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Atlanta: Pitched Battle Erupts Over Glass-Steagall
LaRouche Declares War on Anglo-Saudi Cabal Behind 9/11
Putin's G20 Paradox: Summit Prepares To Endorse Bail-In

Man's True Intention!
How the Future Builds Its Past



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EIR

From the Managing Editor

“True scientists, especially great ones, think actually within the setting of the future, rather than the past. Do you?” That is the challenge Lyndon LaRouche poses in his *Feature*. It is also, he explains, the “secret” to any kind of competent economic forecasting.

With the determination to focus on the future and convince others to do the same, organizers from the LaRouche movement waged hand-to-hand combat against Wall Street honchos at the annual meeting of the National Conference of State Legislatures in Atlanta, Georgia. The subject was the Glass-Steagall Law, and our *National* section features the story. While the Wall Street forces bullied, bribed, and threatened their way to win this round, and the conference failed to pass a resolution in support of Glass-Steagall, the battle energized many legislators present to press ahead for victory when Congress reconvenes in September.

In harmony with that event, a group of French and German local elected officials met in Arzviller, France, and vowed to fight for Glass-Steagall-style banking separation in their countries (see *International*). One of them summed up the spirit of the gathering: “We must build the future for our children and our grandchildren. The idea of being a mayor or elected official is to identify yourself with the future. . . .”

In *Economics*, we expose what the global financier oligarchy is doing to try to consolidate their power in a time of political and financial breakdown. We lead with the impact of Wall Street’s looting policies on U.S. state and local economies, specifically the shutdown of hospitals. Meanwhile in Switzerland, the bank regulatory agency has endorsed a bail-in program that would put half a trillion euros of bank depositors’ funds at the disposal of two “too big to fail” banks, UBS and Credit Suisse. But there too, a movement for banking separation, Glass-Steagall-style, is gathering steam.

Where does Russia stand on these questions, as the G20 summit prepares to convene in St. Petersburg on Sept. 5? Rachel Douglas analyzes “Putin’s paradox,” including a history of the pro- and anti-City of London forces in Russia. Her conclusion: Russia should turn its attention to tasks like the Strategic Defense of Earth, infrastructure, and nuclear power: the tasks of the future.



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“Belshazzar’s Feast” (1635): Rembrandt depicts the Old Testament prophecy (forecast) in the handwriting on the wall.



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By Lyndon H. LaRouche, Jr. “My experience with the most frequent instances of successful cases of forecasting the future, including my own future, have happened to have been chiefly in the relative domain of economy,” he writes. “Those successful cases have occurred in their most familiar form of expression as ‘presciences’: they occur, in my experience, as like an effect of ‘tuning-in on’ a fortuitous stepping into what may have seemed to have been a sensation from a broadcast ‘heard as streaming from my head into the future.’ The experience ‘appears’ in the guise of ‘an ebb and flow in a heightened effect of a generally maturing awareness’ of the future.” To understand “How the Future Builds Its Past,” one must, first of all, overcome the hoax of sense perception.

National

13 Atlanta Legislators Conference: Pitched Battle Erupts Over Glass-Steagall

A team of LaRouchePAC organizers, joined by current and former state officials, faced a phalanx of Wall Street lobbyists at this year’s National Conference of State Legislatures. The event turned into a battleground in which the Wall Street sharks went all out to stop the NCSL from adopting a resolution in support of Glass-Steagall. An on-the-scene, virtually minute-by-minute report.

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The annual G20 summit in St. Petersburg, Russia on Sept. 5-6 would be a perfect opportunity to shift the international economic agenda in a healthy direction: against the City of London's policy of pre-arranging "bail-in" of the "too-big-to-fail" banks, and in favor of Glass-Steagall banking separation. *EIR*'s Russia and Eastern Europe editor Rachel Douglas reports.

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As the 12th anniversary of the Sept. 11, 2001 attacks near, Lyndon LaRouche has declared war on the British and Saudi imperial forces who engineered that mass murder, and on those U.S. officials, including Presidents George W. Bush and Barack Obama, who have covered up that heinous crime.

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Through creativity in science and Classical art, "human beings have a capacity to come to discover valid, universal principles of the universe, principles which are governing the unfolding of processes around us on the planet, processes occurring in the Solar System, out into the galaxy, and hopefully beyond." A speech by Megan Beets of the LaRouchePAC Basement Science Team to the Schiller Institute conference in San Francisco June 29.

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Editorial

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MAN'S TRUE INTENTION!

How the Future Builds Its Past

by Lyndon H. LaRouche, Jr.

August 10, 2013

*August 4, 2013 occurred in the week when the British Empire's J.P. Morgan virtually declared war against what was then formally identified as the firm's choice of mortal foe: **which was us**. Our quarrel on that account, is not among a collection of some more or less numerous individuals, or even some particular nation; it is now our battle to save civilization from the most evil agency in the world*



The malicious Empress Elizabeth, "the actually avowed principal enemy-in-fact of our own U.S. republic," shown here presiding over her Empire, at the November 2009 Commonwealth Heads of Government meeting in Trinidad and Tobago.

Commonwealth Heads of Government

today: the actions of the imperial forces of the Anglo-Dutch world-empire and its effects on the future. The issue is still a world empire under the reign of Britain's malicious Elizabeth II who is the actually avowed principal enemy-in-fact of our own U.S. republic.

In this conflict, the principle of this present defense of our republic, must be traced properly in recent world history: as traced now

*from the leadership which had been associated with the Great Golden Renaissance's Nicholas of Cusa, and, also, later, Cusa's follower, Johannes Kepler in the matter of the deeply rooted principles of physical science. Cusa and Kepler still represent the same principles of physical science which the great dramatist William Shakespeare demonstrated in the particular case of the "Chorus" introduced in Shakespeare's **King Henry V**: the same common heritage of the greatest Classical dramas and Classical composers of music, poetry, and of what should also be known as physical science. Let your future create your past!*

Foreword: These Higher Principles

The search for any actually truthful insight into the matters to which I have just pointed immediately above, must overcome those systemic difficulties which tend to block the pathway to rediscovery of the actual meaning of truth for what is presently identified as "physical science," as that science was properly understood by such exceptional minds as those of Nicholas of Cusa and Johannes Kepler, and, perhaps, much earlier, the water of Heraclitus' science, too. Unfortunately, present academic and contingent sets of educational practices, have lately tended to discard the high standard for science which had been that such as what Max Planck and Albert Einstein had represented in their time. Whereas, their opponents from the ranks of the late Twentieth and early Twenty-first centuries, have tended toward the brutishly crude, ideological practices, practices which have polluted what had been formerly the honorable, scientific classrooms, now supplanted by the thuggery of Bertrand Russell's legacy.

True scientists, especially great ones, think actually within the setting of the future, rather than the past. Do you?

The opposition to which I have just referred, above, is the effect of the general lack in the ability of most people of the relatively same rank today: their typical inability to summon from among themselves, that crucial knowledge needed to recognize the intrinsic fallacy of present-day, so-called "popular opinion" as such. What I mean by that, is that the error which must be recognized, is to be located in that intrinsic fallacy

which a brutish sort of contemporary opinion on the subject of "sense-perception," typifies. *Thus: Among the relatively few best scientific thinkers of modern times, there had been the still very relevant Bernhard Riemann, who, in writing the concluding sentence of his 1854 habilitation dissertation, made a proper distinction in his separating what are meaningfully true universal physical principles, as to be distinguished from what were merely a class of empirical deductions from an assorted collection of mere sense-perceptions as such.*

The origin of the failures in science which confront us here and now, has been more a blinded soul's reliance on the systemic fallacy and trap of merely currently immediate sense-perception, a trap which has been used as a virtually categorical substitute for what is the necessary action of real science. That often remains a distraction, which, in this way, has tended to make a true insight into actual principles nearly impossible, as by pre-emption, and, to turn what should have been heroes, into opportunists, by intention.

The choice between folly and victory, is, thus, to be secured by the separation of true physical principles from what were merely the constructs of credulous, gambling fools. True principles, like those of Riemann, have been typified with a nice elegance in the discoveries of principles such as those made by such as Max Planck and Albert Einstein. Competent science, and true victory, alike, are to be found only "outside" any merely mathematical deductions—in these awful days, *science today exists only in the making of the future.*

Only fools gamble, as Alexander Hamilton could have told you, had he still lived.

The Problem with Mere Mathematics

The effort to delimit notions of principles to merely methods of mathematical concoctions, tends toward producing a deadly exclusion of any true notion of an actually universal physical principle; it is, in fact, a virtual practice of the veritable witch-doctors and gamblers gathered on Wall Street's **Boardwalk**.

When today's practice of what is named science recognizes the inherent fallacy of what passes for the blind worship of a "conventional mathematics," better identified as "gambling" in empty air; today's calamitous trends in a popular science, and "business," too, must re-discover the human mind from an earlier century of such senior figures from the 1890s as Planck and Einstein: to learn from them, what are, still, really, the nec-

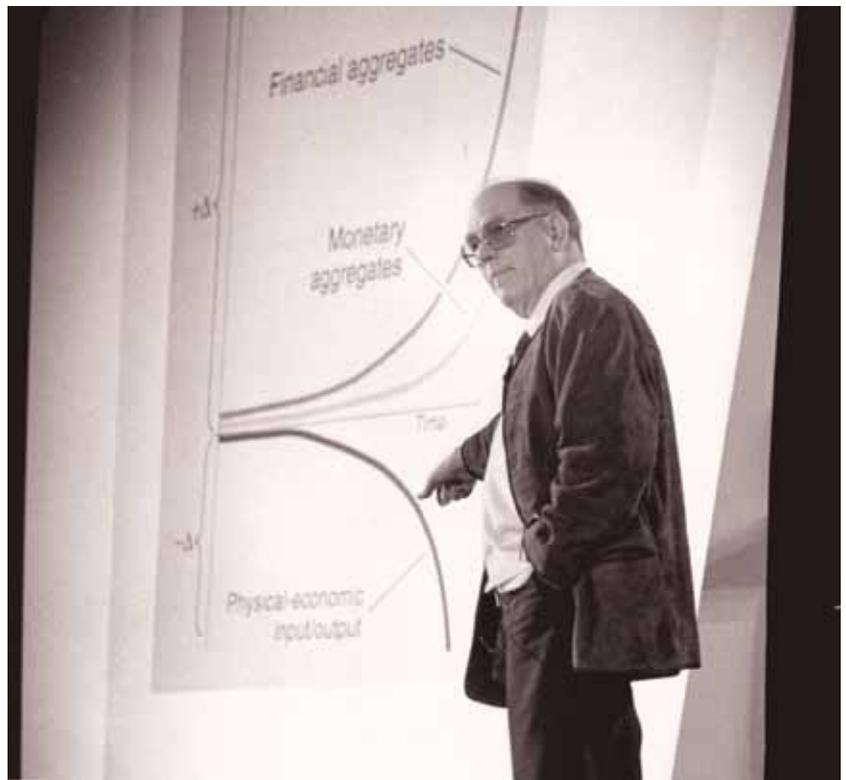
essary foundations of a true physical science. By a true physical science, I mean a science which lives in the actual future, and, therefore, one created by persons whose minds, also, already live in their actual future.

The downward-going, devil’s difference made from the likes of Bertrand Russell, to which I had just referred immediately above, was already prominently reigning in the then prevalent trends of the 1920s, then in a time when I had been born, and, then, still beyond. The difference in what passes, unfortunately, for a true standard of science, has come to be typified by the ration of those then-currently prominent physicists and chemists, such as those of the life-time of a President Franklin Roosevelt, *who would defend our republic* against the typically, utterly fraudulent, implicitly “green,” British hoax-craft of the likes of such as the dupes who followed the image of the silly Isaac Newton.

Success in Forecasting

Take an example of this issue of distinctions: take, for example, the common folly of attempts to define *an a-priori distinction of “life” from “non-life,”* by using those terms of merely mathematical arguments which have been often mistaken for “truth” by the overly zealous. Or, for example: consider the savagely destructive delusion which is produced by the pretext of treating the subject of an actual matter of a physically efficient principle in forecasting, by a resorting to mathematical deductions derived from a merely presumed human knowledge of principles measured in past purely mathematical clock-times. *The ability to adduce a truly universal physical principle, must be prescribed, instead, as requiring the developed ability to present a current forecast of what must be also a quality of that true foresight which goes intrinsically into a true sense of an actual future which actually exists only beyond the alleged “powers” of mere sense-perception, but, which, rather, exists only within the actual process of generating a future!*

For example: in relatively customary cases, there is a very limited ability to forecast an actual change in principle of action, insofar as my own experiences with



EIRNS/Stuart Lewis

Successful cases of forecasting “have occurred in their most familiar form of expression as ‘presciences’: they occur, in my experience, as like an effect of ‘tuning-in on’ a fortuitous stepping into a what may have seemed to have been a sensation from a broadcast ‘heard as streaming from my head into the future.’” Here, LaRouche presents his famous “Triple Curve” function, January 1998.

frequently successful forecasting experiences, have often successfully demonstrated. “Experiencing an unexpected development,” which had occurred in the course of forecasting a development of that type, occurs among some persons, **but never actually occurs “as if deductively.”**

My experience with the most frequent instances of successful cases of forecasting the future, including my own future, have happened to have been chiefly in the relative domain of economy. Those successful cases have occurred in their most familiar form of expression as “presciences”: they occur, in my experience, as like an effect of “tuning-in on” a fortuitous stepping into what may have seemed to have been a sensation from a broadcast “heard as streaming from my head into the future.” The experience “appears” in the guise of “an ebb and flow in a heightened effect of a generally maturing awareness” of the future.

The proper function of the human mind, is to create a fresh new existence which dwells within the actualized future.



While even the most influential people fail when it comes to forecasting, "MacArthur's decision at Inchon demonstrates the case of the truly leading type of creative personalty (it was Harry S Truman who had things bass-ackwards)."

However, there is never anything "magical" in such experiences of forecasting; it occurs "as an actual foreseeing of" an experience of an approaching, oncoming awareness, and can, implicitly, be consciously brought forth by a form of concentration experienced as of an "on-coming" quality, as in the likeness of a sense akin to approaching changes in weather. The cases of both Max Planck and Albert Einstein illustrate the point.

Doubters aside, such forecasts have occurred, as in instances of my own experience, and really do occur, as according to my personal experience, in the degree that they are to be experienced, when considered retrospectively, as validatable experiences *which had actually been occurring before the sensed fact*. I have experienced a relatively few, but nonetheless notable such instances of a quality of remarkable experiences which qualify as having been compelling certainties. I mean certainties which fit the image of the "certainties" of an actual forecast which has more or less global importance, as that aroused in shaping a turnabout in the

course of human experience on a broad scale. It merely occurs to be the case that most of my such experiences of importance, do fit within the category of crucially important economic effects on a scale of national or even greater importance. It can be observed with little difficulty, that I now do that much of the time, that done simply as needed "in the course of business."

What this variety of my own now long-standing experience shows, principally, is that the conventional outlook of people engaged with certifiably important implications in practice, is such, that the cultural characteristics of most among even exceptionally influential persons and circles, however relatively credible otherwise, often fall far short of such a customary experience among even what are usually considered exceptionally able social strata. *They should have been made capable of foreseeing*, as I have observed this frequently in my own work; but, instead, most among them had failed to exercise that capability, even on fairly important occasions, even crucial ones, as General Douglas MacArthur's decision at Inchon demonstrates the case of the truly leading type of creative personalty (it was Harry S Truman who had things bass-ackwards). The state of corruption of what had been competently trained scientists, has often not been the outcome of failed attention to a competent science; it is folly which seeks silly solace in some set of popular opinions.

The "lesson to have been learned," should now be made necessarily clear, as follows:

I

Sense Perception: the Hoax

Most among the common frauds presented in the mere name of science, as conventionally typified by the cases of Euclid and Aristotle, are rooted in the *a-priori* expressions (e.g., "past," "post hoc") of what is an actually extremely dubious, and wholly fictitious, mere presumption of the arbitrary form of existence of such a geometry *per se*. A related sort of hoax is foisted, similarly, respecting the origins of the notion of life; that same hoax, is also foisted, a-priori, on both the existence of life itself, and also the principle of the human mind.

From those persons listed as bringing home wretched mere presumptions, the hoaxsters responsible for the elements of that strange listing, have fashioned the sheer hoax against the very existence of that unique

specificity of the human mind which is lacking in all other known living species. That is to emphasize the crucial feature of human existence, in contrast to all known types of other living species, which shows the unique process of increasing the energy-flux density of the human species, as that increase is expressed through man's simple use of fire and beyond, toward the higher levels of nuclear fission, thermonuclear fusion, then matter-antimatter, and, then, beyond that.

The problematic issue amid all this, is the inherent failings which must be attributed to human psychological dependency upon the habit of "mere sense-perception."

There is nothing "inherently wrong" in the use of sense-perception itself. The problem lies with what is merely that. The problematic feature is located efficiently in the limits which reliance upon a merely bare sense-perception imposes, intrinsically. That is not "a fault" of sense-perception, excepting in respect to the limitations which mankind incurs in relying on such a medium as a virtually self-evident basis for the practice of human knowledge. Man often makes himself a fool, but only if he treats the medium of sense-perception as it were an outer limit of the natural talent for scientific knowledge.

There is much more to this matter, as shall now follow.

The higher authority is located, most typically, in the media of truly "Classical artistic" practice. William Shakespeare's creation of his character "Chorus," in **King Henry V**, is among the many repeatable instances of what are rightly distinguished as those media which typify the human mind's power to rise above the impoverished media of sense-perception in the latter's biological-functional expressions. Classical musical composition and its appropriate expressions, only typifies the human mind's super-imposition over the mere level of biology in the domain, in which life supersedes, by the margin of a virtual universe, the mean limitations of mere chemistry.¹

Or, to restate the point in a somewhat more refined expression, "life" is the superior medium which has transcended mere chemistry; the notion of life, as distinct from mere chemistry, and as the superiority of human life to merely animal life: all such as those bespeak those relevant domains to which I am turning

1. Compare my "Nicholas of Cusa, Kepler & Shakespeare," June 10, 2013, in [EIR](#), June 21, 2013, or [LaRouchePAC](#).

your attention here. Cardinal Nicholas of Cusa's **De Docta Ignorantia** reaches that level of a distinctive specific intention respecting the highest reach of human intention this far.

Those points of distinction are the prerequisites for the human species' capability of actually reaching from beyond Earth as such, into the necessity of man's intellectual entry into domains beyond the modest limits of the merely biological chemistry of life in general on Earth. With that action, mankind reaches, even efficiently, from beyond the fools' domain of what were merely sense-perception. It is, notably, the superior domain of the human mind which, alone, renders mankind something above "mere Earthlings," if we are willing to try, and, then, succeed.

With those words now spoken, I will have sought to turn your attention to places beyond the neighboring planets and, sooner or later, stars. Now, having said so much this far, follow me in what now follows as man among the stars: as I once wrote in a poem titled "**My Lyre**," about sixty years ago: ". . . *bending stars like reeds.*"

What Is Wrong with 'Sense Perception:'

In consistency with what I have outlined as some crucial considerations in my argument this far, the serious qualities of thinking of the human being are located in what had not been actually experienced this far. It is, therefore, necessary to pre-think what one is about to experience, that as what one is about to think. My observations on my experience with public schoolroom classes and kindred circumstances, had led me, not uncommonly, to be aware of an un-trustworthy characteristic of the school room. The result was often my stubborn resistance to what I recognized as an attempt to force my attention to be focused on arguments which I considered what we today would identify as "spin." My defense-tactic in cases where a kind of instinctive rejection of apparent "manipulation" was in progress, as during my early adult manhood, had drawn me to think in "Classical poetic" or like veins, as a means of defense against the unwanted intrusions emanating from the classroom and its like.

The result of that is reflected, typically, in my "Nicholas of Cusa, Kepler & Shakespeare."² The Classical mode in drama, Classical music, and poetry, was the source of the influence and bulwark of my intellec-

2. Ibid.



The hoax of sense perception: “Most among the common frauds presented in the mere name of science” are typified by the cases of Euclid and Aristotle. . . .” Euclid (left), and Aristotle, as portrayed by Raphael in the “School of Athens” (1509).

tual defense against unwanted categories of intrusions. This included prominently, my disgust with the efforts to gain my submission to the hoaxes of Euclid and Aristotle. Fortunately, my fascination with the constructions in progress at the Charlestown Navy Yard (in a suburb of Boston at the verge of my adolescence), armed me against Euclid’s hoax. The Classical modalities prevailed upon me on most accounts then; this was a part of a crucial point in the entire sweep of my life from the time of early grades in a local grammar school, onwards. The fact is, that that experience and my commitment to it, “saved my mind.” This prevailed in all categories of the educational and closely related considerations. I look back to that experience as having been the “defense of my mind” against the standard curricula. It is not what you appear to think, but the way in which you think it, which is ultimately decisive in crafting what you become. “Practical” is for me, a called alert to do battle. Classmates who did not resist as I would do on account of the Classical principle, left me with the feeling that I was being betrayed by my friends, or, perhaps an experience of going into a better profession. Hence, my periods of devotion to the wonderful consolations provided by Classical artistic compositions generally. There was, and is, a very clear distinction in what some would term “styles,” in all that.

When you might have taken to heart what I have just written this far, you have fair access to an outlook on my practices and their underlying motivations. Among all features of that world-outlook which I have just referenced on my own account, the Classical repertoire of categories, including that of Nicholas of Cusa, Johannes Kepler, Classical poetry, Classical drama, and Classical music, exemplify who and what I am in that to which I am the most devoted, including the love for the very idea of what mankind should be able of becoming.

However, the heart of it all is my devotion to participation in the future: what mankind should be capable of becoming.

Now it is time to become very serious.

II

Walking Inside the Future

Insofar as we know presently, the human species is the only form of life which has the capability of foreknowledge of future events and related developments. A very much smaller fraction of that total human population has shown active insight into the implications of that fact. Nonetheless, despite the latter fact of the present situation, the fact that some living human persons manifest such a capability with significant facility, is sufficient to define that capability as being a universal principle of our said species.

The crucial distinction of those actively prescient of their own such capability, is that they have some significant degree of actual knowledge of the practical implications of the special intellectual capabilities involved. Hence, I identify such persons as “Walking Inside the Future.”

That much now said here, the crucially significant characteristic of witting participants in such knowledge, is that they are enabled to exhibit a conscious awareness of the “special characteristics” of the experiencing of conscious apprehension of the distinctive features of the experiencing of that process, as distinct

from merely ordinary recollections of past experiences. The unwitting person, may stand outside the door, but does not knock to enter; the witting person knocks, at the least, and may actually open the door.

Those admittedly rare such forecasters, tend to shift emphasis from treating foreknowledge as a shadow cast, to active interrelations with the creative process as an active faculty accompanying what might be considered as recent experience. This does not occur as in the sense of a delivered message, but as a process of experiencing something “which is running as if ‘just ahead of,’” the actually experienced developments in progress. I am personally familiar with the latter quality of experiences with human foresight.

