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**LaRouche Addresses Diplomats:**  
**Mass Strike Is Opportunity To Create New Monetary System**

*Here is Lyndon LaRouche's strategic briefing to private luncheon attended by members of the Washington diplomatic corps, Aug. 19.*

Today, I have to present, I think, on this occasion, a qualified forecast of some things which are certain, and some things which have yet to be decided. What is certain, as of now, unless there's a very radical change from anything in sight between now and the middle of October, is, we are in a period of a general breakdown of the entire world financial system. That is not an exaggeration. That's not maybe: The breakdown of the entire international financial system is now in progress.

The thing that will trigger the breakdown, is the collapse of the U.S. dollar. The whole system is ready to go: Where is the detonator on the explosive charge? The detonator on the explosive charge is inside the United States, and involves the effect of a collapse of the value of the dollar on the international market. And by collapse, I mean *collapse*...

**In-Depth articles from EIR, Vol. 36, No. 33**

**...Requires Adobe Reader®.**

## **This Week's Cover**

- **LaRouche Addresses Diplomats:**  
**Mass Strike Is Opportunity To Create New Monetary System**

**Lyndon LaRouche** gave this strategic briefing to members of the Washington diplomatic corps on Aug. 19. The turnout of U.S. citizens for town hall meetings on the health-care issue exceeds anything on record, in recent times, he said. 'The population of the United States, in the main, has turned against the institutions of government in a phenonemon which is known historically as a mass strike. . . . You have a collision between a population which no longer trusts its President, no longer trusts its Congress, the Senate or the House of Representatives. Most members of the House of Representatives and Senate, believe they're not going to be re-elected in the next election, which is next year.' What will happen? The direction required for global reform is clear, but will national leaders act? 'All it takes is the will. The crisis will give the will, if the people are there, and the leaders are there to recognize the situation, and say, 'No more postponing this issue. Humanity is now in danger.' '

- **LaRouche on the Space Program:**  
**Begin Now on a Mission to Mars**

A reply to a question at the luncheon seminar.

## **National**

- **London's Health-Care Debacle:**  
**Obama Suffers August Meltdown as U.S. Mass Strike Explodes**

As political temperatures rose, threatening President Obama's notorious ego, advisors urged him, 'Go on vacation, get off the airwaves,

and get your people off the airwaves.' Next stop: Martha's Vineyard.

- [\*\*LPAC Organizer Confronts Rep. Frank at Town Meeting\*\*](#)

## Economics

- [\*\*River of Denial Runs Through Washington, Jackson Hole\*\*](#)

The mantra that 'the crisis is past, recovery is coming' is being chanted by a chorus of bankers, regulators, economists, politicians, and journalists. There is a noticeable tinge of zealotry in the song, a hint that the truth of the recovery is too obvious to be ignored, and that anyone who disagrees simply isn't paying attention. Of course, they are lying—and they know it.

- [\*\*Fall Flu Pandemic Engulfs Obama's Nazi Health-Care 'Reform' Drive\*\*](#)

Although the U.S. flu season has hardly begun, multiple counties in several states are already in unofficial 'crisis management mode.'

## Departments

- [\*\*Herd on the Street:  
The Top of His Game\*\*](#)

## International

- [\*\*Zepp-LaRouche Webcast:  
Overcome Fascist Thinking with Technological Progress!\*\*](#)

**Helga Zepp-LaRouche**, the candidate of the Civil Rights Solidarity Movement for Germany's Chancellor, developed two principal themes in her Aug. 21 webcast: the existential financial-economic crisis that is now upon us, bringing with it the threat of fascism, and against which the U.S. population has risen up in a mass strike revolt; and the alternative of scientific and technological progress to build a future, as best illustrated by a new Moon-Mars program.

- [\*\*Blair Circles React to LaRouche Breakout\*\*](#)
- [\*\*Coverup of Dr. Kelly's Death Unraveling\*\*](#)
- [\*\*Report from the UN:  
More People Than Ever Are Victims of Hunger\*\*](#)
- [\*\*International Intelligence\*\*](#)

## History

- [\*\*The Triple Entente:  
Sealed with Iranian Blood, Part 2\*\*](#)  
[\*\*by Dean Andromidas\*\*](#)

The British Empire's formation of the so-called Triple Entente—the combination of its Entente Cordiale with France (1904) and the Anglo-Russian Convention (1907)—led directly to World War I. Many of the people who created it were also involved in crushing Persia's Constitutional Government in 1911, and driving out Morgan Shuster, the American who was working with the Persian constitutionalists against the imperialists of Britain, Russia, and France.

# The LaRouche Show

- [Abraham Lincoln at 200:](#)

## [What Americans Need To Know About Our Greatest President](#)

A LaRouche Show Internet radio roundtable on Feb. 14, 2009, with guests EIR historian **Anton Chaitkin**, West Coast LaRouche PAC leader **Philip Rubinstein**, and LaRouche Youth Movement leader **Michelle Lerner**.

## Editorial

- [Your President's Mustache](#)

## This Week's News

## U.S. Economic/Financial News

### [New Report: States' Revenue Holes Are Bottomless](#)

### [Colorado Makes More Medicaid Cuts](#)

### [Four More U.S. Banks Bite the Dust, Bringing Total to 81](#)

### [State Budget Carnage Continues](#)

## New Report: States' Revenue Holes Are Bottomless

Aug. 18 (EIRNS)—"At least half the states already" are in the red, "less than a month after their new budgets began July 1," according to *Stateline.org*, a project of the Pew Center on the States, which, on Aug. 17, posted its annual review of all 50 states.

Just six weeks into the new fiscal year, there are calls for legislative emergency sessions. For instance, on Aug. 11, Nevada Gov. Jim Gibbons said, given his state's plunge in gaming tax revenue, which funds 27% of Nevada's spending, "If it gets to a point where we no longer can make adjustments, we will have to consider a special session and the Legislature's help."

