

# EIR

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Under Stiff Pressure, Obama Delays Syria Strikes  
Impeachment Next? Congress Must Reject Push for War  
Glass-Steagall Is Urgent To Save Detroit, the Nation

## John F. Kennedy Vs. the Empire



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# EIR

## From the Managing Editor

Our cover *Feature* is the story of the John F. Kennedy nobody knows: EIR history director Anton Chaitkin's archival and other research reveals a President whose life and work, in the tradition of Franklin D. Roosevelt, were committed to the American System of high-technology progress (space exploration, nuclear power, NAWAPA), anti-colonialism, and the development of man's creative potential. He also shared FDR's view of the British Empire, stating in his first political speech, in 1945: "Britain stands today as Britain has always stood—for the empire." The *Editorial* situates Kennedy's story in the context of what we are doing today to realize his vision.

Much of the rest of our issue details the "Empire" side of things: what the London- and Wall Street-centered financier oligarchy has done and is doing to destroy that vision.

In *Economics*, Paul Gallagher replies, point by point, to the American Bankers Association's scurrilous and lying attack on the Glass-Steagall Law (interesting point: the ABA is headed by conservative ideologues who are not even bankers!). John Hoefle's review of *Tower of Basel: The Shadowy History of the Secret Bank that Runs the World*, by Adam LeBor, reviews the role of the Bank for International Settlements (BIS) in putting the Nazis in power, among other of its crimes of the past 83 years. Our news leads are a statement by Detroit Board of Education President LaMar Lemmons III on how that city was driven into bankruptcy, and Marcia Merry Baker's overview of how Glass-Steagall's repeal led to derivatives deals that suckered thousands of school districts into multi-million dollars worth of unpayable debt.

Our interview with Russian financial crime expert Konstantin Sorokin gives a unique Russian perspective on the interweaving of banks, drug-traffickers, and terrorists. He calls for cooperation with the United States to shut down drug production and money-laundering, and warns that the trend toward legalization of drugs can create a situation worse than that in Afghanistan.

In *International* and *National*, we report the Empire's push for war over Syria, as well as the growing clamor against it. Many of the statements we reprint have received little or no coverage elsewhere in the media.



## Cover This Week

*President Kennedy delivers a speech to a Joint Session of Congress, May 25, 1961, calling for a mission to land a man on the Moon by the end of the decade. The liftoff of Apollo 11 July 16, 1969.*



NASA

NASA

### 4 John F. Kennedy vs. the Empire

On the 50th anniversary of JFK's murder, historian Anton Chaitkin looks back at that tragic turning point from the standpoint of determining *cui bono*? Who benefitted from the crime? To answer that question, it is first necessary "to understand who Kennedy was, and what he fought for who we were as a nation, and where we were headed when he was shot. Knowing that will make plain who killed him and why." Kennedy's anti-imperialism and support for emerging nations, especially in Africa, his promotion of great projects like NAWAPA, and his passion for space exploration, marked him as an enemy of the Empire.

## International

### 20 Under Stiff Pressure, Obama Delays Syria Strikes

Forced by intense opposition from Congressional and military/intelligence professionals, including JCS Chairman Martin Dempsey, President Obama was forced to seek approval from Congress—as required by the Constitution—before striking Syria, as planned. But the outcome of that process is yet to be determined, and the danger of global war has not been averted.

### 23 LaRouche Opposes Any Strike Against Syria

An Aug. 29 LaRouchePAC release, in which Lyndon LaRouche provides his assessment and guidance on the current strategic situation, and what must be done immediately to avert a wider war.

### 24 Widespread Recognition that Attack on Syria Means World War III

### 26 Obama Lies: Syrian Rebels, al-Qaeda Do Have Chemical Weapons

## National

### 28 **Impeachment Next? Congress Must Reject Push for Launch Toward World War**

No one should take British tool Barack Obama's concession to allow a vote in Congress before launching missile strikes against Syria, as a sign that the Administration has backed off *for one minute* from its determination to go to war.

### 32 **Rigell Letter: Attack Requires OK from Congress**

### 32 **Intelligence Veterans' Appeal to Gen. Dempsey**

### 36 **Dempsey: Military Action vs. Syria 'an Act of War'**

### 38 **Kesha Rogers: After King, Where Do We Go Now?**

### 40 **Why the U.S. Military Resists War in Syria**

Gen. Martin Dempsey's warnings against U.S. military intervention in Syria reflect the deeply rooted desire among U.S. military circles to avoid another Iraq debacle. We report on a three-day seminar at Fort Belvoir, Va.

## Economics

### 42 **An Appeal to Congress: Glass-Steagall Is Urgent To Save Detroit, the Nation**

In a letter released on Aug. 28, President of the Detroit Board of Education LaMar Lemmons III calls on Congress to immediately reinstate Glass-Steagall.

### 44 **Crimes of Wall Street: 'Swaps'/Gambling Slams School Districts**

Millions of dollars are being sucked out of American school districts into the criminal coffers of the megabanks—thanks to the repeal in 1999 of Glass-Steagall.

### 48 **Bankers' Anti-Glass-Steagall Campaign Is a Flim-Flam**

Since the bills to restore Glass-Steagall have been introduced into the U.S. Senate in July, and the number of Senators from both parties sponsoring these bills has increased, Wall Street has publicly "gone to war" against the growing prospect that Glass-Steagall may be enacted.

### 51 **Book Review: The Bank for International Fascism**

A review of *Tower of Basel: The Shadowy History of the Secret Bank that Runs the World*, by Adam LeBor.

## Counterintelligence

### 55 **Can U.S. and Russia Ally To Combat Drug-Money Laundering?**

An interview with Russian expert in financial crimes Konstantin Sorokin, who is a contributor to the ongoing non-governmental Joint U.S.-Russia Working Group on Afghan Narcotrafficking. "In the long term," he states, "the problems created by legalization and state support for drug production in Latin America and Southeast Asia will be significantly worse than the Afghan problem is today. To ignore this trend today would be a very big mistake."

## Editorial

### 63 **Thermonuclear Fusion, Not Nuclear War!**

# John F. Kennedy Vs. the Empire

by Anton Chaitkin

*This Nov. 22 is the 50th anniversary of President John F. Kennedy's murder, a crime from which our country has never recovered.*

*Investigators normally consider who benefitted from a crime, and what changed as a result of that crime.*

*In this case, we must first understand who Kennedy was, and what he fought for; who we were as a nation, and where we were headed when he was shot. Knowing that will make plain who killed him and why. It will help guide us to what we must now change for our survival.*

## **Kennedy's Nationalism**

When Kennedy returned from his celebrated World War II Naval service and plunged into politics, he aimed to set the world back on the path of his late Commander-in-Chief, Franklin Roosevelt, and to bury imperialism.

In his first political speech, to the American Legion



*President Kennedy at Rice University, Sept. 12, 1962: "We choose to go to the Moon in this decade. . . . And as we set sail we ask God's blessing on the most hazardous and dangerous and greatest adventure on which man has ever embarked."*

post in Boston, Nov. 18, 1945, in anticipation of a run for Congress, he explained Winston Churchill's recent electoral defeat by contrasting the outlook of Churchill's party with that of Franklin Roosevelt.

Churchill's Conservative Party had governed England "during the years of the depression when poverty stalked the Midlands and the coal fields of Wales, and thousands and thousands lived off the meager pittance of the dole. Where Roosevelt made his political reputation by his treatment of the depression, the Conservative Party lost theirs."

And the English voters had been jolted by that contrast when soldiers from Roosevelt's America were stationed there in wartime: "England traditionally has been a country with tremendous contrasts between the very rich and the very poor. That arch Tory, Benjamin Disraeli, . . . once stated that England was divided into two nations—the rich and the poor. . . . With

the ... coming of the American troops with their high pay, with their stories of cars, refrigerators, and radios for all, a new spirit—a new restlessness—and a fresh desire for the better things of life had become strong in Britain.”

But Kennedy warned that even if the Labour Party were in power, “Britain stands today as Britain has always stood—for the empire.”

In that speech, Kennedy spoke also of the heroic Michael Collins, leader of the 1922 Irish armed revolt against Britain: “This young man, who was killed in his early thirties, looms as large today in Ireland as when he died.”

In the view of the post-World War II Irish leaders, “everything that Ireland has ever gotten from England has been only at the end of a long and bitter struggle. . . . All have been in British and Irish prisons and many of them have wounds which still ache when the cold rains come in from the west.” Kennedy named “the fundamental problem behind all Irish politics—the problem of ending the partition, which divides the twenty-six counties of the south, which form Eire, and the six counties of the north known as Ulster which are attached directly to Great Britain. That this partition must be ended . . . all Irishmen agree.”

John Kennedy’s own family had been shaped over many generations in Ireland’s bitter conflict with the British.

Descended from Ireland’s 11th-Century High King Brian Boru, the Kennedys had been stripped of their lands and made tenant farmers. Several family members were casualties in the 1798 Irish uprising. County Wexford, the Kennedy ancestral home, was that insurrection’s center, and briefly held out as its own Wexford Republic.

The 1847-48 “Great Famine” was known to the Irish as deliberate genocide under British Prime Minister John Russell, who stationed half of the British Army in Ireland to oversee the export of masses of food, and to keep the captive population quiet. Hunger, disease, and emigration in slave-like ships cut the population from 9 million to 2 1/2 million. The devastation forced JFK’s great-grandfather Patrick Kennedy to emigrate,



Courtesy of Christopher Fogarty  
*Union Jacks indicate British regiments enforcing the export of food from starving Ireland in 1848. White crosses mark mass graves. JFK’s great-grandfather was driven to emigrate.*

and led to his death in Boston of hardship-induced disease.

British mass murder was burned into the minds of the Kennedy family, and all the Irish. Kennedy cousins who had fought with the Irish Republican Army were among those with whom President Kennedy met on his 1963 visit to Ireland as U.S. President.

JFK was named for his maternal grandfather, the revered Boston Mayor and Congressman John F. Fitzgerald. “Honey Fitz” strongly supported Ireland’s struggle and published a weekly newspaper called *The Republic*. John’s Boston-born paternal grandfather, P.J. Kennedy, became the political boss in an Irish-American ward.

John embraced this Irish heritage. But his father, Joseph P. Kennedy, partnered with British and Wall Street financiers, pushed and shoved his way up into im-

mense wealth, and finally thrust himself alongside the highest ranks of the British imperial oligarchy. John's political career would be based on passionately held views opposite to the reactionary ideas for which his father became infamous. And yet in that close-knit family, Joe Kennedy would later put his money and connections behind all of his son's electoral efforts.

Papa Joe supported Franklin Roosevelt for President, and on Jan. 7, 1938, FDR nominated him to be Ambassador to Britain. Three days later, Roosevelt began a secret correspondence with the British, warning them they risked arousing in America "a feeling of disgust" by the "corrupt bargain" they were making in backing the fascist regimes of Mussolini and Hitler. Prime Minister Neville Chamberlain termed FDR's proposals "preposterous." Joe Kennedy was confirmed by the Senate in the midst of this frosty exchange, which is now available from the British archives.<sup>1</sup>

A year later, after the Nazi invasion of Czechoslovakia, the President sent an ultimatum to the British government threatening that the U.S. would cut off aid to Britain if the Empire continued to sponsor Hitler's takeover of Europe.<sup>2</sup>

But Ambassador Kennedy attached himself worshipfully to the hyper-aristocratic Foreign Minister Lord Halifax, to the royal family, and the whole set of Britain's fascist strategists. He moved with John and his other eight children into the English neo-gothic castle, Wall Hall, owned by pro-fascist Wall

1. [British National Archives](#)

2. Drew Pearson, Robert S. Allen, "Washington Merry-Go Round," syndicated column, April 15, 1939. The authenticity of Pearson's column about FDR's warning is easily confirmed from many sources. The British were full partners in Hitler's war machine and looting. Roosevelt's demand that this Anglo-Nazi onslaught be called off helped force a British commitment to Poland, and a September 1939 war declaration against Germany—but the British didn't mean it, and launched no significant offensives. Hitler turned his army westward on May 10, 1940, aiming at France and Britain; on that day Chamberlain resigned and was replaced by Winston Churchill.

## In His Own Words

I saw an area in which . . . poverty and sickness and disease are rampant . . . injustice and inequality are old and ingrained, and the fires of nationalism . . . are now ablaze [after being] for 100 years and more . . . the source of empire for Western Europe—for England and France and Holland. . . . The East of today is no longer the East of Palmerston and Disraeli. . . .

*Congressman Kennedy, 1951, report back from Asia-Mideast tour*

...[M]an holds in his mortal hands the power to abolish all forms of human poverty and all forms of human life. And yet the same revolutionary beliefs for which our forebears fought are still at issue around the globe. . . .

*President Kennedy, 1961 Inaugural Address*

Today we may have reached a pause in the Cold War. . . . And if we fail to make the most of this moment and this momentum, . . . then the indictment of posterity will rightly point its finger at us all. [Let us] stretch this pause into a period of cooperation. . . .

*President Kennedy, Sept. 20, 1963 speech to the UN General Assembly after securing a treaty banning atmospheric tests of nuclear weapons.*

### And in His Enemy's Words...

We . . . have witnessed three . . . attempts at world domination, first by Hitler, then by Stalin . . . and now by President Kennedy.

*Letter to the London Daily Telegraph, Jan. 9, 1963, as the U.S. won a proxy shooting war against the British empire in the Congo.*

Street banker J.P. Morgan, Jr. Morgan's servants took care of the Kennedy family.

The outraged Roosevelt told his aide James Farley in 1939, "Joe has been taken in by the British government people and the royal family. He's more British than Walter Hines Page [American Ambassador to Britain in World War I] was. The trouble with the British is that they have for several hundred years been controlled by the upper classes. The upper classes control all trade and commerce; therefore the policy of the British government relates entirely to the protection of this class."<sup>3</sup>

3. James A. Farley, *Jim Farley's Story: The Roosevelt Years* (New York: McGraw Hill, 1948), p. 199.

## Empire and Cold War

After President Roosevelt's death, Winston Churchill and his American followers—notably the bipartisan clique of Democrats Dean Acheson and Averell Harriman, and the Republican brothers John Foster Dulles and Allen Dulles—wielded the apparatus of the Truman government to wrench American policy away from Roosevelt's pro-nationalist, anti-imperial peace policy. British double agents, led by Kim Philby, meanwhile fed Russian paranoia with anti-American scare stories.

Churchill's Cold War policy confronted a fearful U.S.A. with Soviet Russia's aggressive moves on its periphery. America's 1776-bred sympathy for the sovereign rights of colonial subjects was thus trumped by the contrived need to ally with London and the other European financier imperialists in the name of fighting Communism.

While viewing Soviet Communism realistically as a distortion of history and human nature, John Kennedy understood his father's tragic blunder, and knew the British Empire and Wall Street were continuing the fascist policy that Roosevelt had fought against. He attacked both the Truman Democrats and the Dulles Republicans for blocking America's support for the aspirations of the world's poor. This betrayal of Roosevelt was handing the vulnerable nations to the Communists posing as anti-imperialists, and threatening nuclear-war annihilation.

Kennedy toured Asia and the Middle East in 1951 as a Congressman and Senate hopeful, accompanied by his younger brother Robert. In his radio report-back to the nation, we can see the intellectual fire and the sure grasp of history he would show a decade later in the Presidency:

“...It [the post-war colonial world] is an area in which poverty and sickness and disease are rampant, ... injustice and inequality are old and ingrained, ... the fires of nationalism ... are now ablaze.... [F]or 100 years and more [it] has been the source of empire for Western Europe—for England and France and Holland....

“A Middle East Command operating without the cooperation and support of the Middle East countries ... would intensify every anti-western force now active in that area, [and] from a military standpoint would be doomed to failure. The very sands of the desert would rise to oppose the imposition of outside control on the destinies of these proud peoples....

“The true enemy of the Arab world is poverty and want....

“Our intervention in behalf of England's oil investments in Iran, directed more at the preservation of interests outside Iran than at Iran's own development.... [O]ur failure to deal effectively after three years with the terrible human tragedy of the more than 700,000 Arab refugees [Palestinians], these are things that have failed to sit well with Arab desires and make empty the promises of the Voice of America....

“In Indo-China [Vietnam] we have allied ourselves to the desperate effort of a French regime to hang onto the remnants of empire.... To check the southern drive of Communism makes sense, but not only through reliance on force of arms....

“[One] finds too many of our representatives toadying to the shorter aims of other Western nations, ... too often aligning themselves too definitely with the haves and regarding the actions of the have-nots as not merely an effort to cure injustice, but as something sinister and subversive.

“The East of today is no longer the East of Palmerston and Disraeli and Cromer.... We want ... allies in ideas, in resources, even in arms, but if we would have allies, we must first of all gather to ourselves friends.”<sup>4</sup>

Senator Kennedy's *Profiles in Courage* was his declaration of independence from the London-Wall Street power axis and his defiance of dangerously deluded public opinion. The 1955 book is built around its first chapter on John Quincy Adams, which begins: “The young senator from Massachusetts stirred restlessly....”

He depicts Adams coming under attack from the wealthy Anglophiles and Boston public opinion. The Catholic Kennedy celebrates Adams the Puritan, who “believed that man was made in the image of God,” had “lofty courage,” and “never ... flinched before human antagonist ... exile, torture, or death....

“An American nationalist, ... he could not yield his devotion to the national interest for the narrowly partisan, parochial and pro-British outlook which dominated New England's first political party.... He denied the duty of elected representatives ‘to be palsied by the will of their constituents.... [T]he magistrate is the servant not of his own desires, not even of the people, but of his God.”

Speaking on St. Patrick's Day, 1956, in Chicago,

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4. JFK Library



JFK Library

*French President Charles de Gaulle came to agree with Kennedy that the imperial war against Algerian Arabs was a blunder. British/Dulles-sponsored hit squads repeatedly tried to kill de Gaulle. The two Presidents are shown here in Paris, June 2, 1961.*

Kennedy gently asked Irish-Americans to help reverse the betrayal of America's revolutionary heritage; and to broaden the Irish national resentment of wrongs in favor of the *universal* task of ending the imperial system.

In Kennedy's most famous pre-Presidential speech, entitled "Imperialism the Enemy of Freedom," in the Senate July 2, 1957, he demanded that the U.S. side with Algerian Arab rebels against French imperialism. Attacking the Dulles policy, he likened the North African situation to Vietnam, into which we had "poured money and material . . . in a hopeless attempt to save for the French a land that did not want to be saved, in a war in which the enemy was both everywhere and nowhere

at the same time. . . . We accepted for years the predictions that victory was just around the corner. . . ."

Senator Kennedy worked out that speech in close cooperation with the Algerian rebel leadership. It thrilled the Arab world, and heartened all those who hoped for an American return to the outlook last seen with Franklin Roosevelt. It put Kennedy into a crucial tandem relationship to the Italian industrialist Enrico Mattei, an anti-imperial strategist of petroleum and nuclear energy, who was helping to fund the Algerian revolt.

The speech was denounced by the Anglophile establishment of his own Democratic Party.

Although Kennedy attacked French imperial policy, that policy began to change. After Charles de Gaulle became the President of France in 1959, he recognized the futility of the overseas colonial wars, and worked toward granting Algeria independence. De Gaulle began to withdraw France from its imperial alliance with the British.

Kennedy now focused increasingly on the whole of Africa: on Black Africans' fight for independence and an escape from centuries of European-enforced backwardness and poverty. He sought and won the chairmanship of the Africa Subcommittee of the Senate Foreign Affairs Committee.

## **To the Presidency**

In his role as the unique anti-imperial U.S. political leader, the outside world knew him better than did most Americans when he began his run for the Presidency.

During that 1959-60 campaign he met with Guinea's nationalist President Sékou Touré, and became his close confidant.

Most importantly, Kennedy opened channels of communication with Ghana's President Kwame Nkrumah, the father of African nationalism. Candidate JFK met with Ghana's Minister of Economy and with Ghana's UN representative.

Nkrumah had led Ghana in the first successful Black African anti-colonial revolt, against British rule, in 1957; Touré had followed in breaking Guinea from France in 1958.



JFK Library

*Senator Kennedy campaigning for President in Mullins, West Virginia, April 1960, inspired faith that Franklin Roosevelt's legacy was alive. Here, he speaks with a mineworker.*

Kennedy attacked the post-Roosevelt U.S. policy for demonizing Nkrumah and Touré as Cold War neutrals, and thus driving them towards the Soviet bloc.

Africa was politically red hot: During the 1960 U.S. Presidential campaign season, 13 Black African countries won their independence from France; Britain recognized Nigeria and Somalia as independent.

Belgium gave the Republic of Congo nominal independence, but British finance and intelligence organized an armed secession attempt in Congo's Katanga province, site of the vast Belgian/British copper and uranium mining company Union Minière, with white mercenaries coming in from neighboring Northern Rhodesia.

Nkrumah shared two urgent concerns with Kennedy: imperial intrigues against Congo's new Prime Minister Patrice Lumumba, Nkrumah's political follower; and his plan to build a great dam to industrialize Ghana, and electrify all of West Africa.

Presidential candidate Kennedy used Africa to challenge the "Anglo-American" world order, which had been established over the dead body of President Roosevelt.

He told Stanford University students in 1960, "Call it nationalism, call it anti-colonialism, ... Africa is going through a revolution. ... Africans want a higher standard of living. Seventy-five percent of the population now lives by subsistence agriculture. They want an

opportunity to manage and benefit directly from the resources in, on, and under their land. ... The African peoples believe that the science, technology, and education available in the modern world can overcome their struggle for existence, ... that their poverty, squalor, ignorance, and disease can be conquered. ... [The] balance of power is shifting ... into the hands of the two-thirds of the world's people who want to share what the one-third has already taken for granted. ..."

The Kennedy election platform called for a sharp increase in America's industrial, scientific, and military power, a negotiated peace with the Soviet Union, and the uplifting of mankind out of poverty and war.

When Kennedy won the 1960 race, as President-elect he sent representatives to Africa to announce America's return to national sovereignty—for ourselves and others. The Kennedy team reported African crowds everywhere were chanting "Kennedy! Kennedy! Kennedy!"

During the Presidential campaign, and into the early days of his administration, Kennedy's enemies acted to corner and destroy him.

- Long before the inauguration, CIA Director Allen Dulles cooked up a militarily insane invasion of Cuba by a force of 1,400 exiles from Fidel Castro's Communist regime. This plan was sprung on the new President as blackmail: Kennedy was told if he did not sign on to the invasion, the exile forces would be disbanded within the U.S. and, disappointed and enraged, would deploy themselves politically against him. Dulles agreed to Kennedy's condition that no U.S. armed forces would participate, but lied to the exiles that their landings would have military backing.

- With the connivance of Dulles and British Secret Service station chief Daphne Park in Congo, Prime Minister Lumumba was covertly assassinated. The crime was carried out only three days before Kennedy's Jan. 20, 1961 inauguration, with the knowledge that Kennedy, as President, would not allow it.

- Contrary to JFK's well-known Algerian independence policy, the Dulles-led CIA collaborated with

French fascists resisting de Gaulle's peace with the Arab rebels.

- Before and after the election, London-led gold withdrawals and speculation threatening the dollar brought pressure on Kennedy's plans for sovereign national economic development, and forced his hand in choosing his Cabinet: It was "the decisive influence on his choice of [international banker C. Douglas Dillon for] Secretary of the Treasury. . . . [Kennedy] also had some evidence to back his suspicions that the gloomy rumors which triggered the gold withdrawals of 1960 had been deliberately spread by American bankers to embarrass him politically. . . ."<sup>5</sup>

Once in office, Dillon informed Kennedy that his budget programs must be curtailed to allay foreign bankers' doubts about the dollar.

When Lumumba's murder became known to Kennedy and the world in mid-February, the U.S. and Kennedy were blamed for it.

The invasion at Cuba's Bay of Pigs April 17-19, was a terrible fiasco and embarrassment to the new President.

The Algiers Putsch of April 21-26, the French fascist generals' failed coup d'état attempt against President de Gaulle, came a week after an Allen Dulles representative in Madrid had assured the generals that the U.S. would recognize their new government, if they overthrew de Gaulle to stop Algerian Arab independence.

British intelligence and the Dulles faction were now jointly managing an apparatus of assassins and insurrectionists throughout Europe, Asia, Africa, and the Caribbean.

By the end of April, Kennedy made it known that this situation was intolerable, that the CIA was disloyal, and constituted "a reactionary state-within-a-state."<sup>6</sup> Kennedy soon fired Allen Dulles, along with CIA



JFK Library

*Ghana's President Kwame Nkrumah, the first foreign head of state to visit the Kennedy White House, March 8, 1961. They were partners in building the Akosombo Dam to electrify West Africa.*

deputy directors Richard Bissell, a Harriman protégé; and Charles Cabell, brother of the mayor of Dallas.

