Khabarovsk and what we call Circum-Baikal Railroad, were left for the future, because these areas here are very difficult to build in. There are mountains, large rocks, landslides, as we shall see later.

So, this was planned, and it was estimated that the whole work would cost 350 million rubles. What did that mean, in 1890? The only indication I can give you, is that the price of a cow was about 5 rubles. So, this is 70 million cows!

Figure 4 shows the first train arriving in Irkutsk on Lake Baikal. The map shows the years during which different parts of the railway were built; officially, it is believed that construction began with the first stone laid in the railway station in Vladivostok, which was in 1891. And you see, from 1892, what we call the Ussuri Railroad was built in four years; the West Siberian Railroad was built to Novosibirsk in four years, and then, to Krasnoyarsk.

There are many stories about this construction: For example, here you see a town, Tomsk. Tomsk was not a small town; it had a university, industry. I cannot say for sure whether it is true or not, but I have many friends there, and they told me, that at the time this railway was in progress, Tomsk businessmen decided against having the railroad pass through Tomsk. They believed it would be better to stand aside.

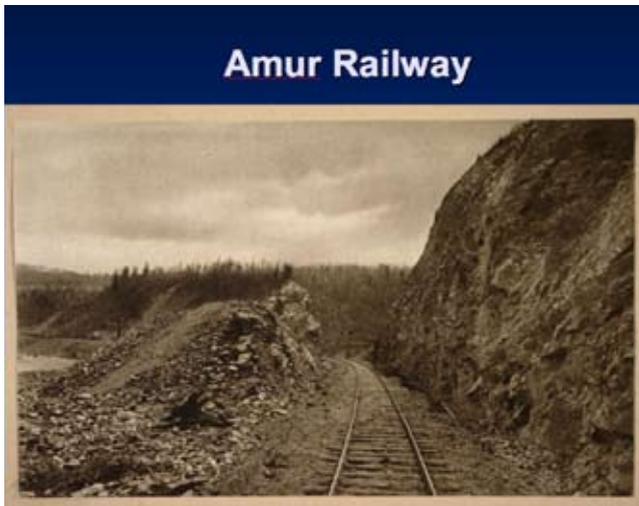
FIGURE 4



The railway was built in three stages. On the lower part of the graphic, you can see the first stage marked in red, the second stage in yellow, and the third one in green. You see that, in fact, the railroad was started from the two ends: from Vladivostok northward, and from Chelyabinsk eastward. And you see that the most difficult parts of the railway, the green areas, around

So, people say that they bribed somebody in the government, and the railway went 400 km south of Tomsk. (By the way, Novosibirsk, which is now very well known as an academic city, as an industrial center, at this time was a small village, Novonikolayevka. And I think if the railway had gone through Tomsk, Novonikolayevka would have stayed the way it was. But now

FIGURE 5



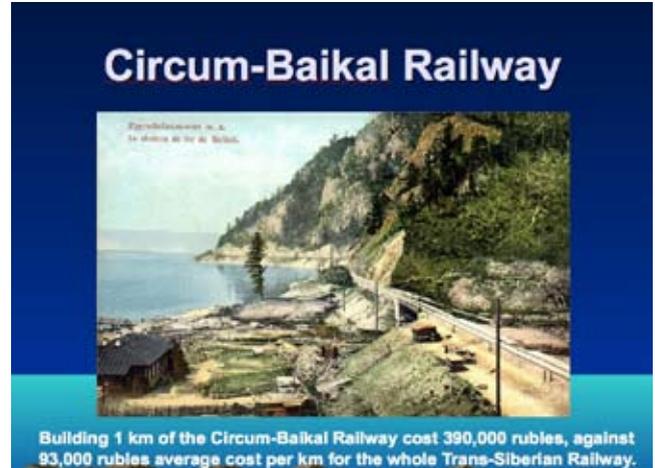
it has developed into a city of more than 1 million population, and Tomsk has stayed as it was! But it's a very nice environment: a University, a lot of students, everything very peaceful, nobody hurries. It has some charm.)

[Dr. Cherkasov shows historic photos of the Zabaikal Railroad, going eastward from Lake Baikal.] For a long time, before they started to build the Circum-Baikal Railroad, they used to transport cars from one side of Baikal to the other. In the Winter, they just put rails on the ice—it worked like that for about ten years. And in the Summer, they had a ferry which would take the cars, one by one, from one side to the other.

Figure 5 shows the Amur Railroad, going through a mountainous, rocky region. And **Figure 6** is what I told you about: the Circum-Baikal Railroad: You can see, all the way, it goes between the coastline and hard rocks. The average price for the whole Trans-Siberian Railroad was 93,000 rubles, or about 18,000 cows, per kilometer; but this part was 390,000 rubles, nearly five times as expensive, because of very difficult conditions. **Figure 7** shows one of the landslides that happened from time to time.

The Trans-Siberian Railroad was divided into four parts, in terms of management (**Figure 8**). These were the Siberian Railroad, shown in blue; the Zabaikal and Circum-Baikal Railroad, in green; the

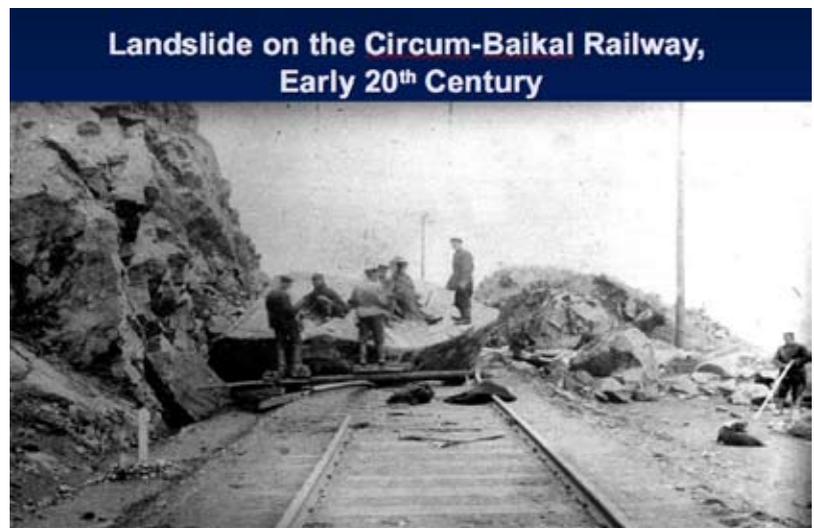
FIGURE 6



Amur Railway, in red; and the Ussuri Railroad, in yellow. Right now, the Trans-Siberian Railroad carries about 100 million tons of freight per year, and they say that more is just impossible. It is absolutely 100% loaded and working at full capacity.

So, what we can conclude from the history is that, first of all, of course, its construction was a matter of political will, to build such a railroad. It was, secondly, an economic necessity. Because, even if it was impossible to build all 7,000 km in a few years, separate parts of the railroad connected industrial centers. They already started working. Along the route of this railroad, we have quite a lot of mineral deposits, and a lot of them would never have been developed without the proper access, without good transportation.

