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The Revolt Begins Against Obama's Fascist Agenda **by Jeffrey Steinberg**

June 22—A coast-to-coast revolt, led by leading California and New York Democrats, has begun, against President Barack Obama's plans to dismantle what remains of President Franklin Roosevelt's New Deal system of protection of the general welfare of America's ``forgotten majority." With unemployment skyrocketing all across the country, at rates approaching those of the Great Depression, President Obama's so-called stimulus package has done nothing to reverse that trend, and his much-publicized plans to ``reform" Medicare and Social Security are turning out to be nothing more than a replay of Hitler's policies of euthanasia against the elderly, the sick, and other highly vulnerable segments of the American population....

In-Depth articles from EIR, Vol. 36, No. 25 **...Requires Adobe Reader®.**

This Week's Cover

- **The Revolt Begins Against Obama's Fascist Agenda**

Catalyzed by a two-month mobilization by LaRouche PAC, Democratic Senators and Congressmen from California and New York are speaking out against President Obama's plans to cut health care under the guise of 'reforming' it, and to dismantle what remains of President Franklin Roosevelt's New Deal system of protection of the general welfare.

- **'Hitler' versus 'FDR':**

The Battle Around Obama's Health-Care Policy

- **Confessions from the Obama Administration**

In their own words: President Obama, Office of Management and Budget Director Peter Orszag, and health-care policy advisor Dr. Ezekiel Emanuel.

Feature

- **LaRouche to Italian Legislators:**

Protect the Sovereignty of the Nation-State

During a visit to Rome on June 17-18, Lyndon LaRouche addressed hearings at the Finance Committee of the Chamber of Deputies and at the Finance Committee of the Senate.

- **The Remedy:**

Put the System in Bankruptcy

LaRouche's speech to an informal hearing at the Italian Chamber of Deputies in Rome. 'The 'good news'—relatively good news,' he told the deputies, 'is that we're essentially in a worldwide collapse of the international monetary-financial system.' There is a remedy, but the question is, who's going to implement it?

International

- **In the Wake of the Elections:
Iranians, Watch Your Back!**

As dramatic as the picture inside the country may be, it would be a fatal miscalculation to neglect the fact that the global strategic situation is affecting, and is being affected by Iran's internal conflict.

- **Green Genocide in Africa:
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Economics

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To Rescue the Brutish Empire While presenting his financial 'reforms' as correctives to a 'culture of irresponsibility,' the President, in his June 17 speech, actually pushed America even further under the thumb of the parasitic financiers of the Brutish Empire.

- **Pandemic Alert:
End Obama Cover-Up: Infrastructure Now!**

- **Swine Flu in New Pattern:
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- **Climate Change Confab:
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Tony Blair was the keynote speaker at a conference at the London School of Economics on 'The Politics of Climate Change.'

- **Global Warmers Brand Democracy an Obstacle to Their Green Fascism**

At a conference in Essen, Germany on 'The Great Transformation—Climate Change as Cultural Change,' the LaRouche Youth Movement intervened to denounce the malthusian and anti-scientific axioms of the speakers.

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This Week's News

U.S. Economic/Financial News

California Unemployment Hits 11.5%

Colorado in for 'Brutal' Budget Cuts

Auto Industry Could Help Build Nuclear Plants!

California Unemployment Hits 11.5%

June 19 (EIRNS)—Even before new layoffs of state employees have been finalized, the official unemployment rate in California hit a modern-day record of 11.5%. The May 2009 figures, released this morning, show a continuing erosion of jobs, as the state is facing what its lunatic governor, Arnold Schwarzenegger, has described as financial Armageddon. The official rate in May 2008 was 6.8%. Schwarzenegger and the legislature are currently quibbling over what both sides call a share-the-pain budget, which will likely result in many more job losses in education, prisons and law enforcement, health care, and government services.

Colorado in for 'Brutal' Budget Cuts

June 15 (EIRNS)—The chair of Colorado's legislative Joint Budget Committee told the June 12 *Denver Post* that the state is in for "brutal" budget cuts in the next fiscal year, which starts July 1. Colorado has already had to cut \$1.4 billion out of its budget over the last two fiscal years. The budget shortfalls have been due to the continuing collapse in revenue. "We will be \$150 million short of what we budgeted at a minimum," said Moe Keller (D-Wheat Ridge). "It could be double that." The big cuts are for prisons, and colleges and universities.

Auto Industry Could Help Build Nuclear Plants!

June 17 (EIRNS)—On June 4, DTE Energy (incorporating what had been Detroit Edison), based in Michigan, and the Nuclear Energy Institute in Washington, sponsored a regional manufacturing outreach workshop in Detroit. More than 400 local industry representatives participated, along with major nuclear vendors GE, Westinghouse, Areva, etc.

DTE is seeking approval from the Nuclear Regulatory Commission to build a second reactor at its Fermi site, near Monroe. Gerry Anderson, chief operating officer at DTE, said at the workshop, that hundreds of thousands of components will be required, including parts that can be manufactured in Michigan, such as valves, pumps, and seals.

The centerpiece of Lyndon LaRouche's proposal in 2005 for the soon-to-die Midwest auto and machine-tool industries was to convert that manufacturing capacity to produce desperately needed infrastructure, including for transport, water management, and nuclear power plants. In an article in its Dec. 30, 2005 issue, *EIR* outlined specific nuclear reactor components that could be manufactured in converted auto and machine-tool factories. Now, with the auto industry in bankruptcy, at the same time that nearly two dozen electric utilities have started ordering nuclear power plants, corporate officers are finally bringing the two industries together, to use the skills and facilities that exist and are idle, to help rebuild a nuclear manufacturing industry that has nearly disappeared.

Speaking June 16, at a "The National Summit" in Detroit, DTE CEO Anthony Earley said, "One of the challenges we'll face with the resurgence of nuclear energy is also one of our biggest opportunities. The number of nuclear suppliers has shrunk and global competition is already heating up for the limited material and manpower now available." While utilities will use (so-called) renewables, "windmills and solar panels will never power an auto assembly line or a cold-rolled steel mill," he said. Nationally, he reported, as much as \$2 trillion will have to be invested in energy infrastructure, by 2030.