In Maryland, Gov. Martin O'Malley must identify, by September, where \$700 million must be cut from "new budget" spending, because the legislature is out of session. He has found \$250 million, and told the Maryland Association of Counties Aug. 15 that he has "trouble sleeping," over the prospect of \$470 million more in cuts ahead.

Pennsylvania, Connecticut, and Arizona have not yet even managed to come up with a pretense of an FY2010 budget, because of their impossible revenue-to-spending gap.

Various think tanks put the states' two-year (FY2009 and 2010) revenue losses between \$215 billion and \$275 billion—but

that involves a linear projection in a situation which is actually a meltdown.

According to the *Stateline.org* study, cuts made to "balance" the FY2009 budgets were:

- \* 35 states cut higher education or increased tuition;
- \* 26 slashed prison funding, with 7 states closing prisons;
- \* 17 states forced state workers to take furloughs or unpaid leave, affecting 850,000 people;
- \* 4 states required Medicaid patients to pay more for care; and
- \* 8 states cut optional Medicaid benefits such as dental care.

But it gets worse. To enact their new, failing, FY2010 budgets, 15 states have incorporated further cuts to Medicaid programs. "Some 40,000 poor people were cut from Washington State's basic health-care plan, and another 29,500 poor adults lost coverage when Minnesota eliminated a program for individuals who don't qualify for Medicaid," the report states. These individuals are the poor people who are non-elderly, childless, or whose income is too high to qualify for medical assistance.

### **Colorado Makes More Medicaid Cuts**

Aug. 19 (EIRNS)—On Aug. 18, Colorado Gov. Bill Ritter, faced with a \$318 million revenue shortfall just six weeks into the new fiscal year, sharpened his budget knife as he announced \$216 million in new cuts to the FY2010 budget. First on the chopping block: Medicaid payments. He will cut Medicaid reimbursement rates, which had been cut earlier by 2%, in the new budget, for the fiscal year that started July 1. Now they will be cut by 1.5% for providers, and 2.5% for providers of behavioral-health and developmental-disability services, the *Denver Business Journal* reports. The cuts will "save" \$34.2 million, but kill how many? Many doctors will "rethink their participation in the Medicaid program," a Colorado Medical Society spokesman said.

Also at risk, are the state's 15 community health centers that provide services to low-income residents. The centers "will be scrambling to manage the consequences of these cuts. Measures that may have to be taken include reducing services, cutting back on hours of service, and reducing staff," a Colorado Community Health Network statement said.

### **Four More U.S. Banks Bite the Dust, Bringing Total to 81**

Aug. 21 (EIRNS)—Four U.S. banks failed today, bringing the total to 81 for the year, as the rate of failures accelerates, and the size of the banks being closed grows. The closings bring the year-to-date assets of failed banks to \$89 billion, and the deposits to \$72 billion. This compares to 25 failures in all of last year, although the failure of the \$307 billion Washington Mutual drove the assets of failed banks to \$373 billion, and the deposits of failed banks to \$235 billion.

Closed today were: Guaranty Financial of Austin, Tex.; CapitalSouth Bank of Birmingham, Ala.; First Coweta of Newnan, Ga.; and Ebank of Atlanta. All but Guaranty Financial were small banks, with assets and deposits under \$1 billion. Guaranty Financial, with \$13 billion in assets and \$12 billion in deposits, was the second-largest bank to fail this year, topped only by last week's closure of Colonial of Montgomery, Ala. (\$25 billion and \$20 billion, respectively).

Guaranty Financial is the tenth-largest bank failure in U.S. history, and could only be closed because a sale had been arranged to BBVA Compass, the U.S. unit of Spain's Banco Bilbao Vizcaya Argentaria. The bank held some \$3.5 billion of securities backed by adjustable-rate mortgages, with delinquency rates of around 40%.

The failure of Guaranty Financial marks a new phase of the U.S. banking collapse, as the values of mortgage-backed securities (MBS) plunge. As of March 31, U.S. banks and thrifts held \$13.5 trillion in such securities, or 16% of total assets, signalling more carnage to come from MBS, on top of the mounting losses from ordinary loans. Nearly 1,400 banks own "private label" MBS, bought from Wall Street firms and carrying no government guarantees. Banks are also being hit by losses on some \$50 billion of "trust preferred securities," a form of collateralized debt obligation sold to them by the Wall Street sharks as safe investments. As the economy continues its collapse, losses of all types will accelerate.

## State Budget Carnage Continues

Aug. 20 (EIRNS)—News media continue to report particulars of U.S. state and local budget crises spiralling out of control.

The *Washington Post* reported that Virginia Gov. Tom Kaine (D) said Aug. 19 that he might have to further cut core services, including education, health care, and public safety, and lay off employees. He may also borrow money from the state's "rainy-day fund" (evidently, it's pouring) to make up a \$1.5 billion budget shortfall. Kaine will announce specific cuts early next month.

The Philadelphia CBS affiliate reported, citing Mayor Michael Nutter (D) and court officials, at a news conference yesterday, that Philadelphia's court system will face a "virtual shutdown" if the city, which is facing a \$1.4 billion five-year budget deficit, does not get state approval for a sales tax increase and changes to how it makes its pension payments. Without those changes, Nutter says, nearly 1,000 police officers and 200 firefighters would have to be cut.

Britain's *Economist* magazine's news roundup noted that, in California, a state board voted to end health insurance for more than 60,000 children because of recent budget amendments.

AP and local TV report that in North Carolina, seven prison closings begin next month, causing relocation of 950-1,000 prisoners. 500-1,000 jobs will be cut in Department of Corrections.

## Global Economic News

- [German Truck Manufacturers in Deep Trouble](#)

### German Truck Manufacturers in Deep Trouble

Aug. 18 (EIRNS)—Production of commercial vehicles in Germany is down by 59% for the first two quarters of 2009, compared with the same period last year. Exports of heavy trucks and construction vehicles fared even worse, plunging by 65%, while exports of heavy trailers and earth-moving equipment fell by 70%. The worst month so far was February, when orders from abroad collapsed by 95% (!), after an already catastrophic January with -76%.

