

[return to home page](#)

[LaRouche Delivers a Bloody Nose to the British Empire](#)

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...."

[In-Depth articles from EIR, Vol. 36, No. 32](#)

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This Week's Cover

- [LaRouche Delivers a Bloody Nose to the British Empire](#)

In a panic over President Obama's failure to ram through a Nazi health-care 'reform,' the British media are carrying out a campaign to save London's grip over the White House. The single biggest cause of the 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. Jeffrey Steinberg reports.

- [Members of Congress Say 'No' to IMAC](#)

- [Mass Strike Explosion at Town Hall Meetings](#)

- [Even the Liberals Are Jumping Ship](#)

- [Protests Are 'Un-American':](#)

- [Pelosi Campaigns as Marie Antoinette](#)

- [Obama/Orszag Board:](#)

- [Hitler's T4 Program](#)

Economics

- [To Hide Collapse, Obama Pushes Phony Recovery](#)

The lies about recovery are designed to keep U.S. creditors on the hook, so the whole house of cards won't crash. The money-pumping of the massive bailout is putting enormous hyperinflationary pressure on the dollar, which is worrying China, Japan, and other nations.

- [18 The Evil Intention of Evidence-Based Medicine](#)
- [22 Herd on the Street](#)
[The Undisclosed Location](#)
- [23 First Deflation, Then Hyperinflation:](#)
[The Economy Needs a Global 'New Deal'](#)
[by Helga Zepp-LaRouche](#)

LaRouche PAC-TV

- [Rosa Luxemburg and LaRouche's Triple Curve](#)

Lyndon LaRouche has often identified the Polish revolutionary Rosa Luxemburg's 1913 book, *The Accumulation of Capital*, as providing the appropriate starting point for understanding the origins of the general global economic breakdown crisis, currently in progress.

Matthew Odgen of the LaRouche Youth Movement takes a fresh look.

World News

- [No End In Sight:](#)
[Obama Policy Will Kill Many More U.S. Troops in Afghanistan](#)
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.
- [White House Talks 'Recovery'; States and Citizenry in Desperation](#)

History

- [When Americans Fought for Iran's Sovereignty, Part 1](#)
[by Dean Andromidas](#)

An in-depth examination of the brilliant, but little-known efforts, of the American William Morgan Shuster, and his allies in the administration of President William Howard Taft, to aid the Persian nationalists, in 1911, to drive the imperial powers, Britain, Russia, and France, out of their nation, and to establish a constitutional republic.

Editorial

- [Are the British Planning a Hit on Obama?](#)

This Week's News

U.S. Economic/Financial News

Geithner Warns Congress of October Debt Crunch

Cities Resort to Approved 'Tent Cities' for Homeless

Would Congress Dare To Expose Paulson's Corruption?

Geithner Warns Congress of October Debt Crunch

Aug. 9 (EIRNS)—A Congressional Budget Office report released today shows that the economic collapse has slashed Federal revenues by \$350 billion through the first nine months of FY2009, an unheard-of 17% drop from FY2008; and that the Obama Administration is headed for a FY09 deficit of at least \$1.82 trillion, four times the FY08 deficit. Only an estimate, with a quarter of the fiscal year left to go, this figure could get worse by the beginning of October, since the deficit increased by \$181 billion during July alone.

Treasury Secretary Tim Geithner warned of an October debt conjuncture, in a letter to Senate Majority Leader Harry Reid, urging Congress to lift the \$12.1 trillion Federal debt ceiling in September—by an unspecified amount. "It is critically important that Congress act before the limit is reached so that citizens and investors here and around the world can remain confident that the United States will always meet its obligations," Geithner wrote, and warned that the limit may be hit by mid-October. The Treasury's recent estimate had been Dec. 1, when total U.S. debt would hit that ceiling.

Either a very large debt-ceiling increase, in the trillions, is being discussed between Geithner and Congressional leaders, or a request to lift the ceiling altogether by one means or another. One year ago, then-Treasury Secretary Hank Paulson and his deputies urgently demanded that Congress lift the debt ceiling entirely, for purposes of the Fannie Mae/Freddie Mac and TARP bank bailouts.

Some details of the CBO estimate for 10 months of FY09, through July: Layout for the TARP bailout (i.e., currently estimated Federal losses resulting from TARP loans): \$169 billion. Layout (losses) on Fannie and Freddie bank bailouts: \$83 billion. Layout for auto bailout operations: \$51 billion. Increased Medicaid spending \$41 billion (25%) over the same ten months of FY08, reflecting job losses and impoverishment of Americans. Increased Medicare spending \$51 billion (11%) over FY08. Spending on "stimulus": \$125 billion. Unemployment insurance spending: \$32 billion (doubled from same 10 months of FY08). Total spending increase \$530 billion (21% over FY08). And the total depression-caused Federal tax revenue drop, \$350 billion (17% below ten months of FY08).

Cities Resort to Approved 'Tent Cities' for Homeless

Aug. 11 (EIRNS)—Cities all across the U.S. are in various stages of approving, and even supplying minimal services for tent cities of the homeless, because of the surge in unemployment and economic desperation. The sizable metropolitan areas with approved space for the homeless in parking lots, campgrounds, riversides, or other public areas include Nashville, Tenn.; Ontario, Calif.; Lacey, Wash. (near Olympia, the capital), and others.

Today in Tampa, Fla., city leaders planned a vote on whether to approve tent cities, a measure which has brought into being an "Anti-Tent City" coalition as well. Catholic Charities wants permission to minister to a homeless encampment of 200 people.

The numbers of dispossessed and out-of-work citizens everywhere, has put before local governments the option of reversing vagrancy laws, and instead, providing minimal services and some order to the desperate. There seems no other

recourse, given the "Recovery" blather coming from Washington.