FIGURE 7



And, of course, we can only admire the ability and talent of those who constructed this. Can you imagine, nearly all this railway, excluding the Circum-Baikal Line, was done, actually, by hand—without any machines! In such conditions, at the end of 19th and beginning of 20th centuries. It is really a memorial to the people who built this. I would say, it's a Wonder of the World.

Development of the Arctic Region

Let us look at what we have now (Figure 9). The small dots show the settlements: villages, towns, and so on. I think we can try to define three different ranks of settlements: First of all, towns with industry. Norilsk is an example of such a town, which is located above the Arctic Circle. Its population is a bit over 100,000 people. It's near a huge nickel and platinum element deposit. They have, of course, a huge metallurgical factory.

A similar town, but located south of the Arctic Circle, at Parallel 61 (as you know, the Arctic Circle is at 68 degrees, so it is about 600-700 km south of the Arctic Circle, in western Siberia), is Khanty-Mansiysk (Figure 10). Khanty-Mansiysk is beginning to look right now, almost like Shanghai. It is located in the middle of an oil and gas province, and the amount of money involved is so huge, that in the middle of western Siberia, we see such buildings: This is the office of the Yugra oil and gas company. The population of Khanty-Mansiysk is also a bit over 100,000.

We can put Irkutsk in the same group of towns. At times it had up to 300,000 people.

So we can say, there are real towns with populations

of 100,000 to, let's say, 250,000 people, with industry. But one hour away, we have only three such towns. And the route itself, from the existing Trans-Siberian Railroad to Anadyr, to Chukotka, should be about 6,000 km.

But there are different kinds of towns attached to the existing infrastructure corridors. I decided that we can call them "service towns." One is Anadyr (Figure

FIGURE 8

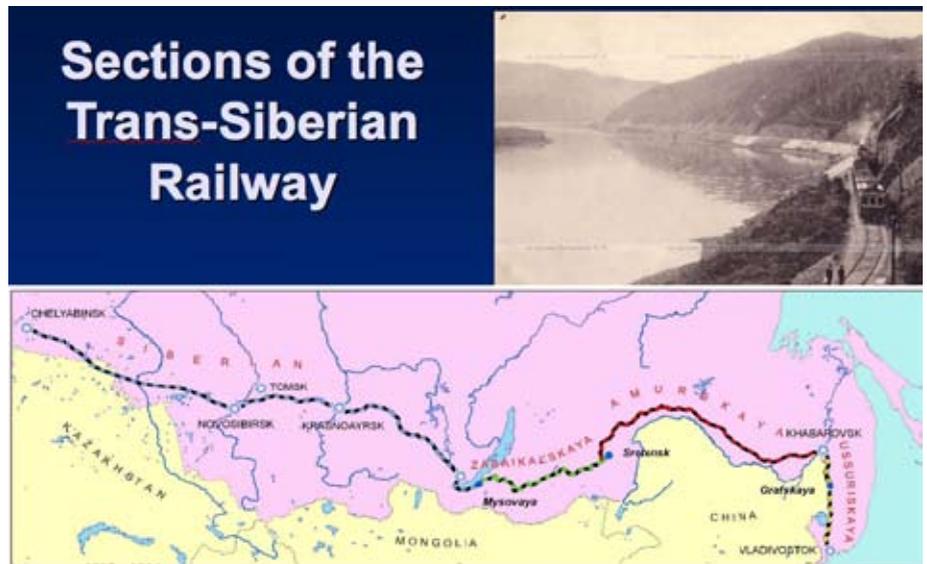


FIGURE 9



FIGURE 10



FIGURE 11

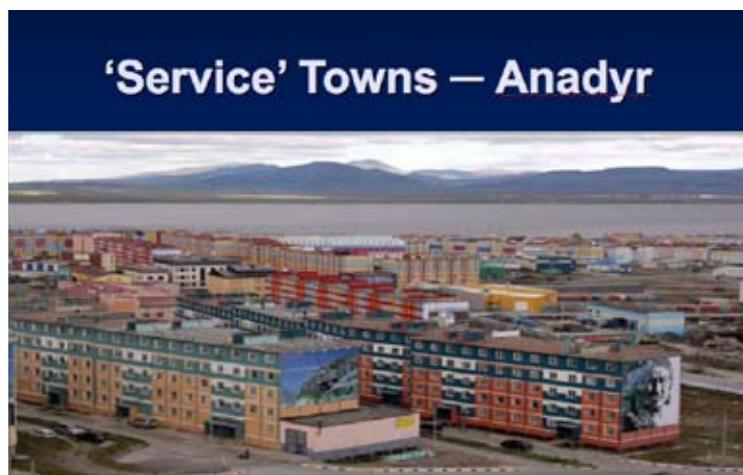
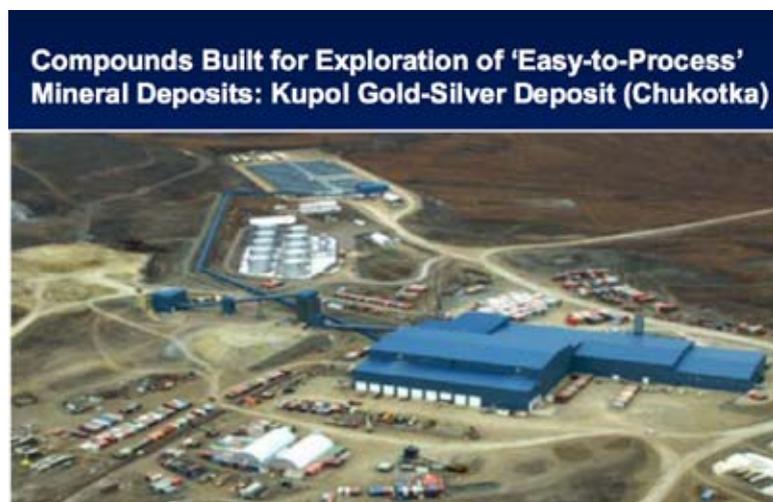


FIGURE 12



11), the closest city to the Bering Strait, on our route. The population is about 12,000. Right now, it is functioning as a seaport, and thanks to our oligarch who is the owner of the Chelsea soccer club, you can see that Anadyr does not look too bad—quite attractive. It was absolutely different ten years ago, believe me. You would not have seen such colors; you would not have seen such buildings.

Another service town is Tiksi, on the Northern Seaway, on the coast of the Arctic Ocean. The population is 5,700 people. During this recent time, with *perestroika* and all these troubles, we nearly lost our Northern Seaway, and at the end of the 20th Century, we nearly thought that these towns would die. There was no transport, starting every Autumn, to bring in any goods; we had only summertime in which to do it. Otherwise, the only way to reach it was by plane, or sometimes by helicopter. And to bring in fuel, for example, by plane—you can imagine what the price for this fuel is!

But now, things have become better. The state is really paying attention to the Arctic, and there is even a program for building special Arctic vessels, including one nuclear-powered icebreaker with a capacity of 60MW; another icebreaker has a power capacity of 110MW.

