

LaRouche: General McChrystal's Folly Zepp-LaRouche Webcast: What Will Follow the Crash? Administration Ramming Through Fascist Health Bill

Season of a 20th Anniversary: Now, October!

# The system disintegrates

**Financial aggregates** 

Monetary aggregates

2007 to 2009

Physical-economic input-output

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by Mohd Peter Davis and N. Yogendran
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### From the Managing Editor

From the man who brought you the biggest hyperinflationary bubble in the history of the human race: Alan Greenspan pronounced on ABC-TV on Oct. 4 that the rise in unemployment of the past year was due to foolish panic after the collapse of Lehman Brothers. Despite the loss of 263,000 U.S. jobs in September, "we are in a recovery," Greenspan burbled. "This is what the early phase of a recovery looks like." Third quarter GDP, he forecast, will show at least 2.5% growth.

Now that you know what's *not* really going on, *EIR* tells you what *is*. Start with *Economics*:

- Our cover story, LaRouche's "Now, October!" identifies the probable forms that the phase-shift into a full economic breakdown crisis might be expressed in the weeks immediately ahead.
- In "The Empire Crumbles: This Tower of Babble," LaRouche restates the case for a four-power alliance (United States, Russia, China, and India) to institute a new global credit system, to replace the hopelessly bankrupt monetary system.
- John Hoefle pulls away the layers of financial propaganda to look at what really has bankers scared about the perilous state of the U.S. commercial real estate sector.

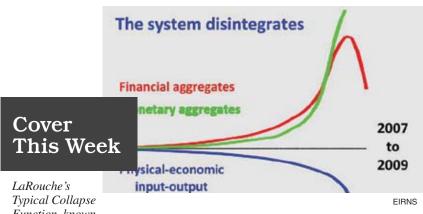
Coming attractions: Next week we will feature a now-in-progress document by LaRouche, "The LaRouche Plan: Rescuing the World's Economy."

On the international strategic plane (see *Feature*), LaRouche looks at "General McChrystal's Folly," the insanity of a land war in Asia. Commenting further on the matter on Oct. 4, LaRouche said that McChrystal "is proposing that the United States plunge further into a counterinsurgency war in Afghanistan, employing methods that failed in Algeria, failed in Indochina, and will fail under every other condition, including the present condition in Afghanistan."

LaRouche's fourth article in this week's issue is "An Election in Germany: Death Under the Brutish Boot." His analysis is complemented by the full transcript of Helga Zepp-LaRouche's opening remarks in the last webcast of her campaign for Chancellor, in which she proves the collaboration between Germany's Chancellor Bismarck and such American System economists as Henry Carey. It was this policy that allowed Germany to become a great industrial power; had the legacy not been sabotaged by the British, Hitler never would have come to power.

Susan Welsh

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Mrs. LaRouche's opening statement at her Sept. 22 webcast, before the Sept. 27 election. She was the Chancellor candidate of the Civil Rights Solidarity Movement (BüSo). Contrary to the government parties, the "experts," and the media, she states, Germany is not in an economic recovery mode, but is sinking deeper into crisis. But there is a solution, and it is based on Germany's almost-unknown history of collaboration with the American System of political economy.

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### THE SEASON OF A TWENTIETH ANNIVERSARY:

# Now, October!

by Lyndon H. LaRouche, Jr.

September 30, 2009

During the recent days, I have presented a series of reports bearing on the matter of the nature and causes of the presently onrushing October crisis of both the U.S.A.'s and the world's current entry into the crucial phase of a global economic-breakdown crisis. I have indicated the first half of October as a crucial period of phase-shift into the actuality of the already looming, initial onset of that actual breakdown. Here, I restate the case with special emphasis on identifying the probable forms in which the present inevitability of that phase-shift might be expressed during the weeks immediately ahead.

Now, that Germany's parliamentary elections have just been concluded, the citizens of the U.S.A. should be reminded, that today's continuing political mass-strike against both the Obama Administration and the membership of the increasingly despised current session of the U.S. Congress, is an echo of that great mass strike in East Germany which brought about the fall of the Berlin Wall about twenty years ago. How, then, would the alleged "ordinary citizen" expect to recognize the signs of such a development during its opening phase?

Now, in the U.S.A. today, the cry of "Wir sind das Volk!" from Germany then, is echoed by the theme "We

are the people!" which is resounding from the voices of a still-rising mass-strike movement from among the majority of the U.S. adult population. For that majority of our adult citizenry, especially the thirty percentile of the unemployed labor-force for whom the new great economic depression had already begun, this fact is expressed by the virtually unprecedented fall of popular support for the de facto British Empire's puppet, President Barack Obama.

Now, as the ominous month of October descends upon the entire planet, a new, greater existential crisis than that, has arisen from among the nations of the world. October is the setting which promises an onrushing economic breakdown-crisis world-wide. At this time, there is no good reason to doubt either that the October 2009 entry into a new U.S. fiscal year, defines a general breakdown of the monetary-financial system of not only the U.S. economy, or, that this monetarybreakdown-crisis will now reverberate as the common ruin of nations throughout the world. Therefore, the only questions in the minds of actually competent economists, are the following two: "First: Exactly what specific form will this already onrushing breakdown-crisis take, during the month of October and for a short time beyond? Second: Is there an alternative?"

This season, the ironical joke will probably be, "What favorite politician will be hanging from your Christmas tree?"

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The reply will likely be: "We are not having a Christmas tree this year."

The rejoinder would probably be: "Aha: your politicians must really be scared!"

The entire planet has now entered the onset of a planetary "new dark age"—unless very specific kinds of changes, from a world monetary system, to a "Hamiltonian" quality of mutual credit-system, were to be launched by a leading combination of the U.S.A., Russia, China, and India. Shallow-minded people will insist that such a change is impossible. I know better. The needed change is possible; the question is, do the governments of those four nations have the wisdom to act upon the great opportunity for general reform now placed before them? The reason this reform might gain its needed support, is that no nation of this planet has any chance of surviving the failure of those leading nations to join in launching the needed anti-monetarist reform.

Therefore, before mistaking this October's bad news as leaving us no real alternative, review two crucial issues. First, review the causes for this timing of the oncoming monetary-financial breakdown-crisis which is being guided currently by the British empire's outright ownership of the foolish administration of U.S. President Barack Obama. Second, consider the alternate option.

#### The U.S. Economic Crisis

The only publicly known method of competent economic forecasting for national economies of the world since my January 1996 announcement of my candidacy for the U.S. Presidential nomination for the Democratic Party at that time, has been a heuristic device presented then as my "Triple Curve." Since that time, it has been proven to have been the only competent method of forecasting throughout the world. In that sense, the present, world-wide breakdown-crisis of the reigning global monetary-financial system can be fairly described as a result of the failure to take up my now thoroughly vindicated forecasting into account.

The most crucial three elements which define the overall causes for the presently oncoming, general economic-breakdown crisis of the planetary system as a whole are:

First: the curve of the presently hyper-inflationary monetarist system. When the rate of expan-

FIGURE 1

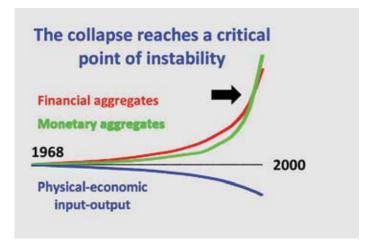


FIGURE 2

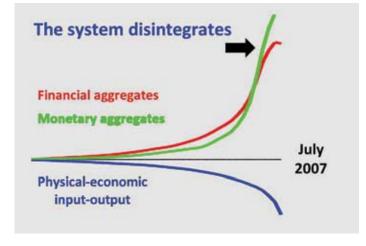
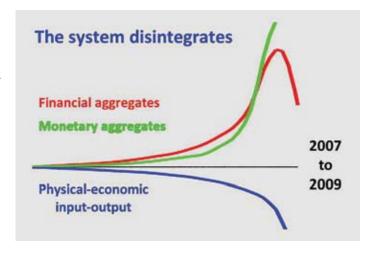


FIGURE 3



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sion of this monetarist inflation overtook and surpassed the rate of financial expansion, in Summer 2007, the pre-conditions for a looming threat of a general, global breakdown-crisis of the type presented by that of March-November 1923 Germany, were already fully under way.

Second: the shift of the financial curve, under those conditions, from inflationary, to deflationary, since no later than that Summer-Autumn interval of 2007.

Third: the accelerated rate of collapse of physical output per capita and per square kilometer.

When, under these conditions, the rate of growth represented by the acceleration of the hyper-inflationary monetary curve, had overtaken the rate of growth of the financial curve, such that the financial curve's reverse course, became, apparently, deflationary, the accelerated rate of collapse of relative physical output per capita, combined with the acceleration of monetary emissions, the deflationary course of financial flows, and the accelerated rate of collapse of physical economic output, signaled the definite arrival of conditions corresponding precisely to the pattern of the Spring-Autumn 1923 hyper-inflationary breakdown of the Weimar economy.

So, the relevant precedent for the type of break-down-crisis under way presently, is the case of Weimar Germany's economy of the period concluding with November 1923. In this case, the French occupation of the Rhineland triggered the actuality of the already menacing threat of a hyper-inflationary breakdown-crisis. The relationship among the three elements of today's Triple-curve pattern in the U.S.A. today, was that present in 1923 Germany.

However, when, as in 1923 Germany, or the U.S.A. today, the combination of a monetary hyperinflation overtakes the rate of expansion of financial aggregates, as the initiatives of Senator Chris Dodd and that fanatic and U.S. Representative Barney Frank had done, and the net physical output of the economy is declining, the pre-conditions for a hyper-inflationary breakdown of the entire economy exist, as they existed then, and in the U.S. trends since August 2007. What the policies of the Bush and Obama administrations have done, since then, and through the present date, has been clinically insane. However, the same specific conditions also prevail in the world economy as a whole.

The case of Germany 1923 was, admittedly, exceptional. Germany was then subjected to absolutely artificial, predatory conditions defined by the Versailles conditionalities imposed, chiefly, by the Bank of England, the Manhattan monetarists, and the revanchist French regimes. In the present case, we see the kinds of boundary conditions imposed by, chiefly, the trio of London, Paris, and Wall Street, as under the conditions those three powers have imposed upon a reunified Germany, but then, applied to a limited sector of the world economy. Today, the conditions imposed upon Weimar Germany have been imposed, in effect, upon the entire world, as by, implicitly, the monstrously corrupt International Monetary Fund (IMF) system.

So, the logic of what the Versailles powers did to 1920s Weimar Germany, is the same logic, applied on a global scale, to produce the preconditions for today's hyper-inflationary breakdown-crisis on an unlimited scale. It is fairly said that the economic thinking ruling most of the national governments of the world now, has been, and remains, clinically insane.

Then, as now, the only competent remedy for a breakdown condition such as those of Weimar Germany 1923 and the U.S. economy today, is to put the system as a whole into reorganization in bankruptcy by the relevant sovereign nation-state, using the equivalent of a Glass-Steagall standard for reorganization of the entire system in bankruptcy. The fictitious monetary assets must be simply cancelled, and the relevant economy reconstituted on the basis of an anti-monetarist credit-system, cancelling the morally fraudulent monetarist assets.

Thus, for the U.S.A. itself, the formal condition for saving the U.S. government itself from a total financial breakdown caused by the burden of monetarist interests, is a return to the constitutional ban on monetarist practices inhering in the Hamiltonian prescription embedded in the U.S. Federal Constitution.

Once that approach were adopted by the U.S.A. in conjunction with some other leading nations, such as Russia, China, and India, a general recovery of the world economy could be set into motion. For the moment, however, for as long as western and central Europe remains under the British monetarist boot, those nations lack the mechanisms of sovereignty required to effect the needed reform. Thus, without a bloc of anti-monetarist cooperation among the credit-systems of the U.S.A., Russia, China, India, and other powers which choose to join them in a common effort, a general plunge of all nations of the planet into a pro-

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The only competent remedy for current crisis, LaRouche writes, is to put the system through an orderly bankruptcy procedure, using the equivalent of a Glass-Steagall standard. Here, on June 16, 1933, President Franklin Roosevelt signs the Glass-Steagall Act, which separated commercial banks from the speculative "investment" banks. Sen. Carter Glass (Va.) and Rep. Henry Steagall (Ala.) flank FDR on right and left respectively.

longed, global "Dark Age" were virtually inevitable.

Without an initiative to that effect by the U.S.A., such a recovery would not be possible. The doom of mankind for a generation or more to come, would then be inevitable.

Clearly, the British monetarist-imperialist system would resist such reforms, virtually to the bitter end. No matter; it is essential that civilization more generally survive, while the necessary fundamental changes in the United Kingdom's affairs appear, more or less reluctantly, after the remainder of the world has cast its own vote for economic sanity.

However, if the remedy I have identified is not adopted, the world as a whole is already foredoomed for a season in Hell. To understand that immediate threat of a global breakdown-crisis, the factor of what is called "globalization" must be taken into account.

### Why a Global Collapse

There are certain incompetent, or otherwise misguided economists and officials of governments, in various parts of the planet, who are deluded into believing that a collapse of the U.S. dollar would not trigger an inevitable, virtually simultaneous collapse of every nation of the planet. Only the government of China has a realistic view of this matter among governments generally, at this present time. The others are to be fairly described as hypnotized by the seductive charms of some strange fairy, perhaps one incarnate in the disguise of a Keynesian monetarist.