In Illinois, local ministers have asked the Champaign City Council to legalize homeless settlements of 50 people. Ventura, Calif., in July, revised its laws, to permit homeless people to stay overnight in their cars in designated locations.

Nashville's Metropolitan Homeless Commission's director, Clifton Harris, stresses that there is nowhere else to put people, because the shelters are all full, with waiting lists. Nashville is now providing portable toilets, garbage collection, and a mobile medical van.

Would Congress Dare To Expose Paulson's Corruption?

Aug. 9 (EIRNS)—Will this cowardly Congress ever hold "Pecora Commission hearings"?

Were the Senate Banking Committee of bankers' man Christopher Dodd (D-Conn.) holding such investigative hearings right now, it would be laying before the already outraged American public, the crimes of former Treasury Secretary Hank Paulson in bailing out and enriching his buddies at Goldman Sachs, while the nation's economy plunged into deep depression.

A *New York Times* front-pager on Aug. 8 reflected information the *Times* dug out about Paulson, from Freedom of Information Act (FOIA) requests over a year's time—dirt that the Senate could have laid out in weeks.

During the height of the banking/financial blowout of September 2008, Paulson—according to the phone logs and other documents—called up Lloyd Blankfein several dozen times a week. Blankfein is the CEO of Paulson's Wall Street alma mater "Goldman Sucks," and Paulson had pledged to Congress he would not speak to Blankfein about economic policy without first requesting and getting an "ethics waiver" from the White House legal office. He didn't actually request the waiver, however, until Sept. 19, 2008, at least a week into his discussions with Blankfein, which far outnumbered his talks with any other Wall Street executive or expert. Then, the waiver was granted by the White House in less than three hours, exposing it as a formality, not the serious "pledge" he had made.

Goldman Sachs reaped \$13 billion from Paulson Treasury bailout payments to AIG, another \$10 billion investment from Paulson's TARP program, instant conversion to a bank holding company as soon as Blankfein requested it, and elimination of its rivals Lehman Brothers and Bear Stearns. In the emergency Bush Administration meeting in which Paulson supposedly "decided" on the notorious bailout to AIG, Blankfein was the only non-governmental official present.

Rep. Cliff Stearns (R-Fla.) now understates the case, saying that Paulson "was covering himself with this waiver because he knew he had a conflict of interest with his telephone calls and with his actions." It is Senator Dodd's and Rep. Barney Frank's "covering" that Stearns ought to be attacking—the reason that no Pecora hearings on *this* depression have been allowed.

Global Economic News

[Outraged Icelanders Taking to Streets Against Banking Bailout](#)

[German GDP Shrank by 7% in Past Year](#)

Outraged Icelanders Taking to Streets Against Banking Bailout

Aug. 14 (EIRNS)—About 3,000 outraged Icelanders took to the streets in protest against the scandalous bailout deal planned by their government yesterday, calling on the parliament vote it down. Speaking at the demonstration today, Icelandic author Einar Gudmundsson protested the punishment of a people for deeds by private banks and said: "It is a crime we as a nation have nothing to do with."

Socialist Prime Minister Johanna Sigurdardottir tried to save her traitorous deal by demanding some facesaving changes in it, in an article in the *Financial Times* today. She writes that the cost will be 50% of Iceland's GDP!

German GDP Shrank by 7% in Past Year

Aug. 15 (EIRNS)—June 2009, which, according to the German government, brought the "start of the upswing," in reality, showed a German GDP that was 7.1% lower than in June 2008. That is mainly due to the dramatic and continuing decrease in new orders and output of the core branches of German industry—steel and machine-building, automobiles, shipbuilding, chemicals and petrochemicals. It comes as no surprise, therefore, that between May and June 2009, almost 155,000 jobs were eliminated in the productive economy. The highest rates of job loss occurred in the automobile, metal and plastics, and rubber sectors.

The decrease in real working hours, which in June 2009 was 12.6% as compared with June 2008, reflects the massive expansion of short-work arrangements, which affect a total of 1.4 million German workers whose layoffs have been postponed to the next year. A drop in GDP by 7% between June 2008 and June 2009 translates into EU100 billion of additional burden on the state: This is the combined effect of decreases in income tax and social/health tax payments (EU6 billion and EU4 billion respectively, per year) to the state on the one hand, as well as increased unemployment pay of EU5 billion, which the state has to shoulder per every 1% of workforce being laid off.

United States News Digest

Manufacturers Group Attacks Cap-and-Trade Bill

Brits Set Operations in Motion for Major U.S. Violence

Is Summers Still on the Take from the Hedge Funds?

Congressional Drive To Terminate TARP Getting Belated Attention

Manufacturers Group Attacks Cap-and-Trade Bill

Aug. 13 (EIRNS)—The National Association of Manufacturers (NAM) and the American Council for Capital Formation (ACCF) released a report on Aug. 12 illustrating the physical economic effects of the Waxman-Markey cap-and-trade bill, currently before the Senate. According to the authors of the report, its release was timed to play a big role in the ongoing debate over a cap-and-trade bill in the Senate.

One of the main assumptions in the NAM/ACCF report is the expanded use of nuclear power, as opposed to the recent Energy Information Administration analysis of Waxman-Markey, which assumes that nuclear power will play only a

minor role in the period 2012-30. According to the report, electricity prices would immediately rise after the enactment of Waxman-Markey, and would rise 31-50% higher by 2030. The report says that this rapid increase in energy cost would have tremendous negative effects on the elderly and low-income families. (That is a politically correct way of saying the bill would kill people.)

According to the report, due to the energy cost increases caused by the enactment of Waxman-Markey, the economy would lose an additional 2 million jobs, 750,000 of which would be in the manufacturing sector. This is on top of the already close to 500,000-600,000 jobs lost every month.