At MAN, Germany's leading truck producer, production at the end of the first half of 2009 is down by 58%, as compared with a year ago, and 12,000 of the firm's workers are more or less constantly on short-work schedules. Contract workers have been eliminated altogether, with a loss of 3,600 jobs during the past six months.

This is an unmistakable sign of collapse in the real economy, unfiltered by any "cash for clunkers" trade-in incentives. Mining is down, as are container and other heavy transport by sea and land; big construction projects are being called off; and companies have stopped modernizing or expanding their truck and trailer fleets.

## United States News Digest

### Veterans Administration Promotes Idea of a Life Not Worth Living

### Obama Science Advisor: Cut Health Care to the Elderly

### Connecticut, Pennsylvania Still Have No Budget

### Forthcoming Book: HMO Looting of Health Care

#### **Veterans Administration Promotes Idea of a Life Not Worth Living**

Aug. 21 (EIRNS)—While the Obama Administration and the Democratic misleadership of House Speaker Nancy Pelosi are promoting the Independent Medicare Advisory Council (IMAC), a Hitler-style death panel, in their current health-care bill, the Obama Administration has already approved an end-of-life planning document, in the Department of Veterans Affairs (VA).

According to Jim Towey, in an op-ed in the *Wall Street Journal* on Aug. 19, entitled "The Death Book for Veterans," this document argues that depression, disability, and being a financial burden could constitute "*Lebensunwertes Leben*" (Life Unworthy of Life). According to Towey, last year, bureaucrats at the VA's National Center for Ethics in Health Care advocated a 52-page end-of-life planning document, "Your Life, Your Choices." It was first published in 1997, and later promoted as the VA's preferred living will throughout its vast network of hospitals and nursing homes. After the Bush White House took a look at how this document was treating complex health and moral issues, the VA suspended its use. Under President Obama, the VA has resuscitated "Your Life, Your Choices."

The primary author of the document is Dr. Robert Pearlman, chief of ethics evaluation for the Center, a man who, in 1996, advocated for physician-assisted suicide in *Vacco v. Quill*, before the U.S. Supreme Court, and is known for his support of health-care rationing.

The document suggests that both family finances and clinical depression could constitute a life unworthy of life. It invites veterans to define even non-terminal conditions (such as being in a wheelchair, or suffering from depression) as *Lebensunwertes Leben*. Veterans are asked if the following conditions would make life not worth living: "I can no longer walk but get around in a wheelchair; I can no longer contribute to my family's well-being; I am a severe financial burden on my family"; and "I cannot seem to shake the blues."

Only one organization is listed in the new version of this document as a resource on advance directives: the Hemlock Society (now known as "Compassion and Choices").

A July 2009 VA directive instructs its primary care physicians to discuss advance care ("end of life") planning with *all* VA patients, and to refer them to "Your Life, Your Choices."

## Obama Science Advisor: Cut Health Care to the Elderly

Aug. 20 (EIRNS)—Dr. Christine Cassel, who was appointed on April 27 to be a member of President Obama's Council of Advisors on Science and Technology, spoke today in Washington, D.C., on the urgency of implementing the Obama health plan, which is focussed on saving money by denying medical care to people deemed to be in their last weeks of life. Cassel, who was an advisor to Congress on drafting the health legislation, argued that studies by the Robert Wood Johnson Foundation showed that half of the population suffers pain in the last three days of their lives, and that 38% are on ventilators for several days before they die, and that "this is clearly not what people want." Does that mean we should deny ventilators to the sick, or withdraw treatment in favor of pain-killers to anyone in pain?

Cassel answers that question with a chart, with a "quality of death score" on the vertical axis, and the amount of money spent in the last week of life on the horizontal axis; it is a descending graph, showing a score of 7 for no money spent on health at all during the last week of life, falling rapidly to only 5 with \$6,000 spent, and falling slowly after that as more money is spent! Cassel concluded: "You can see that people who actually had less money spent on them actually had a higher quality of life over that last week. Spending money is just not the same as getting better care, or better quality of care."

This absurd methodology was dissected by Dr. Ned Rosinsky, M.D., in *EIR*, July 31, 2009.

Cassel was the founding director of the Robert Wood Johnson Foundation's Center for Clinical Research, among many leading positions at universities and hospitals. She appeared with Daniel Callahan, head of the Hastings Center (which promotes euthanasia), in 2003 for a discussion of "Should Age Count in Allocating Health Care Resources?"

## Connecticut, Pennsylvania Still Have No Budget

Aug. 22 (EIRNS)—While most states are busy cutting their own throats with budget cuts and personnel furloughs, two remain with no budgets at all for the fiscal year that began July 1—Connecticut and Pennsylvania.

In Connecticut, Gov. M. Jodi Rell (D) is keeping the state going by executive orders, although this will become more and more difficult going into the Fall. She is insisting on more cuts than the legislature is prepared to give, and opposes tax hikes on the wealthy. The legislature and the governor agree, however, on a \$290 million cut in Medicaid, the funds to assist the state's neediest citizens.

In Pennsylvania, there is a stalemate between Gov. Ed Rendell (D) and the Republican-controlled legislature. Besides putting localities, including Philadelphia, into desperate conditions, the lack of a budget means that the state cannot receive \$3.8 billion in Federal stimulus money, which is earmarked for education, prisons, and housing programs.

## Forthcoming Book: HMO Looting of Health Care

Aug. 23 (EIRNS)—"U.S. health insurance companies have the highest administrative costs in the world," writes T.R. Reid, a former *Washington Post* reporter, who will publish a book this week on health-care policies around the world. Reid calculates that insurance companies spend "roughly 20 cents of every dollar for non-medical costs, such as paperwork, reviewing claims and marketing." Although other studies show that this figure is 30-32 cents per dollar, Reid's estimate shows the staggering nature of the looting by the HMOs.

Reid writes: "France's health insurance industry covers everybody and spends about 4 percent on administration. Canada's universal insurance system, run by government bureaucrats, spends 6 percent on administration. In Taiwan, a leaner version

of the Canadian model has administrative costs of 1.5 percent."