Without a conversion of the economy of some cooperating leading nations of the world, from participation in a monetarist system to a Hamiltonian type of credit system, there is no chance for what might be called a survival of any national economy on this planet today. This will be made clear to all who are not deluded, by developments already coming to the surface during the month of October.

For example: if we could presume that the present policies of the Obama administration were to be continued through the month of October and slightly beyond, the U.S.A. is already

as good as doomed to the worst physical breakdown of its society since the adoption of the Federal Constitution. Death rates would soar beyond the powers of imagination of most living today, even way beyond the already frankly homicidal intentions of the Hitler-modelled IMAC (Independent Medicare Advisory Council) provisions for the proposed Obama health-care "reform."

Now turn our attention to the next question. Presuming that the reforms which I have proposed are not being introduced into U.S. law and official practice during October, what form of expression would a consequent, general breakdown-crisis of the U.S. economy assume?

#### Perception or Reality?

As I presented the conclusive evidence of this fact for the case of the 1971 collapse of the U.S. economy under the U.S. Nixon administration, as in my defeat of the leading British Keynesian economist Abba Lerner in a celebrated December 1971 debate, the incompetence of the predominantly pro-Keynesian, or worse economists rampant in academic and comparable posi-

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tions still today, is shown by such persons' failed forecasts, as so shown by comparison with my own, relatively infallible record since 1956-57. Their forecasts have been premised chiefly on, either purely monetarist considerations, or studies of physical-economic processes as interpretations adapted to monetarist statistic methods. The assumption that the character and regulation of patterns of net physical growth in economies can be defined by, and adduced from statistical methods generally, is a terrible fallacy which ignores the determining influences of physical-capital factors underlying both physical production and productivity.

In other words, the physical changes in productivity, per capita and per square kilometer, are principally determined by the combination of principled physicalscientific factors and the relative impact of a modality of Classical artistic culture in poetry, drama, music, painting and sculpture. The crucial role of such cultural factors is dynamic in the sense of Gottfried Leibniz's exposure of the fraud of Cartesian mathematics, as that proof was relevant to the role of the modern physicalscientific sense of the Classical term "dynamis," as "dynamics" is the underlying principle in both matters of physical science and Classical artistic composition. It is those creative faculties unique to the human Classical modes of the imagination from which the creative powers of physical science are derived. The case of Albert Einstein and his violin, is typical of the essential role of this connection of Classical artistic composition to valid expressions of scientific progress.

As my own relatively unique successes in economic forecasting have illustrated this fact, it is only through viewing the matters of monetary, financial, and physical-economic functions of national and world economy in that way, that the original character of changes in the relative productivity of world and national economy can be accessed. Not the least of these considerations is the role of creativity within the cultural habits of the population, including consideration of that underlying expression of the general disposition for creativity exhibited by the relative role of Classical artistic, as distinct from populist modalities among various strata of the population. Cusa, Kepler, Fermat, Leibniz, Riemann, Einstein, and Vernadsky are typical of this factor of the relative weight of culture affecting economic productivity of nations and their populations.

As that follower of Bernhard Riemann, Academician V.I. Vernadsky, has demonstrated, the relative potential productivity of a national culture, per capita and

per square kilometer, can not be measured by any fixed mathematical standard. The increase of the relative productive powers of labor, as measured both per capita and per square kilometer of territory, demands those increases in relative potential energy-flux-density of sources of applied power which offset the depletion of the relatively richest deposits which the Biosphere has left behind for various forms of mining by the Noösphere.

This just-cited factor, for example, has determined modern society's ability to reach the Moon, and will determine the feasibility of regular transport of people, as distinct from mere "things," between Earth's Moon-orbit and Mars. That is to emphasize the crucial importance of the requirement of fusion propulsion for delivering human passengers in travel between Earth-Moon orbit and the lunar orbit of Mars. It is only through the more or less steady increase of the modes of energy-flux-density employed, that the survival of the human species on Earth depends. Fission and fusion are today's benchmarks of existing human cultures' fitness to survive.

This factor of required increase of energy-flux density, is correlated with relative capital intensity. Only through relatively "geometric" rates of increase in basic economic infrastructure, including that of modes of production, can even the mere potential population-density of a society be defended.

These conceptions were built into the economy of what became the United States since approximately 1620, and were echoed as a matter of principle by the anti-Manchester policies of Chancellor Otto von Bismarck, as the same conceptions are to be found in the policies of France under Louis XI and the role of Jean-Baptiste Colbert and the role of the Ecole Polytechnique of France under the pre-1815 leadership of the circles of Gaspard Monge and Lazare Carnot.

Thus, those notions of capital-intensity are built into the American System of political-economy, as that notion was associated with the work of Alexander Hamilton's specifications for the American System of political-economy. That notion of a science of physical economy, as opposed to monetarist dogma, is the historical root of competent scientific notions of maintenance and increase of the per capita and per square kilometer productive powers of labor up through the present day. In my own work, I have simply emphasized more up-to-date physical standards.

In the matter of applying this view of the principles

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With a Moon-Mars mission using increases in energy-flux-density of applied power, mankind can develop worlds beyond Earth. Here, Expedition Six crew members are in the functional cargo block of the International Space Station in November 2002. Donal Pettit of NASA (front) was the ISS science officer. Cosmonaut Nicholai Budarin (back left) was flight engineer, and astronaut Kenneth Bowersox mission commander.

of any competent expression of a science of economy, and of economic forecasting, these conceptions, as encapsulated in my crafting and use of a "triple-curve" function, provide the degree of approximation of a practicable every-day economic science suited to the shaping of a competent U.S. national policy, and also a system of global cooperation among a set of fixed-exchange-rate credit-systems of a world economy.

One we have settled upon that standard, we next turn to the obvious matter of reversible, as distinct from irreversible declines in a particularly organized system of national economy. Thus, to what we are properly seeking, in approaching the question of whether or not an irreversible down-shift in a particular system of national economy, or world economy, has been reached.

Thus, when I speak, or write of a breaking-point downward in the October state of the U.S. national economy, my standard is that of the test of implicit non reversibility of a qualitative down-shift in the productivity of that economy as presently composed. This means a condition which can not be escaped by any means short of a qualitative change in the present organization of the structure of that economy. In this present case, that means a required shift from the present, monetarist, form of a hopelessly bankrupt form of economy

under the thumb of the Federal Reserve System, to re-establish the rule of the credit system specified in the U.S. Federal Constitution.

It is the function of a U.S. return to its constitutional creditsystem, away from the monetarist systems which pollute, for example, nations such as Russia, China, and India today, which defines the indispensable role of the U.S.A. in any competent effort to avoid a planet-wide plunge into a new dark age. The refusal of such a role by any among that "big four" would now mean a general breakdown of every economy of the planet, at a very early stage.

Unfortunately, the only alternative, and that is very much temporary, to what I have proposed again, here, would be a savage dictatorship comparable to that of the Hitler war-time dictatorship in

Germany. In other words, for the U.S.A., this means either my approach, or a savage, mass-murderous form of Hitler-like austerity, imposed by the present Obama administration.

You see: you do have a choice, but only for the short term, as Hitler might have said during his last days in the bunker.

In other words, it is the absence or present imposition of precisely those reforms which I have presented, which will determine the chosen direction in the fate of the U.S. population during the weeks immediately ahead.

Therefore, in any case, an implicitly irreversible, significant downshift in the level of financial support of population and institutions, under post-September 30th conditions, would be an irreversible, probably fascist-style political down-shift of the entire U.S. economy, which would be sufficient evidence that the next phase of general collapse of both the U.S. economy, and also, therefore, the world economy at large, has occurred. In other words, either a precipitous collapse in the market, or a sharp turn toward pro-fascist modes of austerity, would suffice to prove that a qualitative change with the characteristics of a breakdown-crisis has been confirmed.

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### The Empire Crumbles:

### This Tower of Babble

by Lyndon H. LaRouche, Jr.

Sept. 28, 2009

Unless a purgative system of bankruptcy is put into effect very soon, the entire world system of nation-states will soon disintegrate, one after the other, chain-reaction style. It could come as soon as some time in October. If it is permitted to occur, it will come as a result of the hyperinflationary collapse, like that of Weimar Germany in 1923, but not in one isolated nation, this time; the entire planet will collapse, and leading nations will simply disintegrate. This could be stopped now, if my proposal for a reorganization-in-bankruptcy converts certain leading nations from the present international monetary system, into a credit-system of the type prescribed by the U.S. Federal Constitution. Otherwise, the doom is already inevitable.

There are two principal facts which must be considered, if the reasons for such a present threat to the entire world-system is to be understood. The first consideration is specified by my "Triple Curve." That "Triple Curve" identifies the scientific reason why such a collapse will be fully ripe in the U.S.A. itself as early as sometime during October. To discover why such a U.S. collapse would set off an immediate chain-reaction collapse through the entire world, it is necessary to consider the effects of forty years of the single, combination of two combined factors. The first of these co-factors, is the spread of "free trade." The second, is the crucially aggravating co-factor of a policy of what has been called "globalization." These two co-factors have, in effect, destroyed those barriers inherent to the modern sovereign nation-state economy which have acted as "fire-breaks" against the spread of a chain-reaction effect of a crash in the combination of one or several economies, which bring down all of the economies of the world. You may justly call this threat to world-wide civilization "a Monsanto effect," so designated for reason of the effect of the monopolistic practices which Monsanto has been permitted, contrary to all reasonable law, to conduct in the field of grain.

The effect of the process of "globalization" has featured the following typical expressions.

### **Globalization Today**

What is called "globalization" today, began during the late 1940s and 1950s, with the so-called "runaway shop." For example: industries which had been developed in the region of a relatively superior quality of culture, were transferred from those areas into cheap-labor zones. This trend, which began in the United States with the shift of employment to cheap-labor markets characterized by poorer standards of intellectual life, results in a lowering of the standard of living throughout the national economy. In this way profit was derived not from advances in culture and productivity generally, but by cheapening labor, and transferring production to regions of lower productivity.

The process of economic degeneration of the world economy as a whole, has proceeded into what has become known as "globalization" today. The policy of "globalization" is the tendency that nations cease to produce the products which they consume in their own nation, but transfer the production of what they used to produce and consume in their own nation, to other nations, thus undermining, and virtually destroying the existence of even food security in one's own nation. The control of production and consumption, now lies in international financier cartels, which determine who lives and dies, at margins of price, and of wages of production, which the financier cartels control.

The asymptotic effect on which this process converges is a copy of the Biblical Tower of Babel, in which what had been intellectually effective language-cultures degenerated into relative conditions of cultural stupidity among a mass of slaves.

The collateral effect of this under present world conditions already established, is that any financial



"Free trade" and "globalization" combine to create "a Monsanto effect" of world corporations which destroy the sovereignty and economies of nations.

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The collapse of foreign markets for goods produced by China has created an explosive mix, with the makings of a social crisis.

crash in any keystone nation of the global process spreads like a wildfire in a drought-stricken forest throughout the world economy as a whole.

The case of China is exemplary. China was used as a dumping-ground for the production of goods which had been produced in the economies of other nations, the United States most notably. China also depended on advanced technologies such as those of Germany, but which Germany was no longer permitted to produce for Germany's own consumption. When the foreign markets for goods produced by China collapsed, China was suddenly faced with two leading effects: it had lost markets on which its economy had been conditioned to depend, and it was thereby faced with the makings of a social crisis in its own nation.

There is another, two-fold feature of the predicament created for China by the fate of both the U.S. economy and the incompetence of the U.S. government under President George Bush. The U.S. had a debt of about \$2 trillions to China, which it had no expressed intention of paying, even by the obvious measure of providing China long-term credit to finance investment in a greater margin of economic independence through capital improvements inside China itself.

Under a sane system of relations among sovereign nation-states, each nation is encouraged to protect its internal economy by protectionist measures, especially the building up of self-sufficiency to approximately 80% of total essential consumption, and by tariff agreements with other nations which, to a very large degree, protect each nation against intolerably severe shocks radiated from problems generated by other nations. Essential economic self-sufficiency and efficient national sovereignty are the essence of a sane world order.

Globalization and related measures have virtually destroyed that protection which sovereign states enjoyed as defenses against grave disorders erupting in other parts of the planet.

So, a collapse of the U.S. dollar would mean an immediate chain-reaction collapse throughout every part of the planet as a whole.

For such a contingency as that we are already facing in October, the only

remedy is the shutting-down of the principal cause of the explosive, hyperinflationary monetary disorder, by putting the economy through a proceeding in bankruptcy based on the notion of a Glass-Steagall standard of bankruptcy of the national banking system. Financial derivatives and related categories of fictitious values would simply be debrided under bankruptcy rules, while the banking system operating according to Glass-Steagall rules would continue to operate, even under bankruptcy protection, if the bank were in any meaningful sense "salvageable." This is what I had proposed with my 2007 Homeowners and Bank Protection Act. Had that legislation not been blocked by Representative Barney Frank et al., we would be coming "out of the woods of crisis" today.

Today, more is required. Without a creation of a new credit-system, to replace all monetary systems, by means of a pilot agreement to this effect among the U.S.A., Russia, China, and India, no nation will be left standing, including those four, as the smoke settles on a world whose population is being rapidly reduced from about 6.7 billions human beings, to about two, or less: about the level which Britain's Prince Philip has stated as his intention.