Even though the report illustrates some harsh physical economic effects, its major flaw is that it fails to take into account the worldwide crisis, and therefore severely underestimates the devastating effects that a cap-and-trade bill would have on people's lives and the prospect of any meaningful recovery, based on building nuclear power plants and maglev trains.

Brits Set Operations in Motion for Major U.S. Violence

Aug. 12 (EIRNS)—Frustrated at the inability, thus far, of their puppet Barack Obama to ram fascist health-care reform down the throats of the American people, the British have set in motion various French Revolution-style options to trigger chaos and violence in the country. Lyndon LaRouche warned today that there is even a danger of a British-sponsored assassination attempt against President Obama. Much of the media coverage of the town hall revolt against Obama and the Congress has attempted to play up "racism" and fringe-group calls for violence. For example, on July 11, a swastika was painted on a sign outside the office of Rep. David Scott (D-Ga.). At the Obama meeting in Portsmouth, N.H. that same day, a much photographed man with a gun in a holster openly strapped around his calf, showed up to "protest." On cue, the Anti-Defamation League (ADL)-linked Southern Poverty Law Center issued a new study reporting that right-wing militia groups are having a revival. And *USA Today* reports that the Secret Service and the FBI are cooperating to root out potential political attackers, given "the rising level of hate speech" and "surging gun sales."

Beware the guiding British hand behind such provocations.

Is Summers Still on the Take from the Hedge Funds?

Aug. 12 (EIRNS)—The Obama Administration's determination to bail out the speculators is leading to suspicions that White House economic advisor Larry Summers could still be getting big payoffs from the hedge funds he formerly worked for, a City of London analyst told *EIR* yesterday. Everyone knows that Summers got millions from the hedge funds in the past. It is clear that all the toxic-debt bailouts did not work at all, and, come September, as these operations expire, the decay of the whole system will be exposed, the analyst said—but Summers keeps on bailing.

Lyndon LaRouche said that Summers could certainly still be on the take, along with the Obama Administration's other hedge fund crony, Chief of Staff Rahm Emanuel.

Summers was paid millions of dollars by Wall Street during 2008, the *New York Times* has reported. He was paid \$5.2 million by hedge fund D.E. Shaw in 2006-07, for just one day of "work" a week, as well as receiving \$2.7 million in fees from Goldman Sachs, JPMorgan Chase, Citigroup, and Lehman Brothers for speeches in 2008.

Congressional Drive To Terminate TARP Getting Belated Attention

Aug. 10 (EIRNS)—A McClatchy Newspapers article yesterday on the anemic oversight of the Troubled Asset Relief Program (TARP), by a congressionally mandated panel headed by Harvard Prof. Elizabeth Warren, has been picked up

widely by newspapers and Internet sites. The articles make note of a bill introduced June 8 by Rep. Jeb Hensarling (R-Tex.) that would terminate the TARP program at the end of this year. The bill, H.R. 2745, entitled the "TARP Repayment and Termination Act of 2009," has 31 co-sponsors.

Hensarling is the lone Congressman to sit on Warren's Congressional oversight panel, and is the top Republican on the House Financial Services Subcommittee on Financial Institutions and Consumer Credit.

In a July 22 op-ed in the *Washington Times*, Hensarling wrote, "It's plain to see that the program originally intended for financial stability and taxpayer protection has become a \$700 billion revolving bailout slush fund to promote the administration's political, social and economic agenda. And, it is not just the administration's agenda. Congress is getting in on the act, too.... The bill would allow TARP recipients who are deemed safe and sound to pay back the taxpayer and ensure those funds are not recycled for the bailout slush fund but diverted to deficit reduction."

Hensarling voted against the bill that created TARP.

Ibero-American News Digest

[Ecuador Highlights Pan-Americanism for Its Bicentennial](#)

[Mexican States and Municipalities Going Belly-Up](#)

[New York Dem Fronts for Soros Drug Scheme in Ibero-America](#)

[LYM Bust-Up of Soros's Argentine Drug Fest Still Reverberating](#)

[Another Argentine Governor Slams Decrim Plan](#)

Ecuador Highlights Pan-Americanism for Its Bicentennial

Aug. 10 (EIRNS)—The Ecuadorian Embassy in Washington, D.C. has issued a beautiful brochure promoting Pan-Americanism and U.S.-Ecuadorian historical cooperation on railroad building. The brochure was issued in preparation for Ecuador's Bicentennial celebration next year.

This stands in sharp contrast to the crazy antics of Venezuelan President Hugo Chávez, who wants to give an anti-U.S. "Bolivarian" stamp to next year's celebrations, when most of the nations of Ibero-America will be commemorating 200 years of national independence.

The flyer was published by the Ecuadorian Embassy and Ecuador's Permanent Mission to the Organization of American States (OAS), on the occasion of the unveiling of a bust of the country's nationalist President Eloy Alfaro (1897-1901, 1906) in honor of the Bicentennial.

It features fiery excerpts from remarks by Franklin Roosevelt's Vice President, Henry Wallace, on April 20, 1943, at Alfaro's tomb in Guayaquil, and a note on the importance of the Trans-Andean Railroad, built 100 years ago. "The railroad represents a joint project between Ecuador and the United States. Similar to the construction of the Panama Canal, the arrival of the train to Quito required the technology, management systems, and knowledge of public health that were

developed in great projects within Ecuador and the United States."

Mexican States and Municipalities Going Belly-Up

Aug. 12 (EIRNS)—As President Felipe Calderón was issuing reassuring statements yesterday that Mexico is not a failed state, the National Association of Governors announced it had called a two-day emergency meeting in Mexico City with Federal officials to discuss what to do about double-digit drops in both their income and Federal funding.