Over the next two years, the Organisation de l'armée secrète (OAS) based in Algiers and Madrid, murdered Kennedy's Italian ally, the industrialist Enrico Mattei, and made several brazen, headline-grabbing attempts to assassinate President de Gaulle.

### **Inauguration and Action**

Kennedy's Inaugural Address was entirely devoted to reasserting America's rightful place in the world. He immediately began reversing the national surrender that had made the U.S. government under Truman and Eisenhower-Dulles an enforcer of the will of London and its Wall Street annex.

JFK's ambassadors were sent throughout the underdeveloped world, and, for the first time, to every African state. The President told each ambassador, you (*not the CIA*) are in charge of the mission in the country to which you are accredited, and you are not to defer to European imperialists.

On the day he learned of the imperial murder of Lumumba, Feb. 13, 1961, Kennedy issued top secret National Security Action Memorandum (NSAM) 16, directing that, contrary to previous policy, U.S. aid to "newly independent areas" would be provided inde-

5. Theodore Sorensen, *Kennedy* (New York: Harper & Row, 1965), pp. 405-407.

6. Thomas F. Brady, "Paris Rumors on C.I.A.," *New York Times*, May 2, 1961.

pendently of “Western Europe support ... whenever such action is in the United States’ interest.”

NSAM 60 (July 14 and 18, 1961) ordered the squeezing of Portugal’s fascist Salazar regime into ending its bloody war against rebels in Angola and Mozambique, and JFK began aiding the rebels.

Ghana’s President Nkrumah got red-carpet treatment as the first foreign head of state to visit the Kennedy White House, March 8, 1961. He and JFK began a personal correspondence and permanent collaboration.

Nkrumah had lived in the U.S. under Franklin Roosevelt, whose Tennessee Valley Authority inspired his proposed great dam project on the Volta River. Kennedy took up the financing of the project, construction to be supervised by Kennedy’s friend Edgar Kaiser of Kaiser Industries. Kaiser had led teams building the Hoover, Bonneville, and Grand Coulee dams. Engineering work on the Volta project was by Italian personnel developed under Enrico Mattei, who had met with Nkrumah five days before Kennedy’s inauguration.

The Akosombo Dam on the Volta River created the world’s largest artificial lake and provided the electricity to power Ghana’s drive to enter the modern world. The project was dedicated in 1966, with a plaque honoring the martyred John F. Kennedy. A week later, Nkrumah was overthrown in a coup planned in London.<sup>7</sup>

Egypt’s President Gamal Abdel Nasser was, with Mattei, a sponsor of the Algerian Arab rebels. JFK’s election had excited his hopes for a return to American support for Nasser’s own secular nationalism, in Egypt’s long war against Britain and the British-created Muslim Brotherhood. U.S. aid for Nasser’s great dam project on the Nile had been promised by President Eisenhower, and withdrawn by his Secretary of State John Foster Dulles, pushing Egypt toward the Soviets, and leading to the 1956 British-French-Israeli invasion of Egypt in the Suez Crisis.

Nasser and Kennedy immediately began a personal correspondence. Later, Kennedy reversed the Truman-Dulles policy and actively took Nasser’s side against the British-Saudi royalist axis in the Middle East.

Kennedy had warm personal relations with Indian Prime Minister Jawaharlal Nehru and Indonesian Pres-

ident Sukarno, who had led their countries’ independence victories over the British and Dutch empires, and who aspired to neutrality between the East and West.

Against the howls of “Cold Warriors,” JFK fought for U.S. aid to build India’s modern Bokara steel mill. U.S. funding was cancelled when Kennedy was killed; the Soviets then funded it.

JFK sent Attorney General Robert Kennedy to Indonesia in 1962, where he spoke movingly on the central place of anti-imperialism in the modern world; RFK then went on to the Netherlands to demand that the Dutch remove their remaining military from Indonesia’s West Irian province on the island of New Guinea. Furious at the Kennedys, the Dutch were forced to pull out.

JFK immediately began organizing aid for Indonesia’s industrial development (NSAM 179, Aug. 16, 1962).

The first aid package for Indonesia was approved by the Senate in November 1963, a few days before Kennedy’s murder. The U.S. policy was then changed to joint action with the British for chaos in Indonesia and Sukarno’s overthrow.

## **Steel Showdown: Kennedy and the American System**

In the Steel Crisis of April 1962, Kennedy successfully warded against the British/Wall Street Morgan banking interest, controller of the U.S. Steel Corporation. Seeking huge new investments in American industry and non-inflationary growth, the President prevailed upon the Steelworkers Union to agree to a new no-wage-increase contract, with the understanding that the companies would not raise steel prices. Just after signing the contract, the U.S. Steel chairman Roger Blough came to the White House and handed Kennedy a press release he had just issued, announcing a big price increase. Other steel companies followed suit immediately.

JFK held a no-holds-barred press conference, roasting the unpatriotic corporations for betraying the public interest. Anti-trust suits were pressed; defense contracts were switched to the few companies which had not raised prices; and Kennedy sent an emissary to read the riot act to the Morgan bankers directly.

Edgar Kaiser, then supervising construction of the Nkrumah-Kennedy Akosombo Dam, chaired Kaiser Steel in California—one of the three sizeable compa-

7. “Exiles in London Led Ghana Revolt; Nkrumah Foe Tells of Plot Mapped by Secret Group,” *New York Times*, Feb. 25, 1966.

nies which worked with JFK and put competitive pressure on Morgan to back off the attack. Morgan had its own war on against Kaiser, spurred by Kaiser's generous treatment of its workers. U.S. Steel had set up operations in Utah to try to shut the "rebel" Kaiser out of Western states' business.

After 72 hours, U.S. Steel was forced to rescind the price increase, all the other companies following along. In this showdown, the Anglo-Wall Street axis was particularly worried about Kennedy's alliance with authentic American industrial interests.

Behind this crisis was the fact that Kennedy's program was causing the greatest economic expansion in modern U.S. history, a halving of idle manufacturing capacity, strong profits, and a record increase in wages.

A key policy was the investment tax credit, giving the steel industry and others tax breaks for investment in new plant and equipment. Yet U.S. Steel opposed this tax break, in line with the strategy of the British and their Wall Street outposts to convert America into a post-industrial dump, and to reduce the world's population. Once Kennedy was dead, and new wars consumed all optimism, the financier apparatus would push the "green agenda" of Malthus and the British imperial system, upon the depressed American population.

This article focuses on Kennedy's direct clashes with the extended British imperial system, to efficiently illuminate the background of his murder.

But the battle against the empire has taken place equally within America, as in foreign policy.

Lincoln's economic advisor Henry C. Carey explained the universal issue in his 1851 *Harmony of Interests*:

"Two systems are before the world. . . . One looks to pauperism, ignorance, depopulation, and barbarism; the other to increasing wealth, comfort, intelligence, combination of action, and civilization. One looks towards universal war; the other towards universal peace. One is the English system; the other . . . the American system, for . . . elevating while equalizing the condition of man throughout the world."

JFK's own preference of this American System may perhaps be summed up in his remarks at a dinner given in his honor by Italian President Antonio Segni:

"We [the U.S.A. and Italy] both believe in the achievement of social justice and in progress for all our people. We both believe in democracy at what Americans call 'the grass roots'—placing the individual

ahead of the state, the community ahead of the party, and public interests ahead of private. . . .

"During the 1930s, when despair and depression opened wide the gates of many nations to [fascism and communism], my own nation adhered to the course of freedom under the leadership of Franklin Roosevelt. His administration introduced a higher degree of social, economic, and political reform than America had previously seen—including tax and budget reforms, land and agricultural reforms, political and institutional reforms. Workers were assured of a decent wage—older citizens were assured of a pension—farmers were assured of a fair price. Working men and women were permitted to organize and bargain collectively. Small businessmen, small investors, and small depositors in banks [thanks to the Glass-Steagall law—ed.] were given greater protection against the evils of both corruption and depression. Farms were electrified, rivers were harnessed, cooperatives were encouraged. Justice—social and economic justice as well as legal—became increasingly the right and the opportunity of every man, regardless of his means or station in life."

JFK's policies for new jobs, higher minimum wages, and an industrial renaissance are pure American System. Kennedy's passion-stirring Apollo space program pitted him against the imperial hatred for American leadership in technological progress; his Civil Rights action took on racial oppression—the legacy and echo of empire. We will see below the coherence of these initiatives with his directly anti-imperial objectives.

## Strategy for Peace, and a Quick War with Britain

The October 1962 Cuban Missile Crisis arose from Fidel Castro's request for Russian nuclear-armed missiles in Cuba to block any U.S. invasion, and the Russian gamble that placing offensive missiles close to the U.S. might help them overcome their growing strategic disadvantage in the face of Kennedy's economic/science/military buildup and foreign policy.

His special counsel Ted Sorensen wrote a stirring day-by-day account, showing JFK's precise, personal control of every aspect of the showdown, needed to prevent a fiasco like the Bay of Pigs which would this time incinerate the planet.<sup>8</sup>

8. Op. cit., Sorensen, pp. 667-718.



*Signing the Nuclear Test Ban Treaty with the Soviet Union, Oct. 7, 1963. JFK was murdered the following month, as he was taking steps to end the Cold War.*

Two weeks before that scheduled meeting, newspapers reported that President Kennedy had decided to cancel the planned production of the Skybolt air-to-ground nuclear missile. Since a 1960 agreement with Eisenhower-Dulles, the British had been counting on this American weapon to give them their only credible independent nuclear war capability.

Sorensen reported, “The President . . . saw no point to a small independent British deterrent anyway. . . . [Kennedy’s decision] posed a major political crisis for Macmillan’s already shaky government. . . . In previous years Macmillan . . . had . . . praised the Skybolt agreement as the key to Britain’s ‘special relationship’ with the U.S.’ . . . . Latent resentment of Kennedy’s refusal to consult more [with the British] on the Cuban missile crisis [now] boiled to the top. . . .”<sup>9</sup>

A personal correspondence which Kennedy and Soviet Premier Nikita Khrushchov had begun in 1961 was crucial in winning the Soviet stand-down, a retreat accomplished without Russia’s humiliation.

With public support from the peaceful Cuban outcome, JFK began immediately—within days—to apply his full leadership powers to spring the world out of the imperial, Cold War nightmare.

His first target was the festering crisis in Congo.

Kennedy pulled the colonialist Belgian government into public alignment with U.S. insistence on the unity of the independent Congo, and against the backing of its imperial senior partner, Britain, for Katanga’s secession.

On Nov. 27, 1962, one month after the Soviet stand-down in Cuba, JFK and Belgian Foreign Minister Paul-Henri Spaak issued a joint statement threatening “severe economic measures” against Katanga unless secession were quickly ended. That same day, with his finger in the British eye, Kennedy arranged that he would meet British Prime Minister Harold Macmillan on Dec. 19.

On the day Kennedy arrived in Nassau, Bahamas, to meet with Macmillan, the United Nations announced the United States decision to rush American arms and military advisors to the UN peacekeeping forces in Congo—to equip them to defeat the British-backed secession.

The President would not budge on Skybolt. He “considered . . . the development of nuclear [weapons] capabilities by more countries, even allies—as a most dangerous development.” The Nassau Pact signed Dec. 22 specified that the U.S. would sell Polaris missiles to the British, but they would have to be carried on submarines under NATO, not independent British, command.<sup>10</sup>

With the British regime on its heels politically, the U.S. began rushing trucks, armored personnel carriers, and mine-clearing equipment to Congo.

Two weeks later the U.S. government declared, “the United Nations forces in Katanga now occupy most key

9. *Ibid.*, pp. 564-565.

10. *Ibid.*, pp. 566-567.

populated areas and mining centers. . . . We expect Mr. Tshombe to end promptly the Katanga secession by recognizing the U.N.'s full freedom of movement throughout Katanga, [and by] advising all foreign mercenaries to disband and leave the country."<sup>11</sup>

During the following week, American-equipped UN troops put Katanga leader Moïse Tshombe under house arrest. The Congolese government demanded the withdrawal of the British Consul in Katanga province. Hundreds of Congolese students stormed and sacked the British Embassy, destroying Queen Elizabeth's portrait. The students then marched to the U.S. Embassy and cheered for America.

The British oligarchy's fury over Kennedy's threat to the imperial order, and American "arrogance," was reported to their New York partners. The *New York Times* noted on Jan. 14, that "in London, at least, there is a strongly developed fear that a Congo regime supported by the United Nations would use its position to subvert the present regimes in the Rhodesias, the Portuguese colonies . . . and South Africa."

While Britain's Congo secession leader Tshombe was being arrested, the chief Soviet negotiator on nuclear weapons issues quietly arrived in the United States, on Kennedy's request. The Administration then leaked to the press that the "United States and the Soviet Union are actively and privately exploring new approaches to a nuclear [weapons] test ban agreement that has been eluding their negotiators for years," the *Washington Post* reported Jan. 11, 1963.

Kennedy now pushed this peace initiative with all his powers.

He carefully built a consensus for progress, which would put political muscle behind his efforts—a new Roosevelt coalition.

By June 1963, Kennedy was moving the country into a new era. On two successive days, he asked Americans to examine their own wrong and dangerous attitudes, and announced new measures for a better world.

At American University in Washington, D.C., June 10, JFK asked, "What kind of peace do we seek?" He answered: "Not a Pax Americana enforced on the world by American weapons of war. Not the peace of the grave or the security of the slave. . . . Our problems are man-made—therefore, they can be solved by man. And

man can be as big as he wants. No problem of human destiny is beyond human beings. Man's reason and spirit have often solved the seemingly unsolvable—and we believe they can do it again. . . .

"Let us re-examine our attitude toward the Soviet Union. It is discouraging to think that their leaders may actually believe what their propagandists write . . . to realize the extent of the gulf between us. But it is also . . . a warning to the American people not to fall into the same trap as the Soviets, not to see only a distorted and desperate view of the other side, not to see . . . communication as nothing more than an exchange of threats.

"No government or social system is so evil that its people must be considered as lacking in virtue. As Americans, we find communism profoundly repugnant as a negation of personal freedom and dignity. But we can still hail the Russian people for their many achievements—in science and space, in economic and industrial growth, in culture and in acts of courage. . . .

"[Our] two countries have . . . [a] mutual abhorrence of war. . . . [W]e have never been at war with each other. And no nation . . . ever suffered more than the Soviet Union suffered in . . . the Second World War. At least 20 million lost their lives. . . . A third of the nation's territory, including nearly two thirds of its industrial base, was turned into a wasteland—a loss equivalent to the devastation of this country east of Chicago.

"Today, should total war ever break out again . . . all we have built, all we have worked for, would be destroyed in the first 24 hours. . . . We must conduct our affairs in such a way that it becomes in the Communists' interest to agree on a genuine peace. . . .

"I am taking this opportunity . . . to announce two important decisions. . . .

"First: . . . that high-level discussions will shortly begin in Moscow looking toward early agreement on a comprehensive test ban treaty. Our hopes must be tempered with the caution of history—but with our hopes go the hopes of all mankind.

"Second: . . . I now declare that the United States does not propose to conduct nuclear tests in the atmosphere so long as other states do not do so. . . . We will not be the first to resume. . . ."

Kennedy's speech was greeted with enthusiasm by the Soviets, who reprinted it in its entirety for Russian citizens.

The Partial Nuclear Test Ban Treaty was soon signed by the U.S., U.S.S.R., and Britain (the British did no

11. "U.S. Statement on Congo," Jan. 4, 1963, *New York Times*, Jan. 5, 1963.

negotiating, by Kennedy's insistence), and subsequently, by 100 nations.

The day after the Strategy for Peace speech, Kennedy went on television to report enforcement of a court order requiring that Alabama Gov. George Wallace allow the enrollment of two African-American students to the University of Alabama.

He asked his national audience, "If an American, because his skin is dark, cannot eat lunch in a restaurant open to the public, if he cannot send his children to the best public school available, if he cannot vote for the public officials who represent him, . . . then who among us would be content to have the color of his skin changed and stand in his place? Who among us would then be content with the counsels of patience and delay?"

"One hundred years of delay have passed since President Lincoln freed the slaves, yet their heirs, their grandsons, are not fully free . . . from the bonds of injustice . . . from social and economic oppression. . . ."

He asked, who are we, and what is America to the human race?

"We preach freedom around the world, and we mean it, and we cherish our freedom here at home; but are we to say to the world, and much more importantly, to each other, that this is a land of the free except for the Negroes; that we have no second-class citizens except Negroes; that we have no class or caste system, no ghettos, no master race except with respect to Negroes? . . ."

"The fires of frustration and discord are burning in every city, North and South, where legal remedies are not at hand. . . . We face, therefore, a moral crisis as a country and as a people. . . ."

"Next week I shall ask the Congress of the United States to act, to make a commitment it has not fully made in this century to the proposition that race has no place in American life or law."

His bill was given additional support from Martin Luther King's March on Washington on Aug. 28, which the Administration worked to make a success. Kennedy's bill was passed as the Civil Rights Act of 1964, after he was killed.



NASA

*Dr. Wernher von Braun explains to the President the Saturn Launch System for the Moon program, Nov. 16, 1963.*

## The Shift in the Space Program

President Kennedy spoke to the UN General Assembly on Sept. 20, as the U.S. Senate was considering the test-ban treaty.

He said we had achieved a pause in the Cold War, and that we must work for a genuine détente between the great powers through cooperation in our mutual interest.

Two years earlier, he had proposed to Congress that the United States send men to the Moon by the end of the 1960s. In that same speech, Kennedy announced that we would "accelerate development of the Rover nuclear rocket. This gives promise of some day providing a means for even more exciting and ambitious exploration of space, perhaps beyond the Moon, perhaps to the very end of the Solar System itself." The world was inspired and remembers John F. Kennedy most vividly, in connection with the fulfillment of the lunar landing phase of this ultimately aborted project.

Until then, American preeminence in the contest with Soviet Communism was the public rationale for the proposed leap in the space program. But by 1963, Kennedy had shifted his objective to a joint space mission with the Russians. Throughout his Presidency—after his Inaugural Address had urged, "Together let us explore the stars"—he had NASA Deputy Administrator Hugh Dryden exploring with Soviet scientists the



National Archives

*JFK and Attorney General Robert Kennedy, March 28, 1963. Bobby's support aided his brother's increasingly successful leadership and personal control over the Presidency.*

possibilities of joint work in space.<sup>12</sup>

This dialogue persisted despite the Bay of Pigs invasion and crises over Berlin and missiles in Cuba.

In his Sept. 20 UN address, Kennedy had said, "I include among these possibilities [for great power cooperation] a joint expedition to the Moon.... Why ... should man's first flight to the Moon be a matter of national competition? Why should the United States and the Soviet Union ... become involved in immense duplications of research, construction, and expenditure? Surely we should explore whether the scientists and astronauts of our two countries—indeed of all the world—cannot work together in the conquest of space, sending

someday in this decade to the Moon not the representatives of a single nation, but the representatives of all of our countries."

The prospect of U.S.-Russian collaboration, or indeed of any dramatic space objectives, had drawn the hostile fire of those politically invested in Anglo-American geopolitics.

To outflank resistance within the Executive branch, on Nov. 12, Kennedy directed NASA Administrator James Webb "to assume personally the initiative and control responsibility within the Government for the development of substantive cooperation with the Soviet Union in the field of outer space ... as a direct outcome of my September 20 proposal ... including cooperation in lunar landing programs.... [The] channel of contact ... between NASA and the Soviet Academy of Sciences has been quite effective.... I would like an interim report on the progress of our planning by December 15."<sup>13</sup>

Fidel Castro began putting out feelers to Kennedy in 1963, making known, in the words of William Attwood, JFK's advisor on African affairs, that "he was unhappy about Cuba's [Soviet] satellite status and was looking for a way out, ... that he wanted an accommodation with the United States and would make substantial concessions to this end; also that a rift was developing on this issue between Castro and his chief pro-Communist associate, Che Guevara, who considered him dangerously unreliable."<sup>14</sup>

President Kennedy deployed Attwood to pursue contacts with Castro aimed at normalizing Cuban-American relations. The dialogue proceeded through channels under the President's personal control, including Attorney General Robert Kennedy, the liaison to Castro's personal aide Major René Toledo, who said Castro wanted a meeting with U.S. representatives without the presence of Guevara.

On the morning of Nov. 19, Attwood was told that Kennedy wanted a report from him following upcoming meetings at the UN, preparatory to the President's face-to-face with Castro; and that the President "would not be leaving Washington, except for a brief trip to Dallas."<sup>15</sup>

12. History will rightly note that the anti-Newtonian scientific expertise of Dryden (airflow, turbulence, problems of the boundary layer) and his chief Soviet counterpart Leonid Sedov (continuum mechanics, non-steady motion of a wing, discontinuous velocity fields, turbulent flows, boundary conditions) are implicitly anti-imperial.

13. [NSAM 271](#)

14. William Attwood, *The Reds and the Blacks* (New York: Harper and Row, 1967), pp. 142-144.

15. *Ibid.*

## Vietnam

As with Cuba and Congo, the Vietnam conflict was a bomb that had been planted in Kennedy's path by the Churchill faction before he had assumed the Presidency.

Vietnam's Sept. 2, 1945 Declaration of Independence from the French empire was modeled on the U.S. Declaration. It began with these words: "All men are created equal; they are endowed by their Creator with certain unalienable Rights; among these are Life, Liberty, and the pursuit of Happiness." This immortal statement was made in the Declaration of Independence of the United States of America in 1776. . . ."

Six months after Vietnam's Declaration, while JFK was an anti-imperial Congressional candidate, on Feb. 16, 1946, Vietnamese nationalist leader Ho Chi Minh wrote a letter to U.S. President Harry Truman, asking the U.S. to honor the late Franklin Roosevelt's policy. Ho wanted American protection, like that given to the Philippines, under which Vietnam could proceed to national independence:

"...Our Vietnam people, as early as 1941, stood by the Allies' side and fought against the Japanese and their associates, the French colonialists. . . ."

"But the French colonialists, who had betrayed in war-time both the Allies and the Vietnamese, have come back and are waging on us a murderous and pitiless war in order to reestablish their domination. . . ."

"This aggression . . . is a challenge to the noble attitude shown before, during and after the war by the United States Government and People. . . ."

"Our Vietnam people . . . need security and freedom, first to achieve internal prosperity and welfare, and later to bring its small contribution to world-reconstruction.

"These securities and freedoms can only be guaranteed by our independence from any colonial power, and our free cooperation with all other powers. It is with this firm conviction that we request of the United States as guardians and champions of World Justice to take a decisive step in support of our independence.

"What we ask has been graciously granted to the Philippines. Like the Philippines our goal is full independence and full cooperation with the United States. We will do our best to make this independence and cooperation profitable to the whole world."

But the Truman Administration supported the British in restoring French rule over Indochina. Ho's movement, relying on Communist support, defeated

the French and by 1954 had set up a government in North Vietnam. A U.S.-backed regime was installed in South Vietnam under President Ngo Dinh Diem with U.S. military advisors, and a new Indochina war ensued.

The incoming President Kennedy was under pressure to send U.S. combat troops and expand the war. He continued to consult ex-President Eisenhower, who counseled restraint. In the first of two celebrated meetings, Gen. Douglas MacArthur conferred April 20, 1961 with former PT-boat captain Kennedy in the White House. The discussion was later summarized by Ted Sorensen: "MacArthur. . . warned him against the commitment of American foot soldiers on the Asian mainland, and the President never forgot his advice."<sup>16</sup>

Kennedy had previously negotiated an agreement with the Russians on the neutrality of Laos, which borders Vietnam.

By 1963, he had learned through the Bay of Pigs and the Cuban Missile Crisis that avoiding betrayal and disaster depended on his personal control of the Administration's actions. Kennedy relied on South Vietnam President Diem to keep the U.S. role in the conflict there limited to U.S. advisors, and planned to gradually withdraw the limited American military presence.

With American industrial, scientific and military power at its height, Kennedy aimed for an eventual Vietnam settlement under the umbrella of the *détente* he was building with the Soviets.

Kennedy's betrayal by Averell Harriman, then Assistant Secretary of State for Far Eastern Affairs, led to the escalation of the war in Vietnam after Kennedy's murder. Under confused circumstances engineered by Harriman and his followers within the government, Harriman initiated a message approving Diem's overthrow.

President Diem was assassinated Nov. 2, 1963, just 20 days before Kennedy himself was killed.

