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Will Ukraine Be Flashpoint for Thermonuclear War?
Obama, Bernanke, Wall Street: Crime of the Century
'Shifting the Economic Narrative': The Real Agenda

A Paradigm Shift for Progress; Break the EU's Death Grip



Founder and Contributing Editor:

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e-mail: eirms@larouchepub.com

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www.executiveintelligenceintelligencereview.com

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Webmaster: John Sigerson

Assistant Webmaster: George Hollis

Editor, Arabic-language edition: Hussein Askary

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(703) 777-9451

European Headquarters: E.I.R. GmbH, Postfach

Bahnstrasse 9a, D-65205, Wiesbaden, Germany

Tel: 49-611-73650

Homepage: <http://www.eirna.com>

e-mail: eirna@eirna.com

Director: Georg Neudecker

Montreal, Canada: 514-461-1557

Denmark: EIR - Danmark, Sankt Knuds Vej 11,

basement left, DK-1903 Frederiksberg, Denmark.

Tel.: +45 35 43 60 40, Fax: +45 35 43 87 57. e-mail:

eirdk@hotmail.com.

Mexico City: EIR, Calz de los Gallos 39 interior 2,

Col Plutarco E Calles,

Del. Miguel Hidalgo, CP 11350,

Mexico, DF. Tel 5318-2301, 6306-8363, 6306-8361

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From the Managing Editor

We are pleased to close out the year on an optimistic note, provided by Helga Zepp-LaRouche, whose address to the BüSo party congress in Germany we publish in full as our *Feature*. Her touchstone is the breaking situation in Ukraine, which “has made the choice between a dying system, the EU, and the possibility of prosperous cooperation with the Eurasian states”—as a microcosm of the worldwide battle against the financial oligarchy and for Glass-Steagall and the World Land-Bridge. Zepp-LaRouche also reviews the decades-long battle waged by the international LaRouche movement to uphold the general welfare and the dignity of man, against globalization, deindustrialization, depopulation—in short, genocide—all documented and illustrated with original graphics.

“Will Ukraine Be Flashpoint for Thermonuclear War?” is the question posed at the beginning of our *International* section, by EIR Editor Nancy Spannaus, in which Ukraine is on the front lines in the war against the murderous Troika. Next, “Russia To Defend Traditional Values, Escape Financial Offshore Havens,” reviews President Putin’s annual speech to the Federal Assembly. And from Greece, the leader of the Independent Greeks calls for an FDR solution to the crisis there.

Economics leads with “Obama, Bernanke, Wall Street Commit Crime of the Century,” an analysis of the destruction done by the Fed’s hyperinflationary QE policy; followed by a report on “Mobilization To Stop Detroit Pension Theft”; and “The World Needs the U.S. Fusion Program”—how the rest of the world is leaving the U.S. in the dust on development of thermonuclear fusion power.

Lyndon LaRouche’s “On ‘Shifting the Economic Narrative’: What Was the Real Agenda Then?” (*National*) challenges a recent commentary by a trio of political types who should know better.

We round out the issue with a speech by Megan Beets of the LaRouche “Basement Team” to the Nov. 2 Schiller Institute conference on “The Biogeochemical Effect of Culture” (*Science*).

The Editors wish all our readers the most joyful of holidays, and a New Year that brings a seismic shift on behalf of mankind. Our next issue will be dated Jan. 3, 2014.



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Helga Zepp-LaRouche addresses a conference of the Civil Rights Solidarity Movement (BüSo), in Mainz-Kastel, Germany, on Dec. 1.



EIRNS/Christopher Lewis

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The Civil Rights Solidarity Movement (BüSo) convened to plan its campaign for the May 2014 European Parliament elections. BüSo chair Helga Zepp-LaRouche gave this keynote speech, a strategic overview of the world situation, from the danger of war in Asia, to the intervention of Pope Francis against “an economy that kills,” to the mobilization in the United States for Glass-Steagall. She presented a detailed report on the European Union’s takedown of Europe’s productive economy and labor force; the atrocity of the Trans-Atlantic Free Trade Agreement (TAFTA), which is being prepared in secrecy; and the incompetence and cowardice of Germany’s political establishment in the face of these dangers. She concluded with a lengthy discussion of what must be done, featuring the role of the LaRouche movement during the past 40 years; China’s current offer for Eurasian development; and the lesson of President John F. Kennedy’s legacy for the United States and Europe.

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Panos Kammenos, leader of the Independent Greeks, one of the leading opposition parties in the Greek Parliament, called for the implementation of a Glass-Steagall law in Greece, Europe, and the United States, in a speech on the occasion of the government’s submission of its 2014 budget. This is the first call for Glass-Steagall in the Greek parliament.

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Megan Beets gave this presentation to the Schiller Institute’s New Paradigm Conference in Los Angeles on Nov. 2. “There’s no way that we will win the current political fight,” she said, “and there’s no way that the projects that we’ve been discussing, and the cooperation and the national agreements, will take place and move forward for very long at all, if we hold onto a depraved culture.

Editorial

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How We Shall Break The EU's Stranglehold

by Helga Zepp-LaRouche

At the European Conference of Germany's Civil Rights Solidarity Movement (BüSo) in Mainz-Kastel, Germany on Dec. 1, the party's national chair, Helga Zepp-LaRouche, gave this [keynote](#) speech, which has been slightly revised and shortened for publication.

Good day, dear BüSo members, distinguished guests, our conference is preparatory to the European parliamentary elections in May 2014, and I want to tell you that I am confident that there is a very good chance that we can implement the program that we have made our theme here, and that it will be possible to have a Europe of the Fatherlands,¹ which will be dedicated to a common mission for humanity.

Why am I so optimistic? This is of course not the *Zeitgeist* here in Germany, which is still groaning from the effects of the “non-election” campaign, which will now continue with a non-discussion during the coalition negotiations. But I am still very optimistic. Because with the European elections scheduled for May 22-25, there is still almost half a year left, and during this half-year there will be such dramatic developments, that nothing will be what it like looks today. In fact, the world is now in incredible turmoil, and it is likely that the EU stranglehold, which is now choking the peoples of Europe, will break by then.

Why am I so optimistic? You may have noticed that an earthquake is taking place right now, breaking apart Ukraine's association with the EU. Ukraine has just removed itself from the vise-grip of the European Commission and the EU bureaucracy, obviously not because—as the media here claim—[Russian President Vladimir] Putin put such unbearable pressure on Ukraine, but, as will become clear during my talk, because people

1. French President Charles de Gaulle's phrase, referring to sovereign nation-states. (All footnotes are by the translators.)



EIRNS/Christopher Lewis

Helga Zepp-LaRouche addresses the BütSo conference on Dec. 1. "I am optimistic," she said, because we have the opportunity to intervene in the "incredible turmoil" of the world, to bring about a new economic system.

in Ukraine just want to survive, and therefore see no reason to join the bankrupt EU. Instead they see their future in cooperation with Russia, China, India, and the other Eurasian countries.

In other words, Ukraine has made the choice between a dying system, the EU, and the possibility of prosperous cooperation with the Eurasian states. And that is ultimately the choice that we in Germany have to make too. Do we stay in the EU corset or do we choose cooperation with the very, very quickly developing Eurasian Land-Bridge?

There is a very, very great possibility that between now and the elections, the trans-Atlantic financial system will collapse; I would say it's almost certain. The financial system could even disintegrate before the end of this year. There will also be dramatic developments in the battle for reinstatement of Glass-Steagall in the United States; dramatic developments in the collapse of the Obama Administration; and rapid progress in the realization of the Eurasian Land-Bridge.

Critical Weeks for the Financial System

Let's first look at the disintegration of the trans-Atlantic financial system. We have spoken with leading

financial experts and well-placed persons in America, and a very large number of these people believe that the chance of a collapse in the next few weeks is far greater than 50%. On Dec. 13, a bipartisan U.S. congressional commission is supposed to present proposals for dealing with the long-term debt, and to date, there is no compromise in sight between the Republicans and the White House; this alone could be enough to cause the collapse of the system of supposedly too big to fail banks.

The next critical point comes when the transitional budget comes to an end on Jan. 15, and then again, when the debt ceiling is reached after Feb. 7.

If the government shuts down during this period between December and early February, as it did in the Fall, raising the threat of U.S. bankruptcy again, then it is

the view not only of Lyndon LaRouche, but also of senior people from in and around the Federal Reserve, that the entire global financial system could evaporate, in what was once correctly referred to by Bill Gross of PIMCO as "a supernova of the financial system."

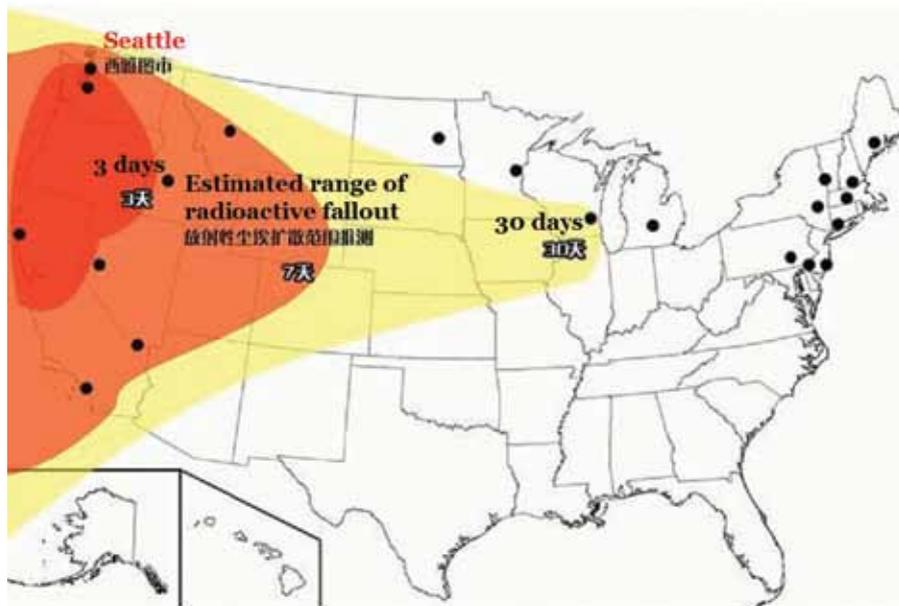
War Danger Shifts to East Asia

So that is one determining factor. The other is of course that we are still at the brink of nuclear war. To be sure, the strategic confrontation over possible U.S. military intervention in Syria has lessened; through a very, very remarkable combination of Putin, Russian Foreign Minister Sergei Lavrov, U.S. Secretary of State John Kerry, and head of the U.S. Joint Chiefs of Staff Martin Dempsey, the danger has been reduced that a military intervention there could escalate to a potentially global thermonuclear war. The danger is not completely gone, but it is considerably reduced. And with the successful agreement of the P5+1 in the negotiations with Iran, the danger of war in Southwest Asia has also become significantly less.

But you all have seen that a new strategic confrontation is building in the Pacific. As usual, the media reports are completely misleading; the headlines tell you

FIGURE 1

China's Projected Reach of Its Submarine-Based Nuclear Missiles



Global Times

that “military hotheads” are arguing over some uninhabited rocks, or that it’s all about raw materials that are supposedly to be found in these islands. But in reality something quite different is going on. Namely, China’s reaction to the U.S. so-called “Asia Pivot,” shifting the American strategic focus to the Pacific region.

In fact, this involves an encirclement strategy: Especially since President Obama’s trip to Asia in 2011, the U.S. has been seeking more and more bases and strategic alliances with countries in the region, to be able to overcome mainland China’s defenses with U.S. aircraft carriers, and to be able to eliminate China’s entire nuclear arsenal with the combined U.S. capabilities.

This was admitted earlier this year, in an article by Keir Lieber and Daryl Press under the title “The New Era of Nuclear Weapons: Deterrence and Conflict,” published in *Strategic Studies*, the quarterly magazine of the U.S. Air Force. The article argued that the existing NATO strategy of “Mutual Assured Destruction” no longer holds up, because the development of nuclear weapons and targeting abilities would now allow the nuclear potential of an opponent to be eliminated without causing radioactive fallout.

A similar article appeared in the *Yale Journal of International Affairs*, by Prof. Amitai Etzioni, under the

title “Who Authorized Preparation for War with China?” He makes practically the same point, saying that the Pentagon has commissioned plans for a war of aggression against China. But he calls for an urgent discussion in Congress and the White House, and the only error in the article, it seems to me, is that he says the Pentagon commissioned this study, whereas to the best of our knowledge it comes from Obama’s inner circle.

Then in late October, maps like this one (Figure 1) suddenly appeared in all the Chinese media, posing the thesis that if there is an attack on China, it would be able to reach the entire West Coast of the United States by means of its 70 strategic submarines. You can see that the yellow curve, which shows the fallout, reaches as far as

Chicago. And there are other maps, which I don’t have here, that show that Chinese ICBMs could reach the East Coast. That was reported a few days later in the *Washington Post*, *Washington Times*, and elsewhere.

That is very clearly not a reaction to any islands or uninhabited rocks somewhere in the Pacific Ocean or the China Sea, but is rather a reaction to the American “Revolution in Military Affairs” doctrine. This is a utopian concept, basically treating the military capabilities of states as the only relevant facts, and these facts are then inserted into a kind of computerized geopolitical game theory, and the computer program then spits out the optimal strategy as a derivative.

This theory was already applied in the Iraq War. Now, if you look at Iraq today, you will see that while Iraq perhaps had no special freedoms under Saddam Hussein, it was still prosperous—infrastructure was developed, women could study, and it was basically proceeding in quite a good direction. Today, Iraq is being bombed back to the Stone Age, ripped apart by attacks every day, a religious war between Sunnis and Shi’ites, and absolute poverty. Iraq has been turned into a hell, on the basis of this doctrine.

This is the context in which China, a week ago, set up an air defense zone in the China Sea over the so-called Diaoyu/Sinkako Islands; the Chinese Defense

Minister reported at the time that it was intended “to protect against possible air attacks.” Three days later, the United States sent two B-52 bombers over this area, without notice, to make it clear that it does not accept this arrangement from China. China initially responded with restraint, but now has sent bombers itself to this region, a quasi-warning that, if there are flights in this area that have not been reported in advance, they run the risk of being shot down. Meanwhile, China sent its aircraft carrier *Liaoning* past Taiwan in the China Sea, and American aircraft carriers are also heading that way.

While that is certainly not something that would lead immediately to Third World War, of course it aggravates the situation. And Ambrose Evans-Pritchard wrote an article in the *Daily Telegraph* a few days ago, comparing this development in the China Sea with what happened from Agadir to Sarajevo [1911-14], with the deployment of the German gunboat *Panther* to Agadir in Morocco, in an attempt to split the Anglo-French alliance; it failed, putting into motion the pre-history of World War I (or continuing it). This really shows you, especially if you know who Ambrose Evans-Pritchard is, that this was less of a warning and more of a threat, because the forces that are driving for such a confrontation are a part of the Anglo-American establishment.

These two existential strategic dangers determine the framework for the development of Europe—i.e., there are no local events in Europe or anywhere else in the world, and not even any national events, that could be solved within the borders of one country. And the fact that the strategic realities—the financial collapse, the military-strategic threat—were completely absent from the virtual election campaign in Germany and that they now are playing no role at all in the German government coalition negotiations, does not mean that the developments in this terrain are not decisive for the future of Germany and Europe.

That’s the negative side; but luckily there are three very important factors that show a strong positive trend, toward a solution. These three trends are all connected to each other, and we are playing a very crucial role in each of them, in one way or another.

The first is of course the mobilization of the La-Rouche organization in the United States and worldwide for Glass-Steagall and the World Land-Bridge. The second, extremely important intervention came from Pope Francis, with his new Apostolic Letter; and the third, also enormously important development is the Chinese government, which has adopted the New

Silk Road perspective. That has been our policy since at least 1991—but actually for much longer, since 1988, or actually already in 1976.

Evangelii Gaudium

Let’s begin with the Pope’s Letter. Although the predicates are different, the real meaning of this new Apostolic Exhortation can really only be compared to the encyclical of Pope Pius XI of March 21, 1937. The title of that encyclical was “With Burning Concern,” and of course it dealt with the events in Nazi Germany.

What was then directed against the Nazis is directed today against the tyranny of a financial system that kills. In this Exhortation of Nov. 26, 2013, the Pope writes that, as the fifth of the Ten Commandments says, “Thou shalt not kill,” that also applies to the economic system, which is leading to exclusion and inequality, an economic order that kills.

This Exhortation, which I can only recommend to each of you to read for yourself, of course generated enormous commotion in the financial media, which completely lost its cool; the same, of course, for the not-so-progressive elements within the Catholic Church itself.

In this document, “*Evangelii Gaudium*” (“The Joy of the Gospel”), the Pope calls on all financial experts and political leaders around the world to carry out a financial reform that defends the common good, that replaces the tyranny of survival of the fittest—where the powerful live at the expense of the powerless, where the Golden Calf of ancient times is worshipped again, and where people are used up and then thrown away.

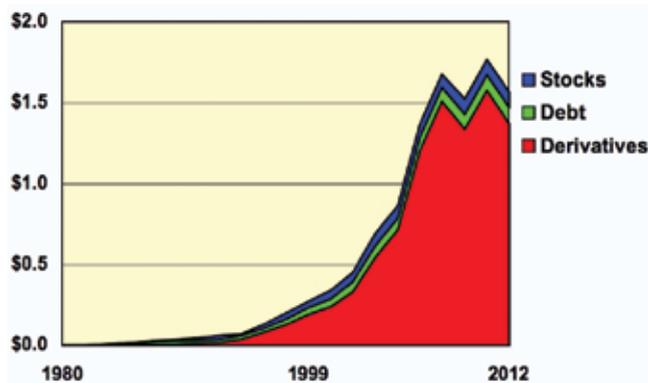
He sharply attacks the ideologies that defend the absolute autonomy of the markets and financial speculation, and that reject the right and duty of the state to protect the common good. He says that this ideology has created a new tyranny that allows the toleration of evil, an evil embedded in the structures of society, and that has a constant potential for destruction and death.

This absolute domination of markets and financial speculation must be rejected, he says. The dignity of each human person and the pursuit of the common good must shape all economic policies. He then addresses an urgent appeal to all Catholics—over a billion people worldwide—to break with the customs, rules, and structures that have become a “tomb psychology” that “slowly transforms Christians into mummies in a museum.”

We in Germany should also present this direct appeal to all party members and political parties that

FIGURE 2
World Financial Aggregates

(\$ Quadrillions)



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have a “C” in their name [for “Christian”], e.g., Chancellor Merkel, who recently visited the Pope; Mr. [Horst] Seehofer and all the other members of the Christian Democratic Union/Christian Social Union; we should confront them with this papal Exhortation in the coming weeks. And it will naturally have a tremendous impact on countries that have a high proportion of Christians or Catholics, such as France, Italy, Spain, Africa, Latin America, the United States, as well as South Korea and the Philippines. This provides tremendous leverage.

The Mobilization in the United States

Now to the most important factor, which I mentioned first, which is most critical to the solution: our mobilization in the United States. We are the most powerful force in the world, and especially in the U.S., for breaking this tyranny of the murderous financial system. We are engaged in a massive mobilization to bankrupt Wall Street, to end this casino economy forever. Thanks to our several-year-long mobilization, there are new bills in Congress, which now have 80 co-sponsors in the House, 11 in the Senate; and in 25 of the 50 states, resolutions for Glass-Steagall have been either introduced or passed.

This all occurs in a situation in which America—much more so than is perceived in Europe—is in a revolt against Obama, mainly because of the Obamacare health-care reform. When the Pope says that this financial system kills, that is no abstract issue for the up to 93 million Americans who could be effectively cut off from health care by Obamacare; many of them will

not be able to afford it, and absolute chaos has erupted. This means that this idea, that the financial system kills, affects people very directly.

Obama is at a record low in the polls for any U.S. President: In recent weeks only 34% supported him, and there is raging “hand-to-hand combat” between Wall Street and the people who want to re-institute Glass-Steagall.

Wall Street has five lobbyists in Washington per Congressman. Jamie Dimon, the CEO of JPMorgan Chase, went personally to Delaware and Texas, to threaten their state legislators that if they dared to support a resolution for Glass-Steagall, he would pull out 40,000 jobs from those states.

In the middle of the government shutdown, a Wall Street delegation went to the White House to tell Obama that they hold him personally responsible for preventing Congress from ever voting on Glass-Steagall.

But efforts are also expanding for the impeachment of President Obama, and there is now a long list of reasons that would suffice for impeachment—about ten constitutional reasons. The more Obama fails—and in Europe itself and even in Germany, people have now been somewhat cured of their “Obamamania”—the angrier Obama gets, of course, the greater becomes his tendency to dictatorially defy the Constitution and to govern on the basis of Carl Schmitt’s Emergency Decree policy,² by “Executive Orders.” An example of this was the vote to change the filibuster rules in the Senate, which had protected the constitutional rights of the minority party.

But a full-scale mobilization is underway for Glass-Steagall throughout the country, and characteristic or symptomatic of the growing mood there was a speech by Sen. Elizabeth Warren [D-Mass.], to the Roosevelt Institute, calling for the immediate implementation of Glass-Steagall, and choosing the optimistic slogan: “David beat Goliath... We just have to pick up the slingshot again.”

An Economy that Kills

Let’s look at the reality of this economy that kills.

Figure 2 shows world financial aggregates. You can see that stocks and bonds are basically quite small. The way this monster developed, was that after the abolition of Glass-Steagall in 1999, and even continuing beyond

2. Carl Schmitt was the “crown jurist” for the Nazi party, who wrote the Emergency Decrees that allowed Hitler to seize dictatorial power.

the great financial crash of 2008, with a combination of “quantitative easing”—money printing—and the most brutal austerity, derivatives have grown to an unbelievable size: \$1.6 quadrillion of financial aggregates, of which \$1.4 quadrillion, or nearly 90%, are derivatives. In proportion to the total debt of states and households, plus the stock markets, this is obviously much, much more: Debts and stocks are “peanuts” compared to this monster. The official figures from the Bank for International Settlements (BIS) point to \$700 trillion in outstanding derivatives, but if you include the “over the counter” (unregistered) derivatives, you get about double that.

Figure 3 shows the trans-Atlantic “quantitative easing” since 2008, which in the U.S. is up to \$4 trillion in 2013, currently increasing by \$1 trillion per year; next comes the U.K., with an increase of \$1.2 trillion in the same period; then \$2 trillion from the European Central Bank, for a total of \$7 trillion in the trans-Atlantic region. If we assume that bail-in legislation on the Cyprus model were applied throughout the trans-Atlantic region, that would again mean \$7 trillion by 2014. If we include the Japanese trillions, we get a grand total of \$18 trillion in bailout and bail-in money.

You can easily see that this is only 1% of the \$1.6 quadrillion. Even if they totally expropriate savings accounts and business accounts, there is still only one conclusion to be drawn: The system is totally bankrupt. It cannot be saved; it is at an end.

Looking now at the debt to GDP ratio of the European states (**Figure 4**), we see that for Greece, Italy, Portugal, Spain, and Cyprus, for example, if the objective of the Troika is supposedly to reduce debts by means of the “debt brake” and austerity measures, exactly the opposite has occurred! The debt has considerably increased since 2008; it is now 125% of GDP in Ireland, 88% in Spain. Compare that with Argentina, which the IMF practically threw out in 2003: The total debt of 155% has been reduced to 43%.

Now let’s look at Greece, the so-called “success story” (**Figure 5**). Chancellor Merkel recently claimed that Greece is on the road to recovery and all is well. Yeah, right: poverty +30%, prostitution +150%, population decline 10%, birthrate -10%. Greece is dying. That is no success story, but genocide.