Coahuila Gov. Humberto Moreira told reporters, however, that while the states are struggling, the municipalities have already been strangled. To wit, 95% of Mexico's 2,435 municipalities—political units roughly equivalent to U.S. counties—all are bankrupt and collapsing, the National Conference of Municipalities of Mexico (CONAMM) reported on Aug. 10.

Two weeks earlier, at the end of July, CONAMM leaders had estimated 70% were bankrupt.

Across the country, public workers are being fired en masse, or given pay cuts; fire and police departments are paralyzed, for lack of fuel; sewage and water projects are being cancelled; street cleaning and sanitation services have been shut down.

A "social explosion" is looming, CONAMM officials warn, if the municipalities do not receive funds quickly. Not said, but obvious, is that in Mexico today, where local governments collapse, the drug cartels move in.

The lead headlines in Mexican dailies today, however, were along the lines of "Mexico Facing Worst Financial Shock in 30 Years," citing Treasury Secretary Agustín Carstens's testimony before a Senate Committee yesterday. Former IMF official Carstens reported the government faces a 480 billion peso hole (US\$37 billion), and new drastic cuts will have to be made, on top of the two budget cuts already made in 2009. He didn't answer Senators' questions as to whether the government planned to impose a VAT tax on food and medicine, or remove electricity subsidies, viciously regressive measures demanded by the money interests which Congress had successfully beaten back until now.

The Mexican economy is disintegrating under the collapse of the international monetary system. Industrial production was down 10.6%, year-on-year, in June, with manufacturing down by 15.2% (worse than after Mexico's banking system disintegrated in 1995), and construction down 6.5%.

New York Dem Fronts for Soros Drug Scheme in Ibero-America

Aug. 13 (EIRNS)—In introducing bipartisan legislation for an "independent" Western Hemisphere Drug Policy Commission, first floated by Soros toady Ethan Nadelmann (aka, "Needleman") of the Drug Policy Alliance, New York Democratic Rep. Eliot Engel covers for the Nazi-trained drug kingpin George Soros.

Introduced last April, the bill suggests that the war on drugs is a failure, and that it's now time to "reexamine our counternarcotics efforts here at home and throughout the Americas." He piously asserts that he opposes legalization.

In an op-ed in the *Christian Science Monitor* Aug. 11, entitled "The War on Drugs Needs a Time Out," Argentine drug legalization advocate Juan Gabriel Tokatlian and Colombian Presidential candidate Rafael Pardo endorse Engel's bill, and then take aim at U.S. support for Mexico's military war on drugs through the Merida Initiative. They warn, "If Mr. Obama intends to avoid a potentially catastrophic scenario in a bordering country, then he should support Engel's initiative."

The new commission would be required to submit recommendations on future U.S. drug policy to Congress, the Secretary of State, and the director of the Office of National Drug Control Policy, 12 months after its first meeting.

LYM Bust-Up of Soros's Argentine Drug Fest Still Reverberating

Aug. 10 (EIRNS)—The fallout from the LaRouche Youth Movement's (LYM) aggressive Aug. 6 intervention into the George Soros-financed Latin American Conference on Drug Policy in Buenos Aires, was visible today on city streets, in signs posted by the Peronist Youth Movement. Plastered in many locations in the downtown area, the signs read, "NO, to Possession and Consumption of Drugs!"

The intent of the Soros decriminalization law that the government hopes to introduce into Congress, is to make possession legal for personal use, as consumption is already legal. The Peronist Youth are rejecting Soros's campaign.

The impact of the LYM's intervention is reflected as well in continued press coverage. Today, the ONLINE*911 website quoted at length the LYM's charge that the British Empire is behind the drug legalization push, to keep Argentina a colony, and destroy young people's power to think: "menticide."

The LYM intervention has driven more than one Argentine journalist to visit LaRouche's websites. The title of this month's *Prometeo*, the LYM publication, is "Obama's Medical Policy Is Nazi Genocide," ONLINE*911 reports.

And while they absurdly describe LaRouche as a "former right-wing Democratic parliamentarian, with an ideological line from extreme U.S. nationalism," ONLINE*911 illustrates the article with a large, legible picture of the front page of the August 2009 LaRouche movement's *El Nuevo Federalista* newspaper, with its banner headline: "Under Obama's Policies, the U.S. Is on the Path to Disintegration."

Another Argentine Governor Slams Decrim Plan

Aug. 12 (EIRNS)—Gov. José Alperovich, of Argentina's Tucumán province, has denounced President Cristina Fernández de Kirchner's plan to decriminalize drug possession for personal consumption, bringing to eight the number of provincial governors who oppose the plan.

Alperovich is a political ally of the President and of her husband and former President Néstor Kirchner, as are several of the other opposing governors, but he parts ways on decrim. This policy, he warned, will "make drug trafficking easier, also because vendors will argue that they are selling for consumers. The damage caused by these substances is so great, that the more difficult it is to obtain them, the better."

In a country where drug consumption has vastly increased in recent years, popular opposition to any form of decriminalization or legalization is significant, standing at 54% opposed in a recent poll.