## Kennedy for Posterity

John F. Kennedy's Presidency announced to mankind that the 1960s and the life of the rising generation should be the era of peaceful cooperation to explore the stars, to advance man's scientific powers, to end imperial resource-grabs and reverse colonial poverty.

The British Crown disagreed.

Two months after Kennedy's inauguration, a royal

16. Op. cit., Sorensen, p. 641.

family project issued a document aimed at organizing the ultra-rich and world opinion to prevent precisely this American objective.

Their “Morges Manifesto” of April 29, 1961, proposed to deal with the “crisis” and “emergency” in the Congo and throughout Africa, and the “vast numbers” who “are losing their lives, or their homes, in an orgy of thoughtless and needless destruction.”

But the “crisis,” in the British view, was that “advancing civilization” was bringing farms and dams to what they viewed as useless dark-skinned people. The dying “vast numbers” they were concerned about were animal wildlife—not impoverished humans.

This was the founding document of the World Wildlife Fund (WWF), whose founders were Prince Philip, consort of Queen Elizabeth II, and Prince Bernhard, husband of Netherlands’ Queen Juliana, and a former intelligence officer for Hitler’s SS.<sup>17</sup>

The royals’ Manifesto stated that “a supporting Club of leading citizens of many countries, ... an active group of men of affairs,” was to finance “an international Trust.” A “sort of ‘war room’ at the international headquarters” was to coordinate “all the main international bodies concerned in this world campaign ... to raise massive support for the cause” of the royals’ new, Green movement, or “environmentalism.”

The indicated sponsoring group, later called the “1001 Club,” was comprised of members of the financier families in the City of London, billionaire owners of natural resources in Africa, Asia, the Middle East, and Latin America, and leading strategists of imperial covert action.

President Kennedy showed his dedication to the ad-



Dept. of Energy/Ed Westcott

Sen. John F. Kennedy, Oak Ridge Director Dr. Alvin Weinberg, Tennessee Senator Al Gore, Sr., and Jacqueline Kennedy, at the Oak Ridge Graphite Nuclear Reactor, Feb. 2, 1959.

vancement of man’s powers over nature in his commitment to nuclear energy, based on the breeder reactor, fuel reprocessing, and the use of thorium, as well as uranium. Kennedy announced on Sept. 26, 1963, at the Hanford Nuclear station, that “by the end of this century ... half of all electric energy generated in the United States will come from nuclear sources.” After 2000, virtually all new electric power installations would be nuclear.<sup>18</sup>

As the use of nuclear power was being accelerated, Kennedy said at Hanford, “We must maintain an aggressive program to use our hydro resources to the fullest. Every drop of water which goes to the ocean without being used for power or used to grow, or being made available on the widest possible basis is a waste...” He supported the North American Water and Power Alliance (NAWAPA) program to divert rivers from Arctic and North Pacific flow for the use of all North America.<sup>19</sup>

President Kennedy brought about the construction of a nuclear power research reactor in Vietnam. U.S. funding was announced on Aug. 9, 1963; the reactor

17. “Manifesto” author Julian Huxley, Britain’s senior African strategist, and president of the British Eugenics Society, had written, in *Man in the Modern World* (1947), “The lowest strata are reproducing relatively too fast. Therefore ... they must not have too easy access to relief or hospital treatment lest the removal of the last check on natural selection should make it too easy for children to be produced or to survive; long unemployment should be a ground for sterilisation.”

18. Atomic Energy Commission, “Civilian Nuclear Power—Report to the President”; requested by Kennedy March 17, 1962; issued Nov. 20, 1962.

19. This program is urgently needed today to provide millions of jobs, and triple the water table of the American West, and Mexico (see [www.larouchepac.com](http://www.larouchepac.com)).

was dedicated by President Diem on Oct. 28, five days before he was murdered.

Kennedy also financed a nuclear research reactor for his ally President Sukarno of Indonesia, and the U.S. sent scientists to help with the experiments. Indonesia set off its first sustained nuclear chain reaction on Oct. 17, 1964, before post-Kennedy intrigues led to Sukarno's overthrow.

The Kennedy space program aimed for manned landings on Mars by the 1980s. Nuclear rockets essential for this journey were being developed during Kennedy's administration at the Rover project test site in Nevada.

Throughout his Presidency, Kennedy promoted with great eagerness the desalination of seawater for world development and peace. He reorganized the Atomic Energy Commission to carry out research for nuclear-powered desalination. He arranged nuclear desalination work with Russia, Mexico, Israel, Egypt, and several other Arab countries, pushing particularly for joint Arab and Israeli nuclear water projects as the basis for peace.<sup>20</sup>

This had been his goal for some time. As a Senator in 1957, Kennedy proposed "a Middle Eastern Nuclear Center, similar to the Asian Nuclear Center already proposed, which could bring untold benefits in energy utilization to former deserts and wasteland. These projects would be developed and administered under the auspices and control of the nations in the region. . . . [T]he benefits . . . would be mutual."<sup>21</sup>

During the showdown with Governor Wallace over Federal intervention for civil rights, Kennedy spoke—with Wallace present—at the 30th anniversary celebration for the Tennessee Valley Authority at Muscle Shoals, Ala. The TVA had long been racially integrated, and the workers, white and black, cheered for their President.

Kennedy detailed the tremendous economic growth of the region, of its private industry and income, under this Federal program. He cited the thousands of past and future world leaders who visit the TVA installations, "from nations whose poverty threatens to exceed their hopes . . . and they leave here feeling that they, too, can solve their problems in a

system of freedom."

Without mentioning Wallace, Kennedy said, "From time to time statements are made labeling the Federal Government an outsider, an intruder, an adversary. . . . Without the National Government, the people of the United States, working together, there would be no protection of the family farmer. . . . [H]e never would have been able to electrify his farm, to insure his crop, to support its price, and to stay ahead of the bugs, the boll weevils, and the mortgage bankers. . . . [T]here would be no Hill-Burton hospitals, which have helped develop the best hospital system in the world today. . . . Only a great national effort . . . can explore the mysteries of space . . . and mobilize the human, natural, and material resources of our lands."

JFK closed by citing the favorite phrase of Sen. George Norris, TVA's co-founder with Franklin Roosevelt: ". . . his reference, and his dedication, to 'generations yet unborn.' The first of those generations is now enjoying the fruits of his labor, as will others for decades to come. So let us all . . . resolve that we, too, in our time, 30 years later, will, ourselves, build a better Nation for 'generations yet unborn.'"

## NAWAPA 1964



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.

<http://larouchepac.com/nawapa1964>

20. Testimony of JFK's nuclear advisor James T. Ramey at Senate hearings on Saline Water Conversion, May 19, 1965.

21. John F. Kennedy, *The Strategy for Peace* (New York: Popular Library, 1961), p. 151.

# Under Stiff Pressure, Obama Delays Syria Strikes

by Jeffrey Steinberg

Sept. 3—In a brief Rose Garden announcement Aug. 31, President Barack Obama delayed military action against Syria until after Congress has returned to Washington and voted on authorization for use of force. The last-minute decision was precipitated by a number of factors, including an outpouring of bipartisan Congressional demands for full debate and vote. All told, half the Members of the House of Representatives signed letters to the President, citing Article I, Section 8 of the U.S. Constitution, and the 1974 War Powers Resolution giving Congress the sole authority to go to war.

As of Aug. 30, the President had made the decision to order military strikes without authorization either from Congress or from the United Nations Security Council. Five U.S. guided-missile destroyers were in place in the eastern Mediterranean, and Pentagon sources indicated that there were 50-75 “high value” and infrastructure targets already selected for cruise-missile attack.

According to sources close to the Joint Chiefs of Staff, sometime just before the President called off the attacks, JCS chairman Martin Dempsey, just returned from meetings with allied military commanders in Jordan, went to the President and warned him that the attack plans he had signed off on were likely to fail, and that there was a danger that the U.S. would be drawn deeper into the Syria mess. Under those circumstances, President Obama would be facing even stronger criti-

cism if he went ahead without first getting Congressional authorization. The sources indicated that Dempsey’s last-ditch effort to appeal to the President’s growing concern about his collapsing approval ratings clearly had an impact.

On the same day, Veteran Intelligence Professionals for Sanity (VIPS), a group of highly respected former U.S. intelligence officers from the CIA, DIA, State Department, and FBI, issued a widely circulated open letter to General Dempsey, calling on him to resign if the President ordered military strikes without Congressional approval (see *National*). In polls taken just days before the President’s shift, 80% of the American people opposed any U.S. military action against Syria, on the grounds that there were no vital U.S. interests at stake.

In fact, the hard core of Obama staffers who have been pushing for military action, with or without Congressional approval, are part of a “humanitarian interventionist” network that has been arguing, since the late 1990s, that the Westphalian system of national sovereignty was outmoded, and that under the Responsibility to Protect (R2P) doctrine, regime-change interventions were mandatory when governments attacked their people. R2P has no standing in international law. Key Obama advisors, including National Security Advisor Susan Rice and UN Ambassador Samantha Power, were reportedly urging Obama to attack Syria in order



State Dept.

*On Aug. 30, Secretary of State Kerry presented the Administration's assessment that the Syrian government was behind the chemical weapons attacks on Aug. 21. But it was so devoid of details, and so reliant on a "trust me" assertion of evidence, that few, if any, were convinced.*

to set a precedent that "humanitarian interventions" do not require Congressional or UN approval.

Ultimately, the President decided that the risks of challenging an energized Congress were too great. Particularly after the British House of Commons voted against Prime Minister David Cameron's request for authority to join the U.S. in attacking Syria, it became even clearer that the President could find himself politically isolated.

### **Flimsy Evidence**

On Aug. 30, Secretary of State John Kerry presented an unclassified intelligence community assessment that the Syrian government had been behind the chemical weapons attacks on Aug. 21 in the eastern suburbs of Damascus. However, Kerry's presentation and the four-page document prepared for public release by the Director of National Intelligence, Gen. James Clapper, were so devoid of details, and so reliant on a "trust me" assertion of evidence, that they did little to alter the massive public opposition to the planned military strikes.

In his Rose Garden announcement, made available later in the day by the White House, Obama said he would wait for Congress to return from recess on Sept. 9, to debate and vote on a resolution approving the use of military force. On Sept. 1, select Congressional leaders were given a classified briefing on the evidence as-

sembled from U.S. and allied intelligence agencies and private organizations such as Doctors Without Borders.

The evidence itself has been challenged repeatedly. Appearing on MSNBC Aug. 29, Gen. Barry McCaffrey (USA-ret.), a four-star who served in the Clinton White House, and commanded troops during the 1991 Operation Desert Storm, warned that the evidence was not sufficient to conclude that the Assad government had ordered the chemical weapons attacks. McCaffrey warned that the worst conceivable thing would be for evidence to surface in six months, revealing that Syrian rebels had carried out the attack as a "false flag" operation to draw the U.S. into the conflict.

Dale Gavlak, a Middle East-based correspondent for a number of international news organizations, wrote on Aug. 29 that eyewitnesses in the Damascus suburbs

where the CW attack occurred, said that *it was the rebels who had used the chemical weapons*, not government troops. Gavlak's account, based on interviews conducted by her co-author Yahya Ababneh, indicated that the CW cannisters were given to Syrian rebels through networks run by Prince Bandar bin Sultan, the head of Saudi intelligence and the man in charge of Saudi support for the rebels, including hard-core jihadist groups such as the al-Nusra Front. Bandar, who initiated the Anglo-Saudi "al-Yamamah" barter arrangement, which created a massive offshore slush fund for black operations, has been deeply implicated in financing the Sept. 11, 2001 attacks in the United States.

### **Russians Not Convinced**

Among the strongest attacks on the Administration's claims of proof that Assad carried out the chemical weapons attack are those from Russia, including President Putin himself.

In comments to reporters in Vladivostok Aug. 31, Putin ridiculed the notion that the regime would launch a chemical attack against opposition forces when, in fact, the benefit would go to the opposition. "Common sense speaks for itself," he said. "Syrian government troops are on the offensive. In some regions they have encircled the rebels. Under these conditions, the idea of giving a trump card to those who are constantly calling for foreign military intervention is utter non-

sense. It is not logical in the least; especially when it [the attack] coincides with the day UN inspectors arrived.”

“Therefore I am convinced that [the chemical attack] is nothing more than a provocation by those who want to drag other countries into the Syrian conflict, and who want the support of powerful members of the international community, especially the United States,” Putin continued. “I have no doubt about this.” As for the supposed evidence that the U.S. claims to have, Putin said, “Let them present it to UN inspectors and the Security Council. Claims that proof exists, but that it is classified and cannot be shown to anyone, are beneath criticism.” If the U.S. doesn’t produce any evidence, then, he said, “there is none.”

The Russian Foreign Ministry followed up Putin’s comments with a statement from spokesman Alexander Lukashevich, stating that a military strike against Syria, without the approval of the UN Security Council would be “inadmissible.” “No matter how ‘limited’ it is,” he said, “it will be a direct violation of international law; [it will] undermine the possibility to solve the conflict in Syria by political and diplomatic means; [and] it will bring about a new round of confrontation and casualties.”

Lukashevich noted that some U.S. allies are suggesting that any decision on Syria should be postponed until after the UN investigation team has completed its work and the results have been analyzed. “Threats of striking Syria are being issued instead of implementing the decision at the G-8 summit in Lough Erne [and] subsequent agreements to provide the UN Security Council with a comprehensive evaluation by UN experts, who are investigating the possible use of chemical weapons in Syria,” he said.

Even after U.S. Ambassador Michael McFaul presented the Russian government with some of the so-called evidence, the Russians maintained their position. “What we were shown before and most recently by our American partners, as well as by the British and the French, absolutely does not convince us,” Foreign Minister Sergei Lavrov said at a university lecture in Moscow Sept. 2.

Although the U.S. showed Russia what it claimed was evidence, Lavrov said, “there was nothing concrete, [it was] without geographic coordinates or names.” The Foreign Minister added that “many experts” have expressed “serious doubts” about the validity of the video footage of the attack posted on the Inter-



mccaffreyassociates.com

*Gen. Barry McCaffrey (USA-ret.), warned on Aug. 29, that the evidence was not sufficient to conclude that the Assad government had ordered the chemical weapons attacks.*

net. “If we are going to state that these are pictures of the use of chemical arms and of the effects on the victims, then there is a mass of disparities and absurdities,” Lavrov said. “There are very many doubts. There are no facts, just talk that ‘we probably know this.’ And when you ask for more detailed evidence, they say that it is all secret and they cannot show you. Thus, there are no such facts for the purposes of international cooperation.”

### **Only a Postponement**

It must be emphasized that the Obama announcement has merely postponed the planned attacks. In fact, General Dempsey emphasized to the President that the war plan was not time-sensitive. Sometime soon after Congress returns and debates the war power authority, the same threat of military action by Obama will be back on the table. A growing chorus of military professionals have warned, along with both Dempsey and Lyndon LaRouche, that any military involvement by the United States in the Syria maelstrom can draw in other regional and global powers and can lead to World War III. In a memo issued Aug. 29, LaRouche argued that the threat of thermonuclear war being triggered by a U.S. attack on Syria was so grave, that the plans had to be cancelled altogether (see below).

So far, the world has bought a little time, but the clock is still ticking for a showdown of incalculable consequences, if Obama is not stopped by firm Congressional rejection of his authority to unilaterally wage war.

# LaRouche Opposes Any Strike Against Syria

*The LaRouche Political Action Committee issued the following press release on Aug. 29, under the headline “LaRouche Opposes Any Military Action on Syria; Danger of Thermonuclear War Is Too Grave.”*

Aug. 29, 2013 (LPAC)—American statesman Lyndon LaRouche issued the following urgent assessment and guidance on the current strategic situation, and what must be done immediately.

1. Any U.S. attack on Syria has the potential to trigger a larger war, which could lead to a thermonuclear war and extinction.

This threat is so serious that any other considerations in favor of U.S. military action against Syria must be rejected due to this overwhelming danger. Claims that the Administration has understandings with Russia and Iran to prevent such any escalation must be dismissed as unreliable, particularly when weighed against the threat of military action leading to world war, and the likelihood of the use of thermonuclear weapons.

2. The Syrian events must be seen from the standpoint that the world system today is dominated by an imperial system with historical roots in Europe, dating back to the sacking of Troy and the emergence of the Roman Empire. The sickness of Europe which prevails to this day in the form of the modern Anglo-Dutch global monetarist system, dominates the habits of the world. The British Crown is on record promoting a policy of mass population reduction from the current level of 7 billion people down to 1-2 billion. President Obama is a tool of this international group, represented in the United States by the Wall Street combination. Thermonuclear war must be prevented absolutely, and a military strike against Syria, no matter how limited in scope, brings the world substantially closer to such a war.

3. The present Anglo-Dutch global financial system

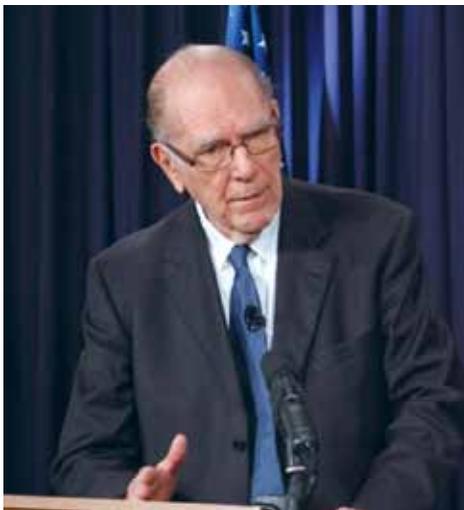
is headed ultimately towards a general bankruptcy. It is coming soon, and this is driving a desperate faction among the Anglo-Dutch to contemplate an escalation to global war. The fact that there is serious movement in the United States and in other parts of the world towards a Glass-Steagall solution to the global bankruptcy collapse is further driving Wall Street into a panic.

4. The threatened consequences of a Syria strike add to the fact that there is no basis in international law or U.S. Constitutional law for President Obama to launch strikes against Syria. Defeat Obama on Syria and he will go ape. He must be removed from office for cause, and the fact that he is contemplating an attack on Syria, knowing the potential consequences, is in itself sufficient cause for his removal.

5. The U.S. military has been decimated through more than a decade of long wars. The logic of the U.S. buildup against Russia and China is moving the world towards a Pacific thermonuclear war. Once the fuse is lit with even a limited military strike against Syria, the situation immediately moves out of control.

6. Prevent this Syria attack at all costs, implement Glass-Steagall immediately, and new prospects for global stability are immediately available. The United States has the opportunity to partner with China for peace and development. The world is a mess, and we need a factor of stability. The Chinese know that a further collapse of Europe and the United States assures the collapse of China. Combine Glass-Steagall with a cooperative global crash effort to achieve fusion power and the conditions driving the world to a war of extinction can be eliminated altogether.

7. In principle, this looming war can be stopped by a relatively small number of people who understand how to carry out an effective flanking operation. The logic of the current Obama policy trajectory is that, if you let it run its course, we are in danger of thermonuclear war. Russia has been put in a corner, and any further actions can provoke an unrestrained response. So far, President Putin, although he is in a touchy situation, is acting with restraint. Responsible leaders in the West must now do their part.



*Lyndon LaRouche gives a webcast on July 26, 2013.*  
EIRNS/Stuart Lewis

# Widespread Recognition that Attack On Syria Means World War III

by EIR Staff

Aug. 31—Immediately in the aftermath of the British-French-Obama deposing and executing Libyan leader Muammar Qaddafi in October 2011, Lyndon LaRouche identified those acts as a “deadly threat to world peace.”<sup>1</sup> He noted that the threat of attacks against Syria and/or Iran would likely follow, creating risks “which tend toward nuclear conflict.”

It did not take long for the Russian government to echo that warning. The most explicit instance came on May 17, 2012, when Russian Prime Minister Dmitri Medvedev delivered an unequivocal message to the Western nations threatening to intervene with regime-change operations in Syria, Iran, and elsewhere: Such actions can lead to “nuclear war.”

The headline on the Russia Today wire on Medvedev’s speech, which was given at the plenary session of the Russia-sponsored International Legal Forum in St. Petersburg, was: “Infringing National Sovereignty Could Lead to Nuclear Apocalypse.”

The relevant section of the speech, as translated on the official Russian Federation website, read as follows:

“Particularly dangerous, in my view, are unilateral actions made in violation of the fundamental principles of the Charter of the United Nations, which is the main venue where the international community brings its problems. In fact, this is the only venue we have, even though some may not like it. But it truly is the only venue. And we understand that the UN Charter calls for respecting the supreme power of law and the sovereignty of states.

“One more thing that I believe is important, considering my experience in politics, is the concept of state sovereignty. It should not be undermined even if for the sake of achieving some immediate political gain, including an election to a particular post. Such at-

tempts threaten global order. There have been many recent examples of the concept of state sovereignty being undermined. Military operations against foreign states bypassing the United Nations, declarations of illegitimacy of certain political regimes on behalf of foreign states rather than the people of the country involved, and imposing various collective sanctions, again bypassing international institutions, are some of them. This does not improve the situation in the world, while rash military interference in the affairs of another state usually results in radicals coming to power. *Such actions, which undermine state sovereignty, can easily lead to full-scale regional wars even—I am not trying to scare anyone here—with the use of nuclear weapons.* Everybody should remember this, especially when we analyse the concept of state sovereignty” (emphasis added).

## The Current Danger

Fast forward to the current situation, in which the Obama Administration declares its intent to attack Syria without authorization of the United Nations, and it’s obvious that the threat Prime Minister Medvedev cited is more real than ever.

Leading figures throughout the world are issuing incisive warnings precisely to that effect. We present a few instances below.

**Former Congressman Dennis Kucinich**, in an interview with *The Hill* Aug. 27, said that striking Syria would plunge the United States into another war and embolden Islamist militants fighting Syria President Bashar Assad’s regime. “So, what, we’re about to become al-Qaeda’s air force now?” Kucinich asked. He said President Obama would be violating the Constitution if he didn’t get Congressional approval before taking military action in Syria, and that the administration is “rushing” to what could become “World War III,” based on dubious evidence.

Popular **radio host Glenn Beck** warned Aug. 27

1. See *EIR* Special Report, “The British Empire’s Global Showdown, and How To Overcome It,” June 12, 2013.



National Geographic/George H. Mewes (public domain)

*Russian troops await a German attack during World War I. Commentators today are warning that great wars can start from “small” incidents.*

that military intervention in Syria could lead to World War III, with the United States squaring off against China, Russia, and Iran. Referring to Secretary of State John Kerry, Beck said: “I learned my lesson [in Iraq], he didn’t,” according to Beck’s website *The Blaze*.

**Former Reagan Administration official Paul Craig Roberts**, in his column Aug. 26, attacked the Administration’s threatened attack on Syria. “Washington is driving the world closer to nuclear war than it ever was even in the most dangerous periods of the Cold War,” he wrote. “When Washington finishes with Syria, the next target is Iran. Russia and China will no longer be able to fool themselves that there is any system of international law or restraint on Western criminality...”

He then noted that the West is funding opposition

movements in Russia and China, and concluded: “Once Russia and China realize that they are riven with American fifth columns, isolated diplomatically, and out-gunned militarily, nuclear weapons become the only guarantor of their sovereignty. This suggests that nuclear war is likely to terminate humanity well before humanity succumbs to global warming or rising national debts.”

On the other side of the Atlantic, **Ivor Roberts, former British Ambassador to Ireland**, wrote an op-ed in the Aug. 28 *Irish Times*, headlined, “A Bombing Campaign Against Syria Could Have Incalculable Consequences.” He frames the article around the parallel to the guns of August 1914, concluding: “Russia, which has defended the Assad regime for decades now, cannot afford to stand idly by and see its only client in the Middle East go under. This possible chain may appear far-fetched but similar alliances and miscalculations led to the Great War. The ghosts of August 1914 still roam.”

On Aug. 27, the **chairman of the Danish Peace Academy, John Scales Avery**, noted, “As we approach the 100th anniversary of the start of World War I, we ought to remember that this catastrophic event started as a minor engagement in which the Austrian Empire sought to punish a group of Serbian nationalists. No one involved at the outset of this small conflict had any idea that it would escalate into a world-destroying disaster, which still casts a dark shadow over civilization half a century [sic] later.

“Can we not see a parallel to the intention of the United States and its allies to punish the Assad regime in Syria for an alleged use of poison gas (which might in fact be a false flag attack)? The parallel with the start of World War I is particularly disturbing because the intervening century has witnessed the development of thermonuclear weapons with the capacity to destroy human civilization and much of the biosphere.”