FIGURE 3
Trans-Atlantic QE and Bank Lending
(\$ Trillions, Cumulative Change)

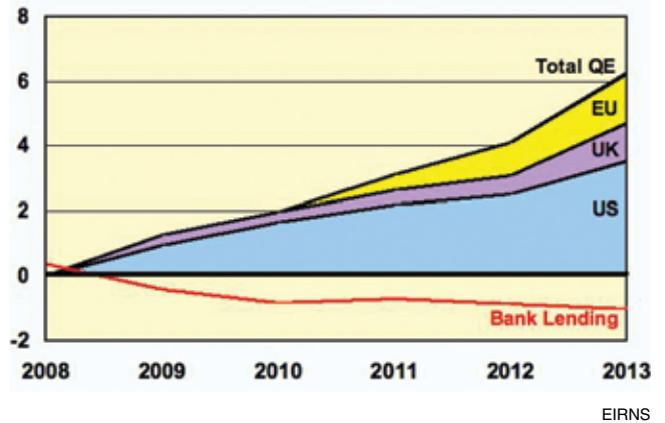


FIGURE 4
Debt to GDP Ratio

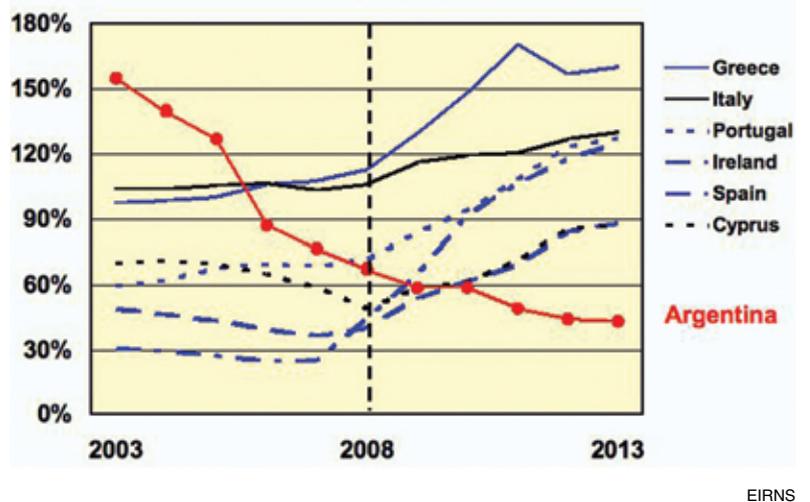
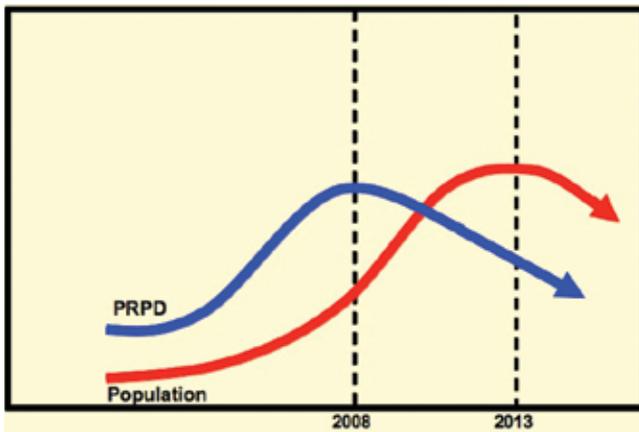


FIGURE 5
Greece: An IMF Success Story

Poverty	+ 30%	(08-12)
Homelessness	+ 25%	(08-12)
Still Births	+ 22%	(08-11)
Suicide	+ 27%	(10-11)
Prostitution	+150%	(08-12)
Total Population	- 10%	(09-12)
Birth Rate	- 10%	(09-11)

FIGURE 6
Potential Relative Population Density

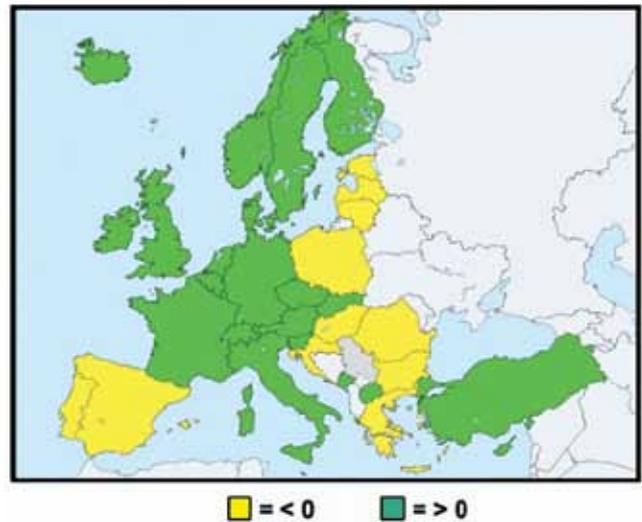


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And it's not a matter of incompetence, but rather the intention of what might be called the British monarchy or the financial oligarchy. The best quote, which really throws a light on this mindset, comes from Bertrand Russell in *The Impact of Science on Society* (1951): "War has hitherto been disappointing in this respect [of population reduction] ... but perhaps bacteriological war may prove effective. If a Black Death could spread throughout the world once in every generation, survivors could procreate freely without making the world too full. ... The state of affairs might be somewhat unpleasant, but what of it? Really high-minded people are indifferent to happiness, especially other people's."

That is the mentality.

FIGURE 7
Net Population Growth Rates, 2012

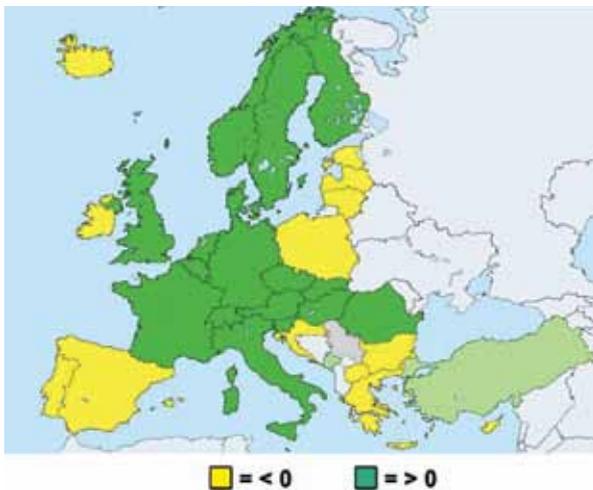


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If we now look at the size of what Lyndon LaRouche has always considered the most important factor, potential relative population density (**Figure 6**), we see that if physical industrial capacities and labor capacities are dismantled, then, with a certain time lag of course, the potential relative population density in the country collapses.

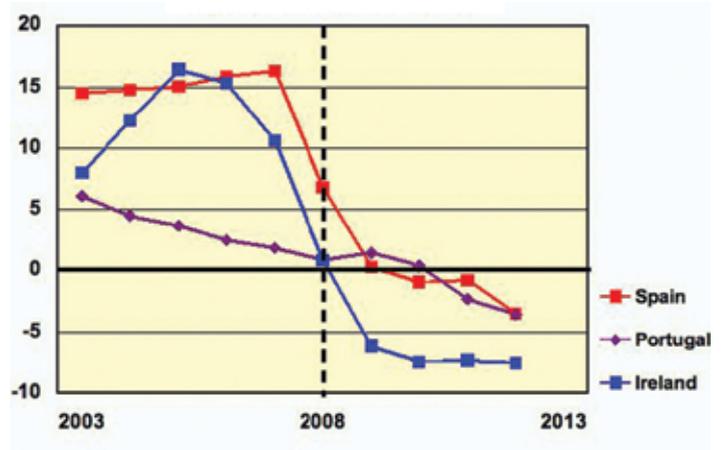
Figure 7 shows the decrease of population growth in Europe as a whole. **Figures 8a and b** give the picture for migration. In Germany we have a huge increase in labor, but Spain, Portugal, Greece, and, of course, Eastern Europe are shrinking.

FIGURE 8a
Net Migration, 2012



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FIGURE 8b
Net Migration Rates
(per Thousand Inhabitants)



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FIGURE 9a
Total Population
 (Greece and Portugal, Millions)

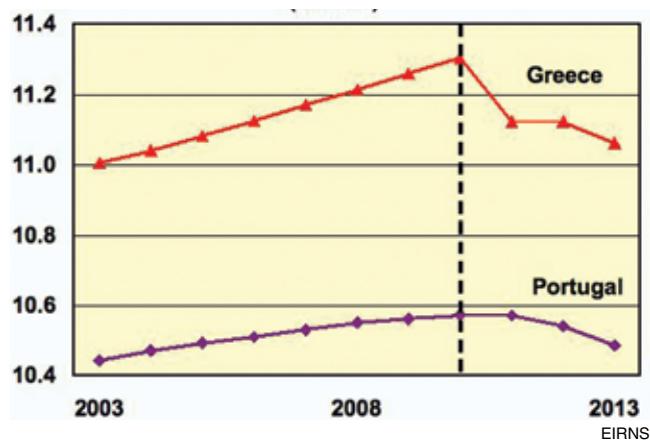


FIGURE 9b
Total Population
 (Spain and Italy, Millions)

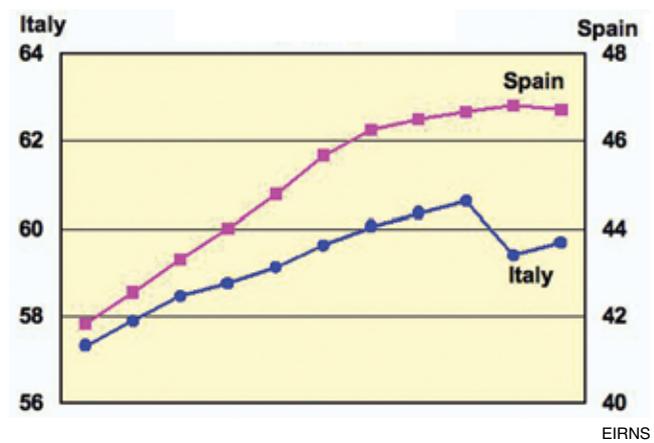


FIGURE 10a
Italy: Births and Deaths
 (Hundreds of Thousands)

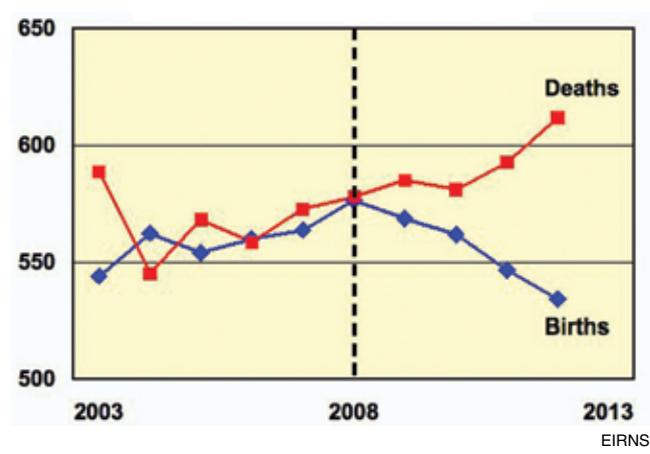
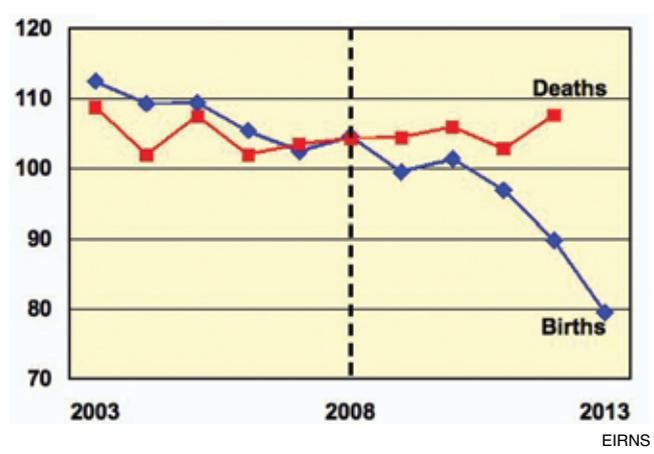


FIGURE 10b
Portugal: Births and Deaths
 (Hundreds of Thousands)



Figures 9a and 9b show the collapse of population in Greece, Portugal, Spain, and Italy. Figures 10a and b show the divergence of the mortality rate, which is increasing, from the birth rate, which is collapsing in Italy and Portugal. Figure 11 shows the decline in marriages in the Eurozone.

Life expectancy in Germany (Figure 12) is totally different for rich and poor. Poor men have a life expectancy 11 years shorter than rich ones, and for women, the gap is almost 10 years. Of course, this has to do with the ability to buy first-class health care.

Youth unemployment in Europe (Figures 13a and b) has exploded since 2008: Prior to 2008 it was more than 20%, and since 2008 it has soared in Greece and

FIGURE 11
Marriage Rates, 2003 vs. 2012
 (per Thousand Persons)

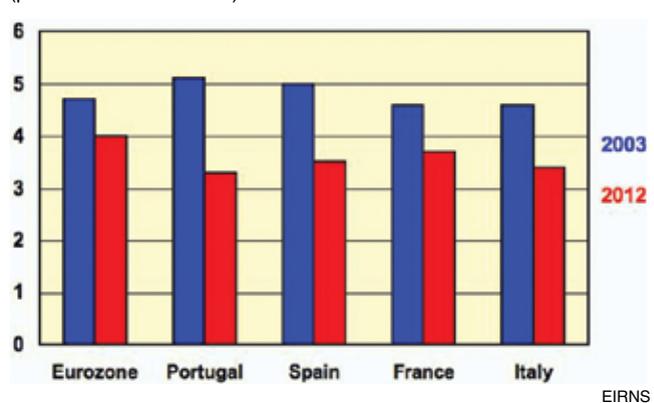
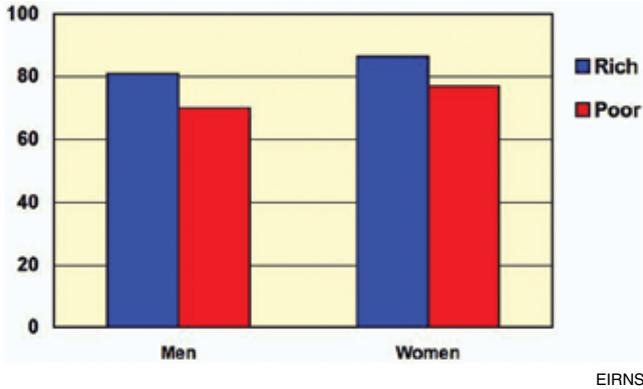


FIGURE 12
Germany's Longevity: Poverty Kills
 (Average Life Expectancy, Years)



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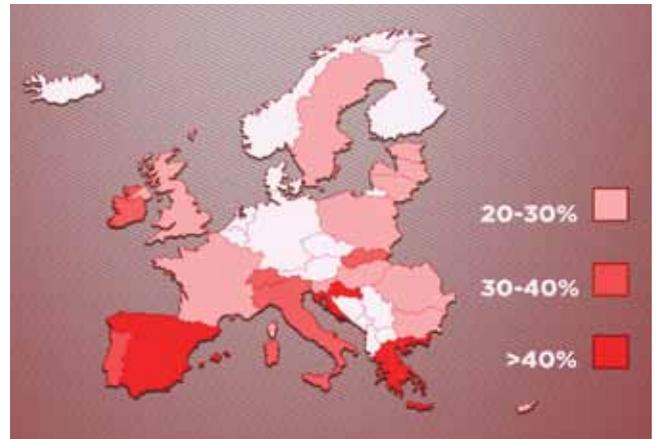
Spain to over 60%. **Figure 14a, b, and c** are also important, because the official unemployment figures are by no means identical with real unemployment; for example, because whole categories of people are missing who are not applying for jobs because they have given up hope; or there are those who are enrolled in utterly pointless programs, taking six months to learn how to fill out a job application or other such absurdities. None of these are counted in the official unemployment statistics. And one must not forget that in Germany, the supposedly low unemployment is a consequence of the incredible number of so-called mini-jobs, one-euro jobs, and other low-paying jobs. This is having an enormous impact on the pension funds, because if all these mini-jobs pay in very little to the fund, so the slashing of current wages amounts to an expropriation of the

FIGURE 13a
Youth Unemployment in Europe, 2008



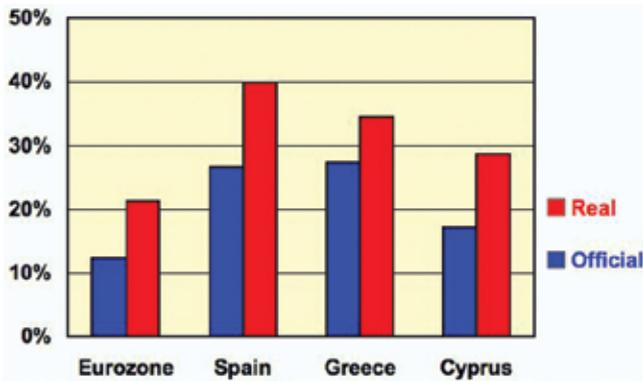
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FIGURE 13b
Youth Unemployment in Europe, 2012



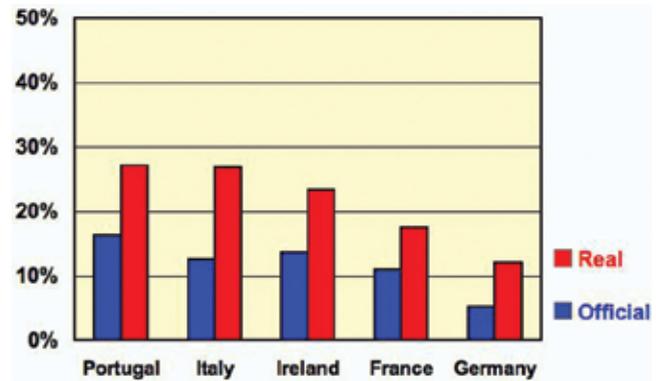
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FIGURE 14a
Unemployment: Official vs. Real, 2013
 (Eurozone, Spain, Greece, Cyprus)



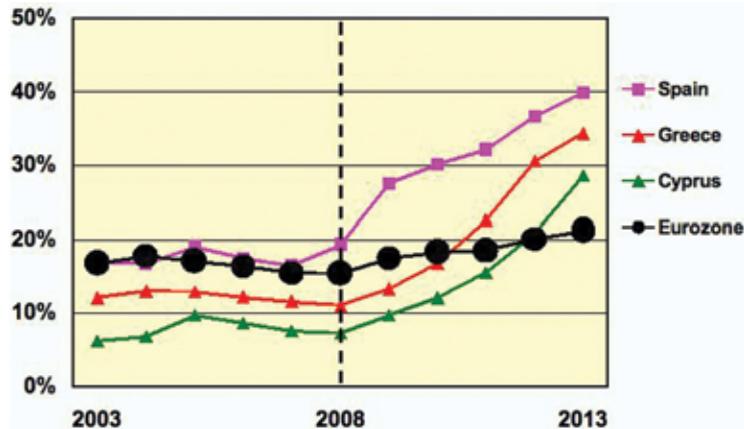
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FIGURE 14b
Unemployment: Official vs. Real, 2013
 (Portugal, Italy, Ireland, France, Germany)



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FIGURE 14c
Real Unemployment

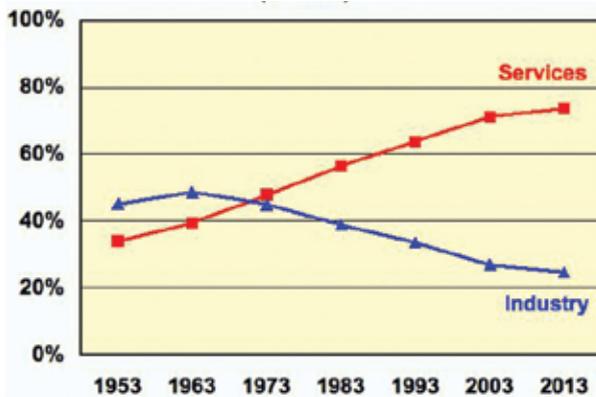


pension earned over a lifetime. That's also very important.

The structure of employment in Germany has also changed tremendously (Figure 15a). Employment during the rebuilding phase after the Second World War was composed almost 50% of industrial jobs, with a very small proportion of service industries; that completely changed from 1953 to 2013. Industrial output was 43% of the total, but is now only 19%, while service jobs have risen over the same period from 35% to 78%. The situation is similar in France (Figure 15b). Also in Spain (Figure 15c), there is a collapse of industrial production, i.e., of the value-creating segment of society. The same goes for Italy's Mezzogiorno (Figure 16), where there

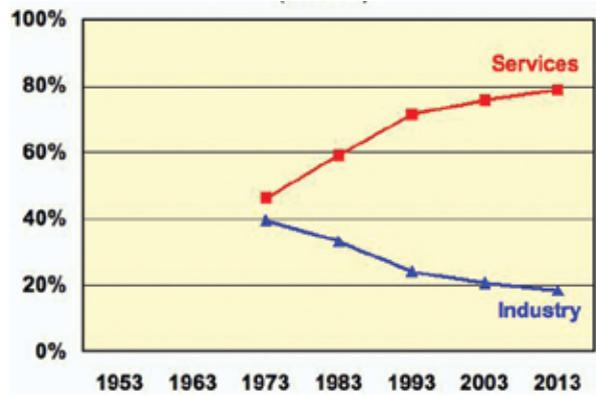
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FIGURE 15a
Germany: Employment by Activity
 (% of Total)



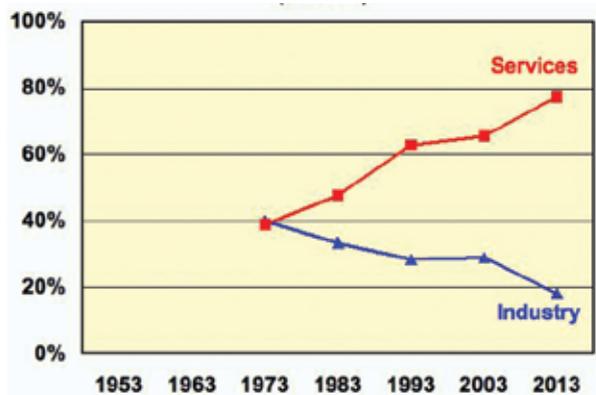
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FIGURE 15b
France: Employment by Activity
 (% of Total)



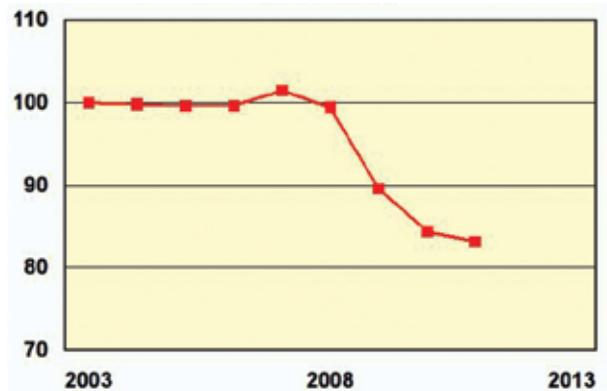
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FIGURE 15c
Spain: Employment by Activity
 (% of Total)



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FIGURE 16
Manufacturing Employment in Italy's Mezzogiorno
 (% of Total)

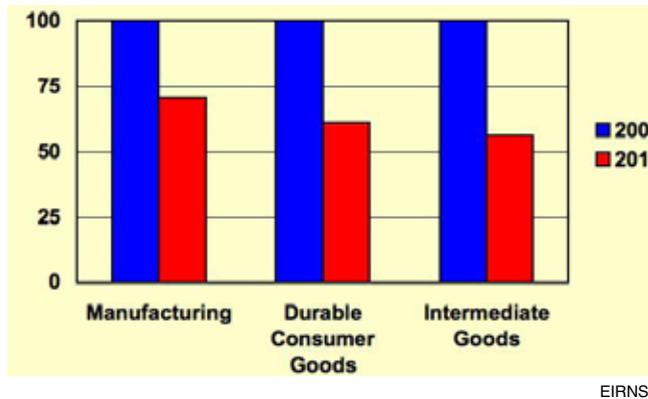


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FIGURE 17

Italy: Collapse of Manufacturing

(Index 2005 = 100)

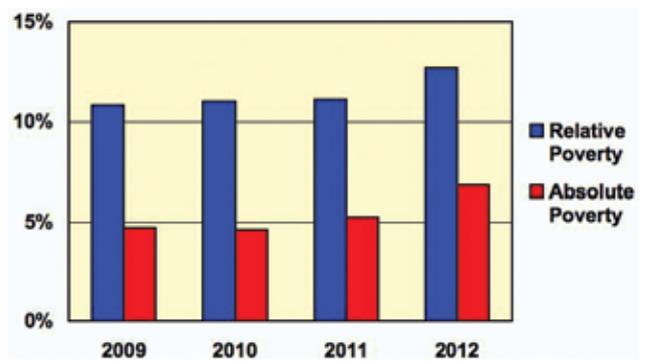


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FIGURE 18

Italy: Poverty

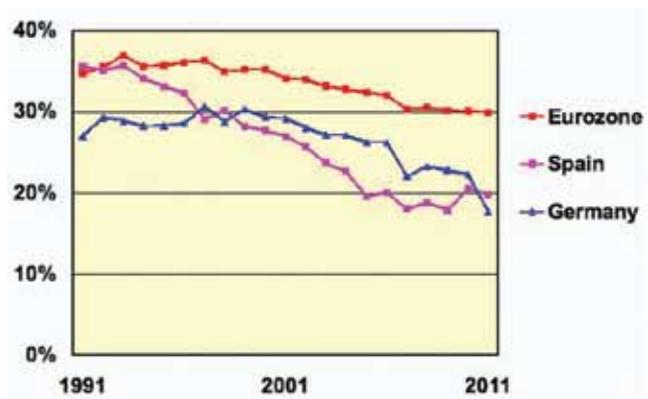
(% of Households)



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FIGURE 19

Nuclear as % of Total Electricity Produced



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has been an enormous collapse. Italy's industrial production (Figure 17) is also collapsing, especially the production of durable and semi-finished goods.