And the third kind of settlement is really very interesting. This is the area of a gold and silver deposit, named Kupol (Figure 12). The deposit is being developed by the Kinross gold company, together with the Chukotka government: 25% Chukotka government, and 75% Kinross company. In fact, gold deposits are more or less easy to process. What does that mean? The enrichment of the ore is mostly mechanical, so the processing factory is not very big.

What do they do? They build a compound, really in the middle of nowhere. This compound has a capacity to employ 500 people, and they develop this deposit, working in shifts. Five hundred stay there for one month, and they have everything in sight: shops, fitness centers, tennis courts, whatever. Even entering the compound, people used to take off their shoes! It's a good example: What's good for the people, is good for the company.

The problem is, in such a case, the entire work of this mine is planned to last for 12 years. They will work for 12 years, then say good-bye, and we will see just garbage left in this area.

They have built a small airport, and there are regular flights. Right now, everything looks just perfect. But they can afford it, because right now, they told me that the cost of [producing] gold is a bit more than EU300 per ounce. You can imagine: The last price in New York was \$1,300 per ounce. Quite a difference.

Infrastructure Corridors

Let us go back to our plans. **Figures 13 and 14** are really important for understanding what we're going to do. The green indicates silver in this province, and the red shows gold and silver in this province. Look at these provinces, in comparison with the size of Germany! So, maybe there is some sense in building a railway!

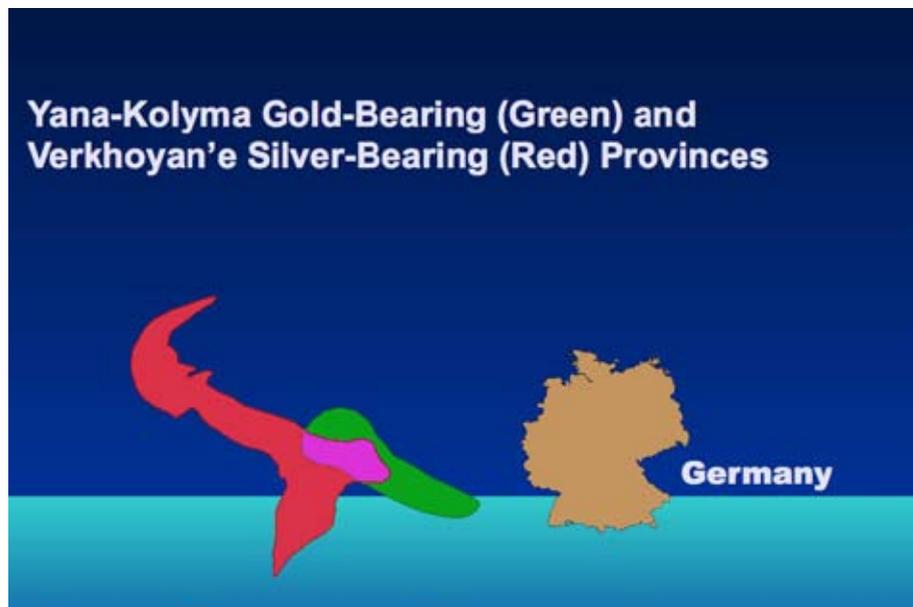
So, what is the conclusion? To secure the success of such a transport infrastructure corridor, we have, first of all, to analyze how the existing resources are distributed, along the route of this corridor. Also, we have to try—it is not very easy, but such work is being done by the United States Geological Survey, and some work has been done by the Russian Geological Survey—to evaluate the distribution of undiscovered mineral resources. Because not all the areas have been studied in great detail; there is still a lot to be found. And we have to have at least an estimation.

Another task is to say: Okay, right now we have this distribution of resources. What do we want to achieve, after building the infrastructure corridor?

FIGURE 13



FIGURE 14



I can assure you that there are no unemployed people along the entire route from the Trans-Siberian Railroad to Anadyr: The density of the population is too low. And, in fact, if we build, we will have to bring people there. We have to motivate people to go to these cold, sometimes unpleasant, places. But we have to know, for ourselves, what do we want to achieve?

How will the distribution of resources change, with this infrastructure corridor?

There is this, too. As you remember, I mentioned twice, about the Trans-Siberian Railroad, that even before the completion of the whole railway, separate parts of it were working. We have to find a way for separate parts of the infrastructure corridor to work before completing the whole corridor, from, for example, Khabarovsk to Alaska.

By the way, right now we are trying to develop a project under the umbrella of the Asian Pacific Economic Cooperation forum (APEC), and the project sounds very similar to this task. We are trying to establish a project, where we will analyze the distribution of existing resources, and recommend to the governments, directions for international infrastructure corridors.

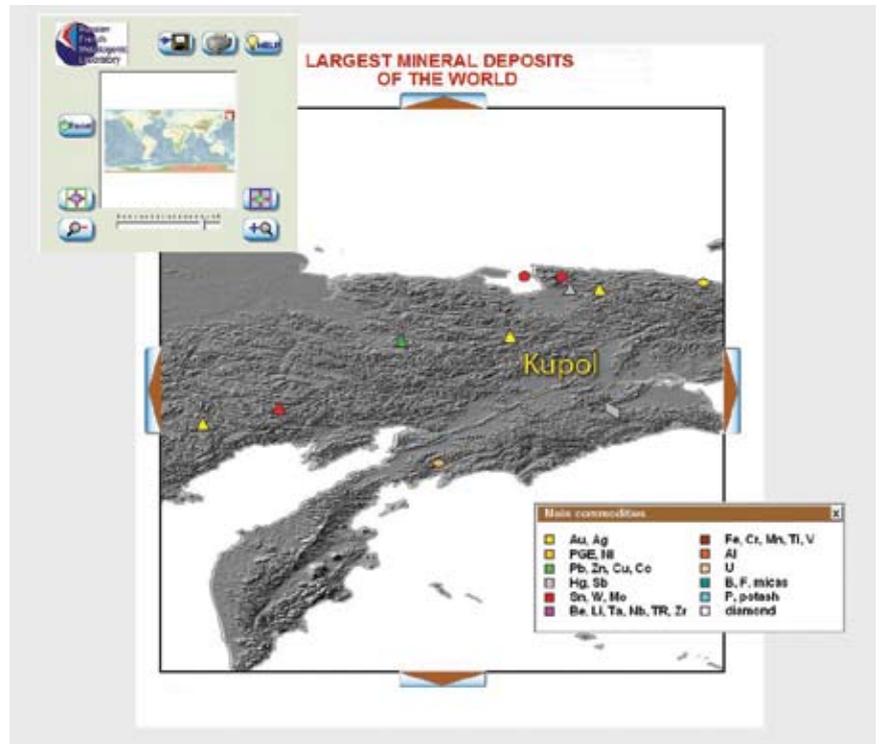
In fact, a lot of things on this route are related to mineral resources. And very often, we can hear that some metal is nearly exhausted, that in five years we will not have it. It is not true. The radius of the Earth is 6,300 kilometers. Right now we work only on the surface. We don't go any deeper than 400 meters—that is the maximum. In Germany, you have some uranium shafts to a depth of 2.6 km. Also, on top of them there is a big “refrigerator,” because the temperature 250 meters below is about 60°C. In the Republic of South Africa, we have shafts 4 km deep. There is a lot to be found. We need common sense to solve these tasks.