Even government officials in some parts of the world are breaking protocol to raise the alarm. Notable is **Italian Foreign Minister Emma Bonino**, who, when speaking to British Channel SkyTG24 Aug. 30, said: “From a dramatic and terrible conflict, we run the risk of even a global conflagration... This is how it always begins. Limited strikes without a UN mandate. Syria will obviously react... Even though it seems slower, tougher, and sometimes looks like it won’t succeed, keeping up diplomatic and political pressure is the only solution.”

# Obama Lies: Syrian Rebels, al-Qaeda Do Have Chemical Weapons

by Edward Spannaus

Sept. 3—One of the big lies coming from the Obama Administration, is the claim that only the Syrian government has access to chemical weapons. For example, Michael McFaul, the U.S. Ambassador to Russia, wrote on his Facebook page Aug. 26, that “the Syrian regime has chemical weapons. The opposition does not.” Vice President Joseph Biden said on Aug. 27: “We know that the Syrian regime are the only ones who have the [chemical] weapons.” White House spokesman Jay Carney said it would be “fanciful” to think that anyone other than Assad’s forces was behind the chemical attack.

In fact, there are a number of instances in which the Syrian opposition and/or al-Qaeda forces in the region have been found with chemical weapons. And these reports come not just from the Syrian government, but also from the governments of Iraq and Turkey, both U.S. allies. Here are some of those incidents, reported just during the Spring of this year:

**March 19:** Syrian rebels reportedly used chemical weapons in the village of Khan al-Assal, near Aleppo. Syrian Information Minister Omran al-Zoubi said that this use of chemical weapons by the militants was the “first act” of the so-called opposition interim government. He also said that Turkey and Qatar bore “legal, moral, and political responsibility” for the deaths of 25 and injury of more than 80 others, when militants fired rockets containing “poisonous gases.”

The Russian Foreign Ministry said: “According to reports from Damascus, the use of chemical weapons was registered in the Aleppo province early in the morning of March 19,” killing 16 and injuring about 100 others.

**March 20:** The Assad government asked UN Secretary-General Ban Ki-moon to form an international mission to investigate the use of chemical weapons by terrorists in Syria.

**March 23:** The London *Telegraph* re-

ported that a “trusted and hitherto reliable” senior Syrian Army source had given British Channel 4 reporter Alex Thompson all the circumstances of the al-Nusra’s group’s apparent firing of a chlorine-carrying rocket against a Syrian Army checkpoint near Khan al-Assal the week before.

**April 27:** Syrian Information Minister Omran al-Zoubi accused Turkey of allowing rebels to transport chemical weapons across its border into Syria.

**May 6:** A member of the UN Commission of Investigation on Syria, Swiss Judge Carla Del Ponte, charged that the Syrian rebels used the nerve agent sarin gas, adding that there was no evidence of the Syrian government using chemical weapons. “According to the testimonies we have gathered, the rebels have used chemical weapons, making use of sarin gas,” Del Ponte, former chief prosecutor for two UN international criminal tribunals, for the former Yugoslavia and for Rwanda, said in an interview with Swiss radio. “Our investigators have been in neighboring countries interviewing victims, doctors, and field hospitals and, according to their report of last week, which I have seen, there are strong, concrete suspicions, but not yet incontrovertible proof, of the use of sarin gas, from the way the victims were treated,” Del Ponte said in an interview with Swiss-Italian television. “This was used on the part of the opposition, the rebels,



Jean-Marc Ferr

*UN Commissioner Carla Del Ponte at a press conference on Syria, Feb. 18, 2013.*

not by the government authorities,” she said.

**May 24:** Farhan Haq, a spokesman for the UN Secretary General, announced that Russian journalists had presented evidence to the UN proving that chemical weapons were used by “armed terrorist groups” [i.e., the rebels] in the Khan al-Assal area last March, according to Anastasia Popova, correspondent of the Russian State Television and Broadcasting Company. The materials included videotapes taken from the site, and testimonies of eyewitnesses, doctors who treated the patients, and experts from Aleppo University.

**May 29:** Seven members of the Syrian al-Nusra group were detained in Turkey, after police found sarin gas, which was reportedly going to be used in a bomb attack, during a search of the their homes, according to Turkish media. A 2-kg cylinder with sarin gas had been found in the homes of the suspects detained in the southern provinces of Adana and Mersin.

The reports said that the al-Nusra members had been planning a bomb attack for May 30 in Adana. Along with the sarin gas, the police seized a number of handguns, grenades, bullets, and documents during their search. U.S.-trained, retired Lebanese Gen. Hisham Jaber said that this is “not the first time” that the deadly chemical weapons were found in the possession

of the insurgents. “When we are talking about two kilograms of sarin,” General Jaber stated, “we have to remember that one single gram can kill a person and 2 kg can contaminate and kill a lot of people if they are used in a closed area and against civilians or even the Army.”

**June 2:** The Syrian Army seized two cylinders of sarin during an operation in the city of Hama, according to Syrian and foreign media reports. The operation was carried out against a militant hideout.

**June 2:** Iraq’s Defense Ministry said that it had broken up a five-person al-Qaeda cell that was working to produce poison gas for attacks in Iraq and nearby countries, as well as in Europe and North America. The group had built two facilities in Baghdad to produce sarin and mustard gas, using instructions from another al-Qaeda group, government spokesman Mohammed al-Askari said, adding that the members of the cell had been prepared to launch attacks domestically, and also ran a network that smuggled the toxins to neighboring countries. The Iraqi operation was reportedly carried out in cooperation with an unnamed foreign intelligence service.

BBC quoted Askari as saying that remote-controlled toy planes were also seized at the workshops, which were to have been used to release the chemical agents over the target from a “safe” distance of 1.5 kilometers.

## EIR Special Report

# The British Empire’s Global Showdown, And How To Overcome It

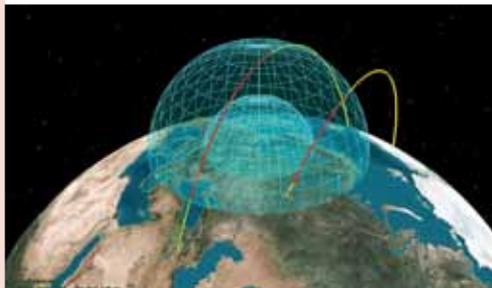
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## The British Empire’s Global Showdown, and How To Overcome It



June 2012

IMPEACHMENT NEXT?

## Congress Must Reject Push For Launch Toward World War

by Nancy Spannaus

Sept. 3—No one should take British tool Barack Obama’s concession to go for a vote in Congress before launching war against Syria, as a sign the Administration has backed off *for one minute* from its determination to go to war. Obama’s controllers are determined to proceed with the gameplan put into effect after the murder of Libya’s Qaddafi—pressing a policy of one-world dictatorship that is ultimately aimed at nuclear powers Russia and China, and leads directly toward World War III. Already, Congress is being subjected to an intense bullying campaign from the Administration, to accept its so-called evidence of the Assad government’s use of chemical weapons, and to agree that unprovoked military action is the “only” appropriate response to take.

If Congress submits to this pressure, and passes the authorization for a strike (even if modified), it will make itself complicit with this Administration in committing crimes for which the Nazis were condemned at Nuremberg—and treason against these United States.

Even if the chemical weapons charges were true—which all reason and available evidence indicates they are not—the United States would not be justified in taking military action against Syria. Such action is *illegal* under international law, which gives only the UN Security Council the right to authorize such action, unless the action is taken in self-defense. In reality, such action would amount to the repeat of the 2003 as-

sault on Iraq, the launching of an unprovoked *aggressive war* like that waged by Adolf Hitler.

At the same time, a U.S. attack on Syria would violate the U.S. Constitution in at least two ways. First, it would amount to an undeclared war against a nation which poses no threat to the United States. Second, it actually would commit the U.S. Armed Forces to a military alliance with enemies of the United States, such as al-Qaeda, which is the predominant military opposition to the Assad government.

Congress must therefore reject Obama’s Authorization of Use of Military Force (even if modified), and, because this President cannot be trusted to obey the law, Congress must institute impeachment proceedings which are already more than fully justified by law. If Obama goes ahead with military force after a Congressional rejection, that simply adds another count for impeachment, as Rep. Walter Jones’ HCR 3 points out. The fate of civilization itself lies in Congress’s hands.

### Intent on World War III

The Authorization for the Use of Military Force (AUMF) submitted by the Obama Administration on Aug. 31 makes clear that the Administration is pressing for Congress to give the President the right to act unilaterally for regime change. The AUMF authorizes the President to use the Armed Forces of the United States “as he determines to be necessary and appropriate in connection with the use of chemical weapons or other



White House/Pete Souza

*If President Obama succeeds in his mad drive for war against Syria, he will be in violation of international law, the U.S. Constitution, and the Nuremberg Charter. He is shown here meeting with his National Security team on Syria, Aug. 30.*

weapons of mass destruction in the conflict in Syria” for the purpose of preventing or deterring the use or proliferation of WMD, to or from Syria, and to protect the U.S. and its allies and partners against the threat posed by such weapons.

Qualified legal analysts, such as Jack Goldsmith, who headed the Office of Legal Counsel in 2003-04 during the Bush-Cheney Administration, immediately identified Obama’s AUMF as a completely open-ended authorization for an attack on any number of countries which the President might determine to be aiding in the use of WMD in the Syrian civil war.

In the Lawfare blog Sept. 2, Goldsmith wrote: “There is much more here than at first meets the eye. The proposed AUMF focuses on Syrian WMD but is otherwise very broad. It authorizes the President to use any element of the U.S. Armed Forces and any method of force. It does not contain specific limits on targets—either in terms of the identity of the targets (e.g., the Syrian government, Syrian rebels, Hezbollah, Iran) or the geography of the targets. Its main limit comes on the purposes for which force can be used. Four points are worth making about these purposes.

“First, the proposed AUMF authorizes the President to use force ‘in connection with’ the use of WMD in the Syrian civil war. (It does not limit the President’s use force to the territory of Syria, but rather says that the

use of force must have a connection to the use of WMD in the Syrian conflict. Activities outside Syria can and certainly do have a connection to the use of WMD in the Syrian civil war.)

“Second, the use of force must be designed to ‘prevent or deter the use or proliferation’ of WMDs ‘within, to or from Syria’ or (broader yet) to ‘protect the United States and its allies and partners against the threat posed by such weapons.’

“Third, the proposed AUMF gives the President final interpretive authority to determine when these criteria are satisfied (‘as he determines to be necessary and appropriate’).

“Fourth, the proposed AUMF contemplates no procedural restrictions on the President’s powers (such as a time limit).”

While Congress immediately picked up on two of the glaring loopholes in this resolution, and demanded both a time limit and an explicit prohibition for “boots on the ground,” such alleged limitations are cosmetic, at best. Indeed, the fact that the Administration’s AUMF is aimed at Iran has been openly proclaimed by all proponents of the military action, despite the obvious consequences for a war confrontation that augurs a fast track to World War III.

### **Chemical Weapons Lies**

In Great Britain, the memory of Tony Blair’s great “WMD” hoax of 2003, which lie was used to justify the illegal and devastating war against Iraq, beginning that year, played a decisive role in Parliament’s defeat of Cameron’s resolution for war authorization Aug. 29. In the U.S., memories appear to be much shorter.

Evidence continues to pile up that the charge of Assad’s use of chemical weapons against civilians in the Damascus suburb of Ghouta Aug. 21 is totally circumstantial and inconclusive (see articles in *International*). The alleged intercept evidence, of supposed communications between the local commander and Syrian Army headquarters, has been reported by some sources (such as neoconservative writer Kenneth Tim-

merman) as having been doctored to show the opposite of reality, and by others (e.g., retired senior British diplomat Craig Murray) as having been faked altogether.

Reliance on YouTube and Internet “sources” has the same quality of virtual reality, since it could have come from anywhere.

Equally suspicious is the fact that the Obama Administration has steadfastly attempted to sabotage the mission of the UN Inspection Team which visited Ghouta, and has declared it will not wait for the results of their analysis. Why?

The reality is that the Administration is determined to use the chemical weapons charge as an excuse, knowing it is not true—or at least cannot be proven.

### ‘A Crime Against Peace’

Should Congress approve Obama’s war resolution, it will be complicit in the Administration’s commission of a “crime against peace,” an offense defined by the International Military Tribunal at Nuremberg, for which 12 Nazi defendants were convicted, and 7 sentenced to death.

According to the Charter of the International Military Tribunal, “crimes against peace” are defined as “planning, preparation, initiation or waging of a war of aggression, or a war in violation of international treaties, agreements or assurances, or participation in a common plan or conspiracy for the accomplishment of any of the foregoing.”

The Bush Administration, and Tony Blair, committed precisely such a crime in its war against Iraq in 2003, and the Obama Administration committed a similar crime, along with its European allies, in its war against Libya in 2011. Now Obama—in line with the British Empire’s global strategy—proposes to do it again in Syria, with the clear intent for a wider war.

The principles of law declared in the Nuremberg Charter are binding on the United States, not only as a matter of natural law, but a matter of positive law expressed by treaty and agreement among sovereign nations. This has been repeatedly attested to by U.S. official representatives.

But we don’t have to go all the way back to 1945-46, to define the crime at issue. In December of 1974, the United Nations General Assembly updated the definition of aggressive war. Article 3 of that definition is most relevant here:

“Article 3: Any of the following acts, regardless of a declaration of war, shall, subject to and in accordance

with the provision of Article 2 [which provides an exception in the case of an explicit UN Security Council authorization—ed.], qualify as an act of aggression: a) The invasion or attack by the armed forces of a State or the territory of another state, or any military occupation; ... b) Bombardment by the armed forces of a State against the territory of another States; ... c) The blockade of the ports of the coasts of a State by the armed forces of another State; ... g) The sending by or on behalf of a State of armed bands, groups, irregulars or mercenaries, which carry out acts of armed force against another State of such gravity as to amount to the acts listed above, or its substantial involvement therein.”

This argument against the U.S.-British war against Iraq has been raised consistently by pro-peace forces, and is now being raised again in light of the Obama Administration’s intention for the strike on Syria, for very good reason.

### ‘Al-Qaeda’s Airforce’

Any authorization of Obama’s AUMF would also violate the U.S. Constitution, and conform to the definition of treason. Specifically, military action in support of the rebel forces fighting the Assad government in Syria would amount to “adhering to [our] enemies, giving them aid and comfort.”

There is no question, even within the Obama Administration, that the radical jihadist forces armed and funded by Saudi Arabia and Qatar, among others, are the most powerful forces within the armed opposition in Syria, and that they will be major beneficiaries of any U.S. military action in that country. Some military leaders, such as Joint Chiefs of Staff Chairman Martin Dempsey, have put it mildly, by saying that there is no assurance that a victory for the opposition would result in stability for Syria or the region, or a positive outcome for the United States.

As General Dempsey put it in a letter to pro-war Member of Congress: “In a variety of ways, the use of U.S. military force can change the military balance, but it cannot resolve the underlying and historic ethnic, religious and tribal issues that are fueling the conflict.”

“Syria today is not about choosing between sides but rather about choosing one among many sides,” Dempsey continued. “*It is my belief that the side we choose must be ready to promote their interests and ours when the balance shifts in their favor. Today, they are not.* The crisis in Syria is tragic and complex. It is a deeply rooted, long-term conflict among multiple fac-

tions, and violent struggles for power will continue after Assad's rule ends. We should evaluate the effectiveness of limited military options in this context" (emphasis added).

Others have been more polemical. For example, former Rep. Dennis Kucinich, who has been outspoken in attacking the drive toward war, and asked in an interview with *The Hill* Aug. 31 if the U.S. really wants to become "al-Qaeda's airforce," because that is what, in fact, it would become, if it were to intervene militarily against Assad. Other politicians, such as Sen. Ted Cruz of Texas, obviously with the example of Libya in mind, have picked up the slogan.

Perhaps equally important, trenchant opposition is also coming from the lower ranks of the military. For example: A Facebook posting, reportedly from a U.S. Naval Chief Petty Officer, for a conservative talk show's page, had more than 5,000 shares yesterday, even though it had only been online for four hours. Talk show host Angel Clark wrote: "I was sent this by someone who wanted to remain anonymous. There are huge repercussions for making a political statement in uniform, but they needed to say this. 'I DIDN'T JOIN THE NAVY TO FIGHT FOR AL QAEDA IN A SYRIAN CIVIL WAR!'"

Why would any patriot of the United States support military intervention in favor of strengthening al-Qaeda?

It is for precisely this reason that sane military heads, such as General Dempsey, have resisted the push toward war that the British Empire has been making since the Fall of 2011. They know there is no positive strategic outcome possible from supporting a barbaric force which is carrying out pogroms—and worse—against Christians and Shi'ites throughout Southwest Asia.

Rather than support Obama's intention to carry out this treason, Congress should move to impeach him instead.

### The Case for Impeachment

In a statement released to *EIR* Sept. 2, international law expert Prof. Francis Boyle said: "I think we have to play jujitsu with Obama. He wants Congress to vote for war on September 9. Instead of playing his game, we should call for Congress to impeach him on September 9—immediately, which they can do. That will send a shot across his bow now."

Boyle, along with former Reagan Administration

Justice Department official Bruce Fein, has already drafted articles of impeachment against Obama—as they both did against President Bush as well. The primary counts they identify are two: First, the unconstitutional prosecution of war against Libya, with authorization of the U.S. Congress; and second, the killing of American citizens, such as Anwar al-Awlaki, without due process of law.

Additional charges of impeachable offenses have been raised, particularly in light of the events in Benghazi 2012, when it appears that the Obama Administration's alliance with al-Qaeda associates, in pursuit of, among other things, arming jihadists in Syria, led to the murder of four U.S. citizens, including Amb. Chris Stevens. Congress is still pursuing the Benghazi case, despite Administration stonewalling.

For a fuller review of the basis for impeaching Obama, see *EIR*'s May 10, 2013 edition. Acting on impeachment now, may be the crucial means of avoiding World War III.

*Edward Spannaus contributed to this article.*

*nancyspannaus@larouchepub.com*

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## Rigell Letter: Attack Requires OK from Congress

Aug. 31—Rep. Scott Rigell (R-Va.), a member of the House Armed Services Committee, mobilized a bipartisan effort Aug. 28, urging President Obama to seek Congressional authorization before using military force in Syria, noting that to do otherwise would be unconstitutional. His letter has so far been signed by 193 Members of Congress, including 21 Democrats.



Members expressed disapproval of the President's intervention in Libya two years ago, without prior statutory authorization, and said that Congress stood ready to immediately return to Washington to consider the facts in Syria.

Dear Mr. President,

We strongly urge you to consult and receive authorization from Congress before ordering the use of U.S. military force in Syria. Your responsibility to do so is prescribed in the Constitution and the War Powers Resolution of 1973.

While the Founders wisely gave the Office of the President the authority to act in emergencies, they foresaw the need to ensure public debate—and the active engagement of Congress—prior to committing U.S. military assets. Engaging our military in Syria when no direct threat to the United States exists and without prior congressional authorization would violate the separation of powers that is clearly delineated in the Constitution.

Mr. President, in the case of military operations in Libya you stated that authorization from Congress was not required because our military was not engaged in “hostilities.” In addition, an April 1, 2011, memorandum to you from your Office of Legal Counsel concluded:

“...President Obama could rely on his constitutional power to safeguard the national interest by directing the anticipated military operations in Libya—which were limited in their nature, scope, and duration—without prior congressional authorization.”

We view the precedent this opinion sets, where “national interest” is enough to engage in hostilities without congressional authorization, as unconstitutional. If the use of 221 Tomahawk cruise missiles, 704 Joint Direct Attack Munitions, and 42 Predator Hellfire missiles expended in Libya does not constitute “hostilities,” what does?

If you deem that military action in Syria is necessary, Congress can reconvene at your request. We stand ready to come back into session, consider the facts before us, and share the burden of decisions made regarding U.S. involvement in the quickly escalating Syrian conflict.

## Intelligence Veterans' Appeal to Gen. Dempsey

Aug. 30—The Veteran Intelligence Professionals for Sanity (VIPS) today sent the following letter to Gen. Martin Dempsey, Joint Chiefs of Staff chairman, urging him to resign if President Obama goes ahead with an attack on Syria without Congress's authorization.

## Syria and Our Oath to Defend the Constitution

Dear Gen. Dempsey:

**Summary: We refer to your acknowledgment, in your letter of July 19 to Sen. Carl Levin on Syria, that a decision to use force is not one that any of us takes lightly. It is no less than an act of war. It appears that the President may order such an act of war without proper Congressional authorization.**

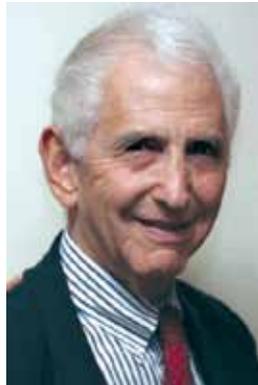


Creative Commons/Jacob Appelbaum  
William Binney, VIPS, Senior Scientist, NSA (ret.)

**As seasoned intelligence and military professionals solemnly sworn to support and defend the Constitution of the United States, we have long been aware that—from private to general—it is one’s duty not to obey an illegal order. If such were given, the honorable thing would be to resign, rather than be complicit.**

In responding to questions on military options voiced at your re-nomination hearing on July 18, your letter to the chair of the Committee on Armed Services reflects that you acknowledge Congress’s Constitutional role with respect to U.S. acts of war. Equally important, you addressed these words to Sen. Levin: “You deserve my best military advice on how military force *could* be used in order to decide whether it *should* be used” (emphasis in your letter).

The options your letter addressed regarding potential use of military force included five being considered at the time: (1) Train, Advise, Assist the Opposition; (2) Conduct Limited Stand-off Strikes; (3) Establish a No-Fly Zone; (4) Establish Buffer Zones; (5) Control Chemical Weapons. You were quite candid about the risks and costs attached to each of the five options, and stressed the difficulty of staying out of the Syrian civil war, once the U.S. launched military action.



*Daniel Ellsberg, VIPS  
Member Emeritus*

### **Tailored, Limited Strike Option**

Presumably, there has not been enough time to give Sen. Levin’s committee an equivalent assessment of the implications of the new option described by the President Wednesday [Aug. 28] evening as a tailored, limited response to the chemical weapons attack on August 21 that he has been told was carried out by Syrian government forces. President Obama said, without elaboration, that a retaliatory strike is “needed . . . to protect U.S. security.”

It is precisely this kind of unsupported claim (so embarrassingly reminiscent of the spurious ones used more than a decade ago to justify attacks on Iraq) that needs to be subjected to rigorous analysis by both the Pentagon and Congress BEFORE the President orders

military action. For some unexplained reason of urgency, that order may come within the next day or two. With no wish to prejudge the results of analysis presumably under way, we feel it our responsibility to tell you now that, speaking out of several hundred years of collective experience in intelligence and national security matters, we strongly believe that the President’s reference to a military strike on Syria being needed to protect U.S. security cannot bear close scrutiny.

In all candor, the credibility of his chief national security advisers—and his own credibility—have been seriously damaged in recent months, giving all the more urgency and importance to the need for Congress to exercise its Constitutional role regarding war. And, as usual, there are serious problems with the provenance and nature of the “intelligence” that is being used to support the need for military action.

In your July 19 letter to Sen. Levin you emphasized: “As we weigh our options, we should be able to conclude with some confidence that the use of force will move us toward the intended outcome. . . . Once we take action, we should be prepared for what comes next. Deeper involvement is hard to avoid. **We should act in accordance with the law, and to the extent possible, in concert with our allies and partners**” (emphasis supplied by VIPS).

This last sentence raises, first and foremost, the question of what the Constitution says of the role of Congress in authorizing a military attack that, in your words, “is no less than an act of war” (further discussed below).

It also raises the important issue of how seriously we should take the result of democratic Parliamentary procedures among our allies. Although not legally required to do so, British Prime Minister David Cameron on Thursday [Aug. 29] sought Parliamentary approval for military action against Syria and was rebuffed. With as much grace as he could summon, Cameron said the British people had expressed their will and he would not flout it (even though he could do so, legally, in the British system):

“It is clear to me that the British Parliament, reflecting the views of the British people, does not want to see British military action. I get that, and the government will act accordingly,” a tense-looking Cameron said immediately after the vote.

French President François Hollande has said his country may still strike Syria to “punish” it for alleg-

edly using chemical weapons, despite the British Parliament's failure to endorse military action. If Fiji can be lined up again, that would make a coalition of at least three.