Time is running out. Assuming that the U.S.A. would get through this month of October, is already a big stretch.

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### Now, Commercial Real Estate Collapse Is On

by John Hoefle

Oct. 2—The panic spreading across the world about the perilous state of the U.S. commercial real estate sector is not about buildings, but about debt—the vast quantities of debt represented by commercial mortgages and the derivatives piled atop them.

As the economy collapses, so do the values of the office buildings, shopping centers, and commercially owned residential properties. While a few of these properties are owned outright, most of them have huge mortgages and other debts attached.

According to the FDIC, \$4.7 trillion of the \$7.6 trillion in loans outstanding at U.S. banks and thrifts in the second quarter were secured by real estate. Having 60% of their loans secured by real estate when values are plunging, is more than enough to make the bankers nervous. The banks also hold \$1.4 trillion in mortgage-backed securities.

The commercial real estate sector, while smaller than the residential real estate sector, is a \$3.5 trillion market. And while values have fallen by some 40% since their peak in 2007, the debts remain due. That presents a major problem for property holders, most of whom are leveraged to the hilt. Many bought their properties in the anticipation that real estate values would continue to rise, and that their debts could be refinanced when they came due. Guess what? They were wrong.

### **Derivatives, Again**

The commercial real estate market, in its current form, is an outgrowth of the global derivatives market, and in particular, that subset of the market known as securitization.

By now, many of us are familiar with the role of mortgage-backed securities, collateralized debt obligations, and the myriad other securities tied to the residential real estate markets. By issuing securities nominally tied to the income streams from mortgage payments, and the repackaging of those securities into different instruments, speculators were able to create derivatives whose "values" were greater than the values

of the underlying mortgages. The proceeds from these securities sales were then used to make more mortgage loans, to allow the creation of more securities, and so on, in a toxic spiral. It was this game that drove home prices to dizzying—and unsustainable—heights, creating a mortgage bubble that burst with horrific consequences. It was called a "subprime" crisis, but in reality it was a derivatives crisis.

The same game was played in commercial real estate, and that game has broken down, too. The result is that many of the mortgage-holders are unable to pay their mortgages, and many of the securities issuers are unable to cover their debts. Just as with residential mortgages, the losses are skyrocketting for all involved.

Many of these commercial mortgages are relatively short-term debt, intended to be rolled over when they come due. In the past, with securitization in full swing, that process was relatively automatic. Lots of money was available, and both the borrowers and lenders had a vested interest in keeping the game going, and keeping property values rising. Not any more. With property values off more than 50% on some buildings, the owners are unable to refinance loans as they come due, and defaults are growing.

At the same time, the market for the commercial mortgage-backed securities (CMBS) and their derivatives, has dried up. The only thing keeping the market from complete collapse is the Federal bailout scheme, which is financing a trickle of activity.

The bailout program is not nearly enough to deal with the demand. Some \$1.4 trillion of commercial real estate mortgages will come due in the next five years, and about half of that will come due in the next three, according to analysts. Nearly all of those loans will need to be refinanced, but the prospects for doing so are nil.

Ron Sandler, an analyst with Crosswinds Capital, recently estimated that commercial banks and thrifts have \$1.8 trillion in exposure to commercial real estate, plus another \$300 billion for life insurers, \$190 billion for Fannie Mae and Freddie Mac, and \$350 billion for private lenders and others. In addition, he estimated another \$900 billion in exposure to issuers of CMBS. That's a \$3.5 trillion hole in the system, without counting all the knock-on effects.

### **Holding the Bag**

By a significant amount, the bank with the largest exposure to commercial real estate loans is Wells Fargo,

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EIRNS/Stuart Lewis

It's not the vacant office buildings, such as this one in Leesburg, Va., but the trillions of dollars of debt in mortgages and derivatives attached to commercial real estate holdings, that are now causing bankers to panic.

which had \$88 billion in such loans as of the first quarter of this year. In second place is Bank of America, with \$59 billion, and in third is MetLife, with \$33 billion (MetLife is now a bank holding company, the seventh-largest by assets in the U.S., behind Bank of America, JP Morgan Chase, Citigroup, Wells Fargo, Goldman Sachs, and Morgan Stanley). JP Morgan Chase, PNC, U.S. Bancorp, Regions Financial, BB&T, TD Banknorth, and Zions round out the top ten, in commercial real estate exposure; Citigroup is 12th, with \$12.9 billion.

While the exposures at the big banks are worrisome, they have so many other losses that they actually are dead already; and regulators are keeping them open by a combination of extraordinary forbearance, phony accounting, and the bailout.

With the big zombies thus "saved," regulators are increasingly turning their attention to small and medium-sized banks, which have even higher concentrations of commercial real estate loans in proportion to their capital.

"Over a third of the nation's community banks have commercial real estate concentrations exceeding 300% of their capital, and almost 30% have construction and development loans exceeding 100% of capital," Comptroller of the Currency John Dugan told a banking conference in January.

A study of 940 small and mid-sized banks by the

Wall Street Journal in May, projected that these banks could lose \$100 billion on their commercial real estate loans by the end of next year, versus losses of \$49 billion on their home loans. Total losses at these banks could exceed \$200 billion, the paper said, adding that at 923 of the 940 banks, the losses would exceed projected revenue.

The *Journal* study was based upon the rosy "more adverse" scenario used in the cosmetic "stress tests" administered to the top 19 banks this Spring. As with the results of those tests, it dramatically understates the problem.

The problem is more severe, relatively speaking, at the smaller banks, because they do not

engage in the derivatives speculation as do the giants; and neither do they get as heavily into residential mortgages. Instead, they have put much of their effort into local commercial real estate, financing the development of small shopping strips and buildings for local businesses. But even though they have not engaged in derivatives speculation, they are caught up in its effects, and are now paying the price. Many of the 98 banks which have failed so far this year, were brought down by commercial real estate. More failures are coming.

#### **Shut It Down**

The nation's local and regional banks are being wiped out by a system which should never have been tolerated. Decades of the systematic dismantling of regulatory protections, culminating in the repeal of Glass-Steagall in 1999, allowed our big banks to be turned into giant casinos, and our smaller banks to be turned into local gambling dens. FDR's 1933 Glass-Steagall Act forced a split between commercial banking and investment banking. Further reforms prohibited interstate banking, as a way of protecting real banking from the speculators. We must return to that system, putting the speculators though bankruptcy, and saving our banks from further plundering.

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### **National**

# Administration Moves To Ram Through Fascist Health Bill

by Nancy Spannaus

Oct. 2—When his Master speaks, the Obama Administration listens. Thus, with the White House managing the process every step of the way, this week the Senate Finance Committee was induced to ignore the mass strike ferment throughout the country, and pass the Nazi monstrosity called a health reform bill. The President, who has been under intensive pressure from the City of London to deliver on his Hitler-like austerity plan, immediately issued a statement of praise for the Committee, and began to set up a new round of pressure-tactic events to get it passed by Thanksgiving, or at latest New Year's.

The fascist nature of the so-called Baucus bill (really the White House bill) is undeniable. Not only does it include the establishment of the infamous Independent Medicare Advisory Council (IMAC) which Office of Management and Budget (OMB) head Peter Orszag had demanded—the council of "experts," modeled on Hitler's T4 euthanasia council, to make rulings on who should get treatment, and who should die—but it is riddled with provisions for *cutting* hundreds of billions of dollars from health-care providers (i.e., from services), and delivering hundreds of billions into the coffers of the Wall Street and City of London sharks who control the major insurance companies in the United States.

Even in White House meetings, *EIR* has been told, it is admitted that the Obama health plan will cost *more* money, to provide *less* health care for the population. The reason, as Lyndon LaRouche noted yesterday, is

simple: The Health Maintenance Organizations (HMOs) will stay in control. It is already established that the largest inflationary cost factor in U.S. health care is the administrative cost of the HMOs—which spare no effort in devising ways to *deny* care, and spend anywhere from 30-50% on overhead—and to which the Obama Administration is entrusting new cost-cutting measures, along with millions of new mandated policies.

The U.S. population, in its current mass-strike mode, is not about to take this assault lying down. The Senate leadership clearly knows that, because Majority Leader Harry Reid (D-Nev.) announced that he is cancelling the Senate's October recess. Some Senate aides admitted that Reid was afraid of "a second round of angry demonstrations during town hall-style meetings over the recess." But that the Senate has decided to hide from its constituents, will not stop the uproar from growing.

The only thing which will assuage the legitimate fear and anger of the citizenry, is for the Administration to be forced to shift its entire approach: First, to cancel the bailout of the banks and carry out a bankruptcy reorganization; second, to launch a massive campaign to create blue-collar jobs, especially building vital infrastructure; and third, to *cancel* the HMO system, and go back to the Hill-Burton approach of building the necessary medical facilities, and providing care, not insurance, first.

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#### **Orders To Kill**

Anyone who doubts that London's orders to Obama are to *kill* en masse, those considered to have lives unworthy to be lived, is simply too much of a coward to face facts. LaRouche PAC has presented an airtight case, which has been picked up on and elaborated by many others. In addition, the Obama Administration itself continues to provide fresh evidence of its genocidal intent every day.

Take the case of Dr. Ezekiel Emanuel, the special health-care advisor to OMB fascist Orszag, and a member of the insidious Federal Coordinating Council for Comparative Effectiveness Research, who has written extensively on how to ration health care, Nazi-style. Emanuel, brother of White House chief of staff Rahm, should have been long since dispatched from government positions, along with Orszag and economic advisor Larry Summers. He is trying to clean up his image, but the truth keeps coming out.

For example, EIR this week obtained a chapter of a 2005 book entitled Ethical Dimensions of Health Policy, in which Emanuel discusses how government should deal with potential public resistance to mass cuts in health care. The key shift required, he says, is a focus on treating patients as members of populations, rather than an individuals. This shift would explicitly mean the abandonment of the Hippocratic oath-which, he complains, gives doctors the idea that "their primary duty is to the patient for whom they are caring." (Perhaps it should be to the Volk?) Among the changes he suggests, are that health insurance would only cover interventions for "illnesses that have a 15% or higher chance of being completely cured or extending life for 5 years." If the statistical probability of curing you is too low, you simply will be denied care.

This cost-effectiveness criterion for determining who should live, and who should die, is precisely what the Nazis did—and what the "effectiveness" criterion of the Obama health plan calls for as well.

But this very philosophy of dealing with the ill is not just a matter for the future, as demonstrated by the changes brought in to the Veterans Administration when Obama came into office.

#### **Vets Asked If Their Lives Are Worth Living**

A pamphlet encouraging sick or depressed veterans to consider themselves worthless and end their lives is still on the Veterans Administration (VA) website, despite a public furor over it. The 52-page propaganda

piece, entitled "Your Life, Your Choices," was written in 1997 by VA "ethicist" Robert Pearlman, who was paid and trained in euthanasia advocacy by the George Soros "Project on Death in America." In 2007, a review by government officials led to the pamphlet being suppressed.

It was revived under the Obama Administration, and a July 2009 VA directive instructed primary care physicians to refer patients to "Your Life, Your Choices."

The new push for the pamphlet was reported in an Aug. 19 *Wall Street Journal* op-ed by Jim Towey, entitled "The Death Book for Veterans." The pamphlet came under public fire as an attempt to induce frail veterans to feel guilty that they were staying alive. Now the Obama Administration has posted a notice with the pamphlet, saying it is being made available "for information only" and that "some people say it is not balanced."

The entire pamphlet echoes the propaganda issued by Nazi German doctors who were subsequently convicted at the Nuremberg tribunals, for murdering people on the philosophy that some lives were unworthy of preserving. Particularly shocking is the questionnaire included on page 21, which asks the vet a series of questions on "what makes your life worth living," which includes a list of conditions to be graded, including the choice "not worth living." (emphasis in original) Rather than alerting the vet to seek help against such suicidal thoughts, the questionnaire asks: "If you checked 'not worth living,' does this mean that you would rather die than be kept alive?"

#### The LaRouche Alternative

From the beginning, Lyndon LaRouche has identified precisely what must be done to address the actual health-care crisis. First, kill Obama's plan, and then:

- 1. Abolish the Health Maintenance Organization system;
- 2. Revive the principles and implementation of the 1946 Hill-Burton Act;
- 3. Implement the Single-Payer plan (Medicare for all), as the key means of financing adequate health care for all.

By taking these measures, in the context of the necessary bankruptcy reorganization and return to Hamiltonian national banking, which are needed to restore the physical economy as a whole, the real problems of the U.S. health-care system are actually addressed. And the predators are put out of business.

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### **Feature**

### AS EASY AS FALLING DOWNSTAIRS:

# General McChrystal's Folly

by Lyndon H LaRouche, Jr.

September 24, 2009

Then, while the stink of the smoke was still clearing around lower Manhattan and the Pentagon, the members of the bin Laden family which had been meeting with a certain circle in Texas, were the solitary party specially allowed to fly out of the post-"9-11" U.S.A. Some wars fought by what are, in effect, the likeness of mere pieces on a set of global chessboards for a grand game of Kriegspiel, are expressions of a global game in which the umpire is actually the controller of the game being played by those puppets which only appear to be the respective, contending players

There were strenuous efforts, by aid of the Bush-Cheney administration's subsequent use of that intrinsically fraudulent and systemically anticonstitutional, "unitary executive" doctrine, a doctrine underlying the fraudulent Presidential practice of uttering "signing statements." Among the objectionable features of such efforts, were the implications of the effort to suppress the presently known evidence of the Anglo-Saudi role played by the Prince Bandar who was then Saudi Ambassador to Washington, D.C., in the funding of at least one of the key pilots in the attack against the U.S.A. on September 11, 2001.