Next we show poverty in Italy (Figure 18), as it increased from 2009 to 2012. And of course, all of this is also related to the share of nuclear power in electricity generation (Figure 19).

That is, Europe is dying. The only things that are growing in Europe are soup kitchens and cemeteries. And the people of Greece and Africa have only one right: the right to starve.

Intention, Not Incompetence

This shows us that the policy of the EU is a failure; and if you call these figures to mind, it becomes totally clear that this will lead to the doom of Europe, if we remain within the regime of the EU and the Troika. And there is also no doubt that each of these individual programs is not a result of incompetence, but rather of intention.

For example, when the EU cuts the entire scientific program of Spain, up to the point that Spanish scientists decide to write an open letter to the government saying that the future of all of Spanish science is endangered, then this can't be seen as incompetence. Because everyone knows what value investments into basic scientific research and technological progress have, and therefore this can only be seen as intention, which means that they want a different kind of Europe. And that is why there can only be one answer to this: to leave the EU immediately, exit the Eurozone, and to regain sovereignty.

The Troika policies are not only destroying the states of Southern Europe and are of course weakening Germany also, but they have created the greatest animosity among the peoples of Europe that has existed since 1945. And, of course, the perception amongst the peoples of these nations is that all this is the result of an austerity diktat from Chancellor Merkel and [German Finance Minister] Wolfgang Schäuble. But, although that view is not completely false, Belgian economist De Keuleneer, who is a professor at Solvay Business School, said something correct, which one should take into account: that the governments of Germany and France are apparently under the strong influence of the banking lobby, and that the big banks in Germany and France have obviously been very successful in convincing their respective governments that banking separation would weaken their positions in comparison

with Goldman Sachs and the Anglo-American hedge funds, and should therefore be rejected.

Unfortunately, it is all too clear that this will not change with the incoming Grand Coalition [of the CDU/CSU and SPD]. The following quote from Mrs. Merkel's speech at the 60th anniversary of the founding of the Christian Democratic Union, is something people should really digest: "We truly have no legal entitlement to democracy and a social market economy³ for all eternity." Someone who so blithely says something like that, will then simply proceed to bring it about.

That is to say, not only will the existential issues be completely excluded from the negotiations for the Grand Coalition—no perspective, no vision—but much more, this is simply about keeping power for those who are putting the coalition together. This coalition is said to be "a temporary coalition of sober reason"—not what I would call a visionary character. In the main program submitted at the Social Democratic Party convention, with the vacuous title "Perspectives, Future, SPD," they wrote: "Instead of pursuing short-term economic interests, we shall take global and ecological challenges seriously." That sounds like the chilly atmosphere of a graveyard.

Since the NSA scandal broke, there has been a subterranean earthquake worldwide. It can even be said that with a slow delay, but in a quite irreversible manner, the entire structure of the Western Alliance is, in a certain sense, being called into question by this affair. This is as little an issue in the coalition negotiations as the unheard-of processes now taking place in the United States, where there is a revolutionary fight going on over whether the identity of America will be as a part of the Anglo-American Empire, or whether America will find its way back to its tradition as a republic, the tradition of the American Revolution, the Constitution, and the Declaration of Independence. Instead, the SPD paper published during the coalition negotiations states: "The original position of the SPD was: We reject public private partnerships as financial instruments for federal transportation projects." But not so now; they write: "We should use and develop further the possibilities of PPP projects as an additional funding option." Those are the infamous "public private partnerships" which usually entail an expropriation of national-economic

3. For the traditional postwar German conception of the social market economy, see Andrea Andromidas, "List vs. von Hayek: Free-Trade Monetarism Is the Road to Serfdom," *EIR*, Dec. 6, 2013.

public property through privatization, and which give the "locust funds" [hedge funds] access to clean out these sectors even further.

So nothing is left of the original policy. Prior to the national elections [in September], the SPD had also brought up a wealth tax, but that was also only during the election campaign. During the campaign there was also talk of "breaking up the universal banks" and "implementing a system of separated banking," but now you will read on page 62 of the coalition contract: "Financing of the real economy by means of the tried and tested universal banking system should not be jeopardized by reform agendas." So there is retreat across the board. And that is naturally also the exact position of the banking associations in Germany and in the entire trans-Atlantic region.

If this Grand Coalition comes into being [it did—ed.], it will control 80% of the votes [in the Bundestag], and without the acquiescence of these 80% not even an investigative committee could come into being, and the speaking time of opposition politicians would be limited to 10 minutes. And since they would have a three-quarters majority, they could also change the Constitution and pass anything that they, or rather the banks, want. And given the fact that the stability of the markets is regarded as the sacred cow, or rather the Golden Calf, to which everything necessary is to be sacrificed, this would be a total bankers' dictatorship.

The Threat of TAFTA

But I want to point out another threat, which is also being prepared. entirely without public debate, namely the Trans-Atlantic Free Trade Agreement (TAFTA). That's basically the trans-European-American free-trade zone that is being actively developed, and was merely put on ice for the moment because of the NSA affair. The blueprints for it are completely secret; only the official advisors from 600 large corporations have privileged access. According to *Le Monde Diplomatique*, it ensures that the power of large enterprises will be expanded in unimaginable ways, namely that they will receive the same legal status as nation-states and, if the plan is adopted, will sue for gigantic compensation by the states. It would be an economic NATO, which would be irreversible, because some of the provisions could be changed only with the consent of all signatories, something which is not likely to happen.

Since the United States is simultaneously pursuing the Trans-Pacific Partnership (TPP) with Asia, the com-

bination of TAFTA and TPP would give rise to a global economic dictatorship, in which the content, by the way, will only be made known after the deal is signed by all.

Indeed, this is very reminiscent of the way that the euro came into being. In that case also, no one was asked—as with the secret attempts at getting parliaments and, above all, the populations to agree to the Lisbon Treaty, which is also how the bailout packages are always done, and of course also the bail-ins, i.e., the expropriation of bank accounts, which is now only reluctantly being commented on by some technical journals, after the election.

TAFTA would force governments, down to the local level, to conform to this set of rules. This would apply, for example, to food labeling, privacy on the Internet, and growth hormones for animals raised for meat. And as I said, the businesses, these large corporations, could sue against state action, as is already happening in Egypt, for example, where the government raised the minimum wage, or in Uruguay and Australia, where anti-smoking laws were passed, and much more. It would thus mean, for example, that the release of biotechnology products in the United States would also become the standard for the EU, i.e., we could be eating chlorine-washed chicken and pork with hormones added, without being able to do anything about it.

But the most important paragraph is the regulation for the banks that are “too big to fail”: The ability to create a Glass-Steagall firewall between commercial banks and investment banks would be abolished.

There is a statement by the Federal Association of German Banks, to the effect that already designated regulatory proposals of the U.S. financial authority—that is to say, the Volcker Rule, the Dodd-Frank Act, all regulations with loopholes as big as barn doors for speculators—would “raise serious concerns” in the EU, both for official and private institutions, and that therefore it must be prevented.

The argument of the proponents of TAFTA is that it would create new jobs. But on closer inspection, the authors of the law themselves admit that it would only produce an increase in jobs of 0.06 %, and even that is a dubious number.

TAFTA is a Trojan Horse for the final annulment of the social state. And that’s why we are really in favor of abolishing this thing and tossing it in the garbage. U.S. Sen. Elizabeth Warren had previously said of a forerunner of this free trade zone, NAFTA, “If transparency

would lead to widespread public opposition to a trade agreement, then that trade agreement should not be the policy of the United States.” And that is absolutely obvious.

They Want To Eliminate National Sovereignty

The plan of the trans-Atlantic financial oligarchy is quite clearly the elimination of any sovereignty of the nation-state, and the possibility of participation of individuals in the government. For only the republican nation-state gives the individual any possibility to participate in the government, while a supranational bureaucracy that is accountable to no one certainly does not.

This intention was made explicit by Giuliano Amato, the former vice president of the European Convention, which revised the text of the European Constitution (after it had been rejected in France and The Netherlands by referenda). The Convention simply rewrote it a bit, and then changed it into the text of the Lisbon Treaty, which did not need a referendum. Amato writes: “Authority is shifting upwards to higher levels, and the EU embodies in a perfect way the new post-Hobbesian order. An order without a state, as it existed in the Middle Ages, where political centers exist with extraordinary powers.”

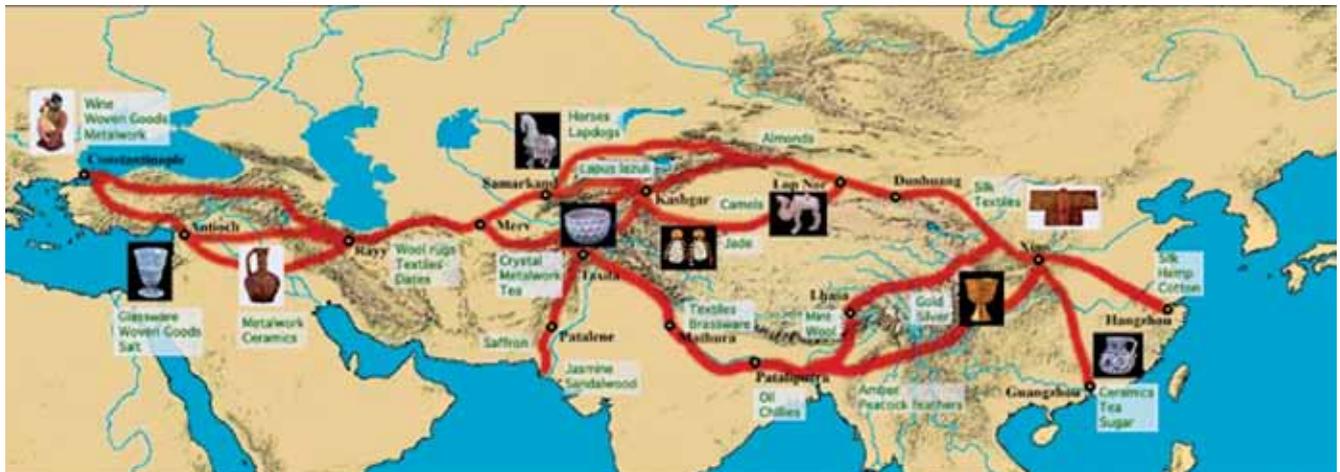
This is also what was advocated, for example, by the Trans-Atlantic Mayors Initiative some years ago, during a series of conferences, by the former U.S. Ambassadors John Kornblum and Felix Rohatyn, among others. Kornblum from Berlin and Rohatyn from Paris proposed that “smart” mayors of large cities, along with the 400 top CEOs, should establish a world government.

That’s what the TAFTA-TPP would represent: The large companies would call the shots and the nation-states would have no rights. That’s what they plan with respect to this bankrupt system: bailout, quantitative easing, plus bail-in—which, as I have demonstrated, will not work anyway, since it is only 1% of the total debt. What it really means is the descent into chaos. Therefore, it is not surprising that a study by the Davos Economic Forum has just come to the conclusion that what its 1,500 top managers fear most, is a coming global revolt. So they know very well that their system is bankrupt.

China’s Offer

Fortunately, there is an absolutely fantastic, wonderful, and very real alternative. In the first week of September, Chinese President Xi Jinping, during a visit

FIGURE 20
The Silk Road



to Kazakhstan, called for reviving the ancient Silk Road (Figure 20), which was created 2,000 years ago during the Han Dynasty of China as a trade route through Central Asia and Southwest Asia to Europe.

Back then camels were ridden through the desert, donkeys, horses, and ships across the much longer maritime routes. Today, of course, their place is taken by high-speed railways, pipelines, infrastructure, communication lines. What then was a steady stream of travelers, scholars, and artists, crafts and caravans, today are joint projects for nuclear fusion and space, asteroid defense, and the like. President Xi said on this occasion: “The peoples along the Silk Road have written a wonderful chapter of human progress. This is the inspiration that we have received from the ancient Silk Road.”

Then, during a tour of Eastern Europe, the Chinese Premier Li Keqiang concretized that which President Xi had promised, namely groundbreaking agreements on economic cooperation with Romania, Hungary, and Serbia: a Chinese high-speed rail network for underdeveloped regions of Central and Eastern Europe, with not only infrastructure, but also development corridors. And, *China Daily* reported that Romania will receive a rapid transit system based on Chinese technology. Prime Minister Li said: “The extent and value of this agreement will surprise us all.” Romanian Prime Minister Victor Ponta said: “With these high-speed rail projects, Romania will become a showcase for all of Central and Eastern Europe.”

Cooperation was also agreed upon for the construction of nuclear power plants and the export of beef and

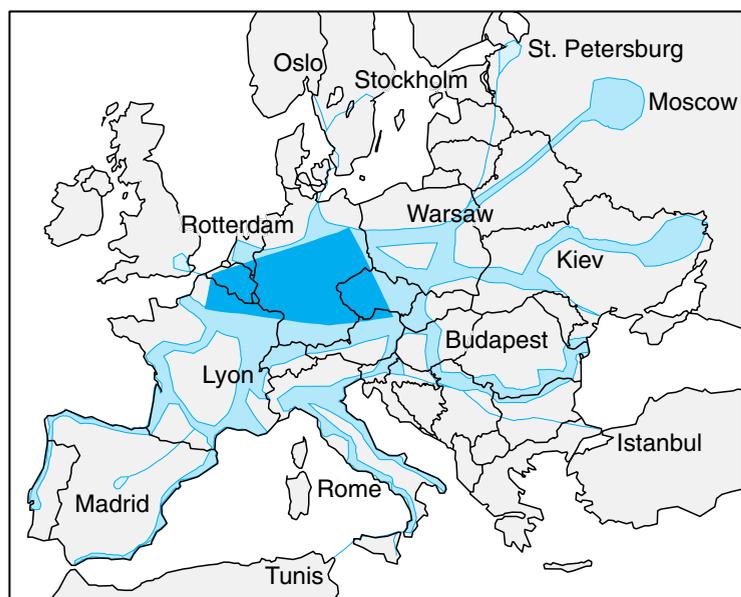
pork to China, and in the *China Daily*, an open letter to the governments and peoples of Eastern and Central Europe was released, which states:

“Most of the countries of Eastern and Central Europe urgently need to renew their railways, roads, ports and other transportation infrastructure. China is making rapid progress in these areas. Especially in the field of high-speed rail systems, we have strong construction capacity and high-quality equipment. China has already built more than 10,000 km of high-speed railways, and these projects are to be now carried on to Central and Eastern Europe. Also, power generation in Eastern and Central Europe urgently needs to be modernized. China has now achieved a world standard in production and installation, as well as in the generation of coal, hydro, nuclear, wind and solar power, and we provide cost-effective equipment of high quality.”

China also provided a credit line of \$10 billion for these projects and opened two bank branches in each country for the mutual financing of these projects. The letter states further: “Now we have a golden opportunity for development. We must build a region of harmony, we must pass on our friendship from generation to generation. We need to expand the development of Eurasia, creating an economic belt along the Silk Road.” And then five concrete areas of cooperation are listed.

Well, that is not small potatoes. The Chinese President is President of 1.4 billion people, and he has now spoken out for precisely our program, because this is the program that Lyndon LaRouche and the LaRouche

FIGURE 21
Development Corridors of the Productive Triangle



EIRNS, 1990

movement—the BüSo, the Schiller Institute—suggested about 25 years ago.

Adoption of the New Silk Road Policy

Lyndon LaRouche, who absolutely correctly predicted that the Soviet Union would go under, said in a historically remarkable press conference at the Kempinsky Hotel in Berlin in 1988: The reunification of Germany is coming soon. (1988!) The reunification of Germany is coming soon and we must work together to develop Poland as a model for the Comecon, he said.

That is exactly China’s plan for Romania today. We then proposed, in 1989, the “Productive Triangle” program (Figure 21). That was the idea, after the Iron Curtain was gone, that the economic centers of Europe would be connected—Paris, Berlin, Vienna—and that then by investing in cutting-edge technologies such as the Transrapid, inherently safe nuclear power such as the HTR, and other projects, this triangle would become the economic engine for Eastern Europe, propagating through development corridors to Warsaw, Kiev, Moscow, into the Balkans, etc.

When the Soviet Union broke up in 1991, we expanded this program to become the Eurasian Land-Bridge (Figure 22). That was the idea that the old Silk Road—line C on the map; line A is the Trans-Siberian Railway, and line B is the central route—would be

built up as a development corridor in order to connect the population and industrial centers of Eurasia.

We then proposed to the Chinese government that they organize a conference on this subject, and despite sabotage by the EU—especially by Sir Leon Britten, who delayed it for two and a half years—there was the conference in Beijing in 1996, to which I was invited as a speaker. The title of this conference was “Development of the Regions Along the Eurasian Land-Bridge,” and 34 nations were represented there. This Eurasian Land-Bridge/New Silk Road was declared a long-term development strategy of the Chinese government.

At the time I published an article, “[China 25 Years Later](#),” which referred to the fact that I had been in China in 1971 as probably the first and maybe only Western journalist during the Cultural Revolution, and then after 25 years I returned to China with this perspective, the Eurasian Land-Bridge. This is important because of

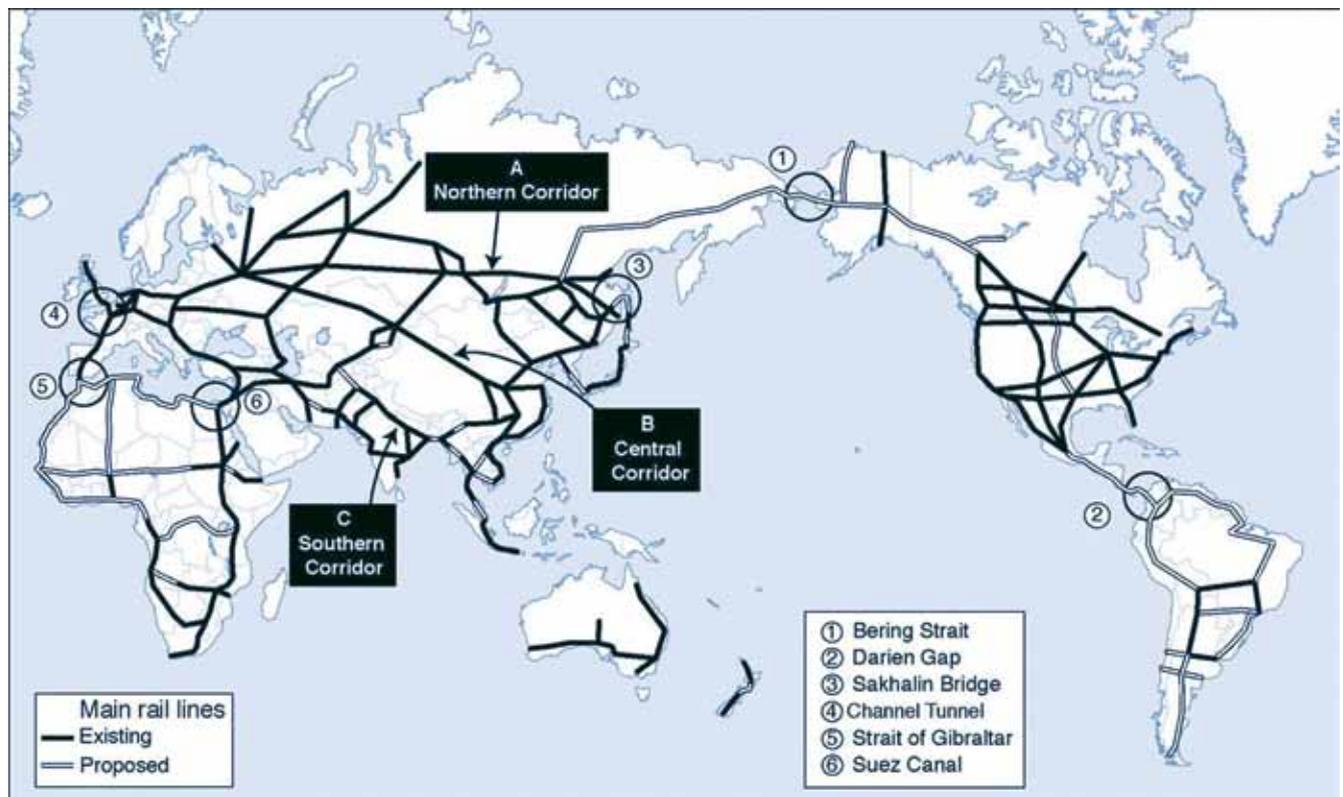
the difference from the China of the Cultural Revolution, which was entirely agrarian-oriented and had abolished developed workplaces, such that, for example, engineers and pilots were sent to the countryside for two years for re-education, and similar crazy actions were taken. The leap that large parts of China made to become an enormously developed, industrialized nation, is really incredible. No other country in the world has had such dynamic development as China.

We presented an initial study in 1991. And if you look today at the various projects that are being realized from China, Russia, India, South Korea, Japan, then you will find the vast majority of these projects in our studies of the early 1990s.

Over these past 22 years we have held literally hundreds of seminars and conferences on five continents, in hundreds of cities: Beijing, New Delhi, Moscow, Prague, Warsaw, Budapest, Bucharest, Vienna, Rome, Paris, Stockholm, Copenhagen, all the major American cities, Rio, Mexico City, São Paulo, Khartoum, Abuja, and many others. We have campaigned for 22 years for this idea. And when I, for example, traveled in 1997 from Beijing to Delhi, where I presented these plans with many maps and materials before the two largest industry associations, this vision was not on the agenda back in India. But it was triggered by our work.

Then I was on a journey from Oct. 27 to Jan. 11,

FIGURE 22
The World Land-Bridge



EIRNS

1998, with other members of the Schiller Institute, through four Chinese cities, to promote the idea of the Eurasian Land-Bridge in the various regional centers of China and thus to increase support. The Russian delegation was then under the direction of Professor Titorenko, the director of the Institute for Far Eastern Studies, Russian Academy of Sciences. We then went to Beijing, Nanjing, Lianyungang (where the Eurasian Land-Bridge ends on the China Sea), and Qinhuangdao.

We campaigned in Europe and in America for this concept. In September 2001, I gave a speech in Virginia at a conference of the Schiller Institute entitled “Why Americans Should Go There.” That was a play on words; there is a common idiom, “I don’t go there.” And our idea was that Americans *should* get involved with the Eurasian Land-Bridge. This speech was entitled “The Eurasian Land-Bridge Determines Your Future.” For a forecast of 12 years ago, that was not bad.

Today, support for the Eurasian Land-Bridge and

the World Land-Bridge is growing in many places, and they have become the alternative to the status quo. When Chinese Premier Li met recently in Bucharest with 16 prime ministers of Eastern and Central Europe (these were the members of the China-Central and Eastern Europe group, which has existed since Wen Jiabao was prime minister), the Eastern Europeans were offered these projects as a real alternative.