### The Fundamentals: Congress's Role

Before the President spoke on Wednesday, the ranking member on the House Judiciary Subcommittee on the Constitution and Civil Justice, Jerrold Nadler, issued a formal statement titled: **Constitution Requires Congressional Authorization on Use of Force Against Syria**. Nadler wrote:

"The Constitution requires that, barring an attack on the United States or an imminent threat to the U.S., any decision to use military force can only be made by Congress—not by the President. The decision to go to war—and we should be clear, launching a military strike on another country, justified or not, is an act of war—is reserved by the Constitution to the American people acting through their elected representatives in Congress.

"Since there is no imminent threat to the United States, there is no legal justification for bypassing the Constitutionally-required Congressional authorization. 'Consultation' with Congress is not sufficient. The Constitution requires Congressional authorization.



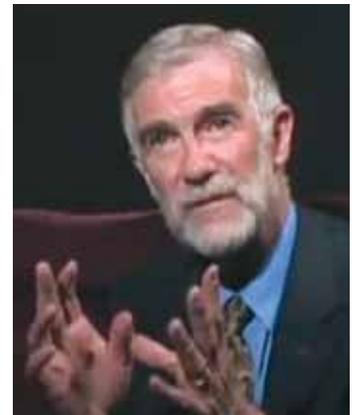
*W. Patrick Lang, VIPS, Senior Executive and Defense Intelligence Officer, DIA (ret.)*

"The American people deserve to have this decision debated and made in the open, with all the facts and arguments laid out for public review and debate, followed by a Congressional vote. If the President believes that military action against Syria is necessary, he should immediately call Congress back into session and seek the Constitutionally-required authorization."

As of Thursday, more than a third of the House of Representatives have spoken out against being marginalized, as they were before Libya, many insisting that there be Congressional debate and a vote before any military strike on Syria.

In addition, Republican House Speaker John

Boehner sent Obama a letter Wednesday urging him to "make the case to the American people and Congress for how potential military action will secure American national security interests, preserve America's credibility, deter the future use of chemical weapons, and, critically, be a part of our broader policy and strategy."



*Ray McGovern, VIPS, CIA (ret.)*

The President called Boehner on Thursday to brief him "on the status of deliberations over Syria," according to a Boehner spokesman, who added that, "during the call, the speaker sought answers to concerns outlined in his letter, including the legal justification for any military strike." After the call, Boehner reportedly complained that his questions had not been answered.

### Holding Congress in Contempt

Elementary school children learn that, in view of the Founders' experience with English kings, it was not by chance that, in crafting the Constitution, they took care to give to our elected representatives in Congress the exclusive "Power To declare War [and] To raise and support Armies." (Article 1, Section 8). The somber historical consequences of letting this key power of Congress fall into disuse after WWII—in effect, allowing Presidents to act like kings—speak eloquently to the folly of ignoring Article 1, Section 8.

And yet, there is no sign that President Barack Obama intends to request Congressional authorization (as opposed to "consultation" with chosen Members) before he orders military action against Syria. Indeed, he and his top appointees have been openly contemptuous of the Constitutional role of Congress in such matters.

Obama's former Defense Secretary Leon Panetta was smoother and more wise-old-handish than his predecessors in emasculating Congressional power. Thanks to Panetta, we have direct insight into how the

Obama administration may strike Syria with very little consultation (not to mention authorization) from Congress.

Several of us remember watching you in some distress sitting next to your then-boss Panetta as he tried to put Sen. Jeff Sessions (R-Alabama) in his place, at a hearing of the Senate Armed Services Committee on March 7, 2012. Chafing belatedly over the unauthorized nature of the war in Libya, Sessions asked repeatedly what “legal basis” would the Obama administration rely on to do in Syria what it did in Libya.

Panetta stonewalled time after time, making it abundantly clear that the Obama administration does not believe it needs Congressional approval for wars like the one in Libya. “I am really baffled,” said Sessions. “The only legal authority that’s required to deploy the U.S. military [in combat] is the Congress and the President and the law and the Constitution.”

Panetta’s response did nothing to relieve Sessions’s bafflement: “Let me just for the record be clear again, Senator, so there is no misunderstanding. When it comes to national defense, the President has the authority under the Constitution to act to defend this country, and we will, Sir.”

You will remember Panetta’s attitude, which Sen. Sessions called “breathtaking.” You said nothing then, and we can understand that. But, frankly, we are hoping that you had that awkward experience in mind when you reminded Sen. Levin that, “We should act in accordance with the law.”

Clearly, there is an important Constitutional issue here. The question is whether you will again choose to be silent, or whether you will give [Defense] Secretary Chuck Hagel and the President notice that your oath to support and defend the Constitution precludes complicity in end-running Congress on Syria.



*Lawrence Wilkerson, VIPS, Col., US Army (ret.); Chief of Staff to Secretary of State Colin Powell*

## If, Resign

We do not understand why the White House has so far been unwilling to await the results of the UN inspection in Damascus, but we are all too familiar with what happens once the juggernaut starts rolling to war. However, if despite Thursday’s vote in the British Parliament and the increased opposition in Congress to war without the authorization of Congress, the President decides to order an attack on Syria, we urge you to act in accordance with your solemn oath to support and defend the Constitution, as well as your own conscience.

In such circumstances, we believe strongly that you should resign and explain your reasons at once to the American people.

Very Respectfully,

For the Steering Group, Veteran Intelligence Professionals for Sanity

William Binney, Senior Scientist, NSA (ret.)

Thomas Drake, Senior Executive, NSA (former)

Dan Ellsberg, VIPS Member Emeritus

Philip Giraldi, CIA, Operations Officer (ret.)

Larry Johnson, CIA & State Department (ret.)

W. Patrick Lang, Senior Executive and Defense Intelligence Officer, DIA (ret.)

David MacMichael, National Intelligence Council (ret.)

Ray McGovern, CIA (ret.)

Elizabeth Murray, Deputy National Intelligence Officer for Middle East (ret.)

Todd Pierce, US Army Judge Advocate General (ret.)

Coleen Rowley, Division Council & Special Agent, FBI (ret.)

Larry Wilkerson, Col., US Army (ret); Chief of Staff to Secretary of State Colin Powell

Ann Wright, Col., US Army (ret); Foreign Service Officer (ret.)



NLN/Thomas Good

*Ann Wright, VIPS, Col., US Army (ret.); Foreign Service Officer (ret.)*

# Dempsey: Military Action vs. Syria 'An Act of War'

*Chairman of the U.S. Joint Chiefs of Staff Gen. Martin Dempsey sent this letter to the Senate Armed Services Committee on July 19, 2013.*

The Honorable Carl Levin Chairman Committee on Armed Services United States Senate Washington, D.C. 20510

Dear Mr. Chairman

On 18 July 2013, you asked me to provide an unclassified assessment of options for the potential use of U.S. military force in the Syrian conflict. It offers my independent judgement with as much openness as this classification allows. I am mindful that deliberations are ongoing within our government over the further role of the United States in this complex sectarian war. The decision over whether to introduce military force is a political one that our Nation entrusts to its civilian leaders. I also understand that you deserve my best military advice on how military force *could* be used in order to decide whether it *should* be used.

At this time, the military's role is limited to helping deliver humanitarian assistance, providing security assistance to Syria's neighbors, and providing nonlethal assistance to the opposition. Patriot batteries are deployed to Turkey and Jordan for their defense against missile attack. An operation headquarters and additional capabilities, including F-16's, are positioned to defend Jordan. We are prepared for the options described below:

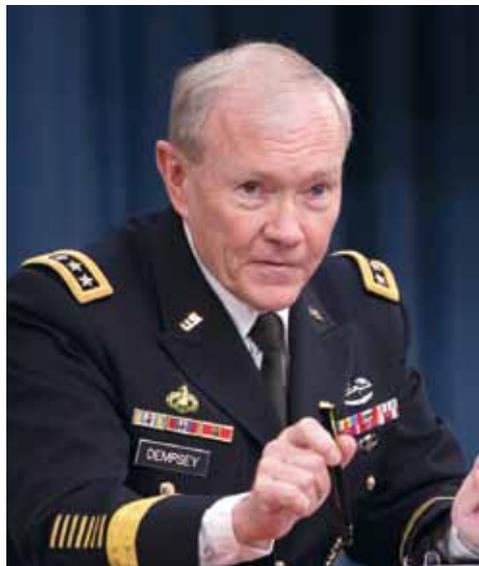
**Train, advise, and assist the opposition.** This

option uses nonlethal forces to train and advise the opposition on tasks ranging from weapons employment to tactical planning. We could also offer assistance in the form of intelligence and logistics. The scale could range from several hundred to several thousand troops with the costs varying accordingly, but estimated at \$500 million per year initially. The option requires safe areas outside Syria as well as support from our regional partners. Over time, the impact would be the improvement in opposition capabilities. Risks include extremists gaining access to additional capabilities, retaliatory cross-border attacks, and insider attacks or inadvertent association with war crimes due to vetting difficulties.

**Conduct limited stand-off strikes.** This option uses lethal force to strike targets that enable the regime to conduct military operations, proliferate advanced weapons, and defend itself. Potential targets include

high-value regime air defense, air, ground, missile, and naval forces as well as the supporting military facilities and command nodes. Stand-off air and missile systems could be used to strike hundreds of targets at a tempo of our choosing. Force requirements would include hundreds of aircraft, ships, submarines, and other enablers. Depending on duration, the costs would be in the billions. Over time, the impact would be the significant degradation of regime capabilities and an increase in regime desertions. There is a risk that the regime could withstand limited strikes by dispersing its assets. Retaliatory attacks are also possible, and there is a probability for collateral damage impacting civilians and foreigners inside the country.

**Establish a no-fly zone.** This option uses lethal force to prevent the regime from using its military aircraft to bomb and resupply. It would extend air superiority over Syria by neutralizing the regime's advanced, defense integrated air defense system. It would also shoot down adversary aircraft and strike airfields, aircraft on the ground, and supporting infrastructure. We would require hundreds of ground and sea-based aircraft, intelligence and electronic war-



DoD/Erin A. Kirk-Cuomo

*Gen. Martin Dempsey: "We have learned from the past 10 years ... that it is not enough to simply alter the balance of military power without careful consideration of what is necessary in order to preserve a functioning state."*

fare support, and enablers for refueling and communications. Estimated costs are \$500 million initially, averaging as much as a billion dollars per month over the course of a year. Impacts would likely include the near total elimination of the regime's ability to bomb opposition strongholds and sustain its forces by air. Risks include the loss of U.S. aircraft, which would require us to insert personnel recovery forces. It may also fail to reduce the violence or shift the momentum because the regime relies overwhelmingly on surface fires, mortars, artillery, and missiles.

**Establish buffer zones.** This option uses lethal and nonlethal force to protect specific geographic areas, most likely across the borders with Turkey or Jordan. The opposition could use these zones to organize and train. They could also serve as safe areas for the distribution of humanitarian assistance. Lethal force would be required to defend the zones against air, missile, and ground attacks. This would necessitate the establishment of a limited no-fly zone, with its associated resource requirements. Thousands of U.S. ground forces would be needed, even if positioned outside Syria, to support those physically defending the zones. A limited no-fly zone coupled with U.S. ground forces would push the costs over one billion dollars per month. Over time, the impact would be an improvement in opposition capabilities. Human suffering could also be reduced, and some pressure could be lifted off Jordan and Turkey. Risks are similar to the no-fly zone with the added problem of regime surface fires into the zones, killing more refugees due to their concentration. The zones could also become operational bases for extremists.

**Control chemical weapons.** This option uses lethal force to prevent the use or proliferation of chemical weapons. We do this by destroying portions of Syria's massive stockpile, interdicting its movement and delivery, or by seizing and securing program components. At a minimum, this option would call for a no-fly zone as well as air and missile strikes involving hundreds of aircraft, ships, submarines, and other enablers. Thousands of special operations forces and other ground forces would be needed to assault and secure critical sites. Costs could also average well over one billion dollars per month. The impact would be the control of some, but not all chemical weapons. It would also help prevent their further proliferation into the hands of extremist groups. Our inability to fully control Syria's storage and delivery systems could allow extremists to gain better access. Risks are similar to the no-fly zone

with the added risk of U.S. boots on the ground.

*Too often, these options are considered in isolation* [emphasis added]. It would be better if they were assessed and discussed in the context of an overall whole-of-government strategy for achieving our policy objectives in coordination with our allies and partners. To this end, I have supported a regional approach that would isolate the conflict to prevent regional destabilization and weapons proliferation. At the same time, we should help develop a moderate opposition—including their military capabilities—while maintaining pressure on the Assad regime.

All of these options would likely further the narrow military objectives of helping the opposition and placing more pressure on the regime. We have learned from the past 10 years, however, that it is not enough to simply alter the balance of military power without careful consideration of what is necessary in order to preserve a functioning state. We must anticipate and be prepared for the unintended consequences of our action. Should the regime's institutions collapse in the absence of a viable opposition, we would inadvertently empower extremists or unleash the very chemical weapons we seek to control. *I know that the decision to use force is not one that any of us takes lightly. It is no less than an act of war* [emphasis added]. As we weigh our options, we should be able to conclude with some confidence that the use of force will move us toward the intended outcome. We must also understand the risk—not just to our forces, but to our other global responsibilities. This is especially critical as we lose readiness due to budget cuts and fiscal uncertainty. Some options may not be feasible in time or cost without compromising our security elsewhere. Once we take action, we should be prepared for what comes next. Deeper involvement is hard to avoid. We should also act in accordance with the law, and to the extent possible with our allies and partners to share the burden and solidify the outcome.

Thank you for this opportunity to share my assessment. The classified versions of all the options described here have been presented to the National Security Staff for consideration by the Principals and the President. They have also been presented to the Congress in several briefs, including one recently provided by the Vice Chairman of the Joint Chiefs of Staff.

*Sincerely,*  
*Martin E. Dempsey*  
*General, U.S. Army*

# Kesha Rogers: After King, Where Do We Go Now?

*LaRouchePAC Policy Committee member Kesha Rogers, the two-time winner of the Democratic primary in the 20th C.D. in Texas, issued the following statement Aug. 28, on the 50th anniversary of the March on Washington and Martin Luther King, Jr.'s "I Have a Dream" speech.*

## King's Call to Conscience

Fifty years ago, Dr. Martin Luther King spoke of a dream, a dream where the future of mankind would be shaped by the realization of greatness, a future devoid of social injustice, economic disparities, an end to war, an end to joblessness, and no hunger throughout the world. Some liars have arrogantly claimed this dream has been realized, by some superficial kind of affirmative action, resulting in the first black President and Attorney General. Let us, as King said, not judge these men by the color of their skin, but by the content of their characters, as manifest through their policies. It is clear that instead of a dream, we find ourselves living in someone else's nightmare.

What kind of world is required, to actually realize the dream?

This dream can only be realized through a personal commitment to a real policy for human progress. As King said, "Human progress never rolls in on the wheels of inevitability. It comes through the tireless efforts and the persistent work of dedicated individuals who are willing to be coworkers with God. And without this hard work, time itself becomes an ally of the primitive forces of social stagnation. So we must help time and realize that the time is always ripe to do right."

## You Are Not Exempt from Fighting Now

So you, too, are not exempt from fighting now. You have no right to pass the responsibility on to others, waiting on time for the problems to work themselves out.

Economic progress was always at the center of



EIRNS/Stuart Lewis

*Kesha Rogers: The intention of our republican form of government today must be "to free mankind from the imperial hand of a corporatist monarchy. To win a victory not of one color over another, but of justice over injustice."*

King's mission. For as he said, "If a man doesn't have a job or income, he has neither life nor liberty nor the possibility for the pursuit of happiness. He merely exists."

To put the mission in concrete terms, the past eight months have seen a no-holds-barred brawl over the souls of Congress, by a few scores of LaRouchePAC activists, fighting against the billions of dollars spent by Wall Street, in order to reinstate the Glass-Steagall Act, restore the sovereign credit of the United States, and begin the reemployment of the population in meaningful, productive work, typified by the 7 million jobs program of transforming the biosphere with a thermonuclear-driven, North American Water and Power Alliance [NAWAPA] XXI. While most of society has said, "No, I've decided what you're demanding is impossible," we have chosen to fight, day after day, seeking out those individuals who will give up all pessimism to join us, not because it is easy, or inevitable, but because it is right.

As Lyndon LaRouche once exclaimed in a birthday speech for Martin L. King, "The civil rights movement under King had a mission. It was not a mission of victims, but a mission of leadership of those on the field of battle who seized the first rank of the fight, and said, 'We're leading the way for all mankind, toward free-

dom.” LaRouchePAC’s three-step policy platform answers Dr. King’s call of progress for the future, because these alone are top-down policies that force us to actively intend to create our nation’s future, knowing in advance what we are doing, and prescribe with scientific exactness how we will lift our future out of the dung heaps of history.

King declared, “Through our scientific and technological genius, we have made of this world a neighborhood and yet . . . we have not had the ethical commitment to make of it a brotherhood.” How else would we reforge the ethical bonds of society, but by answering the challenges of the present by changing systemically the terms of their future? Shut down the bailouts of Wall Street and put the people to work with NAWAPA XXI, funded by the power of Constitutional credit.

King looks upon *you*, in the fight today, to carry out the dream which he so expressed, not of an oppressed people, but with our heads held high, dignified, to make the Constitution of the United States, in its original intent *real* for *all* the people of the United States, and the world. This was the intention which was sought out for the nation upon its founding.

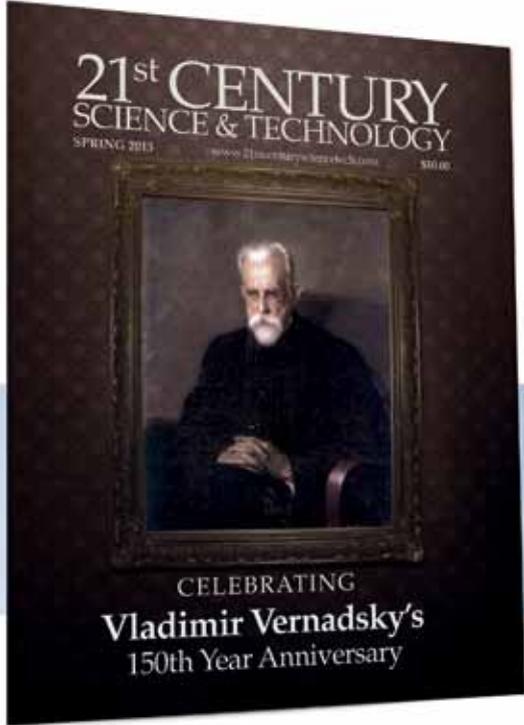
This must be the role and the intention of our republic

form of government today. To free mankind from the imperial hand of a corporatist monarchy. To win a victory not of one color over another, but of justice over injustice.

### A Position Neither Safe Nor Politic

King declared, “There must come a time when one must take a position that is neither safe nor politic, nor popular, but he must do it because his conscience tells him it is right.” That is the call answered by the true conscience of a moral citizen, one who asserts the true identity of all human beings as created equal in the image of the Creator, over our Congressional representatives’ putting off our nation’s future with lame political excuses, paid for with the corrupting influences of money, sex, power, and other vices brought to them by the same Wall Street oligarchs destroying our livelihood.

For all Americans to realize the dream of true freedom, in living out the inalienable rights to life, liberty, and the pursuit of happiness, as so defined in the natural laws of our nation’s Constitution and Declaration of Independence, depends on how you act in these immediate days ahead.



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- V.I. Vernadsky and the Contemporary World
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# Why the U.S. Military Resists War in Syria

by Carl Osgood

Aug. 30—When Chairman of the Joint Chiefs of Staff Gen. Martin Dempsey issues warnings against U.S. military intervention in Syria, he isn't just presenting his own professional military judgement, as competent as that may be. He is also reflecting an institutional resistance that is based, in large part, on the experience of the ground forces in Iraq. That experience, and the deeply rooted desire not to repeat it, expressed itself during a three-day seminar that concluded on Aug. 28 at Fort Belvoir, Va. The seminar was not about Syria, or even any larger geographical region of the world, but it, nonetheless, provided insight into the broader process of analysis taking place within the military and the role that recent history is playing in it.

The purpose of the seminar was to further develop a new concept that the Army is developing, in collaboration with the Marine Corps and Special Operations Command (SOCOM), called "Strategic Landpower." Some regard this as the ground forces' answer to the primarily Air Force/Navy concept of Air-Sea Battle, while others see it as an attempt by the Army to maintain its relevance in a time of austerity and the Asia Pivot. Embedded within it, however, is an effort to institutionalize the lessons learned from the failure of the U.S. military adventure in Iraq, which has scarred the Army deeply, and has certainly affected the other services as well.

The purpose of this newest effort is to "improve the military's ability to advise policy makers on how best to employ military capabilities to achieve human outcomes, human behaviors, and improve our recent record in achieving policy outcomes with military force," said Col. Bob

Simpson, the acting Director of Concepts Development at the U.S. Army Capabilities Integration Center (ArCIC) at Fort Eustis, Va. The second objective, which is internal to the military, is to make changes in doctrine, training, and military education so that the military itself understands how military operations are intended to achieve human outcomes. The military is used, Simpson stressed, because other means of influencing behavior—diplomacy, sanctions, and other such measures—have failed.

So, what is strategic landpower? "Landpower," Simpson went on, "does not equal land forces. Landpower is the ability to control resources, land, and people. Air forces and sea forces contribute to that. We [the Army, Marines, and SOCOM—ed.] are the forces that operate on the land. We operate daily among the people. We're the ones who integrate the effects of the other forces when they affect land. Our vision is that this is a joint problem." That requires getting the foundation and getting the theory of landpower right. "Operationalizing it is a joint effort," he said. "We're responsible for getting the theory right."

## The Iraq Disaster

What role does the Iraq experience play in this effort? "We designed a military operation to accomplish certain things. We accomplished those things very early in the



U.S. Army/Staff Sgt. Charles B. Johnson

*U.S. soldiers on patrol in Fallujah, Iraq, in 2004. The Army is trying to learn from its mistakes in the Iraq War, which it went into without knowing the nature of the society.*

operation and we did not achieve the strategic outcome we wanted,” Simpson said. “So the whole theory that you can, through violence, destroy the system, failed. We went in there without understanding the nature of the society we were entering into. We didn’t forecast accurately how they were going to react to the invasion. We were wholly unprepared for what transpired in 2003-04. And so we want to do an examination of, ‘Okay, if we were going to do this again, how would we do it differently?’”

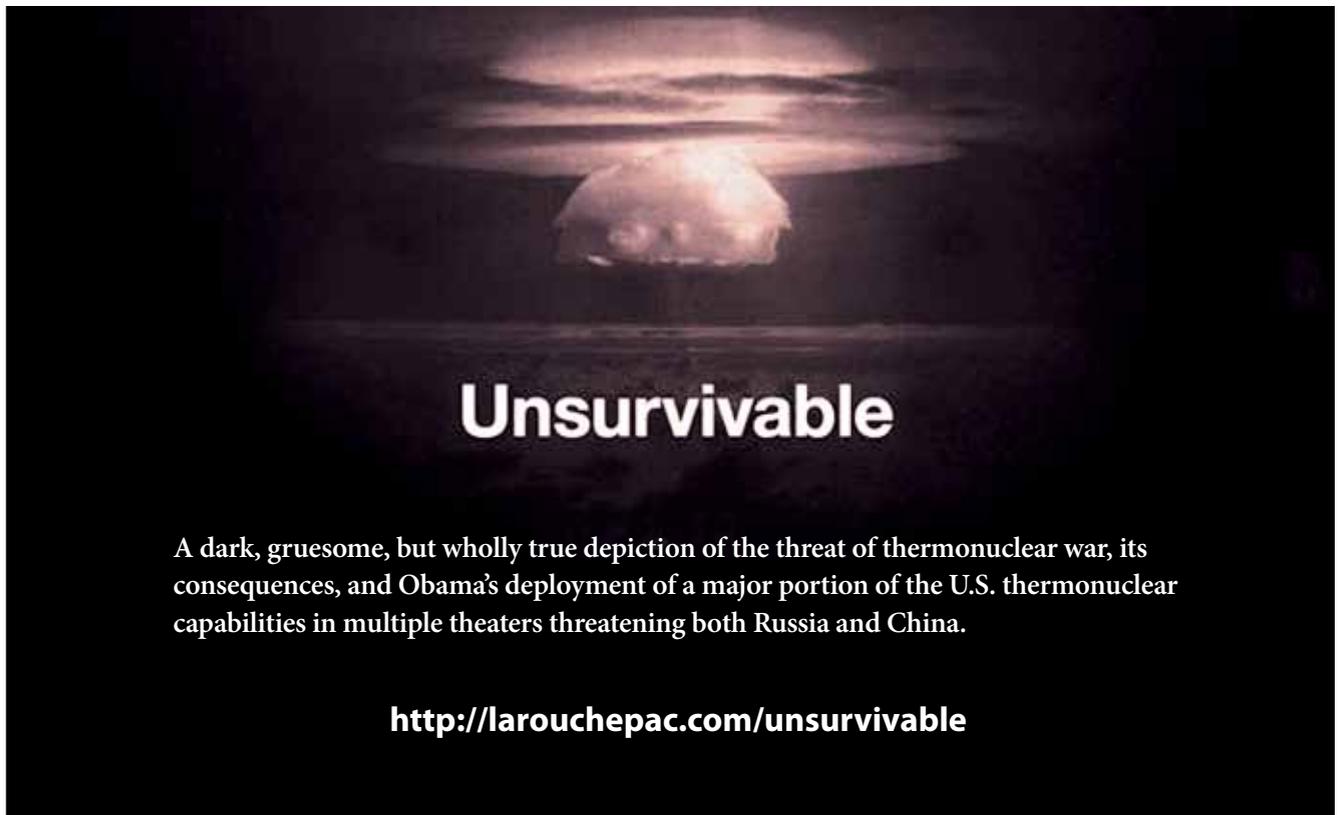
It came up exactly this way during the seminar discussion as well. A senior Army officer told the participants that the lessons of the past wars have to be institutionalized, so that the military can adapt more easily to future situations. Imagine if we had understood these ideas in 2003, he said. Would we have invaded Iraq with the plan that we did? Would we have disbanded the Iraqi Army? In both cases, he said, “No.” We would have done it differently if we had understood strategic landpower, he said.