The average age of a power plant in Michigan is 48 years. If we don't start building new nuclear plants now, there will not even be enough generating capacity to replace the plants that will be retired over the next decade, Earley warned.

Global Economic News

Remittances to Mexico Plunge With U.S. Depression

UN: Four Million New Hungry People a Week

Remittances to Mexico Plunge With U.S. Depression

June 14 (EIRNS)—The accelerating collapse in remittances to Mexico, from Mexican workers in the United States, has created a financial and economic crisis, compounded by the collapse of automobile production by now-bankrupt U.S. companies, the pandemic spread of the H1N1 flu that has severely cut into tourism revenues, and the offensive by drug cartels against anti-drug efforts by the Mexican government. Remittances represent the second-largest source of foreign revenue for Mexico—second only to oil exports. But, beginning in late 2007, as *EIR* has documented, remittances began to decline. In 2008, according to the Bank of Mexico, remittance payments—cash sent from migrant workers, predominantly in the United States—fell to \$25 billion—a 3.6% drop from the previous year. In April 2009, the total remittance payments were \$1.8 billion—a collapse of 19% over the already falling April 2008 figures.

"It can't get any worse for Mexico," Mauro Guillen, director of the Lauder Institute at the Wharton School, told the *Washington Post*. "There's the recession, the drug violence, the bankruptcies in the automobile industry—then they get hit by the flu pandemic, which just kills tourism, and now their remittances are under attack. It's crazy. And it is very sad. People are suffering." According to Bank of Mexico data, one in five Mexican families relies on some remittance payments to survive; and in many areas of Mexico, remittance payments, at the peak, were going to local infrastructure investment, where the Mexican government paid \$3 in matching funds for every dollar deposited in local infrastructure funds. Those funds have now totally dried up.

UN: Four Million New Hungry People a Week

June 14 (EIRNS)—The United Nations World Food Program (WFP)'s decision to cut food aid rations and shut down some operations is going to create 2 billion more hungry people this year. At a meeting of the Group of 8's development ministers, Josette Sheeran, the food program's executive director, said the world faces a human catastrophe. "This year, we are clocking in, on average, 4 million new hungry people a week."

The UN agency suspended food distribution to 600,000 people in northern Uganda as the result of its lack of funding, and has reduced its operations in Ethiopia and North Korea. It is also on the verge of cutting rations to 3.5 million drought victims in Kenya.

The WFP points out the cut in its budget, and the failure to meet the needs of the hungry, stems from the fact that the donor countries, in the midst of economic collapse, are facing spiraling fiscal deficits at home. These donors have told the WFP to scale back its reach, while the agency is receiving extra calls from countries seeking food aid as the economic crisis brings unemployment and a drop in remittances. Meanwhile, food prices continue to rise. The cost of corn and soybeans surged this week to levels not seen since late 2007.

As a result, the WFP has quietly started to reduce rations and close down distribution operations to conserve cash. It

reduced emergency food rations in Rwanda, for example, from 420 grams to 320 g of cereals per person per day.

United States News Digest

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Oberstar Defies Obama with Infrastructure Bill

June 19 (EIRNS)—Despite a demand from the White House to "wait 18 months," Rep. James Oberstar (D-Calif.), chairman of the House Committee on Transportation and Infrastructure, introduced a bipartisan bill on June 18, co-sponsored by fellow committee leaders John Mica (R-Fla.), Peter DeFazio (D-Ore.), and John Duncan, Jr. (R-Tenn.).

A press statement from Oberstar's office said, "Delay is unacceptable. If we delay the new authorization, states will hold back on new projects, and that will cost jobs."

Ranking Republican Mica added, "This is no time to sidetrack the only bill coming before Congress that will create millions of jobs.... I am prepared to move forward in a bipartisan effort to restore our nation's crumbling infrastructure and put people to work with the bill we have agreed to introduce."

A 100-page white paper on this bill lays out some important issues: Auto and truck traffic on crumbling highways, bridges, and tunnels kills over 42,000 people a year in accidents. This is the leading cause of death for people between 3 and 25 years of age. Millions of Americans a year are injured in highway accidents. The Oberstar bill calls for investing billions of dollars immediately in high-speed rail to make the nation's transportation system safer.

But the bill's billions pale when compared with the American Society of Civil Engineers' estimate that U.S. infrastructure requires an investment of \$2.2 trillion over the next five years just to bring existing infrastructure to a state of good repair. In contrast, Oberstar notes, China is spending \$730 billion on transportation over the next four years, ending 2012.

Summers to California: 'Drop Dead'

June 16 (EIRNS)—California State Treasurer Bill Lockyer has been asking the White House for as long as a year to help California deal with its budget crisis, but this week, he tried one more time, despite the fact that, during his recent trip to California, President Obama had indicated to Governor Schwarzenegger that no aid would be forthcoming. Lockyer's letter resulted in a desperate meeting between a delegation of the state's elected officials and the Obama economic team yesterday. The Administration turned them down.

At today's White House briefing, spokesman Robert Gibbs said that the states had already been given "extraordinary" assistance in the stimulus package, and, thus, "this budgetary problem unfortunately is one that they're going to have to solve." California state comptroller John Chiang estimated last week that California was "less than 50 days away from a meltdown of state government."

The *Washington Post* reported that Treasury Secretary Timothy Geithner, top White House economic policy advisor Larry Summers, and chairman of the Council of Economic Advisors Christina Romer represented the Administration in the discussion, which concluded that California "could hold out a little longer and get [its] budget in order, rather than rely on a federal bailout." The *Post* noted that the state's problems date back to 1978 and a "ballot initiative" (Proposition 13) "that severely limited property taxes." Forced to rely heavily on capital gains and personal income taxes, the state's funds tanked in the last months, as the global economy collapsed.

Biden Reveals: Administration Knows Nothing About Economy

June 14 (EIRNS)—Vice President Joe Biden today tried to defend the Obama Administration economic policy, declaring, "The economy is getting better!... Things are getting better!" under interrogation from "Meet the Press" interviewer David Gregory. Armed with quotes from Biden and from the Obama economics team's stimulus project, Gregory hammered Biden with the White House claim that the stimulus plan was going to hold unemployment at 8%, when it is already 9.4% by the Bureau of Labor Statistics figures, which already under-report unemployment.

