

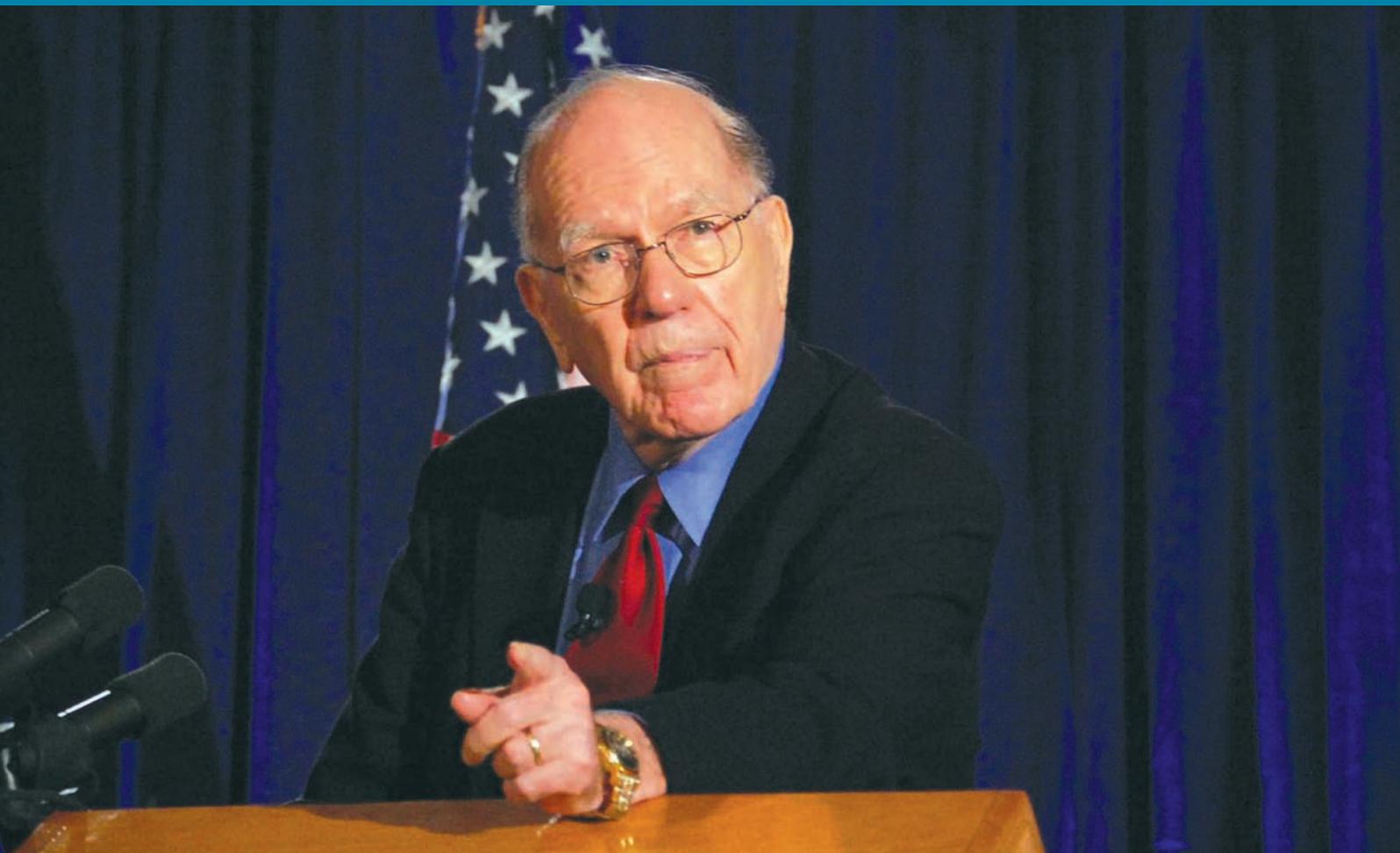
# EIR

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To Hide Collapse, Obama Pushes Phony Recovery  
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**LaRouche Delivers a Bloody  
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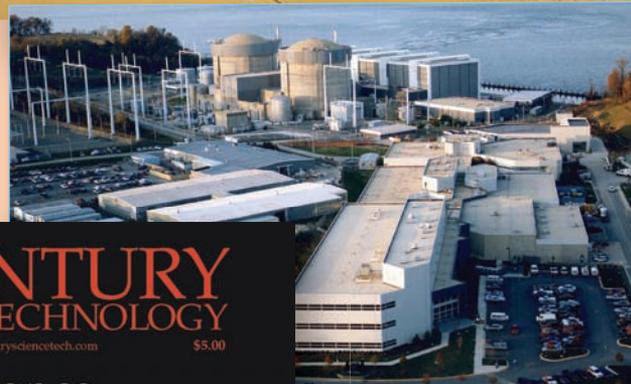
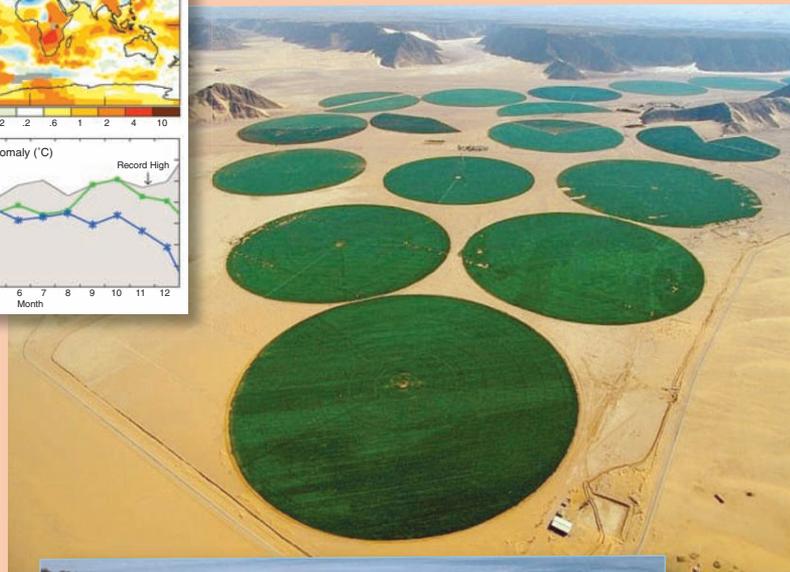
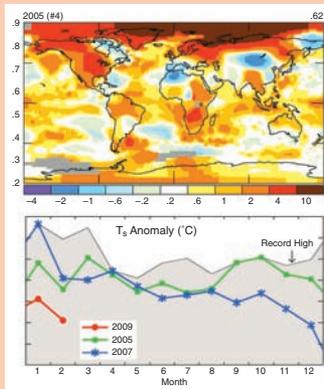
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e-mail: [eirms@larouchepub.com](mailto:eirms@larouchepub.com)

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Webmaster: *John Sigerson*

Assistant Webmaster: *George Hollis*

Editor, Arabic-language edition: *Hussein Askary*

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

**Montreal, Canada:** 514-855-1699

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

**Mexico:** EIR, Manual Ma. Contreras #100, Despacho 8, Col. San Rafael, CP 06470, Mexico, DF. Tel.: 2453-2852, 2453-2853.

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# EIR

## From the Managing Editor

With the intensifying disintegration of the Obama Administration, the door is wide open for the urgently needed shift, away from British imperial policies, and toward the optimistic nation-building outlook that Lyndon LaRouche has put forward, for the past 40 years. Our current issue gives plenty of food for thought on how to win this war. Some highlights:

- In our cover story, “LaRouche Delivers a Bloody Nose to the British Empire,” Jeffrey Steinberg reports on the recent days’ blows that are shaking the British Empire, as their puppet Barack Obama has become the punching bag for the fury that has exploded throughout the country against his policies. This mass strike process is being led, to a significant degree, by the LaRouche forces, whose poster of Obama with a Hitler mustache has become the banner of the revolt, with press coverage around the world.

- Have you heard the good news? The “Great Recession” is over! Happy days are here again! In Economics, John Hoefle, in “To Hide Collapse, Obama Pushes Phony Recovery,” blows holes in the fabricated “recovery” story, writing that, in fact, the U.S. economy is in a death spiral. See also, our report on the meltdown of state budgets, and the resulting joblessness, homelessness, hunger, etc. An exposé of “Evidence-Based Medicine,” by Cathy Helgason, M.D., looks at what is in store if the Obama health plan goes through.

- In World News you will find an analysis of President Obama’s insane escalation of the Afghanistan War, in which the new commander, Gen. Stanley McChrystal, is running a Vietnam-style no-win war that is producing expanding casualties, with no end in sight.

There are also two in-depth historical pieces: One, a report by Dean Andromidas, on a little-known period of U.S. history, in which an American patriot, W. Morgan Shuster, unofficially representing the Taft Administration, led an effort, in alliance with Iranian republicans, to drive the British, Russian, and French empires out of Persia.

From LaRouche PAC-TV, Matthew Ogden reviews the Polish revolutionary Rosa Luxemburg’s 1913 work, *The Industrial Development of Poland*, a work oft-cited by LaRouche, in “Rosa Luxemburg and LaRouche’s Triple Curve.”

And, on Sept. 8, LaRouche’s 87th birthday, he will give a webcast address at 1 p.m. Eastern Time, at [www.larouchepac.com](http://www.larouchepac.com).



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EIRNS/Stuart Lewis

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President Obama, has decided to invest more money and firepower in a no-win war in Afghanistan. His new commander, Gen. Stanley McChrystal, a special ops veteran, is known for his ruthlessness toward the enemy, but is weak on strategy. More lives were lost in June and July than any other similar period, since the war in Afghanistan began in 2001.

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## Editorial

### 66 Are the British Planning a Hit on Obama?

# LaRouche Delivers a Bloody Nose to the British Empire

by Jeffrey Steinberg

Aug. 15—The British imperial interests have suffered a serious blow at the hands of Lyndon LaRouche, and they are reeling from the impact of that unanticipated strategic setback. Over the past 72 hours, President Barack Obama’s failure to deliver on a made-in-London euthanasia scheme, disguised as a health-care “reform” program, has shocked the British media and the entire British political Establishment, and prompted them to launch a desperate defense of the British National Health Service and its affiliated NICE “death panel,” which is the model for Obama’s plan.

“The British elites suddenly found themselves facing a significant strategic defeat, in the face of the massive and spreading American popular revolt against the Obama Administration, and they were forced to launch an all-out defense of their own deeply flawed health-care system, as their last chance to salvage their Obama project,” one senior U.S. intelligence source told *EIR* yesterday. “The issue is, London losing its grip over the Obama White House, and that is a really big deal, given all they have invested in that program.”

Indeed, in response to the continuing mass strike ferment throughout the United States against the Obama Administration’s failed policies, the British media, from the Fabian Society-linked London *Guardian* to the right-wing Tory *Daily Telegraph*, is carrying out a coordinated black propaganda campaign, to save London’s grip over the White House—by defending British health care as a world-class system, far better than that of the

United States. The normally middle-of-the-road British *Independent* today ran an article, headlined, “The brutal truth about America’s health care,” describing the thousands of poor people who turned out in Los Angeles for free health care, and defending the Obama plan. The *Independent* screed is typical of the propaganda line coming from the entire British media this past week.

Politicians from Labour Party Prime Minister Gordon Brown, to his Tory opponent David Cameron, have also delivered nearly identical defenses of the British system. Given the top-down orchestration of British politics, it is not unfair to presume that the Queen’s Privy Council, headed by Lord Peter Mandelson, issued orders for the engineered effort last week, when the situation in the United States broke totally out of control.

## ‘LaRouche Is To Blame’

The single biggest cause of hysteria from British quarters is the fact that Lyndon LaRouche has been publicly identified as the catalyst of the revolt against the Obama White House’s efforts to shove a Hitlerian euthanasia scheme down the throats of the American people. Beginning with the Aug. 6 Romulus, Mich. town hall meeting by Rep. John Dingell (D), the LaRouche Political Action Committee poster, depicting President Obama with a Hitler mustache and the caption, “I’ve Changed,” has grabbed headlines in newspapers around the United States and around the world.

This past week, as town hall protests swelled in size,



EIRNS/Donald Steinman

Citizens protest at a town hall meeting in Bozeman, Mt., Aug. 14, one of several recent such events, where a panicked President Obama tried, unsuccessfully, to salvage his sinking health-care reform plan. Note the ubiquitous LaRouche PAC poster, showing Obama with a Hitler mustache.

more and more U.S. and international media began airing interviews with LaRouche PAC organizers; and the *Washington Times* went so far as to publish an interview with *EIR* Editor-in-Chief Nancy Spannaus, spelling out LaRouche's critique of the Obama health plan scheme, and LaRouche's alternative.

The next day, an hysterical reporter for the British Broadcasting Corporation (BBC) conducted a live interview with LaRouche national spokesperson, Debra Freeman, in which Freeman denounced the British health-care system, as a genocidal mess.

LaRouche's well-documented denunciation of the Obama Administration's plan for the creation of IMAC (Independent Medicare Advisory Council), modeled on Hitler's September-October 1939 T-4 program of government-enforced euthanasia, has been picked up by leading Republican Party figures, including House Minority Leader John Boehner (R-Ohio); former Alaska governor and vice presidential candidate Sarah Palin; conservative commentator Patrick Buchanan; and scores of lesser known columnists, bloggers, and activists.

One senior political operative told *EIR* that the Republican Party, desperate to regroup after the electoral defeats of 2006 and 2008, picked up the LaRouche attacks on the Obama health-care swindle, studied the documentation, concluded that LaRouche was absolutely correct, and jumped on the bandwagon. By last week, ac-

ording to the source, every faction within the GOP had picked up on the LaRouche message—to the point that a frantic Karl Rove warned Republicans that they were losing control over the issue to LaRouche.

Furthermore, a wide range of Democratic Party-linked voices, from *The Nation's* William Greider, to the *New York Times's* Frank Rich, to cultural commentator Eli Siegel, to Arianna Huffington (see accompanying documentation), have also joined the attack on President Obama, denouncing him for cutting a dirty backroom deal with "Big Pharma" and "Big Insurance," and accusing him of being a corporatist—i.e., a fascist.

In fact, White House sources have leaked to the media some details of the agreement, reached in recent weeks, between PhRMA, the industry lobbying group, and the President, further fueling the "revolt from the left" against Obama.

What LaRouche started, on April 11, 2009, with his webcast warning that Obama suffers from a severe "Nero Complex," has now mushroomed into a far-reaching popular revolt. The ostensible issue is the President's fascist health-care scheme, but the underlying factor, is that the American people are fed up with bailouts of Wall Street at taxpayers' expense, massive job losses, home foreclosures, and the bankrupting of nearly every state government—translating into a collapse in social services, and basic infrastructure like schools, hospitals, and core transportation systems.

That London is acutely aware of the danger that such a popular revolt—informed by LaRouche's clear alternative recovery policies—represents, was made perfectly clear by a pair of articles in the past 24 hours.

Edward Luce, the London *Financial Times* Washington bureau chief, penned an article today, dripping with sarcasm, titled "Healthcare paranoia is part of America's culture war," which did, in fact, admit that the health-care battle is actually a much deeper one, centered on American values and the U.S. Constitution. "Anyone who visits a few of this month's rowdy town

hall meetings can grasp that opposition to Mr Obama's healthcare proposals is a lightning rod to a far larger world view, which seeks to protect American values and the US constitution from an alien takeover," Luce writes. "Their issues are diverse. But their sentiment is common: America's constitution is being trashed by un-American values.... No amount of contrary evidence will puncture the view that Mr Obama plans to establish 'death panels' that will decide which grannies get to live or die. Nor will reason counter the view that countries such as Canada and the UK push their weakest to the back of the queue.... Forget the details of healthcare reform. The side that identified with American values will get the upper hand."

The second article, posted in the widely read *Huffington Post*, written by Chris Weigant, went directly at the central issue that has London and Wall Street totally up in arms: the fact that the decades-old containment of LaRouche has totally broken down.

Back in 1976, *Washington Post* editorial writer Stephen Rosenfeld published an infamous op-ed, speaking for the Anglo-American Establishment media. He declared that, henceforth, there could be no media coverage of LaRouche, that was anything other than a mocking slander. Rosenfeld put in writing, what had been delivered, face-to-face, in December 1971, as an official Establishment pronouncement to LaRouche. Sidney Hook, the grand-master of the Congress for Cultural Freedom, told LaRouche, moments after the latter had decimated Keynesian economist Abba Lerner at a Queens College debate, that his ideas would never be met with serious debate again. LaRouche had dared to commit the crime of publicly proving, before a large university audience, that Professor Lerner was a devotee of Hitler's chief economist, Hjalmar Schacht.

In his *Huffington Post* rant, Weigant assailed the Establishment media for breaking the more than 35-year containment pact: "I truly believe that some of the overpaid, well-coiffed talking heads on television finally woke up and became embarrassed that they were lending so much legitimacy to people who normally would be referred to as the 'tin-foil hat brigade' (see, for example: followers of Lyndon LaRouche). There's an unspoken rule in the mainstream media that once a consensus is reached that any one person or group is from 'the fringe,' then all they deserve from that point on is ridicule. Look at how they treated Dennis Kucinich or Ron Paul in last year's campaign, for instance.

"But," Weigant continues, "the media found them-

selves in a quandary last week. They loved the 'angry person screaming at member of Congress' video so much (and ran it so many times) that they knew they were culpable...."

The reality is obviously more profound than Weigant's nasty admission about the Establishment media's black-balling. LaRouche called the shot on President Obama's Nero Complex, and dared to draw the accurate historical parallels between the President's health-care reform swindle, and Hitler's universally despised T-4 euthanasia program, which was the precursor to the concentration camps and the Holocaust. As events proved LaRouche to be right, and as the American people suddenly woke up one day and realized that they were about to lose everything, because they had foolishly gone along with a culture and an economic policy that have brought us to the brink of total breakdown, all hell broke loose.

### **For the Record, Mr. President**

After initially cancelling all scheduled town hall appearances by President Obama, the White House spinmeisters decided last week that the President had to be sent out to salvage his all-but-lost health-care reform plan. A series of tightly screened and engineered "town hall" meetings was staged, to give the President the opportunity to lie through his teeth. President Obama tried—unsuccessfully—to reassure the American people that he does not plan to create "death panels" to set limits on medical care.

But, at the same time that Obama was visiting New Hampshire, Montana, and Colorado, delivering carefully scripted lies to carefully screened audiences, sources on Capitol Hill were telling a far different story to *EIR*. In fact, the top White House health-care aides, from Chief of Staff Rahm Emanuel, to Office of Management and Budget director Peter Orszag—to Dr. Ezekiel Emanuel, Rahm's brother, administration health policy advisor, and a leading euthanasia advocate—were all arm-twisting and threatening Congressional leaders, telling them that the *only* issue that is not up for negotiation is the President's plan to create an independent board, to set absolute limits on health-care services and payments. The very "death panel" that the President said was off the table, is the only issue that the White House insists is non-negotiable.

One senior U.S. intelligence source verified the Congressional accounts and explained that the President has been sold on the need for massive austerity.

“The bailout could cost \$24 trillion, so there have to be austerity cuts, to reduce the Federal deficit,” the source revealed. “Treasury Secretary Tim Geithner and White House chief economic advisor Larry Summers have both promised the Chinese, and other major holders of

U.S. government debt, that there will be massive cuts, to reduce the deficit. Unless they get their independent panel, to impose severe cuts in health-care services and payments, they won’t succeed.

“This is what the President believes, for now. Health

## Members of Congress Say ‘No’ to IMAC

*The following letter, addressed to House Speaker Nancy Pelosi (D-Calif.) and issued at the end of July, was initiated by Rep. Richard E. Neal (D-Mass.), and is being circulated for signatures. Reports are that 75 Members of Congress, from both parties, have added their names as of Aug. 13. The letter is also being circulated by other institutions, including the Illinois Hospital Association.*

Dear Madam Speaker:

We, the undersigned members of Congress, write to voice our strong opposition to the “Independent Medicare Advisory Council (IMAC) Act of 2009” and the “Medicare Payment Advisory Commission (MedPAC) Reform Act of 2009” (H.R. 2718, S. 1110, S. 1380), and the inclusion of any of any of these proposals in the “America’s Affordable Health Choices Act” (H.R. 3200), or any other legislation.

The role that Congress has traditionally played in crafting the Medicare program to provide the best policies for beneficiaries is one that has had a significant impact in our communities. Through the legislative process, Members are able to represent the needs of their communities by improving benefits for seniors and the disabled, affecting policies that fill the health care workforce pipelines, and ensuring that hospitals are equipped to care for diverse populations across our individual districts. Such a responsibility is one that is not taken, nor should be given away, lightly.

These proposals would eliminate the current advisory role of MedPAC and severely limit Congressional oversight of the Medicare program. By placing this authority within the executive branch, with no Congressional oversight or judicial review, the legislation eliminates the transparency of Congressional hearings and debate. Without the open and transparent legislative process, Medicare beneficia-

ries and the range of providers who care for them would be greatly limited in their ability to help develop and implement new policies that improve the health care of our nation’s seniors.

The creation of this commission would also eliminate state and community input into the Medicare program, removing the ability to develop and implement policies expressly applicable to their different patient populations. These national policies that would flow from such a commission would ignore the significant differences and health care needs of states and communities. Geographic and demographic variances that exist in our nation’s health care system and patient populations would be dangerously disregarded. Furthermore, all providers in all states would be required to comply even if these policies were detrimental to the patients they serve. Such a commission could not only threaten the ability of Medicare beneficiaries, but of all Americans, to access the care they need.

These legislative proposals would also limit Congress’s ability to work with the Centers for Medicare and Medicaid Services to create and implement demonstration and pilot projects designed to evaluate new and advanced policies such as at home care for the elderly, the patient-centered medical home, new less invasive surgical procedures, and collaborative efforts between hospitals and physicians, and programs designed to eliminate fraud and abuse. Additionally, these proposals eliminate Members’ ability to represent the needs of their own districts and states by addressing issues such as current and future provider workforce needs, the classification of hospitals that may qualify as critical access or rural hospitals, and obtaining critical health care services such as home health, ambulances, trauma centers, and nursing homes.

We urge you to reject the inclusion of these proposals or any like proposal in H.R. 3200 or any other legislation.

Sincerely,  
Richard E. Neal

care is just one part of the overall austerity scheme they are trying to pull off.”

These austerity schemes are doomed to fail, and that poses the next big question for Obama’s ultimate controllers in London: When do they decide that the President is beyond salvation, and what do they do then? For the moment, they are reeling from a serious defeat on a major battlefield, a defeat that they identify with the name “LaRouche.”

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## Documentation

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# Mass Strike Explosion At Town Hall Meetings

Aug. 14—“Your government has lost the faith and trust of the American people,” someone shouted out at the Aug. 12 town hall meeting in Hagerstown, Md., giving voice to the sentiment of most of those in the huge crowd, who cheered loudly, as Sen. Ben Cardin winced. This scene is one that has been repeated dozens of times across the country, while the LaRouche political movement’s interventions (with the now-famous poster of Obama sporting a Hitler mustache) and literature distributions have provided leadership for the mass strike that has erupted against President Obama’s Nazi health-care plan.

Despite attempts by the White House and Obama Democrats to portray the nationwide outpouring of disgust and rage against both the President and Congress, as “orchestrated” by a far-right-wing cabal, the protests are genuine, if inchoate, as millions of Americans lose their jobs, and homes, and face a future with draconian cuts in medical care.

When Senate Democratic Whip Dick Durbin tried to push the line that the town hall protesters were being orchestrated and instructed by shadowy outside forces, in an appearance on CNN’s “State of the Union” Aug. 6, host John King interrupted him: “Let me ask you something—let me interrupt, Senator. Is there anything wrong with that? This country was founded on a whole series of events, including the Boston Tea Party in my hometown, where people were organized and instructed, and they were instructed to go somewhere and raise hell. Is there anything wrong with that?”

The vignettes that follow, demonstrate that what we’re seeing is a popular revolt, in which people of all political persuasions feel threatened by their government, and are pouring out their frustration and rage, but, at the same time, are looking for sane leadership.

## Town Meetings Across the Country

Here are reports from some of the town meetings held over the Aug. 8-9 weekend, where Americans were raising Hell:

- Rep. Mike Burgess’s (R) town hall meeting in Denton, Tex., was packed with 500 people. As seen on YouTube: A woman shouts at Burgess, “I can’t believe you voted on something you hadn’t read! That’s an outrage! You are threatening my two young daughters by doing that!”

“You’re right,” replied Burgess, “and your outrage is justified.”

Next, a 40-year-old man, with his 8-year-old son, spoke: “We are having our future taken away from us... What political activity is equivalent to standing in front of a tank in Tiananmen Square? Why can’t we get our representatives to do that? The people in Iran are not going through the system to change things. You guys must find some way to stop this—I mean, put your political career out there... Tell the Democrats there will be people marching to their front door if they don’t listen.”

Burgess responded, “My [GOP] leadership does not appreciate the emotion you’ve just showed...”

Another woman stood, and, very worked up, presented a pages-long “Letter to Our Leaders,” saying: “I get angrier every day. They are passing bills in the middle of the night. What do we do—vote every single person out of office? The Republicans have left us; the Democrats have left us; what do we do?”

- Rep. Rick Larsen (D) held a town hall meeting in Skagit, Wash., in a room holding 150 people. About 500 more sat on the lawn outside, listening to loudspeakers. The two-minute YouTube segment shows signs, including those of LaRouche PAC; the narrator says, “The Lyndon LaRouche PAC brought Obama as Hitler signs [showing Obama with a Hitler mustache]. They were also passing out pictures of the two world leaders chumming it up [the cover of the LPAC pamphlet, “Act Now to Stop Obama’s Nazi Health Plan”]. Larsen angered constituents when he said he did not support the single-payer plan.

LPAC organizers reported that, without fail, when



EIRNS/Kevin Pearl



EIRNS/Kevin Pearl

*The White House has attempted to portray the anti-Obama protests at town meetings as orchestrated by a right-wing cabal. The truth is, that desperate Americans are showing up in force to express their genuine fears about the economy, health care, etc. Shown: Scenes from Sen. Ben Cardin's town meeting in Towson, Md. Aug. 10, where LaRouche PAC organizers found 2,000 angry citizens outside the hall, which could only hold 500.*

15 minutes of the start of the event, a nearly nose-to-nose confrontation of people with opposing views became so heated they had to be separated as Shelby County sheriff's deputies and Memphis police officers called for reinforcements."

- Rep. Ed Perlmutter (D) held a town hall at King Grocery Store in Brighton, Colo. Photos show a crowd of 200-300 in front of the store. The blog Mount Virtus reports that Perlmutter "immediately went into a roped-off area of the portico, announced he'd be there for two hours, and then retreated to an even more isolated alcove with a half-dozen (apparent) constituents and bodyguards. At which point he was taunted by the non-Democrats in the crowd for being a coward, and isolating himself in a controllable space so as to avoid having to interact with the crowd directly. . . ."

- Freshman Democrat Tom Perriello had 300 people pack into an elementary school cafeteria in Bedford,

Va., for what he called the "most heated and liveliest" of his town hall meetings. The *Roanoke Times* take: "Flustered and frustrated faces filled the crowded room, and while some thanked the congressman for coming . . . it didn't stop some from heckling and yelling at him and one another. Identifying themselves as veterans, retired nurses, and caregivers of elderly family members, a majority of the speakers were against the same thing: a health care system run by the Federal government. . . . Concerns included increased red tape, mandatory end-of-life plans with government counselors, and the government's access to personal bank accounts to ensure payment for services."

One sign said: "If Obamacare is so great, sign Congress up for it FIRST." Perriello said that as the bill

someone objected to the Obama-Hitler comparison, a counter-attack was made by people who supported the organizers, reminding the opposition of the Constitution.

### 'Don't Kill My Grandmother'

- Rep. Steve Cohen's (D) town hall in Memphis, Tenn. was set to discuss Social Security and Veterans' benefits, but people jammed it to discuss health care. Bloggers report that children held up signs saying "Don't kill my 'gigi' [grandmother]." Cohen tried to assure everyone that no one would be killed. The *Memphis Commercial Appeal* reports, "Most people in the crowd of close to 500 were in loud opposition. . . . Within



*The LaRouche political movement is providing leadership to the burgeoning mass strike against the British-run policies of the Obama Administration, as evidenced by the adoption worldwide of the Obama-with-Hitler-mustache as the banner of the protests. Shown: a town hall meeting called by Rep. John Dingell (D), in Romulus, Mich., Aug. 6, as covered by ABC News.*

stands now, he's leaning toward voting against it.

On Aug. 11, Perriello faced a crowd of 1,200 people who turned out for a town hall meeting on health care, in Charlottesville, Va. Three LaRouche PAC organizers were on hand, to talk with, and get out literature to, this 80% Obama-friendly crowd. Participants nevertheless evinced an underlying mood of doubt, worry, and rage.

Fifty people lined up at each of two microphones, for two hours of questions and answers. Many were personal health-care horror stories. One line of questioning that hit home, and one that Perriello ducked, was Obama's plan to limit tests and his Nazi health-care mafia's claims there is "overuse" of essential diagnostics.