Reid considers Japan to be the "world champion at controlling medical costs. On average, the Japanese go to the doctor 15 times a year, three times the U.S. rate. They have twice as many MRI scans and X-rays. Quality is high; life expectancy and recovery rates for major diseases are better than in the U.S. And yet Japan spends about \$3,400 per person annually on health care; the U.S. spends more than \$7,000."

## Ibero-American News Digest

### Soros Wins a Round; Mexico Decriminalizes 'Personal' Drug Use

### Brazil's Cardoso Boosts Soros Agenda

### Mexico Faces 'Explosive' Social Crisis, Legislator Warns

### State Department Report on Mexico Will Free Up Anti-Narcotics Funds

#### **Soros Wins a Round; Mexico Decriminalizes 'Personal' Drug Use**

Aug. 21 (EIRNS)—After stalling for several months, Mexico's Calderón government buckled to Dope, Inc.'s "lead or silver" terror tactics, and promulgated yesterday the so-called "narco-retail" law, which decriminalizes "personal consumption" of seven different flavors of narcotics (from opium to LSD). Government officials insist that the law, passed by both chambers of Congress in the last week of April, and now finally approved by President Felipe Calderón, strengthens the government's ability to prosecute small-scale retailers, and beefs up treatment, but the law is clear: People caught with 2 grams of opium, 50 mg of heroin, 5 g of marijuana, 500 mg of cocaine, 0.015 mg of LSD, or 40 mg of methamphetamines, Ecstasy, or the psychedelic/stimulant MDA, cannot be arrested, if they claim it's for "personal use."

The law marks an important step forward in British-backed drug-pusher George Soros's drive to legalize dope throughout the Americas. Argentina's Supreme Court is expected to open the door to decriminalization on Aug. 25.

Soros's pushers were delighted with Mexico's new decrim law. His main-line man, Drug Policy Alliance executive director Ethan Nadelmann, on Aug. 21, quickly praised the law as "a step in the right direction," saying that "Mexico is trying to make the right choice on law enforcement priorities; it's time for the United States to do the same."

The London-controlled Dope, Inc. apparatus, for which Soros employee Nadelmann is a leading spokesman, has always had the United States as the principal target of its new opium war.

The Marijuana Policy Project also welcomed the Mexican capitulation, noting that the Bush Administration had pressured Mexico during the former Fox government to veto a similar law, but "we have not seen the same pressure from the Obama Administration this time around." They also note that Mexican Ambassador to the U.S. Arturo Sarukhan last April called for a debate on legalization in the U.S. as well.

As Allen St. Pierre, chief honcho at the National Organization for the Reform of Marijuana Laws (NORML), pointed out, "Mexico joins Portugal as only the second country in the world to legalize personal amounts of a wide range of narcotics."



## **Brazil's Cardozo Boosts Soros Agenda**

Aug. 23 (EIRNS)—Brazilian ex-President Fernando Henrique Cardoso, one of three former Ibero-American heads of state who are part of George Soros's Latin American Commission on Drugs and Democracy, on Aug. 22, stated that "imagining a world without drugs is a difficult objective to reach. Humanity always used some kind of drugs. So it's like imagining a world without sex." The 78-year-old ex-President made these remarks at the founding meeting of the Brazilian branch of Soros's Latin American Commission on Drugs and Democracy (LACDD), the Brazilian Commission on Drugs and Democracy.

## **Mexico Faces 'Explosive' Social Crisis, Legislator Warns**

Aug. 19 (EIRNS)—Mexico's economic crisis has brought the country dangerously close to a social explosion, warned Carlos Navarrete, head of the Party of the Democratic Revolution (PRD) bloc in the Senate.

Navarrete was speaking Aug. 18 at a business forum sponsored by the National Autonomous University (UNAM), where UNAM dean José Narro Robles, had expressed concern that the economic crisis could easily unleash a social one, and called for a new economic model to be applied. Slashing the budget isn't a solution, he said.

Fully 5.9 million Mexicans were thrown into poverty between 2006 and 2008, according to a recent report from the World Bank, and the way things have gone so far this year, 4.2 million more will be below the poverty line by the end of 2009, by their estimates. That's 51%, or 54.8 million of Mexico's 107.4 million people. And those shocking figures will prove to be peanuts, if the global monetary system is not replaced quickly.

Responding to Narro's remarks, Navarrete warned that, all it takes is for one family member to lose his or her job, for the situation to turn "explosive." We can't let the situation devolve to the point where we open the newspaper one morning, or hear on the radio or TV, that residents of some town have attacked a store or supermarket to steal food or medicine, the Senator said.

He reported that there has already been the first case of a train being attacked in Guanajuato. "But," he added, "at the point where we have an explosion in some city in the country, where desperate mothers and fathers decide to attack a supermarket or a store, in search of food for their families, this will be like tossing a match into dry grass."

At the seminar, Senate President Gustavo Madero of the ruling National Action Party (PAN) effectively agreed with Navarrete, but put it in these terms: "I think that perhaps next year, Mexico is going to have the most difficult year of [the President's] six-year term, and we must be conscious of this and act accordingly."

## **State Department Report on Mexico Will Free Up Anti-Narcotics Funds**

Aug. 18 (EIRNS)—On Aug. 13, the U.S. State Department quietly released a report to Congress, affirming that Mexico is respecting human rights as it prosecutes its war on drugs. Congress requires such a report in order to release anti-narcotics assistance to Mexico, under the terms of the \$1.4 billion Merida Initiative.

On Aug. 4, Sen. Patrick Leahy (D-Vt.) had blocked release of \$100 million to Mexico, echoing the charges of human rights NGOs financed by George Soros, that Mexico's Army was committing human rights atrocities, and that military courts were failing to prosecute such crimes.

Leahy's office rejected a report the State Department had drafted at that time, on grounds that it had provided insufficient

evidence that the Mexican Army was seriously prosecuting soldiers guilty of abuses. Release of the report on Aug. 13 was possible due to the Mexican Army having subsequently provided additional information that it had indeed prosecuted human rights crimes, according to the State Department. Leahy said he was "disappointed" with the report, but will apparently take no further action to block funds.