Biden babbled that "everyone guessed wrong" on the economy. "No one realized how bad the economy was. The projections, in fact, turned out to be worse. But we took the mainstream model as to what we thought, and everyone else thought, the unemployment rate would be," he said. "Everyone guessed wrong at the time the estimate was made about what the state of the economy was at the moment [the stimulus package] was passed."

This is a lie. The White House *knows* Lyndon LaRouche was right. LaRouche not only called the shot on how bad the economy was in *July 2007*, but he also called the shot on the stupidity of the White House on May 28, 2009 in his article "Where the Day Starts with Jerks: Wall Street."

LaRouche wrote:

"The truth about successful economies, which the White House today has no presently manifest desire to hear, is that the growth, even the mere maintenance of actual economic wealth, as measured per capita and per square kilometer of territory, requires a secular trend of increase in the physical productivity as measured per capita and per square kilometer of the total net physical output of an increased margin of physical, not monetary, wealth.

"That is why the present administration and the admirers of its current policies are so stupid when it comes to matters related to the defense of the economic future of the existence of this nation.

"If you wish to know why the current economic policies of the Obama administration are so viciously stupid in their effects, it is the virtually satanic quality of ignorance of economics by the President and its currently leading economic advisors." They rely on Adam Smith's satanic outlook in the *Theory of Moral Sentiments*, and other behaviorist garbage, LaRouche wrote.

New Climate Change Line Copies Bush Homework

The U.S. Global Change Research Program released a 196-page report June 16 entitled "Global Climate Change Impacts

in the United States," which is being billed in the media as the first major climate report from the Obama Administration.

In reality, this report is only the final draft of a report that was released for public comment by the Bush Administration last year.

The report is a collection of the usual global warming scare stories of disastrous sea-level rise and monster hurricanes. The Obama Administration timed the report's release so it could be used as a propaganda tool to try to ensure the passage of the genocidal Waxman-Markey cap-and-trade bill.

Bush Envoy to Israel Exposes Settlements Lie

Daniel Kurtzer, Bush Administration ambassador to Israel (2001-05), has demolished claims by neocon Netanyahu boosters, such as Charles Krauthammer, that President Bush signed away the U.S. demand for a total freeze of Israeli settlement expansion. Kurtzer reminded readers in a June 14 *Washington Post* op-ed that the March 2001 Mitchell Report, which Israel adopted in 2003 as the "roadmap" for a two-state solution, explicitly includes an Israeli freeze on all settlement activity, including natural growth of settlements. Kurtzer then showed that the three documents that the Netanyahu government claims are a U.S. repudiation of the freeze, are not what the Israelis claim.

Neither the 2003 draft understanding between Ariel Sharon and Stephen Hadley, nor the April 14, 2004 letter from President Bush to Sharon, nor the later letter from Dov Weissglas to Condi Rice reverse the ban on settlement growth. Kurtzer's argument in the op-ed is consistent with reports from high-level government sources to *EIR*, that even President George W. Bush has recently confirmed that he never intended to alter the Mitchell Report "road map" in his letter to Sharon.

This takes on special importance in the ongoing Mitchell diplomacy, because George Mitchell has clearly defined the settlement freeze as a non-negotiable demand on Israel—one that he will insist is a first precondition for any further steps.

Ibero-American News Digest

Collapse of Mexican Industry Calls for LaRouche's Solutions

Usurers Say Mexico Must Kill More People To Ensure 'Stability'

LaRouche Association Calls for Colombia To Break with Britain's NICE

Collapse of Mexican Industry Calls for LaRouche's Solutions

June 18 (EIRNS)—The April figures released by Mexico's statistical agency, INEGI, reflect the plummeting of Mexico's physical economy, that is now spreading panic among the country's industrialists, who recognize that, as the national Confederation of Industrial Chambers (Concamin) stated in a June 17 response to INEGI's figures, "the worst is yet to come."

As this news service warned would occur, the physical collapse of Mexico's "importer of last resort," the United States, has pulled the plug on what remained of Mexican industry. Auto exports to the U.S. plunged by 40.7% in the first four months of this year, compared to the same period of 2008. In May, national auto production was 39.4% less than May of 2008.

INEGI reports that Mexican manufacturing declined by an 18% annualized rate, worse than after the financial system blew out in December 1994. This includes a 42.1% drop in production of transportation equipment, a 31.9% decline in machinery and equipment production, and a 31.9% drop in communications and computer technology production. For all industry, the annualized collapse rate was 13.2%.

This crisis cries out for Lyndon LaRouche's programmatic solutions—a bankruptcy reorganization and creation of a new credit system to finance such infrastructure projects as the Northwest Hydraulic Project (PLHINO), the tri-state water project that could transform the economy of northern Mexico. (See "A Bill of Materials: How Much Do We Need from the PLHINO; How Much Does the PLHINO Need from Us?," *EIR*, Oct. 31, 2008.)

This is not what Concamin is calling for, but it is badly shaken by the reality of the collapse. "In the real sector of the economy," it states in its communique, "as well as in the labor market, the worst is yet to come. The storm continues to pummel our productive plant, and weakens our ability to preserve sources of employment.... Factory production, non-petroleum exports, and employment continue in an accelerated decline, corroborating the force of this crisis, and the distance measured between the well-intentioned diagnostics and the harsh reality which companies and their families face."

Concamin's vice president, Arturo Marquez Gonzalez's, call for the government to implement "pending" austerity reforms, however, would exacerbate the very policies which created the crisis.

Usurers Say Mexico Must Kill More People To Ensure 'Stability'

June 13 (EIRNS)—As international financiers were issuing panic warnings, that without immediate and drastic "structural reforms" Mexico faces financial collapse, Finance Minister Agustín Carstens made an unexpected visit to the United States. On June 12, Carstens held a round of meetings with Wall Street financial sharks, the IMF, the Inter-American Development Bank, the New York Federal Reserve, and the three major credit rating agencies. Carstens was #3 at the IMF, before joining the Calderón government.