Hence: “Walking inside the moving future.”

The relatively greatest of known “fore-seers” insofar as I have been made aware of such a trait, will tend to see a discovery of principle, not as a past event, but as an ongoing one moving just ahead of the process. I trace such developments in terms of ongoing processes of discovery. Notably, all of my significant economic and related forecasts, overlap the processes of experience and of prescience.

III On Background

It should be known among the literate generally, that one’s sense of personal identity is shaped, to a more or less greater degree by the changes in the sense of the significance of the person’s notion associated with the quality of the role, and associated sense of responsibility, into which they are being, and have been drawn into playing in life over time. In my own case, this had been the strongly-sensed applicable factor in the shaping of my world-outlook into the period of World War II, and some years beyond. It was also what had prompted me to compose some poetry, because such poetry proffered the experiencing of the relevant prototype of creativity. My being drawn into a role in management consulting experiences, later, had set off my accelerating role as an



Ford Motor Co.

LaRouche’s forecast of the crash of the “great U.S. auto industry of the 1950s,” was the first in a series of comparable forecasts which he has supplied over the decades since, up until the present time. Shown: A Ford assembly line, 1957, Lorain, Ohio.

executive in the profession, and into what became my leading role as what has been demonstrated as my ability to have been a leading expert, in the matter of economic forecasting.

Consequently, therefore, to restate appropriately what I had just stated in the foregoing paragraph, the beginning of “an awareness of myself” as emerging in the role as being in a leading position as a forecaster, emerged from my career in management consulting. The notable event, on this account, was my precise forecast to occur during that time, for an outbreak within the range of a few days of variability for the crash of the “great U.S. auto industry of the 1950s.” It was, for me, a crucially unique success as a professional at that time, and, as a matter of the facts of the case, a uniquely successful forecast which I had made in defiance of the failed conclusions supplied by my putative Wall Street-related rivals on that account. It was, otherwise, to be the first of a series of comparable forecasts which I have supplied over the decades later, through to the present time.

Probably, the most notable of such forecasts of mine was my August, 1971 forecast of the great crash of the 1970s, which quickly turned out to have been the greatest post-1929 “crash” in the trans-Atlantic international

experience. Today, the world at large, is now being gripped, very soon, by the greatest breakdown-crisis, measured in global effects, in modern world history up to the present date.

However, that does not mean that we are necessarily nearing “the end of the world.”³ My outlook, whether during the late 1970s, or today, was, and remains that of a prospect for bringing civilization out of what has now become this presently monstrous crisis, a crisis which I know could be brought under control, if an appropriate effort were made soon enough, now – while the actual time available is, admittedly, most painfully short.

Consider Some Key Consequences

The immediate danger of “end of the world” options, now, would be that of a general, “globally-extended, imperial warfare,” a war which were to be launched at the prompting of the general command under the control of the broad range of the presently existing Anglo-Dutch empire, the empire featuring the current Queen of England, Elizabeth II, or, of her successor. This would be as updated on the present world’s calendar, according to a model made in the spirit of the original Roman Empire. That would be the prospective basis for a global thermonuclear-warfare, which is, admittedly, a seriously nearby threat which I concede for this presently immediate time. That Queen has a current, and a practically very loud and persisting commitment to an early reduction of the Earth’s human population, to about one billion persons, or much less, instead of what had been earlier, the currently estimated, approximately, seven billions; I am presuming here, that the outcome could be thwarted, as the relevant, U.S. Army General Martin E. Dempsey, so far, has continued to seek to bring that about.

Against that background, the early re-establishment of the original Glass-Steagall Act in the United States at this time, would probably lead to an avoidance of thermonuclear warfare. Otherwise there would be, admittedly, no pre-assured avoidance of a thermonuclear holocaust, or, an actual such holocaust beyond question.

That consideration of the Glass-Steagall restoration thus considered, a prospective renaissance of the U.S.

3. At the present moment, the sudden arrival of the “end of the world” is actually a possibility, but without the real risk of an early, global thermonuclear war, that were not a likely outcome. Very bad things are now possible, but a general thermonuclear bombardment, is something still very much to be prevented, as the U.S.A.’s General Martin Dempsey has rightly emphasized.

nation and its economy, is a presently feasible outcome. However, otherwise, the incumbency of U.S. Presidents under the 2001-2013 terms, if continued beyond the presently immediate period ahead, is quite probably the determinant of “a human extinction prospect.” One might make the point: “The patience of the Creator would be sorely tried.”

However, once that much has been said, the actual issue to be considered here, is the question, whether it were likely, or not, that the very early re-installation of the original Glass-Steagall promptly occur now.

Already, the accelerating trend, since the election of President John F. Kennedy, had been set by the assassination of that President, and, the continuation of that development actually expressed by the assassination of his brother, prospective President Robert Kennedy. Those two murders set on the stage of 1960s U.S. history, remain existent within the deployment of a continuing state of extended warfare spreading throughout the world in one or another expression, an implicitly global spread of global fire through to the present moment as I am writing here and now. It has been a state of threatened warfare since the nuclear warfare threatened by the combinations of such Administrations as those of Britain’s Prime Minister Winston Churchill, Bertrand Russell, and the administration of the U.S.A.’s President Harry S Truman; it was a war called off, temporarily, when the British empire discovered that the Soviet Union had a nuclear warfare capability comparable to that of the U.S.A. and the British monarchy; Britain and Bertrand Russell moved on, then, toward thermonuclear warfare. The assassination of U.S. President John F. Kennedy, was promptly used as a pretext for launching a decade of warfare in Indo-China, and then, beyond and beyond, still today. This has now brought us, through the British-Saudi launching of the 9-11 attacks on the United States, to the virtual, present threshold of global thermo-nuclear warfare.

The successful restoration of Glass-Steagall in the U.S.A. now, would signal *an almost-certain-avoidance* of thermo-nuclear warfare. It would also portend the beginning of the launch of an accelerating rate of economic recovery within our United States (in particular).

Fire! The Principle of Progress

Now take under consideration certain broader and deeper considerations, most of which usually pass as either overlooked, mis-conceived, or both.

The exact measure of the continuing existence of the human species, the distinction which distinguishes all mankind from the relatively lower forms of life, has been and remains, most simply defined, the rate of increase of the primary energy-flux density; per capita, and per unit of territory of concentration of human existence of the human species. This also takes under consideration: the rate of that progress so measured.

Among the worst diversions of members of the human population, is the failure to take into effective account, the whole of the process of human existence, a failure demonstrated by concentration on “selected factors,” rather than the process as a whole process.

Then comes a more deeply rooted failure in human opinion generally: the “wild-eyed error” of belief, of a popular reliance on sense-perception as such: sense-perception foolishly considered as being a physical principle of measure within the Solar system as such. This should have brought to our attention what should have been the most readily demonstrated, worst systemic fallacy of popular opinion of them all: *the reductionist’s human sense-certainty!*

The proper retort against “sense-certainty,” is the function of human relationships within the setting of the relevant process of interactions among processes as wholes. That is already “marked-out” for our attentions in the domain of a strictly defined range of *Classical-artistic composition* when considered in terms of processes, as Heraclitus or Plato, Nicholas of Cusa and Johannes Kepler, might have preferred, rather than merely individual parts as treated as the chronic, madly-mathematical reductionist’s “merely imaginary infinitesimal” “purely mathematical” grinding of individual species of parts.

The first principle of any competent scientist (in particular), is the reality of human experience! Overlook that, and you are susceptible to believing almost anything that some certain lunatic magician wishes you to believe. The name of the disease I am attacking here, is what is called “reductionism,” which is otherwise to be known as the most commonplace expression of what is, unfortunately, the most popular form of systemic human insanity. That is why mathematicians tend to be morally and otherwise insane, as monetarists’ thoughts almost always are, or absolutely worse.

Released on Thanksgiving 2011, the LPAC-TV documentary “NAWAPA 1964” is the true story of the fight for the North American Water and Power Alliance. Spanning the 1960s and early ‘70s, it is told through the words of Utah Senator Frank Moss. The 56-minute video, using extensive original film footage and documents, presents the astonishing mobilization for NAWAPA, which came near to being realized, until the assassination of President Kennedy, the Vietnam War, and the 1968 Jacobin reaction, killed it
... until now.

NAWAPA 1964

PUEBLO, COLORADO
AUGUST 16, 1962

<http://larouchepac.com/nawapa1964>

ATLANTA LEGISLATORS CONFERENCE

Pitched Battle Erupts Over Glass-Steagall

by Tim Rush

Aug. 19—A team of LaRouchePAC organizers led by Diane Sare and Bill Roberts of the LaRouchePAC Policy Committee, and joined by LaMar Lemmons, president of the Detroit School Board, turned the Aug. 12-15, 2013 National Conference of State Legislatures (NCSL) Summit in Atlanta, Ga., into a pitched battle between patriotic legislators and Wall Street sharks, who deployed with unmitigated hysteria to prevent the passage of a resolution calling on Congress to restore Glass-Steagall.

While the Wall Street forces prevailed at the convention, the battle has energized broader forces to in-

tensify the battle, with the determination for victory, once Congress comes back into session Sept. 9.

LaRouchePAC had done intensive work with state legislators across the nation, as evidenced by the fact that 24 states have either passed or are considering resolutions in support of the reinstatement of Glass-Steagall. As a result, a resolution was submitted to the NCSL by Delaware Sen. Cathy Cloutier and put on the official agenda.

While there is no question that the NCSL was well-prepared to consider a sweeping national endorsement of the reinstatement of the Roosevelt-era legislation that protected citizens from the ravages of Wall Street, much of the education those present received on just how critical the passage of such a measure indeed is, came as a result of the over-the-top, rage-driven hysteria and downright thuggery which the Wall Street lobby was prepared to employ to stop even so much as a debate of the Glass-Steagall principle.

Both Sides Prepare

In the week preceding the conference, LaRouchePAC organizers and activists called or e-mailed a large majority of the legislators attending the event, with special attention on the Communications, Financial Services and Interstate Commerce (CFI) Committee, which was assigned the resolution on Glass Steagall.

A number of the legislators had already been receiv-



Delaware State Sen. Catherine Cloutier, first introduced, and then, under intense pressure from the vulture-bankers and her state delegation, withdrew a resolution in support of Glass-Steagall. That's when the fireworks began.

ing LaRouchePAC's Legislator Alert newsletter, and a special emphasis was placed on contacting those sponsors or co-sponsors in the 24 states that have considered or are currently considering resolutions.

What LaRouchePAC found out, once in Atlanta, is that the Wall Street banksters had conducted a similar call-up, concentrated on the 60 members of the CFI Committee. Since they knew it would be virtually impossible to get any honest state legislator to publicly support, or even justify, Wall Street's crimes, they didn't try. Instead, they pushed for the legislators to "just stay neutral," and abstain from taking any position, in the hope that the bankers could either buy off enough dishonest lawmakers, or at least deprive the hard-core Glass-Steagall supporters of a quorum.

One legislator reported that there were calls by "financial interests being made to the delegates," and that this had been discussed among members of the state delegation. Another legislator not only received numerous calls from bank lobbyists before leaving for Atlanta, but continued to receive calls upon his arrival. In fact, he received a call while he was sitting in the hearing room!

The LaRouchePAC team plunged into organizing as many legislators as possible in informal encounters. In the course of the four days, approximately 200 legislators were briefed.

Many who chose to support the Glass-Steagall fight were acutely aware of Wall Street rip-offs in their own states and territories, such as a representative from Puerto Rico, who was in a huge fight with UBS over pensions that were being cut by over 50%.

The Vultures Arrive

The NCSL staff had granted the sponsor of the Glass-Steagall resolution, Senator Cloutier, 15 minutes to present the resolution at the Committee's "financial services update" forum Monday afternoon, for debate and vote, in preparation for the business meeting the next morning.

In the half hour before the forum, the vultures arrived. A top national lobbyist from JPMorgan Chase, accompanied by its Delaware spokesman, Don Mell (the hooligan at the June 19 State Senate hearing in Delaware),¹ showed up outside the hearing room. By

1. See Steve Komm, "JP Morgan Smoked Out in Delaware, Lies About Glass-Steagall," *EIR*, June 28, 2013.

the time of the forum, at least eight more vultures were spotted, including a senior vice president of Bank of America from Washington, D.C., and lobbyists for Citibank, Wells Fargo, and Goldman Sachs.

The Morgan men attempted to browbeat the the sponsor, Cloutier; a member of the LaRouchePAC team intervened, and tore into the lobbyists for their crimes and arrogance.

Many of the attendees were growing increasingly annoyed by the banksters' nuisance calls prior to the convention. But, many more were simply shocked to find such a large, high-level group of bankers and lobbyists at the meeting, and reported that the Wall



Detroit School Board President and former Michigan State Rep. LaMar Lemmons warned the legislators that, without Glass-Steagall, every city in the nation was faced with the same bankers' wrecking ball that has dismantled the city of Detroit.

Street show of force wasn't just unusual, but *unprecedented*.

In the forum, the Washington, D.C. representative of an association of state banking regulators droned on and on, but was compelled at the end to list Glass-Steagall as one of three options being considered to remedy the failings of Dodd-Frank. She tried to dismiss all three as not going anywhere, but even this faint nod to reality was sufficient to give a psychological jolt to the room.

But *nothing* could have prepared the phalanx of banking bruisers for what then unfolded in the testimony: the slashing words spoken by Cloutier, Sen. Perry Clark of Kentucky, and former Michigan state legislator LaMar Lemmons (see below for their remarks), on the *criminality* of the Wall Street high-and-mighty then, in the 1930s—when Ferdinand Pecora and President Franklin Roosevelt took them on—and the even greater criminality today. Throughout their testi-



In his testimony motivating the Glass-Steagall resolution before an NCSL committee hearing, Kentucky State Sen. Perry Clark stated bluntly, “We can no longer bail out the banks and not bail out the people.”

mony, a huge slide of Pecora, facing off against the Wall Street moguls, was shown on a screen dominating the wall behind the speakers.

This was the end of the formal part of the forum, and the beginning of a riot among the bankers. A typical vignette: One of the Wells Fargo bankers fulminating at Lemmons about how disgraceful the presentations had been.

Lemmons: “I guess we have to respectfully disagree.” Banker: “You call what went on in there *respect*?”

Over the next 18 hours, as it became increasingly apparent that the support for the Glass-Steagall resolution was not only significant, but growing, the bankers became increasingly desperate. Legislators reported that the Wall Streeters didn’t bother to argue against Glass-Steagall on policy grounds. Instead, they employed thuggery and extortion, threatening to pull jobs and revenue from states that didn’t back down.

Apparently, it was precisely this argument that front men for the bankers inside the Delaware delegation relentlessly made to Senator Cloutier, as well as contacting other legislators on the committee with combinations of pressures and LaRouche-baiting. Just before the business meeting the next morning, despite her passionate presentation in support of Glass-Steagall just a few hours earlier, Cloutier revealed to a LaRouchePAC organizer that she was planning to withdraw the resolution. A top national lobbyist for JPMorgan Chase, standing just behind them, pronounced, in true mafioso style, “It’s *dead*.” He was told that, in fact, it is JPMorgan Chase that is dead.

Inside the room, prior to the discussion of the Glass-Steagall resolution, the bankers were whispering loudly to each other with elation, “She’s going to withdraw it.”

The Withdrawal Changes the Dynamic

Once the withdrawal was announced, a new dynamic took hold.

LaRouchePAC had been strongly pushing the Glass-Steagall-Plus² program in the statehouses over recent months, which added to the pre-NCSL conference mobilization, and the intense organizing at the convention itself, including very effective work by LaMar Lemmons with the NCSL’s Black Caucus and others, on the bankers’ wrecking of Detroit.³ This laid the groundwork for a reaction the bankers didn’t expect.

There is a veneer of public civility and camaraderie at these kinds of events which the bankers’ heavy-handedness had shattered. It is almost unheard of for a resolution to be pulled back so abruptly; in this case, Cloutier’s explanation for her sudden reversal—“I’m a supporter of Glass-Steagall, but my delegation has insisted I withdraw this resolution”—simply lacked credibility.

There was a spreading sense that something foul and untoward had happened, and continued for the rest of the day Tuesday.

Then, on Wednesday morning, the LaRouchePAC team intervened with the leaflet “Moment of Truth in Atlanta: Glass-Steagall, or America Is Doomed” (see below), as the attendees began to leave their hotels for the convention center. Over roughly two and a half hours, the group distributed more than 500 leaflets, largely to legislators themselves, but also to press. Quite a few stopped to comment on how they had already heard something about it.

Typically, a legislator from Louisiana said, “They’ve been discussing this with us in the meetings.” An Aug. 13 [Politico](#) article by Kevin Cirilli, “Break-up-the-big-banks fever hits the states,” also circulated widely, both in Atlanta and around the country. One fellow who grabbed the leaflet said, “Someone already e-mailed me the *Politico* article.”

The banker contingent went ballistic. One of the anti-Glass-Steagall controllers of the CFI committee, a

2. Glass-Steagall, a Hamiltonian credit system, and NAWAPA XXI.

3. See the interview with LaMar Lemmons, “Detroit Does Not Need a Financial Dictatorship; It Needs Glass-Steagall,” *EIR*, July 26, 2013.

prominent state senator, looked very unhappy when he saw the leaflet and heard the organizer say “The fight over Glass-Steagall is just starting”: “It’s *over*, it’s *over*,” he growled. At another hotel, a big bruiser of a man, not wearing a legislator’s badge, grabbed the leaflet and started to mouth off at an organizer. When the organizer asked who he was, he said, “I’m Wells Fargo.” When the petite organizer followed him across street to inform him his crimes will not go unpunished, he wheeled around and bellowed, “Why do you *hate* me?” The organizers just laughed.

Within five minutes, hotel management swarmed out, followed by a policeman, claiming that NCSL staff had demanded that the distribution be shut down.

When the organizers pointed out that they were on a public sidewalk, something the policeman thought was relevant, the management huffed that the organizers couldn’t target only the NCSL attendees. One organizer dutifully gave the next leaflet to a homeless person who happened to be nearby, and then went on with the distribution.

On the other side, legislators who were eager to restore Glass-Steagall—some who had been in contact with LaRouchePAC before the conference, others, on the spot in Atlanta—reacted with a healthy shock. The hooliganism of the bankers ignited a tremendous sense of fight. For many, it was the first time that they truly understood what LaRouchePAC organizers had been telling them for months; that Glass Steagall’s reinstatement really was an existential question, for their states, for the nation, and, from the other side, for Wall Street itself.

A Nightmare for Wall Street

A core grouping of these fired-up legislators coalesced during the day Wednesday, and pored over the procedural manuals. The group realized they could put a Glass-Steagall resolution on the floor of the Plenary session as an amendment to some other resolution, as long as it was relevant. A resolution on deficit-reduction programs and their effects on the states was entirely appropriate. What happened on Thursday morning in the Plenary was the stuff of nightmares for the Wall Street bankers and their sycophants in the convention.

They thought they had snuffed out the insurgency on Tuesday. Their top people now knew an amendment was coming, but thought they could use parliamentary tricks to quickly sweep it off the agenda as “not ger-

mane.” They lined up a seasoned hack, Rep. Delores Kelley of Maryland, for the job.

Events moved out of their control, however, starting with the impact of the amendment being flashed on the huge twin screens on either side of the rostrum (see below for report on the Plenary session). It was a moment like “Mene, Mene, Tekel, Upharsin” at Belshazzar’s feast. The 500 people in the room (about 300 of whom were legislators) were instantly on the edge of their seats; a loud buzz of discussion continued throughout the meeting.

Thanks to diligent planning, and an early morning meeting where the likely tactics of Glass-Steagall opponents were anticipated, the group of pro-Glass-Steagall legislators adroitly jumped on each of about five key moments in the crackling parliamentary maneuvering which followed, first, to introduce the amendment, and then (when its adversaries, as expected, claimed it was “not germane” and the chair sustained it), to raise the cry, “I appeal the ruling of the chair”; then to carry the debate into substantive back-and-forth. They then insisted on a roll-call vote, and made sure the necessary five states ratified the call for a vote. All this time, the text of the amendment was projected on the huge screens.

In the subsequent vote, fully one-third of the delegations (each state had one vote, determined after consultation among its members) either backed the legitimacy of the amendment (a proxy for endorsing the amendment), or abstained, indicating that the delegation was evenly split. In addition, there were many other supporters, who were minority voices in the other state delegations. The overall contour of the result showed that even a Wall Street campaign of heavy-handed thuggery which included varying degrees of blackmail and extortion, while it may have been sufficient to “persuade” some less committed (or more cowardly) legislators to back off, was not sufficient to silence the very visible, and very significant support.

The fight also caught the attention of a large number of international delegations of legislators attending the summit, including those from Australia, South Africa, Nigeria, Kenya, Portugal, and Germany. The LaRouche movement’s fight for Glass-Steagall at the convention, made a deep impression on them.

No one of any conscience leaving the convention will remember very much of it, other than the explosion of the Glass-Steagall fight.

Stuart Rosenblatt contributed to this article.

Legislators Testify For Glass-Steagall

Delaware State Sen. Cathy Cloutier, Kentucky State Rep. Perry Clark, and former Michigan State Rep. and current Detroit School Board President LaMar Lemmons, addressed the National Conference of State Legislatures Committee on Communications, Financial Services and Interstate Commerce Hearing Aug. 12, in favor of a resolution to restore Glass-Steagall. Here is a transcript of their remarks.

Delaware Senator Catherine Cloutier

Good afternoon.

I'm State Senator Cathy Cloutier. I'm from Delaware, and I have always stood for working across party lines, for the good of all the people.

I'm here to motivate the passage of the resolution that calls for the reenactment by the U.S. Congress of the Glass-Steagall Act of 1933.

I have elected to share my time with State Sen. Perry Clark, who's a Democrat from Kentucky, and LaMar Lemmons, who's a long-term former state rep, and now President of the Detroit School Board. I also have a fact sheet that will answer a lot of questions. I did cut my notes for my talk drastically, to allow more time for others.

There is no more urgent legislation facing the United States today than the restoration of Glass-Steagall, which was unfortunately repealed in 1999, when Wall Street gave \$350 million to the Congress to repeal it.

Slide #1: FDR signing Glass-Steagall, flanked by Sen. Carter Glass, Rep. Henry B. Steagall, and others.

The two most important features of the original Act of 1933, which you see here being signed by Franklin Roosevelt, were:

Number 1: separating sound commercial banking activity from investment banking, which is entirely speculative; and

Number 2: establishing Federal Deposit Insurance by the FDIC, to insure the commercial bank deposits of all the American people.

In other words, no gambling with bank depositors' money, and no deposit insurance for the gamblers in investment banking.