Western European News Digest

[Zepp-LaRouche Chancellor Candidacy Draws Attention](#)

[Austrian Daily Covers Zepp-LaRouche Candidacy](#)

[LaRouche PAC's 'Obamastache' on German TV](#)

[Milan Factory Occupation Kicks Off Italy's 'Hot Autumn'](#)

[French Officials Say Funds Lacking To Fight Flu](#)

[Demand Italy Pay a Mega-'Kyoto Tax' by 2012](#)

[Denmark's Last Big Shipyard Will Be Shut Down](#)

[Britannia Party Pushes Drug Legalization in Italy](#)

Zepp-LaRouche Chancellor Candidacy Draws Attention

Aug. 10 (EIRNS)—Based on a report by Deutscher Depeschendienst (DDP) news agency, *Mitteldeutsche Zeitung* online today runs a short, factual characterization of Helga Zepp-LaRouche's candidacy for Chancellor of Germany. She is running as the candidate of the Civil Rights Solidarity Movement (BüSo). The article, on small parties running in the federal elections in September, picks out 10 out of 24 parties. Here is what it writes about the BüSo:

"Bürgerrechtsbewegung Solidarität (BüSo): The party, which was founded in 1992, considers itself as part of the international civil rights movement. Its demands are highlighted under the motto 'Right to Life.' The party is characterized by absolute belief in progress: It denies climate change, relies on massive expansion of nuclear power, and demands gigantic maglev networks, which would unite Europe and Asia. BüSo warns of the danger of fascism, opposes the Lisbon Treaty, and wants a new world economic order, modelled after the Bretton Woods System. Besides the CDU, the party is the only one running a female Chancellor candidate: Party leader Helga Zepp-LaRouche has set that goal for herself since 1976."

Mitteldeutsche Zeitung is produced in Halle, Sachsen-Anhalt, one of the former East German states; its print version coverage extends into Saxony, where the BüSo is running a state slate, direct candidates for the federal elections, and is involved in a campaign for the state parliamentary elections on Aug. 30. DDP is a nationwide news agency, which, in 1971, originated out of the German section of American news agency UPI, and has since been taken over successively by various investors.

Austrian Daily Covers Zepp-LaRouche Candidacy

Aug. 14 (EIRNS)—In an article on the small parties in the German election campaign, the Austrian economics daily *Der Standard*, wrote today, under the headline, "With the D-Mark Against the Crisis," that "the Civil Rights Solidarity Movement (BüSo) has even nominated a self-proclaimed Chancellor candidate, Helga Zepp-LaRouche. Concerning the economic crisis, the party makes several back-flips and calls for the return to fixed currency-exchange rates and of the D-mark, as well as the 'major re-entry to nuclear power.'"

In Germany, the independent website "pressemitteilungen" announces the Zepp-LaRouche webcast from Berlin on Aug. 21. The website also announced the last Berlin webcast a month ago.

LaRouche PAC's 'Obamastache' on German TV

BERLIN, Aug. 11 (EIRNS)—After weeks of blocking out any truth about Obama's Nazi "health-care" plan and the opposition to it, finally the German media had to admit the truth: On Germany's first national TV channel ARD, the late evening news program featured the national brawl taking place around the health-care bill. After noting that 45 million Americans have no health insurance at all, the moderator goes on to say that Obama is running into huge opposition with his plan: The great American virtue of listening to different opinions than your own is sacrificed for "screaming matches at traditionally peaceful town hall meetings."

After showing some footage of the egomaniacal President insisting on having his way this year, the reporter goes on to say: "But, out in the boondocks, something is brewing. Scare-mongering is spreading, fear of equalization, fear of evil." They then interview an LaRouche PAC organizer saying: "This health-care plan is a euthanasia plan." The organizer goes on to say that this is like Hitler's T-4 program, authorized in 1939, while the reporter says that the person is expressing his opposition; the camera then zooms in on the organizer's picket sign, showing Obama sporting his Hitler mustache, and the caption beneath, "I've Changed." The last thing one can hear is the organizer saying, about Obama: "He's actually more stupid than Hitler."

Milan Factory Occupation Kicks Off Italy's 'Hot Autumn'

Aug. 13 (EIRNS)—A successful workers' revolt in INNSE, a small factory in Milan, has set an example for the coming "Hot Autumn" in Italy. Workers at INNSE occupied a crane for many days, until decisions to shut down the plant, buy the equipment cheap, and outsource it, were reversed. Helped by mediation through trade union, government, and local authorities, INNSE workers found a purchaser for the plant. The purchaser, the Brescia-based Camozzi group, plans to integrate INNSE into its production lines of tires, machine tools, textiles, and energy.

Following the example of INNSE, workers at CIM, a small factory on the outskirts of Rome, have also occupied a 37-meter-high crane for three days now, demanding that the factory not be closed and equipment not be moved out.

Similar is the case of the multinational Manuli Rubber group, which decided to close its plant in Ascoli-Piceno and lay off 380 workers. Manuli workers have picketed the plant, in order to prevent machines from being moved to the new outsourced location. The workers are backed by city, provincial, and regional authorities. Suppliers to Manuli employ about 500 more workers.

Trade unionists are expecting an expansion of factory occupations and "unconventional" forms of struggle, in the coming "Hot Autumn" period, in which pre-layoff checks will expire for hundreds of thousands of workers.

French Officials Say Funds Lacking To Fight Flu

PARIS, Aug. 10 (EIRNS)—French public hospital officials are warning the government that current funding criteria are inadequate to prepare for coping with the A/H1N1 swine flu pandemic. The recently introduced insane monetarist standards (the T2A) establish a direct relationship between each medical procedure or treatment and the hospital's income. These standards push hospitals to increasingly perform fewer "unprofitable" procedures for chronic diseases or for health care for the poor. By this Nazi-like system, of course, all the remaining "unprofitable" activities, such as teaching, R&D, and even emergency medical services, depend on small, separated budgets.

Demand Italy Pay a Mega-'Kyoto Tax' by 2012

Aug. 13 (EIRNS)—The managing committee of the Kyoto Agreement has calculated that Italy should buy EU840 million

in CO₂ "emission rights" by 2012. If the government does not comply, prosecutors could shut down plants, and the EU could impose a fine up to EU5.6 billion.

This insane situation is due to the cap, negotiated one and a half years ago, by the Prodi government in Brussels, by which Italy set for itself a cap 15% lower than the current emission level. Other countries, such as Germany and France, although accepting the CO₂ cap insanity, negotiated a more "reasonable" cap for themselves. As a result, Italy will be forced to buy CO₂ rights from its neighbors, or cancel 86 energy and industrial plants.