When Perriello motivated his proposal for an "insurance exchange," where "consumers" could pick and choose among insurance vendors, a person rose to denounce him, saying, "We are not consumers, we are citizens. Health care is life and death."

- Rep. Diana DeGette (D) of Denver, Colo., who headed up negotiations with the Blue Dog Dems to get a mark-up of the health-care bill out of the Energy and Commerce Committee, held only one town meeting, on Aug. 6, by telephone, that was billed as covering "everything" of concern to the district. Facethestate.com reports that DeGette "is not scheduled to meet in person

with constituents during her month home.... Town halls conducted by telephone ... virtually eliminate the possibility of disruption from angry protesters and are often tightly scripted.... U.S. Representatives John Salazar and Betsey Markey, both Democrats, and Mike Coffman, a Republican, have not yet scheduled any town hall meetings for the August break."

- Rep. Scott Murphy (D) of Saratoga Springs, N.Y. has found a new way to hold meetings with constituents, according to next right.com. Murphy announced that he held a small business roundtable to discuss health-care reform—on the previous day. He was last seen fleeing from his senior-age constituents, when he tried a "Congress-on-your-Corner" availability in Saratoga Springs.

- Democrat Joe Donnelly was mobbed by constituents at his town hall in Mishawa, Ind.

### The 'Stache Seen 'Round the World

LPAC's Obama-with-Hitler-mustache poster is now nearly as famous as the Mona Lisa. Not only has it been seen at town hall meetings across the U.S., but, just in the last week, there has been coverage around the world, as media outlets from San Francisco to Stockholm, from London to Milan, from Norway to China, and beyond, have featured the poster in their coverage of the U.S. town meetings.

- In Houston, Tex., LPAC organizers set up a large poster with Obama's photo Aug. 10, and invited people at the 500-person event to "Pin the Mustache on the President" offering stick-on 'staches. Local Channel 13 showed the photo.

- On Aug. 11, Germany's first national TV channel ARD featured the health-care brawl in the U.S., on its late evening news program, featuring an interview with an LPAC organizer, who says, "This health-care plan is a euthanasia plan." The camera then closes in on the Obama'stache poster, with the caption, "I've Changed."

- At Rep. Sam Farr’s town meeting in Monterrey, Calif., Aug. 11., people were grabbing pamphlets from the LPAC organizers, and taking photos of the Obama’stache poster.

- The worldwide media coverage includes (but is not limited to) the following: Reuters; China Daily English-language website; *Washington Post*, *Manchester Union Leader*, the Norwegian *Aftens Posten* and *Verduns Gang*; San Jose (Calif.) *Mercury News*; Hagerstown, Md. Channel 7-TV news; *San Francisco Examiner*; CNN; MSNBC; NBC; and Newbusters.org.

### **‘I Get the Sense that People Don’t Support This’**

At a town meeting of 2,500 people, in Towson, Md., Aug. 10, in which only 500 could fit into the hall, while the other 2,000 listened over loudspeakers outside, Sen. Ben Cardin (D) was forced to entertain an hour of hostile questioning, from citizens enraged at the way their government is treating them. The final question, by LaRouche PAC organizer Jerry Belsky, put him directly on the spot:

“Senator Cardin, how can you say that you will increase Medicare benefits, when you know that the purpose of the bill is to cut Medicare by \$500 billion and medical care by \$2 trillion, and that the only way you can do this is by killing people and rationing care? Obama has called for a board of experts to ration care. How can you deny that this is what Lyndon LaRouche has called the Hitler policy? If you want to cut costs, why did you not cut the \$24 trillion bail-out of Wall Street?”

The audience immediately applauded the questioner.

Cardin tried to lamely answer, once again shamelessly lying, as he had throughout the evening. “I think there is some hysterical imagery here,” he said, “but I tell you that I would never support a bill like that!”

People registered their disgust by just groaning at his answer. “He’s a baloney salesman,” said one woman.

“I get the sense that people don’t support this,” Cardin pathetically stated as he ended the meeting.

Indeed, the overflow crowd was overwhelmingly hostile to the Obama plan, and was engaged in lively discussion and debate with the LaRouche PAC organizers who set up outside, with their “Obama Mustache” poster and pamphlets exposing the Nazi roots of the health-care policy.

People rushed to the microphones, and virtually all the questions reflected fury at Obama’s health plan.

Speaker after speaker expressed their anger and frustration with the President and Congress, summarized by the statement: “Your government has lost the faith and trust of the American people,” answered by great cheers from most in the crowd.

An 11-year-old, speaking for the next generation, nailed Cardin on the “useless eater” issue, saying: “I have five grandparents, as well as my parents. If my grandfather and my father both came down with cancer, would my father get more care because he’s younger with more years of work to contribute?”

But it was Sen. Arlen Specter (D), who, in commenting on the hostile reception he’s gotten at town hall meetings in Pennsylvania Aug. 11-12, hit the nail on the head. According to Politico.com, Specter linked the source of the anger he has seen among his constituents with “the economy, the fact that millions of people have lost their jobs and millions of others are afraid of losing theirs.”

## **Even the Liberals Are Jumping Ship**

The force of the anti-Obama, anti-Congress uprising, evidenced by huge crowds at town hall meetings across the country, shocked elected officials, as the August recess put them in direct contact with constituents outraged by the economic and health-care policies of the Obama Administration. The upsurge also forced a number of pro-Obama liberal media pundits to examine their political axioms, in the face of the images of huge and raucous town meetings that broke into the Aug. 9 Sunday network TV talk shows, and they were compelled to acknowledge the legitimacy and rationality of the popular outrage.

Here are some of the more notable examples:

- *New York Times* columnist Frank Rich, a liberal media icon, in an op-ed titled, “Is Obama Punking Us?” wrote, “Mitch McConnell and John Boehner keep trying to scare voters by calling Obama a socialist. They’ve got it backwards. The larger fear is that Obama may be just another corporatist, punking voters much as

the Republicans do when they claim to be all for the common guy.”

- In a *Washington Post* headlined, “Anxiety Attack,” Kathleen Parker wrote that she had received a number of calls from liberal Democratic friends, who are unemployed and panicked. One is quoted, yelling at Obama, “Guess what, dude, I’m not ready for any more ‘change’ right now!” Writes Parker, “I’m not sure these protests are insignificant.” She cites a participant in one large Florida town meeting, saying about those who are showing up, “Basically, it’s a total disconnect from government, and government cannot influence their decisions unless they give them money; yet every give-away reinforces their lack of faith.”

- “The Sunday Take” political column in the *Washington Post* mused that Obama is in trouble this August, and quotes one perceptive pollster: “We’re not having a fight over healthcare. There is a broad and underlying unease about the state of the economy and the country.”

There are also outright meltdowns from liberals who have yet to get the message:

- Lisa Robinson of the über-liberal Center for American Progress fears an “imminent fascist takeover” of the the United States by the mobs forming up at the town meetings.

- A *New York Times* op-ed by Sheryl Gay Stolberg, “Where Have You Gone, Joe the Citizen?” wails about the banishing of the Norman Rockwell-style “traditional town meeting,” by unruly mobs, etc.

### **Obama’s Deal with ‘Big Pharma’**

- William Greider, writing in the liberal political weekly *The Nation* Aug. 10, trashes President Obama’s concessions to the drug manufacturers: “People who believe in real health-care reform should not be nice about this. They must rise up and rebel against our popular new President’s outrageous concession.”

Greider calls this, Obama’s “Rancid Deal with Big PhARMA,” and opens saying, “So now we know why the President wants everyone to make nice in the health-care debate. His White House has cut a deal with Big Pharma that smells like the same old rotten politics that candidate Obama regularly denounced and promised to end. . . . The deal does not smell any better now that a Democratic president is embracing it. . . .

“Since PhARMA’s purchased Congressman Billy Tauzin (former R-LA) admitted to the deal in the Aug. 5 *New York Times*, the outrage among the Left (as op-

posed to the radicals) has been spreading. *Huffington Post* now sports a page, Healthcare Flashbacks, with no less than six video clips of candidate Obama condemning politicians’ bowing to drug companies, and that “This is the Change we have to make.”

### **Writer Hits Obama Euthanasia**

- Author and critic Lee Siegel, noted as an eloquent liberal spokesman, penned an attack on the Obama health-care plan Aug. 11, in the blog, *The Daily Beast*. Titled, “Obama’s Euthanasia Mistake,” Siegel writes: “Make no mistake about it, determining which treatments are cost effective at the end of a person’s life and which are not is one of Obama’s priorities. It’s one of the principal ways he counts on saving money and making universal healthcare affordable.”

He quotes Obama fudging and evading an answer to an interviewer’s direct question on whether a government board would enforce life-or-death decisions about “end-of-life care.”

Siegel shows that it is precisely the poor and vulnerable—the very people who are supposed to be served by the Obama “reform”—who would be the mortal victims of withdrawal of care. They “would be the only people forbidden access to expensive life-extending technology. The rich will always be able to afford it. . . . Such technology is a drain on the system? Then save money elsewhere.”

Although Siegel claims that attacks on the “living will” section of the plan are inaccurate, he admits that they are “uncomfortably close” to the truth. “An elderly or sick person would be especially vulnerable to the sophisticated ‘nudging’ of an authority figure like a doctor.

“Bad enough for such people who are lucky enough to be supported by family and friends. But what about the dying person who is all alone in the world and who has only the consultant to turn to and rely on? The heartlessness of such a scene is chilling.”

Siegel ends with a warning that the President must come clean with the people: “Let him . . . leave the sterile precincts of utilitarian social and legal theory behind. He should immediately and publicly declare his commitment to not placing economic hurdles in the way of people who want to prolong their life, or the life of their loved ones. In that way, . . . he would calm the fears of people who, far from being right-wing fanatics, are in clear-eyed possession of perhaps the only universal truth there is. No one wants to die.”

## Pelosi Campaigns as Marie Antoinette

Aug. 13—House Speaker Nancy Pelosi has spoken out, apparently, with a straight face: She has charged Americans, who face job losses, home foreclosures, and now, an attempt by the Obama crew to impose a Nazi-style health-care scheme, with “un-American” activities, for protesting these policies.

In an Aug. 10 *USA Today* op-ed, co-signed by her sidekick, House Majority Leader Steny Hoyer, titled “‘Un-American’ Attacks Can’t Derail Health Care Debate,” Pelosi lashed out at what she calls “an ugly campaign [that] is underway not merely to misrepresent [the issue] ... but to disrupt public meetings.... The tactics have included hanging in effigy one Dem member of Congress in Maryland and protesters holding a sign displaying a tombstone with the name of another congress-

man in Texas, where protesters also shouted. . . . “Drowning out opposing views is just plain un-American.”

Although she stops short of calling for a revival of the House Un-American Activities Committee of the 1940s and '50s, it's clear from the intensity of her passion, that she would be willing to entertain the idea.

Pelosi's rant has already triggered a furious backlash, with editorials and denunciations from all over the country. Washington, D.C.'s all-news radio station, WTOP, had to post a plea on its website, where it reported on Pelosi's *USA Today* column, asking readers: “Please note that WTOP strives to be a family-friendly website, so please keep the language clean when you add your comments. . . .”

### Pelosi's Ultimate Facelift

Just before her op-ed attacking Americans who are attempting to defend their fast-eroding living standards, Nancy Pelosi and her millionaire financier husband, Paul, hosted two private soirées for high-rollers, one at their San Francisco mansion Aug. 7, and another, the following day, at their posh Napa Wine Country estate. While millions of Americans are unemployed and desperate, the Pelosis wined and dined 170 A-List guests

and Democratic political types, at a “donor maintenance” party, at their seven-acre vineyard in St. Helena, the ritzy Napa Valley town.

References to Pelosi-as-Marie Antoinette immediately began to pop up. For example, “‘Let Them Eat Cake’ Democrats,” is the headline of an opinion column by Monica Crowley, in the Aug. 12 *Washington Times*. Crowley recalls Marie Antoinette's (alleged) dismissal of the starving French with her remark, “Let them eat cake,” then writes, “Today's equivalent would be House Speaker Nancy Pelosi.... [Such] soulless leaders carry on self-indulgently until they are finally swept away. Marie Antoinette's neck met the business



Art: EIRNS/Alan Yue; photo of Pelosi: EIRNS/Stuart Lewis

*The image of Nancy Pelosi as Marie Antoinette (“Let them eat cake”) is making the rounds, following the Speaker's tirade against protestors as “un-American,” and her big-bucks-bashes in California, for A-List donors.*

end of a guillotine. Mrs. Pelosi and her band of profligate spenders may well meet the business end of voters' anger next year. It's something she should worry her pretty little head about now, before she loses it."

Another reference is found in a posting on Salon.com Aug. 12, in "Obama's Healthcare Horror—Heads Should Roll—Beginning with Nancy Pelosi," by Camille Paglia. Paglia denounces Pelosi charge that American citizens who object to Obama's "reforms" are an un-American mob, asking: "And what do Democrats stand for, if they are so ready to defame concerned citizens as the 'mob,'—a word betraying a Marie Antoinette delusion of superiority to ordinary mortals."

Lyndon LaRouche suggests that Pelosi is actually pleased by the comparisons to Marie Antoinette. "It has the feel of a real face uplift—an historical, sociological face uplift!" What she should do is resign, and get that burden off her shoulders, he said.

## Obama/Orszag Board: Hitler's T4 Program

The centerpiece of the "health-care reform" being pushed by President Barack Obama and his Budget chief Peter Orszag is nothing but a replay of Adolf Hitler's T4 (Tiergarten 4) euthanasia board. The Obama Administration's undisguised orientation toward "cost-cutting," "cost-effectiveness," "bending the cost curve," and health-care rationing, leaves no doubt that it is planning to rid itself of the "burden" of those "lives unworthy of life."

The Nuremberg Tribunals following World War II condemned and executed the Nazi doctors for the wholesale killing of what Hitler's men termed the "non-rehabilitable sick." Today, the Obama Administration has also concluded that there are lives "not worthy to be lived." Obama's cold-eyed health-care bureaucrats have come up with the same approach that Hitler did in 1939: a board of soulless "experts" to determine who shall live, and who shall die. Hitler's program was T4; Obama's is IMAC, or MEDPac.

### Hitler's Program

The Nazi program was officially put into effect in October 1939, when Hitler issued his secret authorization, under the title, "The Destruction of Lives Unworthy of Life":

"Reichsleiter Bouhler and Dr. Brandt are charged with the responsibility for expanding the authority of physicians, to be designated by name, to the end that patients considered incurable according to the best available human judgment of their state of health, can be accorded a mercy death."

In July of 1939, a conference of medical professionals was held in Berlin, where the professors and chairmen of the departments of psychiatry of the leading universities and medical schools of Germany, gathered, to collaborate on determining the criteria for deciding what patients would be considered to have "lives unworthy to be lived," and what was the most "practical and cheap" manner of removing these burdens on the health-care system, i.e., killing them. (Initially, T4 targeted the entire German population; ultimately, millions of Jews and non-Germans met the same fate in Hitler's death camps.)

The T4 program took its name from its Berlin office address, Tiergarten 4, where the coordinating organization for the program, code-named the Reich Work Group on Sanatoriums and Nursing Homes, was housed. In charge were Philip Bouhler, chief of the Chancellery, and Dr. Karl Brandt, Hitler's personal physician and chief medical officer of the land.

Their first task was to devise the questionnaires which would be used to categorize the targeted institutionalized populations. Four categories were specified:

1. Patients suffering from specified diseases who are not employable, or are employable only in simple mechanical work. These included schizophrenia, epilepsy, senile diseases, therapy-resistant paralysis, feeble-mindedness, and the like.
2. Patients who have been continually institutionalized for at least five years.
3. Patients who are criminally insane.
4. Non-German patients.

Once the questionnaires were completed by physicians at the institutions that housed the mental patients, epileptics, the mentally retarded, and other handicapped persons, they were sent to panels of psychiatric experts, who would decide, based on the answers, who was to live or die. The questionnaires were then sent to a chief expert, who passed the final judgment. Those patients determined to be "useless eaters" were then sent to "killing centers."

### Orszag's Medical Advisory Council

The leading role in promoting the Obama version of T4 is "behavioral economist" Peter Orszag, who heads



White House/Pete Souza

*President Obama's chief number cruncher Peter Orszag is pushing a Hitler T4-style medical board, IMAC, that would make decisions about who gets care and who dies. Obama has endorsed this as "MedPAC on steroids." The two are shown here in the Oval Office.*

the Office of Management and Budget. His draft legislation, sent to Congressional leaders, is called the "Independent Medicare Advisory Council Act of 2009," a law which he repeatedly has characterized as "the most significant aspect" of the pending legislation. Its transparent intent is to cut care for those on Medicare.

Orszag's bill would set up a council, the Independent Medical Advisory Council (IMAC) of five physicians, who, like the Medicare Payment Advisory Commission (MEDPac), established in the 1997 Balanced Budget Act, would issue two rulings a year on reimbursement rates for various medical procedures. But that's not all.

First, the bill specifies, under the title "No Increase in Aggregate Medicare Expenditures," that the rulings could only freeze or lower total Medicare/Medicaid spending, not increase it.

Second, once the rates are approved by the President, they could only be voted up or down *in toto* within 30 days, by the Congress. Should this not happen, they would go directly into effect.

The proposed legislation says that "the Chief Actuary of the Centers for Medicare and Medicaid Services (CMS)" would exercise the final review of each of the commission's detailed regulations, after the President and Congress have signed off. If unsatisfactory to the Chief Bean-Counter, he or she could simply "declare them null and void," and tell the "commission of doc-

tors" to start over, and cut deeper.

But, does Obama agree with his murderous budget chief? There seems to be no doubt: Following the release of Orszag's proposed bill, Obama himself became its number one cheerleader: In his Saturday radio addresses, public appearances and meetings, he endorsed the call for an "independent" commission to cut costs.

In an interview with the *Washington Post* published on July 23, the President elaborated on the policy under the heading of "delivery system reforms." He wrote:

"At this point, I am confident that both the House and the Senate bills will contain what we've been calling 'MedPAC on steroids,' the idea that you continually present new ideas to change incentives, change the delivery system, understanding that, because this is such a complex system, we're not always going to get it exactly right the first time, and that there have to be a series of modifications over the course of a series of years, and we have to take that out of politics and make sure that an independent board of medical experts and health economists are providing packages that are continually improving the system. So I think there's general consensus that that is one of two very powerful levers to bend the cost curve...."

Obama repeated this concept July 23 at his town hall meeting in Shaker Heights, Ohio, saying that an empowered MedPAC would "eliminate waste and save money."

# To Hide Collapse, Obama Pushes Phony Recovery

by John Hoefle

Aug. 14—Barack Obama rode into Washington on a wave of anti-establishment rage. He promised change, and change he has delivered—all of it in the wrong direction. He escalated the sellout of the nation to the global financier parasites, sticking the taxpayers with the tab for the bailout—the biggest criminal swindle in history—and he brought in a bunch of behavioral “economists” to try to brainwash us into believing that lower living standards are good for us. Worst of all, he sought to balance his bailout-swelled budget by cutting health care, threatening cutbacks, and even euthanasia for millions of Americans already struggling under the burden of a collapsing economy.

Obama has filled the airways with grandiose promises, but he has failed to deliver. The U.S. economy is in a death spiral, its financial institutions loaded with worthless toxic assets, governments at all levels increasingly bankrupt, unemployment at disastrous levels, and our standard of living plunging to the point where many among us are rapidly approaching their doom. And it is getting worse.

This is a global phenomenon, a breakdown of the entire global financial system. But even that understates it, because what we are witnessing is the breakdown of everything—economic, political, cultural—the breakdown of civilization itself. Worse yet, nothing is being done to reverse this ominous process.

Why, then, are Obama, members of his administration, legions of economists and financiers, and the pros-

titutes of the media cartel talking about recovery? Are they nuts? Yes, but that’s just a part of it.

## **The Bailout Has failed**

The bailout has worked well as the largest transfer of wealth in history—from public to private hands. As a criminal scam, it has been an unparalleled success. As an economic policy, however, it has been an abysmal failure. The bailout has, as Lyndon LaRouche warned it would, only made things worse.

Despite the trillions of dollars spent, lent, promised, or guaranteed by the Treasury and the Federal Reserve, the losses at the banks have continued to grow. The profits the banks are reporting are frauds; their books are cooked to hide losses so vast that any honest reporting would immediately cause their demise. These losses are growing, as the economy declines. Credit card and mortgage losses are growing. Consumer spending is falling. Businesses are failing, triggering further losses, on both the debts themselves and on the derivatives backing those debts. The commercial real estate collapse has only begun, threatening a tidal wave of failures among regional and local banks. On top of all these losses, we have the bailout itself, which the Special Inspector General of the TARP program, Neil Barofsky, recently projected had a worst-case cost to the Federal government of \$24 trillion dollars.

What do we have to show for that \$24 trillion? Has it improved the living standards for the ordinary citi-

zen? Are our jobs returning, our debts being reduced? No, except for a few Wall Street types. For the rest of us, conditions continue to deteriorate. Even for the Wall Street types, the respite is only temporary. Nothing has been fixed. More bailouts will be required as the losses grow, swamping Mr. Barofsky's projections. In reality, Obama has written a blank check, and done so without the funds to back it up.

### **Hyperinflation Panics Creditors**

The effect of all this money-pumping has been to put extraordinary hyperinflationary pressure on the dollar. There is nothing mysterious about this process—it is actually quite simple. We are pumping huge amounts of money into an economy that is shrinking. Since the value of the currency ultimately depends upon the productivity of the economy which supports it, the effect of a growing money supply and a shrinking economy is to make each unit of the currency worth less. The faster you pump in the money, the quicker it loses its value, so the more you pump. That is a classic hyperinflationary pattern, and it is precisely what the Obama Administration and the Federal Reserve have been doing. It is incompetent, insane, and incredibly dangerous.

This policy has made our creditors extremely worried, and given the way we depend upon the rest of the world to fund our growing Federal budget deficits, it should worry everyone. What would happen to the U.S. were China, Japan, and other nations to decide that the risk was too great, that they should no longer buy our Treasury bonds? Suppose a Treasury auction failed because of a lack of willing buyers? The Fed could step in and buy, but that would mean electronically “printing” even more dollars, escalating the hyperinflationary pressures, and making the situation worse. Such foolishness may relieve the pressure for a brief moment, but it will just make the problem worse—an apt description of the entire bailout process.

China, the largest holder of U.S. Treasury debt, has been quite open in expressing its concern over the effect of this policy on its portfolio. Chinese officials have repeatedly expressed their worries, and continue to do so despite the promises of administration officials that the U.S. will get its fiscal house in order. China is hardly alone in this fear, and the U.S. Government has lied too many times to be believed.

If the U.S. cannot sell its debt on the world market, we are finished. Period. The whole house of cards comes crashing down.

### **Collapse, Not Recovery**

The need to calm the worries of U.S. creditors is a major part of the recovery talk we are being fed today. If Treasury, the Fed, and Wall Street can convince them that the crisis is past, that we are earning profits again, and that government spending is under control, then, perhaps, they will keep buying our debt, and the game can continue.

Another reason for the recovery talk lies much closer to home, in the process reflected in the explosion of protest at the Congressional town hall meetings. After many years of lies, of promises of a prosperity that never materialized, after an economic collapse that stripped them of their delusions, and after the failure of the Obama Administration to do anything to help them, the people's rage has reached the boiling point. We no longer believe our government, no longer trust a self-absorbed President and a useless Congress. We will no longer accept promises. We demand solutions, we demand action now!

Instead, we are being fed the same old carrot-and-stick crap: The recovery is here, just around the corner! Things are improving, so go back to sleep and leave us alone!

We are being treated like naughty children who have forgotten their manners. Our legitimate anger at the treatment we have received is arrogantly dismissed. We are told we are but puppets of some special interest group, that we have no minds of our own. Such a response shows clearly what this administration really thinks of its citizens, but that was already clear when Obama launched his Nazi “useless eaters” health-care plan. What's next, Mr. Killer President: euthanizing the protestors, the unemployed?

The stench of death is in the air, the death of our nation, the death of the world. We have a leadership which has gone Nazi, captives of the British Empire, the same empire which imposed Hitler and Mussolini, and intends to do the same to America, as part of its scheme for a global financial dictatorship. We have been betrayed by our President, betrayed by our Congress, betrayed by Wall Street. We know it, and we are beyond mad as hell. America will tolerate no more of this fascism.

We demand a return to the Constitution, and a system which puts the general welfare of the population first, a system which protects the weakest among us as a matter of principle. If the Obama Administration wants to win back the people, it should start by doing its job.

*johnhoefle@larouchepub.com*

# The Evil Intention of Evidence-Based Medicine

by Cathy M Helgason, M.D.

For the past 15 or so years, the medical academic, and subsequently non-academic community, have been the victims of an imposed redefinition of mission: that is, medical practice as a “business.” Because the business world has no ethic with regard to the patient, it cares nothing for the Hippocratic Oath or the General Welfare clause of the Constitution. The new character of our profession was despised by most physicians, and foreign to us all.

By first-hand experience, this was a slow, deliberate, and insidious oppression. In about the early to mid-1990s, my first encounter with the opposition to my mission as a physician, came when I was asked to sign documents for my patients regarding insurance-related issues, applications for special equipment, or disability claims. My required signature was to appear on the line designated “vendor,” a term which since has evolved into “provider.”

This experience was paralleled by a new institutional administrative designation of patients as “customers” and a new academic department definition of physician “productivity” as dollars collected. As if by magic, and in synchrony with the professional insult and denigration, appeared the new authority of “evidence-based medicine,” which claimed to be the final scientific diktat for determining diagnostic technology and treatment of the individual patient in the daily practice of medicine. But, evidence-based medicine is only a pseudo-science.

It soon became clear that the physician and his/her patient were no longer individuals, expert and unique in their own right, but now robots who are to mechani-

cally follow commands and respond in predictable fashion. But to whom?

After much consideration and study over the years, it has become clear to me that evidence-based medicine either was in its original intent, or has become, a budget-cutting and potential population-control measure. Because it is wrapped up in scientific-sounding rhetoric, it has captured the attention of well-meaning physicians who want to incorporate science into their decisions, and has been sold to the public as an advancement in care.

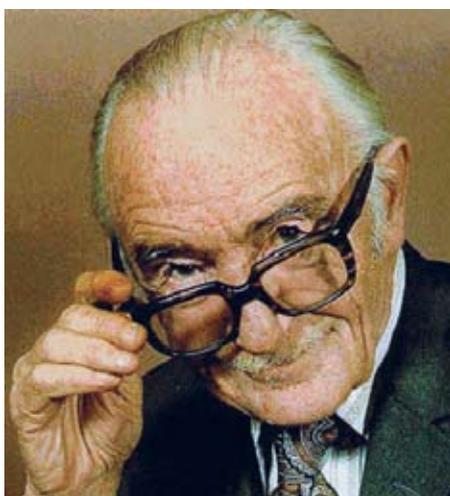
To get an idea of the intention behind evidence-based medicine, look at NICE, the British National Institute for Health and Clinical Excellence, another Orwellian name for cost-cutting medical triage.<sup>1</sup> It has thus become apparent to me as well as others that the much discussed “health-care reform” has the intention of following the corporate model of “business is business,” instead of any humane response to the needs of the acutely ill, elderly, and infirm.

## Where It Came From

British physician and researcher Archie Cochrane, after whom the Cochrane Clinical Trials Registry, Database of Systemic Review, Cochrane Library, and Cochrane Reviews are named, may be called the father of Evi-

dence-Based Medicine. The Cochrane Library, Data Base, and Trial Registry (available online) is the repository of information regarding all clinical trials. It aims to judge the scientific merit of these trials based on their adherence to the principles of what is called “clinical epidemiology.”

During World War II, Cochrane was taken prisoner of war and served as a POW medical officer in Greece for the Nazis. There, he performed an experiment on his fellow prisoners involving malnutrition and yeast supplementation. The result of this experiment is summed up in his paper entitled “Sickness in Salonica: My First,



The Cochran Collaboration

*British researcher Archie Cochrane conjured up evidence-based medicine, using gambling's probability theory.*

1. For more on NICE, see “Britain’s NICE: Who Gets Medical Care and Who Dies,” by Marcia Merry Baker, *EIR*, June 5, 2009, [http://www.larouche.com/other/2009/3622nice\\_who\\_dies.html](http://www.larouche.com/other/2009/3622nice_who_dies.html)



PRNewsFoto

*Evidence-based medicine succeeds in divesting physicians of responsibility for the patients' well-being, while making them believe they have done so with the goals of science and society in mind.*

Worst and Most Successful Clinical Trial.” There, after noting the positive effects of yeast on the malnourished, Cochrane states: “. . . the German doctors remark, when I asked for more help, was *Ärtze sind überflüssig* [doctors are superfluous]. This was probably correct, but it was amazing what a little bit of science and a little bit of luck achieved.”