The fact is, the Army and the other military services were as much victims of the ideologically driven policies of the G.W. Bush Administration in Iraq as they were of their own shortcomings. When confronted with that issue during the media roundtable that followed the

seminar, Lt. Gen. Keith Walker, the director of ArCIC, said that “our primary purpose in developing a concept—and a concept is a statement of a military problem and a solution to that problem—and the reason why we do that is so that we can say, in order to make that concept a reality, what capabilities do we need? And we have a framework. What do we need to do to adjust our doctrine? What do we need to adjust our training, organization, material, leader development, etc., and policy? So, we don’t make policy, but when we do that analysis, we can make recommendations if there’s a policy we think needs to be changed in order to enable that.”

In a broader sense, the military has done that analysis with respect to Syria, incorporating the lessons of Iraq, among other things, and that is reflected in General Dempsey’s advice to the President, Congress, and the public. So, when Dempsey says, as he wrote in his letter to Rep. Eliot Engel (D-N.Y.), on Aug. 19, that even a limited attack on Syrian forces would commit the U.S. decisively to the Syrian conflict, he is, in part, reflecting this broader institutional analysis, incorporating the lessons of the Iraq experience.

*cjosgood@att.net*



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AN APPEAL TO CONGRESS

## Glass-Steagall Is Urgent To Save Detroit, the Nation

Aug. 31—In a letter released on Aug. 28, President of the Detroit Board of Education LaMar Lemmons III called on Congress to immediately reinstate Glass-Steagall. The letter reads as follows:

“As President of the Detroit Board of Education, Member of the Detroit Library Commission and former State Legislator, I am deeply concerned about the bankruptcy of the City of Detroit and stand in opposition to it. I would rather see Wall Street bankrupted than have pensions cut or eliminated for firefighters, teachers, policemen, municipal employees, and retirees.

“That is why I am calling upon members of the United States Congress to pass H.R. 129, the bill to reinstate the Glass-Steagall Act in the House, and S. 985/S. 1282 in the Senate. This was law for 66 years until its repeal in 1999. H.R. 129 was introduced in January 2013 and currently has 74 bipartisan co-sponsors.

“Since the repeal of Glass-Steagall, and related measures that removed regulation and restraint on financial speculation, the financial system has been turned into a casino. It collapsed in 2007-2008, and is on the verge of collapse again today, with even more devastating results. The top five Wall Street banks are now holding over \$300 trillion in derivatives and other bad securities



*LaMar Lemmons*

on their books, which are ‘the elephant in the room.’ Over the last several years, the Federal Reserve has bailed out these banks by extending over \$3 trillion in purchases of Treasuries and Mortgage-Backed Securities from them. This was supposed to stimulate lending into Main Street, yet during the same time, the amount of lending has *gone down* by \$1 trillion. In the 1990s, 95% of bank deposits were lent out; today, 72%.

“There is now a tremendous debate over Glass-Steagall. Since the Senate bills were filed, many top

economists and officials have come out in support of Glass-Steagall, including Thomas Hoenig, Vice-Chair of the FDIC, Simon Johnson of MIT, Prof. William Black, who helped administer the Resolution Trust Corporation, and many more.”

### **The Dangers for Detroit, and Beyond**

Lemmons then zeroed in on the dangers faced by the City of Detroit, due to the policy change that was implemented with repeal of Glass-Steagall.

“As well, with the bankruptcy filing in Detroit, this battle has taken on a sense of urgency. The contested filing is demanding substantial losses be incurred by bondholders and pensioners, while banks who sold the city interest rate derivatives on over \$1 billion of bonds,

will be paid 80 cents/dollar. Pension plan recipients are offered 10 cents/dollar.

“Every city, state, and trade union is now facing the same situation. Philadelphia cannot pay its teachers. Chicago just laid off nearly 4,000 school employees, and it is still lurching toward bankruptcy. Counties throughout Michigan cannot borrow to run their communities due to the shock effect of the Detroit bankruptcy.

“This is the tip of the iceberg. Only the immediate restoration of Glass-Steagall, which will bankrupt the derivatives and many Wall Street banks, can save the nation. The imposition of Glass-Steagall and a return to a high-technology, industrial economy, will solve the financial crisis. We will do this at the expense of Wall Street, not Main Street. The restoration of Glass-Steagall will be the entry point for large-scale FDR-type development projects, making Detroit, with its skilled labor force and machine-tool sector, an engine for national progress once again.

“Since the takedown of Glass-Steagall, from 2000 onward, 72 schools in Detroit, 40% of all public schools in the city, have been closed. Just since 2006, 64 schools shut down. Half of all teaching jobs have been eliminated in the same time period; education of children cannot succeed under conditions of economic collapse.

“Unlike various other proposals, Glass-Steagall worked for 66 years, and prevented any banking collapse like the one we recently experienced. It is 37 pages and simple. It separates commercial banking from investment banking and all forms of gambling schemes. Only commercial banking will receive Federal protection and FDIC insurance. The government will no longer be on the hook for the gambling debts of the large Too Big To Fail banks. It is structural; it does not require cumbersome regulatory schemes; and it works.

“Nothing summarizes the need to go back to Glass-Steagall more than the principles in its succinct preamble: ‘To provide for the safe and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.’

“Join me in this fight in defense of Detroit and the nation.”

## How It Worked

In previous issues (see *EIR* Aug. 2), *EIR* has presented a thorough case on how Detroit and other cities have been systematically looted over recent decades, starting with the takedown of productive industry (which destroyed the tax revenue base), and continuing with

various looting schemes, including the sale of derivative products, which would have been prevented by the Glass-Steagall Act. As the fight heats up over Detroit’s fate (a hearing on the legality of the bankruptcy filing is pending on Sept. 18, and a community hearing has been called by Congressman John Conyers for Sept. 6), the basic facts if the swaps swindle are worth reviewing.

From 2005 on, the city, and then its Water and Sewerage Department, began large, billion-dollar-plus borrowings and refinancing of borrowings, primarily from the Swiss giant UBS Bank and Bank of America. Those banks convinced Detroit to issue variable-interest-rate bonds for the loans, and to buy derivatives on those loans—so-called “interest-rate swaps,” or bets on whether interest rates would rise or fall in coming years. These so-called “interest-rate protection products” proved ruinously expensive to the city.

The Glass-Steagall Act had prohibited banks from concocting these financial derivatives “products.” Had Glass-Steagall remained in force after the late 1990s, hedge funds and investment banks could certainly have offered these “financial weapons of mass destruction” to municipalities. But the overwhelming evidence from around the world is that very few—if any—cities and states would have been trapped into such “swaps” products, had they not been sold them, at the same time, by the same big banks that were buying and/or syndicating the municipalities’ bond offerings.

Without Glass-Steagall, UBS, Bank of America, and SBS could and did sell “swaps” bets to Detroit and its Water and Sewerage Department. As has subsequently been exposed, those bets were “Libor-rigged”; the banks that had bet the municipalities on the direction of interest rates, were also manipulating the Libor base rates.

Since 2006, Detroit has paid an annual average of \$107 million in “negative value” payments to the banks on the derivatives products, including a single \$536 million payment by Detroit Water and Sewerage.

When combined with the city’s loan- and loan-refinancing “fees,” totalling over \$200 million since 2005, it is clear that *non-principal, non-interest, securities payments* to banks have robbed Detroit of approximately *one full year’s revenue* out of its last eight years, through 2012.

Interest-rate swaps on \$3.8 billion in Detroit debt are still outstanding.

Implement Glass-Steagall, and those swaps become illegal again—paving the way for a real recovery based on reviving Detroit’s machine-tool industry, for NAWAPA and beyond.

# ‘Swaps’/Gambling Slams School Districts

by Marcia Merry Baker

Sept. 3—Millions of dollars continue to flow from beleaguered school districts to megabanks—JPMorgan Chase, Wells Fargo, Deutsche Bank, Royal Bank of Canada (RBC), et al.—under rigged gambling practices of interest rate swaps, otherwise formally called “qualified interest rate management agreements.” These, and related swindles, were legalized in many states after the 1999 repeal of the 1933 Glass-Steagall law, separating commercial banks from speculative banks’ betting activities. The reinstatement of this law is the necessary emergency measure to open the way for restoring economic function and creating the future of the nation, in particular, to make way for real education and hope among our children, their parents, and teachers. There is no alternative recourse, and no “local” solution.

U.S. school systems, along with local and state government services of all kinds, have been increasingly undermined, as the national economy was eroded over the last 50 years of deindustrialization and globalization. Deliberately making it worse for schools, was the onslaught against U.S. education in the name of “reform,” by the Bill Gates philanthropo-fascist wing of Wall Street/London interests, as part of undermining the nation-state system itself. This so-called reform crowd pushes every kind of destructive measure, from outsourcing education—charter schools—to busting pay, morale, and tenure of teachers and staff, and of course, promoting computer-brain curricula.

Then, on top of this crisis, over the last decade, came a wave of blatant looting of the resources of schools, by the Wall Street/London networks of banks, financial advisors, corrupt officials and flunkies, to induce local school boards to enter into sucker-agreements, for such contrivances as variable interest-rate loans, interest-rate swaps, CDOs (collateralized debt obligations, tied to crap), and the like. Meanwhile, interest rates themselves were rigged on the Libor, ISDAFix Index, Forex, and by other means.

The big-name financial players include all the usual

suspects: JPMorgan Chase, Goldman Sachs, Royal Bank of Scotland, UBS, Royal Bank of Canada, and more. They are all still in the game, raking it in off schools. Plus, school districts are buckling under the pressure of lawsuits, legal fees, and blood-sucking swaps termination fees.

Of the approximately 12,000 school districts nationwide, thousands have been looted in this way.

On Aug. 28, LaMar Lemmons III, President of Detroit Board of Education, issued a statement denouncing the Wall Street operations, and calling on Congress to immediately reinstate Glass Steagall (see preceding article). He presents details of the devastation to the Detroit area schools in recent years.

The following are a few headline updates on the same destructive process at other locations, beginning with the model story of swaps-looting, as experienced by a central Pennsylvania school district, coerced to pay \$10 million to the Royal Bank of Canada.

The gory particulars of this one instance—there are many similar ones cross-country—show exactly what JPMorgan Chase chairman Jamie Dimon was lauding as successful Canadian banking, in an interview against Glass-Steagall Aug. 7 with the daily *Oklahoman*, in Oklahoma City. Stating his opposition to U.S. Senate bill S. 1282 to restore Glass-Steagall, Dimon lied, “Our [problematic] issues have nothing to do with Glass-Steagall in America, and a lot of the rest of the world didn’t have Glass-Steagall and didn’t have problems, like Canada. . . .”

Here is how the Royal Bank of Canada screwed a school district in Pennsylvania—a Jamie Dimon success story.

## **Pennsylvania: State College Swaps Model**

In Centre County, Pa., the State College Area School District (serving the town where Penn State University is located), started classes this Fall for 6,900 students, under a January 2013 court settlement order to continue to pay multi-millions in blood money to the RBC over



YouTube

*In Chicago, the Board of Education rubber-stamped a vastly reduced school budget, shutting 48 schools and firing more than 3,000 teachers and staff. Here, citizens protest the cuts on the 50th anniversary of the March on Washington, Aug. 28.*

a 2006 interest-rate-swaps deal, for a school never built, for a loan never taken. First, some brief background, then the State College particulars.

In 2003, the Pennsylvania legislature, knuckling under to the Wall Street thug-lobby, passed a law, which allowed municipalities and other local entities to enter into interest-rate swaps and other innovative sucker deals with banks—U.S. and foreign—which, in turn, under the 1999 Federal repeal of Glass-Steagall, could conduct such bilking freely.

By September 2012, 108 school districts (22% of all Pennsylvania districts), along with 105 local governments, including the capital, Harrisburg, and Philadelphia) carried \$17.5 billion in public debt, tied to swaps, through 800 structured deals.

In 2006, the State College Area School District signed an interest-rate swap transaction with the RBC, for a fixed rate of 3.884% on a sum of about \$58 million, associated with a loan, projected to be made in 2007, when the district planned to finalize its borrowing for that amount and break ground on a new school. RBC was to pay the district a floating rate in the swap.

When in 2007, the District re-evaluated going ahead with the project to build a new school—given that bids had come in over budget, etc.—the termination price to get out of the swap was \$168,000 as of June that year. The school district continued its re-evaluation process.

In October 2007, the termination fee on the swap reached nearly \$2 million, because of interest-rate fluctuations. The school district had kept the swap, while it was deciding on whether to go ahead on the new school or not. In late 2007, the school board cancelled the building project altogether, and, rather than the district paying the multi-million dollar termination fee, the swap deal was converted to a higher rate, but on a lowered debt figure (since there was no actual loan), and continued for three years.

By February 2010, the swap termination fee had soared to \$5.5 million.

By Summer 2010, the termination fee hit \$10-11 million.

In August 2010, the School District sued Royal Bank of Canada, claiming that the swap was illegal, because it wasn't tied to an actual debt: The school

loan was never taken out, for which the swap was supposed to be interest-rate insurance. “How can we make interest payments on debt that doesn’t exist? It’s a naked swap. That’s not even allowed under state law,” said an attorney for the school district, Louis Moffa.

RBC countered that the original swap deal was tied to “anticipated” debt, so it must be honored. Moreover, the bank argued that it had taken out new hedging obligations, and they must be honored! That is, in order to “hedge” on the swap deal, the bank entered into contracts with other parties, so the Bank was obligated to pay the other parties—and implicitly, daren’t lose money—so, the local school district must be held to its swaps contract, no matter what.

In May 2011, the school district refused to make a payment of \$978,285 to the Royal Bank of Canada. The bank then filed suit against the school district to recover the full \$10.3 million termination fee. The school district contested.

In October 2011, a Federal judge ruled in favor of the bank, saying that the swap was valid. The school district contested.

At this point, more than 700 such swaps deals had been entered into in the state, according to Pennsylvania Auditor General Jack Wagner, who has repeatedly denounced swaps as nothing more than “a gamble with taxpayer money.”

In particular, RBC, as of 2011, was the biggest municipal-bond underwriter in Pennsylvania (according to Reuters), and also was a leading swaps wheeler-dealer in the state, with at least 88 contracts, including in Harrisburg, which went into bankruptcy/state receivership in 2011.

In January 2013, the school district finally submitted to settling the legal fight, rather than racking up more legal fees, and agreed to pay the nearly \$10 million demanded by RBC on the naked swap. In March, the district wired \$6 million to the bank, which funds came from the general operating budget of schools, as well as separate balances.

The State College Area School District is to pay out the remaining termination fee amount of \$3 million to RBC, over the next five years, with sums due each March, beginning with a payment of \$800,000 in 2014, and \$550,000 annually for the next four years.

One more banker feature of the saga: In 2006, the original advice to the school district, to be “smart” and

take out an interest-rate swap, came from one Lou Verdelli, who at the time worked for Public Financial Management, Inc. (PFM), from which, in 2007, he left to go to work directly for Royal Bank of Canada.

## Other Swindles

**Bethlehem:** In 2007, in order to get out of two of its 13 swap agreements, the Bethlehem Area School District had to pay \$10 million in termination fees.

**Philadelphia:** On Aug. 16, of this year the city announced its agreement to lend the Philadelphia School District, which otherwise lacked the resources, \$50 million, so schools could be opened on time for the Fall semester. For this coming year, the school district, serving 136,000 students, had a deficit of some \$304 million, in which debt service figures prominently, at \$280 million. In June, the school district laid off 3,783 staff (including teachers, assistant principals, and others).

The city’s agreement to provide \$50 million, meets part of an emergency package asked for by the school district, which seeks \$120 million from the state, and millions in “give-backs” of wage reductions from teachers and staff.

School district leaders are undertaking to rehire laid off workers, but the entire education program is in crisis. Gov. Tom Corbett (R), offering at first only \$45 million of a hoped-for \$120 million, demands deep concessions from school employees. The teachers are supposed to agree to a 10% reduction in pay, as their contribution to the “solution.”

The City of Philadelphia itself filed suit on July 26 against nine of the mega-banks for their looting of city resources through swaps derivatives and manipulation of the Libor interest rate.

**Harrisburg:** Besides the capital city being in state financial receivership since 2011—in which swaps-looting by the Royal Bank of Canada figured—the Harrisburg School District is likewise in official financial distress. On Aug. 26, school board approved various of the latest measures involved in operating the schools with lack of resources. It ratified a \$6.4 million loan (interest-free) from a state-administered fund for school districts in “financial recovery.” This involves approving a new chief financial officer to cut costs, while meantime, the metro-Harrisburg area’s economy erodes.

The school district’s two labor unions, over the

Summer, agreed to a 5% pay cut; and a 5% hike in what they pay for health insurance.

### Midwest Districts Hit

**Wisconsin:** Five Wisconsin school districts in 2006 entered into loans, investments, and complex derivatives deals, which subsequently blew up, causing the districts to lose nearly \$40 million, plunging them deeper into the hole on their health-care funds and other obligations, for which purposes, in 2005, they were suckered into dodgy transactions in the first place. The districts are Kenosha Unified, Waukesha, West Allis/West Milwaukee, Kimberly, and White Fish Bay.

The principal players, all of which made millions in the course of various transactions, in the game against the districts, involve Depfa Bank plc of Ireland and RBC, among others, including a Midwest brokerage house. In short, Depfa Bank loaned \$163 million to the districts, which put in their own \$37 million, to invest \$200 million in AA-minus securities, which were supposed to yield more to the school districts than the interest costs the districts had incurred to pay for the loans. The idea of the school districts is that this net revenue stream would go into the schools' health-care funds and other obligations.

The Royal Bank of Canada provided investment product and collateral for the Depfa loans, in the form of a cooked-up "synthetic" CDO, which was based on 100 corporate bonds, whose selection as underlying portfolios was made by RBC, reportedly involving selections by UBS and ACA Management.

The end result was that the securities tanked; the CDO blew out. The school districts lost the \$37 million they had put into the investment; they "gained" only in the sense that they do not have to repay Depfa the borrowed \$163 million, because of a clause in the loan making it a "non-recourse" instrument, spelling out that if the securities bought with the loan failed, the school districts did not have to pay that part.

On Aug. 10, the Securities and Exchange Commission filed suit against the St. Louis-based brokerage firm Stifel Financial, which advised the school districts to do all this. The SEC is charging Stifel with peddling overly risky securities deals to unsophisticated investors.

However, the SEC is conspicuously *not* going after any of the mega-banks for perpetrating this whole pat-

tern of rip-offs of localities. Stifel has filed its own lawsuit against RBC, charging that it concocted the synthetic CDO involved, in such a way as to profit off it—making some \$6.4 million for RBC—when it went bad.

**Chicago:** On Aug. 28, the Chicago Board of Education rubber-stamped a significantly reduced school budget, for the drastically downsized Chicago Public Schools. Board members are appointees of Mayor Rahm Emanuel, former advisor to Obama, and advocate of London/Bill Gates-style education "reform." Over the Summer, 48 elementary schools were closed; more than 3,000 teachers and school staff were fired. The newly passed budget of \$5.6 billion for the Chicago schools slashes \$68 million from classroom spending. A protest rally of 500 demonstrated outside the school board session.

The City of Chicago was paying annually some \$66.9 million in interest-rate swaps deals as of 2010. Chicago Public Schools was paying out, as of 2010, an annual amount in the range of \$35.7 million in swaps deals.

## 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

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# Bankers' Anti-Glass-Steagall Campaign Is a Flim-Flam

by Paul Gallagher

Sept. 3—Since the introduction into the U.S. Senate in July of a second bill to restore Glass-Steagall and the increase in the number of bipartisan Senators sponsoring these bills to 10, Wall Street has publicly “gone to war” against the growing prospect that Glass-Steagall may be enacted.

In brawls provoked by Wall Street bankers in the Delaware Senate, the Atlanta convention of the National Conference of State Legislatures, the California House of Delegates, in op-eds in national and regional newspapers, and of course in the Congress, the American Bankers Association (ABA) has led the mobilization to stop Glass-Steagall.

ABA has over 9,000 banker members, but in each of the cases named above—and others as well—it has been bank lobbyists from the “Big Six” Wall Street banks, and their representatives in the Wall Street “securities industry” associations, who have been fighting Glass-Steagall. The organization is actually headed by conservative Republican ideologues who have never worked in a bank. CEO Frank Keating, Jr., former Oklahoma governor, in the circle of the Koch brothers, did not let his lack of experience in banking stop him from writing to the *Financial Times* Aug. 25 against FDIC vice chairman and Glass-Steagall advocate Thomas Hoenig. The ABA’s chief operating officer, William Hunter, is Keating’s former Oklahoma secretary of state and long-time political factotum. Keating has said in interviews over the past two years that he is “involving the big banks more” in running ABA—he’s specifically named JPMorgan Chase, Goldman Sachs, and Morgan Stanley.

## Threats and Falsehoods

In addition to threats of pulling jobs from states and campaign funding from Members of Congress, the

ABA and Wall Street have used four basic arguments in their “anything but Glass-Steagall” campaign:

- Restoring the Glass-Steagall Act is a campaign of Lyndon LaRouche and LaRouchePAC, and so, it is implied, Members of Congress or legislators who sponsor Glass-Steagall can come under attack by Wall Street for supporting LaRouche;

- The greatly increased size and “diversity” of the big Wall Street and regional banks after Glass-Steagall’s repeal, “strengthened the U.S. financial system”;

- The Gramm-Leach-Bliley Act which repealed Glass-Steagall allowed large commercial banks to “support” [or buy] investment banks before and during the 2007-08 bank panic, and allowed large Wall Street investment banks to become bank holding companies during the panic, and thus Gramm-Leach-Bliley saved the Great Recession from becoming a new Great Depression through a complete crash of all major banks. Glass-Steagall, this argument goes, would have left the investment banks on their own to collapse, and thus *caused* a Great Depression;

- The Dodd-Frank Act, and particularly the Volcker Rule, have succeeded in removing much of the risk and abuse in the banking sector which triggered the 2007-08 panic, and Glass-Steagall will interfere with the action of the Dodd-Frank Act, thereby increasing systemic risk in banking.

The threadbare flim-flams which these “Wall Street talking points” really are, should signal to elected officials who hear them that the big banks think Glass-Steagall can pass Congress—driven by the banks’ own continuing criminal behavior—and are freaked out. As noted, these “arguments” are being supplemented by economic and/or political threats against elected officials in most of the instances which *EIR* has investigated.

The fact that the ABA is increasingly “leading with

the LaRouche argument” makes clear that they fear the momentum for Glass-Steagall, and don’t trust their own arguments against it to have any force with an aroused section of the citizenry which has informed itself about Glass-Steagall over the past three years. Since early this year, the ABA has clearly been stalking LaRouchePAC’s Glass-Steagall campaign in state legislatures, tracking its results and trying to belittle them to legislators in Maryland in April and Delaware in June, among others.