Maybe you have read Tom Clancy's *Debt of Honor*. The intrigue is that Japan is hungry for resources, so they build a co-op, ruin the American economy; they are going to fight for Russian resources to build Japan's empire in the Far East of Russia, and so on. Of course, it is fiction.

But if we unite, if we join our efforts, instead of trying to fool each other, we can make this work, we can develop. And the benefits will be not just for Russia, but for the whole world. Because Russia at the moment has a great stock of mineral treasures.

In conclusion, I would like to show you a product which we developed in 2006 (**Figure 15**). It is a kind

FIGURE 15



of database, or encyclopedia, of the largest mineral deposits in the world. At this stage we had 1,244 deposits in this database, which is less than 1% of the known deposits in the world.

But the resources in these deposits, for different commodities, account for approximately 65-70%, even up to 80%, of known worldwide reserves. And you can see the different deposits. This one is the one I told you about—Kupol. We can click on it, and we'll have data. Kupol, Chukotka, and so on.

You can see what we have here, on the route of the suggested infrastructure corridor. Of course we have gold; we have tin, tungsten, molybdenum, base metals, lead, zinc, copper. Actually, nearly all the minerals. And here we show just the largest, really largest, world-class deposits. And approximately 50% of the deposits shown here are still not developed. Because it is relatively easy to extract gold and silver; but to extract base metals, we need a huge factory, like in Norilsk. And Norilsk, as I told you, has a population of more than 100,000. All of Yakutia, which is bigger than the whole of Western Europe, by area, has a population of 950,000. That's a lot, for such a place.

This software is published as a CD, and I will leave it for the Schiller Institute. Maybe it will be of use!

PAKISTAN IMPLODES

The Serpent Eggs Are Hatched, And London's Snakes Are Out

by Ramtanu Maitra

Oct. 9—Pakistan is now firmly caught in a vortex of violence. There is no indication whatsoever that the Pakistani authorities have either the capability, or the intent, to get to the root cause of this catastrophic development, to put a stop to the growing violence. What is evident, however, is that Pakistan is becoming increasingly unstable, with large parts virtually ungovernable. If this trend continues, not just India and Afghanistan, but the surrounding region will soon be subjected to the disastrous effects of this instability.

There are many reasons why Pakistan's instability has reached this state, but most important, is Islamabad's unwillingness to get out of the colonial mindset, learned from the rulers of the British Raj, and move quickly to integrate the nation. In Pakistan, the ethnic and provincial identities have been kept intact, if not sharpened, during the 60-plus years of its existence, and Islamabad has kept vast areas, the bulk of its geographical territory, underdeveloped and virtually untouched. Behind Islamabad's policy is the old British imperial strategy of maintaining ethnic and sub-ethnic identities, thereby facilitating the rule of a few over the rest.

It appears now that the serpent's eggs have been hatched, and London's snakes are spilling all over Pakistan to poison the land. Despite these visible developments, Pakistan's powers-that-be, the Punjabi-dominated military, and the weak democratic forces, have long since opted for a policy of blaming others, and doing nothing. It is "Hamlet-like" paralysis, where those who have to act have convinced themselves that

no action is the best action. The result of this paralysis has become obvious for all to see.

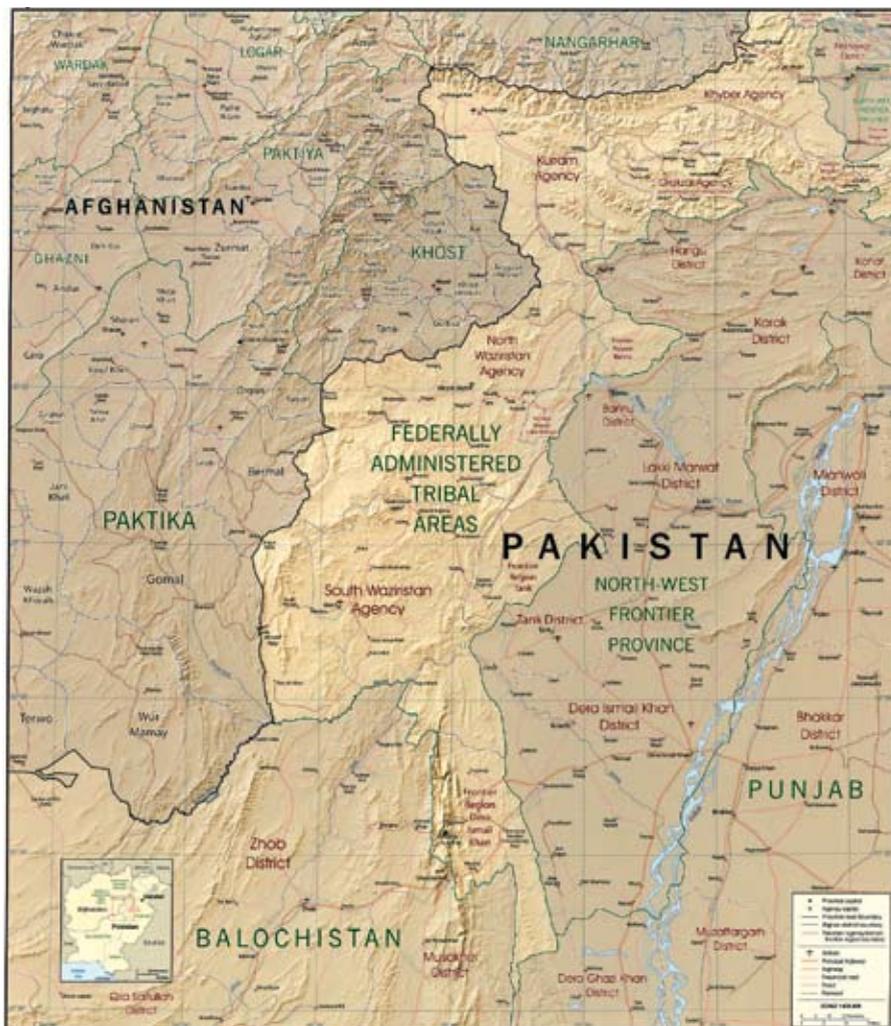
As with the recent floods in Pakistan, which were caused by unusually heavy monsoon rains over a very short period of time, and where the authorities had adopted the self-consoling illusion that such a catastrophe would never occur, in the same way, they believe the violence taking place in Pakistan today is "just the way things are."

The presence of U.S. and NATO troops in Afghanistan has further facilitated the process of disintegration, and it has now reached a point where even the departure of the foreign troops from Afghanistan, may not bring down the level of violence inside Pakistan. Terrorists, organized by Islamabad in the 1980s and 1990s to "bleed India" in the disputed state of Jammu and Kashmir, have not only consolidated their foothold within Pakistan, but have formed strong ties with foreign instigators, such as Britain and Saudi Arabia (see last week's *EIR*).