Cochrane attributed the benefit of yeast treatment for those fellow prisoners who were allowed to receive it, either to luck or statistical significance. He overlooks the fact that it was he, the physician, who, in the first place, thought of providing the yeast to the prisoners, in whom he had diagnosed malnutrition by examination and knowledge of the pathophysiology of disease. Cochrane thus exposes his prejudice towards the science of gambling—probability theory—an all-or-nothing battle between statistical evidence and luck, otherwise called “chance.”

Cochrane’s view reflects that of all supporters of evidence-based medicine today, that clinical outcomes are due to statistical significance and have nothing to do with the physician’s basic knowledge of the pathophysiology of disease, the individual patient’s disease process, physician experience, or cognitive insight (intuition).

Cochrane’s most famous work was his book *Effectiveness and Efficiency: Random Reflections on Health Services* (1972), the premise of which is the Malthusian idea that because resources will always be limited, randomized trials should be the authority for guiding decisions about the use of resources in health services.

Convincing physicians to follow the pseudo-science of evidence-based medicine seems easy when the promise is made of freeing the physician from the responsibility of making decisions regarding diagnosis and treatment of disease. Instead of relying on intuition (cognitive insight), experience, and knowledge of the pathophysiology of disease, the

## The Intention Behind Evidence-Based Medicine

1. The role of physicians is superfluous.
2. Resources are limited, and their allocation must be controlled.
3. The impartial, cold, hard “science” of “chance” (probability theory) shall drive that control of limited medical resources.
4. Valid evidence or scientific information is limited to that which is statistical.
5. The world is based on chance, and only probability theory can provide certainty for scientific truth.

One only need to review a simple pocket text of evidence-based medicine to understand the argument further. See *Evidence Based Medicine: How To Practice and Teach EBM*, by David L Sackett, Sharon E Straus, W. Scott Richardson, William Rosenberg, and R. Brian Haynes (Los Angeles: Churchill Livingstone, second ed., 2000).

physician will make decisions based on the best evidence presented to him/her by that body of literature and guidelines which follow the criteria of the science of clinical epidemiology (probability theory-based statistics). The physician does not have to think, because his/her decisions and actions are predetermined, and thus he/she cannot be held responsible for the consequences.

### **Leaving Medicine to Robots?**

For the cost-cutting faction, this holds great promise for defense in malpractice litigation, and, in fact, now, the law is condoning the authority of evidence-based medicine to determine the standard of care and admissible evidence in medical malpractice cases.

But the stated desire of impartiality in evidence-based medicine comes into question when those determining the guidelines are the limited few who have access to funding for research in medicine, exactly *because* they limit their science to clinical epidemiology! Clinical epidemiology offers a *predictable* means by which to control the results of all research, and those results will determine the use of “resources.” One wonders if the National Institutes of Health’s Department of Bioethics has committee presence or some other type of oversight of all medically related research grant applications and reviews.

Thus, the little pocket text of evidence-based medicine exhorts the physician to: “Trade in your [traditional] journal subscriptions . . . invest in evidence-based journals and on line services, and . . . look into computerized clinical decision support systems,” because it is “technically feasible for machines to match patients’ characteristics with evidence-based recommendations that are tailored to them, freeing the patient and care provider to meet the challenge of deciding which recommendations should be implemented and how.”

The result, of course, is that the “matching” process of patient to diagnosis and treatment is no longer dependent on context, which is the special unique individuality and circumstances of that patient, the very essence of which can only be captured by the expertise of a good physician.

### **Fascism and Evidence-Based Medicine**

Evidence-based medicine has had the impact of preventing many physicians from using judgment about medications and technology. The stated pur-

pose of evidence-based medicine is to bring “science” to the bedside. Science is popularly defined as probability theory and valid information as that which is statistical. Although theories other than probability theory can underpin statistics, it is probability theory which has reigned, because it follows Aristotelian logic, better known as binary logic. All-or-none binary logic is black or white, yes or no, in its conclusions, and is predictable in its results. No new principles can ever be discovered about any person’s disease process or response to treatment, because the outcome of variable interactions is predetermined by “logical” rules. Controlling resources, predictably, allows no place for unexpected changes in decisions regarding their use.

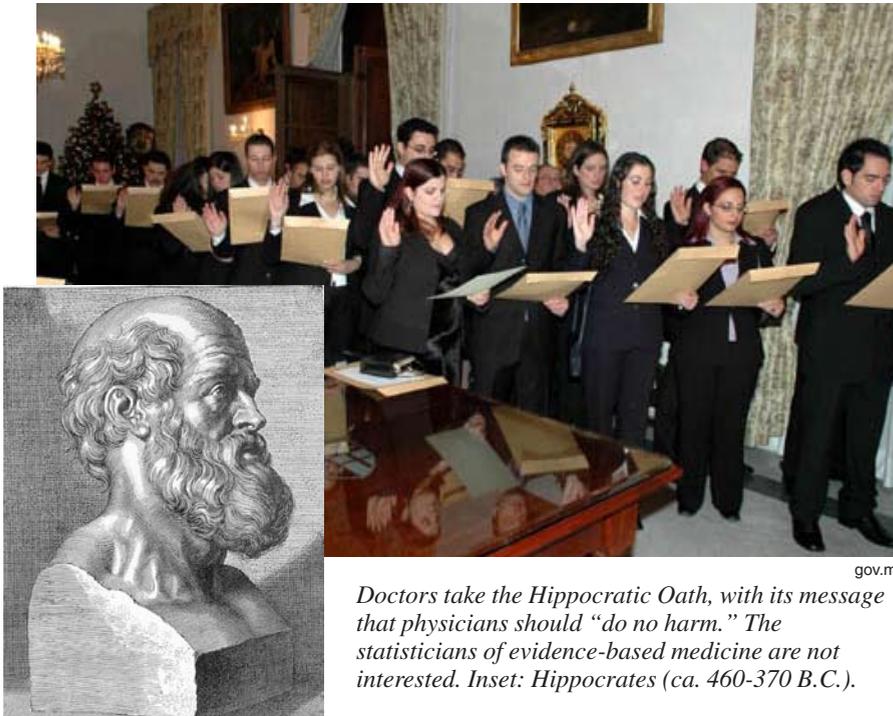
In the real world, the medical scenario at the bedside is dynamic and nuanced. Changing decisions are the reality with which the physician must cope. But, instead of allowing the physician to use the uniqueness of one patient’s clinical dynamic as the basis upon which to decide treatment or diagnostic technique, evidence-based medicine seeks to dictate what can and cannot be used, and on whom. Probability-based statistics has now become a convenient scientific justification to withhold treatment and technology (such as diagnostic scans) because it takes control out of the hands of the physician. Physicians are “a problem” when they want to use judgment, and have the Hippocratic Oath foremost in mind.<sup>2</sup>

Evidence-based medicine justifies the limitation of treatments that already exist because they can be claimed to be ineffective by “science,” that is, by probability-based statistics. However, physician judgment is based on experience with a variety of different patients who do not match the probability-based criteria of predefined conditions and context. Each patient is unique, and the physician uses empathy and a kind of pattern matching from experience as a guide.

Faced with an unexpected clinical picture, the knowledgeable physician can redirect his/her cognitive ability towards new goals. Evidence-based medicine, adopted by physicians in their training, frees them from this empathic connection to the patient and helps them limit and withhold treatment “in good conscience.” By influencing physicians from the beginning of their training, evi-

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2. “Above all, do no harm” is the general message of the Hippocratic Oath.



*Doctors take the Hippocratic Oath, with its message that physicians should “do no harm.” The statisticians of evidence-based medicine are not interested. Inset: Hippocrates (ca. 460-370 B.C.).*

ing physicians justified and dismissed the omission of this test with the excuse that “there has never been a large, double-blind randomized trial to determine the utility of such testing.” In other words, evidence-based medicine doesn’t allow it.

Then, with the same inhumanity, the test was offered to my husband *after* his encounter with mucositis. My husband’s response was: “I will not have my genetic material used in this fashion by you!” He had insight into their “cold hard science.” My husband was a professor of molecular biology in a medical school. How it must have destroyed his faith in medicine to see what some physicians had become.

dence-based medicine succeeds in divesting those physicians of responsibility, while at the same time making them believe they have done so with the goals of science and society in mind.

Thus, evidence-based medicine has its biggest impact in brainwashing the physician into ignoring his/her own inner instincts and judgment that a given patient should have the opportunity to have a given treatment—when that treatment is prohibited by the resource keepers. Evidence-based medicine is crucial to any system in which the physician is going to cooperate with the fascist scarcity principle.

### A Personal Example

Thus, when receiving cancer treatment and after the first dose of a chemotherapy cancer drug threw my husband to the floor for days, he was given a second dose which caused two weeks of arguably the most painful condition known to man—“mucositis.” Imagine my horror to find out, afterwards, that there was a simple blood test available to determine his ability to metabolize the poisonous drug, which was neither offered to him nor performed before the second blast of poison.

When I confronted the medical team responsible for his care, a bewildered crew of residents and attend-

### What Is Wrong with Clinical Trials?

Large, randomized statistical studies do not capture the level of efficacy of a treatment that a physician sees in his daily practice, because the treatment groups of the large studies are managed in an all-or-none fashion. There can be no response to the changing degree demanded by the clinical dynamic. Probability-based statistics confer a level of certainty in the mind of the user, and that certainty excuses the guilt the user feels when treatments are withheld.

Science is, after all, a human and humane endeavor. But evidence-based medicine is all about the dehumanization process. Because it claims certainty, it claims authority, but in the process, the relationship between truth and certainty gets distorted. People who have deep empathy have difficulty believing certainty and crisp boundaries. The Hippocratic Oath is the intention behind the practice of medicine. The details of medical decisions are constantly changing and depend on the moral, ethical, and professional judgment of the good physician within the unique context of the individual patient.

The present health-care reformers, like Hitler’s doctors, would remove this intention and replace it with cost-efficiency. That is the truth about how evidence-based medicine threatens to change medicine—and kill the sick and elderly.

## The Undisclosed Location

*Perhaps hunkering down in the bunker is not the smartest move, after all.*

It took a lot of effort, given the current paranoia level over the angry public reaction to the Obama Administration's health-care and economic policies, but with some small fibs and misrepresentations, and a hefty campaign contribution, I finally managed to gain an audience with one of the Administration's vaunted behavioral economists. He asked that I not reveal his name, and I won't—not because I am protecting my source, but because the man refused to give it to me. As said, the paranoia level is high.

He proved his *bona fides* by the simple act of holding the meeting in one of Dick Cheney's infamous "undisclosed locations." It was, admittedly, one of the smaller of the "Cheney holes," as they call them in Washington, but word is that all the bigger ones are already occupied by higher-ranking figures.

One juicy rumor, which I was not able to confirm, is that President Obama is occupying the fanciest of them, dubbed "Buckingham Palace" by his staff, and that an actor playing Obama is actually making all the public appearances. We studied all the video and photos we could find, but admit to being stumped—we can't tell if it is the real Obama, a pretend Obama, or just an empty suit with a voice track. Some of the photos did show traces of what we in the trade call "massive Photoshopping." We are pretty certain that it was the real Obama in those pictures of the little British Queen, who seems to get smaller and smaller as her treasured finan-

cial empire vaporizes.

Anyway, back to the story. The behaviorist shepherded me through security at the facility, which is located under a mountain somewhere on the East Coast—at least that's what he said. My blindfold was not removed until I was securely inside, about three hours after we left the Executive Office Building.

I guess it takes a while to change all the pictures, because there were nearly life-sized pictures of Dick Cheney all over the walls, along with a few of the little guy who had been his puppet. The security guards were all private, judging by the Halliburton logos on their uniforms. It was as if nothing had changed.

The behaviorist's office was little more than a cubbyhole, with Spartan military-style furnishings. The art on the wall appeared to be a combination of Rorschach blots and motivational posters.

One of my slick journalist techniques to put my prey at ease is to make small talk, so I asked him about the art.

"So what's with all the dirty pictures?" I asked, pointing at the ink blots.

I thought the joke would relax him, but instead he freaked,

"They're not dirty!" he exclaimed, way too loudly. "They're erotic art, legitimate art. It's not porn!"

Whoa, I thought. Must have really hit a nerve there. But since I was more interested in his professional fantasies than his sexual ones, I

quickly changed the subject.

"What are you doing here," I asked. "Wouldn't it be easier for you to work out of the White House? That's got to be more convenient."

"We're all here, the whole Behavioral Economics staff," he said. "We've been here since the town meetings went off script. The President wants us to figure out why."

With the last sentence, he puffed himself up a bit. He wanted to seem important, but instead he came across as one of those little fish that puffs itself up to try to keep from being eaten.

"Why do you think the meetings have gone off script?" I asked. "Do you think the population no longer buys your propaganda line?"

With that he shuddered, and practically screamed: "No! No! Absolutely not! The people are on our side, under our control."

"Gee, it doesn't seem that way to me," I replied. "Looks to me like they hate you. At least that's what they say. They're not buying it."

His eyes rolled back in his head, only the whites showing. For a moment, I thought he was having a seizure, but he suddenly jumped up, and began a rant that reminded me of Dr. Strangelove. "We will do what we must, and the people will obey," he concluded.

With that, he declared the interview over. As I was being blindfolded for the return trip, he handed me a copy of *Nudge*, instructing me to read and obey. Then I felt a prick in my upper arm.

When I awoke, I was in the clinic in the Executive Office Building. The staff tried to persuade me that I had fainted, and never gone on the interview—all a dream, they said. I remained silent, clutching my new copy of *Nudge* under my coat. These guys may be proper fascists, I thought to myself, but they're not very smart.

*lessswift322@yahoo.com*

# First Deflation, Then Hyperinflation: The Economy Needs a Global ‘New Deal’

by Helga Zepp-LaRouche

*Mrs. LaRouche is the Chancellor candidate of the Civil Rights Solidarity Movement (BüSo) for Germany’s Sept. 27 elections. Her article has been translated from German and subheads added. Her next campaign webcast will be on Aug. 21 at 6:00 p.m. Central European Time, with simultaneous translation into English, at <http://bueso.de>.*

Aug. 15—Various “economists” and commentators are declaring that the fabulous 0.3% growth in Germany’s gross domestic product just announced by the Federal Statistical Office, marks the “end of our free-fall.”

But their statements are just about as definitive as the moment before a mountain climber falls, as he momentarily hangs from a rock outcropping, before plunging 1,000 meters to his death. The assertion of a statistical 0.3% growth does not reflect reality, which is dynamic. The prognosis remains unchanged: Very soon, the present brief phase of deflation will be supplanted by a hyperinflationary price explosion. Moreover, by late September or early October at the latest, there will be a crash that will make all previous crashes look like a picnic.

Even though the connection between the breakdown crisis and the U.S. population’s ongoing nationwide revolt against the Obama Administration is plainly evident, the German media are behaving about as realistically as a child who shuts his eyes and says, “Now I am invisible!” But just because you’re blind, doesn’t mean that reality disappears. However the German media might try to imitate Karl-Eduard von Schnitzler’s Black Channel, <sup>1</sup> the fact remains that we have entered into a



*The Civil Rights Solidarity Movement (BüSo) website. Helga Zepp-LaRouche is the party’s candidate for Chancellor in the Sept. 27 elections.*

new phase of world history.

The behaviorist economists of the Obama Administration have now failed in their attempt to finance part of the cost of their bailout package to the bankrupt banks, by implementing brutally drastic cuts in the health sector. The U.S. population is in a state of revolutionary revolt. What has thrown people into a rage, is the fact that many millions of them have lost their jobs and their homes, while trillions of dollars of taxpayers’ money has been given to the banks; and, against that backdrop, the proposed government-enforced end-of-life cost reduction—i.e., euthanasia—the kettle has boiled over. This transformation in the United States will also now become a determining factor in the rest of the world.

## What ‘Upswing’?

In Germany, despite the tiny 0.3% increase in the Second Quarter—which the Federal Statistical Office

1. From 1960 until the Fall of the Berlin Wall in 1989, Karl-Eduard von Schnitzler faithfully served East Germany (the Communist G.D.R.) as

chief propaganda mouthpiece, via his Black Channel TV program—ed.



telefuncker.worldpress.com

*Germany's industrial collapse: This National Railways maintenance and repair facility in Potsdam was built in 1838, and functioned continuously until the last locomotive rolled out in December 1999.*

qualifies by noting that, due to differing reporting periods in the various economic sectors, precise figures will only be available four years from now—the statistics from the individual sectors show an unparalleled collapse. The country's top steel producer, Thyssen-Krupp, for example, reported a catastrophic 34% collapse in sales, and a 48% drop in incoming orders. The firm is now going to sell its shipbuilding division, Bloom & Voss—which up to now has built ships for the German Navy—to a sheikh in Dubai. There have been massive layoffs in many other industrial sectors.

French Finance Minister Christine Lagarde correctly ascribed France's equally small 0.3% reported growth to short-term, and short-lived measures such as their "cash-for-clunkers" program, short-work, and tax relief for low-income wage-earners. An even bigger explosion is in store, once these programs end this Autumn and Winter.

All of Germany's traditional export markets are declining, and in the Eurozone, which absorbs over 50% of Germany's exports, economic activity declined by 4.5% in the second quarter. For the ninth month running, China's exports have declined in comparison to the previous year, with the July drop at -23%, while imports dropped -15%. The U.S. economy is in free fall. Thus, with only a few mini-exceptions, the prospects are dim for Germany's export economy.

In view of the obvious deflation underway in the Eurozone, many are pooh-poohing the threat of an on-

coming period of hyperinflation. Prices have, in fact, been declining: -1.4% in Spain, -0.6% in Germany, -0.7% in France, and even -5.4% Ireland. But when one considers the enormous dimensions of the collapse in production, especially the dramatic decline in shipbuilding, shipping container manufacture, and truck production, it becomes clear that it will not be very long before shortages of key commodities become perceptible.

The current deflationary trend stems from the fact that firms, chain stores, and retailers are at least partially selling off their goods at below cost, to hold out against their competitors, who are equally pressed in this shrinking market. The discount chains' price wars over milk products will mean that many dairy farmers won't be able to maintain their dairies; and once the cows are gone, the milk will be gone,

too. Other products are also going to become scarcer, or will disappear entirely from the shelves, as a result of the massive layoffs now being planned by industrial firms. And once the population begins to perceive these shortages, it won't only be the speculators who start speculating with these goods, but ordinary people will start hoarding them in their cellars; and then, deflation will very quickly turn into rampant inflation.

## Debt and Unemployment

But the real elephant in the room which most commentators don't want to see, is the enormous burden of public indebtedness which governments have foisted upon taxpayers, with the bailout money they have handed over to bankrupt banks. The official debt in the U.S. Federal budget is \$13 trillion, which corresponds to 100% of the gross domestic product; but total government debt is an astounding \$56 trillion, 4.3 times larger than the GDP.

Faced with this situation, the United States is obliged to sell considerably more government debt, but on a shrinking market. Who is going to buy this paper? Japan? Saudi Arabia? China? Hardly, or at least not in the required amounts, since China is already concerned over whether the United States will be able to honor the approximately \$800 billion which China already holds in the form of various U.S. government securities. The United States will soon lose its ability to finance its enormous deficits, since 48 of its 50 states are now bankrupt.



The BüSo campaigns in Saxony, Aug. 8, 2009. The sign reads, “Saxony’s Economy Has To Grow.”

“Armageddon” this Autumn. With a GDP in free-fall, with small and medium-sized firms in dire straits, and thousands of jobs in danger of being eliminated, there’s a very real threat of massive social unrest, he said.

And not only in Italy: Regardless of the minuscule 0.3% upswing in Germany and France, there is no doubt that unemployment will grow considerably, the credit crunch will expand, industry will not invest, and export markets will collapse further. It is therefore foreseeable that the entire economic, political, and social situation could become completely unhinged within a few short weeks.

Only people with ideological blinders could harbor the illusion that the disintegration of the United States, and of the dollar, is an internal American domestic issue, and that, for example, the Eurozone could recover unscathed by such a collapse.

In reality, not only China, but also the entire world’s economic and financial system would be plunged into chaos, with devastating political and social ramifications. The world would be plunged into a new Dark Age.

The figures for the European Union are also unprecedented, and are only smaller in comparison to those of the United States. In the period between October 2008 and mid-July 2009 alone, the EU approved EU2.9 trillion in guarantees for banks, which is 31.2% of all economic output. At the top are banks in Denmark, which received 259.4% of the country’s GDP in state aid; and in Ireland, with 231.8% of GDP; while in Italy, it was only 1.3%. Experience shows that up to 90% of these guarantees are actually claimed. On top of this, the European Commission has approved EU313 billion of recapitalization measures for banks. National government debt has also increased enormously in Europe.

The Italian parliamentarian Antonio Di Pietro, who became infamous because of his participation in the 1992 meeting on the *Britannia*,<sup>2</sup> recently predicted an

2. The secret meeting on June 2, 1992 aboard Queen Elizabeth’s yacht, during which top Anglo-Dutch financial and banking executives met with their Italian counterparts to plot out the privatization of Italian state-owned companies and their sale at rock-bottom prices—ed.

### A Brief Window of Opportunity

If you look back in history, you see that there were certain situations where there was only a brief window of time during which a catastrophe could have been averted. Once that opportunity was missed, the misfortunes took their course.

We are in such a situation today. A collapse can averted only if, within the coming weeks, the program proposed by Lyndon LaRouche and the BüSo is placed on the agenda: We need a bankruptcy reorganization for those banks which have become *de facto* insolvent, through their amassing of financial toxic waste, and we need state guarantees for all areas of public welfare that can be salvaged from the old system and brought into a New Bretton Woods system.

With his New Deal in the 1930s, Franklin D. Roosevelt led America out of the Great Depression. Today, we can simply copy many aspects of his program—such as protecting homeowners from foreclosure, bankruptcy protection for banks, and reconstruction of our infrastructure, after years of neglect—as a motor for full employment. And we should recall our own determination to rebuild Germany after World War II, which enabled us to transform our country from a rubble-field into the land of the Economic Miracle. We accomplished that, in part, with the aid of the Kreditanstalt für Wiederaufbau, an institution modelled on Roosevelt’s Reconstruction Finance Corporation.

We urgently need a public discussion now on these questions. I’m available for that, anytime.

## Rosa Luxemburg and LaRouche's Triple Curve

by Matthew Ogden

*The following LaRouche PAC-TV feature, posted on Aug. 7, 2009, can be viewed at [www.larouchepac.com/lpactv](http://www.larouchepac.com/lpactv). Subheads have been added.*

On June 27th, 2009, Lyndon LaRouche conducted a webcast dialogue with what remains of America's political intelligentsia. In this discussion, LaRouche emphasized to these leaders that they must prepare themselves intellectually, to step into the void of power in Washington, which will be created when the Obama Administration self-destructs, to enact the sudden shift in policy necessary to save the world from the ongoing general breakdown crisis of the world economic system. This characterization of the current economic collapse as a systemic breakdown crisis, is not some sort of generalized terminology original to LaRouche, nor is it in any way hyperbole. LaRouche made this point clearly, that this crisis is, in fact, none other than a general breakdown crisis of the entire planetary system.

In a question asked of Mr. LaRouche, by a fellow leading American economist, this economist made the crucial point, that the recent trillion-dollar bailout of the banks foretells a hyperinflationary situation in the United States, resembling what occurred in Weimar Germany. Yet, at the same time, the collapse of produc-

tion and employment in the United States threatens deflation worse than that which we faced during the Great Depression. So, this adds up to a unique situation: We seem to be facing a mixture of inflation and deflation, different than anything the United States has faced before, and requiring, therefore, a different response.

### **Not Depression, But General Breakdown**

LaRouche replied: "Well, as I've often said, in covering this thing, the problem is, we're not in a depression. We're in a general *breakdown crisis of the entire planetary system*. This was discussed hypothetically, in the 1890s, and the beginning of the 20th Century, that such a thing could occur. And it is occurring. We are in a general breakdown crisis, in which, in fact, yes, there is inflation and deflation at the same time. But if you look at my Triple Curve [Figure 1], you see exactly what that means. It's there. That's the problem.

"So, the problem is, we have to define the thing as a breakdown crisis. That means, there's no solution within the terms of the parameters which are currently operating. In other words, you can not take the dimensionalities of the present situation as parameters, and by adjusting the parameters, or even throwing in a new parameter, you're not going to prevent the thing from collapsing."



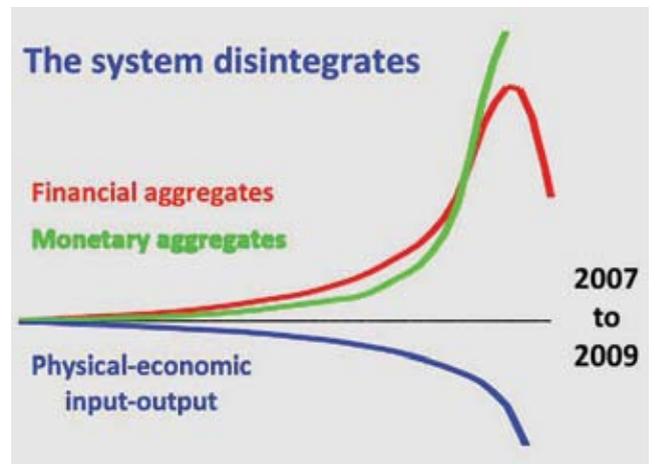
Photographie

Rosa Luxemburg in 1910, three years before she published *The Accumulation of Capital*.

The hypothetical idea of the possibility of such a general breakdown crisis of the system, originates in the work of two profoundly insightful economists of the 19th and early 20th centuries. These two economists, Rosa Luxemburg of Poland, and Jean Jaurès of France, stand out, still today, as head and shoulders above the present generation of economists, politicians, and academics generally. Lyndon LaRouche has repeatedly identified Rosa Luxemburg's 1913 book, *The Accumulation of Capital*, which, as he says, provides the appropriate starting point, for understanding the origins of the general global economic breakdown crisis, currently in progress today. Her insights in this book will provide us the grounding from which to look at the true cause of the economic nightmare looming today.

Since the victory of the American colonies over the British in 1783, the world has been divided between two systems: The ancient system of imperialism, and the newly established system of American-style republicanism.

FIGURE 1



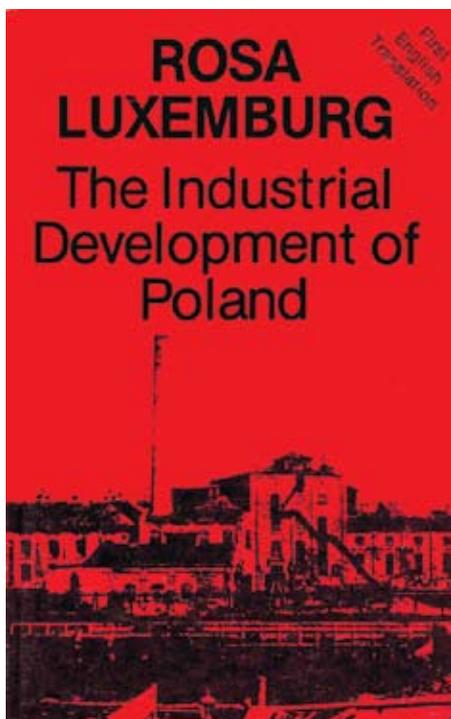
Lyndon LaRouche's updated Triple Curve, illustrating the general breakdown crisis.

lic. All of the conflicts and all of the wars since that time, globally, have been caused by the turbulence created by the impossible coexistence of these two opposing and contradictory systems.

### Rosa Luxemburg's Genius

In 1871, a few years following Abraham Lincoln's defeat of the British-sponsored Confederacy in the American Civil War, Rosa Luxemburg was born. Her home was the Polish town of Zamosc, a beautiful 16th-Century city in the eastern part of the country, diverse in culture and known as the home of the Jewish Enlightenment in Poland. Zamosc was the home of leading Jewish poets, mathematicians, writers, including the famous I.L. Peretz, known as the father of the Yiddish Renaissance. These various Jewish intellectuals were all politically organized as members of the Jewish Bund, an underground labor movement, whose clandestine meetings were often broken up by Tsarist police, its members sent to prison, or exile.

One prominent member of the Bund in Zamosc was Abraham Luxemburg, the father of Rosa. Crippled, treated as an outcast, Rosa Luxemburg spent her childhood studying the ideas of Friedrich Schiller and other writers of the German Classical movement, influenced by the intellectual and political movement surrounding her father in the Bund. By the age of 16, she became politically active, immediately rising to a position of leadership in the political movement that she joined. But when her party was cracked down on by the authorities, its leaders either hung or imprisoned.



In 1898, Luxemburg published *The Industrial Development of Poland*. In 1977, the LaRouche movement published the first English translation.

Campaigner Publications



Jean Jaurès of France. He, as well as Luxemburg, did original work on the hypothetical idea of the possibility of a general breakdown crisis of the system.

oned, Luxemburg left Poland for Zürich. In Switzerland, she enrolled at university, studying mathematics, natural science, political economy, and law.