In doing both, it contributed greatly to restoring confidence and stability in the banking system, and thereby, the economic recovery from the Depression.

Because the 1999 repeal dissolved that separation, the door was opened for

- 1) creation of the biggest financial bubble in history;
- 2) the collapse of that bubble in 2007 to 2009, and the biggest taxpayer bailout in history; and
- 3) with the new collapse about to hit, the plan for bail-ins of banks, as mandated by the Dodd-Frank bill.

Now I'd like to tell you the history of how the original Glass-Steagall Act was enacted, to help us summon up the wisdom, the courage, and the resolve to do it again.

The passage of Glass-Steagall was almost entirely the result of a combination of the courageous work of two fighters: Pecora and FDR.

Slide #2: Ferdinand Pecora on left vs. J.P. Morgan and two others leaving Pecora hearings on the right, with headline WHEN WASHINGTON TOOK ON



National Archives

Slide 1: President Franklin Roosevelt signs the Glass-Steagall Act on June 16, 1933. Standing to his right is Sen. Carter Glass, and to his left is Rep. Henry B. Steagall, the authors of the the law.



National Archives

Slide 2: Ferdinand Pecora, “the Hellhound of Wall Street,” seated left; across the table is J.P. Morgan. The Pecora hearings paved the way for Glass-Steagall to be passed overwhelmingly in Congress.

WALL STREET. [Note: This slide remained on for all three speakers.]

Ferdinand Pecora got crucial backing from FDR.

He was hired as chief counsel for the Senate Banking Committee on Jan. 22, 1933.

At that time, we were in a total depression. By March 3, 1933, 38 states had been forced to declare bank holidays to try to stem panic.

Pecora kicked off the hearings with a subpoena to Charles Mitchell, head of National City Bank, then America’s largest bank. (It’s now known as Citibank.) Sunshine Charlie was the Jamie Dimon of his day. After Pecora grilled Mitchell and his men for 10 days, Charlie Mitchell walked out of the hearings alone, discredited, a broken man, and resigned as chairman of City Bank. His admission on the witness stand led to his subsequent arrest for tax evasion.

J.P. Morgan was next. Pecora put Morgan on the witness stand in May, and made him admit, after relentless grilling, that he and a lot of his Morgan partners had paid *no taxes* for the last two years. The people of the nation had had enough.

Glass-Steagall swept through the Senate by voice vote; the House followed, by 191 to 6; and FDR signed the new law on June 16, 1933. This opened the way for President Roosevelt to pour credit, through the newly

reformed, sound banks, to put millions of people to work, reopen the factories, build the TVA, the Hoover Dam, and thousands of other projects.

This is what we need to do!!!

[Holding up a recent *Time* magazine, “Is Your City Next?”]

Just look at Detroit—and your city, and your state, could be next!

The city of Detroit is being forced to pay the big banks hundreds of millions of dollars in interest rate swap bets—gambling debts.

Meanwhile, the retired policemen, firemen, and city pensioners of Detroit are told to live on 10 cents on the dollar: They are supposed to live on a \$3,000 a year pension, with no Social Security!

Twenty-five states this year have introduced resolutions calling for the Congress to restore Glass-Steagall. In Delaware, 10 of the 21 State Senators, including myself, introduced a pro-

Glass-Steagall resolution.

Why? Because they know the Congress is listening. In the U.S. House of Representatives, there are now 75 co-sponsors of the bill to restore Glass-Steagall. And in the last month, 10 U.S. Senators have joined in.

I’m calling on you to restore the Glass-Steagall Act!

Kentucky Senator Perry Clark

Let me just make this as brief as I can make this. Walls are very interesting things—it is very hard to build a wall. It’s a lot easier to knock down a wall than to build a wall. Sometimes when you knock down a wall, you try to figure out: Why did we knock down that wall?

We know now what the outcome was of knocking down the wall of Glass-Steagall. From 1933 until 1999, we had a relatively secure commercial market. We did not hear things like this—and I’ll just read these news reports—just like you see here. Here’s yesterday: “JPMorgan Chase files quarterly report with the SEC”—if there ever was an argument of making a convincing case against breaking up the big banks and restoring Glass-Steagall, it is dead—“JP Morgan reported it is under investigation by the Justice Department in six separate areas being pursued by multiple state attorneys general.”



This Time magazine cover was held up by Sen. Cathy Cloutier to underscore the point that every city is now on the chopping block—without Glass-Steagall.

We all know this! This is going on in our state!

And, they're also in trouble with the Libor. Does anyone remember the Libor manipulation of the stock markets? "J.P. Morgan says the Justice Department is one of the multitude of bodies that are investigating their potential role in the rigging of the interest rate benchmark used to set the interest rates on trillions of dollars of loans in derivatives around the world," and it cuts back to *our* states; *we're* going to owe that money!

More articles, this is all recent news right here. This is the *New York Times*, right here: "The case also comes at a time when J.P. Morgan, which recently reported record quarterly profits, is already grappling with an array of regulatory woes." The bank has got six inquiries, minimally, into it—we know that. The cat is out of the bag! When Glass-Steagall was knocked down, we allowed the commercial and the investment banks to get together. It's a rigged game, people! We *must* put that wall back up, and separate them now. We can figure

out what kind of regulatory scheme we need after that. What we had with Dodd-Frank is not working.

Give me just a minute. I do hope you have time to hear from Mr. LaMar Lemmons, here, who is the President of the School Board of Detroit, and he knows what these casino swap rates are costing Detroit. It's just not bad management, it's a bad financial manager. The cat's out of the bag! Twenty-five states have introduced these legislations to restore Glass-Steagall. Congress has bills in both the Senate and in the House. You have 10 Senators co-sponsoring. And my Congressman from Louisville obviously is one of the sponsors in the House—you have 75 co-sponsors. It is growing daily. People are seeing what is going on with the markets, and we can no longer bail out the banks and not bail out the people. We save the people—a lot of the banks can fend for themselves! We put the Glass-Steagall back in place.

I ask for everybody's courage, I ask for everybody's commitment. It's going to be difficult, there's going to be *millions of dollars spent against this up in Washington to stop this from happening*, but this is the only thing I see that's going to save the people of my district, and maybe even to build the infrastructure of the United States so we can leave a future for our children. And that's what we're here for. That's who you vote for.

Former Michigan Representative LaMar Lemmons

I'm LaMar Lemmons. I'm a former state legislator from 1999-2007, from the State of Michigan and the City of Detroit. When I was here at the conference in 2000, I met another state legislator from the State of Illinois, from the Chicago base. He went on to become the President of the United States, and I went back home and became president of our largest school district, the Detroit Public Schools, because my interest was in the children. And so that's where I am today.

Now, our city has recently filed for bankruptcy—but not in the traditional manner! Not with the mayor and the city council. It was an *imposed* bankruptcy, imposed by the state. The fact that Glass-Steagall was repealed caused our pensions to be undermined and under-financed. And as a direct result, we cut our firefighters down; and some of them, both firefighters and policemen, start at \$14 an hour! With a family of four, they're eligible for food stamps.

Unless you re-erect Glass-Steagall and stop the

bleeding, our pensioners have now been made vulnerable. Although our state constitution *guarantees* the pensions, when we go to Federal bankruptcy court, all bets are off. So I'm just here to ask you to send to the larger body, for deliberation, this resolution for Glass-Steagall. Thank you.

Glass-Steagall: A Moment of Truth In Atlanta

The following leaflet, headlined, "Moment of Truth in Atlanta: Glass-Steagall or America Is Doomed," was distributed by the LaRouche Political Action Committee at the recent National Conference of State Legislators convention in Atlanta.

Aug. 14—An army of Wall Street lobbyists has desperately descended on Atlanta for the annual convention of the National Conference of State Legislators. The issue on the table for all attending legislators comes down to one basic question: Will you support the reinstatement of Glass-Steagall, or will you sacrifice the future of all of your constituents, who will be doomed to a life of no pensions, no health care, no jobs, in order to bail out a bunch of Wall Street scoundrels who have looted every city, county, and state in America to bail out their worthless gambling debts?

Legislation to reinstate Glass-Steagall has been introduced in both the U.S. House and Senate. Twenty-four state legislatures—including California and New York—have introduced resolutions calling on their Senators and Representatives to support Glass-Steagall.

In 1999, the big Wall Street banks spent \$300 million to bribe and lobby Congress to repeal the 1933 law that broke up the Depression era "too-big-to-fail" banks. Back in 1933, through the Pecora Commission, scores of top Wall Street crooks were carted off to jail for tax evasion and for stealing depositors' funds. Today, the Justice Department has a policy of "too-big-to-jail." Wall Street tycoons know that they can literally get away with murder, as the case of Detroit illustrates. The citizens and municipal workers of Detroit were robbed blind through complex schemes such as "inter-

est rate swaps," which were actually a cover for the rigging of LIBOR rates to assure the big banks that they would profit, while every city, county, and state in America paid through the nose. Last year alone, America's cities and counties shelled out \$30 billion to Wall Street, while social services and wages collapsed and unemployment climbed.

The necessary first step for a reversal of this collapse of the conditions of life of the vast majority of Americans is the reinstatement of Glass-Steagall. Under the pending bills in the House and the Senate, the too-big-to-fail banks would be broken up into separate commercial and investment banks. No longer would taxpayers or bank depositors be liable for the gambling debts of the Wall Street speculators. Freed from those trillions of dollars in gambling debts, credit could be injected into the real economy to begin the process of productive job creation, infrastructure, and all of the other essentials of life that too many Americans are losing today.

Glass-Steagall or Death

The NCSL is a leading organization, with special responsibilities in these times of crisis. If you want to save this nation and begin a period of unprecedented economic expansion, then you must support the reinstatement of Glass-Steagall. The Wall Street lobbyists who have been here in great numbers are terrified that you will act on behalf of your constituents. They have no argument to make against Glass-Steagall. All they can do is make hollow threats that they will take away jobs and cut off campaign contributions. They themselves know that the vast majority of Americans want a return to Glass-Steagall. The American people are not willing to put up with trillions of dollars more in bailout money for Wall Street criminals, but that is what is coming again soon, unless Glass-Steagall is passed through Congress by an overwhelming majority.

Your colleagues in the U.S. House and Senate are looking to you here in Atlanta to give them the backing to push through Glass-Steagall. You have an historic responsibility foisted upon you. Do not shrink from that responsibility in the face of Wall Street desperation and intimidation. You know what your constituents desperately need.

The moment of truth has arrived. It is literally a choice between Glass-Steagall, and mass starvation and death.

Glass-Steagall Amendment Debated In Plenary Session

Aug. 16—*The following debate occurred in the Aug. 15 plenary session of the National Conference of State Legislatures.*

As a resolution on Federal Deficit Reduction and the impact on the States was raised, Rep. Andrea Boland of Maine rose to submit an amendment, co-sponsored by Sen. Perry Clark (Kentucky), Sen. Maralyn Chase (Washington), Sen. Bob Hasegawa (Washington), Rep. Ronald Waters (Pennsylvania), and Rep. Robert Saucier (Maine). Boland then read the amendment aloud, as follows:

“NCSL believes a broad deficit reduction plan must ... include the restoration of the Glass-Steagall Act of 1933 by the U.S. Congress through H.R. 129, S. 985 and S. 1282. This would greatly reduce the Federal deficit and massively increase aid to the states, by:

“a. cancelling the trillions of dollars in bailouts provided by the U.S. Treasury and Federal Reserve to a few giant banks;

“b. allowing for the issuance of Federal credit that would finance massive job creation in infrastructure, industry, and agriculture, thus expanding the Federal and states’ tax base; and

“c. cancelling the vast interest-rate-swaps, and other derivatives, that the megabanks have used to steal over \$30 billion from many states, including Illinois, Kentucky, New Jersey, and Pennsylvania; and from hundreds of cities, school districts, and pension funds, including Detroit, Philadelphia, Chicago, and Birmingham.”

Immediately following the reading of Boland’s amendment, Rep. Delores Kelley of Maryland raced to the microphone to demand the amendment be ruled out of order: “The sponsor withdrew this resolution in the Financial Services Committee. That committee would have been the proper place for discussion. Here, I question its germaneness.”

Rep. Brian Kennedy of Rhode Island, a front man for big insurance interests, added: “I understand there may be an attempt to do so again later on. It just is not germane at this point in time.”

At that point, the chairwoman promptly so ruled.

Amendment co-sponsor Chase then spoke: “I appeal the ruling of the chair,” an action which, according to the rules, automatically initiates a debate. The chairwoman forced a smile and said cynically, “You have to love democracy.”

Chase then said: “The purpose of this famed resolution, Federal Deficit Reduction and Impact on States, has to do with reducing the debt—the reason I’d like to read, with your permission: ‘NCSL believes a broad deficit reduction plan ... such as the propagating of Glass-Steagall bills, would reduce the Federal deficit. And I’d like to say, for those who are not, do not understand the Glass-Steagall [law], which I didn’t before our last session in our legislature—this reinstatement of Glass-Steagall would separate the commercial and the investment activities of banks. It would prohibit banks from being able to use their deposits, our deposits, in their investment procedures. It would also prohibit their ownership of electrical plants, aluminum plants,’ etc.

“When those of us who invest have an investment that goes south, we don’t get bailed out. But these banks have been bailed out to the tune of over \$15 trillion. I am proud to have NCSL support Sen. Maria Cantwell, my Senator, and Sen. Elizabeth Warren, for their courageous battle in the U.S. Congress to get a hold of the deficit problems that we are having, because we don’t have protection. The protection we need to have is Glass-Steagall, in guarding our deposits. And for that reason I believe this is an absolutely germane issue for a Federal Budget Deficit program.”

The View from Wall Street

Rep. John Kowalko of Delaware spoke next: “The fact that the issue is germane is demonstrated by Senator Chase’s remarks. The issue is the rules, and we’ve discussed the last week in a rather contentious time in the Rules Committee, to ensure that the process of every member of the NCSL has an opportunity to present, under a process, a controlled process. I think that we have an interest here; if the body determines that this amendment is not germane in their minds, then they can vote it down, but not hearing the amendment, I think, is a violation of the process that we’re here rep-

resenting. And that's representation of all the states...."

Then Sen. Curtis Bramble of Utah addressed the body: "We just heard the legitimate concern raised about Glass-Steagall, and its impact on banking and depositors, and a number of other issues, and that is a very good debate to have, but not relative to a set of principles dealing with the deficit reduction. The resolution before us deals with a set of principles that are being advocated in the Federal government.... This amendment is a thinly veiled attempt to circumvent the Committee process where we would have a presentation; there are serious questions about the validity of the statistics put in this resolution. That's an important debate to have, to bring in experts before a committee process.

"But the question before us, is germaneness to this particular motion on deficit reduction; all of the debate is going to the banking policy, financial institutions, and regulatory policy, depository protection—we can get into securities and insurance and all those other issues; that is not a set of principles on deficit reduction.

"I strongly speak in support of the ruling of the chair. This should be ruled out-of-order based on germaneness."

A state representative from Minnesota then requested a roll call on the appeal of the ruling of the chair.

The chair responded that she would address the roll call at the end of the debate.

An Indiana state representative moved to call the question.

At this point, in response to a question from the chair on the question of a roll call, members from four other states, stood to request a roll call vote: Maine, Kentucky, Washington, Pennsylvania—i.e., those states whose representatives sponsored the amendment.

It was clarified that a "yes" vote was to sustain the chair's ruling, a "no" vote was to overrule. It was to be a majority vote.

The roll call proceeded with the following result: 11 "no" votes (against the chair), 32 "yes" votes (for the chair), and 4 abstentions (delegation split, with no consensus). The "no" votes were: Alabama, Arkansas, Idaho, Maine, Minnesota, Montana, Nebraska, New Mexico, Puerto Rico, Vermont, and Washington State.

Abstentions: Hawaii, Kansas, North Carolina, and Oregon.

REVIVE GLASS-STEAGALL NOW!



"The point is, we need Glass-Steagall immediately. We need it because that's our only insurance to save the nation.... Get Glass-Steagall in, and we can work our way to solve the other things that need to be cleaned up. If we don't get Glass-Steagall in first, we're in a mess!"

—Lyndon LaRouche, Feb. 11, 2013



LaRouchePAC is now leading a nationwide effort to push through legislation for Glass-Steagall (www.larouchepac.com).

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Wall Street Makes a Killing By Closing Down Hospitals

by Mary Jane Freeman

Aug. 19—Across America, dozens of hospitals in just the last six months have either shut down or been threatened with closure. The cited reasons included charges of fraud against their CEOs, the imposed *de facto* bankruptcy of the hospitals due to the slashing of Medicare and Medicaid reimbursements, and derivative scams by the Wall Street banks. Such closures, or curtailed services, are driven by the Wall Street/London dictate that health care is a business, merely another market to be looted. That such action will result in a massively increased death rate is considered a boon, given the British financial oligarchy's commitment to reducing the world's population.

In a Glass-Steagall credit-driven economic boom, the real subject is the health and well-being of the population which requires a hospital-centered delivery system.

Even before the implementation of Obamacare, itself a London-Wall Street fascist creation, intended to implement the imperial depopulation agenda, the Wall Street predators were ripping apart America's once-unrivaled, county-by-county, hospital system. It began big time with the laws establishing Health Maintenance Organizations (HMOs) in the early 1970s, and has accelerated along with financial deregulation, with insurance companies and for-profit hospitals taking over, and "rationalizing" an increasing part of the vital health infrastructure.

One aspect of the looting was a result of the Libor rate-fixing scam, exposed in 2012. More than 500 non-profit hospitals, one in six nationwide, bought interest rate swaps in recent years. Dozens were then hit hard in

these deals, paying out millions of dollars because of rigged interest rates and terms of contract. They had to cut medical services.

A preliminary survey by *EIR* researchers shows that more than 26,000 community hospital beds were eliminated in the eight years of the George W. Bush Administration, and the first four years under Obama, ravaging an already dwindling infrastructure of community hospitals. Obama also shuttered 37 community hospitals in his first term. During Bush's reign a few were built, mostly in GOP-majority states, e.g., Indiana, Florida, and Texas.

Those who think that the United States can survive as a nation under Wall Street rule, are dead wrong. The following preliminary picture should make that unequivocally clear.

The Hill-Burton Standard Destroyed

To rip apart the American health-care system meant, first of all, to destroy the Hill-Burton standard.

America built its public community hospital infrastructure as a result of the 1946 FDR-legacy Hill-Burton Act. It mandated building a county-based hospital health-care delivery system. A national survey of need, made prior to the Act, found that an average adequate hospital bed-to-person ratio would be 4.5 beds for every 1,000 people. This varied from 2.0 to 5.5 beds, depending on population density. So a concept of concentric concentrations of hospitals, by state, was used to create coordination of care between rural and urban areas. This



Facebook/Keep Brooklyn Hospitals Open for Care

Brooklyn's Long Island College Hospital staff protests a threatened shutdown by SUNY Downstate, April 2013. On Aug. 17, a judge's ruling ordered the hospital to restore services to pre-July 19 levels.

ensured a network of bed availability, and access for short-term acute care, epidemics, and/or disaster emergencies. A massive Federal-state building project followed. By 1980, the U.S. had built up to a level of 5,810 community hospitals, spread over 3,000 counties, which provided 987,000 beds for 226 million Americans.

Halting the construction, and opening the door to the Wall Street profiteering of the health-care income stream was President Richard Nixon's signing into law of the 1973 HMO Act. No longer was health of people the driver for health-care policy; instead, profits of HMO insurance vultures became primary. The result: From the 1980 peak of building, to 2011, the U.S. lost 20% (189,600) of its community hospital beds due to the closure of nearly 15% (837) of community hospitals. Yet, the U.S. population grew by 85 million between 1980 and 2011, the latest year for which data is available.

This drastic loss caused the national average bed-to-population ratio to plummet from 4.4 per thousand in 1980 to 2.6 in 2011, a 41% collapse! In fact by 2011, 42 states—84%—no longer met the standard of 4.5 beds per thousand of population ratio. In four states (Vermont, Wisconsin, Colorado, and Minnesota) the ratio fell 51-55%, while in another 19 states, it fell 40-48%, and in 23 states, it plunged between 23-39%. Only in two states, North and South Dakota, and in the District of Columbia, does the 4.5 or higher ratio hold.

HMO financial sharks such as today's multi-billion-

dollar companies UnitedHealth Group, WellPoint, Humana, Aetna, and Cigna, have become the top looters of our hospital system since that 1980 paradigm shift.

Now, Obamacare is set up to finish it off with its cuts in Medicare and Medicaid reimbursements to hospitals, while it will force millions more into the ranks of Medicaid or the uninsured, people who will only have hospitals as their last resort. Already, hospitals have laid off thousands as their revenue base has been decimated by Obama's sequester cuts, lower patient volumes due to depression conditions, and growing debt (often uncollectible) due to shrinking Medicaid and Medicare reimbursements.

Taking into account the 85 million increase in population, as against the loss of beds, the U.S. now has a 577,550-bed deficit for the 314 million people who live here. If we are to return to the standard of 4.5 beds per 1,000 people, between 2,000 and 3,000 hospitals are needed.

To accomplish this, up to 2,000 new hospitals should be built, while those that have been closed are restored; beds taken out of service in existing hospitals can also be restored. Adding bed capacity also requires training new doctors and nurses to staff the facilities.

Hospital Closures Underway

A preliminary national survey shows an intense process of hospital "consolidations" and shutdowns. Notable cases follow.

New York: In Brooklyn, a huge battle is raging over the imminent shutdown of Long Island College Hospital (LICH), which is owned by the State University of New York Downstate Medical Center (SUNY Downstate). At rallies protesting the closure of LICH, 18 people were arrested the week of July 8, and supporters, along with hospital staff, travelled by bus to Albany on July 16 to demand that the hospital be kept open. Violating a court restraining order, SUNY Downstate is dismantling LICH piece by piece. So far in July, it barred ambulances from LICH's emergency room, began closing core departments, and prohibited admissions. Downstate argues it can't afford to keep LICH open, but supporters charge the hospital closure is a big

“real estate deal” for SUNY Downstate. In 2012, LICH served more than 60,000 residents, and it is ranked as the second-best hospital in Brooklyn.

New Jersey: A number of hospitals in the state are faced with merger and/or acquisition by corporate health-care systems. In Morris County, the Saint Clare hospital system’s three hospitals—Denville, Dover, and Boonton—were up for purchase. The buyer is Prime Health-care, a multi-billion-dollar hospital chain which is under investigation by California officials for some of its practices. NewJersey.com reports that over the last three years, Prime has acquired “four hospitals in Texas, one in Nevada, two in Pennsylvania and two in Kansas. It already owns 14 in California and is attempting to buy one in Rhode Island.” The New Jersey Department of Health is examining the proposal in light of Prime’s problems in California, and its legal battle with SEIU employees. Phyllis Salowe Kaye, executive director of New Jersey Citizen Action, is raising pointed questions too.