Reflecting a growing protest from industrial circles, the business daily *Il Sole 24 Ore* wrote that the purchase of CO₂ rights "has no positive impact on the environment, but it would be a simple and direct money transfer from Italian citizens, to those who have emission rights." Since current industrial emission standards in Italy are already pretty low, the consequence of the insane deal is: Either pay the ideological tax or shut down industry.

Denmark's Last Big Shipyard Will Be Shut Down

Aug. 15 (EIRNS)—The profound crisis which has hit the German shipyards, also has hit those of Denmark, where yesterday, the management of the Lindoe shipyard, which specializes in building huge container ships for transports between Europe and Asia, like the *Emma Maersk*, with a carrying capacity of 13,000 containers. Since there is no follow-up of present orders for 12 commercial ships and three frigates for the Danish Navy, which Lindoe will still build, the 2,500 ship-building jobs, and another 10,000 jobs in the feeder industries, will be axed sometime in 2010, some of these already in the remaining months of 2009.

Britannia Party Pushes Drug Legalization in Italy

Aug. 15 (EIRNS)—Beppe Grillo, the clown who runs the largest blog in the world, and has teamed up with "Clean Hands" thug Antonio Di Pietro's Jacobin party, has launched a campaign for drug decriminalization. Small world: Grillo's blog is managed by a firm called Casaleggio Associati, whose founding partner, Eric Sassoon, is a member of the infamous Sassoon family that started opium trade in India for the British East India Company. Sassoon is also chairman of the American Chamber of Commerce in Italy.

Russia and the CIS News Digest

- [Crash of the Russian Auto Industry](#)

Crash of the Russian Auto Industry

Aug. 15 (EIRNS)—Russia's auto production—both domestic and foreign-invested—is teetering on the brink. The auto producer IzhAvto, which employs 5,500 people, has filed for bankruptcy due to losses incurred since the third quarter of 2008. Already, 2,000 workers have been paid to leave their jobs, and the company will try to save the remaining 3,300 jobs, the *Moscow Times* reported. IzhAvto is the main single employer in the western Urals republic of Udmurtia, assembling cars for the biggest Russian automaker, AvtoVAZ, and the Korean company Kia. The company collapsed under debts of over 11 billion rubles (about \$400 million), and began cutting production in April.

The entire Russian auto industry has been folding up over the past year. New car sales contracted 58% year-on-year in July, after falling 56% in June. The Russian Trade and Industry Ministry is proposing a Russian version of the Obama

Administration's "cash for clunkers" absurdity—although that operation is already falling apart. Toyota and other foreign companies are all reporting similar disastrous sales and production in Russia.

AvtoVAZ itself is in big trouble. On Aug. 12, the company, which produces the Lada, reported that it had spent nearly all the 33 billion rubles (\$1 billion) in state emergency loans ordered by Prime Minister Vladimir Putin in March, to pay off debts to suppliers, as well as wages and taxes. In August, AvtoVAZ imposed the third month-long production halt since November, in an effort to avoid mass layoffs. In the Volga town of Tolyatti (Togliatti), site of the main plant, workers will only return to 20-hour weeks and 50% wage cuts in September, giving them about 6,000-9,000 rubles a month (\$200-300), which means you either pay your rent or you eat. Thousands of workers have been protesting in the streets, and much more widespread social unrest is likely in the Autumn.

All over Russia, one-factory towns are being hit hardest by the crisis. There are some 460 such towns, with 35 million people living in them, and these industries made up 40% of Russia's GDP last year, the *St. Petersburg Times* reported July 30, citing the Moscow Institute for Regional Politics. Auto industry towns are in the biggest trouble, the Institute said.

Sections of Russian agriculture are also suffering. On Aug. 11, Itar-Tass reported that Russia may have a dairy product deficit this Autumn, because so many small milk producers will go out of business. Russian Union of Milk Producers head Andrei Danilenko told the press that this Summer, almost 99% of milk producers reported losses, and some 200,000 cattle were culled.

Southwest Asia News Digest

[Ha'aretz: Obama's Mideast Policy 'Will Not Bring Peace'](#)

[AIPAC Financing Congressmen's Escape from Mass Strike](#)

[Suicide Car Bomber Kills Seven at NATO Headquarters](#)

***Ha'aretz*: Obama's Mideast Policy 'Will Not Bring Peace'**

Aug. 16 (EIRNS)—In a damning condemnation of the six-month-old Obama Presidency, Gideon Levy, a commentator in the Israeli daily *Ha'aretz*, says that the "hoopla" is gone, and that the "hope" that came in with Barack Obama "is now on its deathbed."

Levy writes, "An America that will not pressure Israel is an America that will not bring peace," after documenting how Obama has forced his special envoy to the Mideast, George Mitchell, into dealing with "trivialities" and haggling over a one-year freeze or a six-month freeze on Israeli settlements, etc. Levy points out that right-wing former Prime Minister Menachem Begin delivered more on peace agreements in less time in office than Obama's six months. The article appears as current Prime Minister Benjamin Netanyahu's negotiator on settlements, Yitzhak Molcho, left for Washington today.

The Netanyahu government does not fear anything from Obama, who emits nothing but hot air. Levy writes, "One source familiar with Obama's inner circle likened him this week to a man who inflates a number of balloons every day in the hope that one of them will rise." None of them have, and now, the word is out: "To hell with Obama. The settlers continue to move into more homes in East Jerusalem, Netanyahu is silent, and Israelis sense that the 'danger' has passed. Israel is once again permitted to do as it pleases."

Obama has abandoned the Israeli peace faction, Levy writes. "Those of us who are here, Mr. President, are sinking in the wretched mud...."