In other parts of the world, too, this alternative is really taking off. For example, many ground-breaking agreements for infrastructure and economic development were recently finalized between Russia and South Korea, with the participation of North Korea—i.e., this is a real peace plan, with which this danger zone can be pacified.

On Nov. 13, as President Putin met in Seoul with South Korean President Park Geun-hye, they decided on a total of 17 joint development projects, including the construction of railway lines and pipelines through North Korea, and the participation of South Korean firms in a Russian-North Korean consortium that is

building a railway and port facility in North Korea. There will be a greater participation of South Korea in the economic development of the Russian Far East, a cross-border development of all nations in the region, the development of the Rason Special Economic Zone in North Korea, and South Korean steel giant POSCO will take part with the South Korean shipping company Hyundai and the South Korean railway company involved in the Rason project. Putin also gave his support to President Park's Silk Road Express plan, a part of the "Eurasian Initiative." This envisions a network of railways and roads from Busan in South Korea through North Korea, Russia, and China to Europe.

When Russia's Prime Minister Medvedev was in China in October, he visited Hefei, the University of Science and Technology, and there the Institute of Plasma Physics and the EAST tokamak, which there are experiments ongoing with superconducting magnets and plasma (see article in *Economics*). He was accompanied by Academician Velikov, the head of the Kurchatov Institute for Nuclear Research in Russia, and author of the fusion experiments that are now being further developed for the ITER [International Thermonuclear Experimental Reactor] in southern France.

Thus there are so many projects, all of which are included, as I said, in our original Land-Bridge program.

As a leading Chinese economist recently stated at our conference in Los Angeles:

"I think that Mr. LaRouche talked about the Land-Bridge—a Eurasian Land-Bridge—many years ago.

"But his analysis is often ahead of the event, ahead of the development. So, sometimes people only realize the importance of these assessments, or of his forecasts, several years after his projection. But his projection is often proven very right. So, this time I think that the New Silk Road has proven once more that LaRouche is right, in these Chinese efforts to combine economic development efforts and economic cooperation along with Central Asian countries and Russia, and then to make the Eurasian Land-Bridge a vital development line for China and also for the region."

What Must Be Done Now

So we now have an incredible situation. We have an opportunity to bring the world out of this crisis, as the result of 20, 30, almost 40 years of work by this movement. And now, because the crisis is so acute, as Mr. LaRouche has said, this is all good, but it's still not

enough. Because in recent years, this system of globalization has reduced the world's economic capacities to a point that is far below the level necessary to feed the people living today, we therefore need something else in addition.

Of course, as the first step, Glass-Steagall must be realized in America. This will immediately have a resonance throughout the world. Even sections of the British establishment have already argued for Glass-Steagall—and the right Glass-Steagall. In Italy and Switzerland, bills for Glass-Steagall have been submitted to the parliaments. In France, there are several hundred mayors who support this, and even in Germany we have a few—just a few, but some—who support it.

If Glass-Steagall goes through in the U.S., Germany would naturally follow, I dare to say, because if America goes with Glass-Steagall, obviously Germany will have no choice but to join.

Then, of course, gigantic investments in the real economy must take place, and because the greatest momentum at the moment is of course not in Europe but in the trans-Pacific region, we need a completely new, revolutionary view of the U.S. region west of the Mississippi—the entire region including northeastern Eurasia (**Figure 23**): We propose to combine the development of NAWAPA [the proposed North American Water and Power Alliance] with a tunnel under the Bering Strait, the northern corridor of the Eurasian Land-Bridge, the central corridor from the Korean Peninsula to the Atlantic, and then a southern route to Southwest Asia and Africa.

Next, then a credit system must follow, in the tradition of Alexander Hamilton; this would provide government loans for well-defined projects, and then through multilateral lending arrangements that run over 20, 30, 50 years, creating the necessary financing.

Now the frightened monetarist will ask, "Who is going to pay?" But I simply point out that with the crash program of the Apollo project, every dollar invested returned \$14 profit, because it created a science-driver, and thus, an increase in productivity. So in a way, this project will cost nothing, but actually bring about tremendous prosperity.

LaRouche also said that the key to achieving this next stage of development must be a crash program for fusion power, which should be finished, by today's official estimates, in about 2040—but with a crash program in the tradition of the Manhattan Project or the

FIGURE 23

The Trans-Pacific Development Corridor



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Apollo program, we could do it in a decade. And that is vitally important, because fusion power will also close the book on this whole zero-growth ideology, since this would not only set new biochemical processes in motion, but would provide virtually unlimited energy, and a redefinition of resources by means of the plasma torch process, which will enable us to transform waste materials or any substance into raw materials, thus securing the energy and raw materials mankind needs for the indefinite future. Of course, such an energy source would also allow for the desalination of seawater in very large quantities, which will make possible the greening of deserts.

The American Security Project, whose co-chairman is former U.S. Sen. Gary Hart, has already proposed such a crash program, for which the U.S. alone would spend \$30 billion over the next decade. And there are similar efforts in Russia, China, Japan, South Korea, France, and other countries. So this is an absolutely realistic perspective.

What we propose concretely is a series of interrelated projects: NAWAPA-21, which would bring the unused waters of Alaska and Canada, which presently flow into the sea, through a system of dams and canals along the Rocky Mountains to Mexico; the construction of the Kra Canal, which will relieve the congestion in the Strait of Malacca, which is one of the main trade routes that must be expanded with regard to increased volumes of trade in South Asia, as there is great interest

from Thailand, Japan, other countries to realize this; and of course, the World Land-Bridge, a worldwide network of high-speed rail and Transrapid maglev connections, which would make it possible to travel by land from the southernmost tip of Chile to the Cape of Good Hope in South Africa.

Sovereignty for Germany!

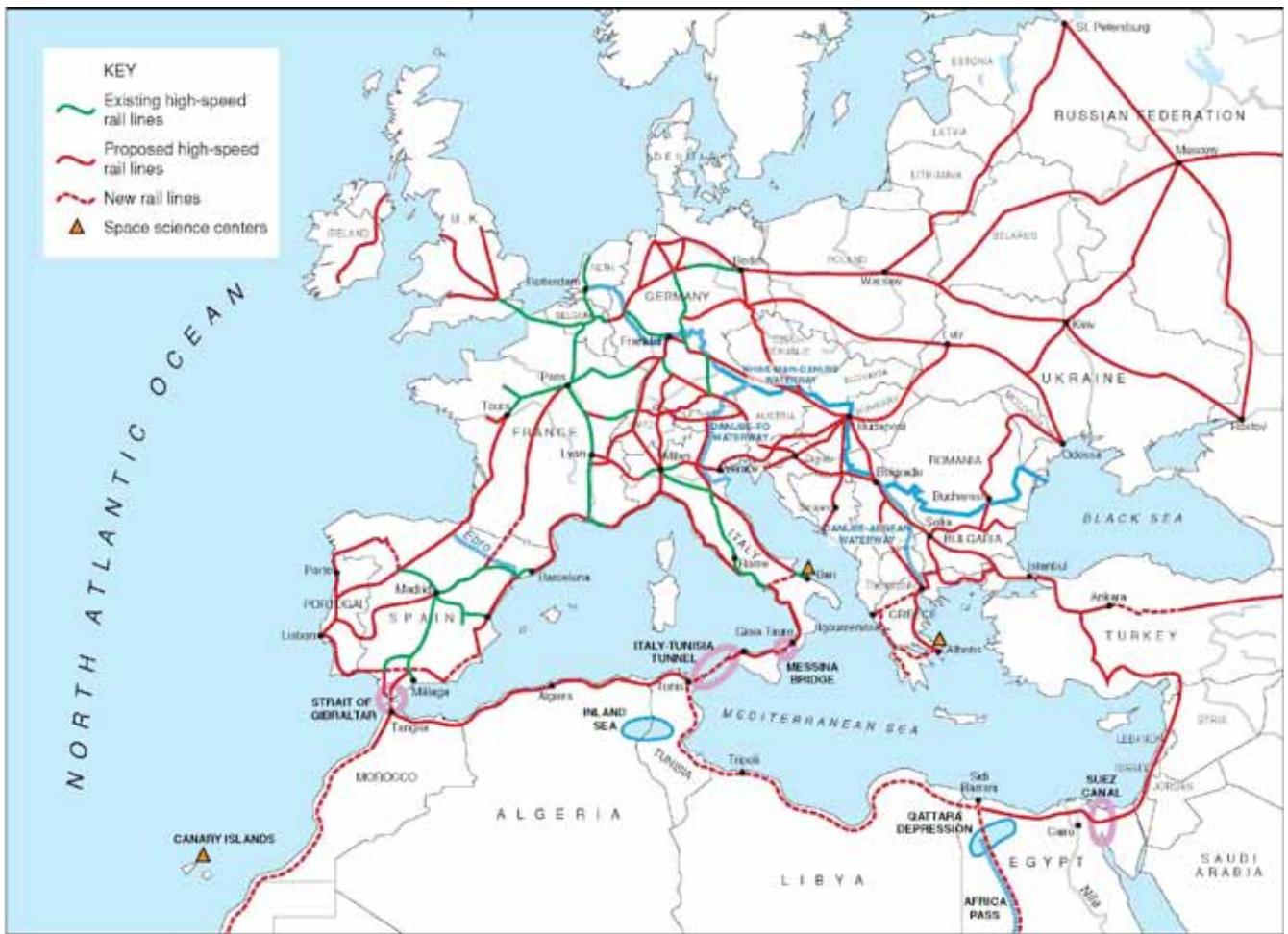
What has all this got to do with the election campaign in Germany for the European Parliament? I know that some people are now fired up and saying, “Finally something about Germany!” But of course it is perfectly clear that anyone who, in this world situation, does not take these relationships into account, is talking about things that have nothing to do with reality.

The graphics I have shown give, I think, a clear picture of Europe’s misery, and I definitely would like to again contrast this with the development program for Southern Europe that the BüSo introduced about a year ago—joining Europe with these projects of the World Land-Bridge.

I showed this program to, among others, a senior person at one of the top companies in Germany, Peter Löscher from Siemens—and I explained it all to him, and he said, I know all about it; who is going to pay? Well, Mr. Löscher then flew the coop, leaving the Board of Directors of Siemens, because all of his green projects had failed. So much for Mr. Löscher.

Now I want to briefly show how this European pro-

FIGURE 24
Mediterranean Basin Great Infrastructure Projects



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gram relates to what I have just developed (**Figure 24**). Not all, but many, of the transport corridors shown here had been adopted by the EU in 1994 at a conference of traffic ministers in Crete, but they were canceled and fell victim to the austerity policies. Almost nothing has been built, although the feasibility studies have all been done: All of these projects could start tomorrow! And that is what is now more or less on the agenda from the East, from China.

It is perfectly clear that Germany gets a Grand Coalition [which it has—ed.], its de-industrialization will continue. Of course that would also be the case with either a black-green coalition [CDU/Greens] or a red-red-green coalition [SPD/Left/Greens], because they are basically *all* green. But it is also true that Germany, like the other member states, has no sovereignty within the EU.

But now a very, very useful debate has broken out in Germany, thanks to Edward Snowden. For the first time in a long while, it is being said aloud that Germany has no sovereignty, which it very urgently needs. Sovereignty is absolutely essential for Germany to play a positive role in the all these projects. For as long as Germany remains in the stranglehold of the EU dictatorship, that will not happen. That means sovereignty not only over monetary and economic policy, but it also means a return to the D-Mark, and, above all, it requires a redefinition of Germany’s interests. That’s the issue that is now acutely posed in the coming weeks, and of course in this election campaign.

Germany has to choose: Either we will be the paymaster for the next bail-in of criminal banks—and these banks *are* criminal, as everyone knows: their manipula-

tion of the Libor rates, drug-money laundering, and much more. So either Germany becomes the taskmaster for Southern Europe and the paymaster for the bankrupt banks, in an economic system that kills and that only benefits the top ranks of the DAX 500 companies, while most of Europe is transformed into a cemetery—or Germany’s economic interests are linked to the upward momentum of the Eurasian Land-Bridge and the Pacific perspective.

John F. Kennedy: The Real America

That does not contradict having a good relationship with the United States, because the real America is not that of Bush junior and senior, and Obama, but there is a revolt going on *against* what they represent, and that’s from a different America.

On Nov. 22, on the anniversary of Kennedy’s assassination, we honored him, because his murder meant an absolutely brutal turning point, not only for America, but for the entire Western world. Kennedy’s boundless optimism, which was expressed in the Apollo program, was radically terminated after his death.

“Our problems are manmade; therefore, they can be solved by man,” Kennedy said [at American University, June 10, 1963]. “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.”

In the media in both the United States and in Europe, nothing but lies were disseminated about him. It has been said that the only reason we remember Kennedy is that he was murdered, or because there are 40,000 conspiracy theories. This was in some ways an attempt at a second Kennedy assassination.

Knowing this, we decided to perform [Mozart’s Requiem](#) in his honor, at the correct, Verdi tuning, C=256 Hz, in Vienna, Virginia, a suburb of Washington. Greetings were sent to the concert from the President of Ireland, an important clergyman from Ireland, and former Congressman Neil Gallagher; there were also excerpts from speeches by Kennedy himself. And the overall impression of this experience—because people had long since forgotten how things were once, when people were still optimistic—was that this paradigm of the last 50 years since the Kennedy assassination is now over, and that we are reconnecting with Kennedy’s boundless optimism.



President Kennedy in Berlin, June 26, 1963

What does this mean for Europe and Germany? The paradigm shift that occurred with the Kennedy assassination shaped not just America, but also Europe. Recall that Kennedy’s term in office was the final phase of the construction period of the German economic miracle, after the Second World War. Many of you were not alive then, but I can assure you that values were very different. Linked to the reconstruction of Germany was the idea that hard work, belief in progress, achievement, and honesty are good values. And people put them into practice.

And then along came the Frankfurt School, which stated, in the words of [SPD and then Left Party politician Oskar] Lafontaine that these are “secondary values, which a concentration camp guard could adhere to and still do his job.” Those among you who are older may remember that there was an enormous uproar back then, but it was essentially the beginning of this paradigm shift, which was perpetrated by the Frankfurt School, the Club of Rome—the whole idea of zero growth—and of course, also the Congress for Cultural Freedom, which had launched a major attack on the Classics and German culture.

May we now please see the [video of Kennedy](#)?

President Kennedy: Two thousand years ago the proudest boast was *civis Romanus sum*. Today, in the world of freedom, the proudest boast is *Ich bin ein Berliner*. I appreciate my interpreter translating my German! There are many people in the world who really don’t understand,



EIRNS/Christopher Lewis

The BüSo conference opened with a choral performance of two pieces from Verdi's opera "Nabucco," and closed with the "Ode to Joy" from Beethoven's Ninth Symphony, and a four-voice setting of the German national anthem by Benjamin Lylloff.

or say they don't, what is the great issue between the free world and the Communist world. Let them come to Berlin! There are some who say that communism is the wave of the future. Let them come to Berlin! And there are some who say, in Europe and elsewhere we can work with the Communists. Let them come to Berlin! And there are even a few who say that it is true that communism is an evil system, but it permits us to make economic progress. *Lass' sie nach Berlin kommen*. Let them come to Berlin! . . .

You live in a defended island of freedom, but your life is part of the main. So let me ask you, as I close, to lift your eyes beyond the dangers of today, to the hopes of tomorrow, beyond the freedom merely of this city of Berlin, or your country of Germany, to the advance of freedom everywhere, beyond the wall to the day of peace with justice, beyond yourselves and ourselves to all mankind.

Freedom is indivisible, and when one man is enslaved, all are not free. When all are free, then we can look forward to that day when this city will be joined as one and this country and this great Continent of Europe in a peaceful and hopeful globe. When that day finally comes, as it will, the people of West Berlin can take sober

satisfaction in the fact that they were in the front lines for almost two decades.

All free men, wherever they may live, are citizens of Berlin, and, therefore, as a free man, I take pride in the words, "Ich bin ein Berliner!"

German's High Culture

So, German high culture means Nicholas of Cusa and Leibniz; it means man's unique ability to further develop creation. Nicholas of Cusa spoke of the *vis creativa*, the creative faculty of man, as *imago viva Dei*, the living image of the Creator, applying the power of creative reason to the physical universe. Nicholas's view of this *vis creativa* was that the highest level

determines the lower—Professor [Rudolf] Haubst once called this the "biogenetic law of the order of creation."

It means Leibniz, who had the idea of "the best of all possible worlds," which was created such that any evil produces an even greater force for good. And of course it means Friedrich Schiller, who was convinced that every man has the potential to be a beautiful soul and a genius, and who described, in his *Aesthetic Education of Man*, how man in a state of barbarism, dominated by sensual desires and sensory experience, can ennoble himself into the ideal man by means of Classical art, and then achieve dominion over nature, through his ideas. In the preface to his play *The Bride of Messina*, Schiller wrote: "In [Classical art] it is not a not a momentary dream of freedom, but making man truly free."

In the Europe of the EU, we are an empire of subjects and the people are mentally slaves. The barbarism consists of the fact that people have lost the key to their creativity. And if we want to liberate the peoples of Europe and reawaken love for the best minds, the philosophers, poets, composers, painters, sculptors, and architects, whose love of truth advanced humanity, then we need to find this inner freedom. Then our nations in Europe will be free, and we will have a magnificent future.

Translated from German by Daniel Platt, Daniel Grasenack-Tente, and Susan Welsh

Will Ukraine Be Flashpoint For Thermonuclear War?

by Nancy Spannaus

Dec. 18—The determination by Washington and the European Union to create a confrontation with Moscow over Ukraine’s sovereign decision not to sign an Association Agreement with the EU, has once again brought the potential for thermonuclear war to the fore.

“We are talking about a real confrontation,” said Lyndon LaRouche to LPAC-TV Dec. 16. The British-dominated West is threatening thermonuclear war to try to back Eurasia down, but Eurasia *will not* give in. That means that, unless the current dominant policy in the West is stopped, the world is headed for extinction.

On the surface, the aggressive response of British and U.S. institutions to Ukraine’s decision to reject what amounts to a colonialist free-trade agreement, in favor of closer economic ties with Moscow, makes no sense. Ukraine is a sovereign nation, has a democratically elected government, and should have a right to determine its economic course. This is particularly the case since the deals being offered by Moscow provide some hope of saving Ukraine’s high-technology industries, while the EU Agreement demands Ukraine open its borders to EU exports, at a point where Ukraine’s own products would not meet EU standards for export in the other direction. In addition, the EU deal was conditioned on Kiev’s coming to terms with another section of the infamous Troika that has savaged European economies: the IMF, which demanded that Ukraine hike its energy prices 40% for domestic users, implement a wage freeze, and impose other austerity measures.

But, as Russian President Vladimir Putin pointed

out immediately after the streets of Kiev were filled with opponents of the Ukrainian government decision, the Western response has nothing to do with the economic deal as such. Rather, the EU Association Agreement was intended as what former Congressman Dennis Kucinich called a “Trojan Horse” for NATO, a means of using Ukraine, with its 1,426-mile border with Russia, as a geopolitical flank against Russia.

This marks the Ukraine agreement as part of the NATO encirclement strategy against which Russia has been warning vociferously, particularly in the form of the ballistic missile defense system. Such encirclement, which would threaten to neutralize Russia’s strategic nuclear deterrent, is a *casus belli* for Moscow, as then-President Dmitri Medvedev pointed out in November 2011.¹

The Russians Are Clear

Russian Foreign Minister Sergei Lavrov delivered a cogent analysis and an attack on the Troika’s (IMF, European Commission, European Central Bank) orchestration of the destabilization of Ukraine, in a Rossiya-24 TV interview aired Dec. 14.

“Provocateurs with a long-prepared script” are behind the events in Kiev, Lavrov said. Regarding the intensity of the demonstrations against Russia, he asked, did the Ukraine government declare war on some peaceful nation; did it announce the building of a nuclear bomb against its obligations; did it order the

1. See “The Fuse Is Lit for World War III, *EIR*, Dec. 2, 2011.

murder of somebody? “A demonstration of such a scale and with such bitter slogans has been arranged as if the country had declared war on some peaceful state contrary to the Ukrainian people’s will. This goes beyond normal human analysis. There is no doubt that some provocateurs stand behind this. I am really saddened to see that our Western partners have apparently lost the sense of reality.”

Lavrov stated that the EU free-trade treaty with Ukraine would decimate Ukraine’s remaining industrial base: “The EU is trying to impose its position on the so-called Eastern Partnership countries, which now compete with an overwhelming majority of European goods. But it is luring them into a free-trade area by acquiring their markets, which will be immediately filled with more competitive products from Europe, killing the corresponding industries in the countries that would sign Association Agreements, and causing a problem for Russia, because we don’t have customs borders with these countries either.”

Lavrov polemically criticized the hypocrisy of the EU and the Troika, which are facing revolts against their economic policies, asking what would happen, were he, Lavrov, to show up at demonstrations in those countries, as Western officials are doing in Kiev: “So there I am walking among demonstrators supporting this party and calling on Germany to change its attitude towards the EU and separate from it. How would that be taken? I believe that the European Parliament and the Parliamentary Assembly of NATO, the Council of Europe, and the OSCE would have all passed resolutions on how outrageous it was, and how Russians were meddling in Germany’s internal affairs.”

Outrageous Interference

The outside meddling in Ukraine is blatant and provocative. U.S. Assistant Secretary of State for European and Eurasian Affairs Victoria Nuland, toured Kiev’s Central Square with opposition party leaders on Dec. 11, to hand out cookies. Nadia Diuk, vice president for Programs at the U.S. National Endowment for Democracy, has been parked in Kiev for weeks.

Ostentatious visits by European officials, including outgoing German Defense Minister Guido Westerwelle, have also served to buoy the demonstrators.

Then, on Dec. 15, Sen. John McCain (R-Ariz.) and Rep. Chris Murphy (D-Conn.) showed up to cheer on the opposition. The two stood side by side with Oleh Tyahnybok, head of the racist Svoboda Party, who blames “organized Jewry” and the “Moscovite-Jew

mafia” for Ukraine’s problems. The Simon Wiesenthal Foundation has counted Tyahnybok as one of the top ten anti-Semites globally—but this did not deter Nuland, EU foreign relations chief Lady Ashton of the U.K., or McCain, who is now threatening to bring a bill for sanctions against Ukraine. All of these people rubbed elbows with or had their hands kissed by Tyahnybok.

Russians Preparing

On Dec. 17, at the meeting of the Ukraine-Russia Interstate Commission, President Putin and Ukrainian President Victor Yanukovich sealed an agreement which will lead to \$15 billion in Russian investment in Ukrainian securities, cut the price of Russian natural gas to Ukraine by one-third, and initiate other economic agreements, including on space. Despite the obvious advantages for Ukraine, the “democracy” advocates in Kiev’s Central Square still complained.

What is clear is that Russia is in the cross-hairs of the British imperial forces behind the demonstrators, and the EU/U.S. onslaught. And Moscow is acting accordingly.

On Dec. 16, the Russian Defense Ministry confirmed media reports that it has deployed short-range Iskander missiles into the Kaliningrad region, near its borders with the Baltic states. This is precisely what President Medvedev said in November 2011, that Russia would have to do, if NATO proceeded with its Euro-BMD encirclement.

On Dec. 11, Vice Prime Minister Dmitri Rogozin reiterated Moscow’s strategic posture toward NATO and the U.S., addressing the Prompt Global Strike (PGS) policy of Washington. Rogozin emphasized that the Russian Federation would respond with nuclear weapons if attacked by long-range missiles, even if they were armed with non-nuclear warheads. “One can experiment as long as one wishes by deploying non-nuclear warheads on strategic missiles. But one should keep in mind that if there is an attack against us, we will certainly resort to using nuclear weapons in certain situations to defend our territory and state interests,” said Rogozin, whose portfolio includes Russia’s defense industries.

Speaking before the State Duma, Rogozin said that Russia’s Advanced Research Foundation (ARF) will develop a military response to the American PGS program. He testified that the ARF, a special group commissioned by Putin in late 2012, has reviewed over 1,000 military-strategic proposals, selected 52 for their agenda, and prioritized eight of those, one of which is a response to the U.S. PGS.