Hudson Holdco, which currently owns Bayonne Medical Center, Hoboken University Medical Center, and Christ Hospital in Jersey City, is moving to consolidate services and offer statewide insurance plans, in order to make a windfall profit for its renamed company, CarePoint Health, taking advantage of insurance market provisions in Obama’s Affordable Care Act.

Texas: In early June, the Shelby Regional Medical Center closed. It had served the community for 45 years, had 44 beds, and cared for 700-900 patients monthly. From preliminary reports, it appears the hospital was looted by its owner, Dr. Tariq Mahmood, who was indicted by a Federal grand jury in April on a charge of conspiracy to commit health-care fraud and seven counts of health-care fraud. The alleged fraud centers on false claims to Medicare and Medicaid. The loss of Medicare and Medicaid funds to the hospital left it no option but to close. Now, to get care, residents have to drive long distances or be helicoptered to the nearest hospital.

Earlier, Mahmood’s skullduggery resulted in the temporary closure of Renaissance Hospital in Terrell, near Dallas.

California: In April, three hospital sites in Los Angeles had their operations suspended: Bellflower Medical Center, and the Los Angeles and Hawthorne campuses of Los Angeles Metropolitan Medical Center. These facilities had among them 350 beds and over 1,900 employees. The temporary closures stemmed from the financial plight of their owner, Pacific Health Corp., which was fined \$7 million by California’s De-

partment of Industrial Relations for bouncing paychecks to its employees, while also taking deductions for insurance premiums, and then not paying the insurance providers. A year ago, Pacific paid \$16.5 million in fines to the Federal government in connection with Medicare and MediCal billing frauds and kickbacks.

At the same time, Pacific closed Newport Specialty Hospital in Orange County, and began closure of Anaheim General Hospital.

In late June in Coalinga, a rural town of 17,000 people near Fresno, the CEO of Coalinga Regional Medical Center, Sharon Spurgeon, appeared before the city council to explain the center’s financial crisis. She said the hospital faced a likely 10% cut in state payment from MediCal reimbursements, and also would have to pay \$5 million for retroactive cuts back to 2011. “We’re on the edge,” she reportedly said. More than half of the hospital’s patients are MediCal recipients. Its closure will put 246 people out of work and will result in 45-minute travel time to the nearest hospital, as many other rural hospitals in this region have closed over the last 23 years.

Massachusetts: Boston’s largest safety-net hospital, Boston Medical Center, has plans to close its East Newton Street campus, which has 85 beds. The threat of closure is due to expected state and Federal budget cuts. BMC overall has 496 beds in its hospital network. Last year BMC made a small profit of \$8.8 million, after having been in the red. But this margin is vulnerable, since reimbursement cuts are expected under Obamacare, and 75% of BMC’s revenue is derived from Medicare and Medicaid.

Illinois: In early July, after the arrest of its CEO and CFO, Chicago’s Sacred Heart Hospital abruptly closed. The closure violated Illinois public-health laws. Back in April, Edward Novak, the CEO and owner of the 119-bed for-profit hospital, CFO Roy Payawal, and several physicians were arrested for involvement in kickback schemes. Shortly after the arrests, and prior to the abrupt closure, a New York-based turnaround (vulture) company, Alvarez & Marsal Holdings, LLP, took over Sacred Heart.

Also in Chicago, in early June, the financially strapped safety-net Roseland Hospital, which had earlier threatened to close soon after its CEO quit, and after laying off 68 employees, entered into negotiations for a takeover. Gov. Pat Quinn secured a meager \$350,000 to keep Roseland afloat, and pay its employees for a bit longer. Quinn’s office is hoping for a takeover to keep it open.

Swiss Bail-In Scheme: Stealing a Half Trillion Euros from Depositors

by Claudio Celani

Aug. 17—A [paper](#) published by the Swiss banking regulator FINMA is causing an uproar in Switzerland and confirms all *EIR*'s allegations against the planned “Quantitative Stealing.”

The paper, released on Aug. 7 on FINMA's website (first in English, interestingly enough), states that up to 600 billion Swiss francs (EU487 billion) of depositors' money is included in the bail-in chest for the two large Swiss banks, UBS and Credit Suisse. While the Swiss population is discovering that they are on the chopping block, most citizens of the European Union have yet to wake up to the fact that the same thing is planned under the EU's bail-in legislation.

The new paper assesses how the bail-in procedures introduced in Switzerland at the end of 2012 would work in the case of the two “too-big-to-fail” Swiss banks, and is shockingly candid in stating that when all other bail-in instruments are exhausted (shares and bonds), “uninsured deposits of around 300 billion Swiss francs per bank are also potentially subject to bail-in.”

The FINMA publication comes in the context of a growing movement against its bail-in scheme in Switzerland, which began after *EIR* first exposed it last Spring. The *EIR* report, picked up by the Zurich-based group Impulswelle, prompted the government to respond defensively in an official letter.

While the FINMA paper might be part of a defensive public relations strategy, the action is backfiring.

- The website [insideparadeplatz.ch](#) has exposed the bail-in scheme under the headline “300 billion of depositors' money to save UBS and CS.” It notes that “The Watchdog can seize 300 billion of depositors' money from both banks, to save the two giants.... That amounts to 75,000 francs per capita” for Swiss citizens.

And further, “UBS and CS are Cyprus to the tenth power. Hundreds of billions of opaque derivatives slumber in the balance sheets of both banks. If the wind changes on the markets or the highly paid bosses lose

their speculative bets, large parts of the capital could be wiped out.”

The [insideparadeplatz.ch](#) article has over 60 comments by enraged readers, including some calling for separating the banks.

- Prominent journalist and author Gian Trepp wrote on his blog on Aug. 14 that “politicians are well advised to reject” the FINMA plan. He called for a small but fundamental change in the statutes of the regulatory agency, inserting “general interest of the country” in Article 5, which defines its mandate. Currently, Article 5 says that the “aim of the supervisors is . . . protecting creditors, investors, the insured, as well as the functionality of the financial markets.” He also called for putting FINMA functions under the National Bank, whose statutes do mention the general interest of the country.

In a previous posting on the bail-in scheme, Trepp had called for separating investment banks from commercial banks.

- The London *Financial Times* warned on Aug. 8 that if FINMA announces that bondholders are on the firing line, investors will pull their money out of Swiss banks, which will then have to pay higher yields to attract money. “Christopher Wheeler, analyst at Mediobanca, said the threat to senior bondholders posed a challenge for the way Switzerland's two big banks fund themselves. “They face a delicate balance. On the one hand, now that senior bondholders are explicitly at risk of being bailed in, they need to issue enough low-trigger contingent capital to ensure that their providers of senior funding do not demand a higher coupon.” A bond issued by Credit Suisse two weeks ago required a coupon of 6.5% to attract investors.

Also, despite the agreement between the American FDIC, the Bank of England, and the FINMA to establish a common, international legal framework that allows cross-country bail-ins, managed by the authorities of the home country of the banking group, there is still the danger that a judge in a U.S. Court could block

the procedure. This is a major source of concern for the international bail-in mafia, which FINMA would like to solve.

Two FINMA officials expressed their anxiety over this scenario in the *Wall Street Journal* on Aug. 5. Patrick Raaflaub and Mark Branson wrote that despite the FDIC-Bank of England-FINMA agreement on bail-in guidelines, “There are a host of detailed issues underlying this general concept, however, and one thing is clear: We are not there yet.”

The resolution of a systemically relevant bank cannot be accomplished by the usual bankruptcy procedures, they explain. It must be quick, top-down, and centralized. “That is why the so-called ‘single point of entry’ approach is increasingly gaining favor. This means bailing-in creditors at the highest point of the

banking group, which is placed under the control of the home resolution authority for the duration of the process. The fresh capital that is created then gets channeled through the restructured bank’s corporate structure to where it is needed.”

It should be stressed that seizing depositors’ money is a strategy for the entire trans-Atlantic region, and the Swiss actors are part of the London-based center of operations. With former Goldman Sachs hitman Marc Carney taking over at the Bank of England, this has become even more visible. Carney is, at the same time, head of the Financial Stability Forum at the Bank for International Settlements, which has been the institutional center for bail-in discussions, first under European Central Bank president Mario Draghi, and now, under the new head of the Bank of England.

Will the Swiss Vote On Bank Separation?

Switzerland could soon introduce a two-tier banking system, modeled on the 1933 U.S. Glass-Steagall Act, by popular initiative. The Socialist Party (SP) is investigating the possibility of a referendum, and has invited the conservative Swiss People’s Party (SVP) to support it.

The initiative was presented in Bern on June 17 by Corrado Pardini, a member of the National Council (parliament), who declared: “The separation of investment and commercial banks takes away the economic risks of the securities trade from the savings and loan business, downsizes the major banks, and deprives them of the undesirable and anti-market government guarantee.

“Separating the banks strengthens customer safety and the efficiency of banks. It supports the workplace with greater credit availability. This secures jobs in industry, commerce, and services. The disengagement of the state from the investment banks eliminates the risk of ruinous bail-outs. Then investment banks may go bankrupt without wiping out tens of thousands of entrepreneurs, as has been argued in 2008 with the case of UBS. If their bankruptcy threatens the interna-

tional financial system, the IMF should take care of it.”

Pardini’s initiative was addressed in parliament on June 19, when a founder of the SVP complained that the SP had backed out at the last debate on the “too-big-to-fail” banks, and therefore the banking separation bill had failed. The SP spokesperson replied that her party has not abandoned the project: “A group led by Mr. Pardini has now introduced a banking initiative that goes in the direction of separating banks. If it is launched under the framework of the SP, you are most welcome to support it.”

In Switzerland, referenda are part of the legislative process, and if a referendum passes, it immediately becomes law. It is therefore likely that such financial interests are going to use all means at their disposal to pressure politicians and prevent a referendum from taking place. If the politicians fail, citizens are ready to organize a referendum themselves.

For example, the group Impulswelle has launched a campaign for banking separation and against bail-in of the banks, which prompted a letter from Finance Minister Eveline Widmer-Schlumpf on July 17, defending the government’s position. She used the usual incompetent arguments of Glass-Steagall opponents, such as that Lehman Brothers was purely an investment bank, yet its bankruptcy in 2008 triggered the financial crisis.

—Claudio Celani

Putin's G20 Paradox: Summit Prepares To Endorse Bail-In

by Rachel Douglas

Aug. 19—The annual Group of 20 (G20)¹ summit will convene in St. Petersburg, Russia on Sept. 5-6. The heads of state and government meeting would be a perfect opportunity to shift the international economic agenda in a healthy direction: against the City of London policy of pre-arranging “bail-in” of the next megabanks to face collapse because of derivatives and other speculative operations, and in favor of Glass-Steagall banking separation, which would protect the real economy and the population against the murderous fallout from that next, inevitable collapse of the financial-sector gamblers’ wagers.

After all, the world has been able to see bail-in in action since last March in Cyprus, when deposits in failing banks were seized or frozen on orders from the Troika (the European Commission, the European Central Bank, and the International Monetary Fund).² What’s more, individuals and businesses from this year’s host country for the G20 summit took a direct hit in the Cyprus confiscations, because of extensive Russian use of the Cypriot banking system as an offshore tax haven.

Russian President Vladimir Putin himself spoke out dramatically against the financial oligarchy’s worldwide bail-in policy, during the June 20-21 St. Petersburg International Economic Forum (SPIEF). During the question and answer session after his SPIEF keynote speech, Putin was joined onstage by German Chancellor Angela Merkel, who at one point complained that Putin sometimes “talks too loud.” Then,

after Merkel gave a long and intricate, but not very substantial, reply to a question about too-big-to-fail banks, Putin demanded the microphone and said, “Madame Federal Chancellor has said that she doesn’t know how the banks will be recapitalized. She also said that I sometimes talk too loud. So, let me say this in a whisper: [slowly and sotto voce] ‘I hope it won’t be at the expense of their customers!’”

Putin’s disclaimer notwithstanding, Russian Finance Minister Anton Siluanov joined his 19 counterparts at a July 19-20 meeting of G20 finance ministers in Moscow, in signing a joint statement that fully endorsed the Financial Stability Board (FSB) guidelines on bail-in procedures. Paragraph 22 of the statement announced: “The FSB will report to the St. Petersburg Summit [in September] on the progress made and next steps towards addressing the ‘too big to fail’ issue. We strongly support the work to establish robust resolution regimes and resolution plans consistent with the scope and substance of the FSB’s *Key Attributes of Effective Resolution* for any financial institution that could be systemically important beyond the banking sector, and look forward to pilot assessments by the FSB, IMF and World Bank using the Key Attributes’ assessment methodology. We will undertake any legislative and other steps needed to enable authorities to resolve financial institutions in an effective manner, including in a cross-border context.”

The FSB’s “Key Attributes”³ are the framework of the bail-in policy, which is defined explicitly in Key Attributes, 3.5.ii, as including conversion of “all or part of unsecured or uninsured creditor claims” into equity in the entity undergoing “resolution.” These shareholders, then, take the hit for the failed bank, thus “bailing-in,” as opposed to “bail-out” with govern-

1. Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the United States, and the European Union.

2. Dennis Small, “The Cyprus Template: Your Money *and* Your Life,” *EIR*, April 5, 2013; Helga Zepp-LaRouche, “Glass-Steagall: How to Stop the Financial Meltdown over a Weekend,” section “The Cyprus Template,” *EIR*, Aug. 2, 2013.

3. FSB, *Key Attributes of Effective Resolution Regimes for Financial Institutions*, October 2011.



Chancellor Angela Merkel and President Vladimir Putin at a press conference at the St. Petersburg International Economic Forum on June 21. Replying to Merkel, Putin spoke out against the bail-in policy: “I hope [bank recapitalization] won’t be at the expense of their customers!”

ment funds. The financial oligarchy’s propaganda says that this will protect taxpayers. But the inability of national deposit insurance funds to cover eligible bank deposits in the event of failure⁴ means that the pool of involuntary contributors to bail-in is de facto enlarged to include all depositors—a set of people and businesses that greatly overlaps taxpayers. Such a scheme was tested in the case of Spain’s Bankia bank.⁵ As reported in this issue of *EIR*, Switzerland’s banking regulator, FINMA, places all uninsured depositors on the chopping block, under that country’s already-adopted bail-in regime.

Bankers’ Dictatorship

In the same month as Putin delivered his anti-bail-in remark at the SPIEF, Russian Central Bank deputy head Mikhail Sukhov told a banking conference, also held in St. Petersburg, that the Central Bank fully supports bail-in. “Major creditors” need to be docked in order to “save” problem banks, said Sukhov. The Russian eco-

4. In Australia, for example, the government’s Financial Claims Scheme provides \$20 billion per bank, supposedly to protect deposits of up to \$250,000, yet such sums reach barely 10% of that country’s Big Four banks’ eligible deposits of close to \$200 billion per bank.

5. Dennis Small, “Bail-In: the Case of Spain’s Bankia,” *EIR*, June 7, 2013.

omic weekly *Expert* took note of his speech, reporting on it June 7 under the headline “Creditors to Replace the State.” According to *Expert*, Sukhov “stressed that the Central Bank will be able to impose a special supervisory regime.... Conversion of debt into equity, Sukhov believes, will create ‘a kind of buffer, so that state funds will not serve as the source for dealing with financial problems.’... Essentially the Bank of Russia is proposing to use the scheme that European authorities have proposed to their lending institutions, whereby the state and taxpayers will become the financial rescuers only of last resort for troubled banks. The EU project is being discussed by the various national parliaments. Mikhail Sukhov noted this fact, commenting that the international community is

now moving to prevent the use of state funds for resolving banks’ financial problems.”

Sukhov is one of Russia’s three *ex officio* representatives to the FSB, the institution under whose auspices the bail-in policy has been developed for global application.

Another Russian emissary to the FSB, Deputy Finance Minister Sergei Storchak, has likewise contradicted statements by leading Russian officials, in order to promote the FSB’s G20 agenda of bail-in. By contrast, on April 13, the daily *Izvestia* publicized a letter addressed to Putin by Deputy Prime Minister Dmitri Rogozin, who urged that the Strategic Defense of the Earth be placed high on the agenda of the G20 summit in September. According to *Izvestia*, Rogozin stated: “The scale of the task of neutralizing the asteroid threat requires the concentration of global intellectual resources and the scientific potential of Russia, the United States, and other countries.... Such a program of cooperation will increase trust between the nations and at the same time create the conditions for ending the confrontation over the missile defense program.”

Storchak, however, speaking to the FinMarket news service on June 11, said that the G20 agenda had “expanded too much” already, and that the only notable



news.kremlin.ru

Minister of Economics Alexei Ulyukayev meets with President Putin, June 24, 2013. Ulyukayev, a former deputy chairman of the Bank of Russia, is part of the circle of financial officials linked to the City of London.

success of the Russian G20 chairmanship to date had been “solving the problem of government rescues of ‘too big to fail’ banks”—through endorsing the bail-in policy. In September, Storchak promised, the G20 leaders would issue a “special announcement,” saying that “the problem of ‘too big to fail’ has been solved, once and for all. . . . We hope that in St. Petersburg the leaders will close the book on this problem, seconding their [finance] ministers’ agreement that this problem has been solved. And that was the key problem from the standpoint of the 2008-2009 crisis.”

Who are these deputy ministers of finance or deputy Central Bank chairmen, who freely override the agenda proposals and policy heads of state or deputy prime ministers? In the case of Russia, the phenomenon is well known. Fifteen years ago, on Aug. 17, 1998, the events known as “the default” took place. The scheme of issuing increasingly short-term government bonds for the benefit and amusement of international speculators, a scheme foisted upon Russia by the band of London-trained radical free-marketeers who had seized power there in 1991-92, came to a crashing halt. In the wake of Russia’s freezing of its government securities market in GKO (short term bonds) and OFZs (other federal loan paper), the ruble

was devalued by two-thirds. Attempts to install a foreign Currency Board dictatorship were beaten back, and the Yevgeni Primakov-Yuri Maslyukov government, formed in September 1998, undertook emergency actions to revive the economy.

Putin, coming to power in 1999-2000, inherited not only the beginnings of a recovery launched under Primakov, but also a large and ramified network of financial officials, who had become deeply embedded in Russian institutions during the 1990s, and did not leave office.⁶ They are still there, in the person of Storchak, Sukhov, and many others, to this day. In June of this year, Putin appointed one of them, long-time Deputy Central Bank Chairman Alexei Ulyukayev, as minister of economics. One of the calling cards of this circle is the claim that they alone have the experience with international financial institutions, necessary for navigating in the current global crisis.

Such London-trained functionaries are the mechanism through which a bankers’ dictatorship is imposed. The same practice crops up in many countries, not only Russia. A recent investigation of an ongoing plot to sneak bail-in legislation through the Australian parliament identified at least 11 executives of Australian financial regulatory agencies, who have, either simultaneously or just prior, chaired or served on committees of the FSB and its superior organization, the Bank for International Settlements (BIS).⁷

Likewise noteworthy, amid an intense drive by the BIS, FSB, and the Bank of England to make the EU as a whole, and France and Germany foremost among individual European nations, adopt bail-in (as France has now done, through the Banking Reform Law passed on July 18), is the recent appointment of Jon Cunliffe as deputy governor of the Bank of England. Cunliffe, currently the U.K.’s permanent representative to the EU, has been closely involved in negotiations towards an

6. Rachel Douglas, “London’s ‘Our Men’ in Moscow Keep Poisoning Russian Policy,” *EIR*, March 26, 2010.

7. “The British Empire’s Chain of Command for Bail-In,” *The New Citizen*, August/September/October 2013, p. 2.

EU banking union, Bloomberg reported July 26. For four years ending in 2011, he had been an advisor to the British government on European affairs and international finance. Mark Carney, the Canadian veteran of Goldman Sachs who has chaired the FSB since 2011 and now, as of July 1, heads the Bank of England, was quoted by Bloomberg about Cunliffe: “He brings an important European and international perspective. That will be vital in *ensuring that the Bank of England can shape both the U.K. and international financial systems*” (emphasis added).

What Is the G20?

It is one thing for City of London and Wall Street agents to be inserted into national governments, individually, but how did the G20 come to serve as a consolidated vehicle for the financial oligarchy’s agenda—one through which such vigorous advocates of sovereignty as Putin, or Argentina’s President Cristina Fernández de Kirchner, or Chinese President Xi Jinping, may be brought to sign on to bail-in?

The Group of 20 has its roots in the aftermath of that same August 1998 Russian default. Within weeks of the GKO freeze, the Connecticut-based Long Term Capital Management (LTCM) hedge fund, whose founders were Nobel prize-winners for their computerized derivatives-trading formulas and whose chief strategist, Alberto Giovannini, was an architect of the euro experiment in the EU, collapsed. LTCM’s derivatives-trading contingency models evidently had not included the possibility that the GKO market would be shut down altogether. The LTCM collapse nearly brought the entire global financial system to a standstill, a fact that then-IMF Managing Director Michel Camdessus acknowledged one year later.

At that time, an assembly called the Group of 22, or the Willard Group, existed for the discussion of changes in the international financial architecture. Members of the Asia-Pacific Economic Cooperation (APEC) forum, including then-President Bill Clinton, had initiated it at their November 1997 Vancouver summit, in the wake of the 1997 currency crises in Asia—the first round of the hedge-fund-precipitated 1997-98 phase of the global crisis, the phase culminating in the GKO default and LTCM’s collapse. By the time the Willard Group met in April 1998, it had become the venue of calls for a New Bretton Woods to replace the post-1971 speculation-dominated world order, and some G22 members, notably Malaysia and

Thailand, were campaigning for the idea of “saving the nations, not the banks.”⁸

Speaking Sept. 14, 1998 at the Council on Foreign Relations, President Clinton called for urgent deliberations on “ways to adapt the international financial architecture to the 21st century.”⁹ His proposals were far from perfect, but they provided a basis for discussions with G22 members at the then-upcoming APEC summit in Kuala Lumpur, Malaysia in mid-November. On Sept. 1, Malaysia, under Prime Minister Dr. Mahathir bin Mohamad, had overturned the rules of the globalization game, after a year of hedge fund attacks on his nation’s currency and its economy: Mahathir declared strict currency controls, the repatriation of share trading in Malaysian stocks, and a fixed exchange rate.¹⁰

Just then, however, the operation to impeach Clinton went into high gear, and Clinton could not attend the APEC summit. In his place went Vice-President Al Gore, who took the occasion to lace into Mahathir as a dictator and to openly solidarize with the *reformasi* movement which was out to overthrow him; one Malaysian Cabinet member called Gore’s “the most disgusting speech I’ve heard in my life.”¹¹ No breakthroughs on international economic and financial matters were made.