AIPAC Financing Congressmen's Escape from Mass Strike

Aug. 11 (EIRNS)—After giving years of support to the security of Israel, American Congressmen are finally getting something in return: protection from their constituents. The right-wing Israeli lobby group American Israel Public Affairs Committee (AIPAC) is currently financing a trip to Israel for 51 Congressmen—including 31 Democrats fleeing from their constituents—who are there under cover of studying the security situation in the Middle East and the alleged Iranian nuclear threat.

Israeli leaders, including Prime Minister Benjamin Netanyahu, President Shimon Peres, and Foreign Minister Avigdor Lieberman, met with members of the delegation, which is said to be the largest in history.

The constituents of Rep. Parker Griffith (D-Ala.), for one, think the ostensible reasons for the trip are a cover story. The *Huntsville Times* reports that Griffith went to Israel with the claim that he is supporting the Alabama weapons industry, which sells to Israel. Most of the following ten reader comments on the newspaper's website slam Griffith for fleeing from his constituents. A few examples:

* "Since he won't hold a true well-publicized town hall not sponsored by some special interest group, he might as well not be in his district."

* "He's doing what ANY Rep from the 5th District would be doing—supporting the industries from this area. What he refuses to do is much more telling, show up and go on the record on issues where he'll have to choose between his constituents and his handlers in D.C. I think the 5th deserves better than having a Pelosi lapdog in Congress."

* "Well, that's one way to get away from all the troubles in your district, Rep. Griffith!!! Run, Parker, Run!!! The gutless Congressman of the 5th district."

* "When I first read this I thought, he's escaping talking to his constituents. Let's see what happens when reelection time comes around next year. Bet he wants be in Israel then. I'm for cleaning the house."

Suicide Car Bomber Kills Seven at NATO Headquarters

Aug. 15 (EIRNS)—On Aug. 15, a suicide car bomber passed through three checkpoints, and hit NATO headquarters, located in what has been the most secure area in Kabul. Afghanistan's Defense Ministry said at least 7 were killed and nearly 100 wounded. Some of those wounded were International Security Assistance Force (ISAF) members of NATO. RFE/RL Radio Free Afghanistan reports that an Afghan Member of Parliament, Hawa Alam Nuristani, and at least four ISAF soldiers were among those wounded in the blast.

Although most observers pointed at the plan to disrupt the Aug. 20 elections as the prime motive that led to this car bombing, the fact remains that Afghan insurgents are gaining ground rapidly; it is expected that this blast will reduce voter turnout. In the last month, the number of violent incidents has grown by more than 60%. While the U.S. and NATO troop commander Gen. Stanley McChrystal is pushing ahead with the Obama Administration's unstated strategy to secure a military victory in Afghanistan, the regrouped Afghan insurgents seem to be ready to face the challenge. It is expected that the insurgents will ratchet up the level of violence and hit the foreign occupiers deep inside their most secured territories.

Asia News Digest

[India's Second Moon-Orbiter Will Be Nuclear Powered](#)

[Nuclear Power Is India's Green Power, Says Chidambaram](#)

[China's Export Sector Shrinks for Ninth Straight Month](#)

[The \\$100 Billion Iron Ore Theft: Rio Tinto](#)

[Hagel, Hamilton Warn Against Afghan Quagmire](#)

India's Second Moon-Orbiter Will Be Nuclear Powered

Aug. 14 (EIRNS)—Indian Space Research organization (ISRO) chief G. Madhavan Nair addressed engineering students at the Mumbai-based IIT (Indian Institutes of Technology) on Aug. 13, telling them that "we are thinking of powering some parts of Chandrayaan-II with nuclear energy, which will power the spacecraft when it revolves around the dark side of the moon...." Chandrayaan-II is scheduled to be launched in 2012. India's first moon-orbiter, Chandrayaan-I, is presently orbiting the Moon and the Moon Mineralogy Mapper, a NASA instrument on board, took a photo of the Earth from about 200 km above the Moon's surface.

Chandrayaan-II will have a lander and a rover for exploring the Moon's surface. It is a joint Indo-Russian mission, in which the orbiter will be designed and developed by ISRO, while Russia will look after the lander and the rover.

Madhavan Nair emphasized the safety aspects, in his talk to the students in Mumbai. "The project poses many challenges, he said, "and maximum care has to be taken during the ground-to-orbit phase. To work out the safety issues, we have to work on new technologies and the feasibility studies will help in those."

Quoting a NASA study, ISRO officials told the Indian media that one of the main advantages of a nuclear-powered rocket is that it will considerably reduce the launch cost. The higher efficiency of a nuclear-powered engine means that almost 29 tons of cargo could be delivered to the Moon, against 21 tons with a non-nuclear one.

Nuclear Power Is India's Green Power, Says Chidambaram

Aug. 14 (EIRNS)—The principal scientific advisor to the government of India and former chairman of the Atomic Energy Commission, Dr. R. Chidambaram, said yesterday that nuclear power is India's "green" fuel to cut down polluting emissions. He was delivering the keynote address at a workshop organized by the Indian Nuclear Society and The Energy and Resources Institute (TERI) in New Delhi.

A large dose of nuclear power was the only way India would achieve both energy security and combat climate change, he said. "Nuclear, hydroelectricity, renewable, and energy efficiency are the mitigating technologies that will reduce India's greenhouse gas emissions," Chidambaram added. "The world realizes this, and that is why there is a nuclear renaissance in developed countries."

Asserting that, unlike in the past, there are now no gaps in the country's technology and knowledge sectors, he said India has a big advantage in nuclear power, since Indian scientists have worked in this area for over 50 years. "The next generation fast breeder reactors (FBR) using plutonium (instead of uranium) are ready. The first FBR will be up next year, and four more by 2020." By that time, India will be ready to move third-generation nuclear power stations, using thorium, Chidambaram predicted, "though it still needs a great deal of research and development." He expected India, with its vast thorium reserves, to become a global leader in this form of technology.