That precedent provokes an ugly suspicion respecting the way in which that puppet on the strings of his own foolish ego of President Barack Obama, had, earlier, adopted similarly fraudulent arguments for a continuation of U.S. combat in Afghanistan, statements used as a pretext for a renewal, under Obama, of the Bush Presidency's use of the notion of the already, systemically anti-constitutional "unitary executive."

The issue of fundamental law here, is posed by the fact that the U.S. Fed-



White House/Pete Souza

By no means a Gen. Douglas MacArthur, here Gen. Stanley McChrystal meets with British puppet Barack Obama Oct. 2 in Copenhagen. Obama was there in a losing bid to get Chicago the 2016 Olympics. The politically incompetent McChrystal was there to hawk an expanded land war in Asia, this time in Afghanistan, which in the past has driven out the British and the Soviets.

eral Constitution is premised upon a subsuming scientific principle of universal natural law, a principle which is equivalent to a discovered natural law of the universe. This is a discovered, subsuming, universal law of human nature, rather than a provision subsumed under the authority of a renegotiable contract. A principle of the universe can not be negotiated; it can only be discovered.

The principled features of that Constitution which are not negotiable matters, include the recognition of the necessary sanctity of the system of checks and balances which must exert control over the willful practice of our constitutional system of government, as respecting such matters as the notion of the "life, liberty, and the pursuit of happiness" as stated in the 1776 Declaration of Inde-

pendence, and as presented in the form of the principle of universal law stated as the Preamble of the U.S. Federal Constitution.

Notably, the principle of law in that case was, and remains of the same special nature as natural law as the 1648 Peace of Westphalia which echoed Cardinal Nicholas of Cusa's *De Pace Fidei*. It is also of notable relevance here, that that Westphalian principle is that which has been assaulted by the deprayed, now former British Prime Minister, Tony Blair.

In opposition to the mistaken conception of the meaning of "science" prevalent today, the essential feature of a truthful science today, is akin to the uniquely original discovery of a principle of universal gravitation, as that discovery was assessed, in retrospect, by Albert Einstein.

The lesser aspect of Kepler's uniquely original discovery, on that account, is that principle ex-

pressed by the formulation for gravitation in the Solar system, which was copied by the English plagiarists of the lifetime of Isaac Newton. As Einstein emphasized, the principle underlying that specific feature of Kepler's discovery, was also the expression of the higher aspect of his work: the notion that the demonstration of the nature of the action of gravitation within that known part of the Solar system demonstrated, as Einstein emphasized, that the universe is finite, but not as if externally bounded. Hence, the intrinsic relationship between the phenomena of gravitation and electromagnetism, as emphasized by Einstein, is a matter of crucial significance bearing on the human travel among even the near-by planets of Earth's Solar system.<sup>2</sup>

You can not repeal the law of gravity, as Johannes Kepler originally discovered this universal law, by the mere willful assertions of any person or government. You can not repeal the distinction of life from death, nor

<sup>1.</sup> Thus, those proposed health-care laws, which intend to regulate who shall be assigned to die, and who live, such as the Nazi-modelled IMAC (Independent Medicare Advisory Council) proposal of the present Obama administration are purely violations of the U.S. Constitution, and of natural law. Those who violate such natural law must learn to tremble in awe of the Creator's wrath, which will be forthcoming in some appropriate fashion, in due course of time, as it came to condemned officials of the former Nazi system.

<sup>2.</sup> E.g., that the universe is self-bounded, as implicit in the principle of universal gravitation, but that it is, at the same time, self-bounded by a principle of universal anti-entropy.

man from beasts, nor that rejection of the essentially feudal relics of European law against which the emergence of our Federal Constitution was intended to protect us. The attempt to overthrow a system of lawful government predicated upon those and related conclusions peculiar to the essential principle of our Federal Constitution, in preference for those essentially immoral conceptions of law peculiar to British tradition, for example, is proximate to treason, since the violation of that principle of our Constitution, with its separation of powers in and of government, would be the destruction of the special nature of the existence of our republic, and, in whatever the relevant circumstances, more or less proximate to an act of destruction, as an attempt to destroy the exis-



White House photo

If he fulfills his oath to uphold the U.S. Constitution, President Obama must defend its fundamental principle of natural law, which is inconsistent with the "unitary executive" doctrine he is moving to implement.

tence of our peculiar species of self-government.

It is useful, and incurs no systemic error, to say that our constitution differs from European constitutions, chiefly, in the respect that our constitution rests upon the specifically relevant authority of a universal principle of nature, in contrast to, in particular, that British ideology which is premised on behavioralist notions antithetical to tolerating the existence of the very notion of actual natural law.

Our body of law does include contractual features, of course; but, the existence of these supplementary features is subsumed, and thus constrained by the single principle on which the constitutional existence of our special form of republic depends. Thus, certain errors in the form of merely contractual agreements, which creep, deep into the cracks within the whole body of the Federal Constitution, are tolerable to a certain degree; but, the features which define the whole body of the existence of our republic, are unique to our constituted nation, and can not be touched without thus threatening to destroy the constitutional existence of our nation as a whole.

As history has shown, in cases of such extreme national emergency, as our Civil War, and in the treatment, under President Franklin D. Roosevelt during 1933-1945, there has been no emergency, including that caused by the included complicity of certain Saudi and other interests during and following the events of September 11, 2001, which could not be addressed with sufficient force within the bounds of the provisions of our Federal Constitution. The similarities between the issue posed by the Bush-Cheney reaction to events of "9-11" and that of the orchestration of the 1933 Reichstag Fire in Germany, illustrate that point.

So, the passion of the morally corrupt among us which attempts to introduce a so-called "unitary" system of government, places the authors and institutions responsible for such corruption as agents of an attempt at systemic destruction of that principle on which the very existence of our constituted republic depends.

Those features of the Constitutional law upon which the continued existence of our government de-

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U.S. Army/MC1 Chad J. McNeeley

In proposing to pursue a disastrous counterinsurgency strategy in Afghanistan, U.S. Army General Stanley McChrystal is acting like a virtual pawn on the chessboard, a chessboard being controlled by British imperial strategists. Here, McChrystal testifies on his nomination to lead U.S. forces in Afghanistan.

pends, are not negotiable by any process of deliberation whose own existence is not predicated on the existential preconditions set forth on behalf of that Constitution.

The opinions crafted from philosophical standpoints which differ from those at the root of our Federal Constitution, have no proper authority in judging the reading of our Constitution in a way contrary to its own, historically unique principle. That foresees what the onrushing general breakdown of every economy, and even every society on this planet is about to suffer, soon, unless the uniquely underlying principle of our Federal Constitution's intent, is enforced by us upon ourselves, and applied to promote, thus, the modes of cooperation among other sovereigns which this implies.

Meanwhile, we should recall, that without both the suppression of the truth about the "9-11" attack and his "signing statements," it were doubtful that President George W. Bush, Jr. could have made his way through even one term in office, not two. Without that erroneous response to that attack, the world at large would not have become quite the disaster it has become today. So, from the moment of "9-11" on, the Federal government of the U.S.A. under Presidents George W. Bush, Jr. and, now, Barack Obama, has steered the way down the road to a likely fascist dictatorship, which like Hitler's, and like the Hitler-like health-care

"reform" proposed by President Obama, has been steering the United States in a direction tantamount to the Nazi regime before this present time. The promotion of the frankly fascist health-care policies of Nazi Germany, the British monarchy, and the promoters of an IMAC policy in the U.S.A., is typical of that class of crimes against humanity which are associated with Nazi practices. It is necessary, to recognize that enemy by that name.

The case of the proposals associated with Lieutenant-General Stanley McChrystal's stated intention is to be seen as one more, ignorant step typical of the consequences for human behavior more broadly considered, of ignoring the fact of the violation of constitutional principle expressed by the concept of the "unitary" principle.

### President Obama's Mental Lapses

Today, only my consideration of President Obama's typical mental lapses, such as his recklessly Nero-like, narcissist impulses, prompts me to avoid jumping to the conclusion that that President actually knows the full import of the evil which he is perpetrating. Nonetheless, there are those other persons and cliques, chiefly among the President's imperial, and also umpireal proprietors in London, and the latters' cronies in influential U.S. places, who know exactly what the President's *politically incompetent* U.S. Lieutenant-General Stanley McChrystal has declared himself poised to do next in Afghanistan. It seems clear that McChrystal himself is among those who have refused to understand what a monstrous mess his blunders would foment.

Clearly, speaking strategically, McChrystal is no General Douglas MacArthur, not by the length of a football field. My point in saying that here, is to introduce you to the crucially relevant point of the McChrystal affair, that the most important thing about war, is knowing, *politically*, not only when *not* to fight it, but that you are responsible for a correct insight into whose interest you are actually serving, if you would choose to fight. General McChrystal has fallen more than a wee bit short of such needed insights into matters bearing upon such political-strategic realities of the world situation today. What he has announced himself prepared

to do, is, perhaps, easy to attempt on the chessboard, but, in real life, about as useful as a drunk's falling down stairs.

As a virtual pawn on such a chessboard, General McChrystal himself has adopted the professed role of a reputedly expert chessplayer in the art of irregular warfare, but, he has, among other things, overlooked the small consideration, that Afghanistan is far from being actually the chessboard on which that global political trap lies, into which his mind is wandering, were it actually to be the game played.

The essential quality of a successfully long reign of any empire over both its intended subjects and other assorted fools of the broader world, is to induce the intended subjects to ruin one another to the intended effect that their subjugation to imperial authority might persist intact, just as the Anglo-Dutch poltroons established their presently continued world empire through the initiative of the Seven Years War. So, as Churchill and his Harry Truman saved the British empire for its chance to reign during many subsequent decades,

they accomplished exactly that result, by committing the misled United States to a prolonged state of yearslong warfare, again and again, among the peoples of Eurasia, among other places, and so prolonged, in particular, the British empire's reign over the nations and peoples of Southwest Asia through a presently continuing extension of the World War I period's Sykes-Picot conspiracy.

That much said, now consider the actual strategic realities of the case immediately at hand. Start with the tell-tale action by President Obama in his renewing the anti-constitutional "unitary executive" fraud which had been introduced under the incumbency of President George W. Bush, Jr.

That was a Bush who had never been the brightest of the bulbs installed in the White House, a Bush who was



"Some ambitious and political figures have shown a lust for military strategies which were motivated, similarly, as the Bible tells us, in the fashion of King David's sending his own general, Uriah the Hittite, to his death, out of David's lust for Uriah's wife, Bathsheba." Here, Jean Colombe's portrayal of David dispatching Uriah.

used for both his own administration's and Obama's own attempts at copying Hermann Goering's part in securing dictatorial powers for Chancellor Adolf Hitler. That was the Hitler who gained dictatorial powers through that "9-11"-like burning of the Reichstag, which is traced to Göring. The current Obama policy for Afghanistan, should remind us that it was not only Hitler-style health-care policies, which that deluded narcissist, President Obama, had copied from the precedents set by the Hitler regime, and also by the British monarchy and its American population-control lackeys before that.3

### A Lesson From "World War II"

Take the comparable cases, of, on the one side, Hitler's lying claim of Polish "aggression" for Nazi Germany's launching Wehrmacht tanks against the horseflesh of the Polish cavalry, thus launching what became known as "World War II," and, on the other side, the British monarchy's efforts behind the present attempt to ensure the foredoomed, and wider disaster which must be unleashed

by any expanded warfare in Afghanistan.4 So, once

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<sup>3.</sup> There are certain decisions which might be attempted by an erring U.S. Supreme Court Justice, which would be self-nullifying because they would amount to an overthrowing of the authority of the entirety of that U.S. Court, which would lose all legitimate powers to pass judgment, if the principled basis of the U.S. Constitution were so nullified. The notion of the award of fascist-like dictatorial powers such as those implicit in the frankly fascist concept of the "unitary executive" is such a type of case.

<sup>4.</sup> Respecting the quality of strategic political folly in General McChrystal's scheme, the following should be said. Among rational historians, it were almost impossible not to assume intentional British complicity in setting up that overrunning of Poland by Hitler's forces. Without bringing the borders of Germany and the Soviet Union together, beforehand, in this manner, it were not particularly convenient to launch what London had intended should be the outbreak of war-fighting between those two great powers. That had been precisely British intention under the Chamberlain government; hence, the overrunning of

more today, as, also, in the case of the silly Kaiser Wilhelm II's falling into the Britishlaid trap of World War I, through the firing of Chancellor Otto von Bismarck, the great fools of the world today are at it again.