Fitch Ratings, Standard & Poors, and Moody's are all threatening to downgrade Mexico's sovereign debt, unless President Felipe Calderón agrees to impose harsh fiscal austerity as soon as the mid-term legislative elections are over in early July. And if Calderón can't get the reform passed, he'd better come up with an acceptable "Plan B" to avoid a downgrade, Fitch threatened on June 9.

IMF managing director Dominique Strauss-Kahn warned from Montreal the same day, that Mexico is in danger of defaulting on its debt payments because of falling revenues and insufficient financing. The government should have had more foresight, he said, and imposed "reforms" before the crisis hit. The IMF stepped in with a \$47 billion credit line to help Mexico, he added, but on the condition that austerity be imposed. Otherwise, the country could explode in a social upheaval, that would also destabilize the surrounding region.

In the middle of a flu pandemic, a war against the drug cartels, and a disintegrating physical economy, the only thing that would guarantee more social upheaval in Mexico would be the imposition of the insane reforms these bloodsuckers demand.

LaRouche Association Calls for Colombia To Break with Britain's NICE

June 16 (EIRNS)—The Lyndon LaRouche Association of Colombia today issued a call to arms to their fellow

Colombians, to mobilize against the British Nazis who have been hired to oversee the "reform" of their nation's Mandatory Health Plan, from Britain's not-NICE National Institute for Health and Clinical Excellence.

Informing Colombians of LaRouche's war to stop President Obama from imposing genocidal cuts in health care, modeled on the same NICE now threatening Colombia, the LaRouche Association warns that, "in Britain itself, NICE has become the instrument of a dictatorship which decides who lives and who dies, in the same way that the T-4 Program, entitled 'Destruction of Lives Not Worth Living,' signed by Hitler in July 1939, created a 'technical' corps who decided who lived and who died....

The LaRouche Association reports what many Colombians are unaware of:

"At the request of the Social Protection Ministry of Colombia, the British NICE has seized control of the reform of Colombia's Mandatory Health Plan (POS). In July 2008, the Constitutional Court ordered the government to reform the POS, both to unify it, but also to have all the medications and surgical procedures which Colombians require included under it. More than 90,000 lawsuits a year seeking redress from the Constitutional Court—that is, one-third of all such lawsuits to secure a fundamental right, called *tutelas*—are brought by patients who have been denied medicines or medical treatment under various pretexts, particularly the argument that "they are not included in the POS....

"In short, during the past 15 years under Law 100, health sector resources being funneled into the coffers of the private financial entities increased, health 'coverage' nominally increased, but quality and attention to patients—who are no longer patients, but rather 'clients'—decreased. In reality, doctors were turned into appendages of accountants and financiers; the latter, to maximize profits in the shortest time possible, have slashed the services and procedures needed by patients....

"To try to evade its obligation to defend the general welfare of the Colombian people, in particular in the area of health, the government has, through the Social Protection Ministry, hired Britain's NICE to 'advise' that reform. All patriots must go on the alert, and mobilize to eliminate this intervention on the part of the British Empire in the management of Colombian health services....

"It is time we again mobilize against the Nazis and their British empire of usury. This time, to purge them from the political and economic lives of nations, once and for all."

Western European News Digest

[Vaclav Klaus Delays Lisbon Treaty](#)

[Berlusconi Backs Blair as 'President of Europe'](#)

[German Parliament Passes 'Living Will' Law](#)

[Obama-Style Health Cuts Exported to France](#)

[Children with Flu Hospitalized in France](#)

[Austria To Prosecute BAE for Corruption](#)

Vaclav Klaus Delays Lisbon Treaty

June 19 (EIRNS)—Czech President Vaclav Klaus has thrown a monkey-wrench into the drive to force through the European Union's supranational Lisbon Treaty. Speaking at the EU summit in Brussels today, he announced that he will not sign the treaty until the Czech Parliament votes on the guarantees on national sovereignty being demanded by the Irish government, in return for holding a second referendum. All states have to ratify these new guarantees, which are still under negotiation between the Irish government and the EU. (The Irish people defeated the treaty in a referendum in June 2008, but the government is being pressed by the EU to run it again.)

The London *Financial Times* reports that it is believed that EU leaders fear that Klaus is playing for time, in the hope that the British Conservative Party will come to power in an early election. "The Conservatives have declared they will hold a referendum on the treaty, which could end in a 'no' vote that would kill it forever," the paper states.

The Conservative Party is now in the process of forming a new European Parliament faction which would include Lisbon Treaty skeptics, including Klaus's own party, as well as parties from Poland and the Netherlands. A Dutch European parliamentarian from the Christian Union party, a small conservative party with two European parliamentarians, informed *EIR* that he was in negotiations to create such a faction.

Berlusconi Backs Blair as 'President of Europe'

June 20 (EIRNS)—At the European Union Summit in Brussels yesterday, Italian Prime Minister Silvio Berlusconi endorsed Britain's Tony Blair to become the "first President of Europe," when calling for the Lisbon Treaty to be put into effect as soon as possible. Concessions by the rest of the EU leaders to Ireland, in the form of a special protocol dealing with abortion, military neutrality, and tax haven status, yielded a promise by Irish Prime Minister Brian Cowen that his country would hold another referendum on the Lisbon Treaty sometime in October. The concessions to the Irish must, however, still be approved by the parliaments of the other 26 EU nations—which will not occur in a rush.

German Parliament Passes 'Living Will' Law

June 18 (EIRNS)—The Bundestag (parliament) of Germany passed a law on "living wills" today, in a vote of 320 to 241, with 5 abstentions. This vote is the preliminary result of a years-long struggle over legislation that places a patient's wish to die over medical or juridical considerations. This even applies to oral statements, not requiring anything in writing. Strong opposition to the "living will" has watered the law down a bit, so that it includes an option for courts to intervene, in cases of dispute between medical personnel and relatives of the patient.

But why did the Bundestag, which after a 2003 ruling by the Constitutional Court has been brooding over the issue but has not voted on it, vote it out now in a bit rush? Apparently, someone very high up wanted this law to pass before the Summer break, in tandem with the debate over health-care "reform" in the U.S.A.