In 1999, after an interim forum called the Group of 33 came and went, the international financial architecture discussion was shifted from the G22 to a new body, formed at Canada’s initiative: the Group of 20. The difference in membership between the G22 and the G20 was slight, but important. Malaysia and Thailand—the advocates of “saving the nations, not the banks”—were among the G22 members dropped from the new forum, while those added included the European Union as a whole, and Saudi Arabia, with its history of providing piggy-bank services for some of British Intelligence’s nastiest operations.

The G20 was not to become highly visible until 2008, but 1999 also saw the creation of the key to the G20’s future role: the Financial Stability Forum (FSF).

8. Marcia Merry Baker and Gail Billington, “Calls for New Bretton Woods Mount, as Crisis Worsens,” *EIR*, April 17, 1998.

9. William Jones, “Clinton Takes the Lead on New Financial Architecture,” *EIR*, Sept. 25, 1998.

10. Michael O. and Gail G. Billington, “‘Free Market’ Big Guns Out To Topple Malaysia’s Dr. Mahathir,” *EIR*, Oct. 2, 1998.

11. Michael Billington, “Gore’s Racist Assault Against Malaysia,” *EIR*, April 11, 2008.

The FSF was commissioned by the Group of 7 (G7)¹² and was housed and managed by the BIS in Basel, Switzerland, as is its successor, the FSB, today. BIS archives readily show that already in 1999, these circles were beginning to bat around schemes that would become today's bail-in policy.¹³

2008: London Takes Over

The G20 had been meeting at the level of finance ministers and central bank chiefs, until the urgent convening of a heads-of-state summit in November 2008. Lehmann Brothers had gone bankrupt in September, international markets and lending were frozen up, and the first round of bail-outs of a new, gigantic magnitude had been unleashed with the forced-march passage of the U.S. Troubled Assets Relief Program (TARP) in October.

Many understandably hoped that the heads of state assembling in Washington for the Summit on Financial Markets and the World Economy would make changes for the better. *EIR* editorialized on Oct. 31, 2008, under the headline "Expect the Unexpected," that "the heads of state of the Group of 20 leading nations ... will gather ... for the first of what are expected to be a series of conferences, to consider a New Bretton Woods. Already, a number of leading participants in that conference ... are seriously promoting the need to return to a fixed-exchange-rate system, to wipe out the role of speculators in world currency arrangements. While the outcome of the Nov.



White House Photo/Eric Draper

British Prime Minister Gordon Brown and U.S. President George W. Bush at the G20 summit, Nov. 15, 2008. Brown took the lead in pushing through financial crisis-management measures, but nobody had anything to say about unemployment or the real economy.

12. Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. The inaugural meeting of the G7 (as the G6, without Canada) was the November 1975 Rambouillet summit, which officially endorsed the floating-exchange-rate system that had come into being since the termination of the old Bretton Woods agreements by the Nixon Administration on Aug. 15, 1971. Russia joined the group in 1997, making it the G8, but the G7 continued to meet on financial policy without Russia.

13. For example, the report "Mr. Grenville looks at the international reform agenda and focuses on bailing-in the private sector," <http://www.bis.org/review/r991022c.pdf>, dates from October 1999, when Deputy Governor of the Reserve Bank of Australia Stephen Grenville argued that "to bail-in the private sector," as against relying on government bail-outs alone, would become essential in future debt and currency crises.

15 and subsequent conferences is unknown, the mere fact that [Lyndon] LaRouche's proposal is on the table, has the City of London financier oligarchy running scared."

In the event, President George W. Bush, fresh from his supposed success with the TARP bail-out, pretended to preside, while British Prime Minister Gordon Brown (who had been Chancellor of the Exchequer for the previous decade) took the lead in pushing through a pseudo-consensus for more free trade, increased powers for the IMF, and other supra-national measures. The November 2008 G20 summit declaration, issued just when millions of people were being thrown out of work around the world, said almost nothing about employment or any other real-sector issues, addressing only financial crisis-management acrobatics.

Russia, having experienced the shock of 1998, might have made a positive contribution to the 2008 G20 discussion, but then-President Dmitri Medvedev took his guidance chiefly from then-Finance Minister Alexei Kudrin, famous for being adept in the ways and requirements of the London markets. On the eve of the summit, Kudrin proclaimed his opinion that the cause of the crisis was that entire nations were attempting to "live beyond their means," and that a "global Maas-

tricht” agreement was needed, to enforce fiscal austerity upon governments the way the EU’s founding Maas-tricht Treaty had done in 1992.

Kudrin, LaRouche observed in a LaRouchePAC release on Nov. 10, 2008, was “reading from a London script.” LaRouche continued, “Cooperation among the USA, Russia, China, and India, as leading partners, is the key to a working solution of the problem.” He called for those four powers to put the collapsing post-1971 monetary system through bankruptcy, and write off the enormous speculative, parasitical derivatives obligations, in order to clear the way not for a new monetary system, but for a *credit system*. The new credit system should revive and promote real economic development on a national and international level, as U.S. President Franklin Roosevelt had proposed at the 1944 Bretton Woods conference, for decolonizing the post-war world, the LaRouchePAC release said.

The second G20 summit was set for April 2009 in London. Kudrin gave a preview of how it would be shaped, in his Feb. 9 briefing to then-Prime Minister Putin, after a trip to London. Kudrin reported that he was “conducting a financial dialogue” with the British government, on the topic of “financial market regulation.” As of that moment, he said, Russia was already participating in four G20 working groups for the April summit, on “financial market integrity,” IMF reform, new banking oversight standards, and improved accounting practices.

The main decision of the 2009 G20 summit was to upgrade the Financial Stability Forum to become the Financial Stability Board. FSF Chairman Mario Draghi, called “Mr. Britannia” at home in Italy for his leadership in implementing the shock-privatization of Italian industry and banking, pursuant to the infamous 1992 meeting he attended aboard the British Royal Yacht, took the helm of the new FSB. He ran it until November 2011, turning the reins over to Carney when he (Draghi) became head of the European Central Bank.

In an April 2, 2009 statement on the chartering of the FSB, Draghi boasted that it would possess “stronger institutional ground” and an “enhanced operating structure,” to implement its decisions. He emphasized “contingency planning for cross-border management, particularly with respect to systemically important firms”—a whiff of bail-in. Indeed, the mammoth set of

recommendations¹⁴ unveiled the previous year by the FSF under Draghi, had already included a sketch of the bail-in principle on its list of 67 regulatory changes, supposedly needed for preventing a repeat of the 2007-08 derivatives blowout. The introductory paragraph to Section 2 of the recommendations, “Arrangements for dealing with weak banks,” specified the germ of a bail-in policy: “Private sector solutions to resolve weak institutions are preferable wherever possible, and shareholders should not be protected by the authorities from losses.”

The BIS’s FSB’s Agenda

As *EIR* has documented in recent months, bail-in rapidly came into play internationally from the 2009 London summit onwards.¹⁵ In June 2010, the FSB issued the [first draft](#) of its recommendations to the G20 on *Reducing the Moral Hazard Posed by Systemically Important Financial Institutions (SIFIs)*. The passage of the Dodd-Frank Act in the United States, with explicit bail-in provisions, and its signing into law by President Barack Obama in July 2010, was an important inflection point.

Speaking at the Peterson Institute in October 2010, Draghi called for legislation modelled on Dodd-Frank to be adopted everywhere, in order “to resolve SIFIs without disruptions to the financial system and without taxpayers’ support”—a universal bail-in policy. In May 2011, FSB chairman and soon-to-be ECB head Draghi called for a new EU law on dealing with failing banks, under which “any such toolkit should include bail-in powers to ensure that the costs of such failures are met by shareholders and creditors, rather than taxpayers or the wider financial system.” On Nov. 4, 2011, the FSB published the aforementioned [Key Attributes of Effective Resolution Regimes for Financial Institutions](#).

All of this frenetic activity to impose the bail-in regime globally is closely supervised by the FSB and its host organization the BIS, along with the mother of the BIS itself—the Bank of England. The BIS, the so-called

14. FSF, [Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience](#), April 7, 2008.

15. Leandra Bernstein, “Dodd-Frank Kills: How the U.S. Joined the International Bail-in Regime,” *EIR*; May 31, 2013. Dennis Small, “The Cyprus Template,” cited in Note 2, and its documentation “BOE/FDIC/Dodd-Frank Plan to Save the Banks,” *EIR*, April 5, 2013.

central bank of central banks, was set up in 1930 for the announced purpose of enforcing the collection of the reparations being exacted from Germany under the Versailles Treaty since the end of World War I. Its guiding lights were long-time (1920-44) Bank of England Governor Montagu Norman and his friend Hjalmar Schacht, head of the German Reichsbank in the 1920s and then again for Hitler in 1933-39. The BIS was almost abolished at Bretton Woods on Franklin Roosevelt's initiative, but its preservation was supported by John Maynard Keynes and approved by the Harry S Truman Administration.

"Today, history is repeating itself," former French Presidential candidate Jacques Cheminade warned this past June about the BIS's enforcement of vicious austerity through bail-in.¹⁶

After five years of budget-sapping bail-out packages for the international banks and unlimited money-printing by the U.S. Federal Reserve, Bank of England, and European Central Bank under mega-trillion-dollar "quantitative easing" programs, the London-centered global financial oligarchy is desperate to put its enhanced looting methods in place, as the world plunges into the next phase of financial crisis, which insiders expect to erupt in the near future. Bail-in means unlimited stealing from businesses and the population. At bottom, the bail-in policy is a weapon for achieving the British Crown's intention, expressed with increasing vehemence over recent decades, and invariably under a "green" cover, to reduce the world's population from almost 7 billion, down to 1 billion people, or even fewer.

The FSB deems it essential for every major nation to adopt individual enabling legislation for bail-in. It publishes periodic reports on the status of reforms instituted in each nation whose banks include one or more G-SIFIs. The FSB's April 2013 *Thematic Review on Resolution Regimes*, for example, contained a chart titled "Annex B: Selected Features of Resolution Regimes in FSB Jurisdictions." There one could read that in Russia one of the "missing powers" is "bail-in within resolution," but "Annex C: Planned Reforms to Resolution Regimes in FSB Jurisdictions" welcomed Russia's current "internal policy discussion" of reforms to "introduce bail-in powers" and "remove restrictions on cross-border information sharing."

One of the most important measures demanded by

16. Jacques Cheminade, "BIS Prepares Bail-In, as in the 1930s," *EIR*, June 21, 2013.

the FSB for every country is the endowment of a regulatory agency with dictatorial powers over the bail-in process. In the technocratic jargon of the revised *Core Principles for Effective Banking Supervision*, issued by the BIS Basel Committee on Banking Supervision in September 2012, there must be "no government or industry interference that compromises the operational independence of the supervisor." In the FSB *Thematic Review* last April, Russia earned a black mark for having "multiple authorities" and "no lead authority for resolution of entities."

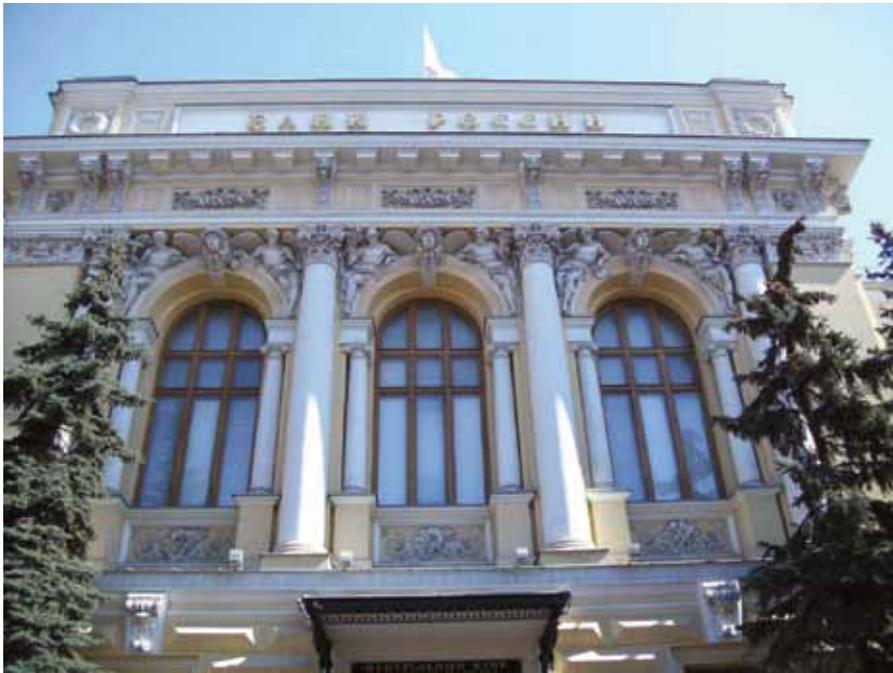
In the next review, Russia will no doubt get a star of approval on this point, since the dictatorial-supervisor principle is the secret behind Russia's creation of a so-called financial market "megaregulator," when the Federal Financial Markets Service was dissolved into the Central Bank this year. That reform followed precisely the model of the U.K.'s Prudential Regulation Authority (PRA), created by the Financial Services Act of 2012 as a unit of the Bank of England. According to the BoE website, the PRA will have "close working relationships with other parts of the Bank," particularly the BoE's Special Resolution Unit.

Thus the "internal policy discussion" among Russian officials who collaborate tightly with the BoE/BIS/FSB nexus continues to move towards full integration with the latter's global bail-in regime, despite the objection against bail-in which the Russian President stated to Chancellor Merkel.

The Long-Term Investment Dimension

The final communiqué of the July 19-20 G20 finance ministers' meeting contained 37 points, besides Paragraph 22 on the bail-in. Most of them were yawn-inducing statements of commitment to "improve transparency," fight tax evasion, and so forth, or double-talk combining "our near term priority ... to boost jobs and growth" in a single paragraph with "reducing financial market fragmentation [and] moving ahead decisively with reforms towards a banking union in Europe." One well-known Russian analyst dubbed the document as a whole "a mixture of delusions of grandeur and profound incompetence."

One other section deserves special comment in connection with Russia: paragraphs 15-17, grouped under "Financing for Investment." Making reference to "the importance of long-term financing for investment, including in infrastructure and small and medium enterprises," this section would appear to be more real-sec-



Wikimedia Commons/Alexander Motin

The Bank of Russia has implemented the international Financial Stability Board's demand for a "lead authority" for financial dealings, by creating a financial market "regulator."

tor oriented and to address a problem felt with painful urgency in Russia: "Where will the money come from?"—for what really needs to be done.

The three points of the G20 document, however, betray the influence of a Europe-based and City of London-friendly operation called the Long Term Investors Club (LTIC), which promotes an agenda in harsh opposition to the generation of national credit for development. The LTIC's basic argument is that since, under Maastricht and similar fiscal austerity programs, governments cannot create sovereign credit, and since the banking system's lending capabilities have become doubtful since 2008, the only hope for building an infrastructure project with an investment life cycle on the scale of decades is to induce financial fund managers to invest in them through a public-private partnership (PPP).

The G20 finance ministers "welcome the High-Level Principles of Long-Term Investment Financing by Institutional Investors, elaborated by the Organization for Economic Cooperation and Development (OECD)," an organization that was a major initiator of the LTIC in 2009. The cited document is loaded with calls for the PPP model and for "green growth." The G20 communiqué likewise endorses an emphasis on

PPPs, as well as calling for "identifying impediments to the mobilization of private capital" and "facilitat[ing] greater intermediation of global savings to generate long-term financing for productive investments."

Don't be fooled by the words "productive investments." For the LTIC and the OECD, that means low-energy-flux-density "green" infrastructure like wind farms, and the PPP model, is one in which the private investors get the yields or even ownership of projects, while governments guarantee against the risk.

The communiqué's points allude to the intention of the OECD, LTIC, and related financier circles to grab more and more of the world's pension funds and sovereign wealth. At the SPIEF, Eduardo Reviglio, the LTIC activ-

ist and economist for LTIC member-institution Cassa Depositi e Prestiti (Italy), pointed to the OECD's calculation that "potential LTI" sources—pension funds, sovereign wealth funds, and insurance company monies—total \$93 trillion worldwide (as against approximately \$10 trillion total deposits in U.S. banks and \$20-some trillion in eurozone banks).

Especially in appearing side by side with Paragraph 22 on bail-in, the LTI refrain is exposed for what it is: yet another means of looting.

On the very eve of the G20 ministerial meeting, Russian Finance Minister Siluanov keynoted a July 17-18 conference in Moscow on Sustainable Growth through Long-Term Investments. Economics Minister Ulyukayev then addressed a panel on "Challenges for Long-Term Investments," chaired by Vladimir Dmitriyev, CEO of the state-owned VEB Bank, which is Russia's official member of the LTIC. With them on the panel was LTIC Vice-Chairman Franco Bassanini, the Cassa Depositi e Prestiti president who has been implicated in this year's derivatives scandals involving Monte dei Paschi di Siena bank.¹⁷

17. Claudio Celani, "Italy's Monte dei Paschi: A Four-Century-Old Nemesis Casts Its Shadow over Upcoming Elections," *EIR*, Feb. 1, 2013.

A Better Agenda

The gloomy agenda described here doesn't have to come to pass. The reinstatement of the Glass-Steagall principle will open the door to national credit systems, to promote a human agenda, rather than the bankers' murderous prescriptions. Then attention should be turned to tasks like the Strategic Defense of Earth, which Rogozin had proposed that the G20 summit take up, and to new-generation nuclear power sources for the scale of infrastructure and industrial development the Earth truly needs.

In a celebrated September 1994 speech, LaRouche spelled out what national leaders must do:

"There are two ways that this system will be terminated. One, if the governments come to their senses, then even now, or at some other point soon, the governments of the world will put the central banks, the international financial institutions, and the leading financial institutions, as well as monetary agencies of this planet, into bankruptcy reorganization. Every financial and monetary institution on this planet is presently bankrupt; and they're cheating and trying to keep the system going. But the entire system is bankrupt.

"Now, if they do not have the guts to do this, as most of them now do not, then we will come to a point of disintegration—not a collapse, not a 1929, not a 1931, but a disintegration of a monetary system. . . .

"The first thing is to get rid of international/supranational institutions, over which nations have no control, which only the oligarchy controls, and to re-establish the principle of the sovereign nation-state republic, and that the affairs among nations are treated as relations among sovereign nation-state republics, each having the dignity of a sovereign individuality. It's the only equitable system you can have. No great miracles of supranational institutions. But, if about four or five of the biggies [major powers] get together and say the IMF is bankrupt, then the IMF is bankrupt—everywhere."¹⁸

The same goes for the BIS and its FSB apparatus.

Claudio Celani, Allen Douglas, Glen Isherwood, Roger Moore, Gabrielle Peut, and Karel Vereycken contributed research used in this article.

18. "We Must Build a Bridge from Hell to Purgatory."

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LaRouche Declares War on Anglo-Saudi Cabal Behind 9/11

by Jeffrey Steinberg

Aug. 20—As the 12th anniversary of the Sept. 11, 2001 attacks on the World Trade Center and the Pentagon near, Lyndon LaRouche has declared war on the British and Saudi imperial forces who engineered that mass murder, and on those officials of the U.S. government, including Presidents George W. Bush and Barack Obama, who have covered up that heinous crime.

This is essential, LaRouche emphasized, to stop the threat of a World War today, arising out of the Anglo-Saudi crimes being instigated in places like Egypt and Syria.

LaRouche has joined others in demanding that the Obama Administration immediately release the suppressed 28 pages from the 2002 Joint Congressional Inquiry report, that spelled out the Saudi monarchy's direct hand in those 9/11 attacks. Those 28 pages provide details of how then-Saudi Ambassador to the United States, Prince Bandar bin-Sultan, laundered money through the Bank of England and Riggs National Bank into the hands of Saudi intelligence officers who were providing logistical support and funds to at least two of the leading 9/11 hijackers.

Former U.S. Sen. Bob Graham (D-Fla.), who chaired the Congressional Joint Inquiry has written two books and countless editorials demanding the release of those vital 28 pages, so that the American people and the rest of the world can comprehend the central role of the British and Saudi monarchies in those crimes.

The Aug. 16 edition of *EIR* featured an updated 16-page dossier on the Anglo-Saudi hand behind 9/11.¹ That dossier is now circulating among senior Congressional staffers, inside the U.S. law enforcement and intelligence communities, and around the world, to insure that this year, as the families and friends of the 3,000 people who perished on 9/11 will finally learn the truth.

'Shut Down the Empire!'

LaRouche devoted part of his Aug. 16 international webcast to a brief but devastating assault on the true authors of the 9/11 crime.

"The authors are the British Queen and the Saudi kingdom," he told viewers. "9/11 was a combination of the British Queen, of the military units of the British Empire, and the Saudi kingdom. And these are the forces which continue to the present time. . . . So, what you already have, is you have a Presidency of the United States now, that at the highest level, is covering up for the role of British monarchy and the Saudi kingdom in 9/11. They're all guilty! The whole crowd are guilty; they're traitors to the United States. And they committed high crimes, and not just misdemeanors. . . ."

"Who are the people who covered up the lie of

1. "Bust the London-Riyadh Global Terror Axis," *EIR*, Aug. 16, 2013.

9/11? 9/11 was done by no one but the British Queen, the BAE military capacity, and the Saudi kingdom, and they did it explicitly. And George Bush's family was an integral part of the accomplices. If you want to talk about this issue, that's what you have to bring forth. Everything else is a fraud; everything else is fake!"

LaRouche returned later in his webcast to the crimes of London and Riyadh and the continuing consequences of letting the 9/11 perpetrators go unpunished.

"What we have to look at is, *shut this British operation down. Shut down the British Empire! Shut down the Saudi Kingdom!* They should not exist! If you want us to have peace, for example, in Egypt, shut down the Saudis and the British. The Saudis and the British are the ones who are running that whole scandal in Egypt.

"The present government of Egypt is sound. It's the Saudis, the same Saudis that ran 9/11 against the United States, in collaboration with the British, that's the enemy. These guys, I know, and other people know, *these guys are guilty of 9/11!* The Saudi Kingdom was guilty of 9/11! The British Monarchy was *guilty of 9/11!* We know that! It's a fact!

"And what's behind the Saudi attack on Egypt, is 9/11, again, the same crowd that caused 9/11: They are the *enemies of the United States*. The Saudis that are being used for these purposes are acting as *enemies, of the United States!* And the dumb President that we have now, apparently doesn't believe that."

Break the Coverup

The wide circulation of the *EIR* dossier is intended to bolster efforts already underway by Members of Congress to break the coverup of both the original 9/11 and the second 9/11 attack which took place last year in Benghazi, Libya, when approximately 50 heavily armed terrorists assaulted the U.S. Mission and a nearby CIA Annex, killing U.S. Ambassador Christopher Stevens and three other Americans.

On Feb. 26, Rep. Walter Jones (R-N.C.) posted a letter on his website calling for the release of the redacted 28 pages from the 9/11 report. Jones urged the Republican and Democratic leaders of the House Permanent Committee on Intelligence "to recommend a declassification of the 28 pages of the Congressional Joint Inquiry report describing what role the Saudi Arabian government had in the terrorist attack on 9/11."