Is Merkel Risking World War III?

by Helga Zepp-LaRouche

Dec. 6—It is hardly surprising that people in Germany are confused about what is happening in Ukraine. The way the mainstream media present it, is that the Ukrainian population longs for European values, but has been sold out by a corrupt President Viktor Yanukovich, who is under the heel of a Russia ruled by a dictator. World champion boxer (and Ukrainian opposition figure) Vitali Klitschko called for sympathy with the poor demonstrators: “Security forces smashed the tents, dispersed demonstrators with clubs, and destroyed our peaceful protests.” So it’s clear who is right, and who is wrong—right?

The reality, however, is that the longstanding efforts of the U.S. and EU to integrate Ukraine as quickly as possible into the EU and NATO, really aim at advancing the containment of Russia to such a point that it becomes practically indefensible. The intelligence think tank Stratfor (Dec. 10) mused that “Ukraine is territory that is deep within the Russian core and losing Ukraine from its orbit leaves Russia indefensible.”

For that same reason, Russian military spokesmen have repeatedly insisted that the installation of the U.S. anti-missile defense system in Eastern Europe is unacceptable, since it would neutralize the second-strike capacity that Russia needs to respond to a nuclear first strike from the U.S. or NATO. Moreover, it should be clear to anyone who has looked at a map, that such systems were not intended to be set up in Poland and the Czech Republic in order to hit missiles coming from Iran, as claimed, because were that the case, the U.S. would have accepted the Russian offer to set up a joint missile defense system in Southern Russia and Azerbaijan. Therefore, when the P5+1 negotiations in Geneva led to a potential agreement with Iran, Russian Foreign Minister Sergei Lavrov called the U.S./NATO bluff, arguing that the anti-missile system in Eastern Europe was no longer necessary.

What we are dealing with here is pure geopolitics.

The aim of tearing Ukraine away from Russia, knowing how interdependent their economies are, is to prevent an economic recovery in Russia. Ukraine, which has considerable industrial and agricultural capacities, will be subject to the same free-trade methods that are intended under the planned TAFTA (Trans-Atlantic Free Trade Area), all to the benefit of the multinationals. That means preventing the State from playing a role in defense of the general welfare, to ensure maximum profit for the main players in the casino economy.

The economic relations between Ukraine and the EU up to now have made this clear: Ukraine is not welcomed as an equal partner in the EU, but rather as a supplier of raw materials, and as a new playground for the financial locusts.

This experience must have influenced Ukraine’s decision not to enter into the Association Agreement with the EU; another factor was undoubtedly the sorry sight of the victims of the EU’s policies in Greece, Cyprus, Italy, Spain, and Portugal, where the policy of the Troika has dramatically reduced life expectancy. Pope Francis, in his Apostolic Exhortation *Evangelii Gaudium*, found the right words to describe this policy: This is an economy that kills.

Should the Ukrainian government, under massive pressure from the EU and the U.S. and the threat of sanctions, give in and sign the Association Agreement with the EU, that would mean the threat of a new Greece on the Russian border, and of being plunged into an internal war—not into a civil war, but irregular warfare scenarios.

Foreign Manipulation

So who are these pro-Europe forces in Ukraine? For over a decade now, various neo-con circles in Great Britain, the U.S., and the EU have invested hundreds of millions of dollars, true to the techniques of Gene Sharp,¹ to consolidate the staff and logistical infrastructure that led to the 2004 “Orange Revolution.” George Soros’s Open Society Foundation, the National Endowment for Democracy, the Carnegie Endowment, the Smith Richardson Foundation, the IRI, as well as Oxford and Cambridge universities and various think tanks have for years funded 2,200 (!) NGOs in Ukraine, whose task is to bring about “regime change,” just as they have done towards any other legitimately elected

1. See Rachel Douglas, “Destabilizing Russia: The Democracy Agenda of McFaul & His Oxford Masters,” *EIR*, Feb. 3, 2012.

government that is not willing to bow down to the global casino empire.

The key agencies for this policy are the Center for U.S.-Ukrainian Relations (CUSUR); the National Endowment for Democracy, whose deputy chair Nadia Diuk is now in Kiev, coordinating the opposition's activities; the American Foreign Policy Council, whose board includes such neo-cons as Newt Gingrich, Robert McFarlane, James Woolsey, and Robert Joseph. These circles are gunning to break up the territorial integrity of Russia and China, and Ukraine's integration into NATO or balkanization is only one step to that end.

But this time, the financiers are not as squeamish in choosing their protégées as they were for the Orange Revolution: This time, they are counting on the right-wing spectrum of organizations, ranging from the Svoboda group, with its fascist background and a swastika-like logo, to former prime minister Yulia Tymoshenko's Fatherland electoral alliance and Klitschko's Udar ("Punch") party.

The EU is pursuing its own geopolitical strategy, in a division of labor. According to *Der Spiegel*, Chancellor Merkel wants to pump up Klitschko as head of the opposition, through joint appearances and invitations to the heads of state and government meetings of the conservative European People's Party (EPP), and a personal meeting with Merkel. While this was originally designed to prepare Klitschko's candidacy for President in 2015, it escalated after Yanukovich's possibly temporary decision not to sign the Association Agreement.

According to these accounts, the Konrad Adenauer Foundation and the EPP are providing training for Udar parliamentarians and staff, and Merkel's foreign policy advisor, Christoph Heusgen, and Chancellery Minister Ronald Pofalla met Klitschko and promised him their support. Pofalla will be remembered for his remarks to [Christian Democratic Party leader in the Bundestag] Wolfgang Bosbach, when the latter reminded him of parliamentarians' freedom of choice, as guaranteed in the German Constitution. Pofalla retorted: "I can't stand to see your stupid face any more. I can't hear such crap anymore." Whoever is so dismissive of the Constitution is of course also oblivious to the UN Charter, which guarantees non-interference into the internal affairs of a sovereign state.

To take a championship boxer, of all people, who has said nothing of substance, just PR slogans such as that all Ukrainians have the right to freedom and to a

better life, and to groom him as a Presidential candidate, indicates the true intention of these circles: geopolitical domination. The Ukrainian population would do well to find out before it's too late what such a "better life" looks like in Greece or Spain, since those countries have come under the whip of the Troika. And to associate with an EU which has just adopted the bail-in directive, borders on calculated hara-kiri. Ukrainians would do better to send their savings to the Moon before they fall prey to the "Cyprus-Detroit model."

What Germany Really Needs

For Germany, and for the other European nations, maintaining good relations with Russia is of existential importance. Former Chancellor Helmut Schmidt was not only right in his negative judgment of the EU institutions and the current political leadership of Europe, which he expressed during his "farewell visit" to Putin in Moscow on Dec. 11, but also in his reference to the fact that, after the tragedies of the 20th Century, Germany and Russia remain neighbors that are linked by a common destiny.

If Germany is to survive as an industrial nation—a status which is jeopardized by its complete phase-out of nuclear energy and the effects of that on energy prices, and by the consequences of the casino economy on the real economy—then a sovereign Germany will have to accept an alliance for true economic cooperation with other sovereign republics. Germany's economic cooperation with Russia, China, India, Japan, and South Korea, just to name the most important countries, will help decide whether the world will come out of the current crisis and concretize a fundamental shift in the economic order, away from the casino economy and toward reconstruction of the real economy. To do so, Germany has capacities, such as machine-building and small and medium-sized enterprises that are needed and valued throughout the world.

It is high time to draw the appropriate conclusions from the failed and dangerous euro and EU experiments, to gain sovereignty over our economic and monetary policy, and to build up the economies of a Eurasian continent of the Fatherlands [sovereign nations], from the Atlantic to the China Sea. The policy for a New Silk Road which Chinese President Xi Jinping has put on the agenda must become the basis of true cooperation and friendship of all the nations involved.

Translated from German by Christine Schier

Russia To Defend Traditional Values, Escape Financial Offshore Havens

by Rachel Douglas

Dec. 15—Russian President Vladimir Putin on Dec. 12 delivered his annual Message to the Federal Assembly, a *tour d'horizon* of domestic and foreign policy that is his most authoritative speech of the year. The speech covered a range of domestic and foreign issues, from Russian economic policy to the non-performance of the Medvedev government on key goals mandated by Putin; from non-action on his call of one year ago for a “de-offshore-ization” policy regarding Russian businesses, to money-laundering;¹ from the role of Russia as a defender of traditional values, to the activity of what he called “the immoral international” that provokes ethnic strife in Russia itself.

Russians are currently pondering and commenting on this year's Presidential Message as a comprehensive platform statement. State TV's Sunday-night Vesti Nedeli (News of the Week) program with Dmitri Kiselyov, Dec. 15, highlighted two elements of Putin's speech: Russia as a defender of traditional values, and the President's demand to get serious about drastically reducing the volume of Russian business transacted in offshore tax havens.

The Vesti Nedeli report led with this passage from Putin's speech: “We have always been proud of our country, but we do not lay claim to the label of a superpower, understood as laying claim to worldwide or regional hegemony... We shall seek to be leaders, defending international law, seeking respect for the national sovereignty, independence, and way of life of different peoples.”

As in his speech at the Valdai Club meeting this past September,² Putin lamented that “in many parts of the world, norms of morality are being revised, while national traditions and the distinctions of nations and culture are erased.” He upheld Russia as “defending tradi-

tional values,” which he called Russia's “conservative position.” Said Putin, “In recent years, we have seen attempts to force on other countries a supposedly more progressive model of development, [but,] have in fact brought retrogression, barbarity, and bloodshed. This has happened in a number of countries in the Middle East and North Africa, and this is how the dramatic situation took shape around Syria.”

Pirates of the Caribbean, Beware!

A second segment of Vesti Nedeli explained to viewers the mechanism of offshore tax-evasion and money-laundering, as done by Russian businesses on a massive scale. This is the “Pirates of the Caribbean” phenomenon, centered in British Overseas Territories, which has looted the Russian economy and strangled its growth potential.³

As a list of 41 major offshore jurisdictions scrolled on the TV screen, the narrator pointed out that most of them were “Anglo-Saxon” (British) territories or centered around the Benelux region, including havens nestled in such European locations as Liechtenstein. In his December 2012 Presidential Message, Putin had called for measures to be drafted for ending the role of the offshores in draining resources from Russia. In the same vein as his harsh criticism of the government, on several recent occasions, for failing to implement the package of domestic policy decrees he signed upon his inauguration in May 2012, Putin said that the job had not been done, and began to lay out specific measures:

“In last year's Address, I spoke about the challenges in relieving the economy of offshore activity. This is another topic to which I want to draw your attention and which we must return to today. Why is that? I will tell

1. “Putin Tells Nation, World Faces Watershed,” [EIR](#), Dec. 21, 2012.

2. “Putin Poses Russian National Idea,” [EIR](#), Sept. 27, 2013.

3. Lyndon H. LaRouche, Jr., “The Case of Arkadi V. Dvorkovich: Free Russia from the Pirates of the Caribbean,” [EIR](#), April 30, 2010.

you frankly that so far, the results are barely perceptible. Let me remind you about a major transaction that took place this year, worth over \$50 billion. The sale of TNK-BP shares occurred outside of Russia's jurisdiction, although we all know that the sellers were Russian nationals, and the buyer was one of Russia's largest companies.

"Last year, according to expert assessments, \$111 billion worth of Russian goods passed through offshores and semi-offshores—that's 20% of our exports. Half of the \$50 billion of Russian investments abroad also went to offshores. These figures represent the withdrawal of capital that should be working in Russia, and direct losses to the nation's budget. Since nothing significant has been achieved in this area this year, I want to make the following suggestions.

"The incomes of companies that are registered in offshore jurisdictions and belong to Russian owners or whose ultimate beneficiaries are Russian nationals must obey Russian tax laws, and tax payments must be made to the Russian budget. We must think through a system for how to collect that money. Such methods exist and there is nothing unusual here. Some countries have already implemented such a system: If you want to use offshores, go ahead, but the money has to come here. . . .

"Moreover, companies registered in a foreign jurisdiction will not be allowed to enjoy government support measures, including Vnesheconombank credits and state guarantees. These companies should also lose the right to fulfill government contracts and contracts for agencies with government participation. In other words, if you want to take advantage of the benefits and support provided by the state and make a profit working in Russia, you must register under the Russian Federation's jurisdiction. . . .

"We need to maintain our fundamental, firm position on ridding our credit and financial system of various types of money-laundering operations. Meanwhile, the interests of honest clients and depositors in problematic banks should be securely protected. Today, the fight against the erosion of the tax base and the use of various offshore schemes is a global trend. These issues are widely discussed at the G8 and G20 summits, and Russia will conduct this policy at both an international and national level."

Implementation of Putin's intention would have far-reaching international implications. From a Russian



Presidential Press & Information Office

In his Address to the Federal Assembly, President Putin took aim at what he called, "the immoral international," that provokes ethnic strife in Russia.

domestic standpoint, the plan was welcomed in a commentary on the Fayl-RF (RF File) site by Yuri Krupnov, leader of Russia's Development Movement. He called it "a pathway toward returning Russia to its citizens." Besides the lunacy of having a huge chunk of the economy not subject to Russia's own tax and other laws, Krupnov pointed out, "Offshore-ization directly promotes corruption. . . . The offshores become a means for foreign interests to control the [Russian] participants in dubious deals, which not only promotes corruption, but represents a threat to the national security." Krupnov suggested that "the realization by businessmen that they should be playing for Russia and fighting for Russia, as the President insists, outweighs all the obvious benefits for state coffers, the investment climate, and so forth. It's an important geoeconomic signal, which should have some follow-up. The President's proposals should be supported, and every effort made in both the executive and legislative branches of government, for them to succeed."

A Different Kind of Asia Pivot

Putin addressed "the international situation from the standpoint of Russia's national interests," Kiselyov summarized in the Dec. 15 Vesti Nedeli program. Two special points of emphasis were the Asia-Pacific Region (APR) and Russia's Far East, and the process of organizing the Eurasian Economic Union and Customs Union.

Having congratulated Russia on achieving positive natural population growth (excess of births over deaths) this year for the first time since 1991, Putin said that Eastern Siberia and the Russian Far East require special attention. He proposed “to establish there a network of crash economic growth zones, with special conditions for organizing non-raw-materials production, including for export.” Substantial money and tax incentives for workers and families who will work there, and for businesses willing to operate in these sparsely populated areas are envisioned.

Linking this perspective to Russia’s trade with partners in the APR, Putin said: “I am certain that Russia’s pivot toward the Pacific Ocean and the dynamic growth of all of our eastern territories will not only open up new economic possibilities for us, new horizons, but will provide additional instruments for conducting an active foreign policy.”

Putin said that preparations for signing the Eurasian Economic Union treaty among Russia, Belarus, and Kazakstan will be completed by May 1, 2014. He reported that working groups are preparing road maps for Kyrgyzstan and Armenia to join the Customs Union of those same three core countries.

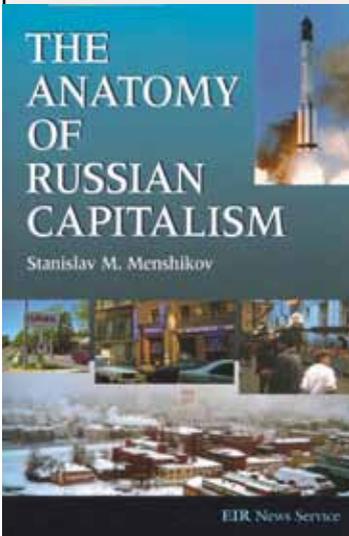
He added that the “real achievements of Eurasian integration” will likely interest additional neighboring countries, including Ukraine. Elaborating on the crisis around Ukraine and its policy, Putin said, “Even before the events we are now witnessing in Kiev—and I do hope that all the political forces in that country will manage to reach agreement and resolve their problems—since May of this year, Ukraine has asked to attend all meetings of our core ‘troika’ with observer status, and has been taking part in the discussions, while repeatedly expressing its interest in joining certain of the Customs Union agreements. We are not forcing anything on anybody. But if our friends want to work together, we are prepared to continue this work at the expert level.”

Military-Strategic Warnings

Putin spoke at length about the diplomatic process, and Russia’s role within it, aimed at resolving the crisis in Syria. He added that the situation around Iran could also be resolved exclusively by peaceful, political means. He echoed the recent observation of Foreign Minister Sergei Lavrov, that resolution of the controversy over Iran’s nuclear program means that there should be no need for a U.S.-NATO ballistic missile defense (BMD) system.

The Russian President returned to this question, in introducing the section of his Message dealing with national policy to build up the defense sector. Once again, he noted that BMD systems “are called defensive, but in reality are an essential component of a strategic offensive capability.” Putin then explicitly discussed the U.S. development of a Conventional Prompt Global Strike (PGS) policy—a would-be “counterforce” capability to take out an opponent’s nuclear deterrent using high-precision conventional weapons.⁴ “Implementation of these plans,” Putin warned, “may have extremely negative consequences for regional and global stability.” He said that the counterforce and BMD programs, combined, would nullify all existing strategic arms agreements, and that Russia “will respond to all of these challenges, both the political and the technological ones.”

4. Versions of this idea have circulated since the early 2000s, when it was promoted by then-Secretary of Defense Donald Rumsfeld. The scheme failed to gain traction against the criticism that once launched, such projectiles would be indistinguishable from a nuclear-armed launch, and therefore other powers would respond as if the weapon were a nuclear warhead. Related notions are discussed in “U.S. Moves toward Nuclear First Strike Capability,” *EIR*, March 15, 2013.



This English translation of the work of Russia's authoritative economist, Stanislav Menshikov presents a critical analysis of the complex economic processes in Russia following the collapse of the Soviet Union.

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Greek Party Leader Calls For FDR Solution to Crisis

by Dean Andromidas

Dec. 12—A call for the implementation of Glass-Steagall in Greece, Europe, and the United States was delivered by Panos Kammenos, leader of the Independent Greeks, one of the leading opposition parties in the Greek Parliament, in a speech Dec. 8, on the occasion of the Greek Government's submission of the 2014 national budget, which narrowly passed by three votes. As the first such call for Glass-Steagall in the Greek parliament, it will serve as a rallying point to bring the opposition to the European financial oligarchy's genocidal policy behind the growing international movement to push through Glass-Steagall bank separation in the United States and Europe.

Kammenos had just returned from Washington, where on Dec. 3, with the cooperation of the LaRouche political movement, he met with members of Congress to discuss the importance of restoring the Glass-Steagall Act in the United States, as the best way of aiding Greece and Europe.

The driving polemic in Kammenos's speech was that the intention of those who orchestrated the economic and social catastrophe imposed on Greece was to save the European banks and the euro at the expense of the Greek people. Of the EU270 billion forced on Greece as a so-called "bailout," only EU35 billion could be identified as actual Greek state debt, while no less than EU235 billion is the banks' debt that was "passed from the banks' deficits to the citizens' deficit" under orders of the European Central Bank, and with the consent of the Greek government. This has left Greece, Kammenos charged, with a collapsing economy, an unpayable debt which is 175.5% of the country's gross domestic product, and unemployment that exceeds 28%. Since the bailout began, Greece's lenders have raked in EU50 billion while Greeks who have joined the growing army of unemployed have seen their wages cut by 40%, have been losing their homes, and are being crushed under ever-increasing taxation.

Kammenos reminded his colleagues that when Greece, in 1979, signed the agreement to enter the Eu-

ropean Economic Community, as the European Union was known at that time, the then-Prime Minister Constantine Karamanlis¹ proclaimed that that Greece was joining "a community of nations which will be based on free consent, in equal cooperation and in mutual respect." That was "a community of nations, and not a community of banks," and that is the Europe that the Independent Greeks believe in, Kammenos added.

Kammenos also took a swipe at German Chancellor Angela Merkel, who, he said, is acting as an agent of the Europe of the bankers, in their plan to enslave the people; he also denounced German Foreign Minister Guido Westerwelle, "who strolls around in Ukraine's squares in order to fund organizations which supposedly talk about European union and the future of Ukraine at the expense of the agreement of the Ukrainian government to negotiate with Russia." He warned, "This is the game, ladies and gentlemen, you are going to play, if you vote for today's budget."

FDR's 'Four Freedoms'

Identifying the emerging trans-Atlantic resistance movement, Kammenos declared: "Of course, there is a resistance by the people from all the European countries and the United States of America. We can see what is going on in the United States. When that country faced the big financial crisis in the 1930s, it had the good fortune of having had a great leader, President [Franklin D.] Roosevelt, who manifested the 'New Deal.' This is the kind of 'Deal' we have to carry out, ladies and gentlemen, a New Deal that will put aside the bankers and will manifest citizens' rights.

"The United States achieved its success with a President who was very sick, who had poliomyelitis and was

1. Constantine Karamanlis (1907-98), prime minister of Greece from 1955-63 and 1974-80. Karamanlis brought Greece into the European Economic Union through his strong collaboration with French President Charles de Gaulle, and later President Giscard d'Estaing. He founded the New Democracy party in 1974 on the model of the France's Gaullist party.



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Following an intense round of meetings with members of Congress in Washington, in which he urged passage of Glass-Steagall and a New Marshall Plan, Independent Greeks party leader Panos Kammenos issued a rallying call in the Greek parliament to end the Troika's brutal dictatorship over Europe.

confined in a wheelchair, but nonetheless, brought back the vision of the nation. Our nation too must have a vision, and the vision is to work hard in order to change our public sector because it is unhealthy. We must change. To be taxed normally, although the state has to protect our property, and we have to operate for the benefit of national sovereignty and not for the benefit of the banks.

“We have to serve that ‘New Deal’ under the Four Freedoms that Franklin Roosevelt described in his great speech: The first one is the Freedom of Speech and Expression everywhere in the world. That is a freedom which is being infringed upon. . . .

“The second principle, according to Roosevelt is Freedom from Want, from poverty, which on a world-wide level, means financial terms must ensure for every nation health and conditions of peace for the citizens all over the world. The state, even in the most liberal of societies, has the obligation to protect the poor, the obligation to care about the sick people who do not have the ability to pay for their health and social insurance fund. It is an obligation of the state to protect the citizen and his rights.

“The third principle is Freedom from Fear, and that fear, we have to confront in this hall today. . . . We have to confront this fear, like it was confronted in the New Deal. Because the New Deal proceeded in specific

laws, that at the moment, are coming back in the world to knock down the immunity of the banks. A Democratic Senator, Carter Glass from Virginia, and a Democratic Representative, Henry Steagall from Alabama, in 1933, introduced President Roosevelt’s legislation that ordered commercial banks to be separated from the banks that take part in, as it is called, ‘Casino Capitalism.’ . . . That legislation, Glass-Steagall put aside the speculators, from 1933 to 1999.”

Bring Back Glass-Steagall

Referring to his lobbying in Washington on Dec. 3, Kammenos said, “Many Congressmen—I had the good fortune to meet many of them—have brought back the Glass-Steagall legislation, because if Greece blows, Italy, Spain, Portugal, France, Germany, and the USA will blow too. We have to blow up the bubble of the speculators before they blow the bubble of the citizens. So let’s bring back the Glass-Steagall legislation. The Independent Greeks support this legislation; and for the European elections, with the other European parties, and together with citizens movements, we will raise the flag, asking the citizens to vote for the rationale of the policy of banks, or for the rationale of citizens, the people, the children, and our future.”

Alongside Glass-Steagall, Kammenos called for a New Marshall Plan for Europe: “What Greece needs, dear colleagues, is a New Marshall Plan. And this is the big difference. . . . The real allies were the ones who, from the U.S. in 1947 with Marshall Plan, gave 16 European countries after World War II financial help to rebuild our economies. And the economies were rebuilt. The Greek shipowners took the Liberty ships, and made Greece the first power in shipping.”

Kammenos called for the New Marshall Plan to be implemented in cooperation with the United States and Russia. “Instead of allowing the seizure of our oil and natural gas by our borrowers, as they intend to do, we have to negotiate now with the two powers, Russia and the USA, for the ability to issue bonds against future profits from the mineral wealth in order to proceed to a complete elimination of our debt—I am so delighted, Mr. Tsipras,² that you mentioned today the need to eliminate the debt, a shameful and burdensome debt—to proceed essentially in a New Deal, and the people all together to proceed to the reorganization of the society

2. Alexis Tsipras, leader of the Syriza Party and leader of the Parliamentary opposition.

and the national economy.”