Obama-Style Health Cuts Exported to France

PARIS, June 16 (EIRNS)—The French government today revealed its expectations for the deficit in this year's Social Security budget (which pays for health insurance, retirement, workplace accidents, and the family): a rise from EU10.2 billion to EU20.1 billion. Of course, the doubling of the deficit is the direct consequence of job losses and fall in contributions. France, as Germany, has a "Bismarckian system" in which the Social Security is mainly managed by 27

representatives of the employers and the employees represented by trade-unions. Britain has a totally state-managed system established by Baron William Beveridge in 1942. But if the deficit appears, the state intervenes to pay.

French Health Minister Roselyne Bachelot underlined that the growing deficit is "not the result of overspending." With the same rhetoric as the Obama Nazi health team, Bachelot claimed that "rigorous cuts are not on the agenda," but said the fight against fraud and waste will be undertaken. The first issue mentioned: patient transport. Since many small clinics and hospitals are in the process of being closed down, patients are obliged to travel long distances to receive care. The cost of such trips, so far, is paid by public health insurance. But given the increase in such trips, "fraud" is suspected. Health insurance officials will inspect the 200 hospitals that recommend the majority of these trips.

Children with Flu Hospitalized in France

PARIS, June 16 (EIRNS)—Ten schoolchildren were confirmed as having H1N1 influenza in a school in Quint-Fonsegrives, in southern France. The cases are not connected to anyone who had travelled to Mexico, the U.S., or other countries affected. All ten, even though they are not suffering from severe infection, were hospitalized, in order to study and quarantine them.

Bruno Marchou, the head of the infectious disease department of the local hospital, angrily said that such hospitalization was absurd, not practiced anywhere else but in France, and could endanger the lives of other patients. To free up hospital beds and services, other patients were hastily relocated. "It is completely abnormal to hospitalize persons suffering from the flu who have no respiratory problems," said Patrick Berch, a professor of microbiology at the University of Paris. They should be treated at home, while hygienic recommendations are given to those around them to avoid contagion. "It is dangerous to send them to the hospital."

Austria To Prosecute BAE for Corruption

June 20 (EIRNS)— Her Majesty's top arms manufacturer and funder of British Secret Intelligence operations, BAE Systems, might very well end up in trouble in Austria over allegations of bribing government officials for the sales of jet fighter aircraft to Austria, the Czech Republic, and Hungary.

The Austrian prosecutor is expected to bring corruption charges, as a result of new documents that have surfaced, detailing the channeling of secret BAE funds to Austrian Count Alfons Mensdorff Pouilly, allegedly BAE's top bagman in delivering bribes to further the sales of these aircraft. One document has Mensdorff writing that the successful sales of BAE's Eurofighters in Austria, worth EU1.7 billion, were thanks to "aggressive incentive payments to key decision-makers."

A new witness has also surfaced, Mark Cliff, a British accountant who help arrange the sale of a Scottish hunting estate and ran several of several of Mensdorff's offshore shell companies, according to today's London *Guardian*.

Brown's Iraq War 'Inquiry': Bury Everything

June 15 (EIRNS)—British Prime Minister Gordon Brown announced today in the House of Commons that the long-awaited full inquiry into the Iraq War will be carried out in private, by an "independent, Privy Counsellor Committee of Inquiry." The committee is supposed to look at everything from the run-up to the war in Summer 2003 to the current withdrawal, Brown said. It will be "fully independent of government," he added. While the inquiry should have access to all British documents and witnesses, evidence will be heard in such a way as to ensure national security—meaning secretly—until the report is released for national debate in July 2010 (notably, after the last possible date for a general

election in Britain, which is June 2010). All the members of the committee, which is to be led by Sir John Chilcot, "are or will become" privy counsellors, Brown said. Their goal is to "identify lessons learned," and not "apportion blame or consider issues of civil or criminal liability," Brown stressed.

Lyndon LaRouche commented that the long-awaited "inquiry" is only intended to bury everything for now, to be exhumed in a few years.

Russia and the CIS News Digest

Summit Hesitates on British 'Dump Dollar' Operation

Collective Security Force To Fight Drug Trafficking

Georgian Lies About 2008 War Documented in EU Report

Summit Hesitates on British 'Dump Dollar' Operation

June 17 (EIRNS)—The June 16 summit of Brazil, Russia, India, and China (known as BRIC), refused to leave London's international monetary system, but did not fully leap into the suicidal, British-laid trap of breaking with the dollar. Sources in India close to the Foreign Ministry report that inside the BRIC summit hall, Russian President Dmitri Medvedev was the lead runner on the substitute currency issue. China was not keen to respond, and Brazil was most reluctant to endorse any of it. India did not participate in this discussion.

The joint statement issued from this first-ever BRIC summit did not deviate much from the City of London agenda. Refusing to acknowledge that the current crisis is a general economic breakdown, the powers demanded "a greater voice" in the already dead imperialist monetary system, urging implementation of the April 2 London G20 summit decisions to "reform" that dead system, demanding curbs on protectionism, and the advance of the free-trade-policing World Trade Organization negotiations.

On the eve of the BRIC meeting, even Russian Finance Minister Alexei Kudrin, a hard-core pro-British monetarist, had downplayed the rush to new reserve currencies. After meeting with U.S. Treasury Secretary Timothy Geithner in Lecce, Italy, Kudrin said it was "still premature to talk about other reserve currencies. We don't intend to change the structure of our reserves substantially in the immediate future"—a period of "more than a year," *Kommersant* reported.

Despite these caveats, Medvedev insisted that replacement of the dollar as the world reserve currency be discussed at the BRIC session. Medvedev economic advisor Arkady Dvorkovich, even as he assured reporters that there was no contradiction between Kudrin and Medvedev on the dollar question, said that the summit would discuss the possibility of expanding the basket of currencies backing the IMF's special drawing rights (SDRs), and the promotion of regional currencies, including "possibly placing part of reserves in the financial instruments of partner countries."

The final communiqué stated only that "we also believe that there is a strong need for a stable, predictable, and more diversified international monetary system."