So, General McChrystal is only one among the pack of those military and other commanders who have been sucked into a part in the British use of its U.S. puppet, President Obama, to serve as part of the continuing succession of the still-ongoing, deadly "mother of all wars" in Southwest Asia: just one more British scheme for luring our United States into its own ruin, in yet another of a series of land wars in Asia, land wars through whose use the British imperialists have orchestrated the ruin of the United States, step by step, since the death of President Franklin Roosevelt. So, some ambitious and political figures have shown a lust for military strategies which were motivated, similarly, as the Bible tells us, in the fashion of King David's sending his own general, Uriah the Hittite, to his death, out of David's lust for Uriah's wife, Bathsheba.

Those are characteristics of the current their own strategic situation represented by the cases of Obama and McChrystal. What, therefore, are the insights needed to lead us to the remedies for their follies? First, we must know the actual nature of the game. It is

Poland and the Ribbentrop-Molotov pact. Hitler had then "doublecrossed Chamberlain," by utilizing an implicitly cooperative fascist government in France, to assist in creating that posture of French military capabilities which would ensure a successful Nazi overrunning of the superior forces of France. This, of course, thus violated what Britain had presumed would have been the separation of western from central Europe, that done for the purposes of that desired mutual ruin of both Germany and the Soviet Union which London so devoutly desired. Thus, Britain's pre-1940 ally Japan, which had been committed, since the early 1920s, to attack Pearl Harbor while British-allied naval forces would attack U.S. naval strength in the Atlantic, conducted the Pearl Harbor attack in its role as an ally, not of Britain, but of Hitler. The sequence which a Hitler himself might have preferred, was put aside, thus, by obvious, deep-rooted, strategic considerations of Germany's actual military situation. Germany could not launch an attack on the Soviet Union while leaving France's military capabilities at its back. Thus, Britain has always hated the memory of the Wehrmacht much, much more than the Hitler who, after all, had been created by Britain, for Britain's own intended use. Such are the dynamics which govern the disposition of what politically shallow-minded military commanders, such as McChrystal, have proposed. McChrystal's neglect of the concept of dynamics, is obvious.



British colonialists, like Gen. Bernard Montgomery of World War II fame, shown here, often appeared to some to be more intelligent than their adversaries; in fact, they were simply more experienced in exercising imperial power over the long run, against those who tend to get trapped in their own short-term impulses, including greed.

a game whose strategy is that of the umpire in the tradition of the cult of Delphi in the past, and of the forces behind the British empire's playing with nations as if they were mere pieces on a chessboard, still today.

## I. Exactly How Smart Are The British?

This brings us to a matter which must be classified under the heading of *dynamics*. I mean *dynamics* as treated in my just recently published *The Science of Physical Economy*.<sup>5</sup>

It often appears to the credulous, that the British empire, which actually began as the empire of a private company, in February 1763, as an empire of the British East India Company under Lord Shelburne's on-the-ground command, might have been smarter than its vic-

<sup>5.</sup> Lyndon H. LaRouche, Jr. *Economics as History: The Science of Physical Economy (Executive Intelligence Review*, Sept. 18, 2009, Vol. 36, No. 36).

tims of continental Eurasia. It appears, sometimes, as now, that our own United States under more than eight years under silly U.S. Presidents such as George W. Bush, Jr. and Barack Obama, is like that.

So, India's great Jawaharlal Nehru, writing in his *Jawaharlal Nehru: An Anthology*, and his 1936 *Autobiography*, was led into wondering thoughtfully, whether or not the British victory over his ancestral cause might reveal that they had been, in some way, culturally superior to India's leadership in this defeat. It is instructive to compare the case of Bal Gangadhar Tilak.<sup>6</sup> The problem has been, that the British empire's subjects', and former such subjects' weakness shown in difficulties to resist repeated British imperialist manipulations, is matched by the habit of simpering anglophilism cultivated among certain regrettable ranks of our own citizenry.

I have come to understand British imperialism extremely well in some admittedly limited, but crucially important respects. There can be no margin for doubt that the British regime is by no means superior; but, we must not overlook the crucially significant point, that the British Raj has had the advantage of having become accustomed, over about two-and-a-half centuries (1763-2009), to the practice of the Venetian-like habits cultivated in the course of managing more or less all of the rest of the world. They, when they are their most clever selves, have been devoted to perpetuating their management of the world over the relatively longer spans, where others tend to be both simply greedy and more easily provoked into impulsive reactions which prove to have been the follies from which the British empire enjoyed a harvest.

The British imperialists have thereby acquired the imperialist habit continued by the Venetians, still today,

the habit of cultivating their own belief to the effect, that they presume that they should, and could rule a monetarist world-empire by exploiting the short-tempered credulousness of those others whom they intend to harvest as their victims and future subjects. Only those among us who share a certain specifically American patriotic tradition, recently a dwindling few, are more than a match for them psychologically in the domain of thinking in ways qualified to provide global leadership. We, if, and when we have our wits about us, and the opportunity to use them, do really understand the British, in some ways much better than they do themselves: since we have nothing to be ashamed about in the way we share the anti-British tradition of our founders, consider the larger human interests of the people and nations of the world. Therefore, we also know the moral and essential intellectual inferiority which they represent, apart from their habituation to the skills attributable to both their British and brutish methods and customs which they have acquired in the course of a habit of ruling which has been enjoyed by them much too long, over too many others.

The essential power of the British empire has lain in the foolish and stubborn credulities which are to be found as rampant sorts of credulities among the leading circles of other nations. The post-1812 Vienna Congress state of Europe, is a prime example of the widespread delusion, that the British are somehow necessarily better at instructing the planet as a whole as to how to behave, as since the time that British manners had taken precedence over the post-1648 legacy of the Seventeenth- and Eighteenth-century French of Jean-Baptiste Colbert. There should be no surprise in the fact, that nations and persons which have been too much, too often, and too closely occupied in admiring the British from the rear, lack good judgment respecting the world beyond that prospect.

In our own case, inside the United States, it is those who suggest that the British might be inherently better, who drag down so many among the influentials among our citizens, still today. Just look around you: how many Americans whom you know, are such craven British "butt-kissers," that they are quickly angered by the suggestion that the Queen of England might have something to do with the international drug-traffic which none other than the British East India Company, or its successor, the imperial monarchy, has been running since the end of the Eighteenth Century, up to the present day? Or, consider the system of African en-

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<sup>6.</sup> Good family traditions sometimes breed a special quality of disposition for leadership, as Nehru and his family illustrate the point. Since I met with Mrs. Indira Ghandi on two notable occasions, and had other dealings with her, both directly and indirectly, I came to share the estimate of her which Charles de Gaulle had recognized in her when she had been already a young woman stepping in for her father, in France, on a notable occasion. My views to this effect were shaped significantly by my experience of the dynamics of the situation in the first half of 1946 in the Calcutta of the great mass strike reaction to the British machine-gunning of a march of protesters against a preceding, typically British atrocity of that time. Her assassination by imperialist-steered interests was a great loss to humanity generally; still today, the removal of such talent as hers in governments, is rarely regained. I have found it indispensable to let myself be absorbed by the legacy of both, as against the background of my own experiences of, especially, 1945-46 and 1977-1984.



Creative Commons/Pavel Rybin

The worst evil which British financial and cultural domination over the recent period has wrought, has been their destruction of Classical culture, in the arts and sciences. Here, the Twisted Sister group performs in Manchester, England in June 2006.

slavement which the Nineteenth-century Spanish monarchy ran, under both British direction, and protection, for British profit,<sup>7</sup> until the victory of President Abraham Lincoln over Theodore Roosevelt's uncle, the Confederacy agent James D. Bulloch operating out of London, England, and such, in the U.S. Civil War.

Or, take the case of Sir Isaac Newton, who actually discovered nothing in actual physical science, but whose fraudulent claims to discovery of gravity and the calculus, are treated as religious verities among the academic and other fools of the world, still, to the present day. Apart from a plausible claim to have invented more sexes than any other known culture of the world, what is generally claimed by British tradition is extremely modest, in fact, after deductions for plagiarism and sheer hokum, when the British performance is compared with the cultures of such other Europeans as France, Germany, Italy, and Russia.

My word of caution at this point in my account, is that the British are not quite as stupid, as might be suggested by their expressed policies respecting, for example, physical science. There are some in those Isles who do think seriously about science matters, but when the empire deploys politically, it is not scientific progress which is the quality they encourage in people of other nations, or even the generality of the so-called lower classes or middle class of the United Kingdom itself.

It is the destruction of the scientific and related cultural potential of their credulous victims, which the British imperial tradition is strategically dedicated to impose upon the world's population generally, exactly as Aeschylus portrays the imperial policy of the Olympian Zeus, and as the frauds by Aristotle and Euclid are intended to promote the incapacity

of the ruled to resist the tyrant.

Those types of faults to which I have pointed here thus far, are not results of genetic flaws among the inhabitants of the residents of those isles, but, rather, a satanically devout attachment to the cause of the Olympian Zeus of Aeschylus's *Prometheus Bound*. In saying that, I report nothing relevant on that account, which differs, in the slightest degree, as to essential facts of the matter from what representatives of the British royal family, such as Princes Philip and Charles promote as dedication to the Malthusian population-reduction promoted by the World Wildlife Fund, as to be seen as through Hitler-like health-care and such products of anti-science policies delivered to the credulous as anti-nuclear power dogmas, today.

In brief, the British empire, whose continuing connections to the mid-Nineteenth Century African slave-trade, are as that is illustrated by the famous Amistad case, is smart in the fashion of a thuggish pimp and drug-pusher, or a Wall Street "loan-shark" who preys, like the Adam Smith of his own 1759 *Theory of Moral Sentiments*, on both his customer's desire for a sense of

<sup>7.</sup> E.g., the 1839 Amistad case.

<sup>8.</sup> Ostensibly, as a measure of assistance in service of population control.

pleasure, and that client's fear of pain. It was a British empire which dumped the African slave-trade on Britain's contemptible puppet, the Nineteenth-century Spanish monarchy, to free British fleets, thus, for the more profitable opium-trade.

However, those portraits to which I have pointed, while faultlessly real, historically, are merely a continuation of the imperial maritime-based form of monetarist tradition established in the Mediterranean, and, later, the Atlantic and the oceans and seas beyond, since the defeat of the Persian empire's attempts to take full control of the regions of the eastern Mediterranean and beyond. The British empire, has represented, essentially, the Anglo-Dutch, Atlantic-based outgrowth of what had been the new incarnation, superseding both the Roman and Byzantine empires, by what had been the Venetian maritime form of the monetarist interest which had dominated the Mediterranean monetarist form of maritime interest since Byzantium slipped into decline about A.D. 1000.

### Yet, Like Satan, the Brits Are Stupid, Too!

Somewhere, some one must certainly have written something about Satan's reflection on his own plight. Here, it is reported, that he has risen to the top rank of his profession, and, yet, he remains unconsoled by his certainty that, in the end, he is an awful failure. The British ruling circles are like that. So, they have no higher calling in their existence, than to promote as much mischief as seems possible for their ultimately doomed cause, while they still can. Possibly some controller of the British royal household has confided those facts to the monarchy, but whether that has occurred, or not, is of little importance in the long run. It is, ultimately, simply bound to come to that.

If an impulse might surpass your better judgment, you might hear yourself asking: "Your Majesty! How in Hell are you doing, today?!" Somewhere, hearing such banter, Satan is wincing, reminded that that disgusting sort of important company is scheduled to visit him.

Many great, and other mortal thinkers have speculated in that spirit, and, for that, they usually had good reasons, as I have done, on occasion. However, our principal occupation must be to put Satan and his British oligarchy into our past. The good is not the absence of evil, but, rather, the destruction of evil is to be considered as only a by-product of the removing of obstacles to the better quality of a future for mankind, a future which we must be freed to bring into existence.

So, we are presented with the wickedness of General McChrystal's scheming which is to be addressed here

In that view, there were two principal evils which a British caricature of Don Quixote, Winston Churchill, and his burlesque sort-of-Sancho Panza, Harry S Truman, brought upon the world in the wake of President Franklin Roosevelt's death.

Let us, therefore, prepare ourselves to treat the strategic situation in which General McChrystal's presently intended folly is situated, by considering it itself as an outcome for today of the circumstances which existed in the immediate aftermath of President Franklin Roosevelt's death on April 12, 1945. That was the day on which the influence of the circles of the OSS's General Donovan were pushed into the background, by the ascendancy of the surviving, rabidly anglophile veterans of the order of "the white shoe" who were tied to the same Brown Brothers Harriman whose Prescott Bush. the same grandfather of President George W. Bush, Jr, was famous for "laundering" the financial rescue of a bankrupt cause of Adolf Hitler in time to bring Hitler to power in Germany shortly after that. I know that crowd; I have known them to be a leading enemy of our republic and its Constitution, and also of mankind generally, for sixty-four years, since my service in Burma and India when I looked the British empire in the eye, close up, when local elements of British intelligence were, for a certain time, in Calcutta, "hot on my tail," and I was, in a very modest way, on theirs.

During those sixty-four years, I have, indeed, witnessed evil by that faction, both the British elements and their accomplices among us. However important those considerations were, the worst was not as much what they did, as what was the good which their wicked devotions, and the power which they should not have been allowed, prevented others among us from doing which needed to be done. In permitting that, many people I knew back then, degraded themselves more by what they did not do, than what they did. I explain this crucially important point.