The Aug. 16 report that Mexico has replaced all 700 of its customs inspectors with 1,400 new agents, has received positive coverage. The new agents have been thoroughly vetted and have received months of specialized training to detect contraband at ports and border crossings. With new technology, agents will now be able to weigh and photograph every car and truck that crosses into the country—instead of the 10% checked previously—and the expectation is that, in addition to combatting tax evasion, Mexico will be able to seize more weapons smuggled in from the U.S. that end up in the hands of drug traffickers.

## Western European News Digest

### No Upswing in Germany; Only BüSo Is Telling the Truth

### Tories Split on Health Care

### New Czech Legal Action Against Lisbon Treaty

### Brits Attack Euro-Russian Cooperation

### New Flu Video Game Promotes 'Life Boat' Ethics

### German Police Union Attacks Depression Cover-Up

## No Upswing in Germany; Only BüSo Is Telling the Truth

Aug. 21 (EIRNS)—Just-released figures indicate the phase change which is about to occur in the German economy:

\* Poverty risk increases among people who still have jobs. The German Federal Office of Statistics (FOS) has found this to be the case, with Mecklenburg-Premierania the worst state, where 12.3% of all employed are on the verge of becoming poor.

\* The deficits of the German Federal government and the individual states during the first half of this year increased remarkably. According to the FOS, the German states had a deficit of EU15.4 billion for the first six months, as compared to last year, when they had a surplus of EU3.1 billion.

The Federal deficit in the same time period increased from EU13.1 billion to EU14.7 billion. This comparatively slow increase is due to the fact that it excludes payments from various "extra" budgets.

\* For the first time in four years, unemployment figures have started to increase during the second quarter, compared to last year: -0.1% (25,000 fewer jobs) out of 40.2 million employed in Germany. Especially hard-hit were industry and construction.

The Civil Rights Movement Solidarity (BüSo), whose electoral slate is headed up by Chancellor candidate Helga Zepp-LaRouche, is the only political party addressing the crisis, and regional election coverage of the BüSo candidates in Bavaria reflects this. The *Altoettinger Zeitung* on Aug. 12, headlines its coverage: "The Worst Is Yet To Come: Bavarian BüSo Chairman Werner Zuse Sees Economic Crisis in Full Swing," pointing out that this statement is contrary to the statements of all the other politicians, who claim the recovery is taking off. Another article says, "BüSo Sees Hard Times Coming" (*Trostberger Zeitung*). The lengthy articles report the BüSo's demand to write off toxic financial waste, eliminate "bad banks," and go for a new world credit system, a New Bretton Woods; they also points out that the BüSo advocates maglev technology and nuclear power.

## **Tories Split on Health Care**

Aug. 17 (EIRNS)—The attempt of the British to come to the rescue of their stooge, President Barack Obama, has split the Conservative Party. Tory leader David Cameron is now having the same problem as President Obama on health care. His statement on how great the National Health Service is has split the Conservative Party; many members see it as "socialist" or even "Stalinist." According to the *Independent*, in a poll of Conservative Members of Parliament who are most likely to be reelected, only one-third support Cameron's position of making the NHS "most immune" from budget cuts.

Tory MP Peter Bone authored a report arguing that the NHS "would not be out of place in Stalin's Russia," and that "we have gone from having the best health services in the Western world to arguably the worst, which had centralized and Stalinist management." He wrote the paper for the Cornerstone Group of Tory MPs which includes front-benchers Gerald Howarth and Andrew Rosindell.

## **New Czech Legal Action Against Lisbon Treaty**

Aug. 20 (EIRNS)—In the Czech Republic, a group of Senators of the Civic Democrats (ODS) party plans to ask the country's Constitutional Court to suspend ratification of the European Union's Lisbon Treaty, until the legislation approving it is changed. The critics from the Senate claim that such a transfer of powers to the EU Commission in Brussels should always be approved by no less than a constitutional majority, which is 60% of both the House of Deputies and the Senate, while the law on the special EU mandate requires only a simple majority.

"We will file the complaint next week," Sen. Jiri Oberfalzer (ODS) told the CTK agency yesterday, specifying that, along with his colleagues, he would propose that the Constitutional Court define the minimal powers that make the country a sovereign state. He also requires that the court's own influence be boosted by entitling it to control whether individual steps taken by EU institutions are in line with the Czech Constitution.

The Senators are also preparing a fresh complaint against the new treaty as such, the fate of which hangs on the outcome of a referendum in Ireland on Oct. 2. Czech President Vaclav Klaus (ODS) has stated repeatedly that he does not intend to sign the approval of the Treaty before the Irish referendum occurs. A further delay is implied, as the Czech Public itself is currently preparing for early parliamentary elections Oct 9-10.

## **Brits Attack Euro-Russian Cooperation**

Aug. 19 (EIRNS)—British diplomats who want to remain anonymous are cited in an article in the Turin, Italy daily *La Stampa* yesterday, warning that the (Italian-built) South Stream pipeline project will be used by Russian Prime Minister Vladimir Putin "to set a trap and make you dependent on Russian gas supplies." Especially Italy and its oil company ENI are targetted by British warnings: Italy "risks a move into a position of weakness," the Foreign Office diplomats say.

The day before, the same daily ran an article with similar warnings from people in the U.S. State Department and U.S.-based think tanks. An unnamed diplomat is quoted saying: "We do not understand why ENI behaves like a Gazprom lobbyist by promoting, through South Stream, a pipeline aimed at transforming Italy into the new Ukraine of Europe."

## **New Flu Video Game Promotes 'Life Boat' Ethics**

PARIS, Aug. 19 (EIRNS)—RANJ, a Dutch producer of "serious games," has released its new video game, "The Great Flu," produced for the Erasmus Medical Center of Rotterdam. The behaviorist-inspired online "game" aims at brainwashing people to accept "life-boat ethics," as promoted by the British Empire and Obama health-care guru Ezekiel Emanuel.