In addition, Frank Wolf (R-Va.) introduced a bill, H.Res. 36, in January, which now has 163 co-sponsors, to establish a select committee to probe the 9/11/12 attacks in Benghazi. It is likely that this issue will come up in the first week that Congress returns from the August recess on Sept. 9—two days before the anniversaries of the 2001 and 2012 attacks.

Failure To Act

The coverup of the Anglo-Saudi top-down control over 9/11 and all subsequent terrorist attacks began well before the hits on the Twin Towers and the Pentagon. In some respects, the coverup before-the-fact was even more criminal, because all of the attacks that followed could have been prevented by appropriate action against London and Riyadh.

In December 2000, the editors of *EIR* submitted a detailed memorandum to then-Secretary of State Madeleine Albright, demanding that the government of Great Britain be placed on the U.S. government's list of State Sponsors of Terrorism. The memorandum cited detailed State Department legal opinions on the criteria for placing a state on this pariah list, and established beyond a doubt that Great Britain met all of the criteria, and then some.

Furthermore, the document was exclusively based on evidence of the British protection and sponsorship of major terrorist organizations presented by governments from around the world. Among the terrorist attacks conducted from safe havens in London were the 1997 Luxor, Egypt massacre of Japanese tourists, carried out by Islamic Jihad; a large number of brutal Chechen separatist attacks on Russian civilians throughout the Caucasus region; narco-terrorist assaults by two of the most notorious cells in South America—Peru's Sendero Luminoso and the the Colombian FARC.

The memo identified Osama bin Laden by name, and stated that he maintained a residence in England, and a propaganda office in London, led by radical jihadists, who later turned out to be on the payroll of Britain's MI5 and MI6.

Albright ignored the memorandum, and as the direct result, opportunities to take punitive action against the "Londonistan" terrorism hub were missed.

A month after the memorandum was submitted, LaRouche presented testimony, delivered by his spokeswoman Dr. Debra Freeman, to the Senate Judiciary Committee, opposing the confirmation of John Ash-

croft as Attorney General of the United States. In his testimony, LaRouche forecast a “Reichstag Fire” terrorist attack in the near future to create the conditions for dictatorship in America. Had his warnings been heeded, solid U.S. intelligence on a pending al-Qaeda attack on U.S. territory six months later might have been taken seriously. In both instances, opportunities to

shut down the global Anglo-Saudi terror apparatus from the top down were missed. Many thousands died as a consequence.

LaRouche is dead serious that the time has come to settle scores and dismantle the Anglo-Saudi terror machine before it brings more death and mayhem to the planet.

Evidence Morsi Supporters Tortured Protesters

The international human rights organization Amnesty International, generally no friend of military-backed governments, on Aug. 2 issued the following press release on the behavior of the supporters of deposed President Mohamed Morsi in Egypt, which backs up the charges of Egyptian Amb. Mohamed Tawfik.

WASHINGTON, D.C.—Evidence, including testimonies from survivors, indicates that supporters of deposed President Mohamed Morsi tortured individuals from a rival political camp, said Amnesty International.

Anti-Morsi protesters told Amnesty International how they were captured, beaten, subjected to electric shocks or stabbed by individuals loyal to the former President. Since mass rival rallies began in late June, eight bodies have arrived at the morgue in Cairo bearing signs of torture as of July 28. At least five of these were found near areas where pro-Morsi sit-ins were being held.

“Allegations that torture is being carried out by individuals are extremely serious and must be investigated as a matter of urgency,” said Hassiba Hadj Sahraoui, deputy director for the Middle East and North Africa at Amnesty International. “The apparent use of torture for reprisal attacks is unacceptable. People should not take the law into their own hands.”

The rights group urges Egypt’s political leaders to take responsibility and condemn these criminal acts and call on their supporters to renounce all human rights abuses. The government must not use

these crimes as a pretext to collectively punish all pro-Morsi supporters or use excessive force to disperse their sit-ins.

Mastour Mohamed Sayed, 21, told Amnesty International he and a group of 20 others were attacked by a group of Morsi supporters near the pro-Morsi sit-in at Rabaa al-Adawiya on 5 July. His assailants wore balaclavas and some were armed with knives or machine guns. Some escaped but Mastour Mohamed Sayed and a few others were captured.

“I felt terrorized by the guns pointed at me... They grabbed me... They called us ‘infidels’... We were then driven to the sit-in... I was dragged on the ground. We were eventually held under a podium... I was beaten with bars, and given electric shocks. I lost consciousness a few times,” he told Amnesty International.

Amnesty International has found that the capture and torture of suspected anti-Morsi protesters most frequently occurs during or in the immediate aftermath of violent clashes between the two camps.

The Ministry of Interior said on July 30 that 11 bodies bearing signs of torture have been found since the outbreak of the crisis. A further 10 complaints regarding torture were made by survivors.

The Egyptian campaign group “I am Against Torture” told Amnesty International that it had independently verified that 11 people have died following torture at the hands of Morsi supporters since the beginning of the crisis.

“Let’s be clear: capturing people because they hold different views and torturing them is a criminal act and those responsible must be held to account,” said Hadj Sahraoui.

Torture or other ill-treatment at the hands of security forces in Egypt has continued under successive governments. Police and security forces continue to torture or otherwise ill-treat detainees with total impunity.

War Avoidance Faction Pushes Back Against Obama Madness

by Jeffrey Steinberg

Aug. 18—On his way out of town on yet another ill-timed vacation, President Barack Obama staged a childish tirade against his Russian counterpart Vladimir Putin. Not only did Obama cancel a long-scheduled bilateral summit in Moscow with Putin next month, he publicly insulted Putin describing him as having “that kind of slouch, looking like the bored kid in the back of the classroom.” Such language was both false and insulting, as well as unbecoming of a head of state, particularly in talking about another head of state of a great power.

Obama’s temper tantrum came in response primarily to the fact that Russia had granted temporary asylum to National Security Agency whistleblower Edward Snowden. The fact that the Russian action was in keeping with international law, didn’t prevent Obama from becoming furious, as the NSA scandal spread, grabbing daily headlines as new revelations come out showing a deeper and more long-running illegal spy program against all Americans. Obama’s approval ratings have plummeted to the lowest in history of any second-term President.

According to Glenn Greenwald of the *Guardian*, one of the recipients of the Snowden treasure trove of documents, there are 15,000 more pages of material being reviewed. This week, the *Washington Post* published some additional Snowden material showing that the Inspector General of the NSA found thousands of instances in 2011 alone, in which NSA analysts violated the law by scooping up telephone and e-mail contents from American citizens, in violation of their First and Fourth Amendment rights.

Some Senate and House Democrats, led by Patrick Leahy (D-Vt.), have taken up the new revelations and promise Congressional action after Sept. 9, when the House and Senate return to Washington from the August recess.

The issue of possible impeachment of President Obama is back on the table again. Obama is facing both the NSA spy scandal, and Congressional probes into the Internal Revenue Service targeting of political groups opposing Obama from both the right and the left. And Rep. Frank Wolf (R-Va.) is pressing for the creation of a House Select Committee to investigate the Benghazi attacks of Sept. 11, 2012, which anniversary comes soon after Congress reconvenes.

Obama’s blow-up against President Putin has been countered by top Administration “realists,” including Secretary of Defense Chuck Hagel and Secretary of State John Kerry. Hagel and Kerry met their Russian counterparts on Aug. 9—the same day that Obama was throwing his infantile fit against Putin. The four Cabinet members—Kerry, Hagel, Russian Foreign Minister Sergei Lavrov, and Russian Defense Minister Sergei Shoygu—met in Washington as part of the regular 2+2 consultations (see *EIR*, Aug 16). According to Washington and Moscow sources, those talks covered a wide range of topics, from the ongoing Syria crisis, to upcoming P5+1 talks with the new Iranian government, to American and NATO plans to withdraw forces from Afghanistan by the end of 2014, to missile defense. The talks were productive, despite continuing disagreements on several of those sensitive national security topics. In particular, the U.S. and Russia reiterated that, while they have differing views on the ongoing Syria crisis, they share the commitment to solve the situation through ceasefire and diplomacy rather than by military force.

The idea of a Geneva II conference among all relevant parties in the Syria conflict is still on the table, although the prospects of such a meeting in the near term are slight. At the close of the talks in Washington,

Lavrov told reporters at the Russian embassy that the “grown-ups” had met, and that the U.S.-Russian relationship was on solid grounds on many critical issues. While the U.S. press jumped on Obama’s cancellation of the summit with Putin, top Kremlin spokesmen made the obvious point: When top government ministers can sit down together for in-depth discussions on a wide range of controversial topics, relations have hardly collapsed.

Dempsey in Israel

Complementing the Hagel-Kerry efforts with their Russian counterparts to cool down the provocations and war dangers, Gen. Martin Dempsey, Chairman of the Joint Chiefs of Staff, traveled to Israel and Jordan to meet with top military and government officials. The purpose of the Dempsey mission was spelled out by Israeli journalist Ben Caspit, writing in *Al-Monitor* (a new online news organization that is currently edited by a former aide to Chuck Hagel from the latter’s years in the U.S. Senate). Caspit wrote that the Dempsey trip was aimed at averting the possibility of an Israeli preemptive strike on Iranian targets. In the new Israeli war cabinet, there is a near deadlock over the question of giving Prime Minister Benjamin Netanyahu authority to order such strikes, on the basis of a so-called Israeli “red line.”

According to Caspit and U.S. intelligence sources, the swing vote in the security cabinet is Defense Minister Moshe Ya’alon. Dempsey spent a great deal of time meeting with Ya’alon during his two days in Israel, and the general’s message was clear on both the Iranian and Syrian issues: Israel must not take any unilateral action. Dempsey is aware that any Israeli action against Syria or Iran would be viewed internationally as a U.S.-sanctioned move, and it could trigger a much wider war, drawing in both the United States and Russia—and possibly China as well.

As Lyndon LaRouche has repeatedly warned, such a broader conflict could very easily turn into a thermo-nuclear war. Dempsey shares that concern, and was very clear with Israeli officials that their ongoing bombing campaign against select targets in Syria was another big concern for Washington. Since the beginning of the year, Israel has conducted four bombing attacks on arms depots inside Syria, ostensibly to prevent those advanced weapons from getting in the hands of Hezbollah. Israel has maintained a policy of

silence on those bombing attacks, but Washington knows that the Russians and Syrians are well aware of the Israeli Air Force responsibility for the bombings.

To send a clear signal that the U.S. is not in favor of those attacks, Pentagon officials leaked details of the July 5 Israeli bombing of a Russian arms depot near Latakia, Syria, to the *New York Times*. The purpose of the leak was to deliver a clear message to both Moscow and Tel Aviv that the U.S. is emphatically *not* behind the Israeli actions and wants them to be halted. In Israel, Dempsey made clear to the IDF and Defense Ministry officials with whom he met that Washington is not happy that Russia is continuing to provide advanced arms to the Syrian government, but that Israeli reckless action could lead to an out-of-control conflict that must be avoided.

There is no guarantee that Dempsey’s mission succeeded, but it is indicative that senior Pentagon, State Department, and CIA officials are wary of any escalation of conflict in the region. Furthermore, there is a degree of optimism that the new Iranian government under President Hassan Rouhani may be ready to negotiate a deal to end the stalemate over Iran’s nuclear program. To the extent that Obama is now obsessed with his legacy—with his Presidency already near lame-duck status—a successful completion of the P5+1 negotiations with Iran over the coming months could be a feather in his cap. So the prospect of White House sabotage of a deal might be reduced, despite the presence of Dr. Susan Rice at the National Security Council and her fellow radical humanitarian interventionist Samantha Power at the United Nations. With Kerry, Hagel, and Dempsey pushing back against the war danger, Obama and Rice have recently jumped in bed with Republican Sens. John McCain and Lindsey Graham, in pushing a hard line on Syria, Egypt, and Iran.

Above all else, the Wall Street and London fears of growing support for Glass-Steagall, and the looming threat of an end-of-the-fiscal-year financial collapse are driving an increasingly desperate financial oligarchy to contemplate war. That wildcard factor cannot be ignored. With London maintaining a strong hold over Jabotinskyite fanatic Netanyahu, the danger of an Israeli breakaway ally provocation remains a great danger, a danger that LaRouche has repeatedly highlighted in his weekly webcasts and writings.

French and German Local Officials Launch Initiative for Glass-Steagall

by Our European Bureaus

Aug. 15—French and German local elected officials gathered on Aug. 10 in the French town of Arzviller and decided to launch a nonpartisan grassroots movement to take the fight for a Glass-Steagall-style banking system to towns, state assemblies, and national parliaments in the next few weeks. After several hours of deliberation, the mayors and city council members adopted the “Arzviller Declaration” (see *Documentation*).

The meeting was organized by the French Solidarity and Progress (S&P) party and the German Civil Rights Solidarity Movement (BüSo). In attendance were the leaders of those parties, Jacques Cheminade and Helga Zepp-LaRouche, respectively; two German city councillors, one German mayor, four French city councillors, six French mayors, and a dozen organizers from the LaRouche movement.

Michel Carabin, mayor of Arzviller, welcomed the guests to the town’s civic center, and thanked Jacques Cheminade, who had organized the meeting.¹

Cheminade recalled in his opening remarks the spirit of the Elysée Treaty, concluded 50 years ago between Germany and France. By contrast, the political elites of both countries today, have “proved totally incapable” of defying the brutal international financial oligarchy, he said, which is destroying the social state, truly “over the dead bodies” of the citizens.

Contrary to those in Paris or Berlin who say, “Oh, these mayors can’t understand such complicated mat-

ters; they’re only interested in local issues,” the mayors are much more aware of the real situation than someone like French President François Hollande, Cheminade said. They see the link between what is happening on a local and regional level, and what is happening nationally and internationally. They are much more insightful and more concerned about the people than the leading politicians are.

Here in Europe, he said, it’s becoming impossible to live with dignity. It’s not only a financial crisis, but a crisis of civilization. On the level of cities, in the U.S., Detroit was put into bankruptcy and the municipal employees will have their pensions robbed; the same process is going on in Europe, where public services are being destroyed. In France, it’s called “shrinking the perimeter of the state.”

Simultaneously, there is ideological control of the people, to imprison them in irrationality. While some are gambling on the financial markets, others are betting small-time, with scratchcards. Such control, over decades, is aimed at getting people to accept policies they would otherwise never have accepted, he said. But today, even that is not enough, so the financier oligarchy is pushing for fascism.

German Chancellor Angela Merkel and President Hollande are both weak; they do not want to recognize the gravity of the situation and thus, they subjugate themselves to the existing system. Cheminade said he was particularly ashamed when he watched the German-French celebration of this year in Berlin on television: French Foreign Minister Laurent Fabius was sleeping most of the time; the snores of French Finance Minister Pierre Moscovici could be heard on TV; and Hollande looked like an agitated child. Merkel was almost as bad.

A major weapon of the enemy, he warned, is not only intimidation, but pessimism. Don’t believe those who tell you we are too few to change things. People

1. Former French presidential candidate Cheminade gained a broad base of support during his 2012 campaign, among mayors of primarily smaller municipalities, which enabled him to get the more than 500 signatures of elected officials in support of his candidacy that are required. In addition, more than 220 mayors and elected officials have signed the call for a separated banking system issued in June 2012 by Zepp-LaRouche and Cheminade. Many of them have written recently to the U.S. Congress to express their support for the Glass-Steagall Act.



EIRNS

The Franco-German meeting in Arzwiller, France, on Aug. 10: Europe needs Glass-Steagall! The meeting's organizers, Jacques Cheminade and Helga Zepp-LaRouche, are seated to the right at the rear table.

need to have a vision, that the future can be better than the past.

Collapsing Municipalities

It was quite clear from the discussion that it is the municipalities that are suffering most directly from the speculative pillaging of the real economy, and that there is little difference between the problems faced in France and Germany. Everywhere the same types of projects are needed in both soft and hard infrastructure, which are no longer possible because of the austerity measures and lack of tax revenues—not to mention the devastating effects of financial swindles that the municipalities were drawn into.

Mayor Carabin said that this system absolutely has to stop, or the municipalities would collapse. “As you know, the municipalities are themselves employers. If they pull the plug on us, if they don’t help us to continue to provide employment, we will go under. We are in a stranglehold, coming from many sides.”

Some of the French mayors and city council members present in Arzwiller have introduced resolutions into their councils that sharply attack the new French

Financial Reform Act² and call for the introduction of the Glass-Steagall two-tier banking system instead. The German guests from North Rhine-Westphalia and Baden-Württemberg were particularly interested in this initiative and described the vicious cycle in their own communities: lack of tax revenue, increased social costs, and bureaucratic requirements for “balanced budgets” that destroy the substance of the community and only benefit the banks.

The Strategic Danger

Helga Zepp-LaRouche, who had originally proposed this meeting, developed the dramatic context for this initiative, including the threat of an imminent nuclear war. She emphasized that the reinstatement of the Glass-Steagall Act, which is now the subject, in the United States, of “hand-to-hand combat” against Wall

2. The reform was voted up by the National Assembly (Parliament) on July 18. Contrary to what Hollande had promised during his election campaign, it contains no separation of commercial from investment banking; it would only oblige the banks to put some 1% of their speculative investments into a subsidiary (the concept known as ring-fencing). Moreover, the bill includes an endorsement of bank bail-ins by depositors’ funds—the Cyprus model.

Street, is the only chance to prevent financial collapse and the financial oligarchy's plans for a fascist solution. The Cyprus model, Detroit, and the Europe-wide plans for a "bail-in" of the banks, show, she said, that the financial oligarchy is deliberately preparing a policy that will lead to population reduction.

This challenge, and the idea that the Arzviller meeting is a crucial intervention for a Europe-wide movement for Glass-Steagall and defense of the common good, really caught fire among those present. The Arzviller Declaration was adopted unanimously, and will serve as the basis for the next round of activities and meetings.

Eugene Perez, mayor of Chamouilley in France, summed up the meeting in a video interview: "We need banks that operate in the public interest, whereas the investment banks, the casino banks, have to fend for themselves. We have to have the courage to put it bluntly: If we do not stop this now, we are heading for a major crisis, and also war—yes, war, in all likelihood.

"We must also build the future for our children and our grandchildren. The idea of being a mayor or elected official is to identify yourself with the future, not to wreck the future. . . . We have to fight the financial oligarchy, an oligarchy which is destroying our lives."

Katja Heintges, city councillor from Viersen in Germany, conveyed the group's fighting spirit: "I agree to sign the statement, but I want to emphasize that we need to commit ourselves to defending these ideas *after* this meeting."

Documentation

The Arzviller Declaration

We, the French and German mayors and elected officials gathered here in Arzviller [France] on Saturday, Aug. 10, in the spirit of the Elysée Treaty on its 50th anniversary, deplore the failure of our leaders to confront the financial oligarchy, which promotes social breakdown, tramples on national sovereignty, and imposes on the world a conscious policy of depopulation.

We experience the consequences of their failure on a daily basis in our towns and villages. Tax revenue has collapsed and vital public services are no longer ensured. The scandal around the international manipulation of the

Libor, and the ruinous, fraudulent swap contracts put out by the banks, which have hit many municipalities hard in Germany and France, are but the tip of the iceberg. We need a fundamental change of direction in order to protect the general welfare and the people.

We are particularly scandalized by the new banking laws in Europe, in Germany and France, which allow unbridled speculation, while imposing ever more criminal austerity policies. We do not want the causes that produced the monsters of the 1930s to produce the same monsters today! We are committed to stopping this infernal machine.

We believe the first step to be taken is to separate banks in order to prevent the financial criminals from doing further damage, because they know the state will protect them. This is known as the principle of the Glass-Steagall Act of Franklin D. Roosevelt, which we also had in Europe after 1945.

At the same time, to jump-start our economies, we call for massive long-term investment projects, based on developing man and nature, from the Atlantic to the China Sea, through an understanding based on mutual development among sovereign nations. The issuance of credit by national banks will allow us to control our future.

We are convinced that failure to return to such public initiatives, both nationally and regionally, will condemn us to remain under the order of the financial oligarchy in the City of London and Wall Street and their collaborators in our countries. To reclaim our identity as true Germans and Frenchmen, patriots and world citizens, we intend to raise the voice of justice and dignity, and demand a return to what inspired the very best of our history.

That clearly means exiting the euro system, which prohibits the funding of great projects with public credit and subjugates the states to the major banks. We want a world free of the City and of Wall Street so that future generations can live, discover, create, and implement mutual development. We want a true Europe of the peoples!

This is not a commitment based on partisan beliefs, consensus, or compromise; the commitment we make is to the future of our children and grandchildren, and beyond that, of all mankind.

We strongly support those in the United States, who are fighting for the same cause, and hope that their success will bolster our courage. We intend to make our initiative as public as possible, while giving our own leaders no reprieve.

The Sense Un-Certainty Of Truth

by Megan Beets

Megan Beets, of the LaRouche Basement Science Team, gave this presentation at the June 29 San Francisco Schiller Conference, “A New Paradigm for Mankind: The Second American Revolution,” on the final panel, titled “The Role of Creativity in Development.” Previous coverage of the conference can be found in EIR, July 12, July 19, July 26, and Aug. 2, 2013.

What I’d like to do tonight is something which is actually pretty difficult, and impossible in a certain sense, and which, by its nature, will fall short—especially in light of what we opened tonight’s panel with [a performance of Mozart’s “Dissonance Quartet,” by the Schiller Institute Dirichlet Quartet]—which is that I would take a few minutes to try to talk about the creative process of the human mind.

And the reason I set myself this task is because I think it really goes to the heart of what has been the theme of today’s conference, throughout every presen-



EIRNS/Daniel Platt

Megan Beets: “The human species, as opposed to animal species, which are fixed, is a species of perpetual progress.”

tation and every panel, at least implicitly, which is the fact that the human species, as opposed to animal species, which are fixed, mankind is a species of perpetual progress. Mankind has the capacity to constantly and perpetually increase the territory that he inhabits and controls; to perpetually increase the scope of the resources at his fingertips; to constantly increase the consumption of resources and the power that he exerts over them; and to expand, perpetually, out into the Solar System, and into the Universe.

Not only does man have this as a potential, as an ability, but this is his nature. This *is* what makes us human. This is what

we’re *supposed* to do.

And one of the reasons you know that this is what we’re supposed to do, is that it’s what makes us happy. That’s what actually creates a happy, successful society. And we’ve seen that at moments in American history—under FDR, under Lincoln, when we landed on the Moon under JFK.