The “LaRouche argument” first went public in the press in South Dakota after that state’s legislature had overwhelmingly passed a resolution for Glass-Steagall directed to Congress. It was ridiculed by both journalists and letter writers to the newspapers: The bankers found that the LaRouche campaign for Glass-Steagall was common knowledge among politically informed citizens throughout the state, and certainly well known to the legislators.

The LaRouche campaign actually locates Glass-Steagall restoration as simply an opening step to restoring Alexander Hamilton’s approach to credit and banking policy, making credit available for great projects such as the revived North American Water and Power Alliance (NAWAPA XXI), to drive a real productivity and skilled employment recovery. Members of Congress in states where the Glass-Steagall campaign has moved state officials, are aware of this as well. Wall Street banks are resorting to both threats and campaign largesse to try to keep Congress away from a Hamiltonian credit policy which will bankrupt Wall Street. South Dakota Sen. Kristi Noem, asked about Glass-Steagall at an August town meeting, proceeded to talk about the NAWAPA plan, as something she hadn’t decided to support!

### **The Significance of ‘Swaps’**

The ABA’s second argument is patently false: The big banks’ escape from Glass-Steagall bank separation and regulation, far from “strengthening the financial system,” directly blew it up within less than a decade. Two destructive processes after the mid-1990s are enough to make this clear: the big banks’ plunge into “shadow banking,” and the global explosion of financial derivatives—especially the devastating interest-rate swaps—once the biggest London and Wall Street banks took complete dominance over global derivatives exposure.

Where 20 years ago, commercial banks usually aspired to be “loaned up,” with 95% of their deposits out in commercial and household loans, today the figure for the whole U.S. banking system is 72%—a record low. For the reason, try JPMorgan Chase’s figure—31%, only a few points below the rest of the “Big Six.” And their lending has continued to fall from 2008, until the most recent quarter, even while community banks have raised their lending in the last year. The situation is even more extreme in London and the EU, where Glass-Steagall-modelled laws were repealed by the 1980s, if they existed. Deutschebank Morgan Grenfell, the world’s biggest derivatives bank, has 11% of its assets in loans.

In place of lending, when freed from Glass-Steagall limitations already by the mid-1990s by Alan Greenspan’s Fed, the big commercial banks plunged into the securities and derivatives markets like investment banks, acquired investment banks, and loaned huge sums to investment banks and hedge funds. One of those hedge funds, Long-Term Capital Management (LTCM), came within a desperate Fed bailout of setting off a global bank panic already in 1999.

The big banks used the “repo” markets (hypothecating securities to issue further securities and derivatives) to throw their deposit bases into the speculative markets. They loaned to money-market mutual funds, which in turn, became large, uninsured “shadow deposit banks,” and loaned back to the commercial banks to feed their securities operations. They plunged federally insured deposit bases into direct ownership of commodities like metals, electricity, oil—previously done by investment banks and barred to commercial banks by Glass-Steagall—in order to speculate in commodity indices and derivatives.

All of the securities-market collapses of 2007-08 resulted from this plunge of multi-trillion-dollar deposit bases of the biggest commercial banks into securities and derivatives speculation, after the takedown of Glass-Steagall. The Federal Reserve’s \$3.5 trillion money-printing for the big banks has simply been used by them as the cash-reserve basis for escalating the speculation.

All of the criminal activities of the banks exposed since the crash, had the same origin. Worst has been the looting of literally tens of thousands of cities, states, pension funds, and companies across the United States

and Europe by the infamous “interest-rate swaps”—sold by banks which were prohibited from doing so by Glass-Steagall. Libor-rigging helped fix those swaps to be destructive to virtually every municipal agency in the world which bought them.

The city of Detroit’s unelected “manager” is now trying to cancel its employees’ pensions while getting ready to pay \$225 million, on Oct. 31, to UBS and Bank of America on such a “swap.” Detroit has already paid out a year’s worth of its total revenue on these rigged, losing bets in the past eight years; and this is typical of cities and municipal agencies across the United States.

These are the results of the Gramm-Leach-Bliley Act’s “improvement of the financial system” from the late 1990s, claimed by the ABA in its anti-Glass-Steagall campaign.

### ‘Anything But Glass-Steagall’

The ABA’s third argument—“bank mergers saved us from a second Great Depression”—appeals to pure fear, and lack of understanding of Hamiltonian credit and banking. Look at *Fortune* senior economic columnist Alan Sloan’s Sept. 1 syndicated column: “One proposed magic bullet gaining currency these days is to solve the system’s problems by bringing back the Depression-era Glass-Steagall Act. . . . I sympathize with this proposal more than you can imagine. . . . [But] reimposing Glass-Steagall would inflict regulatory whiplash. In 2008, as the world melted down, regulators begged Chase to buy Bear Stearns, leaned on Bank of America to complete its then-pending purchase of Merrill Lynch and begged Wells Fargo to buy Wachovia, which had major brokerage operations. All those deals, done at the behest of regulators, would be reversed [with Glass-Steagall’s restoration].”

Those mergers, illegal under Glass-Steagall, were in fact imposed by Wall Street, acting through such figures as Goldman Sachs’ then-Treasury Secretary Hank Paulson. They were followed by a deep economic collapse into mass unemployment and plunging household income, which is still under way five years later. Wall Street demanded that the biggest commercial banks buy failing investment banks and securities broker-dealers, to which those commercial banks had become completely exposed by their own securities/derivatives speculations since the end of Glass-Steagall! The big banks themselves survived the

process by being recapitalized with government bailouts.

The process, and its disastrous results, proves the current argument of the FDIC’s Hoenig for Glass-Steagall: If the mega-banks are not separated *completely* now—broken up, with only their commercial banking units protected by Federal insurance, etc.—then, when crisis hits them again, “they will merge” failing institutions, no matter what regulators think will happen.

Restoring Glass-Steagall will allow Wall Street institutions to fail while protecting commercial banking. The process, as President Franklin Roosevelt understood when he did precisely this in 1933, exposes the lack of credit and bank lending in the economy. It is a first step to issuing national credit for major advances in economic productivity, exemplified by the NAWAPA infrastructure program.

The ABA’s and Wall Street’s most contemptible argument is their recent public embrace of Dodd-Frank against Glass-Steagall. JPMorgan Chase CEO Jamie Dimon, who called Dodd-Frank “idiotic” in Summer of 2012, embraced it as “all we need” in an Aug. 11 interview with the *Oklahoman*. The ABA’s Frank Keating followed with a letter to the paper strongly praising Dodd-Frank, and particularly its yet-unwritten Volcker Rule.

Wall Street has clearly seized control of the writing of the myriad regulations of Dodd-Frank, exempting from regulation everything from foreign-exchange derivatives to subprime mortgage securities. They are using it as “their” club against Glass-Steagall; it allows them to grow still larger, more complex, and more speculation-dominated while it torments the community banks.

And the greater danger: Dodd-Frank’s Title II “bank resolution” scheme allows the Wall Street banks, when their securities speculations fail again and wipe out their capital, to default on their tens of millions of depositors, seizing their deposits as “new capital”—the deadly Cyprus-style “bail-in.” The Swiss banking regulator FINMA’s version of this, published three weeks ago, is typical: It allows for the seizure of up to \$650 billion in depositors’ funds to “recapitalize” just two giant banks, UBS and Credit Suisse.

This is truly, “anything—including broad and murderous austerity—but Glass-Steagall.”

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## Book Review

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# The Bank for International Fascism

by John Hoefle

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### **Tower of Basel: The Shadowy History of the Secret Bank that Runs the World**

by Adam LeBor

New York: Public Affairs, 2013

336 pages, hardcover, \$28.99

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In the aftermath of World War I, fascist movements sprang up all over Europe, and also in the United States. Considerable effort has been spent to portray these fascist movements as outgrowths of rampant nationalism, but that is a deliberate lie. The truth is that fascism is a political movement created and financed by the rentier/financier oligarchs of the Anglo-Dutch Liberal Empire, for the purpose of replacing the nation-state system with a global technocratic dictatorship.

Adam LeBor's *Tower of Basel* sheds a useful light on how this process works, by telling the story of the Bank for International Settlements, known more commonly by its acronym, BIS. His book presents a detailed picture of the relationships between the Nazis and top international financiers, and the intelligence agencies. Along the way, we meet the leaders of the Bank of England, the titans of Wall Street, British and American spooks, and other financiers and industrialists, all of whom collectively made Hitler and Mussolini possible, and unleashed horror upon the world.

Some readers may be puzzled why such seemingly respectable institutions and individuals would work so closely with the Hitler regime, and wonder if they were somehow secret Nazis or Nazi sympathizers. But it is actually the inverse that is true. The Nazis were agents of the Empire!

### **A Bank Above Nations**

The BIS was founded in 1930, nominally for the purpose of handling the reparations payments imposed upon Germany after World War I. The founding members of the bank were the central banks of Britain, France, Germany, Italy, and Belgium, with Japan and the United States each represented by a consortium of domestic banks. In the U.S., the consortium consisted of three banks: J.P. Morgan & Co., the First National Bank of New York, and the First National Bank of Chicago.<sup>1</sup>

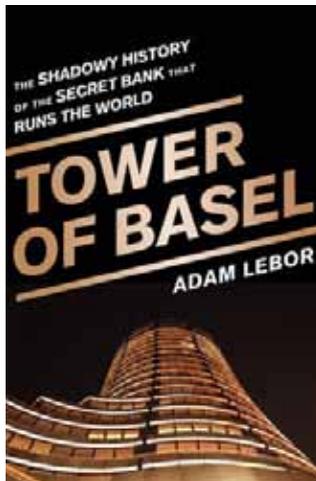
The driving forces behind the founding were Montagu Norman, the Governor of the Bank of England, and Hjalmar Schacht, the head of the German central bank, the Reichsbank. While Schacht liked to refer to the BIS as “my bank,” the Dutch banker Johan Willem Beyen—himself a president of the BIS—put it more clearly: “Norman’s prestige was overwhelming. As the apostle of central bank cooperation, he made the central

banker into a kind of archpriest of monetary religion. The BIS was, in fact, his creation.”

Beyen’s quote goes to the deeper motive behind the founding of the BIS, the creation of the bank as a base from which to create a new form of what was euphemistically called “transnational finance.” The archpriests of the Empire were laying the foundation for what became the globalized financial system of today, a system of financier-run corporate cartels and markets which is essentially a rerun of the methods of the British East India Company, combined with modern technology.

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1. J.P. Morgan and First National Bank of Chicago are today part of JPMorgan Chase, while First National Bank of New York is part of Citigroup.



Under the treaty which founded the BIS, the bank was granted virtual sovereignty—although under the circumstances, it might be more accurate to say that it was granted immunity from the sovereignty of others. No nation was to have any say over how the bank conducted its affairs, nor would their laws apply. Although the BIS is located in Switzerland, it is exempt from Swiss laws, and Swiss authorities cannot enter its premises without permission.

According to LeBor, “[T]he BIS enjoys similar protections to those granted to the headquarters of the United Nations, the International Monetary Fund (IMF), and diplomatic embassies. . . . The BIS has the right to communicate in code and send and receive correspondence in bags covered by the same protection as embassies, meaning they cannot be opened.”

“The bank’s extraordinary legal privileges also extend to its staff and directors,” LeBor writes. “Senior managers enjoy a special status, similar to that of diplomats, while carrying out their duties in Switzerland, which means that their bags (unless there is evidence of a criminal act), and their papers are inviolable. The central bank governors traveling to Basel for the bimonthly meetings enjoy the same status while in Switzerland. All bank officials are immune under Swiss law, for life, for all the acts carried out during the discharge of their duties.”

This protected position was carefully crafted. If your goal were to take control of nations and incorporate them into a new corporatist dictatorship, you would take steps to protect against counterattack by the targets.

### **An Oligarchic Cabal**

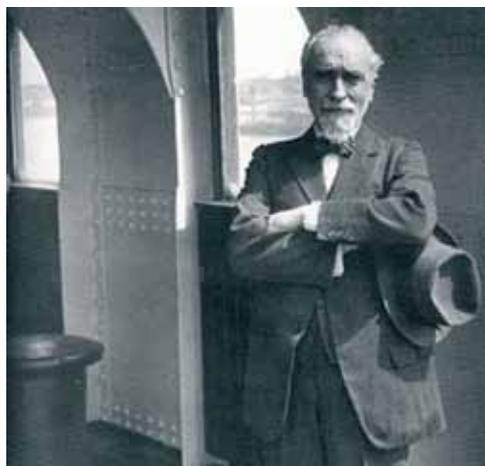
As a conduit for war reparations payments, the BIS was explicitly set up to work with Germany, as the Nazis were coming to power. But the Nazis were themselves a tool of the people behind the bank, led by Montagu Norman and the Bank of England, the mother lodge of fascism. The Brits and the Dutch provided financial and political aid to the Nazi Party, as did their allies on Wall Street. The Wall Street crowd, led, as always, by J.P. Morgan, had organized its own fascist movement in the U.S., under the banner of the American Liberty League. The Morgan networks pumped money into Germany and Italy, aided by the Rockefeller interests, the Warburgs’ Kuhn Loeb, the Brown Brothers Harriman crowd, and Prescott Bush, whose son and grandson each became President of the United States.

Having launched this fascist movement, it was to be expected that the bankers would support it—and they did. The BIS served as a conduit to the banking and corporate interests on both sides of the war, The giant German industrial cartel, IG Farben—notorious for providing the Zyklon B gas used in the concentration camps—had a seat on the BIS board. IG Farben’s U.S. subsidiary, General Aniline and Film (GAF), was a major business partner with the Rockefellers’ Standard Oil. Standard Oil President Walter Teagle, Ford Motor Co. President Edsel Ford, National City Bank of New York Chairman Charles Mitchell, and Paul Warburg all sat on GAF’s founding board of directors. Sosthenes Behn, the head of ITT—which had substantial holdings in Germany—also sat on the National City Bank board, National City being a successor to the First National Bank of New York, one of the original BIS shareholders. New York banks led the way in raising money for Germany in the 1920s, as did the City of London. *Time* put the Morgan-sponsored Il Duce on its cover eight times between 1923 and 1943, presenting Mussolini and his corporatist policies as worthy of emulation in the U.S.

This is just a sample of the interlocking financial and business arrangements. Right in the middle of this nest were the Dulles brothers of the Wall Street law firm Sullivan & Cromwell, which represented a Who’s Who of Wall Street, including J.P. Morgan, Kuhn Loeb, Brown Brothers, the Harriman interests, Goldman Sachs, and GAF. John Foster Dulles was a fixture at the international conferences which established the post-World War I order. His brother Allen Dulles was the OSS station chief in Switzerland during the war, and later became head of the CIA, while John Foster became Secretary of State under President Eisenhower. Their sister, Eleanor Dulles, was also part of the family treason, involved in international diplomacy, and writing a book promoting the BIS.

Foremost among the British banks aiding the Nazis in the City of London was J. Henry Schröder & Co., which set up a trust to invest in German firms, including IG Farben, Siemens, and Deutsche Bank. Schröder partner Frank Tiarks—a director of the Bank of England—set up a subsidiary in New York, Schrobanco, in 1923. Schrobanco was run by a friend of John Foster Dulles, and its board would include not only Allen Dulles, but Gates McGarrah, a director of the New York Fed, a Rockefeller banker, and the first president of the BIS. Another American (and Rockefeller banker),

## The Economic Hit-Men of the Bank for International Fascism



*Montagu Norman, Governor of the Bank of England: "He made the central banker into a kind of archpriest of monetary religion."*



*Hjalmar Schacht (with Hitler), head of the Reichsbank: referred to the BIS as "my bank."*



*J.P. Morgan, czar of Wall Street: organized a fascist movement in the U.S.*



German Historical Museum

*John Foster Dulles: The family law firm represented a Who's Who of Wall Street bankers.*



*Prescott Bush: helped to finance Hitler; his son George H.W. (shown here with Prescott), and grandson, George W. became U.S. Presidents.*

Thomas McKittrick, was president of the BIS when the U.S. entered World War II.

J. Henry Schröder & Co., in turn, was the British arm of the Schröder banking dynasty in Germany, where Kurt Freiherr von Schröder was one of the most powerful and influential bankers, and a staunch Hitler

supporter. Von Schröder hosted the infamous meeting between Chancellor Fritz von Papen and Adolf Hitler, which led to Hitler's appointment as Chancellor of Germany in 1932. Kurt von Schröder was a partner in J.H. Stein in Cologne, which held the slush funds for Heinrich Himmler, the head of the Nazi SS. Schacht person-

ally appointed Schröder to the board of the BIS.

One could go on almost endlessly, but this is sufficient to show how the international bankers see themselves as part of an elite. As LeBor put it: “Nationalities were irrelevant. The overriding loyalty was to international finance.”

## Globalization

The founding of the BIS, LeBor wrote, “was the culmination of the central bankers’ decades-old dream, to have their own bank—powerful, independent, and free from interfering politicians and nosy journalists. Most felicitous of all, the BIS was self-financing and would be in perpetuity.”

The BIS became a linchpin of the Empire’s plan to establish an economic and political dictatorship over all of Europe, and use it as a base from which to attack the United States. This scheme, which would produce the European Union and the single-currency Eurozone, would be augmented by the announcement, at the Bilderberger meeting in 1968, of a “world company” project to replace the “outmoded” nation-states with corporate management, as the vehicle to rule the world; and by the 1971 formation of the Inter-Alpha Group of Banks, to push “transnational” finance.

The BIS helped create the European Central Bank (ECB), as well. The ECB grew out of the European Monetary Institute, whose president, Alexandre Lamfalussy, had been general manager at the BIS.

Today, the BIS is heavily involved in the battle over financial regulation. The overriding line is that global problems require global solutions, and that the best way to provide those global solutions is with supranational agreements under which national regulations give way to global ones. Global solutions which, it should be obvious at this point, work for the benefit of the international banking crowd, not the general public. Once again, this small interlocking cabal of imperial financiers and elitists is protecting their own interests, and hanging the rest of us out to die.

## The Police State

One of the peripheral themes in *Tower of Babel* is the involvement of the spooks, leading with Allen Dulles of the OSS, with mention also of Sir Frank Nelson, the British consul in Bern who later became chief of the Special Operations Executive. In addition to Dulles, at least two other men with direct connections to this BIS/fascist operation became head of the

CIA. One was George H.W. Bush, whose father Prescott Bush helped to finance Hitler. The other was Richard McGarrah Helms, the son-in-law of Gates McGarrah, the first president of the BIS.

This collusion between the bankers and the spooks represents what used to be called the “Bankers’ CIA,” reflecting the way the Empire’s financial and intelligence arms work together. Most people have heard the story of the Rothschilds’ intelligence network, which provided the bank with information on events large and small before it was generally known.

Reflect on that, as you consider the NSA surveillance operations, in which, under the thin guise of hunting for “terrorists,” the spy apparatus has been turned against the public. We have seen many cases where this surveillance/police-state apparatus has been used to catch drug dealers and other small-time crooks, but there is a void when it comes to catching the crooks of Wall Street.

Now consider the fact that the Federal Reserve is spying on you, too. In late 2011, the Fed stated its intent to monitor, collect, and aggregate data from social network sites such as Facebook, and media sites. It solicited corporate assistance to set up a system to “monitor billions of conversations” and “determine the sentiment of a speaker or writer.” The Fed wanted the ability to “Handle crisis situations, Continuously monitor conversations, and Identify and reach out to key bloggers and influencers.” Add to this a CNET report from 2012 on a bill proposed by Sen. Patrick Leahy (D-Vt.) which would allow more than 22 agencies—including the Federal Reserve—to access Americans’ e-mails and other online communications and files without a warrant. That particular bill was scuttled, but the desire of the Fed to track Americans, and its possible receipt of the fruits of unconstitutional surveillance, raise some disturbing questions. What, exactly, does the Fed do with the information it collects? How does it intervene in the discussions? Does it do so surreptitiously?

The Fed is, after all, the U.S. arm of the apparatus represented by the Bank of England and the BIS. It is the chief protector and co-conspirator of the imperial bankers who are imposing fascist austerity upon the people, replacing government with corporate-style governance, and stealing us blind to save the oligarchic system.

Come to think of it, it’s not hard at all to figure out why the Fed is spying on us!

INTERVIEW: KONSTANTIN SOROKIN

## Can U.S. and Russia Ally To Combat Drug-Money Laundering?

With the United States supplying the main military contingent of the now 12-year-long NATO deployment in Afghanistan, the Afghan opium and heroin trafficking economy has expanded an estimated 40 times. As long-established narcotraffickers accumulate massive fortunes from heroin throughout Eurasia, including the dramatic increase in heroin addiction among youth in the Russian Federation, NATO intends to simply “walk away” from this disaster. In April 2013, the non-governmental Joint U.S.-Russia Working Group on Afghan Narcotrafficking presented a report on how the Russian and U.S. governments could cooperate to eliminate this ongoing threat: **Afghan Narcotrafficking: A Joint Threat Assessment**. The report resulted from a project sponsored by the East-West Institute. Russian President Vladimir Putin and Victor Ivanov, director of the Russian **Federal Drug Control Service (FDCS)**, have appealed for this threat to be jointly attacked, most recently at the June 2013 International Drug Enforcement Conference in Moscow hosted by the FDCS and the U.S. **Drug Enforcement Administration (DEA)**. Russia will now be heading the **OECD’s Financial Action Task Force (FATF)** in Paris.



Konstantin Sorokin is an expert in financial crimes, an advisor to the Department of Training and Methodology and Research Projects, International Training and Methodology Center for Financial Monitoring of the Russian Federal Financial Monitoring Service. He was a contributor to the above-mentioned report.

Roger Moore of EIR’s bureau in Wiesbaden, Germany, submitted written questions to him, which he answered in Russian. The views expressed in this interview are Sorokin’s own, and not necessarily those of any government agency.

We publish here excerpts from the interview, which is available in full at [www.larouchepub.com/pr/2013/130906\\_full\\_sorokin\\_intvw.pdf](http://www.larouchepub.com/pr/2013/130906_full_sorokin_intvw.pdf)

**EIR:** Could you elaborate on the dimensions of this problem and some of the ideas discussed on how to deal with the challenge of the Afghanistan-based, Eurasian heroin economy?

**Sorokin:** First of all, Afghan drug trafficking should be seen not only as a national security threat for countries in Eurasia, but also as a global threat to all nations, including the U.S. and the European countries. I do not think that the term “Eurasian heroin economy” is quite correct in this context. The source of the Afghan drug

trafficking problem is opium poppy cultivation in Afghanistan. In addition to Afghan opiate production, it is necessary to take into account the fact that, according to several sources, drugs from Southeast Asia (the “Golden Triangle” countries) are shipped through Afghanistan. The discrepancy between the transit volume and the volume of drug production in Afghanistan, including an estimate of the stockpiles accumulated within the country, is evidence of this. Thus what we have here is a global problem, not just a regional one.

At present, the Russian side chiefly emphasizes the need to destroy the opium poppy crops. The position of the Western countries comes

down to the idea that if you destroy the crops, it can cause discontent among the local population, for whom opium cultivation is often the only source of income. This in turn may lead the population to take up arms against the international troops stationed in Afghanistan. Both sides, however, recognize that real positive results have been achieved through occasional joint operations to destroy drug labs and other infrastructure. This is clearly not enough, yet the Western countries do not want to move for complete crop eradication—although they are well aware of the consequences of not doing so.

The large-scale withdrawal of the international forces (ISAF) in Afghanistan will mean, in addition to the loss of control over several areas (provinces), an increase in opium poppy cultivation, drug production, and trafficking. The troop withdrawals themselves, with the accompanying increase in the transit of military equipment and troops, will also mean an additional margin of growth of drug trafficking. This might involve private initiatives by individual soldiers, who would view a certain amount of drugs they take home with them as “severance pay”; the drugs could be sold for cash. Also, organized groups of corrupt soldiers who have gotten into larger-scale drug trafficking, thus undercutting the interests of their military service and



*Victor Ivanov, the director of the Federal Drug Control Service of the Russian Federation, used this map in a speech in Washington on Nov. 18, 2011.*

discrediting the international contingent.

In addition to the transfer of opiates, which is illegal and a source of illegal money, we need to consider the consequences of the drug threat and its financial component. Its greatest effect is the damage to the national economy due to the premature death and reduced lifespan of drug addicts, their asocial behavior and degradation, and the increase in crime, when drug addicts commit crimes to get the money for their next fix.

One of the key aspects is the actual cash flows of drug money, which even respectable financial institutions (banks, etc.) gladly accept and legalize on a global scale. These funds, mixed with other money, including of criminal origin (for example, from illegal weapons sales and illegal migration), are laundered through the international shadow markets, and then integrated into the legitimate world economy. Such funds are then often used for bribing government and law enforcement officials, lobbying on behalf of laws desired by the criminal community, and other illegal purposes.