He concluded that voting on the budget was “an act of national responsibility that we have at this time individually and not as parties. It is not a defection to vote according to what you believe and according to the consciousness of those whom you represent. It is a betrayal against those to do exactly the opposite, to ignore the citizens that you represent. . . . I wish for the powers of this land to say a big ‘no’ to this budget. The days that will come, if this political scene keeps going, will be days in tears, in blood, days with foreclosures, citizens’ poverty, days that some of them want to drive into days of blood. We have to drive them into days of hope, coming back again to our real allies, and not to those who take advantage of our country.”

From the Steps of the Capitol

In Washington Dec. 3, Kammenos made a powerful intervention, briefing members of Congress on the gross injustices being forced on Greece and other European countries, and the crucial importance of fighting to get Glass-Steagall passed in Congress, to change the European situation.

In an interview with [LPAC-TV](#) from the steps of the

Capitol, Kammenos spoke of the message he was bringing to Congress, “I have already discussed with many Congressmen, about the possibility to build new economic rules with real banks, with a real economy, with real money. I think this is the moment, everywhere in the world to replace the hedge funds, the bubble economy, with real money, and with real development that will provide jobs for the people, that will provide the possibility to produce again. To produce in agriculture, to produce in industry, to produce in research.

“We also discussed Glass-Steagall, and I think that this is a solution not only for the United States, but also for Europe. Most important for Europe is the next European elections [for European Parliament]. The Independent Hellenes, our party, is in connection with the movements, with parties, new parties, new movements, with people around Europe. I think that we are ready to propose to our nations to support this Glass-Steagall European project, and to send a message to the next European elections. . . . Most important is that we are in touch with the people—you know, many Greek-Americans live here—this is the moment to reach everybody, not via the lobbyists, but via the real people.”

On Dec. 6, the ruling New Democracy party expelled Nikos Kioutsoukis, secretary general of the trade union DAKE, which is aligned to the party, for issuing a statement calling on parliamentarians to vote down the budget because it would continue the policies that have left Greece in “social and economic ruin.”

In his speech before the Parliament Kammenos spoke of Kioutsoukis’s ouster as an example of the violation of FDR’s “Freedom from Fear,” since not only was Kioutsoukis ousted, but a pressure campaign by the pro-government media attempted to isolate and instill fear in him and his family.

Kioutsoukis’s call to vote “no” on the budget was accompanied by a five-page documentation of the “onerous” conditions that have been imposed on the Greek people as a result of three years under the regime imposed by the Troika of the European Union, the European Central Bank, and the International Monetary Fund. The conditions imposed to create a “primary surplus,” the statement declared, have left the “social fabric and economy in ruins.” The “medicine” prescribed was worse than the “disease.” Rather than restoring the economy, it has been thrown into “a sustained and multi-level coma,” and has created “a severe socio-economic crisis that now reaches beyond that of a humanitarian crisis.”

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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Obama, Bernanke, Wall Street Commit Crime of the Century

by Paul Gallagher

Dec. 16—The economy is again facing the prospect—or threat—that the Federal Reserve may make another attempt to begin to “exit” from its years-long “quantitative easing” (QE) which has made all markets in the world dependent on an inherently hyperinflationary, and actually “no-exit” policy. That policy has already constituted a crushing blow to the U.S. economy, and a crime against the U.S. Constitutional policy of national banking and credit which was known as the Hamiltonian, or “American System of economy.”

Over the past five years, the Federal Reserve and the “Big Six” Wall Street banks, in collusion with the Obama White House, its economic advisors, and particularly its Treasury Secretaries, have let loose mass unemployment and killer austerity. But these crimes result from the Fed’s fundamental crime of creating a \$4 trillion “fake money” machine which has starved the U.S. economy of real credit since Obama took office.

Since that time, the Fed’s QE policy has pumped more than \$3 trillion of new “money” into the biggest banks on Wall Street and those in Europe. This, not any other factor, has made the U.S. Big Six “too-big-to-fail” banks 40% bigger now, than they were at the time of the 2007-08 crash. Since the end of 2008, *all* of the \$2.2 trillion increase in deposits in the biggest Wall Street banks has resulted, and can be tracked precisely, from the Fed’s money-printing, as shown in the central bank’s own data on “excess bank reserves.” The banks’ own reports also admit it.

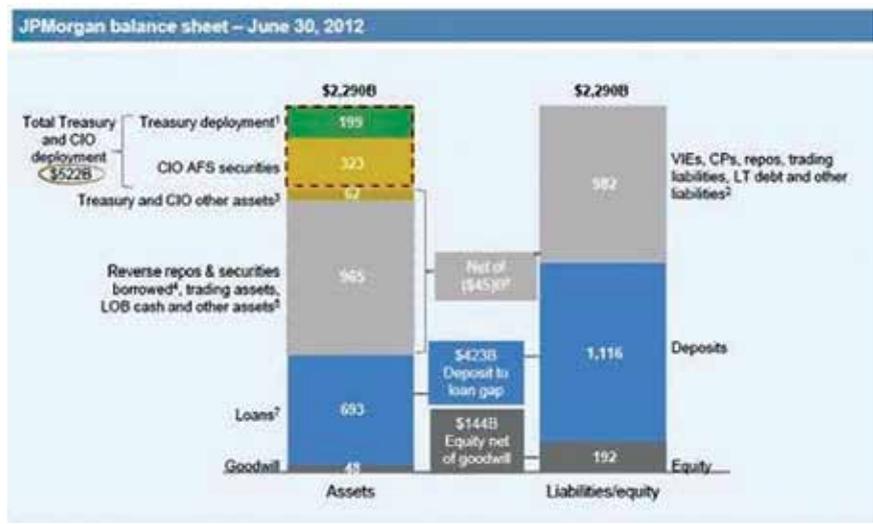
Conversely, *all* of the Fed’s \$3-plus trillion QE “money” has gone to these Wall Street banks, and others equally as big in Europe. *None* of it has gone into great projects; none into new infrastructure platforms; none into investments in manufacturing and farming; none into the real U.S. economy.

And *none* of this mass of money printed for the biggest banks, has been loaned out. The six biggest U.S.-based banks’ lending has fallen in five years by \$700 billion, even while their so-called “excess reserves” have increased by over \$2 trillion—and their lending is still falling, quarter by quarter. So, while these six banks now have 65% of all the deposits of the banking system of the U.S., thanks to the Fed, they have turned this into speculative money: in financial derivatives, securities, swaps, repo loans to other banks, and financial companies and funds. JPMorgan itself has a trillion and a half dollars in such speculations; they dwarf the bank’s total lending to businesses and households.

The glaring example of perpetrator JPMorgan Chase is illustrated (**Figure 1**), in an analysis of the bank’s reports *already 18 months ago* by the financial website ZeroHedge.com. The left-hand bar of “Assets” shows how large a chunk of the giant bank’s assets (dotted line) were part of the single, huge “London Whale” derivatives bet; and how small a portion of its assets were involved in loans.

Are these now banks at all? Or are they gigantic high-risk pools, being hyperinflated by the printing of

FIGURE 1



trillions of dollars in what is essentially “fake money” by the Fed?

To Stop the Crime

The new “Volcker Rule,” even when it takes effect in mid-2015 or later, will not change the behavior of the monster-bank creations of the Fed. Ending it requires breaking them up by restoring Glass-Steagall, and a different—Hamiltonian—central bank entirely. As George Washington wrote of Hamilton’s credit policy in 1791, in a new nation which had been completely bankrupt and lacking in credit a few years earlier: “The country appears to be in a very improving state, and industry and frugality are becoming much more fashionable than they had hitherto been. The farmer finds a ready market for his produce, and the merchant calculates with more certainty on his payments. Our republic’s credit stands on a ground which three years ago, it would have been considered as a species of madness to have been foretold. The astonishing rapidity with which the newly instituted National Bank was filled, gives an unexampled proof of the resources of our countrymen and their confidence in our public measures.”

We need such “madness” now.

Hamilton’s national banking system was relaunched in virtually identical form by Lincoln’s “Greenback” reforms of 1861-63. The following half-century made the U.S.A. the economic and industrial model of the world. After the 1930s crash, this program was approximated by FDR’s national credit poli-

cies, and his pushing the Fed to do real commercial lending. Ben Bernanke’s policy has refused this for five terrible years. It has created a completely insular, multi-trillion-dollar “triangular trade of monopoly money” among the Fed, Wall Street, and the Treasury.

That trade has produced record profits of banks and large corporations, mass unemployment, and deadly austerity in an economy starved for credit.

The share of GDP which represents the costs of labor, supporting employed Americans and their families, has fallen in the past ten years, from 66% to 57%. At their expense,

the share of profit in GDP has risen. The real wages of manufacturing workers have fallen by 3% just since Obama took office. In the same five years, manufacturers’ after-tax profits have more than tripled. Last year, the number of Americans officially living in poverty passed 50 million. The number of employed Americans working in officially defined “low-wage employment” reached 40% of all employment. Six weeks ago, 48 million Americans suffered cuts in food stamps by 5%; in January, they will be cut again.

Within the last week, four groups, each comprised of tens of thousands of Americans, lost their pensions and/or health insurance plans, or had them cut: the public employees of Detroit (who also are having their wages cut); the public workers of Illinois; the employees of the big Delphi Auto Parts Co.; and all U.S. Federal employees, in the new budget. The court-sanctioned bankruptcy of Detroit has flashed a green light to slashing public workers’ pensions and health benefits nationwide.

On Dec. 11, the U.S. Conference of Mayors reported that 20% of the need for emergency food assistance to American families, went unmet in 2013. Two weeks from now, about 1.5 million long-term unemployed Americans will lose the unemployment benefits they are receiving. Senior citizens’ access to health care has declined for three consecutive years; and that denial of care is spreading to the population as a whole, particularly through “Obamacare.”

Wall Street’s “monopoly money” crime is becoming murderous, and must be ended.

Mobilization To Stop Detroit Pension Theft

Dec. 17—A U.S. bankruptcy judge on Dec. 3 handed a loaded gun to the bankers' enforcer in Detroit—financial czar Kevin Orr—to finish off the city, already staggering after decades of deindustrialization, depopulation, and disintegration. Judge Steven Rhodes rubber-stamped Orr's request to put the city through Chapter 9 bankruptcy, thereby gutting what remains of retired city workers' pensions, in a straight-out "bail-in" on behalf of the bloated but insolvent Wall Street banks.¹

In response to this "miscarriage of justice," on Dec. 13, the Detroit Board of Education² passed a strongly worded resolution; and on Dec. 11, Bill Roberts, a member of the LaRouchePAC Policy Committee, and former Michigan Congressional candidate, issued a statement condemning the "outrageous ruling." We publish excerpts of both.

Detroit School Board Resolution

"Resolution of the Detroit Board of Education Condemning the Bankruptcy Ruling and Urging Swift Congressional Passage of Glass-Steagall.

"WHEREAS, The recent court ruling of U.S. Bankruptcy Judge Steven Rhodes, allowing the Chapter 9 bankruptcy of Detroit to proceed, was a witting miscarriage of justice. Its intent is to hasten the collapse of the once decent standard of living of Detroit's citizens and to further the death of our great city. We must defend the people; and,

"WHEREAS, The Board of Education denounces this ruling for three reasons.

"First, it pays off the Wall Street banks at the expense of our citizenry. It calls for paying the financial debt and the interest rate swaps that were foisted on our

city by Wall Street bankers by bailing-in hard-earned city pensions. The ruling says that Detroit is not obligated to pay its employees the full value of their pensions. Many city employees are not eligible for Social Security and depend on their pensions, without which many will be condemned to an early death. The average city pension is \$19,000, and if it is cut 20%, 50%, or more, that will force people to choose between food, medicine, rent or other necessities. Hence, it will likely shorten their lives.

"Second, it abrogates the state constitution, which explicitly says that the pension benefits shall be a contractual obligation thereof which shall not be diminished or impaired thereby.

"Third, it sets a dangerous precedent for cities around the country. The court ruling sanctions the spurious arguments outlined by Jones Day attorneys months before the bankruptcy in a paper entitled, 'Can Municipalities Use Bankruptcy to Solve their Pension Woes?' Now cities around Michigan and the nation, from Philadelphia to Los Angeles, are investigating bankruptcy as a way to stop paying pensions in order to pay the Wall Street banks; and,

"WHEREAS, This ruling is a license to Wall Street bankers like UBS, Barclays and Bank of America, who have been at the center of bankrupting Detroit, to both continue their financial stealing and rob pensioners in the process. In Detroit, our industry was deliberately taken down and outsourced over the years, destroying our tax base and forcing us to borrow on the financial markets. We are now paying 38% of our tax revenues for debt service. In addition to various bonds, we were also suckered into purchasing derivatives, interest rate swaps, by Bank of America and UBS. These swaps have cost the city an average of \$107 million per year since 2006 ... and,

"WHEREAS, Prior to the bankruptcy filing, Emergency Manager Kevyn Orr, who was previously employed at Jones Day, made a separate deal with UBS and Merrill Lynch, now owned by Bank of America, to pay their swaps, at either 75% now or 82%, if he pays them in the spring. He then turned around and foisted the entire cost of this payment onto the backs of city employees by bailing-in (stealing) their pensions and health care ... and,

"WHEREAS, There is an alternative to this subservience to Wall Street: The U.S. Congress can quickly pass two bills to restore the 1933 Glass-Steagall Act,

1. For coverage of the Detroit bankruptcy travesty, see "Wall Street Genocide: Judge Rules To Bail-In Detroit Workers Pensions," *EIR*, Dec. 13, 2013.

2. School Board president LaMar Lemmons III has been a leading voice in opposition to the bankers' rape of the city; he was interviewed on [LPAC-TV](#) July 22, 2013.

and then launch a vigorous industrial and infrastructure recovery. This policy worked under Franklin Roosevelt, and built the nation and the state of Michigan out of the Depression.... The repeal of Glass-Steagall in 1999 led directly to the financial bubbles that burst in 2008. Detroit was one of hundreds of cities that were lured into the bubbles by endless refinancing of debt and purchase of interest rate swaps and other derivatives from Wall Street. Now cities around the country, from Birmingham to Stockton, California, to Harrisburg, Pa. are paying the price by forced bankruptcies; and,

“WHEREAS, HR 129 in the House of Representatives restores the Glass-Steagall Act. There are 78 cosponsors of HR 129 in the U.S. House of Representatives, including John Dingell and John Conyers. There are 11 [sic] co-sponsors on similar legislation in the Senate sponsored by Elizabeth Warren to restore Glass-Steagall and break up the Wall St. banks, like Bank of America, that are hopelessly bankrupt. This legislation bars commercial banks from the sale or investment in the kinds of swaps and other speculative instruments that were foisted on Detroit and other cities and states. We can easily cancel our false debts and move to participate in a new manufacturing-led recovery; and,

“WHEREAS, The Detroit Board of Education passed a resolution this fall endorsing the Congressional legislation to restore Glass Steagall, and the Michigan House of Representatives and Michigan State Senate have similar resolutions pending on this urgent issue; and

“WHEREAS, In addition, we call upon the legal community, the labor movement, and our fellow elected officials to denounce the outrageous legal ruling of Judge Rhodes. Judge Rhodes should be treated with the same contempt that eventually visited British Lord Chief Justice George Jeffreys of the infamous Bloody Assizes, who spent his last days locked up in the Tower of London; now,

“THEREFORE, BE IT RESOLVED, that the Board of Education of the City of Detroit hereby denounces the ruling of U.S. Bankruptcy Judge Steven Rhodes, and calls upon the U.S. Congress to speedily pass HR 129 and S 1282 and restore the Glass-Steagall Act, as the first, necessary step, in addressing this crisis.

“Copies of this resolution shall be immediately sent

to the Congressional delegation of the State of Michigan, and to President Barack Obama.”

Roberts: ‘Treason Against the Nation’

“Last Monday, Federal Bankruptcy Judge Steven Rhodes issued an outrageous ruling that despite protections by the Michigan State Constitution, over 20,000 retired workers’ pensions will be placed on the chopping block under Chapter 9 Bankruptcy. While admitting that there were particulars that suggest that the intention from the very beginning was to use bankruptcy as a weapon to strip workers of their pensions, he went ahead anyway and ruled against any objections to initiating the bankruptcy of the City of Detroit.

“By making the decision to allow the reduction of pensions of \$19,000 a year for municipal workers, many of whom have no other source of income, Judge Rhodes committed the unconscionable crime of bureaucratic mass-murder. While Detroit retirees are being told to start over from scratch, a \$350 million loan from Barclays was arranged to pay off fees for interest rate swaps that were criminally rigged against Detroit by the manipulation of the now infamous Libor....

“This is absolutely a turning point for the entire nation and the entire planet. What this decision signifies is the transition from the already ongoing bail-out of so-called systemically important mega-banks, to orderly resolution or bail-in as under Title II of the Dodd-Frank bill. Whatever you think you have saved or earned, whether it is your retirement or bank deposits, is now at the discretion of Wall Street gamblers, whenever they decide that your assets are now their assets.... In reality, what has been unleashed by this Judge is murder on a vast scale....

“The only possible way the United States can organize a full economic recovery is to partner with the nations of the Pacific basin that have maintained an orientation towards high technology science driver programs. The Congress must now, despite themselves, accept this truth and abandon the murderous policy of bail-out and bail-in. Glass Steagall must be re-instated in the immediate weeks as the first step toward initiating this economic recovery.”³

3. See a video of Bill Roberts reporting on the bankruptcy decision at <http://larouchepac.com/node/29081>.

The World Needs The U.S. Fusion Program

by Marsha Freeman

Dec. 12—Each year’s gathering of the leaders of many of the world’s fusion programs in Washington, under the sponsorship of Fusion Power Associates, presents an opportunity to review the past year’s progress in fusion, and discuss plans for the future. This year, there were two main themes of the two-day meeting: Asian nations are moving ahead with their plans to develop fusion as an energy source as quickly as they can; and the creative ideas and the decades of experience of U.S. scientists, and engineering and industrial capabilities, which are now under threat, are critical for these international programs to move forward.

The view of the Obama Administration toward fusion has been expressed directly by the President himself: we don’t need any “fancy fusion” to solve our energy problems. Every other nation in the world thinks otherwise. The Congress cannot agree on what the American pathway to fusion should be, and to what level it should be funded. The world’s premier scientists and their experiments in the U.S. hang in limbo, while the rest of the world moves ahead.

The U.S., Russia, Europe, Japan, China, India, and South Korea joined together in 2007 to build the International Thermonuclear Experimental Reactor (ITER) located in France, to combine resources, and demonstrate the feasibility of the production of fusion energy using the approach of magnetic confinement. At the same time, each ITER partner has its own domestic fusion energy program, which includes experiments on machines with other approaches to magnetic fusion beside the tokamak design of ITER, and which creates the scientists and engineers of the next generation.

The Obama Administration’s current proposal for magnetic fusion is to contribute to the American finan-

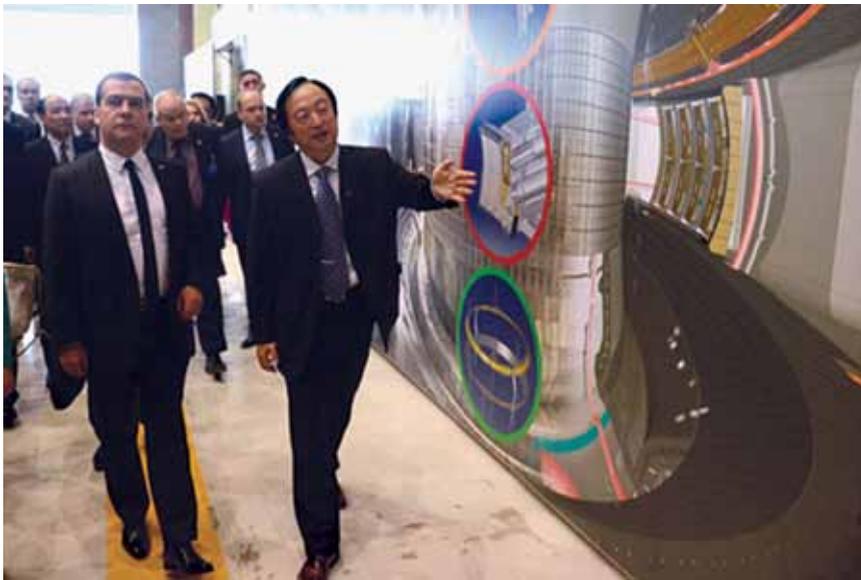
cial commitment to ITER (capped at \$250 million per year, which is less funding than is needed), by cutting the domestic experimental programs by 21%. This proposed drop from \$296 million to \$233 million, will shut down facilities, lead to the firing of scientists, engineers, and students, and destroy the 50-year position of leadership that the U.S. fusion community has earned. The advice of the U.S. government to the fusion community? Move to Asia, and do experiments there! Not even the nations which would appear to “benefit” from such a proposal in any way support shutting down the U.S. fusion program.

A Worldwide Effort

Since the first round of declassification of Soviet and U.S. thermonuclear fusion research during the 1950s, this has been an international endeavor, with the sharing of ideas, data, personnel, and experimental machines. The quintessential example of this collaboration is the ITER program.

At the FPA meeting, out of a sense of despair over the U.S. situation, some scientists put forward the proposal that the U.S. participation in ITER be cancelled, and that those “saved” funds be redirected back into the domestic programs which have been cut. Wiser participants noted that that money will never be put back into fusion, if the U.S. backs out of ITER.

ITER has come under intense criticism for being years behind schedule and billions of dollars over budget. However, there was no mention at the meeting that the International Space Station, which, all told, cost the United States about \$100 billion, also was years behind schedule, and tens of billions of dollars over budget. Any international engineering project of the size and complexity of either the space station or ITER, which is at the leading edge of known capabilities, will incur delays and missteps. This is not unique to this



Hefei Institute of Plasma Physics, Chinese Academy of Sciences

International cooperation has been a hallmark of fusion research from the beginning. Prof. Jiangang Li (right), director of ASIPP, gives Russian Prime Minister Dmitri Medvedev a tour of the Institute, Oct. 23. Academician E. Velikov, president of the Kurchatov Institute (walking behind them), is the originator of the concept that became ITER.

project, and should have, by all accounts, been expected.

The progress being made at ITER is impressive, and director general Osamu Motojima showed both the construction at the site in France, and the progress being made by each ITER partner in engineering and fabricating the myriad unique components. However, he reported that the plasma fusion experiments have been postponed from 2020 to 2023, and there is now an effort to see what can be done to recover some of the schedule, and stop schedule “seepage.” By the end of 2014, the major tokamak components will be arriving at the site to begin assembly.

But Dr. Motojima also stressed, more than once during the two days, the importance of the role of the U.S. in the success of ITER. He also said that other countries have shown an interest in joining the project, including Australia and Brazil.

Trying to counter the proposal to end U.S. participation in ITER, Ned Sauthoff, head of the U.S. ITER Project, refuted “rumors” that the “costs are out of control,” and explained that the escalation in the U.S. portion of the contribution to ITER has, in fact, been from \$1.3 billion to \$1.55 billion. The budget is capped at \$225 million per year and at that level it will take longer to complete the U.S. contribution, adding

to the total cost, he explained. In answer to a question, he said that if the annual amount were raised to \$300 million, the work would be done in seven rather than ten years, and save a half billion dollars, overall. Dr. Motojima concurred that the worst-case estimates are too high.

During the 1970s, when U.S. fusion funding allowed a stream of breakthroughs in new regimes for creating fusion energy, the next-step experimental machines were being designed at the same time that results from the operating experiments were still coming in. Today, the U.S. has no approved plan to start on any new device. It is China and South Korea that are the leading examples of this parallel approach, because they have made national commitments to create a fusion economy.

Beyond ITER

Dr. G.S. Lee, who earlier led the KSTAR project at the National Fusion Research Institute in South Korea, presented his nation’s plans for a demonstration fusion tokamak which will build upon work on ITER and Korea’s superconducting tokamak, KSTAR. The next step K-DEMO, or Korea Demonstration project, already has a project office in operation at the Institute, now led by Dr. Lee, with design work underway. If you wait until the results are all in from ITER to start the next step, Dr. Lee explained, it would be 20 years between machines, which is an entire generation of fusion scientists, and is too long.