Writing as her dissertation, a book-length economic study of her homeland, *The Industrial Development of Poland*, Luxemburg decided to begin to organize around her political and economic theories, immediately upon leaving university. She went directly to Germany, where the labor movement had reached an advanced stage of organization and influence among the industrial workers in that country. But when she arrived, she found that this movement was being splintered and disorganized by a faction, calling themselves “reformists,” who were attempting to subvert the political identity of the Social Democratic movement. These reformists advocated the adoption of the British parliamentary system of government, as their political model for Germany. Luxemburg knew that any compromise with the British system of both government and economy, would eliminate the entire reason for the existence of the Social Democratic movement itself. Knowing that such a compromise would be deadly, and that the Social Democratic movement would eventually just be assimilated into the very system of empire, which they were supposedly fighting against.

### ‘The Accumulation of Capital’

As World War I broke out, Luxemburg’s fears about the weaknesses of the Social Democrats of Germany were vindicated. Instead of resisting Germany’s involvement in the war, a war instigated by the geopolitical manipulations of the British Empire, the Social Democratic leadership threw their whole-hearted support behind the war effort! The political identity of the Social Democratic Party was lost. Germany was bankrupted and destroyed, on the track to be gutted and crushed by the British-organized Versailles Treaty after the war.

Luxemburg published *The Accumulation of Capital* in 1913, on the eve of the Great War, and her famous follow-up piece, the so-called “*Anti-Kritik*,” shortly after the war began. In these two writings, she presents a uniquely scientific approach to the subject of modern imperialism: Luxemburg identifies the principle of empire, beyond mere particular cases, in a way that

allows us to trace the genetic history of such a system, like we would with a disease from the current-day British Empire, all the way back to its ancestral roots in Venice, Rome, the ancient empire of Babylon, and beyond.

This is where our insight into the nature of the systemic breakdown crisis begins to be enriched by the work of Luxemburg. Her work on the subject of financial imperialism, was, at one time, understood among some American political intelligence circles, including the well-known economic historian Herbert Feis, economic advisor for international affairs at the State Department under Franklin Roosevelt. Herbert Feis documented the case for this same argument on the subject of modern imperialism, in his book *Europe, the World's Banker*, published in 1930, which shows that Rosa Luxemburg, in her analysis of imperialism, was absolutely correct.

Although she is almost forgotten in today's academic and political life, Luxemburg is important for us, as American patriots, to remember and review, for the reason that she published a uniquely original and correct treatment of the subject of British imperialism, as an expression of the true notion of the principle of imperialism, generally.

### Exposing the Empire of Usury

Empire is primarily financial: a usurious system of international loans, run by a supranational, oligarchical interest, to loot both the natural and cognitive resources of colonized countries, and subjected peoples. From this standpoint, customary, but ignorant conceptions of empire go out the window. Empire is not, as is commonly believed, a logical stage of nationalism. It is not the inevitable secretion of an ambitious nation, driven by popular greed for broad-reaching power over other nations. It is not something created by the fantastical lust for power of one deranged dictator or tyrant. Even the traditional notion of empire, being primarily a global military occupational force, is shown by Luxemburg to be merely a secondary consequence of the necessity for the financial empire to enforce its system of economic colonialism, and international loans.

In her *Accumulation of Capital*, Luxemburg devotes an entire chapter to the subject of international loans. "Usurious foreign loans," she says, "are the surest ties by which the old capitalist states maintain their influence, exercise financial control, and exert pressure on



Library of Congress

*Luxemburg's work on financial imperialism was once understood among by American political intelligence circles. Franklin Roosevelt's State Department economic advisor for international affairs, Herbert Feis, documented the case for this same argument on the subject of modern imperialism, in his book Europe, the World's Banker, published in 1930.*

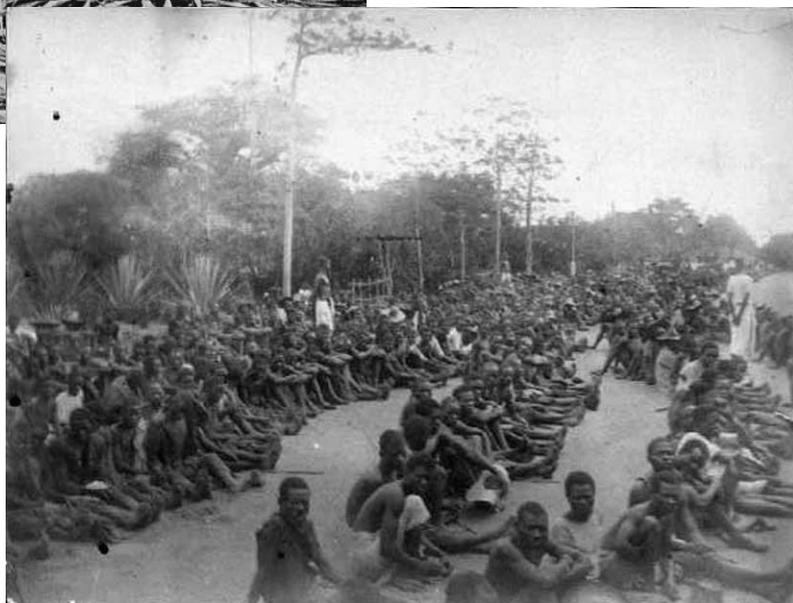
the customs, foreign and commercial policy, of the young capitalist states." In order to reveal to the foolish Social Democrats in Germany, the true nature of the imperial system, which had created the present crisis and world war, Luxemburg documents the behavior of the British Empire, controlling large segments of the planet through a system of international loans, using as a case-study, the economic events spanning the 20 years leading up into the occupation of Egypt by the British in 1882.

When the British-sponsored Confederacy seceded from the Union, sparking the American Civil War in the 1860s, the price of cotton, which had been the primary cash crop of the southern United States, began to hyperinflate, increasing in price by almost 1,000% by the end of the war. With the supply from America interrupted, the British turned their eyes toward Egypt. A fever of speculation on cotton as a commodity took hold in Egypt, with massive loans coming from Eng-



*A sugar cane plantation in the 1870s. British and French bankers looted Egypt with a sugar cane bubble, after their cotton bubble in the Confederacy collapsed.*

*An 1870s sugar cane “factory” in Africa.*



land to finance its cultivation. Diving into the bubble headlong, soon almost the entire territory of Egypt was brought under the cultivation of cotton.

As Luxemburg describes it, everybody was planting cotton, including the Viceroy of Egypt himself. His estates grew fat, forcibly appropriating land from the peasants, without any legal excuse. Within an incredibly short time, all of Egypt's farms were planted with cotton. But this bubble in the price of cotton collapsed in the following year, crashing by half in just a couple of days, and finally losing almost the entirety of its value, once the American Civil War was completed. As quickly as it had begun, the cotton bubble was over.

However, along came a new fever of speculation, now in sugar cane, to replace it. “For a second time,” Luxemburg says, “Egyptian agriculture was turned upside-down. The peasants were driven to forced labor on the sugar plantations in the thousands.”

Factories and transport for the sugar had to be built. The money for this construction was supplied by loans from British banks in 1872. But it proved to be simply impossible to supply enough cane and enough labor to support the financial bubble. The working staff was completely inadequate, since the peasants, accustomed to forced labor on the land, could not be transformed by the lash of a whip into industrial workers overnight, the

venture collapsed, even before many of the imported machines had been installed, thus ending the sugar speculation just as quickly as the cotton gamble had ended just a few years before.

“What had provided the capital for these enterprises?” The capital, Luxemburg says, came from international loans. The first of these loans was floated in 1865, by the Anglo Egyptian bank. As this loan and others came due, the cotton bubble had collapsed. To consolidate this debt, which was now unpayable, another loan was issued in 1868. The sugar gamble necessitated another loan in 1870, two more loans came in 1872 and 1873, but none of these were repayable. Finally, by 1874, Egypt's total public debt had grown from £3 million to £94 million, and, as Luxemburg says, “collapse was imminent.”

## Take It Out of the Peasants

“These operations of capital, at first sight seem to reach the height of madness. One loan followed hard on the other, the interest on old loans was defrayed by new loans, and capital borrowed from the British and French paid for the large orders placed with British and French capital. While the whole of Europe sighed and shrugged its shoulders at [Egypt’s] crazy economy, European capital was in fact doing business in Egypt on a unique and fantastic scale. There was an element of usury in every loan, anything between one-fifth and one-third of the money ostensibly lent, sticking to the fingers of the European bankers. Ultimately, the exorbitant interest had to be paid somehow, but how?—where were the means to come from?”

From the peasants. From their land, from their labor. Working on the cotton plantations, working in the sugar plants all without pay, switched over from one job to the next, as the need arose. The greater the European debt became, the more had to be extorted from the peasants. All over Egypt, people were leaving their villages, demolishing their dwellings, no longer tilling their land, all to avoid the payment of the exorbitant taxes that had been placed on their heads! Ten thousand Egyptian peasants are said to have starved in one year, because, no longer being able to come up with the money for the irrigation tax for their fields, they had killed all of their cattle, to avoid paying it.

Eyewitness newspaper reports of the conditions in Egypt at that time, documented, “People are starving by the roadside. Great tracts of country are uncultivated, the farmers have sold their cattle, and the usurers are filling the mortgage offices with their bonds, and the courts with their suits of foreclosure.”

The peasant was drained of his last drop of blood. Used as a leech by British capital, the Egyptian state had accomplished its function and was no longer needed. Now, British commissions to regulate the finances of Egypt went into action. Strangely enough, European capital was not at all deterred by the desperate state of the insolvent country, and offered again and again to grant immense loans for the salvation of Egypt. The country and all of her productive forces were to become the prey of European capital.

October 1878 saw the representatives of the European creditors landing in Alexandria. British and French capital established dual control of the finances, and devised new taxes; the peasants were beaten and oppressed, so that payment of interest to the banks, tem-

porarily suspended one year, for lack of revenue, could be resumed in the next. Now, the claims of European capital became the pivot of economic life, and the sole consideration of the financial system. In 1879, all of the finances of the country of Egypt were brought under the permanent control of European capital.

Finally, an opportune pretext for the final blow was provided, by a mutiny in the Egyptian army, starved under European financial control, and by a revolt engineered among the Alexandrian masses who had been bled to the bone. The British military occupied Egypt in 1882. The military occupation was merely the enforcing arm of the debt collectors on the international loans. “Militarism,” Luxemburg says, “is merely the executor of the accumulation of capital, lurking behind international loans.”

The ultimate and final step, had been reached, in the process of liquidating the peasant economy in Egypt, by and for the Empire’s capital.

“It should now be clear, that the transactions between European loan capital and European industrial capital are based upon relations which are extremely rational and sound, for the accumulation of capital,” Luxemburg wrote, “although they appear absurd to the casual observer, because this loan pays for the orders from Egypt and the interest on one loan is paid out of a *new* loan! Stripped of all obscuring connecting links, these relations consist in the simple fact, that European *capital* has largely swallowed up, the Egyptian *peasant economy*. Enormous tracts of land, labor, and labor products without number, accruing to the state as taxes, have ultimately been converted into European capital, and have been accumulated.”

## LaRouche’s Triple Curve Shows Usury

Since the principle of usury and extortion is at the root of all financial empires, what does this, then, tell us about the nature of a general breakdown of such an imperial system? As LaRouche said in his June 27 web-cast statement, “We are indeed, in a general breakdown crisis of precisely this type of empire system, a crisis in which we do face inflation and deflation at the same time. But,” he said, “if you look at my Triple Curve, you will see exactly what this means.” Lyndon LaRouche’s unique identification of the Triple Curve breakdown function today, as the inevitable consequence of this empire model, is clear, in light of Rosa Luxemburg’s discussion of the character of breakdown crises.

LaRouche’s analysis of the Triple Curve was pub-

lished in graphic form in the 1990s, as a pedagogical visual representation of LaRouche’s economic forecast, which he publicized at that time, a forecast which is gaining increasing attention among economists and policymakers today, because of its unique accuracy regarding the current crisis. But, the concept which it illustrates, the concept of the Typical Collapse Function, as it is called, can be found in LaRouche’s economic writings going all the way back to the 1960s and 1970s. Take his “In Defense of Rosa Luxemburg,” published in 1973, as an example:



A 19th-Century cartoon of Egypt weighed down by British and French imperial debt.

“In the imperial system, the notion of monetary value replaces the concept of real economic productive value. Debt, assets, money, property titles, all possessing nominal value in the form of paper, begin to overshadow the capital possessing real value, as determined by rates of social reproduction for the nation as a whole. As the nominal value accumulates in the hands of those holding the paper, he must either be able to use these debts he holds as security for new debt, or he must convert the paper into cash. As this debt breeds more debt, outside of any growth in the real productive capital in the system, soon a point is reached, at which no direct correspondence between the two magnitudes is possible.

“To judge the potential of a crisis of such a system, we ask the question, *whether this mass of nominal wealth, represented by the aggregate price of these property titles could, in any way, be converted into real wealth, of the social productive/reproductive form.*

“To the extent that this correspondence does not exist, we see that the portion of the total mass of the accumulated debt in such a system, for which there is no corresponding real wealth, represents what should be seen as a body of fictitious debt. Or the claims by the holders of that paper to what are, in fact, fictitious assets.

“This is the most crucial point, which serious econ-

omists must take into account today. Any attempt to honor those claims will lead to the looting of the productive economy by the parasitical financial class, with no legitimate claims to wealth. Only in this, to be seen as a continuous process of looting, and collapse, can we find the functional relationship between the hyperinflating financial curve, and the deflation in jobs and production.”

To underline LaRouche’s authority as an economic forecaster, economists today should observe, that a clear description of this form of Typical Collapse Function was provided already in a very clear way by Lyndon LaRouche, as early as 1973, in which he already forecasts the possibility of such a breakdown crisis, as we are experiencing today:

“Since debt itself is a form of self-expanding value, the expansion of the credit monetary system, must provide for future augmentation of this fictitious capital. The debt form of fictitious capital pyramids additional fictitious capital, at the same time that new masses of the same, are already being generated. As the ratio of fictitious capital to real production increases, an increasing rate of unemployment will tend to be associated with equal rates of credit expansion.”

As the Triple Curve shows, the longer this process continues, the more potential for a dramatic discharge

between these inversely accelerating curves is built up. This function of crisis potential embraces the entire system, both financial and productive. The breakdown of any part, represents the breakdown of the whole. The whole can not survive the breakdown of any part. And any attempt to operate according to the old rules of investment, will render opposite and destructive results.

“The process of rising potential illiquidity in the entire system, proceeds in the guise of inflationary prosperity, until the relationship between the actual rate of productive accumulation, and the total accumulation, reaches a critical point. That point, roughly speaking, is the juncture at which further efforts to maintain approximate full employment, by credit expansion, must cause rising rates of inflation, an inflationary acceleration of the sort which leads towards an early general collapse of the entire system.”

### **Empires Inevitably Collapse**

We stand now at the end-point of this model. We find ourselves at the inflationary/deflationary stage of a general breakdown crisis of the entire planetary system. As Rosa Luxemburg showed, this sort of crisis is the inevitable outcome of a system of empire. Imperialism leads inevitably to the economic breakdown crisis which we’re experiencing today.

This ancient model of imperialism has always operated according to precisely this same system. The empire, in attempting to offset the illiquidity of its accumulated fictitious debt, will try to service that debt by means of looting the resources and production of the undeveloped sector, turning the economies of these de facto colonies, into merely industries for the production of liquidity, to bail out a fictional mass of debt. In so doing, the empire will consume all remaining productive wealth, directing it to the bailout of inflationary debt, and away from necessary reinvestment in the means of reproduction of the source of that material wealth.

There is no end to this economic cycle, except doom.

### **Bailout for London, New York Bankers**

As LaRouche pointed out in his Aug. 1 webcast, “We’ve had a skyrocketing increase in the amount of monetary obligation. We’ve also had an increase in the financial aggregates. Now, what has happened, is, we have moved to a period in which these values, as you’ll

see, the financial aggregates have begun to fall. This decline in financial aggregates, which has occurred just recently, in this last period, is the onset of the breakdown crisis. . . . Either we fix this problem, as I described it, or we don’t make it as a nation. . . .

“Look, now: Here we are! Go back to 2007, where I made this proposal, for reform. I said, we propose a reform, on the basis of the authority of the Constitution of the United States. That would have worked. Anybody who’s intelligent, who understands the system, would have known, that what I proposed *then*, would have worked. We would not be in this mess today!

“But, who the hell came up with this other idea? Of getting the United States into debt, for obligations it didn’t owe?! In order to bail out London, to bail out the international monetary system! At the expense of the United States! To loot the United States and its Treasury, for the benefit of an international monetary cartel! What about “bailout”! Whom, did we bail out? Did we bail out our industries? Did we save the auto industry, or put it into equivalent form, something else besides autos? Did we *save* the American farmer? Did we *save* the infrastructure, of the cities of the United States and the states? *Whom did we bail out?*

“We bailed out the London bankers and their New York extension. We don’t owe them anything. We just happen to have a government that says that.

“This is our nation. And the law of bankruptcy of our nation is our authority. If I were President, I would end this thing right now. And I’m sure, I could get the support of the great majority of American citizens, very quickly, simply by making clear what I intend to do: Put the whole thing in bankruptcy. You guys are going to live. We’re not going to kill you—like Obama’s doing. We’re not cutting you off from health care, we’re not trying to accelerate your death, we’re not trying to get you to kill yourself. You’re going to live. You’re going to be employed. We’re going to rebuild our industries. We going to *cancel* this filthy debt! Which we never really owed in the first place. Only some crooked traitors, or traitorous kinds of people, gave us this kind of debt. It’s not real. We don’t owe it. We’re going to go back to a credit system. And we’re going to get some power. . . .

“Go right to the core of the matter. *What is the future of humanity? What is our relationship to the future of humanity? What must it be?* And start from there. And I’m confident that *that’s the only way to go.*”

NO END IN SIGHT

## Obama Policy Will Kill Many More U.S. Troops in Afghanistan

by Ramtanu Maitra

Having inherited a no-win war from his predecessor, the 44th U.S. President, Barack Obama, has decided to invest more money and fire-power in Afghanistan, a policy guaranteed to make the war in the coming days not only financially and physically more costly, but a gruesome one, in the same way the Vietnam War was. His new commander of U.S. and NATO troops in Afghanistan, Gen. Stanley McChrystal, a special ops veteran, is known for his ruthlessness toward the enemy, but is weak on strategy. He has already bumbled into the Taliban-controlled Helmand province, putting 4,000 U.S. Marines in a death trap. Since he took over in June, the months of June and July were the worst yet for the U.S. and NATO troops. More lives were lost in these two months than any other similar period, since the war in Afghanistan began in 2001.

President Obama should be thankful that his broader engagement policy, “to disrupt, dismantle, and defeat al-Qaeda” in Afghanistan, has gone virtually unchallenged in the United States. Given the turmoil he is facing at home over his economic and health-care policies, no one, except those whose loved ones are facing death or grave injury in Afghanistan, seems to be paying any attention to what Obama’s policy in Afghanistan really means.

Since not many Americans are interested in challenging the Administration over its self-defeating policy in Afghanistan, the White House, and its slew of advisors and hangers-on, are free to act with impunity. However, more soldiers are now coming back in body-

bags, and as the Administration continues to put more and more young Americans in harm’s way, in order to accomplish their God-knows-what objectives, this will not only blow up on the Administration, but will further polarize an increasingly divided nation.

### What’s the Objective?

The Administration has not shown any willingness to reveal what it wants to achieve in Afghanistan. A group of senior (age- and protocol-wise) advisors, engaged in crosstalk, try to convey, through the media, that the objective of putting more and more troops in Afghanistan is not for the purpose of “winning” the war, since it is pretty much established by now that this war cannot be “won,” and, in fact, no one can even define what “winning” means in this context, but for winning the hearts and minds of the Afghan people, and creating a secure-enough condition where an acceptable-to-Washington government in Kabul can function. In order to confuse those who would like to know what the Administration plans to achieve by continuing with the war, the Administration calls for reviews by “experts.” Already, six of those expert reviews have been produced, and the seventh, by McChrystal, is already in, or will be shortly.

However, the choice of McChrystal as the commander to win the hearts and minds of the people, seems to be a non-starter. At the beginning, in the Winter of 2001, the invading U.S. troops had the hearts and minds of the Afghans delivered to them on a platter. The popu-



DOD/Staff Sgt William Greeson, US Marine Corps

*Gen. Stanley McChrystal, the new commander of U.S. and NATO forces in Afghanistan, thinks he can “win the hearts and minds” of the Afghan people, by bringing thousands of additional troops into the country. But history tells us that an invading force will never accomplish that. Here, Afghan National Army soldiers and U.S. Marines conduct a road reconnaissance patrol in Helmand province, Aug. 1, 2009.*

lation hated the Wahhabi Taliban, which had been created as a joint project of the Pakistani ISI-British MI6, and the Saudi faction of Prince Turki al-Faisal. It is for this reason that U.S. troops took less than two months to take over Kabul. Moreover, the United States also began to win over the hearts and minds of the Pakistani Army and the ISI (the Pakistani intelligence agency), when it repatriated a few thousand Pakistani soldiers, who had been fighting for the Taliban against U.S. troops.

### **How Not To Win Hearts and Minds**

But what happened subsequently? Years and years of air strikes to eliminate the “Taliban and al-Qaeda” (many of these are Pushtun or other insurgents, but are conveniently labelled “Taliban” or “al-Qaeda”) resulted not only in the deaths of thousands of Afghan men, women, and children (“collateral damage” is the accepted euphemism), but sealed the fate of the Afghan War. It took almost five years for the Afghan insurgency, now emerging as the Pushtun resistance, fighting the foreign occupiers, to re-assert itself. The insurgents may have lost virtually every military clash, but they have expanded their area of influence, from 30 of Afghanistan’s 364 districts in 2003, to some 160 districts by the end of 2008, while insurgent attacks increased by 60% between October 2008 and April 2009 alone.

The Bush and Obama administrations have told the American people that the Afghan “Taliban,” helped by the Pakistani “Taliban” and aided by the Pakistani Army and the ISI, were trying to put the Afghan “Taliban” back in power. No one in Washington wants to admit that the hearts and minds of the Afghans were lost forever because of the brutishness of the Bush and Obama administrations, and their weak sister NATO, against the Afghans, in general, and the Pushtuns, in particular. It is this Pushtun connection that has brought the Pakistani Pushtun tribes along the Durand Line (the non-demarcated border between Pakistan and Afghanistan) to harbor, shelter, arm, and support their fellow Pushtuns on the other side of the border. Neither the Pakistani Army nor the ISI could stop this process, which has occurred again and again.

Further fueling animosity toward the foreign troops, was the fact that they had looked away, or even helped, the poverty-stricken Afghan economy to become a narco-economy, creating hundreds of drug warlords. These drug lords became the new tormentors of the poor Afghans, and especially the Pushtuns.

Now, Washington has presented a new avatar, General McChrystal, to “win the hearts and minds” of the Afghans. McChrystal headed the Joint Special Operations Command, whose functional modalities are known to only a handful of insiders. In Iraq, he was praised (and inadvertently “outed” as commander) by President George W. Bush in June 2006, after McChrystal’s special-ops team located and killed Abu Mousab al-Zarqawi, the leader of al-Qaeda in Iraq. He also played a major role in the post-surge period in Iraq, in support of the then-Commander (now Centcom Chief) Gen. David Petraeus. While his success in eliminating targeted individuals cannot be denied, McChrystal had little contact with the public, because of the nature of his job.

### **Insurgents Outmaneuver McChrystal**

In fact, leaders of these behind-the-curtain operations usually do not have much contact with people (even the military people), and it is said that, for a brief period of time, McChrystal’s name was left out of the Pentagon

phone books. That is because, of course, he was the general officer of a number of units which the Pentagon stubbornly refuses to admit the existence of, even though popular culture and selective leaks have made them quite famous and much admired. It seems the general is an unlikely candidate to win over a population.

In early July, McChrystal poured 4,000 Marines into Afghanistan's Helmand province in Operation Khanjar (khanjar is "sword" in Arabic), to last for five years, to try to wrest the poppy-filled river valley permanently from the Taliban. For outsiders, the operation seemed to make a lot of sense. Helmand produces more than 4,500 tons of Afghanistan's annual 8,000-plus tons of opium. The "Taliban" control this southern Afghan province bordering Iran, and benefit immensely from the drug trade that moves opium and heroin to the south, north, and east from this large province. It also should be acknowledged that since the invasion of Helmand province seemed a good idea to one and all, it was quite natural that the Taliban was anticipating it as well.

At the launch of the offensive, McChrystal offered only the following explanation: that his intention is to "clear, hold, and build" in Taliban strongholds, like Helmand. As one analyst enquired, what exactly does "clear" mean? If it means to kill, these young U.S. Marines will have to distinguish between Taliban and non-Taliban Afghans, to avoid more civilian casualties. This is a difficult task for anyone, particularly since, unlike the U.S. Marines, Taliban fighters do not wear a uniform or carry membership cards. They carry weapons, but so do Afghan civilians, who do so to protect their families, the analyst pointed out.

It is now more than six weeks since Operation Khanjar was launched. Except one report of the seizure of 66 pounds of opium, and a lot of poppy seeds, not much has been heard about the "success" of this operation. In reality, Operation Khanjar is an unmitigated tactical failure. The Taliban, which controlled most of the villages in the province, drove the villagers out before the foreign troops could arrive. They mined the dirt roads that are the only way in or out of the remote villages that the U.S. Marines first "captured," and now patrol regularly. Some of these Marines are stepping on those mines and losing their limbs, and some are dying.

Where, then, are the "Taliban"? They are nearby, harassing the Marines, and planting more mines. Many of them left to move eastward and westward to take full control of Kandahar city and the province, and Herat

city as well. Meanwhile, in the sweltering 110° F temperatures, the U.S. Marines are battling the ghosts of war, appearing in the form of mines under their feet, and sniper shots from the lurking "Taliban" snipers. The mined dirt roads are blowing up gun-mounted armored vehicles and Humvees.

In other words, the Pushtun insurgents have pinned down the Marines in Helmand. That was exactly their strategy; and McChrystal, who is more adept in covert search and destroy operations, has been left holding the proverbial bag.

### **'Stay the Course'; 'There Is Light at the End of the Tunnel'**

The Obama Administration and its bevy of experts are now divided on what to do in Afghanistan. Two views seem to have been established. First, this war cannot be won militarily using the present level of firepower; and, second, the United States is not going to leave Afghanistan in the foreseeable future. The policymakers in the Obama Administration do not accept that the military option to win the war does not exist. In fact, 21,000 more U.S. troops will be in Afghanistan before this year ends, and, given what McChrystal's advisors are openly suggesting, many more U.S. soldiers will be waiting in the wings, ready to move at some point in time.

Note carefully what two of McChrystal's policy advisors are saying now. While Anthony Cordesman makes clear that he believes the war can be won with adequate effort, McChrystal's counterinsurgency advisor, David Kilcullen, couches his advice with an "either/or." Kilcullen says the U.S. will be able to reconquer Afghanistan, and would "turn the corner" by 2011, adding that a victory would ensure that U.S. forces will remain in Afghanistan for years. Should the U.S. not prevail within two years, despite a surge in troops and funding, Kilcullen says the U.S. and NATO should admit defeat, and leave. In other words, Kilcullen believes that with adequate resources, the U.S. will be able to break the back of the Afghan insurgents.

In the present context, Kilcullen's theory is identical to Henry Kissinger's during the end-phase of the Vietnam War. Kissinger wanted the United States to stay the course in Vietnam, and Kilcullen is telling Washington to do the same in Afghanistan.

In a recent article, "More troops, fewer caveats; let's get serious," posted Aug. 10 on the London *Times* online, Cordesman pointed out that, "to be effective, it [NATO/ISAF (International Security Assistance Force)]



tration to double the number of U.S. government civilian workers who are in the country. The request for additional civilian resources will be part of a 60-day assessment of the strategy in Afghanistan. McChrystal's plan also will outline how the military wants to revamp the relationship between civilians and the military, so that soldiers could shift economic and political development work to civilians.

On the other hand, enough evidence has emerged to suggest that the Obama Administration is planning a long stay in Afghanistan, come what may. Rowan Scarborough, in his article in *Human*

must eliminate as many national caveats and restrictions on troops as possible, and add a substantial number of additional U.S. combat brigades. . . . Experts differ, but this could mean anywhere from three to nine brigades above the 21,000 additional forces that President Obama approved in the spring of 2009," he wrote.

In addition, Cordesman suggested the NATO/ISAF "must create a larger and more effective mix of Afghan National Security Forces (ANSF). Many experts believe this means roughly doubling the targets from 134,000 to 240,000 troops for the army, and from 82,000 to 160,000 for the police, by 2014. Equally important, member-nations must provide the trainers, mentors, and money to make this force effective. They must put them in the lead as soon as possible to show the Afghan people that security has an Afghan face, that it can last, and that every step is being taken to limit civilian casualties."