### Drug Legalization

Today, however, there is another problem, which tends to be misunderstood and underestimated. In a number of countries in Latin America, facing the drug

threat in the form of armed insurgencies and criminal armies funded by drug production, the idea of allowing the cultivation and sale of drugs under state control is gaining traction. The aim is firstly to preserve the security and integrity of the state, and secondly, to redistribute the resources, thus depriving the criminal groups of sources of funding... Even some countries with less of a problem of separatism, including separatism associated with drug money, support the idea of a state monopoly on drugs.

At the first stage, the idea is just the sale of such drugs to the local population. Then there is indirect evidence that the special services of such countries also promote the export of drugs and handle the illegal income, including its integration into the formal economy. I am deliberately avoiding specific examples, but there is information in the public domain, if you want to find it, about which countries have initiated, and in what form, not only the legalization of consumption, but also the cultivation and sale of drugs under state control. You can find out where such initiatives have been introduced in parliament and what happened with them. The main theme of official rhetoric in favor of these schemes is the idea of redistributing income from the sale of narcotics, away from the informal organizations and into state coffers...

As for Afghanistan and related regional issues, certain aspects can be elaborated. Undoubtedly, the Russian position, which requires the total destruction of the opium poppy plantings, is correct by definition. If there's no poppy, there won't be any production. I do not think anyone would argue with that. Other countries should not focus on criticizing the Russian position, but rather on looking for alternatives for the farmers who are now growing opium poppy in Afghanistan. And the most important thing is to ensure a market for the alternative crops and organize supply chains to bring such products to market.

It is my personal opinion that if we take this idea further, it would make sense to establish some kind of



U.S. Army/Spc. Jacob Warren

*Afghan farmers harvest opium poppy in Kandahar province, April 2011. Opium is the region's primary source of income. The opium economy in the country has expanded 40-fold since the NATO deployment there.*

international institution or body under UN auspices, that could provide for the purchase of food grown by Afghan peasants and direct it to the regions of the world where there is hunger. This will not yield any profit, and would most likely be quite a loss-making project; but if we calculate how much we can save by eliminating the consequences of today's Afghan drug trafficking, the effect will be enormous, incomparably greater than its costs. And the savings, for example on health care in the transit countries and those where Afghan opiates are consumed (with reduced trafficking, it would not be necessary to spend enormous amount of money on health care for drug addicts, as their numbers diminish) are another way free up funds, only in a slightly different form.

An international contingent, under UN auspices and with a UN mandate (rather than under the auspices of NATO alone), could destroy the local terrorist groups and protect the Afghan farmers, who could grow new crops instead of opium poppy. All this will, given the troop reductions, require additional resources that at this moment are not available. However, if you take into account China's obvious interest in this region, Chinese forces might be brought in under UN auspices to address this set of issues. I suspect that the official U.S. government reaction to this proposal would be sharply negative, as would the reaction of the part of the

Afghan leadership that intends to continue receiving income from the drug trade, but I still think that, from a military standpoint, China could be especially helpful in solving the problem.

Alternative development policies for Afghanistan, an armed international presence under UN auspices, and demand-prevention in countries with drug transit and consumption, are, in my opinion, the most effective and viable options for eliminating the drug threat from Afghanistan, with all its implications. Consider once again that today, as noted above, we are witnessing a new trend of state-supported drug production in certain countries, and such initiatives are supported by these countries' neighbors. In the long term, in my view, the problems created by legalization and state support for drug production in Latin America and Southeast Asia will be significantly worse than the Afghan problem is today. To ignore this trend today would be a very big mistake.

### Narcoterrorism

**EIR:** Jihadi terror operations, from Afghanistan through the Caucasus, Syria, northern Africa, and Mali,

have been interfaced with, and financed from, criminal drug trafficking and other criminal operations. Could you elaborate on some of the documentation of this problem, often called “narcoterrorism”?

**Sorokin:** I would like to clarify one thing: Terrorism has no nationality or religion, and the concept of *jihād*—meaning effort or zeal—has nothing to do with terrorism. Some media push the view that terrorism, and belonging to a particular religion, should be equated. This is totally unacceptable.

As for narcoterrorism and the specific features of the region, I want to draw attention to the experience of Iran, which employs the most effective anti-drug-trafficking measures along its borders. Yet Iran is unfairly isolated, ultimately for purely political reasons. Nonetheless, cooperation with Iran against drugs is very, very urgent. Iran has the highest relative interdiction rate for smuggled drugs. It is very unfortunate that a number of nations are pursuing a policy of isolating Iran and of religious intolerance, rather than firmly involving Iran in joint projects to combat drug trafficking. Iran has unique experience and extensive historical and cultural ties with the countries in the region and categorically rejects the drug trade, and would therefore be a most promising ally for all countries interested in solving the problems of drug trafficking from Afghanistan. The active involvement of Iran in suppressing Afghanistan's opiates should become one of the main issues on the agenda. . . .

There is no question that terrorist groups receive funds from the Afghan drug trade. And the experience of other countries, in Latin America and Southeast Asia, shows the need, first, to deprive terrorist groups of their operational foothold, so that they don't have territory of their own, and, second, to completely destroy drug production as a source of cash. After all, one of narcoterrorism's goals is to destroy the institutions of a law-based state, and thus it poses a real threat. And it is transnational in nature, and global in its scale.

### Money Laundering and the Banking System

**EIR:** In the course of the 2007-08 financial crisis, the trans-atlantic banking system froze up, as the London Interbank market, used for highly leveraged speculative trading, shut down. Numerous experts on organized crime and drug trafficking have charged that massive sums of illegal cash were brought into the banking system to replace the London Interbank liquidity. . . .

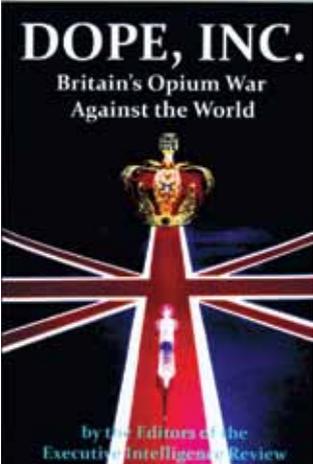
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*This edition, published by Progressive Independent Media, is currently available in limited numbers, so there is no time to waste in buying yours today. The cost is \$25 per book, with \$4 for shipping and handling. It is available through [www.larouchepub.com](http://www.larouchepub.com), and *EIR*, at 1-800-278-3135.*



a problem is the criminal cash laundered in the *Western* banking system for your own work on countering money laundering in Russia and the areas of the **Eurasian Group (EAG)**—Russia, the Central Asian nations, India, China) that your country works with?

**Sorokin:** In answering this question, I want to emphasize a fundamental point. Assessing the involvement of foreign countries and their financial and non-financial institutions in money laundering is, above all, a job for the professionally competent authorities of the country in question, working together—the financial intelligence, police, security services, and regulatory authorities—as part of national risk assessment. The priority tasks of the Financial Intelligence Units, as defined in their regulations, do not include the systematic receipt or active collection of intelligence on the extent of the involvement of specific banking and non-banking institutions and foreign entities in laundering the proceeds, in the way that classic intelligence services in many countries do this. . . .

If we consider the problem of the Russian banking system and compare it to that of other countries, we can see that in recent years the former has undergone far-reaching, positive changes. . . . The special anti-money-laundering operations systematically conducted by the Russian police also have a significant effect.

As for the Western countries—this is my purely subjective view—there is not yet any sign of adequate efforts. Remember the scandals around money-laundering services for the Mexican drug cartels, provided by a respectable financial institution (for reasons of correctness I won't name it),<sup>1</sup> which was heavily fined by U.S. regulators. Russia has never experienced this kind of large-scale incident involving drugs, not even in our worst years. . . .

Therefore, from this point of view, I can say that Russia's financial system in this respect, is more successful than its Western counterpart. . . .

The target destinations of laundered funds are the developed economies of the West. That's where bank accounts are opened and assets are acquired. Developing sector banking systems are not usually preferred asset destinations, but in some cases they serve as sources of funds and as transit countries. The countries of the West,

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1. *EIR* has published extensive coverage on the notorious case of HSBC, the historical Hongkong and Shanghai Bank Corporation of Britain's Dope. Inc., which was caught laundering money for the Sinaloa drug cartel using dummy accounts, fake Federal Tax I.D. numbers, and other ruses—ed.

which actually some years ago realized the problem and created the FATF, are worse off in this regard. . . .

## Methods of Investigation

**EIR:** At the October 2012 annual press conference in Wiesbaden, Germany of the Bundeskriminalamt (BKA), presenting their Financial Intelligence Unit Annual Report, the head of the FIU, Dr. Michael Dewald, stated, "There is no indication that due to the financial crisis, the criminal money that was transferred between states or from within them, and invested in states, in fact increased disproportionately and/or led to dramatic shifts." . . .

Is there really unanimity within the FATF community on this issue?

**Sorokin:** Regarding the financial crisis and money transfers, the first thing that comes to mind is the recent example of Cyprus, where a number of Western banking institutions, through branches of Cypriot banks located outside Cyprus (in London, for example), withdrew a substantial amount of funds, including in the form of cash, to avoid having their bank accounts frozen and paying the proposed confiscatory tax. I cannot comment about there being any common position on the part of certain countries or groups of countries, because there will always be different views of any question, depending on the interests of the parties. But every crisis, as we know, implies the redistribution of both legal and illegal cash flows, as well as of the preferred routes for these transfers. This is the classical economic theory of "capital flight" from unprofitable and risky sectors or national jurisdictions, as capital "looks for" new territories or a "safe haven." The fact that a specific working group has not discovered certain things doesn't mean they don't exist.

## Politics: A Double Standard

And then there is the political factor, which financial intelligence is unable to influence. Sometimes, corrupt officials may gain political asylum in other countries, despite the fact that their activities have little to do with politics, but fall exclusively under criminal law. A number of foreign countries respond rather coolly, to put it mildly, to Russian requests for assistance or extradition. It would be advisable to consider at least some form of remote prosecution of such persons, and the establishment of special working groups, composed of representatives of the country in question and Russia, to consider the issue of repatriation to Russia, after an

open public trial about assets illegally exported overseas. If the foreign court, based on the work done by the joint investigative team, finds a person guilty, he could serve his sentence in the host country.

The main thing for financial intelligence, in my opinion, is the identification and repatriation of assets to Russia. Unfortunately, some countries profess the principle of non-cooperation. It's a double standard. Consider the case files, carry out the investigation jointly with Russian colleagues, identify and confiscate the illegally exported assets, and assist in their repatriation to Russia. But if a particular person is, well, very much appreciated, and you give him political asylum, and that person is fond of, say, Foggy Albion, then let him serve his sentence there. . . .

### 'Too Big To Fail'

**EIR:** In 2012, the U.S. Senate Permanent Subcommittee on Investigations released a 335-page Case History report on the London-headquartered HSBC bank and its role in massive money laundering, in particular for the Mexican cocaine cartels. In December 2012, the U.S. Department of Justice refused to prosecute HSBC, and instead entered into a Deferred Prosecution Agreement (DPA) and imposed a fine, which amounted to a small percent of the profits generated by HSBC's criminal money laundering. Attorney General Eric Holder and then-Criminal Division head Lanny Breuer explicitly defended the lack of prosecution, saying they didn't want to provoke a crisis in the financial system. Many, including among law enforcement and regulators, have criticized this "Too Big To Jail" protection of the "Too Big To Fail" London and Wall Street megabanks.

As less than 1% of the criminal money laundered through the financial system is ever discovered and seized, including the tens of billions of dollars documented in the U.S. Senate HSBC report, what do you think needs to change to address this "Too Big To Jail" problem?

**Sorokin:** As we know, a number of transnational



*From Victor Ivanov's November 2011 presentation.*

corporations operate across multiple national jurisdictions, exploiting loopholes in the laws of their own countries and other jurisdictions. Over the years, this has allowed large multinationals to "optimize" taxation. And the banking institutions that service these corporations and assist them in making money transfers, ought at least to realize that these operations are not entirely legal. But the first step determines all subsequent ones, up to and including the willingness to work with "dirty money." In turn, the sources of the dirty money have a certain amount of political influence and can assist their banking partners. If necessary, they may even lobby successfully for financial bail-outs of failing banks, as well as help in settling various problems with oversight agencies. In my view, such systemically important banks should be held accountable, either by fully nationalizing them and replacing their management, or through prosecuting them, along with individual prosecution of their former senior management, with the preferable penalty being liquidation of the legal entity. . . .

But this is not what happens. Why? The answer lies in the double standards systemically applied in Western societies, where, depending on the current political or economic state of affairs, one and the same event can be interpreted in diametrically opposite ways. And when the governments of several Western countries violate the sovereignty of other countries, carrying out armed

interventions and overthrowing legitimate governments, confiscation of the target countries' assets in Western banks is done with the involvement of only a small circle of insiders among major bank CEOs. And these institutions may in turn demand preferential treatment and support from the government on different issues.

If banks such as these have problems, they can always ask the government, "So, are you any better than we are? What right do you have to judge us, when you use our services to finance regime change in other countries, and—with our assistance—you take the bank accounts of foreign leaders out of their names and hand them over, without any legal grounds, to a terrorist group you have hired (which you call 'the opposition') or simply confiscate the funds? And all we do is transfer money, say from the sale of drugs, and that money remains in the country and creates legitimate jobs and helps the economy; unlike you, we do not kill anyone, sending in our soldiers under cover or hiring private military companies." This kind of rhetoric makes the government hesitate to act, and thus it impedes effective intervention or prevention of such situations. Again, we can see here the clear priority of political considerations over economic ones.

In my view, when we encounter "soft" or "inadequate" government measures with regard to any institution, we need to look for the government's informal or shadow connections with that institution. Such ties may be so strong that they are more important than fighting money laundering or the financing of terrorism. In that case, I would say that the financial institutions are promoting the export of state terrorism in exchange for being let off the hook, plus receiving some financial support in times of crisis. As the saying goes, "You scratch my back..."

### **The Potential for U.S.-Russian Cooperation**

**EIR:** In April 2013, a joint U.S.-Russia Working Group issued the report, "Afghan Narcotrafficking—A Joint Threat Assessment." You were a contributor to the report....

**Sorokin:** Yes, the Russian curators of the project invited me as an independent expert. This was an East-West Institute project, financed by the Carnegie Corporation of New York. The purpose of the project is to assess current and future threats in light of the reduction of the number of international troops in Afghanistan. Great assistance to the group's work has been provided

by government and diplomatic agencies in both countries, those engaged in fighting drugs. The main focus of the project is drug trafficking and related problems. My areas of specialization within the project are not only money laundering and the financing of terrorism, but also economics (customs policy and alternative development strategies for Afghanistan), and military and political issues (the balance of power and political interests in the region and the involvement of regional groups in Eurasia).

The coordination of positions with our American colleagues is a very interesting process. Each side has a certain consistent position, which is often at odds with that of the other party. And often that position is formed on the basis of the assessments of individual experts, who may also differ among themselves. So finding an approach acceptable to both parties is really quite interesting, especially considering that the group consists just of experts, and not politicians and bureaucrats who are subject to various restrictions and political pressure. This is an advantage of the project. I think it is important that experts, independent of their governments, are dealing with these issues and can make a contribution. For example, the Ivanov-Kerlikowske group<sup>2</sup> addresses a certain set of tasks, and the work of our group can significantly supplement that project and bear fruit through political decisions made in our two countries.

Here is just one example of our group's work. A NATO official who was invited to Brussels to meet with our group stated clearly and unequivocally that the withdrawal of troops after 2014 just means a reduction in numbers. When asked whether there was a plan to bolster the numbers of Afghan army and security forces, he clearly said—No! And how should this gap be closed? During the discussion, various options were proposed, such as the active involvement of China under UN auspices (it has armed forces and wants to gain a foothold in the region); the return of Russian border guards to the Tajikistan-Afghanistan border; as well as the active engagement of Iran, which is fighting drug trafficking virtually alone in its area. It would have

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2. The Counternarcotics Working Group of the U.S.-Russia Bilateral Presidential Commission (established 2009) is headed by Gil Kerlikowske and Victor P. Ivanov, respectively the directors of the U.S. Office of Drug Control Policy and Russia's Federal Drug Control Service. The group coordinates U.S.-Russian cooperation in three areas: Drug Treatment and Prevention, Supply Reduction, and Financial Intelligence—ed.

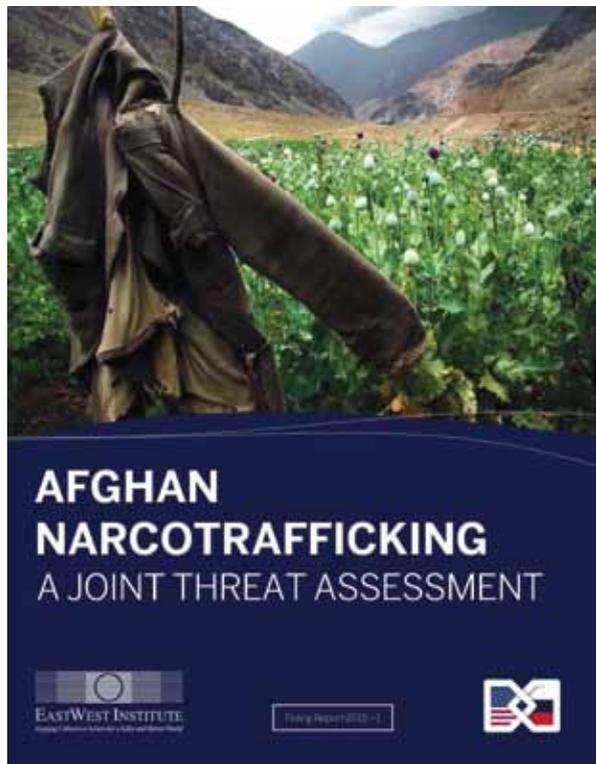
been almost impossible for Russian and American officials to sit in the same room and seriously discuss these three factors, considering the political circumstances—not to mention to deliberate on alternative development policies for Afghanistan and finding markets for Afghan agricultural products other than opium poppy. But our group was able to do that. . . .

Both SOUTHCOM and EUCOM, along with Russia, should be actively involved in upgrading operations in Afghanistan against drug crops, drug labs, warehouses, and shipment routes. These measures are the only way to reduce the threat from Afghan heroin, but they do not solve the problem. Once again, it must be stressed that partnership, under UN auspices, with the countries of the region, especially Iran, Pakistan, and China, should be in focus on the agenda.

### **Eliminate the ‘Financial Infrastructure’ of Drug Trafficking**

Of even greater importance, however, are the identification and elimination of the financial infrastructure of drug trafficking. Cash from Afghan drug trafficking does not entirely return to Afghanistan, but is made legitimate through international money-laundering facilities and then integrated into the economies of leading countries. The focus here should be on the Persian Gulf states, the USA, and the EU. That is where we need joint efforts to look for assets related to Afghan drug trafficking.

In my personal opinion, if law enforcement agencies focus on intercepting consignments of drugs, and military and political leaders eventually agree on replacing Afghan opiates with other crops and destroying drug production infrastructure, there will still be one area not covered, and that is the financial component of the drug business.



*Sorokin commented that this joint Russian-American project had the advantage that “the group consists just of experts, and not politicians and bureaucrats who are subject to various restrictions and political pressure.”*

It’s not only a question of current operations. The agenda should include identification of assets from earlier periods, at least since the Soviet withdrawal from Afghanistan [1988-89]. During this period, a great number of financial transactions have been made to legalize the proceeds of drug sales. Some of these funds were spent on the purchase of weapons, including in Western countries, starting with the armed conflict after the collapse of pro-Soviet Afghanistan. After the Taliban takeover, the financial flows from Afghan opiates changed their “architecture.” The same thing happened when the international contingent entered and the Taliban lost their positions. I believe that all of these events and the fi-

ancial flows associated with them should be a constant focus of the Financial Intelligence Units of law enforcement agencies all over the world, taking into account that in many countries the FIUs were created relatively recently, about 10 years ago. In parallel, work must also be done on current operations. It is especially urgent to gain practice and collaborate on identifying, freezing, and confiscating criminal assets, as well as repatriating them. And this work should be highly prioritized throughout the world.

In conclusion, I would like to point out that Russia’s efforts have been recognized by the international community, and in July of this year Russia assumed leadership of the FATF. This gives us hope that the problem of Afghan drug trafficking and related financial flows will be reflected in the activities of all countries, and that making the financial infrastructure of drug trafficking a target of our law enforcement agencies will make it possible, forgetting about our political disputes, to strike a crushing blow against this international evil.

—Translated from Russian by Henry Söderström

# *Thermonuclear Fusion, Not Nuclear War!*

Before our next issue of *EIR* appears, the U.S. Congress is likely to have made the fateful decision, as to whether to launch aggressive war against Syria. The evidence is overwhelming that the wrong choice leads us straight to thermonuclear war.

But there *is* another alternative, one whose groundwork was laid way back in the 1960s, with the Presidency of John F. Kennedy, our last President with the full commitment to the American tradition of scientific and technological progress. That alternative is the leap to thermonuclear fusion power as the platform for a new economy of prosperity for all mankind.

The Kennedy Administration, and assassination, was truly a major turning point in the history of this nation, as Lyndon LaRouche has insisted. From the moment JFK was removed from office, the United States has gone down, down, down—economically, politically, and in foreign policy. The most obvious immediate change was the commitment to the war in Vietnam, a war the martyred President had been determined not to fight. But, with that, came a dramatic paradigm shift toward the imperial outlook, in which cooperation among nations for progress was replaced by continuous war, and investment for nuclear power development was scrapped in favor of green policies that guaranteed growing poverty, and accelerating death rates.

Can you remember when Americans were last inspired to commit our resources to achieving a great, positive goal for mankind? The enormous mobilization which President Kennedy announced, for the U.S. to put a man on the Moon within the decade of the 1960s, stands out as the unique example, the source of inspiration for most of the scientists we have today, and the last spur to scientific

progress within our economy. While often cast in geopolitical terms, Kennedy's commitment to the space program was *not* one-upmanship, but a vision for cooperation among nations for the greater good of all, including world peace.

Had Kennedy's program prevailed, we would have had an expanded nuclear fission program, including to Third World nations, along with NAWAPA, and most likely, a leap to thermonuclear fusion power as well. Kennedy spoke to the identity of Americans as pioneers for scientific progress, which he understood to be a process that had no end. Can anyone imagine our more recent Presidents saying, and acting on, the following idea?

“Our problems are man-made—therefore, they can be solved by man. And man can be as big as he wants. No problem of human destiny is beyond human beings. Man's reason and spirit have often solved the seemingly unsolvable—and we believe they can do it again. . . .”

With Kennedy's death, the very opposite outlook took over, imposed by the British financial oligarchy that told us we were “small,” we had to submit to our limitations and fate, we had to conserve and contract, not reach to the stars. The British monarchy's green ideology reached for our throats and contaminated our brains, especially those of our youth. We were on the way to killing our economy, our spirit, and ultimately, millions of people.

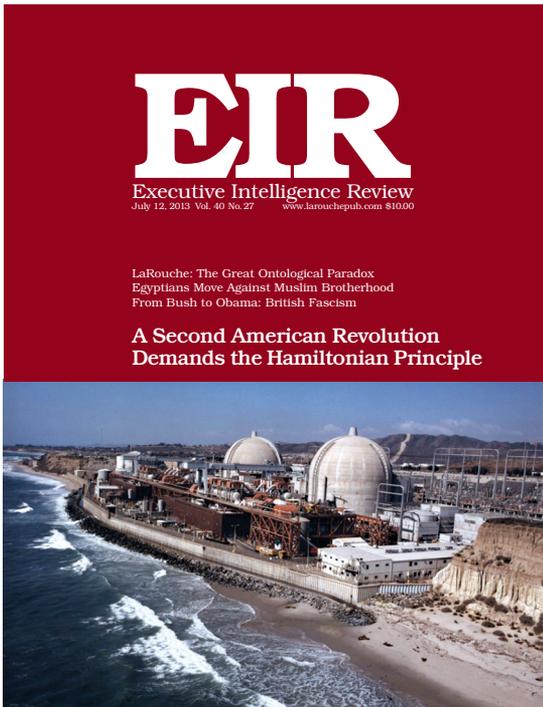
Today's crisis calls for the spirit of JFK—like that of his American patriotic predecessors—to be brought back to life by a relentless campaign for a scientific leap into a thermonuclear-fusion-driven economy. We hope recalling his story will help inspire you to join us in making that leap.

Thermonuclear fusion, not thermonuclear war!

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