The purpose of K-DEMO is to move from the demonstration of a burning fusion plasma in ITER, to a demonstration of the production of electricity that is the basis for a commercial power plant. It will be designed to produce on the order of 400MW of net electric power.

At the current time, the K-DEMO designers are creating options to be presented to the government for approval. Between now and 2021, the core technology development for the design of K-DEMO will be carried out. By 2028, the final design will be decided, and construction on the next machine will begin. The ma-



ITER Organization

The International Thermonuclear Experimental Reactor, ITER, is under construction in Cadarache, France. Next year, the largest components for the machine will start to arrive on site from around the world.

chine will operate through 2036. At that time, construction of a commercial fusion power reactor will begin.

Dr. Lee reported that the current funding for the Korean fusion program is about \$250 million per year, with about \$100 million of that for Korea's work on ITER. The Institute has requested an additional \$700 million over the next eight years, to carry out the R&D for K-DEMO. But while presenting a visionary path for the domestic Korean fusion program, Dr. Lee made the startling statement that "If we had to, we would stop KSTAR for ITER; we would do that. The most important project now is ITER," he stated unequivocally.

Cognizant and appreciative of the expertise and experience in fusion in the U.S., where Dr. Lee worked in the past, South Korea's National Fusion Research Institute signed an agreement with the Princeton Plasma Physics Laboratory in January to cooperate

in the design of Korea's K-DEMO reactor. Korean scientists will gain access to Princeton's decades of experience in designing and engineering fusion test facilities, and the American scientists will have access to one of the world's most advanced tokamaks.

Like South Korea, China has an advanced magnetic fusion program, centered on its EAST (Experimental Advanced Superconducting Tokamak) machine, which is at the Institute of Plasma Physics, in Hefei. Academician Yuanxi Wan, who headed the Institute, and now works closely with the team of young Chinese scientists at ITER, presented China's next step beyond ITER, which, he said, is "strongly supported by the government." China's fusion budget is about \$350 million, involving 20 institutes and universities in 66 projects, he reported. "The key is to support ITER as a success first, then, a Chinese reactor."

Dr. Wan explained that China plans to enhance

its domestic fusion research, by upgrading its EAST tokamak, stressing education and recruitment of young scientists, and working on key technology challenges.

China is proposing that its next-step machine be the Chinese Fusion Engineering Test Reactor (CFETR), which would be a complement to ITER. One focus will be the development of new materials that are suitable for fusion reactor conditions.

The working schedule for CFETR is to present two options for its design to the government by next year, and start work in 2015 on R&D. Between 2030 and 2040, research will be carried out on CFETR and also on a planned demonstration reactor, leading to a fusion power plant by 2050.

China has also actively engaged in bilateral agreements with international partners. In July, a cooperative agreement between EAST and Europe's Tore Supra (renamed, "WEST"), was initiated. In September, an agreement was signed with Culham Laboratory in England, home of the Joint European Torus. In October, to improve cooperation, Russian Prime Minister Dmitri Medvedev visited EAST, along with Academician E.P. Velikhov, the initiator in the 1980s of what became ITER.

Recently, Chinese EAST scientists joined American colleagues in San Diego, for research using General Atomic's Doublet III tokamak. The Chinese scientists were interested in duplicating and verifying EAST's results on a second machine.

One scientist knowledgeable about the cooperation, reported that the Chinese are not only paying the travel and expenses of the scientists they send, but also for the



National Fusion Research Institute

Educating the next generation: Students from the Daegu Jung-ang Primary School visited the South Korean KSTAR tokamak experiment in 2010.

time on the DIII machine, and some of the expense for American scientists who travel to China. This support helps to make up for budget cuts to the U.S. fusion program.

Hiroshi Horiike, from Osaka University, reported at the meeting on Japan's plan for fusion research after completion of its JT-60SA, superconducting tokamak. The Japanese have a DEMO design center; and their timeline is to do R&D until 2025, and then build a DEMO between 2025 and 2040. It would focus work on the areas that are not being covered in ITER.

Francesco Romanelli, representing the fusion programs of the European Union, described the Horizon 2020 program, which has a goal of fusion by 2050. DEMO construction would start in 2030, but Romanelli made clear that, "The success of ITER comes first." A decision on constructing a DEMO will be made in 2030. European scientists are working with Japan on designs. The budget the fusion programs are requesting

is for EU758 million for five years, not including the fund for ITER, he reported.

Fight for What Is Necessary

Fusion research in the United States is at a crossroads. The MIT Alcator tokamak is shuttered in a “warm shutdown.” It can be ready to re-start if the funding ever materializes. But Alcator has supported the research of 30 students. If things do not change, the estimate is that in a year, there will be five students left, and the most experienced faculty will continue to retire.

Graduate students have already started to look for work elsewhere, reports Dylan Brennan, president of the University Fusion Association. At this rate, he advises, there will be no next generation of fusion scientists; at least, not in the U.S.

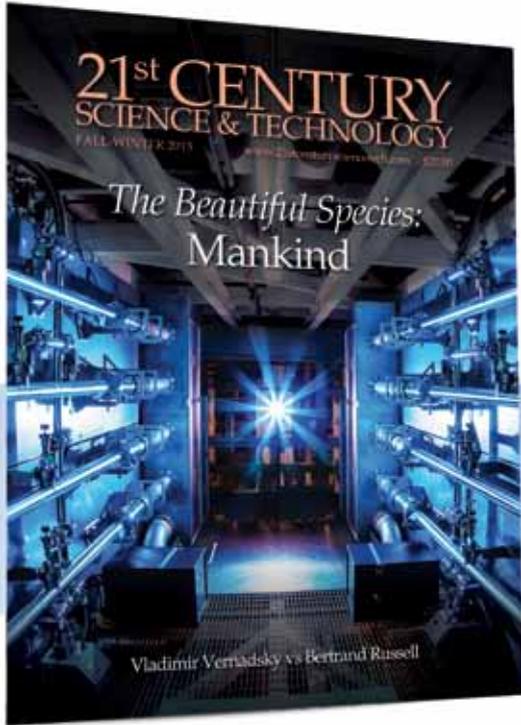
The Department of Energy, which knows fusion is “not a priority” for this administration, has tried to encourage scientists to “go east, young man.” As Amanda Hubbard, representing the U.S. Burning Plasma Organization of scientists, put it, you have a choice, “to leave fusion or leave the country.”

The other main approach to fusion, inertial confinement, has fared no better in terms of government support. As punishment for not meeting announced goals, the world-class National Ignition Facility at Lawrence Livermore Laboratory will not be supported for fusion energy research, but entirely directed to the weapons research it carries out.

For many years, the contraction in the budget has eliminated support for the wide range of possible approaches to achieving fusion, in both magnetic and inertial confinement approaches. Research in some non-tokamak magnetically confined “alternate concepts” has been carried out in other countries, and is being pursued by private companies here. But the rich heritage of a broad-based fusion program has been largely squandered in the U.S.

If the U.S. fusion community compromises now, either pitting ITER or other projects against each other, or falling for the age-old trap of, “you tell us what we should cut, so at least you are making the decisions,” we will have no U.S. fusion program.

The only effective approach is to fight not for what is possible, but what is necessary.



INSIDE THE FALL-WINTER 2013 ISSUE

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- Human Autotrophy

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ON 'SHIFTING THE ECONOMIC NARRATIVE':

What Was the Real Agenda Then?

by Lyndon H. LaRouche, Jr.

December 15, 2013

To: Greenberg, Carville & Seifert:

In June 2012, you, as the authors, uttered a published piece which you titled "Shifting the Economic Narrative."¹ You had then suggested that "the voters are very sophisticated." Obviously, you should now know that the voters, as such, were not "sophisticated" by any means. I suggest that we might come to agree on a timely change in that nominal agenda now.

There was a time, when two prominent members of the World War II intelligence services were walking down a White House corridor, one, a high-ranking intelligence officer, to meet with President Franklin D. Roosevelt in the President's private office. A second prominent member of the Office of Strategic Services (OSS), waited outside the office. As the OSS chief walked out along the corridor, he muttered softly to his companion: "It's over," and a moment later as they walked, "It's all over." A few decades later, I was engaged in a related kind of role in our nation's intelligence services, in 1982-3, when I would experience a similar defeat of what have been identified as our na-

tion's intelligence services, this time, not as a part of the OSS, but in my prominent role in launching the SDI project.

In both of the incidents, the one their leaving President Franklin Roosevelt's personal office, and my own in leaving the SDI mission behind me, later, there was much more to be considered than merely a coincidence of circumstances. I doubt, from where I stand even now today, that the trio of Stan Greenberg, James Carville, and Erica Seifert, would have actually thought carefully through the two precedents, the one from the moments of the imminent death of President Franklin Roosevelt, and, the other, my own efforts on behalf of the SDI. The indicated trio could not have fully understood that connection yet; I do. That root of their own mistake, while not actually their intention, points to their lack of insight into the circumstances of their actual situation which they had identified on the June 11, 2012 occasion.

Their mistake, if we would wish to define it as I know the truth of the matter before us, is that they failed to take into account the most essential features of the defeat of the mission of our United States, during those evil times when the wretched President Harry Truman had been scheduled to await the moment when his then incoming new Presidential administration would take over, and would largely destroy what had been the great mission of President Franklin D. Roosevelt, a great mission like that which would be similarly destroyed by means of the assassination of President John F. Kennedy.

1. <http://www.democracycorps.com/Economy-Project/shifting-the-economic-narrative/>



LPAC-TV

“How could any sane person actually believe,” LaRouche asked, rhetorically, “that there was ever any truth or other expression of honest reason in what Wall Street has always represented: theft, treason, and also such as assassinations, to our republic?”

If, in the course of events of great consequence, such as those two moments which I have identified above, one plays the consenting fool in hiding unpleasant realities from oneself, one seeks, thus, to cling to consoling fictions of a sort which one wishes to hope might make everything come out conveniently, in spite of the true reality of both the current situation, and, much more significantly, its true consequences. I avoid indulging in wishful fantasies: I remember that hero, Alexander Hamilton, who actually made the successful outcome of the launching of our republic, but was not merely murdered by the British spy Aaron Burr, but that leading figures, even some later Presidents, had either connived implicitly at the British empire’s assassination of Hamilton, but even some Presidents of our Republic, both then, and later, had shamefully connived with the accomplices from the relatively higher ranks of republic’s leadership, as if to protect the fairy-tales cultivated to support the wishful fantasies of those who flagrantly condoned the criminality of Burr.

That much said this far, let us unveil the actually relevant truth of this subject-matter.

Real life, is a matter of real history, not the wishful temptations of what might be esteemed to serve as the temptations of pathetically childish fantasies. The fact is, that more leading citizens are what I have often considered wishfully dreaming fools, or liars who pretend

to believe in sweet intentions of murdering thieves, and the like, who even merely pretend to believe that their simpering colleagues are paragons of good intentions and good judgments. Polite hoaxes are the more likely products to be considered. How could any sane person actually believe that there was ever any truth or other expression of honest reason in what Wall Street has always represented: theft, treason, and also such as assassinations, to our republic.

It were sufficient to examine the accounts of so-called practices of “quantitative easing,” to expose every last one of those miserable creatures, for the utter swindlers, at their very best, and, more likely, currently, murderers-in-fact they are.

Wall Street has robbed us, and is now intent on also killing our people, all for the bloody Queen’s publicly avowed intention, to reduce the human population—rapidly—from seven billions persons, to less than one. That is Wall Street’s practical policy in fact; and any one who is not merely a child, knows it, if they were both competently informed, and also competently educated and also effectively honest with themselves.

Honesty Was Never a Mere Quantity

If truth be known, truth was never merely a quantity; it was always, and only, a living species of existence. The time has come, in the present course of this specific report, to insist upon a specific quality of distinction of the human species from professed adherents of Wall Street’s and similarly perverted creatures. The measure of truth is located in the character of the de facto biologically upward biological evolution, called appropriately progress, of the human individual. Monetary gains, as merely such, have no inherently moral value on that account. The convenient measure for this *is locatable in the named magnitude of relative rates of increase of energy-flux density*. The terms to be used, include temperature of increase of thermonuclear fusion and relative matter-anti-matter action: implicitly, thus, concepts of a type associated with the contributions by such as Nicholas of Cusa, Johannes Kepler, and so on, through, and beyond, Bernhard Riemann, Max Planck, and Albert Einstein, but in no way the like of such charlatans as Isaac Newton and Bertrand Russell, nor can human progress be measured in terms of money as such; it can only be measured (competently)

in expressed increase of energy-flux density of actual gain by means of net work of increased energy-flux density, per capita of total population and the physically efficient progress of its net progress in work per-capita of total population.

For example: not only is Wall Street's income net worthless, but has been, in fact, monstrously counter-productive, as in the United States since the death of President John F. Kennedy, up through the present date at an accelerating loss of net output of actual work per capita. More to the point, any society which achieved a fixed standard rate of productivity, is necessarily a decaying (i.e., degenerating, morally and otherwise) society in fact of the effect.

A similar approach must be applied to the general pattern of all sets of living species. The interesting fact, on this account, is the notion of the difference between the upward evolution required by the human species, as systemically distinguished from the biological evolution of non-human processes. That is to say, that the human rate of progress is measured as if intellectually, rather than simply biologically. Hence, the general trend in human biology is that the apparent progress of animal species, does not correspond to the characteristics of *the actually required progress* of the human species: the mode of actual human progress is specifically noëtic *in the non-linear orders of magnitude of energy-flux density* required to maintain a culture of the human species.

For example, consider the following.

The Beastliness of Wall Street

The brutish characteristics of Wall Street since, most notably, the assassinations of John F. Kennedy and his brother, Robert Kennedy, had set a pattern of persisting, but uneven rates of decline of the physical economy and consumer economies of the United States (and of European nations, too), from that time to the presently, now highly accelerated rates of an actually mass murderous trend in both the U.S.A. and western and central Europe generally, up to the present moment.

The overt commitment to that policy of genocide directed against Anglo-American populations, among others, is to be recognized as a reflection of a long-standing ebb and flow of intervals of the practice of oligarchical mass-assassinations of the human populations, a trend which has been nakedly asserted as the

policies of such as the United States and most of Europe, among other regions, since the death of U.S. President Franklin D. Roosevelt, but, more emphatically, the intended deaths of those two brothers, deaths whose design has coincided with the so-called "Green" policy which was unleashed in an accelerated impulse since the latter time.

That genocidal policy of such as the baldly asserted British imperial monarchy of savage "green" population-reduction practices, presently, is to be recognized as a very long-standing policy of genocide since the dawn of what has been identified since the genocide against Troy. So far in known recorded history, civilization in general, whatever exceptions hither and yon, has been dominated by pro-genocidal governing regimes from the mists of the most ancient cultures known to us, to the presently most recent times. Her Majesty Queen Elizabeth II's launching of her genocidal programs, is nothing different, in many ways, than what has been practiced by ruling dynasties for as far back as our knowledge of these societies.

The essential difference, between that past, and now, is that the machinery of genocide has reached a degree of capability which points toward a relatively early threat of the actual extinction of the human species in total. She, that Queen, has been most specific in setting forth a policy of rapidly reducing the present human population from a recent seven billions human persons, to no more than one billion.

The correlative of this horrid atrocity has been centered to a considerable degree in the Anglo-Dutch financial system of the United States and the Anglo-Dutch elements engaged in organizing and enforcing policies of genocide fit to make even an Adolf Hitler blush.

The most frightening aspect of that horror itself, is the monstrously disgusting willingness of the leading nations of the Americas and Western Europe, to promote those practices. It appears, as the present trend, that only the immediate liquidation of institutions such as Wall Street, could check the immediately threatened mass-extinction of the greatest majority of the human populations of the trans-Atlantic community, and who know what more beyond. The greatest horror, is the willingness of the most influential economic and political institutions to not only condone, but promote such genocide as this which is currently in process by the implicitly virtual consent of a large segment of our own national political-party institutions.

The Volcker Rule Is a Fraud: Glass-Steagall Is Needed Now!

by Nancy Spannaus

Dec. 17—“If it’s war or revolution you want, then go along with this fake Volcker Rule,” commented Lyndon LaRouche in the wake of the Dec. 10 announcement that all five Federal regulatory bodies had voted up the 71-page regulation allegedly limiting the “proprietary trading” of the banks. The only serious way to stop Wall Street from looting Americans to death, is to bankrupt it by passing Glass-Steagall, immediately.

From its proposal in early 2010, the Volcker Rule was always intended to be a substitute for Glass-Steagall banking regulation—a fraudulent pretense of bringing the criminal banking sector under control. Faced with increasing momentum for implementing Glass-Steagall now, before a new impending financial blowout, the Obama Administration decided to ram through the Volcker Rule—overriding the objections of two of the Federal regulators.

The fraud is not working. Immediately, there was a firestorm of response, from London to across the United States, in which leading financial commentators and regulators blasted the Volcker Rule as inherently flawed, and incapable of preventing the major Wall Street and international banks from continuing their high-risk trading with depositors’ money.

Equally importantly, on Dec. 11, Reps. John Tierney (D-Mass.) and Walter Jones (R-N.C.) introduced a second bill for Glass-Steagall in the House of Representatives. Entitled “The 21st Century Glass-Steagall Act of 2013,” HR 3711 is a companion bill to one of the two Glass-Steagall bills already in the Senate, Elizabeth Warren’s S 1282, with 10 sponsors. Tierney and Jones are also sponsors of HR 129, the “Return to Prudent Banking Act,” which has 79 sponsors, and also has a companion bill S 985 in the Senate.

While Congress is determined to leave town without acting on these vital measures, all four will all be actively on the agenda when the 113th Congress returns in January—to face the growing social and financial

crises created by the rapacious global bankers. To stop disaster, Glass-Steagall is their only choice.

An Immediate Backlash

As soon as word got out that the Volcker Rule—which doesn’t take effect until 2015, if then—had been ratified, the outcry began.

- A Dec. 11 *Financial Times* editorial titled “A weak hand on casino banking—Volcker rule is justified in principle but flawed in practice,” called for Glass-Steagall: “But turning a well-intentioned presidential gesture into a workable law has proven to be a fiendishly difficult task. It took nearly four years for the agencies charged with filling in the details of the so-called Volcker rule to come up with a final draft. Few observers are satisfied with the result. . . . Zealots have argued that . . . regulators have made so many concessions that the rules will have little effect. . . . It is hardly surprising that they have had difficulty explaining how they will do this in practice. A better way to make banks safer is to ban them from certain kinds of risky activity altogether. This was the approach taken by the repealed Glass-Steagall act, which separated banks from securities firms. While the financial system is now safer than it was four years ago [sic], much work remains to be done. The publication of an ineffective rule should not be mistaken for genuine progress.”

- Former Sen. Ted Kaufman (D-Del.) wrote in *Forbes* Dec. 11, under the headline “The Volcker Rule Will Not Work”: “After nearly four years and countless hours spent negotiating and writing the rule, the five agencies involved have produced one of the great pieces of Swiss cheese in regulatory history—so riddled with exceptions, contradictions, and foggy language that the major celebrants will be the Wall Street lawyers who have been given the Christmas gift of their dreams.”

After reviewing the history of the Volcker Rule, following the defeat of the Glass-Steagall bill Kaufman co-sponsored with Senators Maria Cantwell (D-Wash.)

and John McCain (R-Ariz.) in 2010, and showing that the TBTF banks will cheat and continue proprietary trading under a different name, he concludes, “the tattered remains of the rule Paul Volcker envisioned, as promulgated today, will do very little to stop too-big-to-fail banks from engaging in high-risk trading with FDIC-insured deposits. That will happen only when we establish a strong new Glass-Steagall law that separates commercial and investment banks. The only question is how much damage will be done before that happens.”

- Pam Martens, a longtime advocate of Glass-Steagall, wrote in wallstreetonparade.com Dec. 11 that the Volcker Rule is a sham that “will not take full effect until July 21, 2015.” She quoted a press release issued on Dec. 10 by the Board of Governors of the Fed, justifying the delay, citing the need to give banks sufficient time to figure out which of their activities are covered by the Volcker Rule, which are barred, and how to implement the new regulations. She commented:

“This statement is complete buffoonery. Wall Street firms have known what Section 619 of the law requires since July 21, 2010. Instead of divesting themselves of the improper activities, they’ve spent their time and

shareholders’ money fighting the rules.” She concludes, “As a few courageous souls in Congress, led by Senator Elizabeth Warren, have realized, the only thing that will bring safety and soundness to the U.S. banking system and orderly financial markets is the restoration of the Glass-Steagall Act.”

We Need Glass-Steagall

Nor did the outcry die down in one day.

On Dec. 12, Elizabeth Warren, the most outspoken Senator promoting Glass-Steagall, gave an interview to Bloomberg News, in which she again excoriated the big banks for *increasing* their power over the last five years, and responded to a question as to whether she still thought Glass-Steagall was necessary, after the promulgation of the Volcker Rule:

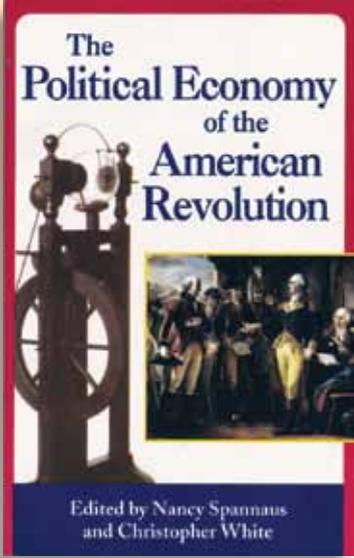
“I do. I think that Glass-Steagall 2.0, Glass-Steagall for the 21st Century, is something we still need. Because it addresses both ‘too big’ and the risks associated with ‘to fail,’ and so long as we’ve got this much risk in the system, and this much concentration in the system, I’m still pushing for Glass-Steagall. I still think it’s what we need.”

On Dec. 13, two prominent bank regulators, Prof. Bill Black, who was involved in rolling up bankrupt Savings and Loan institutions in the 1980s, and Thomas Hoenig, vice-chairman of the Federal Deposit Insurance Corporation, told international audiences that the Volcker Rule wouldn’t work to curb speculation.

Black gave an interview to the German official international news service Deutsche Welle, in which he said the Volcker Rule “won’t work because it will be too easy to evade.” Besides being too much work for understaffed regulatory agencies, “As soon as you tell the banks they can hedge, against a trillion and a half dollars worth of their portfolio, tell me you couldn’t find something that would be a hedge for. . . . It’s a tragic lost opportunity for real reform. It is worse than nothing.”

As for Hoenig, he told reporters at a conference in Dublin, Ireland that he didn’t think the Volcker Rule will stop the momentum for speculation; in fact, it could eliminate surprises and thus help fuel speculation. Hoenig is prominently on the record for Glass-Steagall, which he reiterated would “help reverse an evolution that has seen the five largest U.S. financial companies increase their share of the industry assets to 55 percent from 20 percent.”

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The Biogeochemical Effect of Culture

by Megan Beets

The following presentation was given on Nov. 2 at the Los Angeles [New Paradigm Conference](#) of the Schiller Institute.¹ A video of Beets' presentation can be found at <http://www.youtube.com/watch?v=OZsDFNsnAc8>.

I will be discussing, with more focus, something that we've touched on so far, obviously with the musical presentations, but also with what [Mrs. \[Helga Zepp\] La-Rouche](#) touched on this morning, which is the issue of culture and beauty, and the necessity, if we're going to win this current political fight, of a global Renaissance. And I'd just like to say that there's no way that we will win the current political fight, and there's no way that the projects that we've been discussing, and the cooperation and the national agreements that will take place and move forward, for very long at all, if we hold onto a depraved culture.



Courtesy of Edwin W. Walter

Beauty and culture and music are not the aftereffects of a great scientific revolution," said Beets. "Beautiful culture is actually the necessary driver of both politics and scientific discovery."

The one cannot accompany the other.

So, we stand at a truly great moment of human freedom, on a scale which has never been possible for mankind, *ever* before, in his history.

So what I'd like to discuss is the fact that beauty and culture and music are not the aftereffects of a great scientific revolution, or political revolution. They're not an accompaniment, an also-ran. They're not something that comes in the wake of having a great breakdown in political freedom, but beautiful culture is actually the necessary driver of both politics and scientific discovery.