Now what I want to get at tonight is how this was accomplished. And on one level, it's very straightforward. This is accomplished because, as opposed to animals, human beings have a capacity to come to discover valid, universal principles of the universe, principles which are governing the unfolding of processes around us on the planet, processes occurring in the Solar System, out into the galaxy, and hopefully beyond. Man can intuit the presence of these principles. Man can come to know so precisely the nature of these principles, that he can wield them in the form of new technologies that he creates, new forms of organization of his society, new forms of behavior of the species via new actions through economic systems. The universe rewards mankind which does this, with an increased power to continue making discoveries, and to continue expanding his dominion.

But what I want to zero in on is how is it that the human being comes to detect, to know, a principle.

The Fallacy of Sense-Perception

Now it was referenced earlier by Helga La-Rouche, the fact that today we live in a terrible, terrible culture, one dominated by pleasure, one dominated by experiences of the senses. The issue is that most people in society believe that you come to know anything because you sense it; because you see it; because you touch it. So today, to most people alive today, what the senses give you of reality, is the most substantial, is the most basic, is the most stable.

Now this isn't true. And I think most of you, hopefully, realize that.

What I want to do, sort of for fun, but also because I think it reinforces the point, is, I want to show you an image (**Figure 1**).

So, two of these squares are labeled with letters. One of them is labeled **B**, which is just to the left of the cylinder. The other one is labeled **A**, which is the second in from the left on the top.

So, you have a checkerboard, dark squares, and light squares. **A** is a dark square, and **B** is a light square, correct?

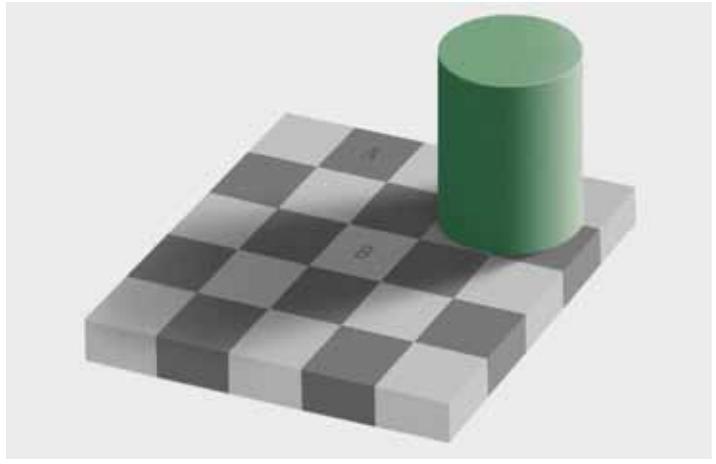
What if I told you that square **A** and square **B** were actually the exact same shade of gray?

Can we get the second image (**Figure 2**)?

Flip back and forth a couple of times.

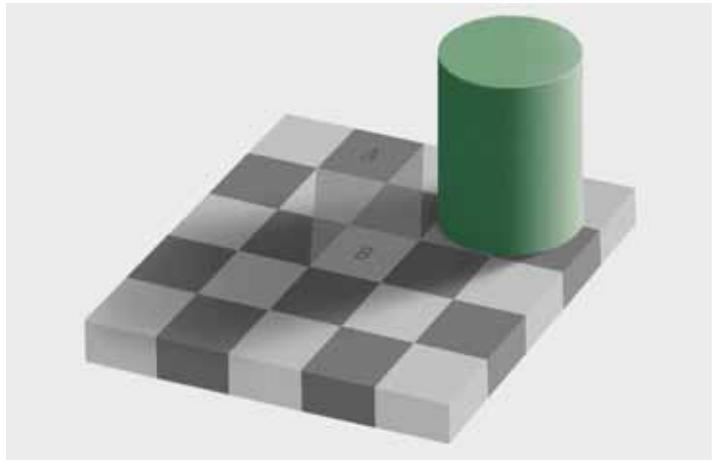
So you can see, when I join them (**Figure 3**),

FIGURE 1



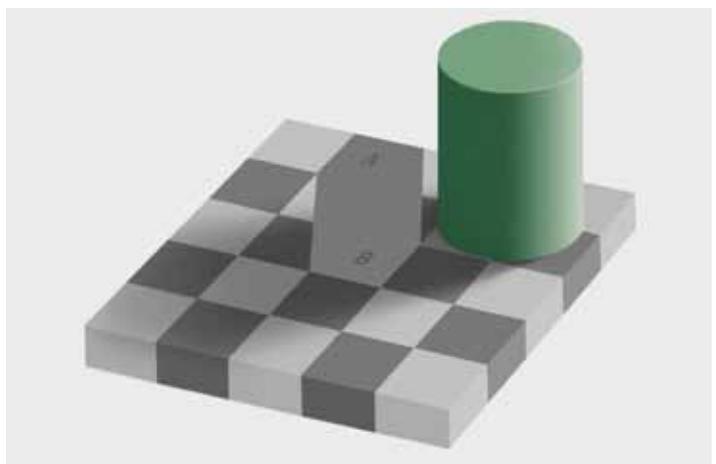
LPAC

FIGURE 2



LPAC

FIGURE 3



LPAC

that there's actually no difference—but there clearly is a difference.

So I wanted to use this, not because it gives the final word on the fallacy of sense perception, but I think it's enough to provoke the point, that there's nothing at all self-evident about what you perceive with the senses. Actually, what you perceive with the senses is probably the most unstable, and most unreliable, thing about you.

Kepler's 'Harmony'

I want to offer two examples, which are really examples of the same thing, to open up for you what is man's sense for truth, and how does he experience principle.

The first example I want to give is Johannes Kepler. Now Kepler, in 1619, publishes one of the most important scientific treatises to date, which is titled *The Harmony of the World*.¹ Now, just to put it in context, 1619 is right after the beginning of the Thirty Years War, which is the end of over 100 years of religious war that destroyed Europe, out of which comes the Treaty of Westphalia [1648].

Harmony of the World is his exposition of the completion of his discovery of universal gravitation, which he had first published ten years earlier, in 1609, in his work *The New Astronomy*.

The significant thing that I want to raise about what Kepler presents in the *Harmony of the World*, is the way in which he comes to this discovery. What's presented in this work is actually something completely astounding. *To the Sun*—which, as Kepler proved ten years earlier, was the physical mover of the planets and the Solar System, exerting a physical power over the motions of the planets—to the Sun, gazing out at the motion of the set of planets in the Solar System, the fastest and the slowest motions of the set of planets orbiting around the Sun, assume motions which are in the same ratio to each other as the strings [on a musical instrument], which would produce the major musical scale, and the minor musical scale.

In other words, the motions of the planets perfectly fit the musical system that human beings had developed to express their ideas.² *There is a scale in the Solar System*. Almost.

1. See the LaRouchePAC Basement Team's treatment of the *Harmony of the World* at: <http://science.larouchepac.com/kepler/harmony/> and <http://science.larouchepac.com/kepler/harmony-old/>

2. [Graphic representations](#) can be found on the LPAC website.

If you take the ratios of the motions of the planets, they're actually not exactly mathematically precise, precisely the same as the ratios which give you the musical scale, the notes of the musical scale. Now, how does Kepler solve this?

The way he solves it is by taking his tables of observations, and rather than reworking the data, or trying to come up with some new kind of theory, he actually takes the tables of data and he closes them. And he puts them to one side.

So, where does he go to seek reality? He goes to the imagination. He imagines that he is the Creator of the Solar System, and he imagines, were he the Sun, the cause of the multiplicity of motions unfolding around him, how would he fix the motions of this set of planets, such that at every moment, each motion is in harmony with every other motion, as much as possible, and that every one of these multiple motions is an expression of one single idea of the Sun.

And so what he does, is he takes the musical scale, assigns the notes of the musical scale to the different planets, and then he begins adjusting them, to fulfill these criteria. And so he makes one planet go a little bit faster, or one planet a little bit slower, so that there's the greatest coherence among all the parts.

He then forms, from his imagination, a table of what the motions of the planets *should* be, according to his idea. Then he finally takes out his tables of actual observations again, and he finds that they are absolutely precise. And what he created in his imagination, and according to the convictions he had about Beauty, about Harmony, ideas he had gained from the musical culture around him, of the developing music of polyphony, he comes up with a system that never could have been derived from any kind of mathematics, and yet which so precisely fit the planets, that this unleashed complete pandemonium among the oligarchy.

How Does a String Quartet Work?

What I want people to consider is, how did Kepler make his discovery? It was through nothing that he sensed, but it was only through feeling out a process of creation.

So, with that idea, what I'd now like you to consider is what you experienced at the opening of the panel, which is Classical music. And I want you to consider, among many, many things that we could attempt to say about Classical music, is the process of a string quartet, or another ensemble.

A string quartet is actually presented with the exact same challenge as a scientist, which is that when the performer begins to embark on the process of performance, all he begins with is a piece of paper with mere notes on it: data. Sounds which correspond to the notes. And the problem is, that the music isn't in the sound. There's something else. And one way this can be made very clear is, you can take two different performances of the same piece of music. You have the same notes, which are played by two different people; the same timing; everything seems to be precisely the same about them. And yet one can be completely boring, a complete failure. Usually that's the one that's the most technically precise, and in time. And the other one, which has the same sounds, technically, is completely different, is completely alive, is moving.

Now, I want you to consider—and I had the good fortune of experiencing the rehearsal process of this quartet throughout the week, as they prepared for tonight's event—as a musician, as a performer, it's only in treating the music as Kepler treated the Solar System; in other words, approaching the piece of music as a single coherent whole, where each sound, each melody, each note, is going to be an expression of the unfolding of a single coherent idea. It's only in that way that the piece can come alive, and you can actually achieve a moving, successful performance.

When I was thinking of what I want to say tonight, I was reminded of a funny anecdote of Norbert Brainin, who was a great friend of Lyndon and Helga LaRouche. He was the first violinist of the famous Amadeus Quartet. And he was interviewed at one point, and the interviewer asked him, "Mr. Brainin, you're the leader of the Amadeus Quartet, so I'd like to know, when your quartet is rehearsing and you come to a disagreement, are you the one that gets to decide what you do? Are you the one who makes the final call?"

And Brainin looked confused, and said, "Well, no. It's not up to me. It's up to the music. We learn from the music. We might disagree, but ultimately I'm not the one that makes the call. We have to find it in the music."

And, in a very real sense, there is a right way to perform a piece of music. Not as a formula that could be written down, but there is a *right, truthful* performance



EIRNS/Philip Ulanowsky

Lyndon LaRouche and the late Norbert Brainin, the lead violinist of the legendary Amadeus Quartet, in December 1987.

to a piece of music, and it's only found in the same kind of expression that we get in Kepler's re-creation process in the Solar System. And it's only when a performer or musician can re-create the creative experience of the original composer, that we're getting somewhere close.

Uniting Science and Art

Now, there are a couple of things I wanted to point out about the string quartet in particular. Number one, as opposed to the scientist—Kepler, in our example—a string quartet is four people, four different minds. And so I think it raises the question, where do you locate the imagination of the string quartet? In whose body do you place the mind? Clearly, you can't, right? So, where does the creative process of the string quartet exist?

And now consider the fact that it's not just four people interacting with each other, but it's four people interacting with the mind of the composer. And it's four people interacting with all of you. And I think that the kind of experience that you get with this kind of performance of Classical music, is actually one of the most profound expressions of the mind of mankind, one of the most profound experiences that a human being can have.

This completely breaks the bounds of time, and it completely breaks the bounds of space.

And what I want to end with, is the thought that this



EIRNS/Daniel Platt

“A string quartet is actually presented with the exact same challenge as a scientist...” Here, the Dirichlet Quartet (Nancy Shavin, My-Hoa Steger, David Shavin, and Jean-Sebastian Tremblay) performs Mozart’s “Dissonance Quartet,” at the Schiller Institute conference.

really embodies—and I think what we have to be resolved of—is that this Classical culture, this dedication to the human creative process, to breaking away from what’s imposed on us by the current culture, that man is

a beast; man is limited to his senses; man cannot change; that there is no such thing as perpetual progress. We have to be committed to throwing that culture out. We have to be committed to a true revival and renaissance of Classical culture, and to achieve a victory, to win the kind the policies that were discussed throughout the day, to stop the threat of war, to stop the financial collapse, to begin to build NAWAPA—and if you let your imagination work—the kind of future that this portends for us, I think that it’s not just that it will be accompanied by a Classical culture; I think that they’re inseparable.

And the kind of evolution that this organization, that our association, and hopefully all of you, are committed

to bringing about for the human species, will necessarily finally unite science and art as the ultimate expression of what it means to be human.

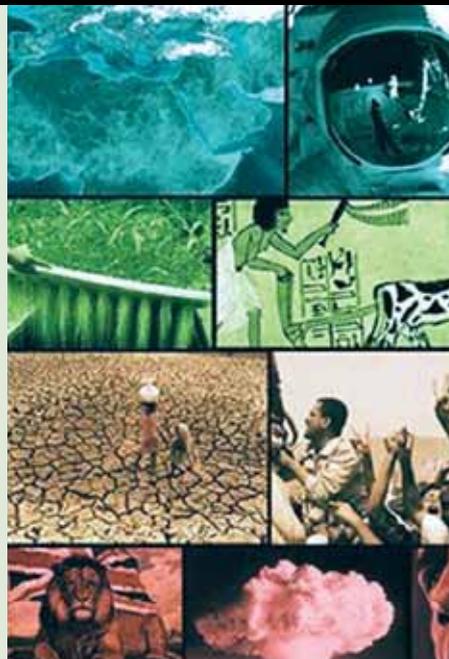
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The Science of Creativity

Phil Rubinstein, a veteran leader of the LaRouche movement, gave this speech at the June 29 Schiller Institute Conference in San Francisco.

I want to hone in on a few points, taking off from what Megan Beets and others have said.

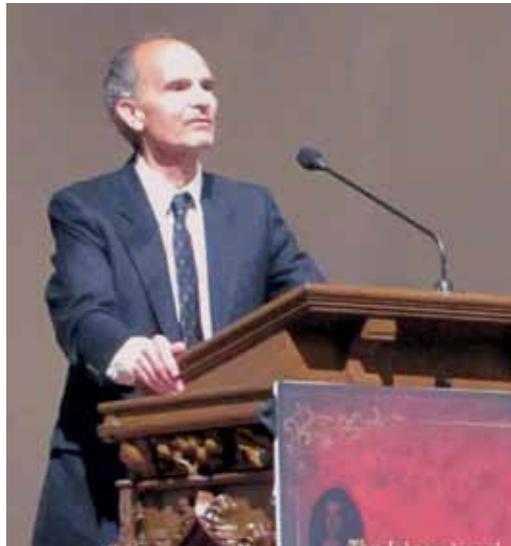
Lyndon LaRouche was very clear this morning that we need Glass-Steagall, but we need Glass-Steagall understood in a deeper and more profound way than “Glass-Steagall.” It was interesting to find out that Mr. [Henry B.] Steagall also put forth a bill in 1941 on parity, but Carter Glass was well-known as actually a sort of friend of the bankers. Steagall was, I think, more of a Roosevelt Democrat. So, Glass-Steagall only tells you a little bit.

And Lyn has made the point that essentially, except for the many efforts that he’s made, and a few efforts from a few other people, nobody understands really what an American credit system is. And that Glass-Steagall fundamentally doesn’t work, doesn’t do what we want it to do, unless we have the deeper understanding of what it means. He discussed why all U.S.A. patriots should hate all monetarist systems, especially our own. And he talked about the disaster of the continued belief in a monetarist system.

Now some of these things I would like to try to sharpen as much as I can, because I think sometimes it takes a while for the idea to sink in. In some ways, sad to say, I think until somebody squeaks a little bit, you’re not sure that you’ve really hit the idea.

What Is Fascism?

First of all, what is the starting point of Glass-Steagall as Lyn’s talking about it? You get rid of all of the



EIRNS/Daniel Platt

“Human beings never have to fail,” said Rubinstein. “If we fail, it’s because we didn’t live up to being human beings.”

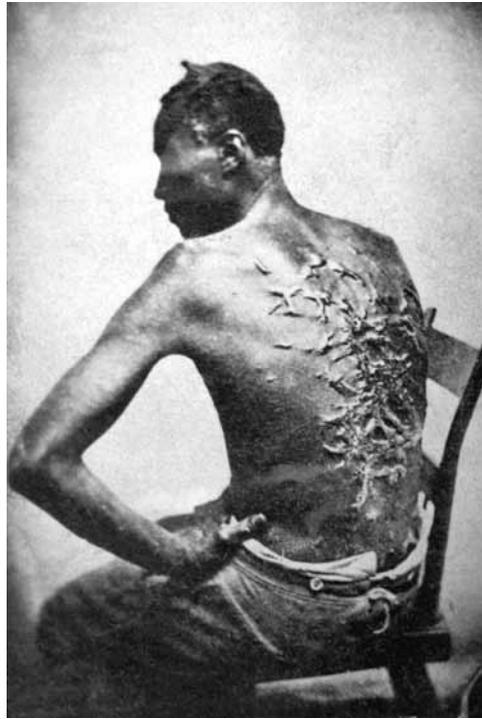
monetarist beliefs in the system. You don’t just separate the commercial banking from investment banking; you’re defining something entirely differently. You’re basically saying, *speculative investment is rot*. It’s no good.

Basically, what is a speculative dollar? It’s a license to suck the blood out of something. Ultimately, it’s a license to suck the blood out of some human being, by worsening their conditions, by looting their circumstances, or just killing them. Or certainly making their life worse.

There are a lot of details that you’ve heard during the course of the day. I can give you an irony. Helga [Zepp-LaRouche] said that she spoke to somebody who said that no one should live past 66. I’m 66 years old, so I take a personal offense at this in some manner.

And what is the essence of fascism? It’s not what most people think it is. Most people have either a propagandistic or a sort of Hollywood, or sometimes a slightly romantic, view that somehow these were the bad guys, and they were dressed in jackboots, and they had this wacko running the operation, and maybe there was a clown in Italy, and so on and so forth. The truth is: Properly understood, the American slavery system was a fascist system. When we talk about reducing health care in Greece, or in Spain, to the effect that we *know* that people are going to die, sooner than they should have, that’s fascism.

Basically, fascism is the underpayment of society in its ability to reproduce the same population, or a greater population, at an improved standard of living. Because that’s the only way the human species survives. And if



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“Properly understood, the American slavery system was a fascist system. When we talk about reducing health care in . . . Spain, to the effect that we know they’re going to die, sooner than they should have, that’s fascism.” Left: homeless in Madrid, 2007; right: slavery in Mississippi, 1863.

you understand that, then you realize that these green beliefs—people ask, how did you get this large population to endorse fascism? Well, how did we get the American population—?

(Look at California, please. The only place that has more tree huggers per square yard than California is Seattle, and we have a group up there. In fact, the people who don’t think that California is green enough move to Seattle. And now the people from Seattle are saying, we won’t let any more California immigrants come up, because they’re not green enough, or they’re polluting our environment.)

So, that’s what it all was in the 1920s and ’30s. They had slave labor camps, next to steel plants, next to chemical plants. And that was true all during the ’30s, and even earlier in some cases. Not that many people know it, but the word “concentration camp” is not the property of World War II. The word concentration camp comes from South Africa, where the Boers were held in concentration camps in slave labor at the end of the 19th Century, when we had the Boer War. Against what? Against British rot. Against the British East India Company—effectively, imperialism.

And that’s fascism; that’s what Obama’s preaching.

And of course, this is why we end up with thermo-nuclear war. Because, as happened in the ’20s and ’30s, fascism was promoted by the financial oligarchy, by the British Empire. Most of Europe ended up brown. Most of France capitulated, the Vichy regime. Italy was fascist, Romania was fascist. Austria accepted fascism. We reached the point of total collapse, and there was no leadership, in particular in Europe.

It wasn’t just a matter of conceding. There was no leadership. There was no alternative. There was no economic policy. There was a rejection of scientific development.

Much of the legacy that we have today—existentialism, insanity in science—it was believed that we’d come to the end of science, with certain elements of quantum mechanics and whatnot. That was it! Science was finished. It reminds me of this guy Francis Fukuyama in 1989, and 1990-91, when the Berlin Wall fell, and the Soviet Union fell, and Fukuyama said: This is the end of history, because now free-market theory has won, and all the rest of history will just be the working out of the free market.

Too many Americans bought this. We’re one super-power; the market theory drives everything. And, at that point, Lyn and Helga said that the Western system is going to go through a greater collapse than the Soviet Union did, than the Warsaw Pact did. And that’s what we’re living through.

What Roosevelt Actually Did

Now what happened in the 1930s, in shorthand, was that you had Roosevelt. Now, this is a good example of something: Almost everybody in this country thinks—and probably most of the people in this room think this—that Roosevelt was a clever politician; he was an optimist, his cigarette was always tilted upward, he had a smile on his face, he gave these fatherly chats on

Sunday nights, he won people over to his confidence, and he muddled through otherwise. And somehow, we ended up getting out of it, and the war built up our power, and so on and so forth.

None of this is accurate. And I think it goes to the point that Lyn is making at a more profound level than even Roosevelt. But the fact is that Roosevelt intended, *from the very beginning*, to implement the New Deal, which he had already done in part as the Governor of the State of

New York. One of the interesting things to do is to look up his record, and you'll find most of what he did as President, he had already done in a limited way in the State of New York. Pension funds, banking security, and so on and so forth.

You know, it's an interesting thing about environmentalism. You've got to keep in mind that Roosevelt considered himself a tree farmer. When anybody asked him what he did, he said, I'm a tree farmer. Under the CCC, we planted in this country 3 billion trees. And I tell you that's better than any Green person ever did in their entire life, even by multiples.

So, when Roosevelt came in, he intended to change the entire system. As he said, and it's often mocked, he said we're going to chase the money-changers out of the temple. Remember the last person who did that. He also was attacked! Roosevelt said, we're going to get rid of speculation. He said that over and over again. And he said, we're going to give people the ability to lead productive lives, and we're going to guarantee them their some security in their old age.

Now, the point I'm making is that he had an intention, and he had a forecast about the future. He knew, as of 1933-34, that we were headed for war, if we didn't change the circumstances. And he made numerous efforts to change the circumstances, which were often called folly. But he tried, and at the same time, he knew



President Roosevelt (seated, far right) visits the Chicamauga Dam in Tennessee, 1938. He knew, as of 1933-34, that we were heading for war, and needed to build up the industrial/infrastructural base of the country to deal with it.

TVA

that we were headed for war.

And so, we built an industrial base in the middle of a depression, with Wall Street in opposition throughout, with the Republican Party on a budget binge—they wanted balanced budgets. And Roosevelt, despite that, and even despite a renewed downturn in '37-38, despite the opposition of the Supreme Court, Roosevelt built, with others, an industrial base that by the beginning of World War II—the *beginning* of World War II, in fact *before* the beginning of World War II, in '39 and '40—was already the biggest industrial-scientific power in the world, or potentially so.

And so we had the Lend-Lease program. And then when the war started, when we were drawn into the war, we had the biggest industrial operation, and in many ways, it became the biggest scientific area in the world, ironically enough, because many of the top European scientists found refuge in the United States.