Although the final decision on the new surge in Afghanistan has not been made yet, analysts are reporting that McChrystal will request some 45,000 (that is about the nine brigades that Cordesman suggested) additional U.S. troops in Afghanistan. The country's top American military commander will also ask the Obama Adminis-

*Events*, "U.S. Adds Eight Bases in Afghanistan," dated Jan. 7, 2009, said the U.S. Army is building eight major operating bases in southern Afghanistan, in an expansion that underscores a new, larger troop commitment to try to defeat the stubborn Taliban insurgency. Citing his defense sources, he said the Fluor Corp. will build eight of the largest Forward Operating Bases (FOBs) in Afghanistan, in the Kandahar area and other southern Afghanistan locations, close to both Pakistan and Iran borders. The FOBs are to be used as launching pads for troops to attack enemy forces that move among villages trying to retake territory, and ambush allied forces. "The earlier bases were meant to hold hundreds. These will house thousands," one source told Scarborough. The price tag: about \$400 million.

There is already of network of FOBs in eastern Afghanistan, where coalition forces are trying to plug the infiltration of Taliban and al-Qaeda terrorists from Pakistan's virtually ungoverned tribal region. One of the most notable FOBs in the South is the former compound of Mullah Omar, the reclusive Taliban leader who fled the country during the initial U.S. invasion. That base is used by secretive special operations forces and the CIA.

# Obama White House Talks ‘Recovery’; States and Citizenry in Desperation

by Marcia Merry Baker and Paul Gallagher

Aug. 14—While President Obama and White House figures talk “recovery,” states and local governments, as well as the citizenry at large, are plunging into chaos from the economic collapse. One third of the workforce is jobless. Manufacturing is shrinking to the point of disappearing. Farm states are in turmoil, and farmer suicides have shot up. Millions of Americans are dispossessed of their homes and belongings. Tent cities are set up across the country.

Still, on Aug. 11, Larry Summers, director of the President’s Council of Economic Advisers, sneeringly reported on the last five months of Administration “progress”: “The financial recovery has been manifest.... Almost all professional forecasters are now positive.... What one sees is a substantial return to normality....” He spoke at the National Press Club, to a fawning audience assembled, appropriately enough, by the National Economic Research Bureau, the agency founded in the 1930s by the enemies of Franklin Delano Roosevelt, who acted to subvert FDR’s anti-Depression programs.

However, such ironies of history are not necessary to add fuel to the fire behind today’s popular uprising against Obama and Congress for their Nazi economics policies, cant, and arrogance. It is manifest at the health-care town meetings, or any other public occasion where Washington figures are burned alive. Today’s economic crisis is beyond an episodic Depression; it is a Doomsday breakdown process unless stopped.

Lyndon LaRouche has detailed the policies needed for emergency actions to stop the catastrophe, through principles of bankruptcy reorganization for the nation, a new credit system domestically and internationally, and a rebuilding drive. Beginning in Fall 2007, there was vast support for his Homeowners and Bank Protection Act (HBPA), and even more so today; the same is true for LaRouche’s health-care proposals: to end HMOs, build up the medical care delivery system under

the Hill-Burton principle, and provide quality care to all.

Most immediately, at an Aug. 1 LaRouche Political Action Committee webcast, LaRouche called for an emergency Federal infusion of \$150 billion to the states and localities by September, to maintain stability until an all-out bankruptcy reorganization can be carried out. The following is a review of the parameters of the state breakdown crisis underway that must be halted by emergency mobilization, now, for the LaRouche policies.

## Local Government Functions Collapse

Making clear that the states’ desperation is not just the product of a short-term “recessionary” revenue drop, as in 2003-04, in FY2009 the Federal government is suffering a plunge in revenues of 18%—projected, with a quarter still to go in the fiscal year, to be at least \$350 billion less than Federal revenues in FY2008. *This* level of collapse has only one precedent in U.S. history—the revenue drop from 1931 to 1932, during the Great Depression.

This shows two things. First, it is a profound collapse of the underlying real economy, driving mass unemployment, which is decimating the states’ budgets, as it has quadrupled the Federal deficit, “overnight,” to the \$2 trillion level. Second, it is time for the United States to implement a new credit system, directly creating—not borrowing—new credit for productive programs specific to reviving real economic productivity and growth. This includes the special economic aid to the states that LaRouche, author of the proposed credit system, is demanding.

Only six weeks since many states were able to pass some kind of budget for the new fiscal year beginning July 1, at least 12 of them are already in the red, by an estimated \$24 billion overall. Fully 30 states are on course for big FY2010 budget gaps, as revenue contin-



creative commons

*While the official unemployment rate is given as 9.4%, the true number of jobless in the U.S., is now estimated to be between 30 and 40 million, or about one-third of the workforce. Shown: An unemployment line in California, whose budget meltdown is paradigmatic of the crisis in every state.*

ues to collapse. These and other estimates have been put out in new reports from the Center on Budget and Policy Priorities, the Government Accountability Office (GAO), and various state associations. At the rate they are going, the states will rack up a combined budget shortfall of \$350 billion over the next two years, according to the Council of State Governments—but that rate, of course, will not stay constant.

In FY2009, the combined states' deficit would have been 40% worse, but for the Federal "stimulus" funds, according to Chris Whatley, deputy executive director of the Council of State Governments. The GAO reports that, as of June 19, some \$29 billion was advanced to the states, but, at best, it provided "breathing room," said Whatley, and not a policy.

The situation is illustrated by Alaska, now gasping for breath. On Aug. 10, the state legislature, meeting in emergency session, overturned the veto by former Gov. Sarah Palin, on accepting the Federal "stimulus" offer of \$28 million.

For the current year, only half as much Federal "stimulus" funding is expected to be made available. Thus, it's a mockery of the state and local attempts to sustain government function.

Vital local and state government functions of all kinds are being cut back, from sanitation and public health, to police and fire services.

### **Payless, and Workless Workdays**

Many states and local governments are trying to retain a stable workforce, without sufficient funds, by recourse to payless paydays and no-work furloughs.

In Michigan, all state offices closed Aug. 7, for the fourth of six furlough days for 37,000 state workers. There will be two more furlough days before Labor Day.

In Pennsylvania, most of the states' 77,000 workers got their first paychecks, since the start-up of the new fiscal year on July 1, on Friday, Aug. 7 or Monday, Aug. 10; there is still no state budget. A stopgap budget measure was signed the week of Aug. 3, mostly for the purpose of issuing paychecks, but Gov. Ed Rendell and the state Senate and House are at an impasse on concluding a comprehensive agreement. While state workers went five weeks with no pay, they were given the option of taking out interest-free loans at a group of participating banks.

In Philadelphia, up to 3,000 city workers, including 900 policemen, will be laid off, if the state doesn't approve the city's right to increase the sales tax in order to meet its payroll. Philadelphia wants the right to an 8% level (6% is the allowed level in all Pennsylvania cities, except for Pittsburgh's 7%). State approval could be delayed for weeks, at the same time that the ability of Philadelphia residents to *pay* the tax is also sinking.

At least six states have implemented “worker buy-outs”—i.e., job terminations—in order to cut costs. Incentives were offered to cut payrolls, by a total of 9,000 workers, in Vermont, Maine, Louisiana, Oklahoma, Connecticut, and New York. Overall, 54,000 state workers have been laid off over the past two years, according to the American Federation of State, County and Municipal Employees.

### **Cuts in Public Health, Poverty Care**

At least 21 states have cut health programs, and many have cut specific safety-net services, from homeless aid, to HIV/AIDS treatment assistance. California is in the lead, where funding for the Children’s Health Insurance Program (CHIP) was cut by 44% from its prior budget year. On July 17, enrollment of children was frozen in the CHIP “Healthy Families” program. Within two weeks, there was a waiting list of over 33,000 children appealing for coverage.

Nationally, the Federal stimulus infusion of \$87 billion kept the states’ Medicaid programs from disintegrating through June, but now killing fields lie ahead with no funding. At least 15 states have announced cuts in their Medicaid programs of all kinds, for the 2010 and 2011 fiscal years.

For example, in eight states, Medicaid care considered “optional” by Federal standards, has been cut: Washington and Colorado are reducing care for the disabled; Nebraska is limiting mental-health care; California, Michigan, and Utah ended adult dental coverage. The list goes on.

The impending Fall wave of A/H1N1 flu adds another mortal dimension to the states’ health-care crisis. There is no reserve of physical logistics to handle this, despite all the “preparedness” talk from the Obama Administration, which focusses on Federal-state “collaboration.”

Last year alone, states laid off 12,000 public-health workers. There is no reserve of hospital-bed capacity; at best, there are plans to postpone or cancel all other use of hospitals in the name of “preparedness.” In the face of the influenza pandemic, California has “an overloaded health-care system” statewide, is how Dr. Mark Horton, California State Health Officer, described it to a July 29 hearing of the House Homeland Security Committee. Horton said that his state succeeded in handling the initial arrival of A/H1N1 this Spring, but was “stretched to the limit.” He warned, “There is no way

we could have sustained this... I am very concerned about this for the Fall....”

### **How Bad Is Unemployment?**

Driving the total collapse is the rate of disappearance of productive jobs.

The ranks of American unemployed have become truly massive, totalling in real terms well over 30 million, and perhaps 40 million people. This is driving the huge, still-rising foreclosure waves—clearly there were not that many millions of subprime mortgages to foreclose on!—as well as the collapse of government revenues at all levels.

The July U.S. jobs report, far from showing the “improvement” claimed by so many lemming-like pundits running over the cliff after White House economists, was a picture of continuing deep impoverishment and frustration of unemployed Americans. The thoughtless Aug. 9 comment of Congressional Joint Economic Committee (JEC) chairman Rep. Carolyn Maloney (D-N.Y.), that “This [July jobs report] will give peace of mind to millions of unemployed workers out there looking for a job,” was a cruel joke that she and her colleagues will regret.

“There are just not that many manufacturing and construction workers left out there to lay off,” was how Bureau of Labor Statistics (BLS) chairman Keith Hall characterized the report to the JEC—in particular, its false reporting that jobs in the auto industry had increased! The report, greeted with such boasting by the Obama White House and Congressional Democrats, was full of anomalies and strange “seasonal adjustments.” While claiming “only” 247,000 more jobs lost, net, in the U.S. economy in July, its telltale statistic was that another 667,000 Americans gave up looking for employment. Such disappeared members of the labor force, including those who haven’t looked for work for over a year and are completely ignored by the BLS, are now nearing 9 million. Some 14.5 million are officially, completely unemployed and 8.8 million forced to work part-time without benefits, so that the average U.S. workweek has fallen to an all-time low of 33.1 hours.

Add up these large, impoverished groups—which have never before been so large a share of the workforce—and one economist, Leo Hindery of the New America Foundation, estimates the real “missing jobs” to be 31 million, and the real unemployment rate to be 19%. Hindery calculates that 13.3 million jobs have disappeared since December 2007, not the “6.5 million

jobs lost” claimed by official and media chatter. Economist John Williams of ShadowStats.com estimated real unemployment at 21%, as of July.

Some 18 states had exhausted their unemployment funds by July 1, and have borrowed \$12 billion from the Federal Unemployment Trust Fund on an emergency basis in order to keep paying benefits. The Trust Fund, in turn, has borrowed nearly \$10 billion from the Treasury, and will need another big borrowing by Sept. 30, as Rep. Elijah Cummings (D-Md.) detailed at the Aug. 9 JEC hearing.

But no economist, government or otherwise, knows the number of those “self-employed workers,” freelancers, or owners of very small businesses, who simply are not making any significant income in this collapse. They “are not in any category except misery,” as one of Sen. Amy Klobuchar’s (D-Minn.) constituents described herself and her husband, in a letter Klobuchar read at the Aug. 9 JEC session.

LaRouche estimates real U.S. joblessness at 30%, with consequences that will blow out the monetary system by the first half of October.

### **Three Million Homes Taken**

Foreclosure filings on Americans’ homes are surging ever higher, overwhelming numerous futile “mitigation” programs by the incompetent Obama White House, and Congress, which killed LaRouche’s HBPA in 2007-08, when the foreclosure tsunami could have been stopped.

Some 360,000 foreclosure actions in July brought the pace close to an astounding 4.5 million a year, represented a 32% increase over July 2008. And, 87,000 of those foreclosures caused homes to be seized by lenders in July, a 1.1 million-a-year rate of homes lost in that way. This occurred despite large and growing additional numbers of “short sales,” in which householders give up their homes, at a very large personal financial loss, in order to avoid formal foreclosure repossession. Three million homes and nearly \$2 trillion in household wealth has been lost in the housing debt blowout, just since the beginning of 2007, and one-third of all mortgaged homes are now drowning under more mortgage debt than the home is “worth” on the market.

### **Farm State Turmoil**

The crisis in family-farm agriculture is so extreme that, in August, governors have begun sending per-

sonal appeals to the White House. In the most capital- and skill-intensive sectors of farming, especially milk and pork, the price the farmer receives for his product, is far below his costs of production (40% below for milk; and 30% for hogs), and has been so for an extended period of time—a year for milk, and two years for hogs. Dairy farmers are getting barely \$10 per 100 pounds for their raw milk, when, at minimum, it costs them \$18 to produce it (with no profit). They have deferred payments, borrowed heavily, gone under, or “walked away.” The suicide rate has shot up among dairy farmers. By the end of this year, 20% of U.S. milk farms may be gone, and at least that, or more, hog farms ruined.

On Aug. 7, governors from nine hog-producing states (Iowa, North Carolina, Illinois, Nebraska, Wisconsin, Michigan, Kentucky, Colorado, and Oklahoma) sent a joint letter to President Obama, calling for rescue measures: “Today the pork industry is facing an economic crisis that is catastrophic in nature.” Iowa Gov. Chet Culver and the governors of the other eight states held a conference call with reporters the same day, stressing points of their letter. “As leaders of our states we understand the U.S. pork industry provides about 550,200 jobs in various aspects of the industry, ranging from producers to input, suppliers to processors and handlers.”

On Aug. 11, Kentucky Gov. Steve Beshear (D) issued an emergency appeal to the Obama Administration to intervene in the dairy-farmer crisis, co-signed by the governors of Vermont, Iowa, Connecticut, Colorado, Oklahoma, and Guam. “As governors of dairy-producing states, we hear on a regular basis of the struggles of dairy farmers and call on you to provide additional relief to help offset the losses incurred since March 2009.”

A desperate program for cow kill-off or farmer buy-out—motivated under the spell of mythical “supply/demand” laws—has been conducted by Cooperatives Working Together, which, so far this year, has slaughtered 101,000 cows, and “removed” 367 farms (with the farmers signing an oath to leave dairying). Of course it’s had no effect on boosting the “market” price, since the markets are blown, along with everything else in the crash.

On July 31, Agriculture Secretary Tom Vilsack announced a measure to increase the milk price paid to farmers by a piddling \$1.25+ per 100 pounds—still way below the cost of production.

## PART 1

# When Americans Fought For Iran's Sovereignty

by Dean Andromidas

In the city of Tabriz in northern Iran, lies the tomb of a young American missionary teacher who died 100 ago, on April 19, 1909. If one visits this tomb, even today, one might find fresh yellow roses placed before it, for the young man, whose name was **Howard Baskerville**, died the death of a martyr at the age of 24, and is revered by many in Iran as the American who gave his life for an Iranian revolution known as the Persian Constitutional Revolution. When announcing to his American colleagues his decision to join that revolution, he said that Persia's struggle was his. "I am Persia's."

The narrative of American-Iranian relations has been dominated by the overthrow of a prime minister and a hostage crisis. This article will tell a very different story that takes place a century ago. It will deal with Americans whose names do not appear in the history books of their own country, but are very well known in the history of Iran. These men worked in the tradition of John Quincy Adams. They saw Iran's struggle as they knew their own: as one between Empire and a national sovereignty that protects their inalienable rights, or, as John Quincy Adams once wrote, a contest between "inveterate power and emerging right."

They brought to their engagement with Iran the spirit of a foreign policy best defined by Adams in a speech on Independence Day, July 4, 1821: "Wherever the standard of freedom and independence has been or shall be unfurled, there will her heart, her benedictions,

and her prayers be. But she goes not abroad in search of monsters to destroy. She is the well-wisher to the freedom and the independence of all. She is the champion and vindicator only of her own. She will recommend the general cause, by the countenance of her voice, and the benignant sympathy of her example. . . . Her glory is not dominion, but liberty. Her march is the march of mind. She has a spear and a shield; but the motto upon her shield is Freedom, Independence, Peace. . . ."

This report will deal with an American advisory mission, led by a young financial-economic expert, **William Morgan Shuster**, who, at the request of the Iranian government to the United States government, arrived in Iran in 1911 to reorganize the financial administration of the country. While the goal seemed to be the relatively straightforward task of modernizing a backward and underdeveloped country, the team found itself, along with the Iranian people, confronted with the fury of two mighty empires determined to ruthlessly sabotage its efforts, and to crush Iran's sovereignty and any hope for its progressive economic development.

This story elucidates the historic determination of the Anglo-Dutch oligarchy to deploy all its power to crush any effort by the United States to engage the nations of Eurasia with a foreign policy premised on principles defined by John Quincy Adams.

It also underlines the tragic fact that the U.S. lack of productive relations, for the past three decades, with

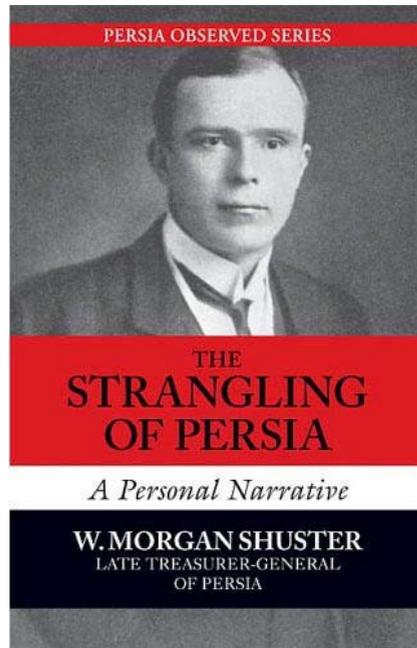
one of the most important nations on the Eurasian landmass, has been a failing that only serves the design of the British Empire. Moreover, denying the United States and Iran mutually beneficial relations is key to the empire's ability to keep all of Eurasia in its thrall. This author believes that, in the person of Shuster, one finds a role model for the policymaker who is concerned with engaging Iran.

This report is in two parts. Part 1, the main narrative, confines itself primarily to events in Iran. After a short elucidation of the relevant history prior to the arrival of the Shuster mission, it deals with mission itself. The principal sources are Shuster's memoir of his eight months in Iran, *The Strangling of Persia*,<sup>1</sup> and official documents as well as newspaper reports of the time. Part 2, which will appear in a forthcoming issue of *EIR*, deals with the Triple Entente and, particularly, the Anglo-Russian Agreement. An understanding of the strategic impact of this British-orchestrated policy which ultimately led to the First World War, is essential to understand the determination of the British to crush Iranian constitutionalism in general, and the Shuster Mission in particular. Shuster, who wrote his memoir in 1912, was fully aware of the mission's significance.

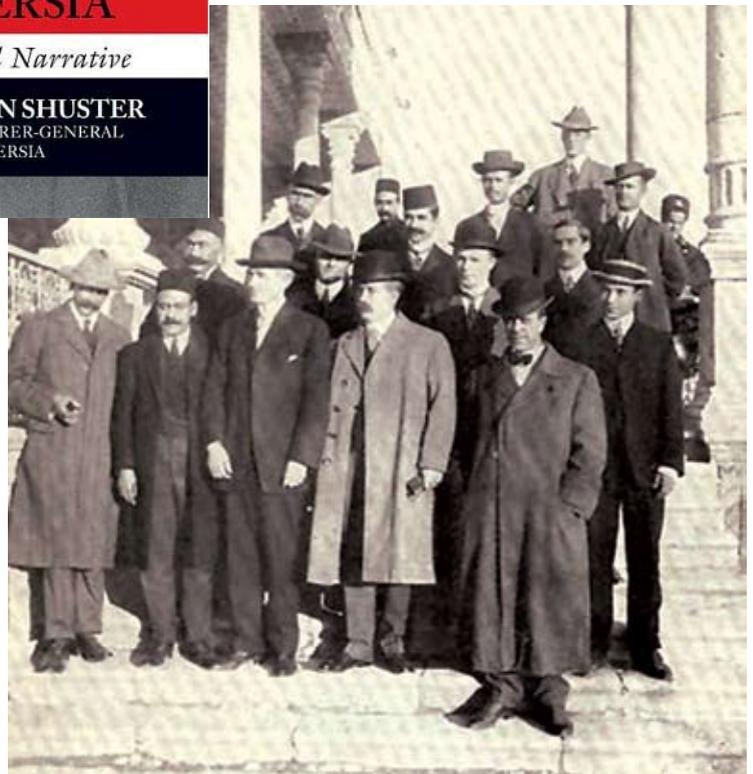
## Iran Between Empires

In the Uffizi Gallery in Florence there hangs a portrait of Ismail I, the founder of Iran's Safavid dynasty. Painted by a follower of the noted Venetian artist Gentile Bellini, it attests to the influence the Venetian Empire, the mentor of the British Empire, had on the Safavid court. Established in 1501, the Safavid dynasty

1. W. Morgan Shuster, *The Strangling of Persia: A Story of European Diplomacy and Oriental Intrigue* (New York: The Century Company, 1912); available at <http://www.archive.org/details/stranglingofpers00shusuoft>, and as a reprint from Mage Publishers of Washington, D.C., 2005.



Mage Publishers



*W. Morgan Shuster headed a U.S. delegation to Persia in 1911, to help the new government get its finances under control—and withstand imperial intrigues. His memoir is shown here, along with a photo of the Shuster delegation and other American officials in Tehran. Shuster's deputy wrote to President Taft, "the injection of Mr. Shuster's vigorous and upright personality into such a putrid mass, has created more stir and consternation than anything which has occurred in recent years..."*

was patronized by the Venetians as a counter to their principal rival, the Ottoman Empire. Having its origins in the Safaviya Sufi order, the Safavid regime combined a group of Azari clans and Shi'a clergy, that transformed Persia from a predominantly Sunni Muslim country into the largest Shi'a nation in the region. Here, the Shah, through a powerful army, held sway over the State, while the clergy, through the administration of Sharia law, held sway over the people.

It has been suggested that Venice had a hand in the creation of this dynasty, in an effort to create a powerful state on the flank of the Ottoman Empire. Whether that is true or not, certainly a powerful Shi'a state served Venice's geopolitical purpose. The fact that it was of the

Shi'a branch of Islam, detested as a heresy by all Sunnis, assured that it would never ally against Venice with the Sunni Ottoman Empire. Thus we have the foundation of the British Empire's creation of the Arab-Iranian rift, which was the basis for the British inspiration of the Iran-Iraq War (1980-88), at a point that the Islamic Republic was being formed in Iran amidst bloody intrigue. This process created a strategic fear of the Arab world within Iran.

The English themselves became involved in Iran, at the same time as Venice. In 1550, the English created the Muscovy Company, which, by the end of that century, was busy with an effort to trade with Persia, through Russia via the Volga and the Baltic, in an attempt to outflank the piracy of the Spanish, Venetians, Portuguese, French, and Dutch.

With the decline of the Safavid Empire by the end of the 18th Century, Iran became a pawn in the Great Game between the powerful Russian Empire to its north, and the British Empire, with its domains in India, to its east.

After a lapse of almost two centuries of intermittent interest in exploiting Persia, in the middle of the 19th Century, the threat of the Russian Empire's expansion deep into Central Asia was seen by the British as a menace to their Indian colonies. The British then took a very serious interest in the geopolitical importance of Iran. Like Afghanistan, Iran was seen as a buffer state between British India and the Russian Empire. London launched its first war against Iran in 1856, on the pretext of forcing it out of the traditionally Persian-held city of Herat in Afghanistan. This was done through military occupation of the Persian city of Bushehr, on the Persian Gulf. Even after the peace agreement, the British remained in Bushehr, which became the main entry point of British goods into the country. To protect their economic interests, they eventually organized their own military regiment, the Persian Rifles.

In the 19th Century, the British convinced the Shahs of Persia to finance a royal lifestyle for themselves by selling the natural riches of their country. In 1872, **Baron Julius de Reuter**, a British subject, received a concession for a mere £40,000, giving him monopoly



*Persia's Shah Ismail I (1487-1524), painted by an unknown Venetian artist. Venice patronized the Safavid dynasty as a counter to the Ottoman Empire.*

rights to all railways, tramways, mining concessions, construction of irrigation and waterworks, and exploitation of state forests for 70 years, as well as a 25-year monopoly over Persian Customs and first option on a concession for providing public utilities.

Even the imperialist predator Lord Curzon wrote that it was "the most complete and extraordinary surrender of the entire industrial resources of a Kingdom into foreign hands that has probably ever been dreamed of, much less accomplished, in history."<sup>2</sup>

Despite being appointed a Knight of the Order of the Garter by Queen Victoria, while on a visit to London in 1873, the Shah had to cancel the

concession, because of both Russian and local popular opposition. Nonetheless, by 1889, he was able to award Reuter a banking concession, which led to the founding of the Imperial Bank of Persia, backed by a Royal Charter from Her Majesty's government. The bank was given the right to print Persian currency.

Reuter was followed by another British subject in 1901, **William Knox D'Arcy**, who was given an oil concession that covered the entire land area of Persia, exclusive of the five Russian-dominated northern provinces. This became the Anglo-Persian Oil Company, founded in 1908; in 1913, with the aid of First Lord of the Admiralty **Winston Churchill**, Her Majesty's government took over the controlling interests.

Thus were born the two corporations which were central to British control of Iran for over half a century, until Prime Minister Mohammad Mossadegh nationalized them in 1951.

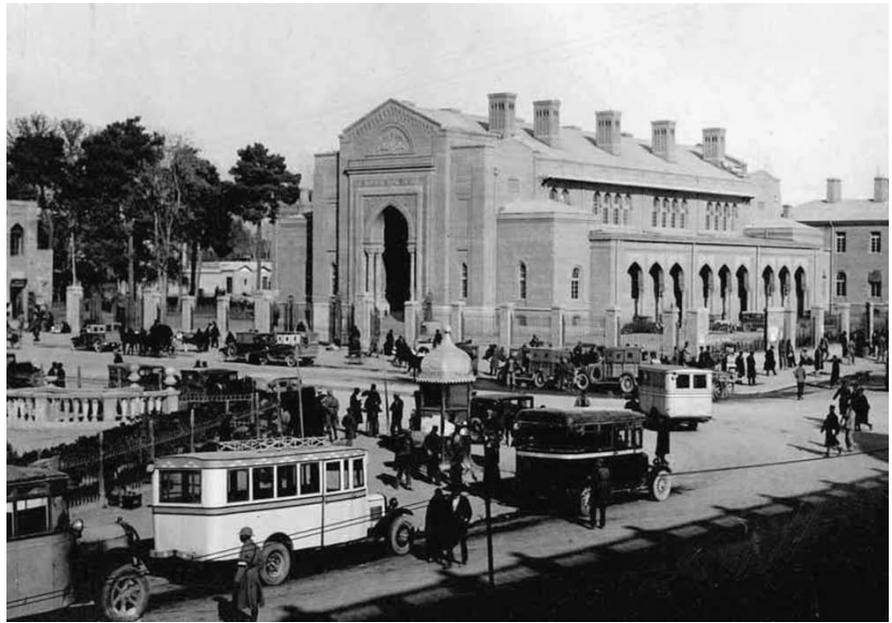
The only modern bank in the land, the Imperial Bank of Persia, penetrated the commercial life of the country, especially its merchant class, while Anglo-Persian oil dominated the southern region, where it cultivated ties with all the local tribes. The most important tribe was the powerful Bakhtiari, for which the British created the Bakhtiari Oil Company, in order to conduit 2% of the profits to the tribal leaders.

2. George N. Curzon, *Persia and the Persian Question* (London, 1892).

## The Bear to the North

Since the time of Peter the Great (1672-1725), the Russian Empire pushed south, seizing Persian territory in the Caucasus and Azerbaijan, and commercially penetrating the northern Caspian Sea provinces of Iran. It established its own bank, the Banque d'Escompte (the Loan and Discount Bank), a subsidiary of the State Bank of St. Petersburg, while winning a concession to build a highway between Jolfa and Tehran, for the further commercial penetration of the north of Persia. While the British had their Persian Rifles, the Russians established the Cossack Brigade, which formed the Shah's Royal Guard and had all Russian officers (the soldiers were Persians). It was from this Brigade that Reza Khan began his career as a private soldier, later founding the Pahlavi Dynasty in 1927, under British patronage.

By the end of the 19th Century, Russia and Great Britain were the exclusive creditors of the Persian government. The loans they gave were never extended to actually build anything, but only to partially fill the normally empty Persian Treasury; much of the money went not only to pay for the royal lifestyles of the Shah and the grandees of the court, many of whom were in the pay of the British or the Russians or both, but also for the Russian officers who commanded the Cossack Brigade and the foreign advisors placed in the Persian government by Russia or Great Britain. While the purpose of the loans was never tied to anything useful, their repayment was always very specific, usually tied to an import tariff; as soon as this tariff was collected, upon entry of the goods onto Iranian soil, it was deposited at the Imperial Bank of Persia or the Banque d'Escompte, depending whether entry was in the British sphere of influence in the South or the Russian sphere in the North. The head of the Persian Customs House, who also controlled the accounts at the respective banks, was always a European from one of the "lesser powers"—usually Belgium—who not only assured payment of the Russian and British debt, but was able to steal enough for himself so he could retire in comfort.