One ad reads: "To many, turning a deadly disease into a playable pastime might seem distasteful, especially as North America braces for a second wave of H1N1. But among children, this gimmick may actually be the most effective way to communicate serious news."

In "The Great Flu," produced in March 2009 as "part of the Darwin year," the player heads the "World Pandemic Control," sitting in front of a world map where time starts ticking from April 2009, and little dots light up in Asia and Mexico before spreading over all continents.

What comes to mind is Ezekiel Emanuel's article, "Who Should Get Influenza Vaccine When Not All Can?", published in the British magazine *Science* on May 12, 2006, when the avian flu appeared as a deadly menace.

## **German Police Union Attacks Depression Cover-Up**

Aug. 18 (EIRNS)—In an editorial in the current issue of the German police union (GdP) magazine, union president Konrad Freiberg says it is "irresponsible" of politicians not to address economic reality before the national elections, but rather to play music like the orchestra on the sinking *Titanic*. But after the elections, the politicians will impose drastic budget cuts—for the police, among others—thereby making the citizens pay the bill and reducing their safety at the same time, Freiberg warns.

He points to the staggering increase in the debt of Germany's states, which will soon pass the EU2 trillion level, and to the industry forecasts that more jobs will be axed in the coming months, and he warns that the increase of joblessness, plus the loss of wealth that goes along with it, may lead to "distribution fights" and social conflicts—"an explosive mix." All of these things should be addressed by politicians before Election Day, and "nobody should be allowed to say he knew nothing about it," Freiberg writes.

## **Southwest Asia News Digest**

**[EIR on Palestinian TV: U.S. Must Break with British Methods](#)**

**[Mubarak Opposes U.S. Defense Umbrella](#)**

**[Institutional Opposition to Ahmadinejad in Iran](#)**

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## **EIR on Palestinian TV: U.S. Must Break with British Methods**

Aug. 18 (EIRNS)—A satellite TV station that is widely distributed in the Palestinian Authority's West Bank, featured a one-hour interview show with *EIR*'s Michele Steinberg and the Egyptian newspaper *al-Ahram*'s chairman, Dr. Abdelmonem Said Aly of Cairo, commenting on President Hosni Mubarak's Aug. 18 visit to Washington, and what effect this will have on Israel-Palestine peace talks. The Arabic-language program is called "America and Palestine," and is hosted by veteran journalist Atef A. Gawad.

The key concept that Steinberg developed, was the long history of British manipulation in Southwest Asia, and the tactic of "divide and conquer," which unfortunately has been often used by the United States under the influence, especially on Congress, of the British, and of the American Israel Public Affairs Committee (AIPAC).

She also identified the role of Lyndon LaRouche and *EIR* in opposing the Iraq War, and exposing the lies and disinformation that were used to justify that war. The same type of disinformation cannot be tolerated today against Iran, said Steinberg, and she warned that some Anglo-American-European circles try to spin the 2002 Arab League offer of peace to Israel in exchange for agreement to Palestinian statehood, as defined by the "Abdullah Plan," into a Arab alliance against Iran. This British trick must be rejected, and the U.S. should heed a recent article by Israeli journalist Gideon Levy, she said, that only an America that is willing to pressure Israel—which pressure would be *supported* by the Israeli population—can bring peace to the region. Steinberg was given half the time of the show to answer wide-ranging questions.

The interview occurred less than an hour after Mubarak's meetings with President Obama, and then with Cabinet officials, had concluded. But reports had already confirmed that Mubarak told the White House that a "temporary solution" and "temporary borders" being proposed by Israel were not acceptable, and that it is important for the United States to spell out its proposal for Middle East peace *before* any Israeli-Palestinian talks. In interviews outside the meeting with Obama, Mubarak said, "We cannot afford wasting more time, because violence will increase."

There is significant agreement in Washington with Mubarak that there is not unlimited time in which successful talks are possible, but no one expects specific progress from the Obama meeting with Mubarak.

## **Mubarak Opposes U.S. Defense Umbrella**

Aug. 21 (EIRNS)—Egyptian President Hosni Mubarak is not at all pleased with the idea of the United States providing a nuclear umbrella for Israel and the rest of the Middle East against a nuclear Iran, according to Egyptian press reports. The Egyptian daily *al-Gumharia* sees the proposal as a veiled attempt to get support for a military strike against Iran.

According to a report at Ynet, *al-Gumharia* wrote that the proposal smacks of "a bribe to Israel for indirect normalization purposes." The editorial stated that White House advisors and several pro-Israel Congress members suggested "offering a bribe or compensation to Israel so that it approaches the conditions of peace in a more convenient manner. That bribe was the American umbrella of defense against Iran, in order to protect the Gulf states." According to this idea, Israeli and American aircraft would be deployed in those Arab countries in preparation of a response against any expected Iranian strike. Everyone knows, the editor wrote, that those bases would be used to launch a war on Iran if the American diplomatic dialogue with Tehran were to fail.

"The deceptive thought was that Israel would in actual fact defend the Gulf states against the danger they are saying is approaching. We cannot rule out a possibility that they would even present the Gulf rulers with satellite images showing that an Iranian attack against the region is imminent. And this will lead to a war Israel has been planning for some time, with Israel turning later on into the only nuclear regional force in the Middle East, which will be a huge gain as far as they

are concerned," the editorial said.

"The American defense umbrella which Israel will be part of is aimed at allowing Israel to enjoy the Gulf countries' trust and be part of the defense lineup over the economic wealth of oil-producing countries. This is indirect normalization and a concealed bribe to Israel." According to the editor, "The only one to reveal this satanic plan was President Hosni Mubarak, who was very firm in his response. He stressed that Egypt does not support free normalization with Israel, regardless of its reasons."