Collective Security Force To Fight Drug Trafficking

June 15 (EIRNS)—One of the key tasks of the Collective Security Treaty Organization's (CSTO) newly formed rapid reaction force will be to combat cross-border drug trafficking, Russian President Dmitri Medvedev said during a meeting June 10 with Victor Ivanov, head of the Russian Federal Drug Control Service, according to the ISRIA website. The two met in anticipation of the CSTO summit, held in Yekaterinburg June 14. The forces, which will be made up of large military units from five CSTO members—Russia, Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan—"will enable our efficient response to the most significant modern threats international terrorism, local and transboundary crimes, drug trafficking, and regional conflicts," Medvedev said after the summit.

In his discussion with Ivanov, Medvedev said that the CSTO forces "should be able to also carry out missions to cut off drug supply channels as part of large-scale operations to block the supply routes and destroy the drug dealers' infrastructure. I think we will discuss not only establishing the force, but will also discuss how we can use it in the fight against drugs."

Ivanov responded that "cooperation within the CSTO is progressing well." He cited the Channel international cooperation operations, in which now some 20 nations are participating. "This has helped us to step up work between the law enforcement agencies involved in one way or another in the fight against drug trafficking: the customs and border services, of course, the drug control services, and the police. This makes it possible to keep information on drug-trafficking channels up to date and thus consolidate efforts to intercept drugs," he said. "It could be a good idea to examine the possibility of using the Collective Rapid Reaction Force for one-off operations on the main drug trafficking routes."

The CSTO, the security branch of the Commonwealth of Independent States, which was set up in 1992, includes Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Uzbekistan, and Tajikistan.

Georgian Lies About 2008 War Documented in EU Report

June 16 (EIRNS)—The European Union Commission's special investigation group on the Georgian-Russian war over South Ossetia in August 2008 is not favorable to the Georgian side, according to the German newsweekly Spiegel-Online. In particular, in preliminary fact-sheets, Georgia's President Mikhail Saakashvili is exposed for his lies about alleged Russian provocations as causing that war. Unpublished documents produced by the EU investigators assign much of the blame to Saakashvili. The Georgian military mobilization was simply too big, for example, to be carried out "in instant response" on Aug. 7 to an alleged Russian attack; it had apparently been built up over some time. The documents are part of a dossier put together by Swiss diplomat Heidi Tagliavini, which is to be presented publicly by the end of July.

The Russian and Ossetian militias were also partly responsible, the report says, adding that questions are also unanswered about why no one at the U.S. State Department picked up the phone when the Russian Foreign Ministry called on the "hot line" to brief the Americans on the situation, a few hours after Georgian troops had invaded South Ossetia.

Southwest Asia News Digest

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Mitchell: Syria Has 'Integral Role' for Peace

June 13 (EIRNS)—After U.S. envoy George Mitchell met with Syrian President Bashar al-Assad today, Mitchell described the discussions as "substantive," and said that Damascus has an "integral role" to play in achieving comprehensive peace in the region. He said that the peace the U.S. is seeking "is truly comprehensive" and involves all the parties in the region. "We are well aware of the many difficulties that lie ahead," he said. "Yet we share an obligation to create conditions for negotiations to being promptly and end successfully."

"Syria has an integral role to play in reaching comprehensive peace," Mitchell added. "We seek to build on this effort to establish a relationship based on mutual respect and mutual interest. The United States looks forward to this continued dialogue."

Mitchell's visit to Damascus follows by one day that of former President Jimmy Carter, who said on June 11 that there can be no peace between the Palestinians and Israel unless Hamas is involved. "Our main task is to support the Middle East peace process and the hope of resumption of negotiations between Syria and Israel, and Israel's withdrawal from the Golan."

Carter Meets Hamas Leaders, Denounces Israeli Destruction

June 17 (EIRNS)—Former President Jimmy Carter was in the Gaza Strip yesterday, where he met with the Hamas leadership and assessed the destruction caused by the Israeli attacks earlier this year. He also furthered his mediation efforts to seek the release of captured Israeli soldier Gilad Shalit in a possible prisoner exchange. This was the final leg of a tour that brought him to Beirut, where he observed the Lebanese elections; Damascus, where he met Syrian President Bashar al-Assad; the West Bank, where he met with Palestinian Authority President Mahmoud Abbas; and Israel, where he met President Shimon Peres and the parents of Gilad Shalit.

Carter met Hamas leader Ismail Haniyeh in Gaza, who said afterwards that "the organization welcomes all efforts to finalize the Shalit affair." Haniyeh added that the Hamas movement would be "prepared to accept a state in the territories occupied by Israel in 1967." Haniyeh made the announcement at a joint news conference in Gaza City with Carter. "We are pushing towards the dream of having our independent state with Jerusalem as its capital," he said. "If there is a real project that aims to resolve the Palestinian cause of establishing a Palestinian state on 1967 borders, under full Palestinian sovereignty, we will support it."

Carter told reporters that solving the Israel-Palestinian conflict in accordance with a two-state solution, with Jerusalem as the joint capital of the two states, was the best method of achieving a comprehensive and lasting peace. Carter delivered a letter from the parents of Gilad Shalit to Hamas. In a speech before the staff of the United Nations Relief and Works Agency, which provides aid to the Palestinians, he expressed his outrage at the destruction he saw in Gaza. He said that "bombs, missiles, tanks, bulldozers, and the continuing economic siege have brought death, destruction, pain, and suffering to the people here. Tragically, the international community largely ignores the cries for help, while the citizens of Gaza are being treated more like animals than human beings."

Carter charged, "The responsibility for this terrible human rights crime lies in Jerusalem, Cairo, Washington, and throughout the international community. This abuse must cease; the crimes must be investigated; the walls must be brought down, and the basic right of freedom must come to you."

Carter expressed the hope that the Obama Administration would push forward with the peace process. He also said that his

meetings with Hamas leaders assured him that they would except any negotiated settlement approved by a referendum.

Netanyahu's Speech: A Zionist Sophistry

June 14 (EIRNS)—The much-anticipated speech by Israeli Prime Minister Benjamin Netanyahu today did endorse a Palestinian state, as reported, but he put a number of conditions that make his so-called endorsement a non-starter.

"We must make sure that the Palestinians cannot create an army," he said. "We cannot be expected to agree to a Palestinian state without receiving guarantees that it will be demilitarized. We ask the international community for an express commitment that the Palestinian state's area will be demilitarized with effective measures, not like the ones in Gaza."