Iranian Historical Photograph Gallery, [www.fouman.com](http://www.fouman.com)

*The Imperial Bank of Persia, chartered by the British monarchy in 1889, dominated commerce there for decades. When it refused loans for the development projects Shuster wanted, he attempted to bring in an American bank instead. Here, the Imperial Bank's Tehran headquarters in 1938.*

## The Americans Amid the Imperialists

By the time the United States arrived on the scene, Russia and Britain had all but established their respective spheres of influence.

An Iranian attempt to establish relations with the United States was initiated by **Mirza Taqi Khan Amir-Nezam**, Prime Minister to **Nasir al-Din Shah Qajar** in 1856. Also known as **Amir Kabir**, he was perhaps the most important statesman in Iran's history. He founded the Dar al-Funun, Iran's own version of France's Ecole Polytechnique.

But it wasn't until 1883 that the first American minister arrived in Tehran, **Samuel Greene Wheeler Benjamin**. Born in Greece, the son of missionaries, Benjamin was an artist, journalist, poet, and diplomat. In his book *Persia and the Persians*,<sup>3</sup> Benjamin wrote that the major "obstacle to the progress of Persia is the continuous rivalry between England and Russia, and the active interference of the latter with every movement which tends to elevate Persia." Benjamin details how, through a combination of force and bribery, Russia sought to absorb Iran into its empire, while the British schemed to keep Russia at bay from its Indian empire—all at the

3. S.G.W. Benjamin, *Persia and the Persians* (Boston: Tickner & Company, 1887).

expense of Iran's sovereignty. "If one were asked whether the Persians in their hearts favor either side," he wrote, "beyond a readiness to accept their bribes, I should emphatically reply that they cordially hate both England and Russia, and would give glory to God if both could be abolished from the earth. . . ."

For Benjamin, time was on the side of Iran, for what any "power proposing to absorb Persia must take into her calculations, is the fact of the wonderful national vitality of that country. In this respect the Persians resemble the French. What European nation besides France would be in her present prosperous condition after the convulsions and calamities she has undergone within the past century? Not once, but many times has Persia likewise been overrun and apparently subdued. But after each conquest she has thrown off her chains and arisen with renewed vigor and splendor."

As for Russia, looking two decades into the future, Benjamin wrote, she will always endeavor to dominate Persia, "until her internal needs and revolutions inevitably demand all her attention, and force her to give her undivided energies to the adjustment and regulation of affairs at home."

Concerning the British Empire in India, Benjamin wrote: "it has now become a question, how much longer she can preserve her dominion over that vast empire inhabited by a brave and intelligent people, who under the rule of England are learning to wield the weapons that will in turn expel her from India. One secret of England's success in that quarter has been the difference of race and religion, which exists in the seething population between the Himalayas and Cape Comorin. Once let the hate and rivalry which exist between Mahometans, Buddhists, and Hindus be laid aside, and one of the greatest safeguards of the British dominion would give place to an insurmountable peril."

In conclusion, Benjamin wrote, "While Americans, as citizens of a nation on friendly terms with both powers, wish for Russia all true prosperity, they as earnestly desire that such prosperity may not be at the ex-



*Nasir al-Din Shah Qajar in 1889.*

pense of the peace and life of a country with so grand a history as Persia."

One of Benjamin's successors, **E. Spenser Pratt**, on Jan. 10, 1888, sent a dispatch to Secretary of State Thomas F. Bayard reporting on his meeting with Persia's new minister of finance, of the interior, and the Court, **Emin e Soultan**, in which the latter expressed in very strong terms "the desire to see the establishment here of American commercial and industrial enterprises." While Persia had invited Europeans to help develop its "immense natural resources," he explained, they "had merely sought their own advantage without doing anything in return

either for the benefit of the country or the people." Emin e Soultan went on to say that the United States was a nation that had "so nobly taken the lead in the march of civilization" and the "Shah and his Government now looked to my friendly efforts . . . to initiate a move which would result in bringing about more intimate commercial relations between the two countries and open the way to Persia's industrial regeneration through American agency."

By June, in furthering this effort, Persia named **Hadji Hossein Kouli Khan Motamed Vasare** as the envoy extraordinary and minister plenipotentiary of Persia to the United States.

The United States had no great strategic or commercial interests to draw it to Persia, and therefore, the hoped-for "intimate" commercial relations did not materialize. Nonetheless, a good deal of American Christian missionary activity did take place in Persia as early as 1834. The main impact was not the spread of Christianity, but the spread of education, and, by the end of the 19th Century, dozens of missionary schools had been established. But even this activity by Americans left the British uneasy. Therefore, British missionaries, on the pretext of not wanting a "wasteful" duplication of effort by U.S. and British missionaries, came to an agreement with their U.S. counterparts to concentrate their activity in the North, in the "Russian" sphere, and outside the "British" sphere.

## Prelude to Revolution

In 1890, Nasir al-Din Shah granted a tobacco concession to the Imperial Tobacco Company of Great Britain, giving it exclusive rights to process, sell, and export all of Iran's large tobacco production. Thus, an industry, which supported the livelihood of millions, was given over to a British private company.

In 1891, when the first company agents arrived to start purchasing the tobacco, they were met by mass protests, including the closing down of bazaars in all the major cities, and, in December 1891, **Grand Ayatollah Mirza Shirazi** issued a *fatwa* against smoking, which was universally adhered to. Even the Shah's harem refrained from smoking, and it was reputed that the Shah's wives refused to fill his pipe. By January, the Shah cancelled the concession, and the people won their first battle against the sellout of their country. But so weak was the Persian government, that Britain forced the government to pay an indemnity of £500,000, which was borrowed by the Persian government at 6% annual interest.

On May 1, 1896, after a reign of almost five decades, Nasir al-Din Shah was assassinated by a fanatic named **Mirza Muhammad Riza**. As Shuster writes in his *The Strangling of Persia*, although no motive was given, "it was not unconnected with the general belief that the rights of Persia were being rapidly sold out to foreigners."

On June 8, 1896, **Muzaffaru'd-Din Shah** ascended the throne. His reign was no less profligate with the resources of Persia than that of his father, and by July 1906, in the shadow of a weakened Russia, itself in the throes of revolution, popular agitation began demanding the granting of a constitution. The most dramatic manifestation of this took place when 14,000 men, organized by the mullahs, took sanctuary in the British Legation compound. Followed by the closing of the bazaars and other relatively peaceful demonstrations, the 14,000 refused to leave the British compound until the Shah had granted them a constitution, to be guaranteed by the British authorities.

On Aug. 12, 1906, **Richmond Pearson**, the American minister in Tehran, wrote to Secretary of State Elihu Root that a "popular agitation, similar to that in Russia, demanding constitutional reforms but less violent, has triumphed in Persia... Shah yielded and conceded constitutional forms of government, including national legislative forms of government, including national legislative assembly, elective assembly, new methods and new era. The 14,000 refugees encamped in the British government grounds returned to their homes and



*Nasir al-Din Shah, who gave the British exclusive rights to huge chunks of his country's resources and industry, kisses the hand of Queen Victoria (magazine dated July 13, 1859.) She made him a Knight of the Order of the Garter.*

hundreds of political exiles have been recalled with honor and received with illuminations to praise manifestation and popular rejoicing..."

Ten days later, Pearson sent a copy of the Shah's decree to Washington, with a report on the situation. After listing the reasons why his colleagues—the ministers of other countries—think that the revolution will fail, due to the level of poverty and illiteracy, the lack of a middle class, the fact that a constitutional government had never been formed in a Muslim country, etc., nonetheless, he wrote, "it is certain that a committee of eight, appointed by the revolutionary leaders, is now actively at work on a constitution, a novel and difficult undertaking in the ancient Kingdom of Iran, which since the time of Ahasuerus, has patiently supported a score of dynasties without once attempting to divide or to ques-

tion the rights of the governing monarch.

“The further development of this struggle will naturally attract the interests and sympathy of the friends of liberty throughout the world.”<sup>4</sup>

### The Triple Entente

While the Iranian people were taking their first steps toward self-government, Britain’s King Edward VII was setting alliances into motion that would lead to world war. These alliances—the Entente Cordiale between Great Britain and France, and the Anglo-Russian Convention—are known collectively as the Triple Entente, and were intended to encircle Germany.

The Anglo-Russian Convention, signed Aug. 31, 1907, was an Entente sealed with the blood of Iran. Its formal purpose was to demarcate the boundaries of the two empires, which dominated the entire Eurasian landmass. It dealt specifically with Afghanistan, Tibet, and Persia; the last was accorded the status of a buffer state, but in reality it was to become a protectorate, administered as a condominium between the two empires through the creation of “spheres of influence.”

This piece of historic imperial sophistry stated:

“The Governments of Great Britain and Russia having mutually engaged to respect the integrity and independence of Persia, and sincerely desiring the preservation of order throughout that country and its peaceful development, as well as the permanent establishment of equal advantages for the trade and industry of all other nations;

“Considering that each of them has, for geographical and economic reasons, a special interest in the maintenance of peace and order in certain Provinces of Persia adjoining, or in the neighborhood of, the Russian frontier on the one hand, and the frontiers of Afghanistan and Baluchistan on the other hand; and being desirous of avoiding all cause of conflict between their respective interests in the above-mentioned Provinces of Persia....”

The agreement proceeds to divide the assets of Iran—which nation was not even consulted—and defines the respective spheres of influence, the North for Russia, the South for Britain, and a “neutral” zone in between. Both agree not to seek for themselves, or in cooperation with third parties, any “Concessions of a political or commercial nature—such as Concessions for railways, banks, telegraphs, roads, transport, insurance, etc.,” in the other’s sphere. They further agreed to

prior consultation, if either opposed the other in seeking a concession within neutral zone.

The document even provided for dividing up Customs revenues for the payment of their respective debts to the Persian government, where those collected in the Russian sphere would be used to pay debt to the Russian Banque d’Escompte et des Prits de Perse, and those from the Persian Gulf and the South, “as well as those of the fisheries on the Persian shore of the Caspian Sea and those of the Posts and telegraphs, shall be devoted, as in the past, to the service of the loans concluded by the Government of the Shah with the Imperial Bank of Persia.”

Article Five is directly relevant to the fate of Morgan Shuster. It states that since it was necessary “to establish control over the sources of revenues [that] guarantee regular service of loans” to each other’s banks, “the British and Russian Governments undertake to enter beforehand into a friendly exchange of ideas with a view to determine, in agreement with each other, the measures of control in question and to avoid all interference which would not be in conformity with the principles governing the present Agreement.”<sup>5</sup>

It was this “friendly exchange of ideas” between Great Britain and Russia, that crushed the Iranian revolution.

As soon as this treaty was signed, London simply waited for a pretext to ignite world war, aimed at making itself the seat of a global world empire. Within a little more than a decade, the empires of Germany, Austro-Hungary, Russia, and the Ottoman Empire would all but disappear. After 1907, a series of international crises would build, until the assassination of the Habsburg Archduke Ferdinand in Sarajevo in 1914. The earlier crises included the Moroccan crisis of 1911, various Balkan crises, the Italian-Turkish War, and the developments in Persia.

The Iranian constitutional movement would disappear, as yet another cruel crushing of aspirations of nations on the way to building the British Empire. But unlike in Africa and other Asian nations, there were Americans at the center of this one.

### Sealing a Convention with Blood

The first Majlis (national legislative body) was convened on Oct. 7, 1906, and completed a draft constitu-

4. *Foreign Relations of the United States*, Aug. 12, 1906.

5. *Great Britain, Parliamentary Papers*, 1908, Vol. CXXV, Cmd. 3750.

tion, signed on Dec. 31, 1906, which stated: “under the rule of law, the Crown is a divine gift given to the Shah by the people.” Six days later, **Mozafaradeen Shah** died. His son and successor, **Mohammad Ali Shah**, did not agree with this idea. Shuster described the new Shah as “perhaps the most perverted, cowardly, and vice-sodden monster that had disgraced the throne of Persia in many generations,” who became “the avowed tool and satrap of the Russian government and its agent in Persia for stamping out the rights of the people.”

By January 1907, the Majlis was prepared to institute financial and economic reforms, including to establish a national bank, curtail the Shah’s expenses, and begin cleaning up the rampant corruption. Above all, it aimed to prevent further loans from Britain and Russia, and to oust the Belgian Minister of Post and Customs, Joseph Naus.

While relations between the new Shah and the Majlis remained tense, it wasn’t until nine months later, with the signing of the convention on Aug. 31, 1907, and its announcement in Tehran on Sept. 4, that the Shah, with Anglo-Russian backing, began to implement in earnest his plan to overthrow the Majlis. On Sept. 5, Her Majesty’s Minister in Tehran, **Sir Cecil Spring Rice**, one of the chief architects of the Anglo-Russian Convention, addressed a letter to the Persian government, assuring it that both empires would respect the integrity and independence of Persia. Subsequent events proved that the assurances given were mere sophistries.

By December, with the full backing of Britain and Russia, the Shah deployed against the Majlis the 1,800-man Cossack Brigade, led by Russian Army officers, and a motley force made up of his own servants and disgruntled rabble of Tehran. To oppose these forces, the Constitutionalists in the Majlis rallied the political clubs called *anjumans*, organized along guild lines, such as merchants and craftsmen, in all the major cities.

Despite tension between the two, the Shah did not see himself strong enough to resist the demands of the



Library of Congress/G. Grantham Bain News Service  
*Mohammad Ali Mirza Shah, whom Shuster described as “perhaps the most perverted, cowardly, and vice-sodden monster that had disgraced the throne of Persia in many generations.”*

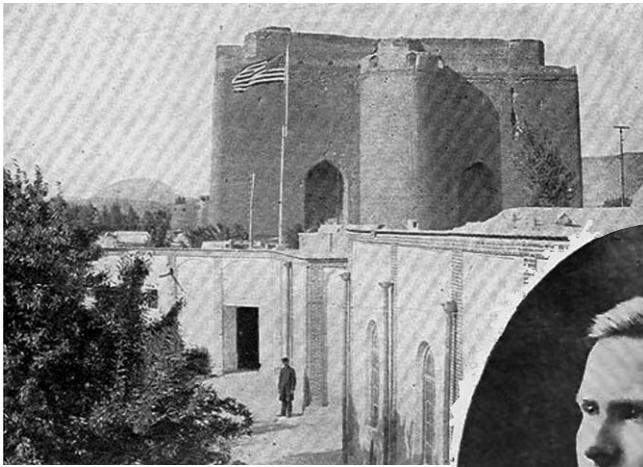
Majlis, and the latter had no desire to push the situation into open civil war. In May 1908, the sides concluded an agreement whereby the Shah would dismiss several of the more reactionary of his courtiers, one of whom took refuge in the Russian legation. But for the British and Russians, there was no room for compromise, and on June 2, no doubt after a “friendly exchange of ideas,” the Russian minister Nicholas Hartwig and British chargé d’affaires Charles Marling, presented the Persian Foreign Minister an ultimatum, threatening Russian intervention if the Majlis continued its opposition to the Shah’s wishes. On June 3, the Shah removed to his palace just outside Tehran. The Cossack Brigade of 1,000, equipped with artillery, surrounded the Majlis and opened fire, destroying the building, killing or capturing the nationalists, and instituting a reign of terror in the City. In the ten months of fighting that fol-

lowed, the nationalists eventually succeeded in gaining control of the country’s major towns and cities.

Tabriz, Iran’s second city, and historically a center of the nationalist cause, expelled the Shah’s troops, only to be put under a brutal siege. It was here that the young American missionary teacher, Howard Baskerville, marching at the head a small troop of 150 young Persians who only a few days before had been his students, and to whom he had given rudimentary military training, was martyred, in the first engagement with the enemy. Upon hearing of his death, the provincial governor proclaimed, “He has written his name in our hearts and in our history.”

Russia, on the pretext of protecting the lives and property of foreigners, dispatched 4,000 troops to lift the siege, and while opening the roads and allowing the entry of food and provisions, then proceeded to occupy the city; they did not withdraw until the end of World War I. In the weeks that followed, the nationalists, winning over the powerful Bakhtiaris’ tribal leaders, led a march on Tehran, forcing the Shah to take refuge at the Russian legation.

Shuster wrote of these developments, “Thus on July



Tabriz, Persia's second-largest city, was a center of nationalism. Shown is the U.S. consulate there, during the Constitutionalist Revolution. The young American missionary teacher Howard Baskerville (right), was killed in Tabriz in 1909, fighting, along with his former students, on behalf of the Constitutional Revolution.



16, 1909, the apparently lost cause of constitutionalism in Persia had been suddenly revived, and by a display of courage, patriotism and skill by the soldiers of the people, their hopes for a representative government had been restored, almost overnight.”

After another “friendly exchange of ideas,” the Russian and British ministers decided it was better to send the Shah into exile than risk the overthrow of the monarchy and the establishment of a republic. By September, after promising never to return, Mohammad Ali Shah was given a pension and packed off to Odessa, Ukraine, to live in exile. His son, **Soltan Ahmad Shah**, a child of 12, ascended the throne under a regency.

On Nov. 16, 1909, following the reopening of the Majlis, U.S. President William Howard Taft sent a letter of recognition to the new government: “I tender your majesty congratulations on the opening of the constitutional parliament; the American people wish welfare and peace for Persia under the new order of things.”

Despite this victory, the affairs of the new government did not prosper. Russian troops still occupied Tabriz and other regions of northern Persia, and the British, in October 1910, issued an ultimatum demanding that the Persian government allow the officers of the British Indian Army to enter the country, to police the roads in the British sphere, a project which would amount to occupation of southern part of the country, to

be paid for by the Persians themselves! Russia and Britain maintained open hostility to the new Constitutional Government, preventing it from raising loans. In a desperate attempt to seek aid from a third quarter, a request was made to the German government, to no avail.

### Persia's Appeal Answered by the U.S.

In December 1910, in another attempt to gain the support of a third party, the Persian Minister of Foreign Affairs, **Husayn Kuli Khan**, instructed his minister in Washington to request American experts to be employed by the Persian government in the capacity of Treasurer General, to reorganize the State's finances. There was resistance within the State Department to this request, since the United States had no strategic interests there, but more important, out of fear that this would antagonize Russia and Great Britain. At the same time, the Persian government issued an international appeal for help from the oppressive actions of the British and Russian governments. The Jan. 11, 1911 edition of the *New York Times* published this appeal, which, in part, stated:

“Four years ago the Persian nation entered upon a great movement to obtain her liberty. She is going to prove to the pessimists of the Occident, who consider the Orient and especially Persia as incapable of regeneration, having private reasons for this view, that Persia is ready to defend at the price of her own blood the ideals of liberty, justice and equality which are the fundamental principles on which the Occidental civilization has grown.

“The clergy and all the social classes of the nation have proved to the entire world in the course of the last few years that neither Persia nor Islamism are afraid to open their doors to the benefits of civilization. The Persians have entered with all the force which animates them on a period of evolution and liberty so as to obtain these things, the lack of which has caused them to be outdistanced for so long a time.

“In their evolutionary march Persia expected to obtain the protection and co-operation of the entire world, but unfortunately this hope has been unfulfilled, and, on the contrary, we have been oppressed systematically by the unfortunate influence of two European countries whose ambition and thirst for conquest di-

rected them into an iniquitous path. These two countries have undertaken the sad work of preventing and stopping the march of the Orient toward progress and civilization. . . .”

The appeal went on to denounce the unprovoked occupation of northern Persia by Russian troops, with the approval of the “Liberal and Constitutional British,” who, despite the “suave appearance of English politics,” have threatened to intervene militarily on the pretext of the lawlessness they claim prevails in the southern part of country. The appeal concluded that “the English and Russians, foreseeing the projected reforms and apprehending an economic revival, created all sorts of obstacles” to prevent the extension of loans. “England and Russia took advantage of pretexts which had no foundation and menaced us in order to intimidate us and enslave our country.”

It is not known whether this appeal contributed to President Taft’s decision, but he threw his support behind the Persian request, and by March 1911, Morgan Shuster and four other young men set out for Persia. Their mission was unofficial, and thoroughly private. They became employees of the Persian Constitutional Government. Others would soon follow.

Who was this 35-year-old “financial expert,” W. Morgan Shuster? He was part of the policy establishment, gathered within the institutions of the American Presidency, the broad layer of military, political, and economic experts that emerged following the Civil War and the development of the United States as the world’s greatest industrial power. The completion of the world’s first Transcontinental Railway, linking the Atlantic with the Pacific, made the United States a Pacific power, and therefore, a world power, which could challenge the British Empire.

Two factions coalesced, one Anglophile, which sought to create a colonial empire on the British model, and the other patriotic, which sought to fight the British by supporting nation-states throughout the world. The latter was best represented by Gen. Arthur MacArthur (the father of Gen. Douglas MacArthur), who, as military governor of the Philippines, saw the necessity to create an independent and fully sovereign nation there. Shuster shared that outlook.

A native of Washington, D.C., Shuster did not gain his expertise in a Wall Street bank or law firm, but in the military. Shortly after he graduated from Georgetown University, the Spanish-American war broke out and he joined the Army, serving as a clerk in the War Depart-

ment. With the occupation of Cuba, he joined Major, later four-star General, Tasker H. Bliss, to reorganize the Cuban Customs. This was not a job for a simple accountant, since the Customs House is one of the most important sources of revenue of a national government.

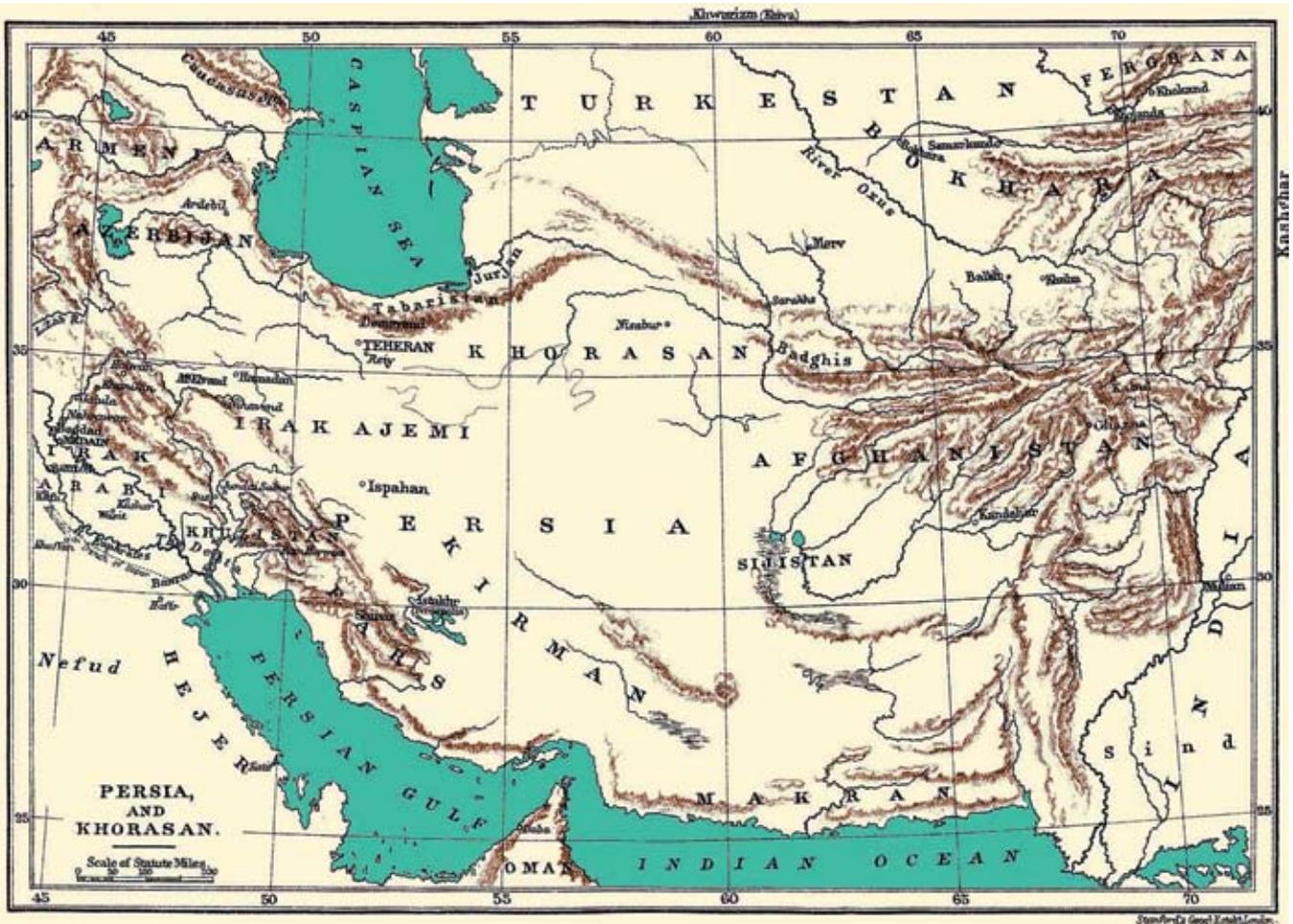
Cuba, like many undeveloped countries, was rife with corruption—not only on the part of Cubans—but its revenues were often committed to foreign loans, especially from Britain, France, and other imperial powers. The loans were arranged in such a way that the revenues went directly from the Customs collection point to the local branch of a British or other foreign bank, to pay the loans directly. If the country failed to pay its debts, the Customs House became the prime target for military intervention by the creditor power. Cleaning up the Customs House was key to warding off military interventions, along with the establishment of an efficient government administration that is integral to the economic development and defense of the sovereignty of any nation.

In this effort, Shuster soon became Bliss’s chief deputy. Three years later, with a recommendation from Bliss, Shuster was appointed Chief of Customs in the Philippines, while William Howard Taft served as governor in the first civil government there. Still in his 20s, as Chief of Customs, he played a leading role in administering and preparing the Philippines for self-government. He would become a strong advocate for granting the Islands independence.

His five associates en route to Persia all had similar backgrounds, having developed their financial and economic expertise in Cuba, the Philippines, or other U.S. territories. Although not an official government mission, its appointment was widely reported in the American press, with feature articles in the *New York Times* and *Washington Post*.

One such article on Shuster’s mission to Persia was written by the editor of the *New York Times* in November 1911, at the height of the crisis: “Wrecked and ruined as she was, she had no hope to herself and none in the European nations. England and Russia, like a pair of wolves, were waiting for her to fall into their paws. Already a tentative partition had been arranged. England taking a ‘sphere of influence’ adjoining the Afghan frontier, and Russia a similar ‘sphere’ adjoining her own. And they, with the minor powers, were waiting for Persia to fall apart so that they could take the remnants without a fight.

“Enter, here, William Morgan Shuster, with a single-



*Persia in 1883. Throughout the century, Persia was a pawn in the Great Game between the Russian Empire to the north, and the British Empire, with its domains in India, to the east.*

handed and sole devotion to Persia. Not that he had ever taken any interest in Persia before, but now Persia was his employer and from that moment he was heart and soul enlisted in her cause. And Russia and Great Britain, to their consternation, saw Persia being put on a modern basis, becoming a real nation, turning before their eyes into a country which could stand on its own feet; and knew that Shuster and his four husky young American assistants were doing it.”