## **Institutional Opposition to Ahmadinejad in Iran**

Aug. 24 (EIRNS)—Despite the inauguration of Mahmoud Ahmadinejad for a second term as President of Iran, he has been significantly weakened, report Washington intelligence sources, who commented on several contradictory developments over the past week. There is a power struggle, the sources report, in which Ahmadinejad is attempting to consolidate a cabinet, intelligence apparatus, and foreign policy team that are loyal to him. At the same time, even members of the Conservative and fundamentalist religious bloc that brought Ahmadinejad into power in 2005 are blocking this consolidation, and letting him know that he may be overstepping his bounds as President. In Iran's complex power arrangement, key areas of policy—including nuclear decisions and foreign relations—are the domain of the Supreme Leader, Ayatollah Khamenei.

On the nuclear side, two events—the agreement to allow International Atomic Energy Agency inspectors into the nuclear reactor site in Arak, and the appointment of Ali Akbar Salehi as the new head of the Iranian nuclear agency—are potentially positive for the prospect of U.S.-Iran talks.

However, Ahmadinejad also appointed Ahmad Vahidi—who has been on the Interpol wanted list for terrorism since 2007—as his new defense minister. Vahidi was indicted in Argentina in connection with the bombing of the Argentine-Israel Mutual Association in Buenos Aires in 1994, which killed 85 people dead and injured hundreds.

Another area of conflict is the control of Iran's intelligence agencies. On Aug. 24, the Supreme Court of Iran appointed Mohseni Ejeie as prosecutor general—even though Ejeie had just been fired by Ahmadinejad as intelligence minister in July. The firing was allegedly due to Ejeie's opposition to Ahmadinejad's choice for Vice President, who was also opposed by Khamenei. *EIR*'s sources indicate that there's another issue: The agencies that Ejeie oversaw as minister, have files on the illegal diversion of up to \$2 billion in government funds into election activities for Ahmadinejad, and into accounts being used by Ahmadinejad's allies in the Revolutionary Guard to take over critical industries under new privatization agreements. Control of these files is reported to be very important for Ahmadinejad's allies to stay in power after the disputed elections.

## **Iran's Nuclear Chief Negotiated 2003 Enrichment Freeze**

Aug. 20 (EIRNS)—The government of Iran has brought back Ali Akbar Salehi, the nuclear physicist who announced the Iranian suspension of uranium enrichment in 2003, into two posts—Vice President, and head of Iran's nuclear agency. Under reform Mohammed President Khatami, Salehi was Iran's representative to the International Atomic Energy Agency (IAEA).

The selection of Salehi as Vice President was technically made by Ahmadinejad, but this was not his first choice. Ahmadinejad is under pressure, both from the reform bloc of his electoral opponent, Mir-Hossein Mousavi, and from former President Akbar Hashemi Rafsanjani, a conservative who joined the opposition. In addition, harsh criticism from conservative Ayatollahs and from his own hardline supporters in the Parliament blocked some of Ahmadinejad's appointments.

On Aug. 23-24, the IAEA's press office reported that Iran had okayed expanded inspections of nuclear sites. "Last week ... Tehran acceded to demands by the IAEA to expand its monitoring of the Natanz uranium enrichment site," reported the *New York Times*. And, after a ban of at least one year, "Iran also allowed the IAEA to visit the Arak heavy water reactor." While the IAEA has repeatedly reported there has been no leakage of low-enriched uranium from Natanz, there has been concern that the Arak heavy water program could produce plutonium for a bomb. Therefore, the renewal of the Arak inspections is very significant.

## Asia News Digest

### **Newsweek Says British Did Indeed Wreck the World**

### **Jakarta Bombings Linked to Plot To Kill Obama?**

### **Webb Tells Myanmar's Suu Kyi To Stop Supporting Sanctions**

### **China Admits Half of the Newly Unemployed Won't Get Jobs**

#### **Newsweek Says British Did Indeed Wreck the World**

Aug. 19 (EIRNS)—Two Stanford University professors published an article in *Newsweek* magazine on Aug. 14, entitled "Did Britain Wreck the World?" "By Jove, it certainly seems that way," they wrote. Identifying a number of former British colonies where ethnic and religious wars have kept the countries disunited, the authors said: "Most of today's festering conflicts can be traced to colonial-era meddling, either through partition, slicing and dicing the planet as they saw fit or, worse, indiscriminately corralling unrelated ethnic groups into a single, quarrelsome country."

The content and timing of the article are particularly interesting in light of the fact that the British role in President Obama's health-care reform has come under serious attack in the United States. The article has been picked up widely in India, where all major English-language news dailies have reproduced it.

The countries identified in this article are Sri Lanka, India, and Pakistan ("When they left centuries later, they divvied it up by religion, prompting mass migration and perhaps a million deaths. Kashmir, which had a Hindu leader and a Muslim majority, has been contested ever since"), Iraq, Sudan ("A British-Egyptian alliance ruled North and South Sudan separately until 1946, when the Brits abruptly changed their minds and decided the two should merge. The north was economically and politically favored over the south, and civil war has been on and off ever since"), Israel/Palestine, Somalia ("Fashioned in 1960 from a British protectorate and an Italian colony, Somalia has been divided against itself ever since. In the 1990s, after decades of civil strife, the government collapsed and the two neighbors declared autonomy"), and Nigeria ("The West African nation was once two distinct states—officially joined in 1914, but administered by the British separately until independence in 1960. Here, the British favored the south, setting the stage for decades of strife").

#### **Jakarta Bombings Linked to Plot To Kill Obama?**

Aug. 21 (EIRNS)—According to Dynno Chressbon, an intelligence analyst at the Indonesia-based Centre for Intelligence and National Security, last month's Jakarta hotel bombings show that militants also plan to use snipers to attack Barack Obama's convoy when the U.S. President visits Indonesia on his way to the APEC Summit in the British stronghold of Singapore in November.

Although details of the Indonesian police investigation have not been made public, two Yemenis were involved, Ario Sudarso and Mohamad Syahrir, who are connected to Anshar El Muslimin, a group that in turn is linked to al-Qaeda network in Iraq, Chressbon said.