He added that the future Palestinian state must not have its own closed airspace and must not be able to sign military treaties with Israel's enemies.

"The demand to settle Palestinian refugees inside Israel is incompatible with the continued existence of Israel as a Jewish state," he added. "It is possible to solve this problem outside the borders of Israel. There is wide national agreement about this among us."

Jerusalem, he insisted, will remain unified and with freedom for all religions. As for "Judea and Samaria" (the West Bank), Netanyahu explained: "'We do not intend to build new communities or expropriate land. But fathers and mothers in Judea and Samaria must have the possibility to let their children live beside them. The settlers are not enemies of the people, they are a pioneering, Zionist, values-oriented public. If we get these guarantees we will accept as part of a true peace treaty a demilitarized Palestinian state beside a Jewish state.'"

Responding to Netanyahu's conditions, senior Palestinian Authority negotiator Saeb Erekat said: "Netanyahu will have to wait a thousand years before he finds a Palestinian who agrees to his suggestions. He has unilaterally eliminated all of the final status subjects like Jerusalem, refugees, and security. I turn to President Obama: Netanyahu's speech is a slap in the face to your speech."

The make-it-or-break-it issue, as identified by U.S. envoy George Mitchell, is that there be a freeze on all Israeli settlement expansion, including so-called "natural growth." Netanyahu fundamentally rejected this demand, and, as former President Jimmy Carter warned in an *Ha'aretz* interview published today, Israel and the United States are on a collision course.

Four of Five Israelis Can Live With a Nuclearized Iran

June 14 (EIRNS)—A poll conducted by the Institute for National Security Studies (INSS), a Tel Aviv University think tank, and published today, found that only one in five Israeli Jews believes a nuclear-armed Iran would try to destroy Israel, and most see life continuing as normal should Iran get the bomb. The survey appeared to challenge the argument of successive Israeli governments that Iran must be denied the means to make atomic weapons, lest it threaten the existence of the Jewish state.

Asked how a nuclear-armed Iran would affect their lives, 80% of respondents said they expected no change, 11% said they would consider emigrating, and 9% said they would consider relocating inside Israel.

Yet the same poll showed that 59% of Israeli Jews would support an Israeli attack on Iran, as proposed by Israeli Prime Minister Benjamin Netanyahu's government, using the specter of Iran's nuclear power. The other 41% would not back the

military option. A separate survey, commissioned by the Hebrew University of Jerusalem, found 52% support for Israeli pre-emptive attacks on Iran, with 35% of respondents opposed.

Israeli Arabs, who make up some 20% of the population, were not included in the poll for "budgetary reasons," said INSS research director Yehuda Ben Meir.

Asia News Digest

Likely Shift in India's Domestic Economic Policy

International Land-Grabbers Target Poor in Asia

Collapse in Japan Drives Revolt Against Koizumi 'Reforms'

China Doubts Whether Obama Can Deliver

Swine Flu in Asia

Likely Shift in India's Domestic Economic Policy

June 14 (EIRNS)—India's Manmohan Singh-led government's domestic economic policy in the last five years has been oriented to creating growth using India's IT and other service sectors, enticing foreign-exchange deposits, and spending as little as possible to improve living conditions in India's poverty-stricken rural areas, where the majority of Indians live. However, that may change.

On June 4, at the inaugural of the new government, India's President, Mrs. Pratibha Patil, a protégé of Congress Party president Sonia Gandhi, said, in the traditional parliament speech, what her government must accomplish in its next term: "My Government will ensure that the growth process is not only accelerated but also made socially and regionally more inclusive and equitable. The yearning of our people for inclusiveness—economic, social, and cultural—and the rejection of the forces of divisiveness and intolerance that my Government spoke of in 2004 continues as both its inspiring vision and its unfinished business."

She pointed out ten priorities, which include stepping up economic growth in agriculture, manufacturing, and services; consolidation of flagship programs for employment, education, health, rural infrastructure, and urban renewal; introduction of new flagship programs for food security and skill development; creation and modernization of infrastructure, and capacity addition in key sectors; and energy security and environment protection. It is likely that President Patil's speech was drafted in consultation with the Congress Party president.

In an unusual move, Prime Minister Singh has opted to make public his advice to Finance Minister Pranab Mukherjee, to incorporate in the budget the priorities outlined in Patil's address. The budget will be presented to the Parliament early next month for approval.

International Land-Grabbers Target Poor in Asia

June 17 (EIRNS)—"Those who have money can eat; the poor must perish," seems to be the campaign of the international

land-grabbers, who are snatching up lands on long lease from poorer nations.

In Cambodia, this could create a serious conflict between the poor and the Phnom Penh government. Last year, delegations from oil-rich Kuwait and Qatar visited the impoverished nation, eyeing leases on land to export food back home—a move that could leave many Cambodians without enough food, say observers. As a carrot to Phnom Penh, Kuwait reportedly offered US\$546 million in loans for dams and roads, while Qatar will invest a paltry \$200 million in agriculture.

In recent years, Vietnam has procured 100,000 hectares of land in Cambodia, and another 100,000 hectares for rubber plantations, a cash crop; the Philippines has allotted 10,000 hectares for agro-fishery to Bahrain, and 100,000 hectares to Qatar; Indonesia is deciding on 500,000 hectares, a \$4.3 billion rice investment, wanted by the Bin Laden Group of Saudi Arabia, among other deals that have taken place. According to the Washington-based International Food Policy Research Institute (IFPRI), between 15 and 20 million hectares of farmland in Asian countries have been subject to transactions, or negotiations, since 2006. IFPRI estimates the value of such deals at up to \$30 billion.

Ever since high world food prices in 2007 and 2008 raised the prospect of food insecurity for countries without much farmland, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates have scoured Asia for land.

Collapse in Japan Drives Revolt Against Koizumi 'Reforms'

June 15 (EIRNS)—The collapse of the Japanese economy is driving a revolt against the privatization/deregulation reforms carried out under former Prime Minister Junichiro Koizumi (2001-06), whose policies went a long way toward destroying what was left of the American System policies that built post-war Japan into a world economic power. Particularly targeted is the privatization of the Japan Postal Bank, which had funneled personal savings into domestic infrastructure investments.