China's Export Sector Shrinks for Ninth Straight Month

Aug. 12 (EIRNS)—China's exports in July crashed by 23% from a year earlier, the ninth straight month of devastation of the export sector, Ministry of Commerce Vice Minister Fu Ziyang announced yesterday in Beijing. Imports were down almost 15%. There is no end in sight to the world economic crisis, he said, and this will keep exports contracting. "There have been no big changes in the three major factors that pose a huge negative influence on China's trade, so it is hard to say whether China's imports and exports can rebound in the second half," Fu said. "Uncertainty" still dominates.

"China's economy is showing signs of recovery. But there are possibilities that growth will slow down again, as the international economic outlook remains unclear. Domestic demand, which is still restricted by various factors, is not able to entirely make up for the losses due to a sluggish external demand," he said.

Lyndon LaRouche has emphasized that China's cheap labor export policy has made it impossible for China and its population to earn enough to build its economy, and China cannot "jumpstart" the transition it needs on its own—that must be done in cooperation with the United States, Russia, and India, in a Four Powers alliance.

The \$100 Billion Iron Ore Theft: Rio Tinto

Aug. 9 (EIRNS)—The British imperial firm Rio Tinto's six years of spying on China's steel industry cost China 700 billion yuan (\$102 billion) in excessive charges for iron ore, according to a report published on a website controlled by the Chinese government.

China's National Administration for the Protection of State Secrets published a report, in Chinese, on the Baomi.org website, that indicates that Rio Tinto's commercial spying involved "winning over and buying off, prying out intelligence, routing one by one, and gaining things by deceit" over six years. "The large amount of intelligence and data from our country's steel sector found on Rio Tinto's computers and the massive damage to our national economic security and interests are plainly obvious."

China is the world's largest steel maker, and accounts for half of the global \$52 billion trade in iron ore, mostly purchased from the British-Australian mining cartels Rio Tinto and Billiton, and from the Brazilian Vale.

The magnitude of the loss reported by the Chinese government indicates that the information, contacts, and distorted prices obtained by Rio Tinto distorted the entire world market for iron ore. That is, whether or not Billiton, Vale, and tertiary miners were also involved in the price-fixing operation, they benefitted, and other major importers of iron ore, such as Japan and South Korea, likely also took substantial losses.

Hagel, Hamilton Warn Against Afghan Quagmire

Aug. 16 (EIRNS)—Former U.S. Sen. Chuck Hagel warned today that the United States could find itself bogged down in Afghanistan, "drifting dangerously deeper and deeper into a situation where it becomes very difficult to get out. In the

context of discussing Gen. Stanley McChrystal's anticipated request for more troops, Hagel counterposed Defense Secretary's Robert Gates warning, that the more forces we throw into Afghanistan, the more we are seen as an occupation force. "That was a difficult lesson in Vietnam, Hagel recalled.

Hagel noted that, as of this Fall, the U.S. will have been in Afghanistan for nine years, and that if the objective is "nation-building, then we are getting very deep into something we don't do very well. "This area of the world is at the crossroads of the most dangerous, complicated, combustible region on Earth, he cautioned.

Hagel appeared on CBS's "Face the Nation on Aug. 16, with Iraq Study Group co-chair Lee Hamilton, who also warned against U.S. involvement in nation-building: "I do not personally think we can modernize Afghanistan. There are historical, political, cultural, economic forces that are massive in that country, and we can't turn them around."

Africa News Digest

- [Sudan's Bashir: 2005 Deal with U.S. Was Sabotaged](#)

Sudan's Bashir: 2005 Deal with U.S. Was Sabotaged

Aug. 14 (EIRNS)—PBS NewsHour carried a feature on Sudan yesterday evening, based on an interview done with President Omar al-Bashir by *Time* magazine in Khartoum last week.

In the interview (which notably lacked any hyping of the fake genocide charges against the President), Bashir revealed that after he had signed the U.S.-mediated Comprehensive Peace Agreement (CPA) with the South in January 2005, after a protracted civil war, he had received a congratulatory phone call from then-President George Bush. As part of the peace agreement, the United States had agreed to normalize relations with Sudan, and to take it off the list of terrorist sympathizers. This would have allowed economic collaboration between Sudan and the U.S.A.

EIR's sources report that at the time of the signing of the CPA, which took place in Kenya, members of the Bush Administration had suggested a big event in Washington, to celebrate the signing.

But the celebration and the normalization of relations never happened. In the *Time* interview, Bashir said that this was because there was a force in the United States, more powerful than the President, which sabotaged this part of the agreement.

There are indications that there are elements in the two countries who are once again trying to improve bilateral relations. One indication from the U.S. side, is that PBS aired special envoy Gen. Scott Gration's attack, in a Senate hearing, on the U.S. sanctions against Sudan, which are an impediment to the successful implementation of the CPA.

For his part, Bashir hinted in the interview, that since he has been in power for 20 years, he may not run in the 2010 election. Such a move is seen as important to facilitate normalization between the United States and Sudan. Before the British imperial International Criminal Court (ICC) issued a warrant against Bashir on March 4, 2009, President Bashir had indicated that he was considering stepping down, but after the ICC warrant was issued against him, his popularity in Sudan, all of Africa, and Southwest Asia, greatly increased. In the *Time* interview, Bashir dismissed the ICC as a political tool.

The fraudulent ICC arrest warrant was a deliberate move by the British, acting through George Soros and Lord Malloch

Brown, to sabotage any attempt to improve relations between the U.S. and Sudan. Gration, together with forces in Sudan who are reaching out to the U.S., are trying to ensure that the CPA does not falter, and the country does not return to war.

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[top of page](#)

[home page](#)