Endless Violence

On Sept. 30, a NATO airship crossed into Pakistan's airspace in the Upper Kurram region near Pakistan's western borders with Afghanistan and killed three Pakistani soldiers. In protest, Pakistan stopped the huge line of supplies that snakes its way daily from the southern Pakistani port of Karachi through the legendary Khyber Pass, into the Bagram Air Base near Kabul. As a result, this now stationary convoy of trucks has come

FIGURE 1
Afghanistan-Pakistan Central Border Area



Pakistan is engulfed in violence along the border areas with Afghanistan, which have become embroiled in the U.S.-NATO war.

under attack from the “insurgents.”

At the time of this writing, at least 150 oil tankers have been burnt up. A number of the tankers were snaking their way to the open southern route that enters Afghanistan through the Pakistani border town of Chaman. It is unlikely that anyone, besides a few insiders, would know how much of this supply is taken off by the insurgents on a routine basis. Neither the Americans, who depend heavily on keeping the supply line to feed the war in Afghanistan, nor the Pakistanis, who collect a goodly sum for keeping the supply line “undisturbed,” are inclined to divulge this inside information.

While the “Taliban” and other “insurgents” have been accused of this misdeed, it is anyone’s guess who

did the burning and looting. The fact remains that this long convoy, which brings in 70% of the supplies needed by the 150,000 U.S. and NATO troops stationed in Afghanistan, is contracted out to the Pakistanis and Afghans. It is impossible to evaluate how many of these “contractors” are working for the insurgents. It is likely that the supply line has been allowed to function throughout the nine years since 2001, when Afghanistan was invaded by the Americans, because many of these “contractors” were paying a “due share” to the insurgents, strengthening their firepower against the U.S. and NATO troops.

Pakistan’s (or Britain’s?) Frontiers

The area through which the huge convoy brings in supplies for the U.S. and NATO troops, passes through the troubled western frontier areas of Pakistan/Afghanistan, known as the Federally Administered Tribal Areas (FATA), Khyber-Pakhtunkhwa (KP) province, and Balochistan. While all three areas are in turmoil, the FATA is now a hotbed of Wahhabi-influenced jihadi movements and old tribal rivalries. It is divided into seven districts, called agencies: Bajaur, Mohmand, Khyber, Orakzai, Kurram, North Waziristan, and South Waziristan. FATA is thinly populated (3 million, in contrast to the total of 170 million in Pakistan) and has a very rough terrain. The FATA and Afghanistan are separated by the non-demarcated Durand Line, literally, a “line in the sand,” drawn arbitrarily by the British Raj in 1893, but never accepted by Kabul.

The Khyber-Pakhtunkhwa (formerly the North West Frontier Province, NWFP), along with Balochistan, was brought under British control in 1880, after the second Afghan War (1878-80), when parts of its territory was wrested from Afghanistan, bringing the British-controlled territories within 50 miles of Kabul. The

administrative system that prevails today in the FATA, is almost identical to that which originated under the British Raj. The FATA is officially under the directive of the Pakistani President, who has empowered the governor of neighboring Khyber-Pakhtunkhwa as his representative. The governor, in turn, appoints an “agent” for each agency of the FATA.

These agents are senior administrators in their regions, and are governed by rules established by a British Act of Parliament in 1901. This set of rules is called the Frontier Crimes Regulation (FCR). The FCR was enforced by the British Raj in the Pushtun-inhabited tribal areas in Northwest British India, as it was called then. The laws were devised especially to counter the fierce opposition of the Pushtuns to British rule; their main objective was to protect the interests of the British Empire. Although, formally, that British Empire is history, Islamabad has done its very best to keep its laws intact in the FATA.

As a result of keeping the FATA undeveloped, as if the British Empire still ruled there, the FATA, during the nine years of war in Afghanistan, went “under the de facto joint control of al-Qaeda and Taliban militants, except for the tribal agency of South Waziristan, which was recently retaken from the Mahsud Taliban network by the Pakistani army,” to quote Farhat Taj of the Jamestown Foundation. The concentration of terrorists within the FATA was helped by the Pakistani military’s ground action in South Waziristan and some other tribal agencies, and the increasingly bloody drone attacks by the U.S. and NATO.

Islamabad’s involvement in these drone attacks, although often denied by the Pakistani authorities, and condemned as a violation of its sovereignty, is now clear. There were many reports that the drone strikes on the FATA are carried out from air bases within Pakistan. U.S. officials say the strikes are carried out under an informal agreement with Islamabad that allows Pakistani leaders to criticize them in public, but Pakistan denies the existence of any such agreement. This denial of reality, which is allowing the killing of many innocent Pakistanis by foreigners, has hardened the belief of many in the tribal area that Islamabad does not really consider them to be citizens.

Living in Fear in Balochistan

But it is not only the FATA: All areas west of the River Indus are in flames, not only because of the Pakistani support lent to the needless war in Afghanistan, and

its direct violent impact on the people living in the border areas, but also the historic neglect of these people.

Take the case of Balochistan: Inhabited mostly by Baloch tribes and some Pushtuns, it has been in flames for years. During the Cold War, Islamabad blamed the Soviet Union for supporting the Baloch communists seeking separation. Now, Pakistan blames India for fanning the flames in Balochistan. Since these accusations cannot be verified, nor can New Delhi’s denials be wholly accepted as truth, the fact remains that Balochistan has been treated by Islamabad since its inception as a colonial part of Islamabad’s newly acquired “empire.”

It is shocking to note that, on at least two occasions, under two different rulers in Islamabad, Balochistan was subjected to air strikes. In fact, Baloch dissidence has always been met with guns by Islamabad. In 1954, Islamabad merged the four provinces of West Pakistan—Balochistan, NWFP, Punjab, and Sindh—into “One Unit.” One Unit was formed without adequate dialogue and, as a result, an anti-One Unit movement emerged in Balochistan. To overcome this opposition, the Pakistani Army was deployed, and the Khan of Kalat was arrested, but not before the Baloch oppositionists to the One Unit had engaged the Pakistani Army in pitched battles.

In 1973, following his visit to Iran, then-Pakistani President Zulfikar Ali Bhutto dismissed the elected provincial government of Balochistan. The pretext was that a cache of 350 Soviet submachine guns and 100,000 rounds of ammunition had supposedly been discovered in the Iraqi attaché’s house, and were destined for Balochistan, according to Ray Fulcher in his Nov. 30, 2006 article, “Balochistan’s History of Insurgency.”

The ensuing protest against the dismissal of the duly elected government brought in another wave of the Pakistani Army—78,000 men, to be precise—supported by Iranian Cobra helicopters. The troops were resisted by some 50,000 Baloch. The conflict took the lives of 3,300 Pakistani troops, 5,300 Baloch, and thousands of civilians. That 1973 invasion created deep divisions between the Baloch people and Islamabad, and made the Baloch vulnerable to London’s machinations.