With an election required by September this year, leading factions in both major parties are declaring their intention to roll back these destructive reforms. Prime Minister Taro Aso took steps a few months ago to stop the privatization of the Postal Bank. He was not successful, but he did stop the scheduled privatization of the Development Bank of Japan, which is a primary government conduit for support for industry in the current crisis. Aso's close ally, Internal Affairs Minister Kunio Hatoyama, was leading a fight to remove the head of the Japan Post, Yoshifumi Nishikawa, who was overseeing the privatization process on behalf of Koizumi.

However, Koizumi and his remaining supporters within the ruling Liberal Democratic Party (LDP) are running an attack against Aso. Koizumi's faction this week forced Hatoyama's resignation, for opposing the Postal Bank privatization. While Koizumi won this factional battle, the disunity in the party assures that the LDP, which has ruled Japan almost without interruption since World War II, could lose to the Democratic Party of Japan (DPJ) in the upcoming election.

Ironically, the current head of the DPJ, Yukio Hatoyama—the brother of the LDP minister driven out of the cabinet by Koizumi's boys—is also committed to stopping the Koizumi reforms. Thus, whether the election goes to the LDP under Aso, or to the DPJ under Hatoyama, the anti-privatization policies should prevail. This will not save Japan from the global crash, of course, but could potentially focus the forces needed to lead the country to join other nations in implementing LaRouche's economic recovery policies.

China Doubts Whether Obama Can Deliver

June 20 (EIRNS)—A prominent Chinese official said he is worried about the ability of the Obama Administration to deal with the very difficult challenges it is facing, at the British-German-U.S. "Foresight" conference in Washington yesterday.

Expectations of the current U.S. government are very high, he said, but it has a lot on its plate now, and is facing a risky situation, and this is causing concern. This official, and several other participants from China, were certain that the crisis is going to get worse. Beijing's policy is to do all it can to deal with the enormous problems China faces, they said, and while China will play an international role, it has neither the intention nor the ability to commit resources to rescuing global institutions on any significant scale.

Swine Flu in Asia

June 14 (EIRNS)—Cases of confirmed H1N1 flu have broken out in two Southeast Asian countries, as the World Health Organization declared a Level 6 pandemic alert.

Thailand's "swine flu" cases tripled over the last three days to 150, with more expected as test results continue to arrive, a health official said today. The number of cases in Thailand jumped from 47 on June 12 to 106 on June 13, to "150 confirmed H1N1 cases as of today," according to Dr. Prat Boonyavongvirot, permanent secretary of the Public Health Ministry. Some schools in Bangkok have been temporarily closed.

There is a confirmed outbreak of swine flu in the remote village of Barangay Hilera, Philippines. The community, which is only connected to the outside world by poor roads, has 103 confirmed cases in a population of only 1,622, or 6.3%.

Because 11 infected children passed the flu on to over 90 contacts, the strain seen in the Philippines may be especially infectious. The statistics for the original cases of the flu reported from Mexico indicated an infectiousness ratio of only 1.6, far lower than the almost 9.0 in this case.

Significant numbers of cases have been reported in Japan and Hong Kong, with major school closings. The disease is also present elsewhere in China, and in South Korea.

Africa News Digest

Malloch-Brown Defends ICC as Tool Against Africa

Sudan: Beginning of the End of the Darfur Crisis

Malloch-Brown Defends ICC as Tool Against Africa

June 10 (EIRNS)—Lord Mark Malloch-Brown, British Minister for Africa (business partner of mega-speculator and drug legalizer George Soros), yesterday, in a speech in Mozambique, defended the International Criminal Court (ICC), which he and Soros were instrumental in founding. The Court, which is not part of the UN or any other international body, was founded as a tool to wreck the sovereignty of nations. So far, it has only been used against Africa.

Reacting to widespread criticism of the ICC, Malloch-Brown said that he rejects the "rhetoric of neo-colonial conspiracy," pointing out that the ICC had been ratified by 30 African countries, and has had cases referred to it by the governments of the Democratic Republic of Congo, Central African Republic, and Uganda. He neglected to mention that all of these cases were motivated by these governments' efforts to stop foreign-backed insurgencies. He declared condescendingly that the ICC was an important "last resort" to deliver justice in Africa, and said the role of the ICC was an indication that international law was beginning to thrive in Africa, and emphasized it has "a pivotal role in justice in Africa." He didn't mention that aid agreements made by the former colonial powers could be broken if African nations abandoned their

commitment to the ICC. (The United States is not a member of the ICC.)

Sudanese President Omar al-Bashir, against whom the ICC issued an arrest warrant last year, attended a summit of the Common Market for Eastern and Southern Africa (Comesa) in Zimbabwe this weekend. The summit, which was chaired by President Robert Mugabe, called on the UN Security Council to delay the implementation of the warrant against Bashir.

Sudan: Beginning of the End of the Darfur Crisis

June 11 (EIRNS)—In Sudan, more people are being killed in ethnic conflicts in South Sudan, than are being killed in the Darfur conflict in western Sudan, according to a statement made to the UN early this month. Sima Samar, UN special representative on human rights in Sudan, referred to the statement June 5 in Khartoum, after she completed a visit to Sudan. This report coheres with reports received by an *EIR* delegation on a visit there in early April.

Ghazi Salaheddin, an advisor to President Omar al-Bashir, said today, in an interview with AFP, that the Darfur conflict is almost over. Ghazi has been made Sudan's new point-man for Darfur, which is seen by Sudanese observers as an important signal of change of approach, in response to the more congenial approach being used by U.S. special envoy Scott Gration. Ghazi attacked the ICC offensive against Bashir, but is also seen as a conciliator, and is inviting more rebel leaders to join the negotiation process.

Ghazi has blamed the classic British divide-and-rule tactics of colonialism for the trouble in Sudan.

Four aid organizations that were expelled by Sudan after the ICC issued its warrant for the arrest of Bashir, are now being allowed to return, after registering under slightly different names. Others of the 13 expelled groups are also expected to return.

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