And that's how we built the atomic bomb. The reason the Soviets couldn't do it, is they couldn't do the industrial development and the atomic bomb, at the same time. But the United States had the industrial-technological power, and the developing skill of the labor force, to do both at the same time.

Now, we shouldn't have dropped the bomb—we didn't need to drop it. General MacArthur knew that, and anybody who was sane knew that. And in fact, for

those who think that Lyn might be exaggerating when he talks about the threat of extinction today: At the end of World War II, people knew that if the atomic bombs that were dropped on Hiroshima and Nagasaki were the vision of conflict in the future, then the human species would not survive.

Many of the leading people—MacArthur, Eisenhower, some of the leading scientists, Oppenheimer, Einstein—said, if we go down this path, we will become extinct as a species. Just look at the devastation of World War II, which already was 100 million dead. Cities of a million wiped off the face of the Earth, on all sides, except the U.S. And then you add to that nuclear developments, and you realize that if you unleash anything like World War II again, there won't be anything left, and it won't take four years.

So what did Roosevelt do? Roosevelt intended to change the course of history. Roosevelt was also intent on a Bretton Woods, on a fixed-exchange-rate agreement, a United Nations that recognized national sovereignty, a credit system on an international basis—which was opposed by John Maynard Keynes, was opposed by the British financial elements, was opposed by Wall Street. And that's why the death of Roosevelt was such a crucial moment.

Monetarism and Insanity

And at that point, we had Truman, and we had Churchill and others. Truman was such a lunkhead. You know, a lot of Americans think he was a feisty little guy. The one thing about him that that's true, is that he was a little guy. He actually thought, and said publicly, that the Soviet Union was not smart enough to build a nuclear weapons. If that ain't racism, what is?

This is how we got led down this insane path. People are worried now about the NSA, the secret state. It started in 1946 and '47. Truman made every scientist connected to any kind of security project, but especially the Manhattan Project, sign a loyalty oath. The loyalty oaths began way before Sen. Joseph McCarthy, and that was the beginning of the security state: the whole idea of classification, and the idea that other people couldn't think about what we could think about, so it was better to keep it secret. Most of the scientists knew that this was ridiculous. Most of what you needed was in the public record.

So, a lot of the beliefs of the post-World War II period were insane.

We took on free-market approaches, and we became

a monetarist culture, increasingly, from '71 on, as Lyn identified it. What is the floating-exchange-rate system? It's a casino! It's implicitly, to begin with, a gambling system. What are you gambling on? The value of money. When you make a trade, you have to bet that the currency that you're paid in, is going to be the value that you expect, and you open up for people to play games. Speculation, derivatives: They don't mean anything.

Monetarism is a form of clinical schizophrenia. The belief in the power of money is literally a religious belief, in the sense of an objectified reality that doesn't exist. Money doesn't exist. As Harley Schlanger said [see *EIR*, Aug. 2, 2013], derivatives don't really exist. They have a monetary value, but there's nothing that they represent.

Money has a role in the division of labor and so forth, but it's subsumed, it's run, by the decisions of society as to what are the real values. Now, think of a society that's insane enough to believe in the growth in the value of a stock—because people have made certain bets over a few hours, and then you're able to cash in that bet for more money. Now, let's say the stock is in a machine-tool company. How many machine tools do you think were built during the five minutes that you were making the trade? How much advance in production? What scientific innovation? What increase in productivity?

Zero.

And in fact, in a speculative system, in a monetarist system—it's better to say monetarist—the faster you turn it over, the more monetary value you pour on, the less value there is. And nothing has been done. So the value comes from underpaying society, from looting certain aspects—food production, etc. And a lot of this was done by the free-market system. Supposedly it's cheaper to import goods made by cheap labor 5,000 miles away.

By the way, this is a point that Lincoln made very clear: that unless you underpay the labor, the mere cost of transportation makes the import more expensive. And indeed, that's why transportation systems are so critical.

So what did Roosevelt do to begin with? And this was all conscious. And in one sense, I'll say it's the same thinking that goes into a composition; this is like Classical art—politics, and science are the same thing. It's not even really making the two one; the problem is, we've separated the one into two, that really don't exist each by themselves.

You can't have scientists who are simply deducing

from existing laws, and existing equations, some result that is already there. It's effectively tautologous, just simply unfolding the information. Any great scientist adds something that changes the nature of the information across the board. When Einstein introduced relativity theory, that changed our entire conception of space-time. When Kepler introduced his version of the harmonies, that changed our entire view of the Solar System. And Lyn is saying, this is where we have to go. We have to understand the inner Solar System at a level of depth, improved upon, that Kepler approached the entire Solar System.

Now, what do we do with Glass-Steagall? Roosevelt introduced the Reconstruction Finance Corporation. He introduced a credit system. He took the Fed and put it aside: He basically neutered the Fed for a period of time. And the funds were coming as credit, almost purely generated. People would call it fiat money, but what was it generated against? The investment in reopening U.S. industry, in putting people back to work, and in scientific development, in retaining the skills of certain people.

That's why, in the so-called ditch-digging, he wanted to keep people employed with some level of skill, some level of purpose, so that they could be reintroduced into real production.

'We Don't Need Wall Street!'

Now, what Lyn is talking about is, we have to understand that Glass-Steagall means the end of monetarism, not just the separation of the banks. It means we're placing an entirely different value in the economy, and we're saying, these kinds of monetary jiggerings are no good. If you want to play games, go play games. Go bet on horses.

A derivative is a little bit like betting on the bet that somebody laid down. In other words, you go in, you've got five people who've bet on horse number one, and you make a bet that those five people are going to win—you bet Mr. C that they're going to win. And maybe you've done that to offset what you think your losses are on the previous race. So, you've hedged your bet. There's fundamentally no difference between that, and a derivative.

We have to have a much sharper sense of this. If you have money as the primary value, if you're talking about a distribution of money, and the value of financial instruments, like this question of stocks: If you're betting on the value of a stock, then it has no relationship

to the economy. We used to recognize this in some of our laws. For example, it used to be the case that you had to hold a stock for a certain amount of time to be able to take the [lower] tax rate for it. If you turned it over overnight, you had to pay a higher tax rate. That's a step.

The better thing to do, is get rid of it altogether.

When Lyn said, we don't need Wall Street, you have to realize how shocking that should be. *We don't need Wall Street.* We don't need J.P. Morgan. We don't need Bank of America. If they all go bankrupt, they're not too big to fail. The truth of the matter is, they're worth virtually nothing.

And what you have in the organizing, is, you have a lot of people who say: We don't have enough money to have a space program. Let's leave aside some of the things that Lyn has proposed, but we don't have the money for that either.

I saw this actually; I'll give you an example: the Princeton Plasma Physics plant. They have a design that they think might work. It's better than the Tokamak, and it's \$159 million. It's been shut down. Why was it shut down? The sequester, plus budget cuts.

Now, we don't have \$159 million for advanced science, but we have trillions, or \$85 billion a month, from the Fed to buy Treasury bills, and mortgage backed securities. Where did that come from? Wasn't that what ruined everything? That and a few people who fooled the banks. You know, those poor immigrants who manipulated the banks into giving them million-dollar mortgages? That's the story I really like.

So, these things absolutely should be ruled out. We really don't need these people.

But, to do that, we have to be prepared to say what we do have.

Now, what is a credit system, a national banking system? The idea is, you have an intention in society to improve the productivity of the human species, of the country, of other societies that you're working with. And you issue *credit*, that is, letters of credit—the rest of the details you can see in some of the work we've put out. What are those letters of credit? They say that the future, over three, five, seven years—in different economic cycles, farming, infrastructure, and so forth, scientific research—these will improve the productivity and that will allow the transfer of more goods, more product, to the population. Money then becomes used as a means of that transfer. It's *subordinated* to the issuance of credit, and the National Bank is used as the

central clearinghouse for that.

Then, we need projects like NAWAPA [North American Water and Power Alliance]—NAWAPA not with 26 gigawatts of hydropower, but with 26 gigawatts of *nuclear power*—and then we can use the hydropower for other things. It takes about 26 gigawatts to gear up the Livermore Inertial Ignition Program. In other words, if you use lasers to get fusion, to start it up, you need that much. And we've got it, under NAWAPA.

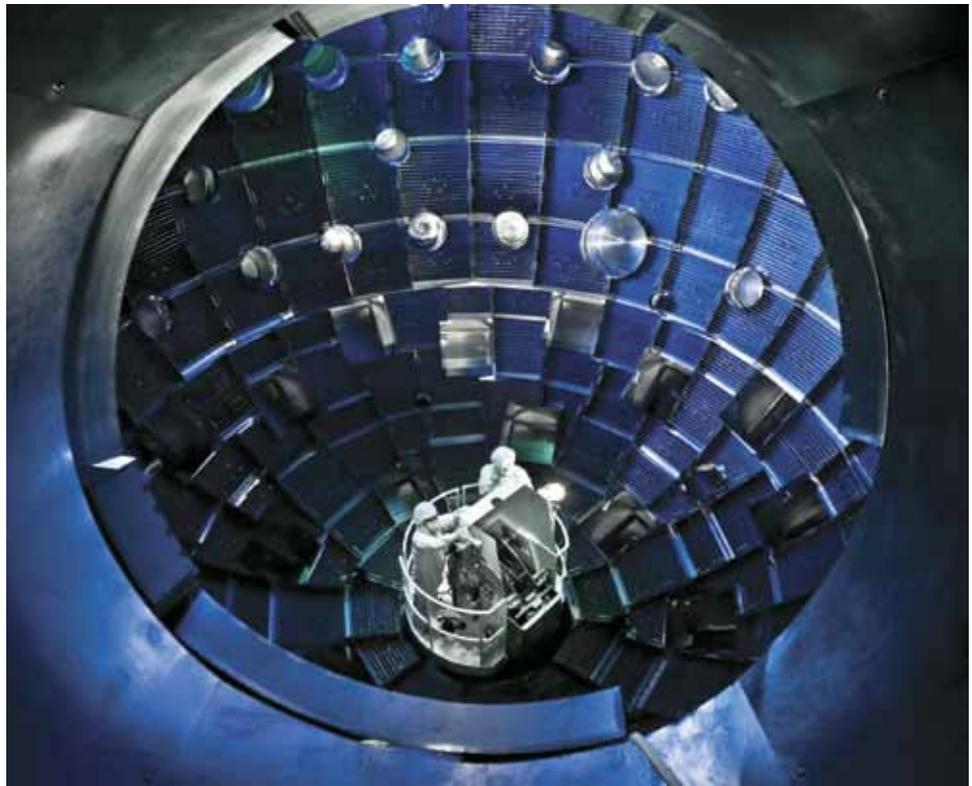
Now, I don't know which fusion program is going to work, but *we need fusion power*. We need to have that as a horizon. Then we can use our oil at whatever rate we want to use it. If we know that we've got thermonuclear fusion on the horizon, then we have no problem with energy resources.

What does this mean? Well, what is value in an economy? How does the human species exist? Again, we are different from animals, and I don't just mean we talk, and we have a few ideas, but otherwise we're animals; that we have pleasures, we have wild fantasies (forget imagination!). We lust after certain things—we love to eat. We go through our bodily functions, and we pass this mortal coil.

No, I mean something entirely different.

Man Is Not a Beast

The human species, the human individual, and the species as a whole, is unique, in the sense that we develop, we evolve, through the development of greater power through knowledge, and interaction with the universe. That is, when we act on the universe, that's how we know. There's no other way to know. You can't get out of your skin any other way. The whole trick in British empiricism, is to say you are locked inside your skin, so all you have is sense perception. And there is no mind. The mind is an electrical machine, a bunch of



Lawrence Livermore National Laboratory

It takes about 26 gigawatts to gear up the Livermore inertial fusion ignition program—equal to the amount of power that NAWAPA would produce.

neural connections. Effectively, you are a product, *you* are artificial intelligence.

That's what artificial intelligence is. It looks like you have a brain, like you have a mind, but you don't. You're just a complicated chimpanzee. And chimpanzees are very nasty creatures—for those of you who love animals, try a day with a chimpanzee!

So, the human species evolves by generating universal ideas, science, that changes our view of the universe, and opens up areas that we didn't know existed. We didn't know nuclear physics even existed in 1880. We barely knew that atoms existed. We didn't know that galaxies existed. We had no idea. We thought that everything was inside the Milky Way. There was some idea of nebulae and so forth, but galaxies, no.

We didn't know that the nuclear world existed. We opened up an entirely new universe at the end of the 19th and the beginning of the 20th centuries, by people like Planck and Einstein, who, yes, were trained classically in music, but I don't think even they had quite the idea that Lyn has. Because for them, Classical music was important; they knew it expanded their

imagination, that it fed their scientific creativity. But they didn't know that it was, in fact, *the same thing*: the ability to venture into the future, to the edge of what we know, and to recognize that what we *seem* to know is not enough. It's paradoxical. It's ironic. Therefore, the idea of metaphor, irony—Lyn has had other discussions that people should look at on the role of Chorus in drama being the same principle [see *EIR*, July 12, 2013].

This is what reality is.

What is it, then, that is value? The only thing that has value is creativity; the only thing that makes us human is creativity. It's the effort to add to human development, to the best of our ability, to be able to teach other people. You know, the old saying, those that can't teach...! Well, if you really don't think you've done anything creative, learn what somebody else's creativity is, and communicate that to other people, and it might spark your own creativity.

Take a child, and the possibility that that child will grow up to add to the store of human knowledge, venture into expanding human knowledge. We've been given a gift! Think about how wild it is, that we learned in the beginning of the 20th Century that a couple of grams of matter, so-called, had radiation—we didn't know what these things were, but we learned that in a few grams of matter there was a storehouse of energy. More than in your wildest imagination.

But that came out of the creative imagination, in a lawful way, of a few people.

We have that power today, but only if we give up this fixation on money. And look, it's all the same: Monetary theory, game theory, empiricism, geopolitics, artificial intelligence, positivism, information theory—it is *all* the same thing. It's a view of the human mind as nothing better than a machine, or an animal. And it's an effort to take away the fact that our actual existence—and this is how you enslave people—our actual existence, who we are, what defines us, is our creative exploration and development of our relationship to the universe.

And the development of the human species itself is proof that the universe is not only living, but creative.

I'll give you one story that I just saw the other day, just because it's anomalous—I like the fact that it blows the scientists' minds. This is about the space program. I don't know whether it's Voyager I or Voyager II, but they were sent up about 1977. Now, about a year ago, they thought that one of them had reached the end of the

Solar System, the so-called heliopause. And then they realized it *wasn't* past the Solar System; that there was still more of the magnetic field of the Sun, and the solar wind, and then it hit what they call the solar shock bow. This is where the stellar wind hits the heliosphere, and the heliosphere protects the Solar System from radiation.

But they found that this wasn't what was happening; that as these cosmic rays, or cosmic radiation, come in, instead of either being deflected or slipping through so that we get a little bit of cosmic radiation, what happens is, they begin to coil in spiral or cylindrical shapes, and form a new magnetic field inside the boundary of the bow shock and the heliopause. They have no idea what this is or why it's happening.

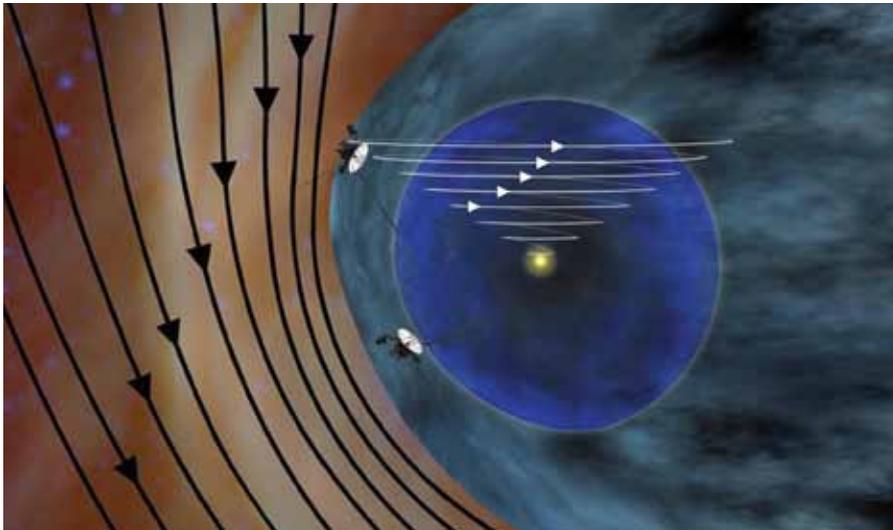
Which means they don't know what the heck cosmic rays are. As Lyn said, space is not empty. Space-time is not empty.

'Us and Our Posterity'

So, we're at a point where, if we're going to survive as a species—but it's not just survival. We have to recognize that, ontologically, as Lyn raises this point in a recent paper: What is it about us that makes us exist? What is our substance? What defines us is the fact that we have a mind that is outside of any biological existence, even though it requires a biological existence; but it shapes the biology to house a mind, and a mind that can communicate with other minds, if we understand it's a communication among minds, and not amongst things, or animals.

We have to think of language as always proceeding toward the poetic, because any fixed language fails. And in a sense, at least a little of this is how we have to approach Glass-Steagall. Because, what's a credit system? It's the future of humanity as decided by a human republic. It's the future! Therefore, you need the scientific projects, you need the platforms, but you also need the constant development of future generations—as the Constitution says, "us and our posterity." That's what makes us unique.

There's no other Constitution that I know of that pledges the nation, not to its President, but it says of every citizen, what we do for you is for the future. And we have to guarantee that the future has a future. We should at least think that far: that we're not just saying we'll be here in 2100, but when we get to 2100, we will have done the things necessary to give the people in 2100 the opportunity to live a century ahead.



NASA/JPL

sition; and you're living in a different time, because your time is the future of the piece that you're playing. It's the future in the mind of the composer. And so you're in a different order of time, even though you experience it as linear time. That's the problem with life: You experience it linearly if you reduce yourself to sense-perception. If you rise above the sense-perception to the level of what the mind is able to compose, then you're not living in quite the same time.

And then you realize that we are a species that develops itself so that we never need to go extinct. It's never a necessity. Animals, you can say, it's time for them to go. They can't adjust, they can't

Artist's conception of the Voyager 1 (above) and Voyager 2 (below) spacecraft, as they approach the edge of the heliosphere (the elliptical blue-gray area), which is the bubble of charged particles around the Sun. The solar magnetic field (white arrows) spirals out from the Sun, and the black arrows designate magnetic fields in interstellar space. Scientists have found that the interplay of these phenomena is not at all what they expected.

And any other economic approach is death.

Human beings have free will, as in the music. You create a composition; you attempt to perform a compo-

adapt, they can't think it through.

Human beings never have to fail. If we fail, it's because we didn't live up to being human beings.

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A Nuclear-Thermonuclear NAWAPA XXI

If mankind is to have a flourishing future, we must make a leap in productivity, by developing the next, immediately available platform of power production—nuclear and thermonuclear energy. The crucial project around which this leap must be made is the North American Water and Power Alliance (NAWAPA) water-management program for the Western United States, expanded to involve not only Mexico and Canada, but the entire Pacific Basin.

Such a Grand Project perspective cuts radically against most economic thinking today, particularly in the trans-Atlantic region. *That small, green thinking is precisely why the world economy is dying.* Unless such thinking—imposed and inculcated by the Queen-centered international financial oligarchy—is overthrown, we are headed for extinction by famine, disease, “natural” disasters, or war.

The nuclear/thermonuclear NAWAPA directly addresses the crises of food production, energy shortages, and “natural” disasters such as floods and drought, by what could be appropriately called biological engineering, channeling water in directions where it is needed, through a system powered by first conventional nuclear fission, and soon, thermonuclear fusion. The project will in fact require cooperation with nations of the Pacific, especially Japan, and open up northern regions for development corridors, emphatically including the Bering Strait, the Arctic, and then the Pacific Rim, all the way down to Southeast Asia.

Among the Pacific projects on the development agenda will be the major water projects in China, and the long-planned Kra Canal project in southern Thailand, that would radically improve water transportation in the South Pacific region.

As it happens, it was almost exactly 30 years ago, in August 1983, that, in the wake of a visit to India, Japan, and Southeast Asia, Lyndon LaRouche commissioned a major *EIR* report entitled “A Fifty-Year Development Policy for the Indian-Pacific Oceans Basin,” for which he wrote an extensive introduction. Specifically, LaRouche demanded a change in then-U.S. foreign policy to that anti-colonial, anti-Malthusian policy of President Franklin Roosevelt, itself an echo of the great American tradition established by such as George Washington, and Alexander Hamilton, John Quincy Adams, and continued through Abraham Lincoln.

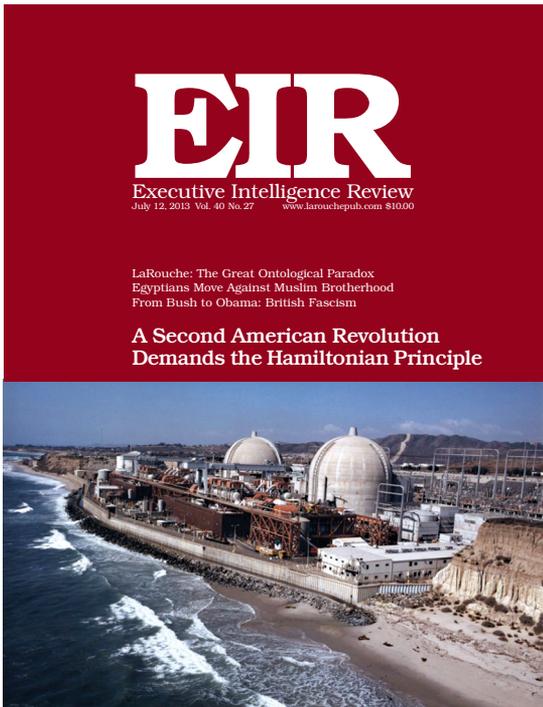
LaRouche’s proposal at that time—when he and his publications were also promoting the original NAWAPA project—projected the Pacific Basin to be the world’s major growth area, and outlined five infrastructure projects: A second Panama Canal, the Kra Canal, the Hangzhou-Beijing Canal, a series of canals for water development in the Indian Subcontinent and the Mekong River Basin.

Due to the control which the Wall Street-British financial interests exerted over the Reagan Administration—and, increasingly, every administration since—as well as the world financial system as a whole, only China has embarked on anything like what LaRouche proposed at that time. Every crisis *EIR* pointed to at the time—water shortages, poverty, transportation bottlenecks, energy shortfalls—have gotten desperately worse.

Now, we have reached the breaking point. Wall Street *has* to go, and an upgraded and expanded Pacific Basin perspective put into place. What may have appeared visionary then, is a necessity today. We will be saying much more on this subject, in the weeks ahead.

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