It has been established that the al-Qaeda in Iraq network was run using Saudi money. The Saudi-British link, through armaments company BAE Systems, has helped maintain a large number of terrorists who have been imbued with the Saudi-directed Wahhabi doctrine of Islam. Since Java, the most populous of the Indonesian islands, was run by Dutch colonialists for over 350 years, and, for a short while, by the British, the Anglo-Dutch network within Indonesia remains strong, providing an opportunity to British intelligence, MI6, to plot assassinations.

The Saudi infiltration of Java is rather recent. The Saudis had a strong influence among the orthodox Muslims on the western tip of Sumatra island. But, in recent years, the Saudi quest to lease land in Indonesia to grow paddy to secure Saudi Arabia's food grain requirements, provided an entry into Java.

"For Obama, they planned to attack the convoy around the airport using MK-III's," Chressbon said, referring to a Russian-made sniper rifle that he said was used by the Taliban in Afghanistan and also in Muslim areas of conflict in the Philippines.

## **Webb Tells Myanmar's Suu Kyi To Stop Supporting Sanctions**

Aug. 17 (EIRNS)—U.S. Sen. James Webb (D-Va.) reported to the press in Bangkok that he had told Myanmar opposition figure Aung San Suu Kyi, who has been under house arrest for 14 years, during their private meeting in Yangon, that the international sanctions against her country have been a complete failure, sanctions which Suu Kyi has supported on behalf of her British sponsors. Webb travelled to Yangon to gain the release of John Yettaw, an American citizen who was sentenced for breaking the terms of Suu Kyi's house arrest by swimming uninvited to her home. The Senator was successful in his mission, and was permitted to meet for an hour with Suu Kyi.

Webb said that he wanted to be careful not to misrepresent Suu Kyi's views, but it was his "clear impression from her that she is not opposed to lifting some sanctions," and that "there would be some areas she would be willing to look at." He added: "The sanctions that have taken place in this situation have essentially driven Myanmar more towards China, making their country more vulnerable in my view and cutting off contact from the Western world." Suu Kyi is reported to have said that she would no longer call for a boycott of tourism to Myanmar. According to news reports, Webb also requested the government overturn its decision to sentence Suu Kyi to 18 months of additional house arrest for the incident involving Yettaw. It was unclear whether the military government had agreed to that request. According to a statement released by the Senator, he expressed his "deep respect" for the "sacrifices she has made on behalf of democracy around the world."

Like Bill Clinton's historic trip to North Korea earlier this month, Senator Webb was not representing the White House and delivered no message from President Obama. He will be reporting back to Secretary of State Hillary Clinton, he said.

The George Soros-funded human rights NGOs and the BBC are screaming that Webb has undermined all the hard work they have done, by granting the Myanmar junta credibility and getting nothing in return.

## **China Admits Half of the Newly Unemployed Won't Get Jobs**

Aug. 22 (EIRNS)—Yin Weimin, Minister of Human Resources and Social Security, said China will be able to provide openings for only about half of its 24 million job seekers, and then only if it meets its growth target for 2009. "The shortfall



between supply and demand [in employment] will become larger than last year due to the failure to create enough job opportunities," he said, in a report carried in *People's Daily*.

Yin noted that China, taking the advice of Western investment bankers, had hoped the service industry would play a larger role in creating employment, but that has not happened.

Cui Chuanyi, a researcher with the Development Research Center of the State Council, told *China Daily* yesterday that the global economic downturn will bring more employment challenges in the second half of the year. "The employment market will face a bigger crush in the third quarter with the return flow of migrant workers," he said. "About 90% of unemployed migrant workers, who went back to their rural hometowns, could not find jobs and they will choose to return to the big cities again in the coming few months." Around 22 million migrant workers, who make up most of the workforce in the labor-intensive industries, lost their jobs because of the global financial crisis, he said.

"Another 5-6 million graduates from middle school in rural areas will also join in this migrant workers' return flow in the third quarter," he said.

China's massive stimulus package was meant to bridge a temporary collapse in Western demand for China's exports, but of itself could not create prosperity in China. While it has cushioned the drop in employment to some extent, the distortions—speculative real estate, commodity and stock prices—caused by the flood of money into the economy, are not sustainable in the longer term.

With the recent decision to restrain the heretofore unrestricted outpourings of Chinese bank loans, to prevent hyperinflationary explosions in assets values, there is no prospect for prosperity in the export sector.

## Africa News Digest

- [Lack of Infrastructure Leads to Drought, Famine in Kenya, Ethiopia](#)

### **Lack of Infrastructure Leads to Drought, Famine in Kenya, Ethiopia**

Aug. 23 (EIRNS)—Kenya and Ethiopia are in the throes of a drought, rising food prices, and famine, because of a lack of infrastructure.

Kenyan President Mwai Kibaki declared a national disaster because of the drought in January, and the emergency continues. The rains usually come in March or April and continue through June; this year they failed to arrive in some parts of the country. There are severe shortages of water and electric power—the latter being significantly dependent on hydroelectric generation. Both are being rationed in Nairobi.

The government announced Aug. 11 that the Army will help distribute foodstuffs, water, and medicine in the worst-hit areas, and that it is extending school feeding programs into the Summer vacation period. However, while the government has 500,000 metric tons of maize in its strategic reserves, the monthly requirement is 300,000 tons and the crisis is expected to last for two months or more.

Ethiopia is facing its second year of drought, rising food prices, and hunger. Twenty percent of the population (almost 14 million people) do not have enough to eat. In the worst areas, 62,000 children under five were treated for acute malnutrition in the first six months of 2009. This year, donors' contributions toward food have been less than half of what they were last

year, and no infrastructure has been built that could provide food self-sufficiency when the rains fail.

Like several other African countries, Ethiopia is desperately hoping to acquire some of the needed infrastructure, by allowing in foreign investors to exploit large areas of farmland. Foreign investors are exploiting 1.7 million hectares this year, and plan to add another million hectares later. The investors, who are interested in feeding their own populations, are from the United Arab Emirates, Saudi Arabia, India, China, and Korea. An official in the Ethiopian Ministry of Agriculture stated, "We have abundant land and labor, but we don't have finance and technology to feed our people."

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