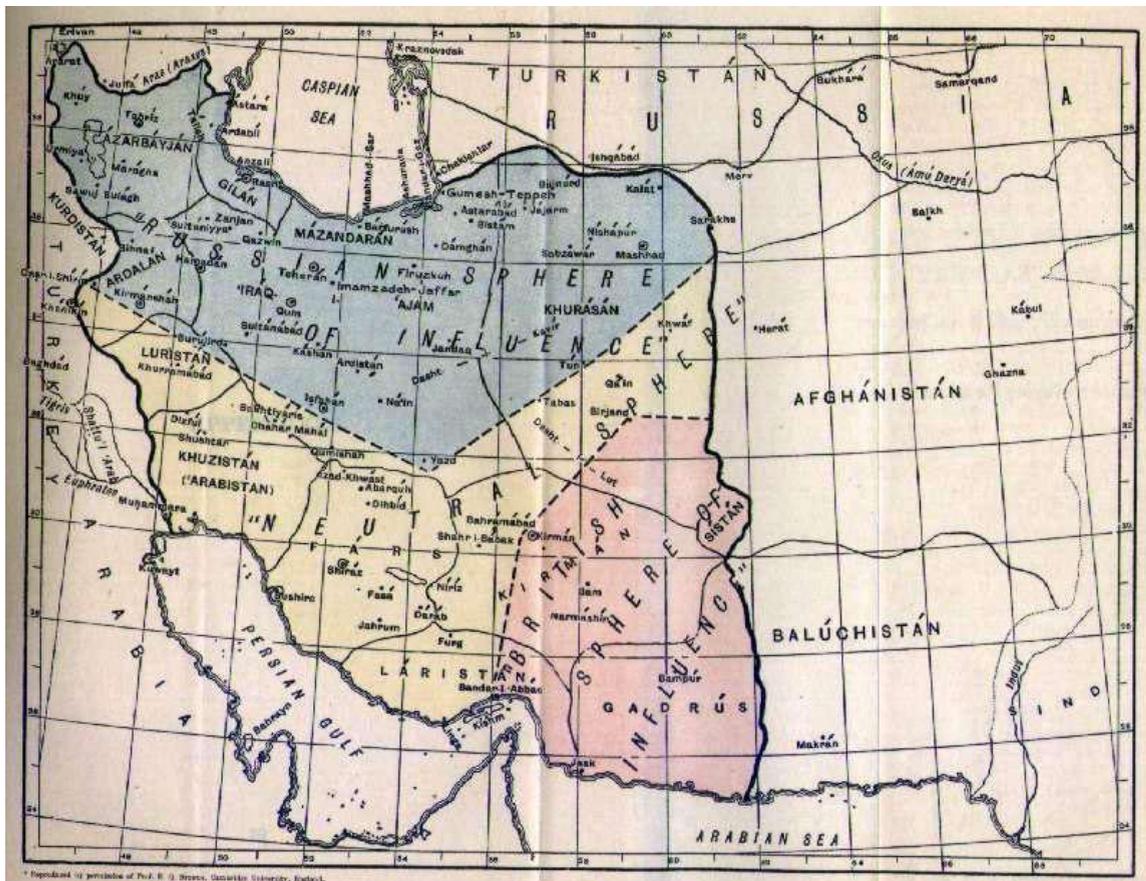
Pointing to Anglo-Russian opposition to Shuster, the *Times* went on: “The real trouble is that Shuster has asserted from the first the independence of Persia and her right to be free from the dictation of either England or Russia. . . . Now he seems to have brought down a war prematurely on the country he was trying to save. It is a question, however, whether a war of the kind he has brought down is not better than the painless partition which would surely have followed if Persia had gone

on in her headlong way to destruction.”<sup>6</sup>

En route to Persia, Shuster stopped in Constantinople, where he met with many Constitutionalists who had been in exile, including **Hasan Taqizadeh**, one of the founders of the democratic party of Iran, and other member of the nationalist movement, including merchants, government officials, diplomats, and clergymen.

The leaders of the Majlis with whom Shuster worked, included men such as **Arbad Jamish**, also known as **Jamshid Bahman Jamshidian**, and members of the banking and merchant class who supported the Constitutional Revolution politically and financially. Jamshid, a Zoroastrian, along with the Jahanian merchant-banker family, had hoped to form a national bank, a project supported by Shuster, but only realized three decades later.

6. Charles Willis Thompson, “How Russia Came To Make War on W. Morgan Shuster,” *New York Times*, Nov. 11, 1911.



*The Anglo-Russian Convention of Aug. 31, 1907 officially divided Persia into British and Russian spheres of influence, with a "neutral" buffer zone between them. This, they declared to be an expression of their desire "to respect the integrity and independence of Persia."*

Iranian Historical Photograph Gallery, www.fouman.com

Shuster's mission was headquartered in a mansion in Tehran made available by Jamshid.

Another leader was the young deputy **Keikhosrow Shahrokh**, whom Shuster especially thanked in his book. In 1919, Keikhosrow travelled to the U.S., with the help of Shuster, to address Congress, appealing for U.S. help in preventing the signing of the Anglo-Persian Accord of 1919, which would have turned Iran into Britain's protectorate.

### Shuster's Plan

Shuster's strategy was clear: to demonstrate how the establishment of a modern nation-state requires an organization of the national finances that can mobilize resources for the nation's economic development and the protection of its sovereignty.

The Iranian Cabinet tended to be drawn from the country's grandees and favorites patronized by the royal family, many of whom, Shuster wrote, had "reached the conclusion that it was far safer and easier to become the tools, agents and protégés of the Russian Government, for instance, and have its powerful influence exerted in

their favor, than to side with their own people who were struggling heroically, but with all the faults of inexperience and ignorance of the technique of representative government weighing heavily against their efforts."

It was in the Majlis, as imperfect as it was, that Shuster saw the crucial institution that "represented the actual progressive movement of the people of Iran, and that it was, both by law and reputation, the symbol of Persian nationalism and liberty." Winning its support was crucial to pushing through his reforms in a government whose Cabinet was more loyal to the old regime than the new. He would have to demonstrate that his own loyalties lay with the Iranian nation and not with the imperial powers.

On his arrival, he learned of the contracting of the £1.25 million loan from the Imperial Bank of Persia, which was worrisome in itself, but worse was a proposed law, drafted by the chief Anglo-Russian agent in the Persian government, **Joseph Mornard**, the Belgian Customs Minister. This law would have given responsibility for managing and disbursing the loan to a committee chaired by Mornard himself, naturally ensuring

payment to his Anglo-Russian masters. Shuster was able to block what would have been yet another attack on Persia.

Shuster wrote: "Thus the first attempt by foreign elements to tie our hands before we could even get started had failed and the deputies of the Medjlis expressed their delight that we had discovered the situation to them."

Shuster won the trust and support of the people in another way, too. In Iran, it was soon clear where the loyalty of foreign advisors lay, and who in Tehran would support them. If they were British or Russian, those loyalties were clear, but in the case of the "smaller powers," such as Belgium, advisors would soon learn where they stood by the social invitations that were extended as soon as anyone new arrived on the scene. Shuster deliberately refused all invitations for the first several weeks, so as to concentrate on pushing a new law through the government and the Majlis that would set the framework for reorganizing the State finances. The foreign legations, especially those of the British and Russians, expressed their displeasure to the government ministers who, at a Cabinet meeting, questioned Shuster's refusal to accept these invitations.

Shuster replied, "Am I not an official of the Persian government; if I am, should I not observe the rules of etiquette of that laid down by the Persian Government?" The Cabinet quickly agreed, and in Shuster's words, "They seemed rather to like the idea of a foreigner considering himself to be a genuine part of their government instead of merely condescending to accept their money."

As word spread to the general public of the Persian government's loyal new "employee," Shuster wrote, "During this little by-play the Persian people were not entirely idle. They rubbed their eyes a few times and then commenced to have a new sensation. . . . We have a



*Members of the first Majlis, or national legislative body, whose term was Oct. 7, 1906-June 23, 1908. The Majlis drafted a constitution, and became the hotbed of Constitutionalist ferment in the years to come, until it was crushed by the British and Russian empires.*

foreigner among us who takes not his orders from the foreign legations. Let us help him."

Shuster won both the awe of the Cabinet and, more important, the confidence and respect of the Majlis, and on June 13 the latter passed the legislation drafted by Shuster, giving him the special powers he required to reorganize the government's finances. This law made the Treasurer General responsible for the collection and disbursement of all government revenues, including Customs. It included the drafting of a national budget, out of which all government expenditures would be paid, and it included payment of foreign debts. All government accounts were to be put under his authority.

Thus armed, Shuster began his contribution to the ongoing Constitutional Revolution. He wrote, "As soon as the law of June 13 was passed by the Medjlis I endeavored to create a respect for law among both foreigners and Persians. There was already a very decent respect for money, for power, influence,

prestige and courage, but absolutely none for the laws as being the embodiment of the rights of the public. Laws in Persia, and more especially financial laws, were lightly regarded."

Shuster found the country's finances divided in two parts. One part involved the Customs Bureau, under the direction of Mornard, who kept his own books, since the Customs revenues were virtually all earmarked for paying the debts to Russia and Great Britain. Mornard knew who his masters were, and would not cooperate with Shuster.

The second part was the Finance Ministry and Treasury, from which the revenues for maintaining the national government were disbursed. Shuster found the administration totally disorganized, with officials who saw their positions as an opportunity for self-enrichment, rather than a responsibility to the nation. There

was no national budget, and taxes were collected through the ancient method of tax farming—all of which amounted to an empty Treasury.

As for the Army, its troops existed only on paper while the war ministry was “the roosting place for the most brilliant galaxy of uniformed loafers, masquerading as generals, commissaries, and chiefs of staff, of petty grafters, amiable cutthroats and all ’round scoundrels which it has ever been my fortune to encounter.”

In the face of intriguing reactionary ministers and officials, Shuster and his team went to work immediately, introducing a national budget and budgets for each department. Shuster drafted a budget for the war ministry of 2 million tumans, sufficient for 15,000 men. The budget had been 7 million tumans, and the department could not muster 5,000, men, half starved. Most the budget went to graft or paying foreign “advisors.”

He took the collection of taxes, both in cash and in kind, such as grain, out of the hands of the tax farmers and put it directly into the hands of Treasury officials, organizing an independent Treasury gendarme force for the direct collection of the taxes; it would eventually number 1,500 men, trained and commanded by four American military advisors. He also organized an investigative Treasury secret service. Shuster created the only set of central books the Persian government had ever owned.

Reorganizing the finances had as its object not only enabling the government to pay its obligations, but also to give it a creditworthiness that enabled it to issue its own credits. An example of the problem to be solved was the antiquated and notoriously corrupt national pension system. Most pensioners were never paid at all, especially the common people. Shuster reorganized this by eliminating bogus pensions, introducing a modern system, whereby pensioners were issued bonds with 40-year maturity, and the bondholder receiving annual interest through a coupon system. This not only assured the payment, but increased the amount of negotiable paper available to the system for the requirements of commerce, which, at that time, was dominated by Britain’s Imperial Bank of Persia. This helped establish the creditworthiness of the government in the eyes of the population, allowing for the flotation of internal bond issues.

Thus, for the first time, the government paid its bills on time, including the salaries of diplomatic representatives who had not been paid in years. For the first time, Iranians would accept their own government’s Treasury

notes rather than those issued by the Imperial Bank of Persia.

Shuster began to implement three other key projects which would earn him the hatred of the British and Russians, including building railroads, taking over the Customs, and floating an international loan to pay off British and Russian loans and finance such projects.

His most important project, which would not get off the ground for another three decades, was to build an Iranian national railway grid, centered on a north-south trunk line running from Jolfa, on the Russian border, through Tabriz, Zindjan, Kasvin, Hamadan, Khoramabad, to Mohammerah on the Persian Gulf. This would traverse the richest regions of Persia and expand to a total of eight lines criss-crossing the country, and would greatly hasten the country’s development. Shuster thought it could be built in sections, and private loans could be authorized, since it would be profitable, if carefully managed. He recommended to the Majlis that it pass a law announcing its intention to build these rail lines when the time was right.

For Britain, such a railway grid would be the fulfillment of the nightmares of Lord Curzon and other British imperialists. The grid would link the Russian Trans-Siberian Railway to the Persian Gulf and then, the India Ocean. Moreover, any rail development would naturally link up with the German-built Berlin-Baghdad line, which was perceived as a dire threat to Britain’s Indian colony. Britain itself had dreams building a Cape-town to Calcutta line, but only after the Ottoman Empire and Persia fell under London’s control, following the anticipated destruction of both the Russian and German empires.

Persia was being economically and politically strangled by the loans held by the Russian government’s Discount and Loan Bank, the British Indian government loans, and the privately owned British Imperial Bank of Persia.

To get around this obstacle, Shuster opened negotiations with the British office of the American bank Seligman Brothers and Co. This bank was founded during the Civil War, when it was involved in raising funds for the Union; it later became the fiscal agent for the U.S. Department of War and the Navy. Shuster hoped to raise the funds through its London branch, since, at that time, all foreign loans by American banks had to receive approval from the government.

The loan would be used to pay off Russian loans, and provide for public works projects, including a

census for taxation purposes; surveys of forests and mines, and of public domains; barracks and equipment for Treasury gendarmes; repair and construction of roads; and construction of irrigation systems. The British and Russians immediately moved to sabotage this effort by simply telling the bankers and investors not to subscribe to the loan.

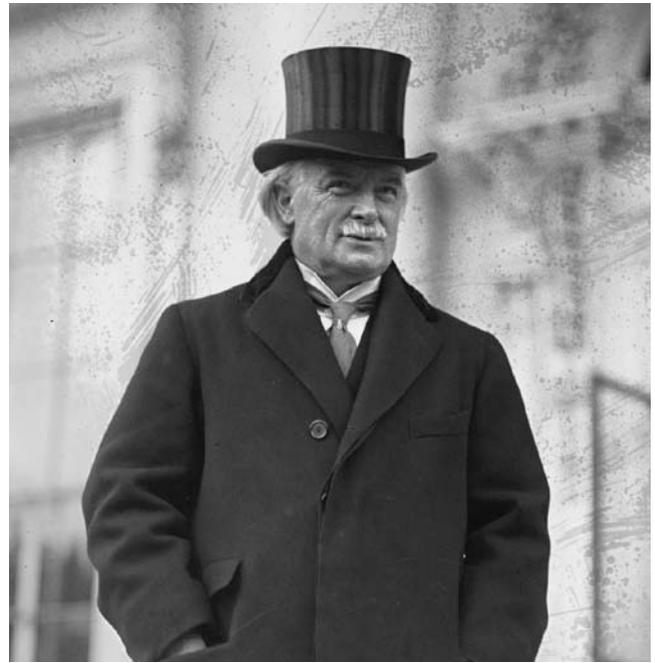
One of the most important tools to build up the economy was the protective tariff, one of the hallmarks of the American System of political economy. The tariff would raise revenues as well as protect local agriculture and industry, and Shuster hoped to reform Iran's Customs regime, which was totally subservient to British and Russian creditors for payment of loans. The tariffs were in fact too low; they were not protective tariffs by any means. Russian trade dominated the North, while Russia would not allow transshipment of goods from any other nation, including Iran itself, on its railroads. The South was dominated by British trade. Shuster's reform was immediately opposed by both the British and Russians, and Customs Minister Mornard was more than willing to aid his masters in their intrigues.

### Between the Lion and the Bear

Shuster wrote that he "found it difficult to imagine" why any foreign government would resist his efforts, given the fact that the proposed reorganization afforded more safeguards and guarantees for the payment of foreign loans. Yet, the very day the law was passed, the Russia minister informed the government that Mornard should not be put under Shuster's authority, going so far as to threaten the seizure of the Customs houses in the North. Within two weeks, the Russian, French, German, Italian, and Austro-Hungarian legations rained protests upon the Persian Foreign Office. Shuster was soon attacked as "a certain Mr. Sinister" and the "so-called Treasurer General."

Undeterred, and with backing of the Majlis, Shuster secured agreement from the banks to recognize only his signature on any checks drawing from a government account. As for Mornard, after Shuster presented evidence of gross irregularities at the Customs, which he said was prepared to make available to the Majlis, this Anglo-Russian protégé surrendered his authority over the Customs accounts.

By June 15, 1911, Prime Minister and Minister of War **Sipahdar ul-Azam** left Tehran in protest over the cutting of the war budget, and headed for Europe, on the border with Russia, from where he would work with



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*Britain's Lloyd George, as Chancellor of the Exchequer in 1911, gave a speech at Mansion House in London, invoking the Triple Entente against Germany, and implicitly against the United States and Persia as well. This began the drumbeat to World War I.*

Russia to bring down Shuster. The brother of the former Shah, Prince **Salar ed-Dowleh**, went into open revolt in northern Persia, in what was clearly a Russian-backed operation.

Shuster was fully aware of the connection between the Anglo-Russian efforts to crush Iran and the dynamic of the Triple Entente, writing that it was Britain's aim "to build up war-spent Russia, therefore, and to make an entente with her which should do for England on the north of Germany what the understanding with the French had done on the south...."

Thousands of miles to the west, a small German gunboat, *The Panther*, dropped anchor at the Moroccan port of Agadir, a move that the British government chose to respond to by threatening war. The British chose to turn a dispute between Germany and France over their division of "interests" into a pretext to invoke the Triple Entente against Germany.

Britain, looking after its own interests in the division of other people's land, moved to support France against Germany. On July 21, 1911, Lloyd George, Chancellor of the Exchequer, threatened Germany with war. In a speech given in Mansion House, the seat of the mayor of London, the man who would lead Britain into

the World War, and a master of sophistry, George declared that while he would “make great sacrifices for world peace . . . if a situation were to be forced upon us in which peace could only be preserved by the surrender of the great and beneficent position Britain has won by centuries of heroism and achievement, by allowing Britain to be treated where her interests were vitally affected as if she were of no account in the cabinet of nations, then I say emphatically that peace at that price would be a humiliation intolerable for a great country like ours to endure. National honor is no party question. The security of our great international trade is not a party question; the peace of the world is much more likely to be secured if all nations realize fairly what the conditions for peace must be.”

After the speech, the Admiralty initiated naval deployments, while Iran would soon learn the bitter meaning of the phrase “what the conditions of peace must be.”

It should be noted that while Germany has been considered the only target of this threat, Germany is not mentioned in the text, but the United States is. The speech was prefaced with comments expressing the hope for a happy issue of the negotiations then ongoing between the United States and British Foreign Secretary **Sir Edward Grey** for an arbitration treaty between the two governments, initiated by President Taft and aimed at submitting disputes to arbitration, rather than war.

On July 10, the British minister in Tehran, **Sir George Barclay**, had sent a dispatch to Foreign Secretary Grey, to inform him of the activities of the obnoxious American:

“Mr. Morgan Shuster has now been two months in Tehran, and his influence is already a leading factor in the situation. The Mejlis, for the moment at least, is entirely at his command, and proposals from him have only to be made to be accepted with practical unanimity.

“One must admire the pluck and energy with which he has at once thrown himself into the struggle for reform, but at the same time one cannot but have some misgivings as to the results of his headlong progress.

“On the only occasion on which I have met Mr. Shuster he emphasized the purely financial character of the work before him, and said that he was no politician . . . but the apparently light-hearted way in which he embarked on a conflict with the Belgian customs Administration, and followed this up with the offer of the Treasury Gendarme appointment to Major Stokes, in both of the steps he was exposing himself to opposition from Russia, would seem to give his disclaimer of the politi-

cian’s role a more ominous significance, and point to its denoting a disregard of political considerations, which it would be wiser to take into account.”

The “political considerations” which Sir George accused Shuster of ignoring were the Anglo-Russian condominium under which Persia’s sovereignty was annihilated. The reference to Major Stokes concerns the principal pretext that Russia used to invoke the Anglo-Russian entente, in order to oust Shuster. The Stokes appointment grew out of Shuster’s need for trained military officers for his gendarmes, and Stokes, although an Englishman, was highly qualified, knew Persia well, spoke Farsi, and was prepared to resign his commission from the British Indian Army. Russia claimed that his appointment violated the Anglo-Russian agreement of 1907, because Stokes, as a British national, would have to enter the North in order to carry out his duties.

While the above dispatch was not released to the public until after Shuster’s ouster in December 1911, the American had already become aware of the British role by July 17, when he was shown a note given to another official of the diplomatic corps, revealing that the British Foreign Office had directed the British legation to side with the Russians on the question of Mornard and the control of Customs funds.

While Sir George warned Shuster on the Stokes appointment, Shuster, who was quite familiar with text of the Anglo-Russian Convention, saw no reason to compromise the rights of his employer, the Persian government. Writing in reply to Sir George, Shuster declared: “What am I to think when I see the first vital step which I undertake in the task of bringing order out of chaos here obstructed and relentlessly opposed by the very two nations who have time and again professed their sincere desire to see the progress and prosperity of the stricken country which I am seeking to serve. . . .

“In conclusion, permit me to say that as the fact of my tender of this post to Major Stokes is now generally known here, any withdrawal of that offer by me could not fail to be interpreted as being dictated by purely political considerations, which I could by no means permit.”<sup>7</sup>

On July 21, the British Foreign Office sent instructions to Tehran totally backing Russia’s demands, saying, “it should be pointed out to the Persian government that the employment of Major Stokes in military service in any active operations in the north of Persia may involve political considerations, and that His Maj-

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7. Thompson, *op. cit.*, footnote 6.

esty's government cannot deprecate objections that may be taken to it." Stokes would eventually be ordered by the British legation not to accept the appointment.

## Civil War

On July 18, three days before Lloyd George's Mansion House speech, Tehran learned that the war party in St. Petersburg had unleashed the former Shah, Mohammad Ali, breaking the Anglo-Russian promise to assure that he remain in permanent exile. Mohammad Ali entered Iran through Russia at Gumeshteppeh on the Caspian Sea, with a consignment of rifles, ammunition, and artillery transported by the Russian railway on boxes marked "mineral water," and a small army of Shahsevens and Tucumans tribes. His brother Salar ed Dowleh, who had already entered Iran and organized a small army of Kurds, declared his support.

This news created near panic in Tehran; nonetheless, the Majlis acted. A new coalition government was formed, and martial law was declared. Within days, the Cabinet and many Majlis deputies were overtaken by fear, but a group of Constitutionalists stepped forward to take leadership. As Treasurer General and an employee of the Persian government, Shuster was brought into the leadership group that hoped to save the constitutional government. At a meeting with the War Minister, the regent, and **Ephraim Khan**, a Turkish-Armenian chief of police, Shuster recommended that the Majlis pass a law declaring the former Shah and his two brothers to be outlaws, and offering a large bounty to whoever might deliver them up, dead or alive. Shuster met with leaders of both parties in an effort to convince them to take positive action, and by July 29, the Majlis passed a law offering a bounty of 100,000 tumans for the Shah and 25,000 for each brother; the Majlis also voted to oust Prime Minister Sipahdar, who was known to be intriguing with the Anglo-Russian-backed former Shah.

Without an army, the government had only 1,800 police and gendarmes in the capital. Shuster wired funds to Bakhtiyari Khan, governor of Isfahan, and who had been won over to the nationalist/Constitutionalist cause, for expenses to outfit 2,000 Bakhtiyari tribesmen. And a pension was arranged for Major Haase, a German artillery instructor, to handle the few Maxim guns in the possession of the nationalists.

On July 28, the first of several assassination plots against Shuster was discovered, and was believed to have been linked to the Russian legation.

On July 31, the British and Russian missions issued

a statement recognizing that the Shah had violated the agreement on his exile, and that therefore, his pension should be forfeited. But, now that he was in Persian territory, they wrote sanctimoniously: "The British and Russian governments cannot intervene. Therefore the British and Russian governments state that in the conflict that has unfortunately arisen in Persia they will in no way interfere." It would be learned later that the ex-Shah, as early as June, had met in Vienna with Russia's Ambassador to Serbia, Nicholas Hartwig, who, when he was minister in Tehran in 1908, had coordinated the Anglo-Russian operation to overthrow the Majlis.

The British-Russian statement, of course, was pure sophistry. That week, the governor of Ardebil was arrested by the Iranian government for treasonous activity, and the Russian consul sent 300 Russian soldiers to secure his release, after which the governor joined the forces of the former Shah.

On Aug. 7, Shuster's Director of Taxation, **F. S. Cairns**, dispatched a letter to President Taft:

"Pursuant to your kind request to keep you informed of our progress in Persia, the following statement of experiences and conditions may be of interest, especially in view of the recent return of the exiled Shah, Mohammad Ali, and the near approach of civil war which now seems inevitable, as the result of foreign intrigues. . . .

"The injection of Mr. Shuster's vigorous and upright personality into such a putrid mass, has created more stir and consternation than anything which has occurred in recent years, and has tended to upset the vicious plans of certain foreign representatives whose hopes for a complete national disintegration have been temporarily disturbed, but not checked by any means. Mr. Shuster's reception by the Persians, who want and hope for better things, was extremely cordial, and the confidence in his ability to place the country on a better and more substantial basis, was fittingly demonstrated by the alacrity with which he was given complete control of the finances. His powers in that respect are dictatorial, and have been confirmed in a law passed by the Medjlis last May. The natural result of a rigorous policy to check abuses and secure the proper payment and control of taxes, has developed a colossal opposition from all those who have heretofore sapped the vitality of the nation, in which attitude they are encouraged by every foreign Legation except our own. Harassed upon all sides by a hungry horde of thieves who fear a permanent curtailment of their corrupt practices, with a depleted Treasury and civil war staring him in the face,

Mr. Shuster's task is one which might well discourage any man, and makes the fight very unequal. His only support is the National Assembly (Medjlis), which up to the present time has approved every measure proposed by him, but how long constitutional government can exist in this country, overshadowed as it is by a Bear on the north and a Lion in the south, is a question we are constantly asking each other. . . .

"We are assured by other foreigners that our lives will not be endangered, but we have almost positive proofs that Mr. Shuster has been secretly threatened with assassination by a Russian ex-consul, named Petroff, who lives at the Russian Legation. In most any other country such statements would be liberally discounted, but political assassination is so common here, and practiced so generally in Russia, that the story, which has reached us, cannot be accepted at other than its face value. . . ."

After reviewing the difficulties in reorganizing the taxation system, Cairns continues: "The Customs service is fairly well organized and managed by Belgians, but not honestly. They collect about four millions of Tomans annually, nearly all of which is consumed in the payment of interest charges on the Russian and British debts.

"It is only recently that Mr. Shuster has secured the control of this branch of the service, and even now he is engaged in a fight forced on him by the intriguing Legations, to compel him to release his supervision and permit the Collector of Customs to personally pay and be responsible for the interest charges and other obligations secured by the customs collections.

"All this will undoubtedly seem very strange to you Mr. President, but the situation here is so extraordinary, that one must be on the ground to realize that a seemingly independent government can be so impotent, that orders to its officials are given by foreign representatives, and strangest of all, are many times obeyed without question.

"I have been told that the situation here is comparable to that of Egypt thirty odd years ago, but Lord Cromer had a British army, with every important office filled by men of his own nationality, and the British nation at his back. If we could have even a small part of such support, and could eliminate foreign intrigues, we might hope to accomplish reforms in time; as it is, however, my views for ultimate success are extremely pessimistic and are shared by every other member of the Commission. As a fair sample of our difficulties, Mr.

Shuster has recently been endeavouring to organize a force of Gendarmes for service in the collection of taxes and is being opposed and hindered by the Russian Legation in the most outrageous manner. The Russians are protesting through diplomatic sources and are determined to defeat the project, by fair means or foul. They recognize the wisdom of the movement, and as their policy is to keep Persia in a constant turmoil and without financial resources or improvements, each of our propositions for betterment of conditions will be vigorously and officially combated by them.

"Finding it impossible to defeat the gendarme proposition, they promptly landed the exiled Shah on the North coast of Persia, accompanied by Russian army officers, and in their determination to defeat Mr. Shuster and his plans for improvements, they are plunging Persia into civil strife with a certain prospect of success. If unable to defeat the Constitutional forces in the field, and again seat a tool on the Persian throne, they will at least have accomplished one of their objects by depleting the Treasury and compelling the expenditure of the last cent for military operations. In the meantime general conditions are daily growing worse, travel on the roads is becoming more dangerous, bands of brigands are appearing everywhere and a revolutionary explosion may occur any day here in the city where Russian influence is very strong. To sum up the situation, Russia is determined to defeat any attempt to improve conditions in Persia, and incidentally to eliminate the Treasurer General and his assistants, unless they are willing to become subservient to Russian intrigues.

"Can we resist successfully and carry on our work of regeneration without even the moral support of any nation? Can we expect progress when opposed by foreign nations, and such a powerfully corrupt element among the Persians themselves? I must confess that the future looks exceedingly dark. . . . We shall struggle along, however, until things take a better turn, or, until the final dissolution expected by everybody except the American Minister, who is the only optimist, and whose cheerful presence and encouraging words serve not a little to buoy up our drooping spirits and spur us on to renewed efforts. . . ."<sup>8</sup>

On Aug. 11, at a diplomatic diner where Sir George

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8. Cited in Rose Louise Greaves, "Some Aspects of the Anglo-Russian Convention and Its Working in Persia, 1907-14," *Bulletin of the School of Oriental and African Studies*, University of London, Vol. 31, No. 2 (1968).

Barclay and Russian Minister M. Poklewski Koziell were present, the latter tried to bribe and warn Shuster to stay passive while the ex-Shah moved to take power, after which the Russians would assure that he could remain with full powers. Without hesitation, Shuster said that no matter what happened, he would never serve under the ex-Shah.