However, Islamabad’s British colonial-like policy towards Balochistan did not end in 1973. As the Baloch internal security situation deteriorated following the 2001 U.S. invasion of Afghanistan, Islamabad, under President Pervez Musharraf, became uneasy. Between December 2005 and June 2006, more than 900 Baloch

were killed, about 140,000 were displaced, 450 political activists (mainly from the Baloch National Party) disappeared, and 4,000 activists were arrested, some reports indicate.

Killers in Karachi

The convoy that brings supplies to the foreign soldiers in Afghanistan starts its daily journey, from Karachi in Sindh province, which, like India's Mumbai, is Pakistan's principal port and main commercial center. And, yet, Islamabad has allowed it to be taken over, not by the local mafia, a phenomenon that keeps Mumbai highly vulnerable, but by groups of killers who were earlier organized by Islamabad for "political" reasons.

The "political" reasons emerged in the late 1970s, when Gen. Zia ul-Haq—the Pakistani military dictator and darling of Washington in its campaign to deliver a defeat to the Soviet Army in the 1980s—having hanged the Sindhi political leader of the mass-based Pakistan People's Party (PPP) in 1979, set about to capture control of Karachi. He created a goon squad, co-opted the opponents of the PPP in Karachi, the Mohajir Qaum Movement (MQM, now known as Muttahida Qaum Movement), armed them, and pitched them against the PPP.

Later, when the Soviets moved into Afghanistan and the Washington-London-Islamabad-organized freedom fighters (mujahideen) took up opium production to "balance their budgets," hundreds of thousands of Pushtuns moved into Karachi. Drug and crime became their trademark, right under the nose of Islamabad. If they were not encouraged, they were not taken down either. Islamabad saw the benefit of keeping the city divided, in the same way that the British found "strategic" advantage in keeping people divided in order to facilitate their rule.

Now that billions of dollars worth of goods are moving from Karachi to the Khyber Pass and the Chaman entry point, these killer squads have become very active. There is money in it—a lot of it. As a result, Karachi is fast becoming an inferno. Political personnel, drug-runners, gun-runners—many of these nefarious characters wearing garb of Islamic jihadis—are making hay. It is not difficult to find the British paw-prints all over the place. For instance, the leader of the Zia-created MQM is now leading the party from London, as a British subject, ostensibly under the protection of the British SIS.

Karachi is now also the center of targetted assassination. By early August, the city had the distinction of

claiming 300 target assassination victims. By now, the number could be as high as 400. But, that is not taking into consideration the so-called religious killings. This city has more than 14 million people of various Islamic beliefs, and routinely, the Saudi-controlled and Islamabad-tolerated Wahhabis (Sunni extremists) are blowing up Sufi and Shi'a mosques.

A case in point, is the tragedy that occurred on Oct. 7, when suicide bombings at the Abdullah Shah Ghazi shrine killed at least eight people and wounded 65 others at the crowded site. The attack happened at the busiest time of the week, when thousands of people typically visit the site to pray, distribute food to the poor, and toss rose petals on the grave of the saint. The first explosion took place as the suspected bomber was going through a metal detector leading up to the shrine, according to Babar Khattak, the senior police official in Sindh province. The Oct. 7 explosions echoed a twin suicide bombing at a well-known Sufi shrine in the eastern city of Lahore, that left 40 people dead earlier this year.

What followed is typical of many such incidents in Karachi before. The attack was blamed on the Wahhabi goons, and the people took to the street in protest to burn down whatever they could lay their hands on. Pakistan President Asif Ali Zardari blamed the attacks on "those who want to impose an extremist mindset and lifestyle upon our country," but said the government would not be deterred.

What is the problem that Pakistan faces today? It could be summed up in two statements issued recently from London, by the former military dictator Gen. Pervez Musharraf, who has been in self-imposed exile in London since 2008. London, of course, controls most, if not all, of the violence that occurs in Pakistan. Musharraf, in an interview with *Der Spiegel* on Oct. 6, said that militant groups "were indeed formed. The government turned a blind eye because they wanted India to discuss Kashmir."

The next day, he described his political detractors as "cowards," and added, "I would say, failure of governance is the greatest threat today."

What Musharraf seems to forget, is that he, himself, did next to nothing, during his nine years in power, to integrate the economically deprived and underdeveloped provinces with Punjab, the powerhouse of Pakistan. Nor did he do anything to curb the violence caused by decades of continuation of British policies of divide and rule.

Philip Is 'Kingmaker' In Brazil Run-Off

by Gretchen Small

Oct. 11—The very bad news, is that Prince Philip and his Green Nazi World Wildlife Fund (WWF) won Brazil's Oct. 3 Presidential elections. That is because Green Party candidate Marina Silva won 20 million votes, enough to make her the "kingmaker" in the Oct. 31 run-off between the two leading contenders. And Silva is a wholly-owned creation of Britain's Prince Philip and his Nazi World Wildlife Fund (WWF).

With Silva's 19.4% vote, double the pre-election projections, and a shocking 42% in the capital Brasilia, and 32% in Rio de Janeiro, the British monarchy seized its intended strategic "spoiler" position, from which to impose its genocidal policies on the next government of Brazil, whoever wins the run-off. Silva announced that only the candidate who adopts her anti-nuclear, anti-development environmentalist agenda will win her support, and both final contenders, Dilma Rousseff of the governing Workers Party (PT), and José Serra, of the opposition Brazilian Social Democratic Party (PSDB), are tripping over themselves to prove who is more "green."

This WWF orchestration of the Brazil elections, is of a piece with the hordes of would-be barbarians being mobilized on the streets of Germany against nuclear power and high-speed rail. This is endgame; the final battle for civilization of which Lyndon LaRouche has repeatedly warned, is underway. Brazil's Russian, Indian, and Chinese associates in that British concoction called the BRIC, in particular, would do well to take note of what happened in Brazil, for it is a direct shot across their bows, as to the future the British intend for *them*.

To Garden, or Not To Garden

Brazil is the largest nation, in population and territory, in South America. Its advanced scientific and technological capabilities, particularly aerospace and nuclear, are crucial for the development of the continent as a whole.



Über-Greenie Marina Silva, recipient of Nazi Prince Philip's "conservation" award, is positioned to determine the outcome of Brazil's Presidential run-off election. And, she is funded by the circles of Britain's Lord Jacob Rothschild.

What, then, are the implications, not just for South America, but for the global economy, if Philip's WWF succeeds in its immediate, stated intention of shutting down Brazil's nuclear program, ending construction of hydroelectric dams, and reducing its growth of demand for power by 40% over the next 15 years? What will result, if yet more gigantic portions of Brazil's forests, rivers, and even the great agricultural frontier of the Cerrado region, are handed over, as demanded, to the WWF oligarchs, closed to human activity, in the months ahead?

Almost exactly 10 years ago, LaRouche issued a memorandum on the implications of the attack on him, run simultaneously in Australia and Brazil, by the British monarchy, at the outset of the unlamented Bush, Jr. Administration, in January 2001. In the case of Brazil,

the WWF-Brasil had initiated a lawsuit against LaRouche's Brazilian associates, which sought to shut down their operations. The WWF-Brasil legal filings revealed their utter panic that they might lose the public policy debate over the genocidal, anti-sovereignty agenda espoused by the British monarchy, if LaRouche's forces were not shut down there.