But first, I will point out something which all of you already know, which is that today's culture, increasingly since the assassination of President Kennedy, is a depraved culture, globally. While you have pockets which are not depraved, which are very precious, as a whole, mankind has been reduced to the level of a beast. And his leisure time, his entertainment culture, that which gives him pleasure, has been de-

1. Previous coverage of the conference can be found in *EIR*, Nov. 15, Nov. 22, and Nov. 29, 2013.

signed to appeal to the most base instincts of man, the most basic physical sensations, the most basic senses of pleasure, which we share with animals. And a population in that condition, cannot carry on a fight for political freedom.

Obviously, what we are discussing with the implementation of a new paradigm, and the revival of the trajectory that mankind was on before the assassination of Kennedy, and what happened during that decade, is the creation of a new civilization, in a sense. And Mr. LaRouche has spent quite a bit of effort in the recent year, publishing a series of writings addressing exactly the issue of what it is that makes mankind unique: What is it that we can call truly human? And something that he focuses on as the core of that, is the issue that mankind is not an animal, and what separates us from animals is that we have not just the ability, but it is our nature to have an experience and existence which is beyond sense perception, beyond the here and now, beyond what can be known by the experience of the senses.

I want to read a short passage from his newest document, which is called “The Search for a Mislaid Truth.”² He says, at the very beginning: “The old habits of sense-perception are challenged by our species’ ‘toe-in-the-water’ gestures in the direction of a relatively nearby part of solar space. Now, just as Nicholas of Cusa had demanded an escape from the Atlantic boundaries of Europe, to enter a new world whose reach had lain beyond the habitats of the old-Europe-centered continent, it may now be said, that nearby space is not to be contained by the habituated, old fantasies of the human species, nor by fantasies whose rude view of life had been confined to Earth. . . .”

So, in a very real way, Mr. LaRouche was calling on the human species now, to escape the oligarchical grip of a culture which is dominated by an oligarchical system of sense-perception. And we can do that by

2. *EIR*, Nov. 1, 2013.

Music seems to me to be the deepest expression of human consciousness, for even in poetry, in science, and in philosophy, where we are operating with logical concepts and words, man involuntarily and always limits, and often distorts, that which he experiences and understands. . . . It would be quite interesting to follow, in a concrete way, the obvious influence of music on scientific thought.



Vladimir Ivanovich Vernadsky

creating for ourselves a culture with a new kind of experience, which is the experience of the knowledge of the truth. And so, what I’d like to offer is thoughts from some of the greatest thinkers of the past, on what that is: How does the experience of the truth occur to man?

Vernadsky: ‘What Does Life Do?’

I want to start with Vladimir Vernadsky, who was a great Russian-Ukrainian biogeochemist, and who had a lifelong career of building up a science of the history of the development of the organization of planet Earth, as it has been shaped by chemical, energetic, and human life processes.

Vernadsky studied the billions of years’ history of the Earth, and the unique kinds of chemical and geological formations that have come about, and he studied life in this context. And he took the study of life out of the hands of the biologist, who would look at the living creature as it exists in the here and now, its form, its lifespan, other characteristics which distinguish that particular form of life as it exists in the here and now, and the search for life in that way. And Vernadsky said that the way we must study life, is we must study *what*

does life do. He recognized that life is not a fixed thing that exists at one moment in time. It's not a fixed thing—obviously, over evolutionary time, we see the change-over of species—but it's also not a fixed thing in current time. You are not made up of the same materials that you were one year ago, two years ago, five years ago. There's nothing in your body that was there 15, 20 years ago. You're a completely different piece of physical matter.

And this is true of all living things. So, what is permanent about the living organism? Well, what Vernadsky said is, what's permanent is what he called the “biogenic migration of atoms,” which is that we look at the action of the living thing upon the environment around us. How it is that the living thing pulls materials from the surrounding environment, into its body, transforms those materials, turning them into different kinds of chemical compounds that don't exist outside of life—even the possibility of transmutation, the kind of transmutation that wouldn't occur outside of life. And then the leaving of those chemicals, either by exhalation, excretion, or death, and the depositing of that material that was once living, to now become part of the geological history of the planet.

What Vernadsky determined is that, more than any non-living process that we know of—and you think of all of the non-living processes that cause change on the planet: earthquakes, volcanic eruptions, tornadoes, hurricanes, different kinds of extreme weather—these are extremely powerful forces. And yet, the existence of life on the planet has had a more powerful, more energetic effect; has actually moved more material through the biosphere than any non-living process that we can document.

Life is the most powerful force on the planet.

Now, this process, which had always been increasing in intensity, over the course of biological time and evolutionary time on Earth, culminated in the appearance of man. And man is a very unique species. We seem to have an animal body, and we surely eat and breathe, and have to fulfill the kinds of material needs that animals also have to fulfill.

However, man does something completely unique in the biosphere, which is that man's biogenic migration, the significant impact of man's biogenic migration of materials, is not biological. In fact, what we contribute to the change of the planet by what we

ingest, and leave behind with our bodies, is extremely insignificant when you compare us to something like bacteria.

However, the impact of the biogenic migration of atoms by technology, the power of the biogenic migration of materials due to the forces of culture, has actually surpassed that which is possible within the biosphere. Man is the most powerful force for changing and shaping the potential power and organization and energy of planet Earth, and beyond.

Now, how do we do this?

Because man's body, as Vernadsky himself notes, has almost not changed at all, over the course of his existence. Man's brain, even, has not changed in its physical structure very much at all over the course of his existence. And yet, if you examined the materials that the human species uses today, what materials we ingest, not only into our bodies, but into our economies, what materials are present, what processes we shape on the planet, where we are on the planet: if you compare us to 100 years, 200 years ago, 1,000 years ago, you would say that those snapshots are looking at different biological species.

What you would see is the equivalent of different species of the biosphere. And yet mankind has been a single continuous species over that time.

How has mankind accomplished this?

The Noösphere

Vernadsky writes a very short writing in 1945, titled “Some Words about the Noösphere.” And the Noösphere is the term that he gives to the sphere of human influence, and the effect of human scientific thought on the changes on the planet. In “Some Words about the Noösphere,” he poses a question, which is that human scientific thought is not a form of energy. It has no mass. Scientific thought has no measurable energy. How is it that it has caused such tremendous change?

So, where does this capacity lie? What is the root of this capacity?

Vernadsky has a very interesting entry in his journal. He says: “Music seems to me to be the deepest expression of human consciousness, for even in poetry, in science, and in philosophy, where we are operating with logical concepts and words, man involuntarily and always limits, and often distorts, that which he experiences and understands. Within the bounds of Tyutchev's ‘a thought, once uttered, is untrue,’ in music we main-



Albert Einstein

The theory of relativity occurred to me by intuition. And music is the driving force behind this intuition. My parents had me study the violin from the time that I was six. My new discovery is the result of musical perception.

tain unuttered thoughts.³ It would be quite interesting to follow, in a concrete way, the obvious influence of music on scientific thought.”

Vernadsky writes in his treatise “Scientific Thought as a Planetary Phenomenon”: “During the past 10,000 years, a new form of energy has been created within the realm of living substance, even more intense and complex, and rapidly growing in importance. This new form of energy, associated with the vital activities of human societies, of the genus *Homo* and other closely related genera (hominids), while preserving the expression of ordinary biogeochemical energy, brings about simultaneously *new forms of migration of chemical elements, which, in their diversity and power, leave the ordinary biogeochemical energy of the living matter of the planet far behind.* This new form of biogeochemical energy, which might be called the energy of human culture or *cultural biogeochemical energy*, is that form of biogeochemical energy which creates at the present time the Noösphere.”

Now, he makes a very interesting observation in the same work, which is that, just as in the biosphere, the

3. Fyodor Ivanovich Tyutchev (1803-73) was one of the three great 19th-Century Russian poets, along with Alexander Pushkin and Mikhail Lermontov.

organisms are not conscious that, as a collective whole, including the members of all life that have existed before them, they are contributing to the greatest force of change on the planet. No animal thinks about that. To the animal, he’s fulfilling his everyday material needs for survival. That’s why he’s ingesting material. That’s why he’s migrating. That’s why he’s following the magnetic-field lines to migrate to a distant part of the globe.

The animal doesn’t realize that he’s part of a large cumulative effect.

Well, Vernadsky notes, it’s been similar with most members of the human species—which is actually pretty incredible when you

consider it. Most members of the human species, even when you consider large political developments, historical developments, have not had within their aim, the bringing about of the Noösphere as a whole; the domination of the planet by cultural biogeochemical energy. The bringing of the geochemistry of the planet to the highest potential that’s yet existed. That’s not been in the minds of most people, or most political leaders, and yet that has been the cumulative effect.

So, there is a force, or a condition, outside of any current condition, current state of existence of mankind, toward which mankind as a species is moving. And Vernadsky is very optimistic that for the first time in the 20th Century, we can become conscious that this is what we are as a species.

The Domain of Artistic Imagination

Now, those are the views of a physical scientist. What I’d like to do is bring in some observations on the same characteristic of man, but from a different standpoint, which is from the standpoint of the artist. And I’d like to start with this passage, and I’ll tell you who the artist is, when I finish. He says:

“When I examine myself, and my methods of

Throughout its whole composition, the physicist's picture of the external universe must be free from everything in the nature of a logical incoherence. Otherwise, the researcher has an entirely free hand. He may give rein to his own spirit of initiative, and allow the constructive powers of the imagination to come into play, without let or hindrance.



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Max Planck

thought, I come close to the conclusion that the gift of imagination has meant more to me than any talent for absorbing absolute knowledge. All great achievements of science must start from intuitive knowledge. I believe in intuition, and inspiration. At times, I feel certain that I am right, while not knowing the reason. Imagination is more important than knowledge.”

In a different place, he says:

“If what is seen and experienced is portrayed in the language of logic, then it is science. If it is communicated through forms whose constructions are not accessible to the conscious mind, but are recognized intuitively, then it is art.”

And then this third one should probably give away who this person is, to you:

“The theory of relativity occurred to me by intuition. And music is the driving force behind this intuition. My parents had me study the violin from the time that I was six. My new discovery is the result of musical perception.”

That was Albert Einstein, who’s not typically classified as an artist, but who would probably would rather classify himself as an artist.

Einstein’s great friend and colleague, Max Planck, who really established where we are today in science—his discovery of the quantum—that’s still where we are in terms of our scientific platform. And Planck, when he was a young man, had to choose between becoming a physicist and a concert pianist. It’s probably good that he chose to become a physicist, but it gives you the sense of who he was.

I’m going to read a couple of passages from Planck—they’re a bit long, so I just ask that people really try to follow them, because it gives, I think, very crucial insight from the mind of somebody who made a completely fundamental discovery, and who also had the kind of connection that Einstein had to the domain of the artistic imagination.

This is from a book titled *Where Is Science Going?*:

“Throughout its whole composition, the physicist’s picture of the external universe must be free from everything in the nature of a logical incoherence. Otherwise, the researcher has an entirely free hand. He may give rein to his own spirit of initiative, and allow the constructive powers of the imagination to come into play, without let or hindrance. This naturally means that

he has a significant measure of freedom, in making his mental constructions.

“But it must be remembered, that this freedom is only for the sake of a specific purpose, and is a constructive application of the imaginative powers. It is not a mere arbitrary flight into the realms of fancy.

“The physicist is bound, by the very nature of the task at hand, to use his imaginative faculties at the very first step he takes. For the first stage of his work must be to take the results furnished by a series of experimental measurements, and try to organize these under one law. That is to say: He must select, according to a plan which will in the first instance be hypothetical, and therefore a construction of the imagination. And when he finds that the given results will not fit into one plan, he discards it and tries another.

“This means that his imaginative powers must always be speculating on the significance of the data which has been furnished through experimental measurements.”

And later, in the same work, he makes the point, in refutation of the reductionists, who say that nothing can be certain except what you experience. And he points out that even taking experimental measurements involves a hypothesis about the nature of what you’re dealing with, because a hypothesis had go into the design of the experimental apparatus in the first place. So, it’s always the human mind which is on top.

Here is one from the same work. I really like this one. He says:

“The truth of the whole matter is that the inventor of a hypothesis has unlimited scope in the choice of whatever means he may deem helpful to his ultimate purpose. He is not hindered by the physiological tendencies toward constructive picturing which are a feature of the activity of his own sense organs. Nor is he restricted by the guiding hands of the physical measuring gear. With the eye of the spirit, he penetrates and supervises the most delicate processes that unfold themselves in the pattern of the physical universe which unrolls before him.

“He follows the movements of every electron, and watches the frequency and form of every wave. He even invents his own geometry as he goes along. And so, with his spiritual working here, with these instruments of ideal exactitude, he takes a personal part, as it were, in every physical process that happens before him.

“And all this is for the purpose of pushing through

these difficult thought experiments, which are a factor of every research process, to the final establishment of conclusions that will be of wide application.”

So, it’s something from the creative artistic imagination, from the soul of the physical scientist, which, some of them we find to be valid, and to have wide application to change and control of the physical universe.

Schiller: The Aesthetical Education of Man

Now, how do we develop this?

What I’d like to do now is zero in on, how do we develop this artistic imagination? How do we build a culture, or, what is the importance of building a culture in which the artistic imagination, and a sense of beauty and goodness, dominates the thinking of every member? Not as some beautiful, fantastical, lovely thought, but as something which is absolutely necessary for the future of civilization.

So, I’d like to bring in some thoughts from somebody who spent probably more time and focus on bringing this to light than anybody else that I can think of—Friedrich Schiller. And he is somebody who is officially classified as an artist, as a poet, and as a dramatist.

Now, Schiller lived at a completely tumultuous time for mankind. He was born in 1759, and he died in 1805, so he lived through the incredible promise of the American Revolution, and the incredible optimism that this sparked globally about the possibility for the freedom of mankind: the creation of political freedom for the first time.

He also lived through the French Revolution, where he saw the first attempt at replicating this incredible victory fail, dramatically. So, he takes up, in many of his works, the discussion of the aesthetical education of the population. And in his work, the “Aesthetical Letters,” he says of the French Revolution, that a great moment had found a little people.

Now, Schiller also wrote—and Mrs. LaRouche referenced it this morning—one of the most powerful tools that an artist, or anybody, could have to transform a people from a state of depravity to a state of morality, to an ennobled state: the stage, drama, and, as we’ve added in, Classical film. Now, why? Because in a drama, you can parade before the audience member, you can parade great beautiful thoughts; you can parade his own follies; you can parade the follies of his time, which he is unwilling to think about in his day-to-day life—you can parade them before him in a poetical



Friedrich Schiller

Ideal art must abandon reality, and elevate itself with sufficient boldness above need. For art is the daughter of freedom. And she receives her rules from the necessity of the spirit, not from the pressing need of matter.

with sufficient boldness above need. For art is the daughter of freedom. And she receives her rules from the necessity of the spirit, not from the pressing need of matter.”

Later, in the “Aesthetical Letters”—he’s confronting the reader with the paradox between the sensuous man, the man of nature, the man of his day-to-day instincts, who is completely shaped by the world, and contrasting that with the man of form, with the never-changing man, which we tend to call the personality, that which persists through all successive conditions of the individual. And what he says is that these two aspects of man, the one cannot affect the other. They’re completely separate spheres. And so, it’s the task of art to overcome the separation and create an ability for a harmonization of these two conditions of man. And he says:

“The task of culture is to guard

sense, and, at a distance, such that he can reflect on them. You put him into a state of play, in which the ordinary, perhaps usually depraved citizen, is able to spend some time passing great moral judgment over the action of kings. Which, for a time, puts him in an uplifted and ennobled state, which hopefully lasts with him when he leaves the theater.

In great drama, it does.

And Schiller wrote a very short essay entitled “On the Use of Chorus in Tragedy.” He says:

“Art has for its object not merely to afford a transient pleasure, to excite a momentary dream of liberty; its aim is to make us absolutely free. And this it accomplishes by awakening, exercising, and perfecting in us, a power to remove to an objective distance the sensible world (which otherwise only burdens us as rugged matter, and presses us down with a brute influence); to transform it into the free working of our spirit, and thus acquire a dominion over the material by means of ideas.

“For the very reason also that true art requires somewhat of the objective and the real, it is not satisfied with a show of truth. It rears its ideal edifice on truth itself—on the solid and deep foundations of nature.”

In the “Aesthetical Letters,” he writes:

“Ideal art must abandon reality, and elevate itself

over these [two] instincts, and to secure the limits for each. Hence, culture owes an equal justice to both, and defends not only the rational instinct against the sensuous, but also the latter against the former. Therefore, its business is twofold: first, to guard sensuousness against the encroachments of freedom; second to guard the personality against the power of sensation. It achieves the first by the education of the power of emotion, or sense, the latter by education of the power of reason.”

And it’s for this reason that Schiller says that the artist, before he dare to attempt to move his audience, must, at least in that moment, himself be an ideal individual. He has such a responsibility for the soul of others in his hands, that he shouldn’t dare to try to move them unless he is sure that he, at least at the moment, is ideal.

An Unending Global Renaissance

So, to bring this to a close, I think I’ll just state, that these ideas of Schiller, though he lived at a particular time, are universal. These aren’t limited to a particular country, or a particular cultural thread, but these are ideas of how you move the human species from a condition of beasts, to a condition where man can truly shape the activities of the globe, as a unique species,

which can access the power of creativity, and not live in the now, not live in the moment, but place his identity in what process it can unfold—in perpetuity into the future. And to place forever, the power of mind above the power of sense.

This morning, Mrs. LaRouche stated that she was not sure that we can save civilization. It does hang by a thread. But I think that we can say that if we do succeed, if we do win this fight today, this will not be a partial victory. This will be a *complete* victory, and with the potential of cooperation of the United States with the powers of the Pacific, and all of the incredibly beautiful Classical cultural traditions of these nations, we have the potential today for a Renaissance on a global scale, which has *never* happened before.

Vernadsky actually stated, truly, that only in the beginning of the 20th Century, did mankind gain the power to live anywhere he wanted on the globe. And it was only in the 20th Century, that we developed powers of communication and technology to communicate and act as a single coordinated species over the globe. But, it was in the beginning of the 20th Century, that we had the unleashing of a century of warfare and collapse.

And so I think that we should take on our shoulders, as our legacy, to make these first moves for what will be mankind’s first, perpetual, unending global Renaissance.

I will end by reading the last paragraph of the article by Mr. LaRouche that I began with, “The Search for a Mislaid Truth”:

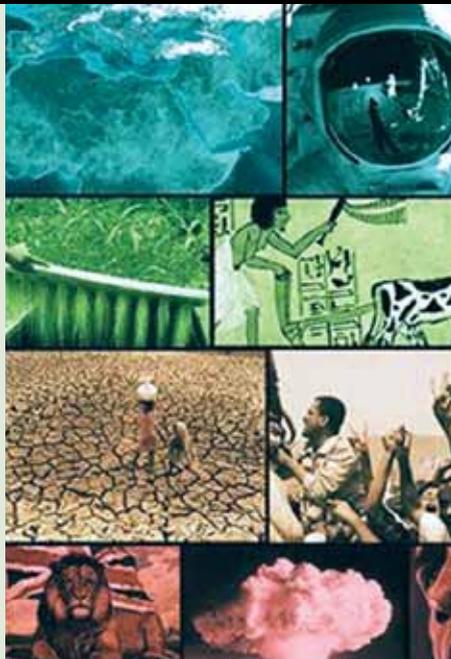
“There is one particular concern to be examined on such accounts: the underlying role of only truly Classical artistic composition, its mystery, and its performance, as for the mysteries required for truly Classical musical composition, drama, painting, and sculpture, as a medium of subtleties freed from what passes for the implicit beat of the inherent state of those acts of lurking drunkenness, of what is marked as merely popular entertainments. For that purpose, Classical artistic composition and its performance must carry our very souls as if into a greater universe, beyond any ordinary apprehension of the universe which we must experience as the higher reality enveloping our innermost experience of a truly Classical intention, an actual apprehension of immortality.”

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Editorial

Sell Off Fed's Toxic Assets

Lyndon LaRouche on Dec. 17 called for the Federal Reserve to be forced to sell off its mass of toxic assets, which have been accumulated since the launching of its quantitative easing bailout of the trans-Atlantic too-big-to-fail banks.

“Since the 2008 blowout and the Federal Reserve’s massive bailout,” he said, “the Federal Reserve has been turned into a ‘bad bank,’ accumulating almost worthless asset-backed securities from the six Wall Street big banks and their European counterparts, as part of the so-called quantitative easing. As the result of this policy, these banks have grown in size by 40%, while starving the real economy of any investment capital for real growth and job creation.

“The Fed has been turned into a bankrupt holding pen for worthless paper as millions of Americans have been robbed and pauperized, and now face actual death. It is time to force the reality of the situation: The Fed, along with all of the too-big-to-fail banks on Wall Street, in London, and in continental Europe, are hopelessly bankrupt and a cancer on the real economy. We need Glass-Steagall reinstated immediately, and the Fed should be forced to sell off its worthless assets to end the cycle of bailout, hyperinflationary QE, and the death spiral of the real economy.”

As Paul Gallagher reports in this issue, since the end of 2008, all of the \$2.2 trillion increase in deposits in the biggest Wall Street banks have resulted from the Fed’s money-printing, while all of the Fed’s QE “money” went to the biggest U.S. and European banks, and *none* of it to the real economy. None of it was loaned to farmers, factory owners, or other such businesses. The TBTF banks simply use it for “investments” in speculative paper: financial derivatives, securi-

ties, swaps, repo loans to other banks, and financial companies and funds. JPMorgan alone has \$1.5 trillion in such speculative activity, dwarfing the bank’s total lending to businesses and households.

While this temporarily masks the inflationary impact of the money-pumping, it creates a house of cards that is far larger than that which nearly vaporized the world financial system in the 2007-08 crash.

LaRouche noted that the Federal Open Market Committee was meeting Dec. 17-18 and will be under enormous pressure to extend the QE policy of pumping \$85 billion a month in fake money into the banks, to use for gambling on derivatives.

He counterposed this madness with the decision by Russian President Vladimir Putin, in his meeting with his Ukrainian counterpart Viktor Yanukovich, to invest \$15 billion in the real economy of Ukraine, and to reduce the price of Russian natural gas to its neighbor by 33%.

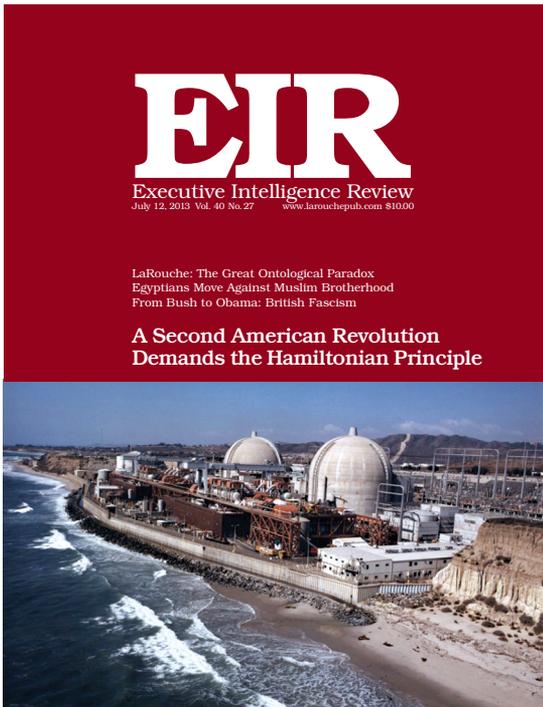
“Russia has acted responsibly and given Ukraine a clear alternative to the death sentence being proposed by the European Union,” LaRouche elaborated. “Eurasia is looking to escape the death-sentence of the hyperinflationary policies of the Troika and the U.S. Fed, and any sane nation in Europe will jump at the opportunity to get out of the trap. In both the United States and Western Europe, the Glass-Steagall option is the only path to survival.

“It is time to put the Fed through a long-overdue bankruptcy reorganization, starting with the sell-off of its portfolio of worthless gambling debt purchased from Wall Street since the start of the quantitative easing hyperinflationary bailouts, which have now surpassed \$4 trillion.”

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