The life of individuals among those in our republic today runs as long as a span of ninety to a hundred years. The evil, or something like that, which people do within some part, or more of that span, is a factor; but, the worst of it all is that they do not do, that which they might have done. While the meaningful options of life linger, untended, the time of each person's life runs out. I look into the faces of men and women, for whom the

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U.S. Navy/Hospitalman Dan K. Marker

"Among actually civilized people today, war is not a privilege adducible of national prerogatives, but only to preserve civilization when no other remedy is afforded," LaRouche writes. War in Afghanistan, now in process for eight years, is thus worse than useless. Here, a Marine is bandaged after being wounded in a fight with the Taliban.

time which could have become their fruitful years, has nearly run out. As the wasted years continue for them as individuals, entering the late years of their active role in society, they lose their sense of purpose in life, as if inch by inch, while life runs out with time. I think of my own enjoyment of a full life of fruitfulness now, at my own present age in life, and consider, so, the attrition of mind and spirit of those of my own and somewhat younger generations, for whom life is running out as much for wasteful neglect of the use of their human powers, as for any other reason.

I think of the scheme, promoted by President Obama, for the role of his Nazi-like IMAC policy in willfully wasting the lives of young children and the aging, while, at the same time, neglecting, even crushing, those activities by our people which make life rich in a sense of true accomplishment. What Obama is doing on that account, is, granted, already evil, perhaps beyond the mere powers of description; but it is the crushing of increase of the expression of the scientific and Classical-cultural progress of national cultures, such as our own, which aggravates these British-spread policies of killing people, not only by crushing their bodies, as the Obama administration is doing now, but by crushing the expression of their scientific

and Classical-cultural powers, which also murders their souls.

The greatest source of evil, is preventing the progress of the good expressed as Classical modes of artistic and scientific progress. Preventing the benefits of such progress is already wicked. Preventing the generality of our population from participating efficiently in creating that progress, is the expression of the truly evil.

This is where the British are at their most evil.

#### II. How To Win The Peace

I propose that it can be fairly said, that the most lasting benefit which society might expect to enjoy from the productions of my personal lifetime, will be my attacks on the infantile presumption that physical science and Classical artistic composition are virtually antithetical factors in the personal and social experience of the society in general.

The very worst expression of fascist-like social tendencies in Europe and North America today, is, therefore, the product of the combination of existentialism in the tradition of the so-called "Frankfurt School" generally and the utter moral and intellectual depravity of the



Man's responsibility is to develop those creative powers, in Classical art and science, which distinguish him from the beasts. Here, Rembrandt van Rijn's etching of St. Jerome Reading (1634).

influence of the European Congress for Cultural Freedom. What only the avowed, dionysiac, enemies of civilization, such as the existentialists, seem to have grasped in a general way, is that the introduction of the debased forms of entertainments associated with the cultish practices of the existentialist, has been a direct attack on the potential creative-mental powers of victims by the post-1945 spread of the existentialist cults and their by-products infecting the general population through the roles of the fields of popular entertainment.

As I have detailed the problem thus represented, in my writings which are of specifically scientific relevance, the creative powers which we are accustomed to associate with physical-scientific productivity, do not arise through the influence of mathematics as such, but through the harnessing of those powers of the self-disciplined imagination which are otherwise expressed in the modes of Classical artistic composition, to provide the creative stimulus on which the scientific and other advancement of mankind absolutely depends.

### McChrystal's War

Therefore, among actually civilized people today, war is not an adducible privilege of national prerogatives, but only to preserve civilization when no other remedy is afforded. We must defend our United States by all necessary means because it embodies a treasure for present and future mankind as a whole; it is that treasure, above all else, which we must defend, whether against the British or any other expression of evil being wreaked upon mankind. It is not a right to rule, but a right not to be ruled by corrupt systems of reign over mankind, whether that evil be foreign or domestic. However, attached to such rights is the obligation to know what they mean in practice, as follows.

The essential distinction of people of all national cultures, is be human in respect of those powers of scientific and related creativity which distinguish the human individual, and his or her society, from the ways of the beasts. As *Genesis* 1 makes that point: man and woman are made in the likeness of the Creator, as distinct from those beasts who do not use fire as an instrument for the increase of the power of mankind to change the universe we inhabit for the cause of the betterment of the human species, relative to the natural ways of the beasts.

That power of creativity which distinguishes the human individual from the beasts, is locatable, not in formal mathematics as such, but in those creative powers of the human imagination which are located, not in mathematics as such, but in the progressive development, through aid of practice, of the creative powers of Classical artistic composition and its use. That is the power to which the poet Percy Bysshe Shelley referred in his A Defence of Poetry, as in the principle of Johann Sebastian Bach as employed, in exemplary fashion, by Wolfgang Mozart, Ludwig van Beethoven, Franz Schubert, and Johannes Brahms. This power, which is attempted in Classical development in poetry, as since the example of Chapman's Homer, was given a more precise artistic discipline in the work of Bach, as in the work of such as Leonardo da Vinci and Rembrandt.

On the contrary, there are the expressions of a commitment to destruction as such in the action proposed by General McChrystal:

As Friedrich Schiller observed, respecting the religious wars waged by Spaniard against Dutchman, man was killing man not as man, but as beasts. It is the same issue which characterizes what the Habsburg tyranny

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unleashed, not only against human beings, but among human beings, in the 1618-1648 Thirty Years War, or the role of the evil Delphi cult's prompting of Peloponnesian wars, or the creation of the system of world war launched by the British monarchy, beginning with the British Empire's orchestration of Japan's war against China, Korea, and Russia, among other victims over the span of 1895-1945, and both so-called "World Wars" of 1914-1945, or the colonialist wars launched by no one as much as Britain, with complicity of President Harry S Truman over the entire period to date since the death of President Franklin Roosevelt to the present moment today.

All questions of policy-making relative to the matter of war and peace, must be adjudged according to that specific nature of human beings which distinguishes the nature and destiny of mankind from the mere beasts. That nature is the exercise of that power of creation which is unique to the human individual, in contrast to all beasts. Prohibition of the prevention, or stultifying of the appropriate expression of what is uniquely and specifically human powers of creativity traced in their expression in archeology to man's advancements in the use of fire, is the root of all moral law of nations and peoples, and their cultures, which are not depraved.

It is when a nation, or its people become beastly, as by prescribing the rights of human beings in terms of the language appropriate to describing the character of beasts, that evil is unleashed among nations.

As a practical consequence of that principle, since human progress is typified in expression by mankind's increased power to employ the principle of fire, the increase of the forms of generation and use of higher forms of energy-flux density is a necessary moral law of practice among those cultures and societies which may be deemed civilized.

The British empire, premised on what is essentially an existentialist principle, is the most notable and also influential expression of the reign of the cause of bestiality in the world today. The issue of war or peace comes, thus, to which side are you and your choice of practice on: increased power over men and women, or increased creative power achieved and used by mankind. If you are not for progress in man's use of the power of fire, you are a beastly danger to your fellow-human being.

Think about it. Implicitly, General McChrystal did not. If we are sufficiently devoted to the good of all mankind, we are not likely to do more evil.

### The British Plan

### Send More Troops, To Partition Afghanistan

by Ramtanu Maitra

Oct. 2—President Barack Obama met on Sept. 29 with his Afghanistan-Pakistan policymakers and heard views of 17 individuals that included Secretary of State Hillary Clinton, National Security Advisor Gen. Jim Jones (ret.), chairman of the Joint Chiefs of Staff Adm. Mike Mullen, CENTCOM Chief David Petraeus, and Vice President Joe Biden. The meeting, the second of at least five President Obama has planned as he reviews his Afghanistan strategy, comes after he received a critical assessment of the war effort from Gen. Stanley McChrystal, the man he put in charge of the Afghan War earlier this year.

Reports of the meeting indicate that the Administration members are divided on the issue of induction of more troops in Afghanistan. McChrystal is reportedly looking for 30-40,000 additional soldiers, added to the present U.S. troop strength of 68,000 and 35,000 NATO troops. According to an unnamed senior Administration official, cited by the media, there was no discussion of specific troop levels at the meeting in the White House.

Besides from General McChrystal and General Petraeus, the White House is also under pressure from its NATO allies, particularly Britain, to put more troops into Afghanistan and slog it out for years. At this crucial juncture, when the strategy behind the war is being reviewed, if Washington toes the London line, inevitably the United States will plunge itself into a Vietnam-like situation. More people will be killed on a routine basis, but that itself will become the motivation (or pretext) to stick around and kill more. The situation has not reached that point yet, but certain quarters in the United States and the British establishment are pushing the President in that direction.

But beyond the fears of many, that mindless killings for years will do nothing better than to create a stalemate, there is yet another certainty which London understands clearly, but not many in Washington do. If

the war in Afghanistan is pursued, with or without more troops sent to Afghanistan now, or in the near future, such a war will be waged primarily against the majority Pushtun community, within which the dreaded Saudi- and British-created Taliban ideologues remain embedded.

#### The British Pressure

Since the Pushtun community spans the Afghanistan-Pakistan borders, crossing the un-demarcated Durand Line, if an endless war is looming, the Pushtuns of Pakistan will get fully involved. They have so far participated in this eight-year war mostly by being "good hosts" to the fleeing fellow Pushtun warriors and their foreign Islamic militant friends; but if this war is continued with the objective not to end it, it is almost a certainty that the Pakistani Pushtuns will be a part of it. And the Pushtun community in Pakistan is much larger than that in Afghanistan. This means that the draining of the United States' and Pakistan's manpower and resources, not to mention Afghanistan's, under such circumstances, would be much bigger than it ever was in Vietnam.

What London understands, and fully welcomes, and Washington does not, is that such an endless war has only one possible outcome, which is the break-up of Afghanistan along ethnic lines. Because of the ethnic solidarity between Afghan and Pakistani Pushtuns, Pakistan, already in a volatile state because of the war in Afghanistan, will have to face Pushtun wrath and the threats of a break-up. It also should be noted that in that part of the world, and particularly after years of bloodshed, such a partition will not come through peace negotiations. It will come out of the barrels of Kalashnikovs, rocket launchers, grenade launchers, and other weapons of selected destruction.

On Sept. 2, the City of London's *Financial Times*, in its lead editorial, "Obama's dilemma over Afghanistan," wrote, "Barack Obama will almost certainly have to decide in the next few weeks whether to send more U.S. troops in order to defeat the Taliban. The decision is set to be one of the most difficult he has faced since becoming president."

The British establishment mouthpiece went on to endorse McChrystal's statement that "success is achievable," adding: "Mr. Obama, for now, would be right to heed his demands.... In part, the president has no choice, since he only recently put the man in the job. But Gen. McChrystal is also forging a sensible strategy.



Creative Commons/British FCO

Sir Sherard Cowper-Coles, previously the British Ambassador to Afghanistan, was appointed a special envoy to Afghanistan and Pakistan in February 2009. He has taken personal responsibility for pushing the Obama Administration to undertake a suicidal expansion there. Here, he is seen, as ambassador, in Helmand province, the center of Afghan opium production.

He has framed the mission in the right terms, emphasizing the need to team up the Afghan National Army in bigger numbers. He has stressed the need for allied troops to get among the people, rather than just killing Taliban insurgents in large numbers."

### **Sir Sherard Cowper-Cowles: Britain's Man on the Spot**

Besides the *Financial Times* and other arms of the British media, Sir Sherard Cowper-Coles, the Foreign Office's special envoy to Pakistan and Afghanistan, has become an advocate for introducing more U.S. troops into the abyss known as Afghanistan. Cowper-Coles' and his fellow Empire-servers' selling point to the Americans is that, with the greater muscle and ruthlessness that America possesses, the war is winnable. While

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London is lying to get Washington to go where it wants, very few in Washington have the gumption to ask: What does *winning* mean?

Cowper-Coles tries very hard to keep his British intelligence cover intact. One of the myths that circulates in Britain is that high-level intelligence officers do not become high-level diplomats, and for sure, Sherard Cowper-Coles gets around in the world of diplomacy at a very high level. But there are others who point out that there are exceptions, and Cowper-Coles is one. It is said that such exceptions are made when such an intelligence officer-cum-diplomat is posted in sensitive places.

Cowper-Coles has been Ambassador to Israel, Saudi Arabia, and Afghanistan. In February 2009 it was announced that he would be taking up a new role as spe-

cial representative of the U.K. Foreign Secretary to Afghanistan and Pakistan. In other words, the old spook has earned his bread. The move was facilitated by Foreign Secretary David Miliband, another active servers of the British Empire.

Cowper-Coles had performed well on behalf of the empire-servers, including Tony Blair and Buckingham Palace. He was the political counselor in Paris during 1997-99. It was in August 1997 that Princess Diana died in Paris under "mysterious circumstances," forcing Buckingham Palace to duck from one corner to another. According to one report, the alleged MI6 roster showed that only three Secret Intelligence Service (SIS) officers were posted to Paris in 1997: Sherard Louis Cowper-Coles, Colin Roberts, and Richard David Spearman. Cowper-Coles' role—if any—in the morbid

affair of Diana's death was never divulged.