LaRouche pointed to the underlying issue: the global strategic conflict between LaRouche, representing the human species' creative ability to shape the universe, and the WWF, "which acts in service of its often expressed conviction, that mankind is just another form of beast, fit only to be ruled by beastly predators, its population used, heard, hunted, or culled, as beastly cattle might be." Even then, the collapse of the British imperial system by its own hand threatened to bring down "the whole shebang," if not replaced, LaRouche warned. (See "Look at What Happened in Brazil," *EIR*, Feb. 9, 2001.)

LaRouche didn't flinch, but his associates in Brazil did, fearfully breaking all ties with LaRouche only two years later, shutting down the *EIR* office there. The sequel to that WWF victory, is the post-election catastrophe now looming in that country.

Today's overgrown and undeveloped Amazon forest provides a horrifying view of the future face of our Earth, should the WWF succeed in what it intends globally. The Amazon River Basin—roughly the size of the 48 contiguous United States—covers some 40% of the South American continent, reaching into eight countries (Brazil, Bolivia, Peru, Ecuador, Colombia, Venezuela, Guyana, and Suriname, as well as French Guiana).

Far from being the "natural wilderness," which the British empire would have you believe, the Amazon is a product of human engineering extending back at least 12,000 years. Its trees result from orchards planted by generations long gone; its soils along the riverbanks made rich for agriculture by human ingenuity; the wealth of so-called "biodiversity" a result of human improvements in centuries and millennia long gone; its very landscape over vast reaches, proven to have been shaped by the cities, roads, canals, dikes, dams, fish-farming, and ingenious agricultural engineering of far earlier times—a "garden" today so overgrown it is almost unrecognizable.

The WWF's BRIC Billionaires

IPSOS pollster Clifford Young, in an Oct. 4 Woodrow Wilson Center post-mortem on the Brazilian elec-

tion, ascribed Silva's vote to the "ascendant middle class," and the elite getting rich off that new middle class, a group he called "billionaires with a social conscience."

What Young described, could be called "the BRIC effect." Silva's backing came from the political and economic formations built on the BRIC-centered carry-trade bubble. She received her lowest vote in the impoverished Northeast where she was born.

Silva is a poor child of rubber-tappers, picked up early by the oligarchy, and turned against the development of her own people. One of Brazil's most radical environmentalists, she served as Environment Minister in the Lula government 2003-08, during which she directed, among other things, the first phase of the Amazon Region Protected Areas (ARPA) project, a public-private partnership cooked up by the WWF, which aims to give it direct control over a network of "protected areas" in the Brazilian Amazon, one and a half times larger than the entire U.S. National Parks system. She quit the Lula Administration, after losing several political fights, including the decision to proceed on the Angra 3 nuclear plant, which she adamantly opposed.

After she quit, Silva was invited to attend the meetings of a group of Brazil's richest "green" businessmen, by the billionaire later named to run as her Vice Presidential candidate, Guilherme Leal, a key figure in the WWF apparatus, serving on the WWF Brasil Advisory Board at times, presiding over the Brazilian Biodiversity Fund (Funbio) which controls financing for the ARPA; etc. Leal made his billions from a cosmetics company, Natura, which struck it rich with its line of cosmetics made from Amazon "natural" products.

In October 2008, Prince Philip signalled his personal support for the Silva campaign, awarding her the Duke of Edinburgh Conservation medal, in recognition of her work with ARPA, in particular.

Then, at the right time, Leal led a group of businessmen in joining the Green Party, among them, Fernando Garnero, head of Lord Rothschild's business partners, Brasilinvest.

In April 2010, Leal's close friend, WWF-Brasil president Alvaro de Souza, took a leave of absence from the WWF, to head up the Silva-Leal Campaign Finance Committee. Under Souza's direction, Brazil's business and banking community poured sufficient money in, to transform her campaign from an exotic also-ran, into the would-be "kingmaker" of the next government.

Germany Destabilized; Four Powers Targetted

by Rainer Apel

Oct. 9—The mass protests in Germany's southwestern city of Stuttgart, against the railway project "Stuttgart 21," have undergone a radicalization in the past week, that threatens to drive the situation into outright political destabilization, modeled on those George Soros-financed "Orange" and other "color" revolutions of recent years, which have destabilized Georgia, Ukraine, and other countries in Europe's East. A first round of violence and orchestrated clashes between police and protesters, as well as the beginning of a nationwide "solidarity with the protest in Stuttgart" campaign of the Green Party, Greenpeace, the World Wide Fund for Nature (WWF), and the notorious political underground, have prompted the police union to sound the alarm over the destabilization potential which is being built up there.

The Stuttgart 21 project is a welcome target for destabilizers, because of the enormous political prestige invested by German Chancellor Angela Merkel personally, who wants to demonstrate that Germany is still capable of realizing a grand infrastructure project—and indeed, the Stuttgart project is the only big project nationally, on the German agenda at this moment.

The aforesaid project involves the expansion and overhaul of the Stuttgart railroad station, to finally accommodate high-speed railway service from Paris, all the way through to Istanbul. So far, the French section, from Paris to Strasbourg, has been completed, but Stuttgart still is a dead-end; once this dead-end is removed, trains could run through to Bratislava, on to Romania and Bulgaria, and further to Istanbul, on one branch; from Bratislava on to Kharkiv and Odessa and/or to Kiev on the other branch. The French have already invested billions building their high-speed track, and now the Germans must pick it up.

The German government can't capitulate on this one. This will be a major east-west high-speed corridor, the only realization of the EU "Delors Plan" for Trans-European Networks. If the German government cannot

realize the Stuttgart project, big infrastructure projects would be made impossible for a considerable period into the future, the association of the German construction industry has already warned. And if Germany cannot realize such projects at home, its export chances would suffer considerably—as the example of the Transrapid maglev train shows: developed but blocked in Germany, so that with the sole exception of China, which is running a maglev service in Shanghai, no such train system has been exported to the rest of the world.

London Takes Aim

The real aim of the destabilization—which most protesters certainly are not even aware of—is the paralysis of Germany at a strategic moment, when an emerging Four-Power Alliance (U.S.A., Russia, China, India) for a new, just world economic system, could be expected to call on Germany's strong export industry to join that anti-monetarist alliance.

This strategic setting explains the role which London-centered hedge fund finances play in the buildup of protests and riots in Germany. For example, the European Climate Foundation (ECF), created in 2008, with funding in the range of several million euros from aggressive hedge funds, like the Children's Investment Fund and Arcadia, has donated substantial financial "grants" to groups that play a leading role in the Stuttgart protests (and elsewhere), like Klimaallianz (Climate Alliance) and BUND (Bund Umwelt und Naturschutz Deutschland, German Alliance for the Environment and Protection of Nature).

Klimallianz, which has received such "grants" repeatedly for its fight against carbon dioxide-emitting coal power plants in Germany, is a network of about 100 organizations, of which Campact and its leader Christoph Bautz have surfaced as kind of a spokesman in Stuttgart. BUND is the German branch of Friends of the Earth, and it runs the three main websites of the Stuttgart protest underground.