While the Russian and British ministers shared drinks with Shuster, the former Shah's force advanced on Tehran. On Aug. 20, Prince Salar ed-Dowleh reached Hamadan with 10,000 men, preparing to march on Tehran, where the nationalists had no more than 3,000 men. But on Sept. 5, an inferior government force of Bakhtiyaris, and gendarmes led by Ephraim Khan and supported by Major Haase's Maxim guns, through a flanking maneuver, defeated **Ashardu'd Dawla**, who was captured and executed. Having lost his best general, Mohammad Ali's chances of marching on Tehran had been dashed. On Sept. 11, Ali and his brother **Shuau's Sultana** were defeated and fled with only a few followers. On Sept. 18, Prince Salar ed-Dowleh, at the head of a group of Bakhtiyari tribesmen, was defeated as he attempted to advance from Hamadan towards Tehran. By October, Russia and Britain saw the total defeat of their counterrevolution

### Shuster Takes On the British

On Oct. 17, Shuster held interviews with the London *Times* and Reuters, in which, he said that neither Russia nor England was interested in supporting financial reform in Persia, to which the *Times* replied in insulting terms on Oct. 19. Shuster wrote a long letter to the editor, detailing Anglo-Russian collusion against Persia, making the point that if what they had done against the Persian government were done to a stronger country, these would be considered acts of war. Writing that both powers have undermined of his work, he declared there was "a deliberate agreement between a number of foreign legations, headed by the Russian legation," to defeat the execution of his policies. "This campaign of threats, nagging and general opposition which even descended into vulgar personalities against me, and into crude attempts to frighten the Persian government, failed utterly, though it did entail a period of delay and confusion in initiating certain financial reforms."

In response, the *Times* wrote that Shuster failed to recognize that "Russia and Great Britain exercise a con-



*Constitutionalist forces in Tabriz, 1909.*

trol over Persia akin to that exercised over a minor by his guardian," and charged that he had "thrown in his lot" with the Persian nationals. Shuster commented that he was unable to "understand with whom the *Times* thought I should have thrown in my lot while I was working in the service of the Constitutional Government."

Persian patriots, without Shuster's knowledge, translated his letter to the *Times* and published it as a revolutionary pamphlet throughout Iran.

His Majesty was not at all pleased with the turn of events. **Louis Mallet**, Assistant Secretary of State at the Foreign Office, in a minute to Foreign Secretary Sir Edward Grey, raged that Shuster had "completely failed to appreciate that Persia is a country protected by Russia and Britain and it is clear that the only way to preserve the entente between us and Russia, which is of paramount importance, is to *get rid of Shuster*" (emphasis added).<sup>9</sup>

Grey fully agreed, and on Oct. 26, he sent the following dispatch to British Ambassador Sir George Buchanan in St. Petersburg: "Persian independence cannot, I agree, be allowed to be marked by unfriendliness either to Great Britain or to Russia, and it is obvious that, in view of the geographical situation, no Government which refused to respect the interest of Russia could be tolerated by the latter at Tehran. This we shall certainly impress upon Shuster when the occasion arises..."<sup>10</sup>

Within days, Russian troops began landing in Iran at

9. *Ibid.*

10. Littlefield, *op. cit.*, footnote 7.

Enzeli (Bandar e Anzali), and the British legation informed the Persian government that it was sending two squadrons of Indian troops to Shiraz to act as “consular guards.”

With these dispatches, the ouster of Shuster, the destruction of constitutional government in Iran, and its occupation in the North by Russian troops, and in the South by British troops were assured. Only a pretext was needed, and two were found very easily.

The first was the assignment of an Anglo-Frenchman named Lecoffre to examine the misappropriation of 1 million tumans in the city of Tabriz, in the Russian “sphere.” This was despite the fact that Lecoffre had already been employed by the Persian government for the previous two years and was based in Tehran, also in the Russian “sphere”—a fact that had until now been ignored. The second was the Persian government’s order to Shuster on Oct. 4 to confiscate the Tehran estates of the Shah’s two brothers whose rebellion had collapsed, and who were rightfully deemed traitors by the Constitutional Government. These two actions, which were fully within the rights of any sovereign government, became the pretext for militarily backed ultimatums.

Using the Lecoffre appointment as a pretext, on Nov. 2, the British Foreign Minister sent instructions to Sir George Barclay, their minister in Iran: “[The] Russian government are sure to be annoyed at this appointment, and it is not unlikely that they will defend their interests by energetic measures which might even go as far as an occupation of Northern Persia. You should advise Shuster most strongly to do all in his power to conciliate the Russian Legation, and point out the probable result of continued provocation on his part. He should be made to understand clearly that [the] Russian government have it in their power to employ means which would seriously impede the discharge of his duties, and which it would be impossible for him to withstand. He must be made to see that the Russians are sure to take measures for the protection of their own interests if administrative posts in their sphere of interest are filled by British subjects, and that His Majesty’s government cannot deprecate such measure as it would be contrary to the spirit of the convention of 1907. . . .”

When Barclay presented the orders of his government, Shuster told him he could not comply, because, although he was respectful of Anglo-Russian “legitimate interest” in Persia, he could not “recognize the existence in Persia of foreign spheres of influence, a thing which the Persian government had officially refused to

do, and had actually forbidden me to do on more than one occasion.”

On Nov. 2, the same day that Barclay had received his instructions, his Russian counterpart, Poklewski Koziell, presented an ultimatum to the Persian Foreign Office, that the Treasury gendarmes be immediately withdrawn from the estates, and that those properties be given to the Persian Cossacks. He refused to accept the Persian protest against the landing of thousands of Russian troops on Persian soil.

Having just defeated the Anglo-Russian-backed rebellion of the former Shah, the Persian government was not prepared to capitulate to these totally unjust demands. The Cabinet consulted with Shuster, who, while saying he could not intervene in the internal affairs of Persia, did remark that if Persia were to make a stand, it had a strong case, because Russia was acting without law or justice. But in the following days, Russian troops continued to enter Iran’s North, and Anglo-Russian intrigues escalated in Tehran. The Persian Embassy in London asked Sir Edward Grey his advice, and he told them to accede to the Russian ultimatum, giving the impression this would end the affair.

The third party to the Triple Entente, France, while keeping a low profile in Tehran, was nonetheless working with Russia and Great Britain to oust Shuster. Writing to Paris, the French minister in Tehran complained that “the American influence is growing; it has become the symbol of nationalistic demagoguery.”<sup>11</sup>

### **The Empires Demand Shuster’s Removal**

Unknown to both the Iranian government and Shuster was a dispatch from Sir Edward Grey on Nov. 17 to Sir George Buchanan, British Ambassador to St. Petersburg, informing him that he had told the Councillor of the Russian Embassy in London that if the Russian government thought no satisfactory settlement could be reached without the dismissal of Shuster, he could urge no objection. “As a matter of fact he has given me endless trouble by his inconvenient appointments of British subjects in spite of all I could say to him.”<sup>12</sup>

The French Foreign Office expressed the same opinion: “This inauspicious advisor who has managed to

11. A.M.A.E. Nouvelle Serie. Sous serie: Perse. Vol. 24, Folio 140 (11.7.1911): Chargé d’ Affaires à Paris. Cited in Mariam Habibi, *France and the Anglo-Russian Accords: The Discreet Missing Link, Iran*, Vol. 41 (2003), published by the British Institute of Persian Studies.

12. “Grey Helped Oust Shuster,” *New York Times*, April 14, 1912.

impose his will on a weak-willed government . . . and who pays no attention to the special privileges that Russia quite rightly claims.”<sup>13</sup>

On Nov. 24, the Iranian Foreign Minister arrived at the Russian Legation in Tehran and was presented with a formally apology for the ultimatum. But five days later, the Russians delivered a second ultimatum, demanding the immediate dismissal of Shuster and Lacoffre. In addition, the Russians demanded the payment of an indemnity to cover the expenses of the Russian invasion of their country! They demanded compliance within 48 hours, or else, they said, the Russian troops already in Rasht “will advance and it is evident that this will increase the indemnity to be paid by Persia to Russia.”

When asked in Parliament whether the fact that the British government’s name was on the ultimatum indicated his support for it, Sir Edward Grey said that he fully agreed with the ultimatum, and only had reservations about the indemnity, lest it be too great to allow the Persian government to pay for the security of the roads in the British sphere in southern Persia! He accused Shuster of having “set the clock back in Persia.”

The only concern the British expressed to their Russian partners was that Russian troops not occupy Tehran, for fear that this would outrage the Muslim population in India. The French helped out and took the initiative to work out a “compromise” between Russian Foreign Minister Sergei Sazonov and the Persian minister in Paris, Samad Khan, in a meeting in Paris. Khan agreed that the Persian government, not the Majlis, would see to the eventual ouster of Shuster in December.

### The Majlis Rallies

News of the ultimatum caused a tumult in the Persian capital; the government split between the Cabinet and the Majlis, with the former more open to Anglo-Russian intrigues and more willing to capitulate, while the Majlis, which, as Shuster wrote, represented “the patriotic aspirations and sovereignty of the Persian people, [who] were inclined to meet their responsibility face to face.” When the Cabinet went to the Majlis a few hours before the deadline, urging capitulation to the ultimatum, one deputy, a leading cleric, got up and said, “It may be the will of Allah that our liberty and our sovereignty shall be taken from us by force, but let us not sign them away with our own hands!”

As Shuster recorded, “When the roll call was ended

every man, priest or lay man, youth or octogenarian, had cast his own die of fate, had staked the safety of himself and family, and hurled back into the teeth of the great Bear from the North the unanimous answer of a desperate and down-trodden people who preferred a future of unknown terror to the voluntary sacrifice of their national dignity and of their recently earned right to work out their own salvation. Amid tears and applause from the spectators, the crestfallen and frightened members of the cabinet withdrew while the deputies dispersed to ponder on the course which lay darkly before their people.”

A few days later, the Majlis and the Cabinet met and voted to reject the ultimatum, as thousands of Russian Cossacks and artillery poured into northern Persia and commenced a march on Tehran.

The nationalist forces began to mobilize. Clerics announced a boycott of Russian and British goods; demonstrations were held in front of all European legations “to demand justice of the representatives of the world powers for a people in the extremity of despair,” Shuster said. In the South, British Indian troops could not acquire food because of the boycott, and the notes of the Imperial Bank of Persia were declared unclean, causing the people to take their notes to the bank and demand Persian currency.

The pro-Constitutionalist clergy, including **Hajhaji Husayn ibn Khalil** and Mullah **Abdullah al-Mazandarani** began preaching *jihad* against Russia. The most important of the religious Constitutionals, **Mohammad Kazim al-Khorasani**, the mullah of Najaf, Iraq, decided to leave Najaf and travel to Tehran to preach *jihad* against Russia, but died en route and was believed to have been poisoned by Russian agents.

Secret *anjumans*, Shuster wrote, “sprang vigorously into action the moment that their ideal was threatened. . . . They were always prepared to take up arms in defense of their principles.” These secret societies were believed to have been responsible for the assassination of the reactionary Prince Alau’d Dawla, as well as an assassination attempt against **Mushiru V Saltan**, former premier under Mohammad Ali Shah. These assassinations induced a panic among “public officials and grandees who felt that his conscience was not entirely clear in his actions towards the land of his birth.”

### International Outcry

By November, the crisis had generated an international outcry. Muslims throughout the world, including

13. *Op. cit.*, footnote 12, Vol. 24, Folio 210 (23.11.1911).

British India, sent messages of support. One such message from the Persian Defense Society of Calcutta read: "Do not submit to the new proposals, but take advantage of the impression produced in Manchester and among the Moslems of the world. Even the Indian women are excited. The pressure from the North is for a railroad concession. Have no confidence in the advice of the South. *Increase the relations with America*" (emphasis added).

The impact of the crushing of constitutional government in a major Muslim country had the effect of bringing more Muslim independence leaders to attend India's Congress Party convention in 1912, further undermining the British policy of keeping Muslims and Hindus working against one another.

In the United States, these developments were front-page news for months, in part, because the Taft Administration was trying to get Senate approval for an arbitration treaty with Great Britain, and there was agitation throughout the United States for the abrogation of the U.S.-Russian Treaty of Commerce, because of Russia's refusal to give American Jews visas to enter the Russian Empire. Organizations such as the Persian American Educational Society appealed to President Taft, the *New York Times* of Dec. 11 reported, "to use the good offices of the United States Government to prevent war between Russia and Persia. The society also addressed letters of appeal to the United States Senate and House of Representatives and to Andrew Carnegie, asking the latter's help as a friend of world peace." Congress was bombarded with requests to pass resolutions in support of Shuster and the Persian government.

The *New York Times*, on Dec. 15, reported comments by Dr. David Star Jordan, president of Leland Stanford University, while on his way to see President Taft: "I am with Shuster in this matter and with Persia—you can't make that assertion strong enough.... It is just a case of Russian timber thieves in the north and British oil thieves in the south of Persia. They wish to grasp the great resources of Persia, still undeveloped. They wish their Governments to back them up in this thieving...."

Shuster's book captures the dynamic that had overtaken Iran in its struggle for liberation. Nowhere is this more dramatically expressed than in his discussion of the role of the women of Persia:

"The Persian women since 1907 had become, almost at a bound, the most progressive, not to say radical, in the world. That this statement upsets the ideas of centu-

ries makes no difference. It is the fact. It is not much to say that without the powerful moral force of those so-called chattels of the Oriental lords of creation, the ill-starred and short-lived revolutionary movement, however well conducted by the Persian men, would have early palled into a mere disorganized protest. The women did much to keep the spirit of liberty alive.

"The Persian women have given to the world a notable example of the ability of unsullied minds to assimilate rapidly and absolutely new ideas, and with the élan of the crusader who has a vision, they early set to work to accomplish their ideals."

Overnight, the women become teachers, newspaper writers, founders of women's clubs, and speakers on political subjects. Shuster writes how women's secret societies watched over him with "jealous but kindly eyes" and supported his work in a "hundred different" ways. At the height of despair that the government and Majlis had capitulated, "the Persian women in their zeal for liberty and their ardent love for their country, threw down the last barriers which distinguished their sex and gave striking evidence of their patriotic courage."

He tells how a group of these woman, attired in long robes and veiled, with pistols in the folds of their robes, demanded and received an interview with the president of the Majlis. They demanded that the deputy uphold the nation's liberty or prepare to die at their hands, after which they would commit suicide.

### **A Late-Night Conference**

After the final decision by the Majlis not to capitulate, its leaders consulted with Shuster, who describes the meeting in his book: "Late on the night that the decision was taken by the leaders of the four political parties to resist the Russian advance, I was visited by a committee of safety who sought my advice as to the best means of carrying out their purpose. I recall very well the unreality of the interview. A dozen men of different walks in life, the chosen leaders of a strange and wholly alien people, consulting one whom they considered an infidel as to whether they should take a step obviously heroic and dramatic, yet which would spell danger and death for thousands of their people and incredible physical disaster in the end.

"We spent three hours in conference, and they finally compelled me to express the reluctant opinion that if a single hostile move were made against the Russian troops north of Tehran, the 50,000 Cossacks who would be poured into Persia when the snows melted the

following spring would crush out the last spark of Persian liberty and leave, perhaps, not even widows and orphans to mourn at soldiers' graves.

"It was strange, sad talk. Probably they had no right to place the responsibility for such a decision on a foreigner, but I am glad to recall that I pointed out to them the unavoidable distress which would follow any aggressive action on their part. When they filed out, having yielded to the idea of only passive opposition to Russian demands, another humble chapter had been written among many which mean little to the world at large, yet which are potent with consequences for those to whom the drama is very real."

Shuster offered to resign if that was the will of the Persian government and Majlis, since his removal was at the center of the Anglo-Russian ultimatum. But the Majlis refused his offer, and said that if he did resign, it would be a breach of his contract! And that would mean the end of all hope for constitutional government in Iran. The popular support for Shuster was such that **Abolqasem Ferdowsi**, who would become Iran's national poet, composed a poem<sup>14</sup> to mobilize support for preventing his ouster:

Disgraced is the house where the guest leaves  
undined  
Do not let him leave, sacrifice your life.  
If Shuster leaves, Iran will be destroyed.  
O young patriots, let not Iran die!  
To the dead you are the soul!  
To a world you are the soul!  
You are a treasure gold!  
Would to God that you stay!  
Would to God that you stay!

### Coup d'État

On Dec. 24, the Cabinet executed a coup against the Majlis, by deploying gendarmes and Bakhtiari tribesmen to attack and clear the Majlis; they locked it up and ordered the deputies not to return, under threat of death. As Shuster wrote, Russian gold bought the same military leaders, including Ephraim Khan, who, only a week before, had fought on the side of the nationalists, to seek "a sordid ending to a gallant struggle for liberty and enlightenment. . . . More than political catastrophe,

14. Sorour Soroudi, "Poet and Revolution: The Impact of Iran's Constitutional Revolution on the Social and Literary Outlook of the Poets of the Time," Part II, *Iran Studies*, Vol. 12, No. 3/4 (Summer-Autumn, 1979).

it was a sacrilege, a profanation, a heinous crime."

The deputies again came to consult Shuster "with tears, with broken voices, with murder in their hearts." They asked whether they should assassinate their treacherous ministers or kill themselves. "I said to do neither for it would only color the pretensions of the Russian and British that the Persians are incapable of maintaining order."

Days before the coup of Dec. 24, the Cabinet sent a letter relieving Shuster of his duties—which was illegal, since it was not certified by the Majlis. But after the coup, with a Russian army 89 miles from Tehran, and with Russian-backed Bakhtiari and Cossacks in Tehran, he understood that nothing good could come out of the continued presence of the American mission in Persia. The Russians and British demanded that the notorious Mornard take his place, and no one else. Refusing to give such an order, Shuster turned his office over to his deputy, F. S. Cairns, on Jan. 7, 1912. That same day, a representative of the ministers came with orders that Mornard take over.

Shuster left Tehran on Jan. 11, and the rest of his team soon followed.

When the corrupt Belgium Mornard was named his replacement, the French minister in Tehran, Raymond Lecomte, displaying the cynicism of an imperialist, commented that Mornard "is far more experienced and more familiar with the Persian mores; this enables him to make allowance for the *amour propre* and other such customs of the country, that scandalized Mr. Shuster's puritan ethics."<sup>15</sup>

The Russians, with British backing, launched a reign of terror throughout their sphere, as 4,000 Russian soldiers with artillery and machine guns massacred 1,000 *fidais* (self-sacrificing warriors) who had taken refuge in the city's old fortress in Tabriz. The Russians publicly hung the city's leading clerics and went on killing any suspected Constitutionalists, whom the Russian Foreign Ministry called "revolutionary dregs." In their sphere, the British deployed Indian troops.

Shuster saw the tragedy as a direct result of the Triple Entente. "The trap which closed around Persia," he wrote, "had been set by the hands or by the fate which brought about an unexpected move on the European chess-board during the summer of the year 1911, and the Bear's paw had been skillful enough to spring the trap before the opportunity was lost."

15. *Op. cit.*, footnote 12, Vol. 25, folio 111.



*After Shuster left Iran in January 1912, he went on a speaking tour of the United States, exposing the imperialist machinations that had toppled Iran's Constitutionalist government. The people had supported the Majlis, he said, because they saw it as the only institution that represented "their liberties, their rights, their nationality, and their future as an independent state."*

### **Shuster Gets the Truth Out**

Shuster left Iran, but continued to work for the benefit of its struggle. On his return trip, he stopped in London, where he spoke before the British Persia Society, which opposed the British government. Far more dramatic was his speaking tour of major cities of the United States, including New York, Philadelphia, and Washington, where he addressed foreign policy organizations, business groups, and church organizations. In Philadelphia, he was scheduled to speak before that city's foreign affairs society, in a hall with a capacity of 1,000—but no fewer than 5,000 people showed up, requiring the deployment of police to maintain order.

Speaking before audiences who would stand up and cheer him at the close of his talk, he would expose the role of the British, Russian, and French allies in crushing of Iran's Constitutional Revolution. As for that revolution and its struggle for representative government, he had nothing but praise. Shuster, in the conclusion of his memoir, wrote: "no parliament can be rightly termed incompetent when it has the support of an entire people, when it recognizes its own limitations, and when its members are willing to undergo great sacrifices for their nation's dignity and sovereign rights.

"The Medjlis was the only permanent check in the governmental fabric on the reactionary tendencies of numbers of the grandees and cabinet officials, as well as on corruption among many Persian officials of all

ranks. So long as the Medjlis existed it was felt that there was a body to which the people could appeal against reaction, gross speculations and betrayal of their personal and political rights. The Medjlis stood for an honest and progressive administration of Persia's affairs. On the day that this body was destroyed with the connivance of the foreign powers, the last hope of honest or representative government in Persia disappeared. The Persian people refused to acquiesce in the coup d'état which snuffed out the Medjlis, because they recognized that with it went their liberties, their rights, their nationality, and their future as an independent state.

"That the Persians were unskillful in the practical politics and the technique of representative constitutional government no one could deny; but that they had full right to develop along the particular lines of their customs, character, temperament and tendencies, is equally obvious. Five years is nothing in the life of a nation. It is not even long as a period for individual reform, yet, after a bare five years of effort, during which the Persian people, with all their difficulties and harassed by the so-called friendly powers, succeeded in thwarting a despot's well-planned effort to wrest from them their hard-earned liberties, the world is told by two European nations that these men are unfit, degenerate and incapable of producing a stable and orderly form of government. With a knowledge of the facts of Persia's downfall, the scales drop from the eyes of the most credulous, and it is clear that she was the helpless victim of the wretched game of cards which a few European powers, with the will of centuries of practice, still play with weaker nations as the stake, and the lives, honor and progress of whole races are the forfeit."

The crushing of the Constitutionalists was a prelude to a much greater conflagration, as Europe marched towards world war, in which Iran became a battleground for three armies. By 1914, a Turkish-German army marched from the East, as Russia poured more troops from the North, and Britain from the South. Although Iran took no part in it, under the catastrophic conditions of war, it lost fully a third of its population to famine and disease.

Although the poet's fear of the destruction of Iran was almost fulfilled, Iran had, by the next decade, as the U.S. minister said, "thrown off her chains and arisen with renewed vigor." That effort was also aided by the United States, which will be a topic for a future article.

# *Are the British Planning a Hit on Obama?*

“The British may very well be attempting to orchestrate U.S. politics by assassination,” said Lyndon LaRouche, in a statement issued by the LaRouche Political Action Committee Aug. 16. “It would be dangerous to deny this. That is why I am speaking out, as a responsible public figure, now. If anything happens to the President, you can start with the assumption that orders came from London. Preemptive exposure is the best insurance against something happening to the President.”

LaRouche was responding to a series of articles, allegedly keying off a recent study by the Anti-Defamation League-allied Southern Poverty Law Center, which claimed that a massive increase in radical militia activity was proof that a major domestic terrorist attack or a direct hit on President Obama was likely. Particularly significant were stories in two British Sunday papers, the *Observer* and the *Independent*, which claimed that the opposition to the President’s health-care program came from a rabid right-wing extremist movement that could attempt to assassinate the President.

This sociological explanation, in itself, is totally incompetent, but such concoctions are frequently used to cover up the authorship of political hits.

Any attempt against Obama would come from the British, “who have a long history of assassinating American Presidents, from Abraham Lincoln, to William McKinley, to John F. Kennedy,” LaRouche charged.

“There is a threat to President Obama from the British, who are angry at his failure to bring fascism to America,” LaRouche continued. “It is estimated that the greatest danger to the life of the President is from a British assassination, aimed at attracting sympathy to the dead man’s cause. Were

this to happen it would represent a new 9/11 attack, with even more devastating consequences.”

“We want the President safe,” LaRouche added. “Unless he changes his policies in the immediate days ahead, he will become an object of ever-increasing hatred from the American people. We want to assure his safety, because there should be no guilt associated with hatred for the President’s horrible policies, from bailing out Wall Street, to his so-called health-care reforms.”

The charge that the population’s hatred of the President’s health policies is a physical threat to the President is a “degenerate lie,” LaRouche said. These guys are “lying about the American people and lying about the actual popular upheaval against policies that will kill. The American people do not want to be killed, and these two British writers are stupid jerks who don’t know the first thing about what is going on here. In point of fact, the people putting out this kind of propaganda are doing the most to set up the conditions for such an attack on the President. The citizens showing up at the town hall meetings around the country are showing a decent respect for the person of the President, while voicing their strong opposition to the policies he is promoting. The lying claims of racism are exactly the opposite of the truth. The made-in-London policies being promoted by this Administration are where the racism is to be found—hatred of the human race.”

The President can still be pulled back from this policy, LaRouche has stressed. He has to be forced by institutional forces, as well as the population, to give up his ego-driven devotion to his Hitler health plan, and the genocidal maniacs who call themselves economists, who are pushing it. This is the safest course for both him, and the nation.

# See LaRouche on Cable TV

## INTERNET

- BCAT.TV/BCAT Click BCAT-2 Mon: 10 am (Eastern Time)
- LAROUCHEPUB.COM Click *LaRouche's Writings*. (Avail. 24/7)
- MNN.ORG Click *Watch Ch.57* Fri: 2:30 a.m. (Eastern Time)
- QUOTE-UNQUOTE.COM Click on *Ch.27*. Tue. 6 pm (Mtn.)
- SCAN-TV.ORG Click *Scan on the Web (Pacific Time)*. Ch.23: Wed. 7 am Ch.77: Mon. 11 am
- WUWF.ORG Click *Watch WUWF-TV*. Last Mon 4:30-5 pm (Eastern)

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### ALASKA

- ANCHORAGE GCI Ch.9: Thu 10 pm

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- COSTA MESA TW Ch.35: Thu 5:30 pm
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- QUAD CITIES MC Ch.19: Thu 11 pm
- ROCKFORD CC Ch.17 Wed 9 pm

### IOWA

- QUAD CITIES MC Ch.19: Thu 11 pm

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- JEFFERSON COUNTY IN Ch.98: Fri 2-2:30 pm

### LOUISIANA

- ORLEANS PARISH CX Ch.78: Tue 4 am & 4 pm

## MAINE

- PORTLAND TW Ch.2: Mon 1 & 11 am; 5 pm

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- ANN ARUNDEL CC Ch.99; FIOS Ch.42: Tue & Thu: 10 am; Fri & Sat: midnight
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- MONTGOMERY COUNTY CC/RCN/FIOS Ch.21: Tue 2 pm

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- BROOKLINE CV & RCN Ch.3: Mon 3:30 pm; Tue 3:30 am; Wed 9 am & 9 pm;
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- COLUMBIA HEIGHTS CC Ch.15: Tue 9 pm
- DULUTH CH Ch.20: Mon 9 pm; Wed 12 pm, Fri 1 pm
- MARSHALL Prairie Wave & CH Ch.35/8: Sat. 9 am
- MINNEAPOLIS TW Ch.16: Tue 11 pm
- MINNEAPOLIS (N. Burbs) CC Ch.15: Thu 3 & 9 pm
- NEW ULM TW Ch. 14: Fri 5 pm
- PROCTOR MC Ch. 12: Tue 5 pm to 1 am
- ST. CLOUD CH Ch.12: Mon 6 pm
- ST. CROIX VALLEY CC Ch.14: Thu 1 & 7 pm; Fri 9 am
- ST. LOUIS PARK CC Ch.15: Sat/Sun Midnite, 8 am, 4 pm
- ST. PAUL CC Ch.15: Wed 9:30 pm
- ST. PAUL (S&W Burbs) CC Ch.15: Wed 10:30 am; Fri 7:30 pm
- SAULK CENTRE SCTV Ch.19: Sat 5 pm
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- WASHINGTON COUNTY (South) CC Ch.14: Thu 8 pm

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- ROCKLAND CV Ch.76: Tue 5 pm
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- MECKLENBURG COUNTY TW Ch.22: Sat/Sun 11 pm

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- OBERLIN Cable Co-Op Ch.9: Thu 8 pm

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- PITTSBURGH CC Ch.21: Thu 6 am

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- BRISTOL, BARRINGTON, WARREN Full Channel Ch.49: Tue: 10 am
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- STATEWIDE RI INTERCONNECT CX Ch.13; FIOS Ch.32 Tue 10 am

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- ARLINGTON CC Ch.69 & FIOS Ch.38: Tue 9 am
- CHESTERFIELD COUNTY CC Ch.17; FIOS Ch.28: Mon 1 pm
- FAIRFAX CX & FIOS Ch.10: 1<sup>st</sup> & 2<sup>nd</sup> Wed 1 pm; Sun 4 am. FIOS Ch.41: Wed 6 pm
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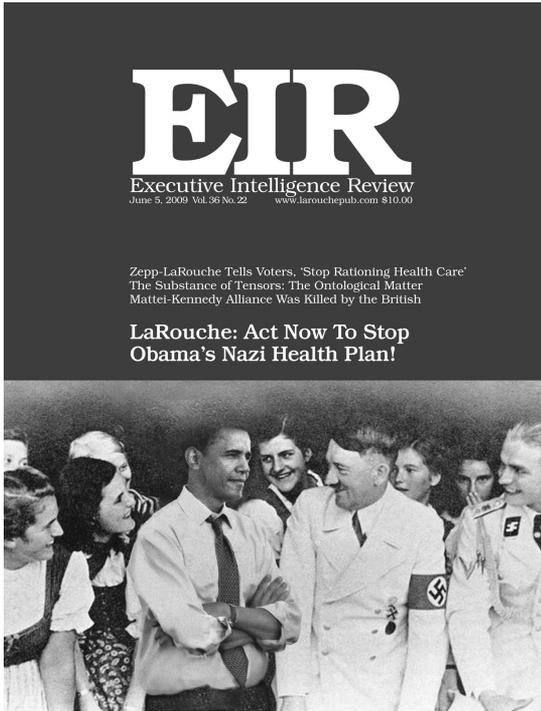
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