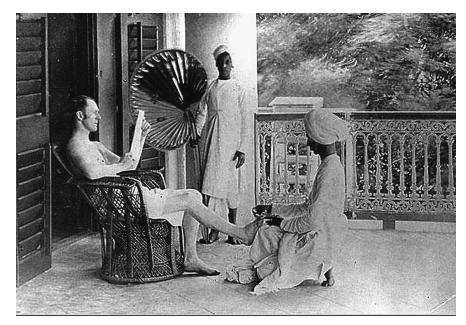
Cowper-Coles earned kudos from Tony Blair when he was identified as "the man" who was instrumental in getting the Serious Fraud Office to abandon its investigation into the corrupt al-Yamamah arms-deal scandal involving Britain's BAE Systems, Saudi Princes Turki al-Faisal and Bandar bin-Sultan, Wafik Said, kickbacks, prostitutes, and global terror, including 9/11 (see *EIR*, June 22, 2007).

While he was in Afghanistan as British Ambassador, Cowper-Coles used his fellow agents in an attempt to split the Taliban, which the Saudis and the Brits created, in the 1990s, and each own a piece of (see last week's *EIR*). The project was exposed, when Afghan President

Hamid Karzai expelled two MI6 agents on Dec. 27, 2007, on charges that they posed a threat to the country's national security. An unnamed Afghan government official told the London *Sunday Telegraph* that "this warning," that the men had been financing the Taliban for at least ten months, "came from the Americans. They were not happy with the support being provided to the Taliban. They gave the information to our intelligence services, who ordered the arrests." Afghan government officials said the decision to expel them was taken at the behest of the CIA, after the two agents were caught funding Taliban units. One of the agents, Mervyn Patterson, worked for the United Nations, while the other, Michael Semple, worked for the European Union.

According to *The Scotsman*'s report, Afghan intelligence officials discovered the plan—which would have established a training camp for 1,800 fighters and 200 low-level commanders, in an attempt to convince them to switch sides—on a thumb-sized computer memory stick that they seized Dec. 23, 2007, in Helmand province. The memory stick revealed that about \$126,000 had been spent preparing the camp, and about \$201,000 more was earmarked to run it in 2008.

On Dec. 26, 2007, Britain's *Daily Telegraph* exposed the occurrence of several clandestine meetings between Britain's MI6 and the Taliban the previous



The policy of decentralization which Cowper-Coles is pushing for Afghanistan is a direct copy of the Raj system the British Empire set up for India 200 years ago. Here, an image of the treatment the British came to expect under the Raj.

Summer. Afghan and British officials, guarded by heavily armed British soldiers, partook in at least six highlevel meetings with Taliban commanders who sought to defect to the government. The chain of events that led to these secret meetings spawned from Britain's previous attempts at negotiations, nearly a full year prior, in a dusty Afghan backwater called Musa Qala.

The London *Times* wrote that, when Patterson and Semple were arrested, they had \$150,000 with them, which was to be given to Taliban commanders in Musa Qala. "British officials have been careful to distance current MI6 talks with Taliban commanders in Helmand from the expulsions of Michael Semple, the Irish head of the EU mission and widely known as a close confidant of Britain's ambassador, Sir Sherard Cowper-Coles, and Mervyn Patterson, a British advisor to the UN," the *Times* wrote. But what has not been told, is that these two MI6 agents were operating in Helmand, the center of Afghanistan's vast opium production.

### Holbrooke's 'Mini-Me': Bring Back the Raj

Cowper-Coles, in an exuberant speech where he identified himself as Holbrooke's "Mini-Me" (it is no coincidence that Holbrooke is pushing for more troops in Afghanistan!), at the International Institute for Strategic Studies (IISS) in London on Sep. 12, said "the simple pull-out option is not one that any responsible govern-

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ment could follow, nor is it one that any country that values its relationship with the United States, above all with President Obama's America, could possibly contemplate in any responsible way. While Obama remains committed, we remain committed." Or, is it the other way around, Sir Sherard?

He went on, "We must not forget the original reason why we are there, to prevent those great tribal lands on both sides of the Durand Line from ever again posing a threat to our national security." He recommended as a prerequisite, "an enduring long-term commitment that involves financing training and monitoring the Afghans."

In addition, he proposed decentralization of Afghan power in Kabul; the provincial governors in Afghanistan

"need to be given the means through which to re-create local government in Afghanistan." "Power needs to be distributed away from Kabul to the people who actually govern the country. We need to create *shuras* [administrative groups led by tribal leaders] which will do dispute resolution, including civil and criminal cases, and which will do security."

Those in Washington who are aware of what Cowper-Coles is talking about, would know that he is setting up the system that the British Empire had used in the Indian subcontinent during its almost 200 years of colonial rule, from the mid-18th to the mid-20th centuries. In the British Raj, Britain maintained almost 550 princely states within India, with the feudal lords as administrators. The British would have a presence there for two basic reasons: to collect a part of the revenue earned by that feudal lord annually, and to train the feudal lord's soldiers, so as to use them whenever the British Raj had to fight a war, be that in Africa, the Middle East, Asia or Europe.

More importantly, the prescription laid down by Cowper-Coles is primarily to undermine the sovereignty of the Islamic Republic of Afghanistan and lay a



Creative Commons/British FCO
British Foreign Secretary David Miliband, shown
here in a market in Afghanistan in 2008, brought in

intelligence hand Sir Sherard Cowper-Cowles, as his special envoy to Afghanistan.

solid foundation for partition. The same method, during the British Raj days, helped the colonials to break up India, and keep the Kashmir dispute as a flashpoint between the two newly born nations, India and Pakistan.

Another carrier of the British Empire's sceptre, Daniel Korski of The Spectator, made amply clear when he wrote on Sept. 4, the day British Prime Minister Gordon Brown spoke at the IISS, that "our tactics clearly need a review. Britain and its allies should not try to build a modern Weberian state in Kabul that has the monopoly on the use of violence and a self-financing, service-providing administrative apparatus. The task is to midwife a pre-Westphalian state that acts against existential threats like al-Qaeda, but has to negotiate

its power, access and ability to deliver (limited) services with local power-brokers" (emphasis added).

Finally, to expedite the break-up of Afghanistan, London is courting the so-called moderate Taliban. In this, Cowper-Coles, besides covertly training the Taliban in the drug-infested province of Helmand, works with his fellow empire-server, David Miliband. On July 28, *The Times Online* reported Miliband's assertion that it is time to talk to the Taliban. "Sir Sherard Cowper-Coles, the former British Ambassador to Kabul, advocated the policy soon after arriving in Afghanistan in 2004. British diplomats and commanders were carrying it out, albeit on a small scale, until the furious intervention of Hamid Karzai, the Afghan President," the article said

The Times Online concluded that "Mr Miliband is anxious to reassure the public that there is more to the Afghan campaign than the continued slaughter of young British troops." What the British news media did not clarify, is *what* that "more to the Afghan campaign" really is. But it is evident that "more to the Afghan campaign" means breaking up Afghanistan by weakening Kabul and controlling the provincial governors.

It is the same old-same old, British colonial policy.

### **International**

### AN ELECTION IN GERMANY:

# Death Under The Brutish Boot

by Lyndon H. LaRouche, Jr.

September 28, 2009

The probably stunning, but not really surprising election results in Germany yesterday, must be assessed in their global context, that of a continental Europe under the reign of the British imperial boot. For this very reason, I have insisted that any rescue of civilization from the effects of a momentary British domination of the planet generally must come through common actions of global reform launched by a power-bloc composed, essentially, of the U.S.A., Russia, China, and India, a power-bloc representing sufficient power, combined, to break the dictatorship of the present, London-centered monetarist system over the economic life of the planet in general.

For Germany, the ugly state of current continental economic and related affairs was cast at the moment the Germany led by its Chancellor Helmut Kohl, was crushed by the joint action of Britain's Prime Minister Margaret Thatcher, her toady, French President François Mitterrand, and her nastily whimpering lackey, U.S. (Sir) President George H.W. Bush. That threat had the character of a virtual declaration of war against Germany, an effect complemented by the terrifying assassination of that nation's leading banker, and leading supporter for the economic initiatives of Chancellor Kohl at that time. The commitment to the currency selected for continental Europe's colonies, the Euro, combined with the effect of the British Queen's yacht *Bri*-

tannia at the coast of Italy, has more or less effectively sealed the gloomy fate of continental Europe since those times.

Under these conditions, the only presently visible hope on the horizon for Europe, lies in the prospect of rallying a group of relatively less powerful nations composed of the U.S.A., Russia, China, and India in a newly established credit-system as a complete replacement for the imperial monetarist system of John Maynard Keynes et al. The combined power represented by those four major sovereigns, when associated with supporting participation from certain nations of Asia and elsewhere, is sufficient to craft a global system composed of respectively sovereign nation-state republics around a fixed-exchange-rate credit system, as opposed to the intrinsically imperialist monetary system currently dominated by London and the parasites of Anglophile Wall Street.

Without such a four-power-centered force against the British empire now, there is absolutely no hope that the world as a whole will not be plunged, very soon, into a general breakdown-crisis of the economies and governments of the planet as a whole.

Without such a four-power agreement against the British empire, there is no hope for something resembling civilization, during the coming generation or longer, throughout the entirety of the planet as a whole. A reduction of the world's population from a presently estimated 6.7 billions, to less than two, over a span of

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one or two generations, were the likely outcome of a global sweep of a general breakdown-crisis due to strike with great force, throughout the planet, beginning very soon.

Until the change from a monetarist, to a credit system of the type specified by the U.S. Federal Constitution, there is no hope for a civilized form of society on this planet for a generation or more to come. It would be the darkest period of time, of probably several generations' duration, throughout this planet, in the civilized memory of human society today. Do not be surprised by that; the world has spent more than two generations in creating the presently global onrush of a global economic breakdown-crisis. The hope for the future would be that we could eradicate the hegemony of the cultural influences, over past several generations, which had brought this present crisis about, that within no less than a pair of generations since the assassination of U.S. President John F. Kennedy unleashed the ruined long war in Indo-China, with the present hope that several new generations would bring the world back to a takeoff point matching what we have lost since about the

Spring of 1968.

#### **Those Who Have Doubts**

Given all that bad news for the planet as a whole, the relatively good news is that a leading circle of U.S. economists has come to agreement with me on the causes of the present general crisis now gripping the U.S.A. and European nations as a whole. For all competent such economists, my pedagogical "Triple Curve," first presented publicly, in January 1996, as part of my U.S. Presidential-nomination campaign at that time, is now proven to have been the only competent estimate of the direction of the economy during any point since that time.

All varieties of monetarist dogma for economics have now failed, totally, and miserably. All the economists and relevant others who rejected both my warnings and my analysis on which they were premised, have been proven not merely wrong, but intrinsically incompetent. It is that incompetence which, unfortunately, still controls the policy-shaping of all but a few nations of the Keynesian-ruined economies of the

# German Election a Pyrrhic Victory for Merkel, FDP

Sept. 28—Yesterday's parliamentary election in Germany put an end to the Grand Coalition of the three biggest parties, bringing to power a narrower bloc of Chancellor Angela Merkel's Christian Democratic Union (CDU/CSU, with 33.8%) and the ultra-liberal Free Demoratic Party (FDP, 14.6%). Voters smashed the Social Democratic Party (SPD, 23%), which is now out of the coalition, thereby removing whatever small margin of resistance it might have offered to the austerity demands of the globalist financier oligarchy.

Helga Zepp-LaRouche, the chairwoman and Chancellor candidate of the Civil Rights Solidarity Movement (BüSo), commented that the efforts of the "forces of the Empire" to put in their preferred candidate were successful. However, this is a Pyrrhic victory, she said, and the new government will soon experience a hard landing, as it confronts a

new phase of economic collapse.

The new coalition is expected to implement the same policies of cost-cutting and banker bailout which caused the crisis. This will further decimate the physical economy and lower living standards.

The majority that Merkel's new government will command in the Bundestag (parliament) is, in any case, slight, and the cost- and tax-cutting views of the new coalition partner, the FDP, will most likely give rise to dissidents within the CDU. In other words, this is not a stable government.

But the BüSo, the only party that posed a real alternative, reached a qualitatively new high point, putting Zepp-LaRouche's party in a position to reap the fruit of its work in the future. It crossed the 1% "barrier" in numerous districts, notably, in Berlin, and in the eastern state of Saxony (Leipzig, Dresden, etc.). This is the threshold below which popular opinion holds that parties are "not serious." The BüSo is now well situated to reach and cross the mandatory 5% threshold for representation in the Bundestag, in the next elections.

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world today. For just that reason, all recent so-called G-20 and similar "summits" have been far less than sane, let alone useful. The governments are trying so hard to continue the presently hopelessly bankrupt monetary system, that they would, it appears, prefer to die, rather than offend the authorities who have installed and maintained the rule of this presently doomed system.

Apart from those competent economists who now recognize the nature of the present world economic crisis as I have defined it, there has been no competent understanding of the present world system among most of the governments around the world. Virtually all among them have failed, and that miserably, because they have continued to prefer the monetarism of Keynes to the reality represented by President Franklin D. Roosevelt's effected, or projected, antimonetarist reforms prior to the advent of the renewal of British imperialist practices by Churchill accomplice President Harry S Truman, beginning April 13, 1945, the day after President Franklin Roosevelt had died.

Now, without an agreement to replace the present world monetary system, by the Hamiltonian credit-system already embedded as a fundamental principle of the U.S. Federal Constitution, that done through an agreement shared among the U.S.A., Russia, China, and India, there is presently no hope for civilization in any part of the planet for a generation or more yet to come.

That is not a matter of popular opinion; it is a matter of fact of nothing other than simply reality.