At the top of this strategic campaign against Germany's industrial potential, one also finds Lord Jacob Rothschild, the founder of the Inter-Alpha Group of banks and funds, which, since 1971, has gained control over 70% of the financial sector of the world—the core of the globalized, London-centered financial empire. This empire is attempting to hold off its impending doom with an arsenal of desperate tricks at the expense of the real economy, of real industrial investments, of real economic cooperation among the Four Powers and



EIRNS/James Rea

Pulling the strings of the green fascists, whose mass protests aim to prevent construction of the Stuttgart 21 rail project, are Lord Rothschild's Inter-Alpha Group and Prince Philip's WWF. Shown: Green fanatics rally against nuclear power in Berlin, Sept. 28, 2010.

allied nations, to create a system that will serve the common good of mankind.

Jacob Rothschild has been a longtime partner of Lisbeth Rausling, the heiress of the several-billion-dollar fortune of the former owners of the Swedish Tetrapak firm; Rausling moved to London and set up the Arcadia hedge fund—reportedly with the advice of Rothschild.

It comes as no surprise that Deutsche Bank, a leading funder and promoter of projects related to the global warming hoax, including the internationally discredited Intergovernmental Panel on Climate Change (IPCC) “expert” Rajendra Pachauri, is found among the adversaries of Stuttgart 21, as well. Caio Koch-Weser, a former World Bank official, is now a vice-chairman of Deutsche Bank, and also sits on the advisory board of the Brussels-based ECF. And his wife, Maritta Koch-Weser, also a former leading official of the World Bank, is one of the leading advisors to that same Campact group which plays a key role in this political insurrection in Stuttgart.

From Green to Brown?

If the German government, whose Chancellor Merkel has invested a lot of personal prestige in Stuttgart 21, fails in Stuttgart, it may indeed fall, with the country being thrown into ungovernability, because the resulting surge of radical ecologism, would paralyze

the political party system of Germany as a whole. A “green revolution” would sweep the country and bury its post-World War II democracy, like the “brown revolution” of the Nazis swept Weimar Germany 80 years ago, and buried its post-World War I democracy.

Fortunately, there is resistance against that, in Stuttgart, where supporters of the railway project have created an initiative, “Running for Stuttgart,” which, in the past week, was able to rally more than 4,000 citizens—a doubling from the week before—and has gathered almost 70,000 signatures via Facebook, which is getting closer to the number of signatures which BUND and Campact have recruited via the Internet for their mass protest campaign.

Activists of the German LaRouche Youth Movement (LYM) have met many Stuttgart citizens during street organizing there, who welcomed the fact that someone was showing the courage to openly endorse the railway project. Many were particularly interested in the broader strategic perspective of the Eurasian Land-Bridge infrastructure development project. Information booths of the LYM have repeatedly been crowded with people eager to hear more about why this railway project in Stuttgart is crucial in the Eurasian context.

apel@eirna.com

Step One: Freeze the Foreclosures!

In the immediate weeks following his July 25, 2007 webcast, Lyndon LaRouche took a major initiative in an attempt to stop the disintegration of the U.S. economy, with the issuance of his Homeowners and Bank Protection Act of 2007.

The HBPA called for an immediate moratorium on foreclosures; the establishment of a Federal agency to place Federal and state chartered banks under protection, while freezing all mortgages; writing off the speculative debt on mortgage-backed securities (MBS), derivatives, and other frauds; and arranging for interim rental payments while people were kept in their homes. Such a measure would prevent both a social and financial crisis, LaRouche emphasized—and would halt speculative trading in mortgage paper, while starting the necessary process of bankruptcy reorganization of the banking system as a whole.

Despite massive public support for the HBPA, the nation's leading policy-makers not only didn't listen to LaRouche, but did just the opposite of what he proposed. They moved to try to protect the speculative paper, and let the people suffer. The devastation to communities, families, and, especially, smaller financial institutions, has been horrendous—and the foreclosures and repossessions are still climbing to ever higher levels. Yet Congress remained adamantly against Federal protection of homeowners and chartered banks.

What an irony, then, that, starting at the end of September 2010, the nation's major financial institutions themselves began to implement a moratorium on foreclosures. On Oct. 8, the Bank of America, the nation's largest, took the biggest step yet, in halting foreclosures on properties it claims title to in all 50 states. It can be expected that other major banking institutions will soon follow suit.

There is no reason to praise Bank of America, or the other mortgage-holding companies, of course. They are simply trying to cover their asse(t)s, in the face of the demonstrable fraud that has been turned up in dozens of state and local lawsuits, or is otherwise well-known.

But, as LaRouche noted in discussing the move, Bank of America's necessary move amounts to the equivalent of pulling the pin on a hand-grenade: the trillions of dollars in MBS, and the related derivatives markets, which are ostensibly holding up the world financial system. The only way the current financial-monetary system has been able to maintain even a semblance of existence, is by counting this wastepaper as assets—and now, it is going down the toilet.

In other words, the speculative bubble based on this phony paper—from Fannie and Freddie, to every major bank in the world—is about to go—poof!

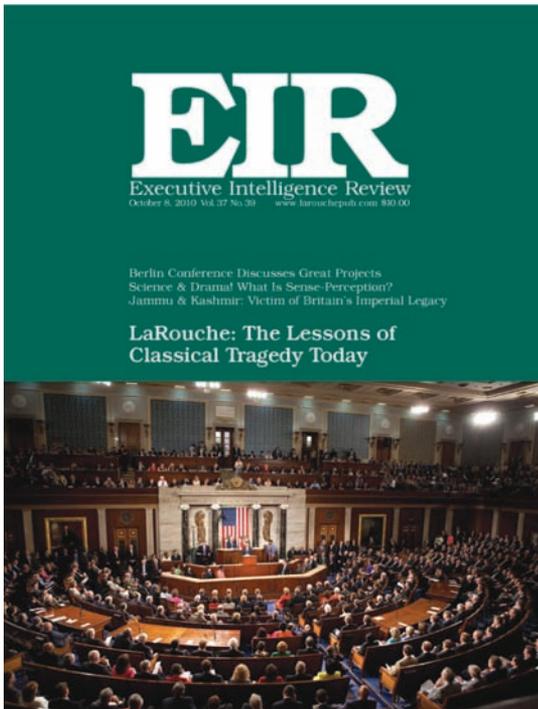
So, in fact, we are back to the late Summer of 2007. If the HBPA had been implemented then, we would probably not be in the mess we're in. But now, the world financial system is ready to blow, and only the measures which LaRouche proposed back then, including the protection of the legitimate banking system, and the added measure of Glass-Steagall, can prevent a total breakdown crisis.

So, go to www.larouhepac.com and refresh your memory on the HBPA. That is the kind of thinking that must be adopted *now*—and every obstacle to it, starting with the incumbent President of the United States, must be removed immediately. We are out to save the homeowners, the legitimate banking system, *and*, most importantly, the people of our nation.

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