Therefore, nations which do not share my outlook on this account, must necessarily be pessimistic about the chance of their own survival during the generation ahead. We have come to a time, when science, rather than opinion, will determine the fate of the human race. Therefore, the majority of the present population of western and central continental Europe must be expected to be deeply pessimisitic. And why not? As long as they believe in the policies they presently condone, there is no rational choice visible to them, but to be demoralized.

They will even consent to the mass-killing of their own infants, ageing, and simply ill, as that British puppet, U.S. President Barack Obama, with his Hitler-imitating IMAC scheme, has demanded on behalf of his dedication as his faithful service, not to the citizens of the U.S.A., but to his shrilly demanding and threaten-

ing, tyrannical masters in London, such as former British Prime Minister Tony Blair now.

So, for Obama now, that moustache stays on! He can not be rid of it; he has, on his own will, embedded it in his Nero's soul. Should he rip it out, it would quickly grow back again before dawn.

### The Remedy

The indispensable key to an economic recovery, is an action based on the principle of the Franklin D. Roosevelt-sponsored Glass-Steagall Act, through which all the monetarist garbage of the U.S. system is cancelled, in favor of honoring banking debts and assets which conform to the Glass-Steagall standard. This would put many surviving banks into Government-protected reorganization in bankruptcy, but so what? It is cancelling the essentially fictitious forms of outstanding monetarist claims, which is the indispensable first step for maintaining civilized life, and actual net economic growth on this planet. Without that action, there is no hope for mankind in any part of this planet during the future time just ahead.

Such action by the government of the U.S.A., would be what is required by the U.S. Federal Constitution, creating what is known as a credit-system, as opposed to a monetary system. A monetary system is a form of imperialism under which private financier interests create a system of debt, imposed upon governments. The U.S. Federal Constitution has outlawed a monetary system, otherwise called a "free trade" system, which is, thus, prohibited from acting as a power above the sovereign nation-states. Only the credit uttered by sovereign nation-states can be used as the basis for currency and credit within any sovereign economy.

The only possible hope for civilization now, is action by a set of cooperating leading nation-state powers, to impose the reform known as a sovereign national credit-system upon their sovereign affairs and treaty-relationships. We must simply cancel all contrary types of indebtedness among nations, by such a return to the principle of inviolability of the constitutional sovereignty of the nation-state republic in these and related matters.

Thus, the establishment of a fixed-exchange-rate relationship among participating sovereigns, defines the credit-system of the planet—usury be hanged!

Such a cooperating association of nation-states under such a credit-system is now the only option available: Do it or die?

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# What Will Follow October Crash: A New Dark Age or a New Credit System?

Helga Zepp-LaRouche, speaking before more than 120 guests in Berlin on Sept. 22, presented her third webcast as a candidate for Chancellor in the German national parliamentary elections of Sept. 27. Zepp-LaRouche heads the Civil Rights Solidarity Movement (BüSo). We publish her opening speech here, translated from German. The video of the entire session is archived at http://bueso.de.

Dear guests here in the audience or listening on the Internet: Our event is being translated live into English, French, and Italian, and will later be accessible in Russian and Spanish, so we have a real international audience.

You probably realize, or sense, that the national election

on Sept. 27 will most likely be the most important in your life; it is a fateful election. That is because this election will determine strategic and historical developments, though Germany is unfortunately not now in a position to play such an important role. But it is important, because we here in Germany can set an example of what is to come.

We are right now in what is potentially the greatest crisis in the history of humanity. The fact that this is not being discussed in the current election, does not make it less real. It just means that the powers that be—the government, the established parties, the media—decided to do as little campaigning as possible, and to avoid the real issues as much as possible, to make sure that the population doesn't get too agitated. If the population realized



Helga Zepp-LaRouche appealed to her audience to help build the BüSo "into a movement in Germany that is able to bring Germany into its role in the world, into a positive alliance with other powers for overcoming the crisis—and, especially, for giving Germany back its soul."

how bad the situation is, things could turn out quite differently.

That this is the most important election will become clear, right after the election at the latest, in October. The CDU [Christian Democratic Union] has put out an election poster, showing Mrs. Merkel with the slogan, "Coming Cleverly Out of the Crisis." It's a cute slogan, and I'm sure a very good PR office came up with it, because it is obviously intended to insinuate that the crisis is already over, and that Merkel has done a great job. That is the CDU line: "The worst is over," the banking system is saved. Then, a little back door is opened, and they say, "Well, the risks are not quite gone. We can't turn off the warning signals, but you needn't worry too much."

I suppose this poster was ordered between July and August, and the crisis has gotten much, much worse since then. The metalworkers union, IG Metall, for example, has accused the coalition parties of committing election fraud, before the election, by talking down the dangers of the situation.

So, this past Sunday, on Sept. 20, during a TV talk show with Anne Will, Mr. Steinbrück<sup>1</sup> and Mr. Guttenberg<sup>2</sup> suddenly said: "Well, we do have to expect massive austerity in the Autumn after all, and times will be tough;

<sup>1.</sup> Peer Steinbrück (Social Democratic Party), outgoing finance minister.

<sup>2.</sup> The outgoing economics minister, from the Christian Social Union, is Karl-Theodor Maria Nikolaus Johann Jacob Philipp Franz Joseph Sylvester Freiherr von und zu Guttenberg—or, Karl-Theodor von und zu Guttenberg for short.

you'll have to say goodbye to habits that you like." Just remember that Mr. von und zu Guttenberg was still promising that the crisis would be over by the Fall. So much for the competence of our Economics Minister!

#### **No Recovery in Germany**

I'm going to consider the situation inside Germany now, where it is clear, unfortunately, that a Fall season of massive job cuts is awaiting us. When the "cash for clunkers" bonus here comes to an end, car dealers will stop selling, because fewer people will order a new car, and that will have huge consequences for the auto suppliers, and the whole auto industry.

Then, many people who are still on short-work—which cannot continue forever—will become unemployed. There will be massive bankruptcies among companies. We can expect many communities to suffer tremendous drops in tax income at the end of the year. Some private clinics are already counting on that, and are waiting for the towns to go bankrupt, so that they'll have to sell the public hospitals.

Another consequence is that the costs of the Unemployment Agency will be far greater than expected, because of growing unemployment. The Agency has already asked for EU20 billion more. Generally speaking, if we just take into account what we now know of the situation this Fall, we have a devastating picture. Can we show a few graphics, please?

-18.7% exports

July 2009 compared to July 2008

These are Germany's export figures from July 2008 to July 2009: That's one fifth, not a small amount. Next are the exports from June 2007 to 2008: –22%; and then another drop of 18.7% from 2008 to 2009.

-202,000

industrial jobs since July 2008

Sale of trucks, 2009

Heavy trucks and construction vehicles

**-65%** 

Heavy-duty trailers and earth-moving equipment

**-70%** 

Here are the industrial jobs, which are the most important, because they are the core of the economy: Since July 2008, over 200,000 jobs have been lost. The figures are even more dramatic for trucks and construction vehicles, with –65% in sales. This is an indicator for upcoming commerce, because trucks are used for such transport. It's even worse for heavy trailers and excavating machines, at –70%.

## 250,000

Industrial jobs immediately threatened

Just consider the official statistics on future prospects. Another 250,000 industrial jobs are expected to be lost. Unemployment in the OECD countries is expected to grow to almost 47 million in 2009, and to 57 million in 2010. Unemployment in the OECD countries has gone up by 45% since the financial crisis broke out. Steel production in Germany has gone down by 50% since 2008, which means that we already have an incredible collapse.

For people who are still working, salaries dropped 0.4% in the first quarter, then 1.2% in the second quarter. But the figures vary greatly depending on the sector. In the metal industry, for example, salaries have gone down -12%. In the auto industry, it is -8.8%. That, of course, does not take into account the drop due to reduced hours, which is not counted in the statistics.

If, as can be expected, real income is negative over the entire year, then the pension guarantee of the Federal government will have to kick in, to prevent the pension levels from going down, because they are linked to real income levels. This has never happened before, but this year may be the first time.

So, if you look at these figures, just for Germany, you see that the situation is catastrophic. And behind the statistics are families, future plans for life, people who are falling into poverty. These are not dry figures, but lives of individual human beings that are at stake.

And Germany is not an island. What is now playing out internationally, in the international financial system and the world economy, determines the parameters of the situation in Germany.

#### The G20 Summit

In exactly two days, the G20 summit will begin in Pittsburgh, bringing together the 20 most important countries, as a follow-up conference to the summit in

London in April. Surprises can never be excluded, but I have studied the situation, and I find no signs whatsoever that these heads of state are planning a reorganization of the financial system. There is no longer a single word on the necessity of a New Bretton Woods System.

If you remember, last October, after the collapse of Lehman Brothers, people were scared stiff. All kinds of people, such as French President Sarkozy, were saying we need a "new Bretton Woods," and many others as well. But this talk has completely disappeared.

Although the crisis has been escalating for two years now, and threatens to become the greatest in history, there has been no analysis of the causes. Yet every time a major accident occurs—be it the collapse of the Archive Building in Cologne or the ice skating rink in Bad Reichenhall a few years ago—an extremely precise investigation is usually conducted into the causes, just to make sure that such an accident never happens again. But that is not being done now.

I think it's because, when a major accident occurs, you usually call in engineers who are familiar with statics, with the materials used, with the lifetime of infrastructure—that is, someone who really knows the subject matter, and can look for the cause of the defect, and eliminate it, so it never happens again.

But with this financial and economic crisis, the exact same people who set the course for the crisis in the first place, have now been put in charge of repairing it. They just don't have the expertise, because they base themselves on the concepts and axioms of globalization, and not on the real economy. So, we cannot expect these people to do anything in the short term to end the crisis, and the casino economy continues. In Pittsburgh, they will bring up regulation of hedge funds—not that they should be *eliminated*, but just to tighten the leash a little bit—and increasing bank equity, but these will be, at best, cosmetic corrections.

The Italian press reported today—it's not confirmed, it's a press report—that Obama wrote letters to the participants in the G20 summit, saying the U.S. will reduce its debt. It sounds good, but that means massive austerity for the American population. The letters say that China should become the locomotive for the world economy. Let's see what the Chinese have to say about that, because it means that they should continue to buy up U.S. Treasuries. They may not be particularly thrilled, as that's what they did in the past.

China currently has \$2 trillion in currency reserves,

a large part of which is dollar denominated. The Chinese ask at every meeting with Americans: "Are these Treasuries worth anything at all?" In other words, the bond market is shrinking, while the U.S. should actually be selling more, which is a highly dubious proposition.

What China is supposed to get, in return, is greater weight inside the IMF, and the IMF, according to this scenario, is supposed to become the international version of the European Union's Stability Pact. In other words, placing a cap on what can be spent, and penalties if too much public credit is issued.

This is absolutely absurd, and would guarantee that we won't get out of the crisis! The IMF, which is supposed to play such a super-role, is calling for a relaunch of the securitization market. That is, the very same elements that led to the crisis are supposed to be repeated.

Gordon Brown, the British Prime Minister, said before the Pittsburgh summit, that he wanted a world government to come out of the G20, and a new way to govern the global world economy.

Basically, this means that the entire world financial system would be based on the principles of the City of London, a new version of the British Empire, as a worldwide empire.

Now, this cannot function, and would lead to the breakdown of civilization. That might fulfill the intention of Prince Philip, the head of the World Wildlife Fund, who is notorious for having said that he wanted to reduce the world population to 2 billion people. He said that should he be reincarnated—which he won't be, fortunately—he would like to return as a virus, because he could then help reduce the world population.<sup>3</sup>

So, if these or similar plans, or variations of such monetarist solutions, are decided on in Pittsburgh, it is certain that we will face a crisis in the short term that dwarfs anything most of us can imagine right now. The extent of the crisis that can then develop will probably be clear in October. The reason is the following.

### Danger of a Dollar Collapse

The U.S.A. is on the verge of national bankruptcy. Forty-eight of the 50 states are insolvent, and the new fiscal year begins on Oct. 1. That's the point at which the banks and financial institutions will have to open up their books, and there are two possibilities: Either the reality that most banks are hopelessly bankrupt is ad-

<sup>3.</sup> Reported by Deutsche Presse Agentur, August 1988.

mitted, or there will be another attempt at a cover-up through "creative accounting." But this is becoming more problematic, because so many things have happened in the meantime. You have the Bernie Madoff scandal, for example, where the former head of the New York NASDAQ ripped off his clients for \$50 billion, and is now sitting in prison.

Then there were others, Sir Alan Stanford, et al., who "only" stole a few billion. There were transatlantic gangs who swindled their clients through insider trading. These criminal activities are being investigated by [New York] Attorney General Cuomo, and also in Congress and the Senate. So it is not so easy to attempt a cover-up.

The problem is that this could lead to a collapse of the dollar, which would automatically threaten to set off a worldwide chain reaction. If the dollar collapses, of course, every country will be hit by it, thanks to globalization, because all market segments are interlinked, internationally, and after all, the dollar is the world reserve currency, and many countries have debts or credit in the United States. The U.S. is indebted, and many trade agreements are denominated in dollars. With the concentration of risk, you would definitely have a chain reaction worldwide.

Here in Germany, there are ideologues, left and right, who think that would not be such a bad thing, because of their anti-Ameri-

canism. They say: "Let the United States collapse, and here in Europe and in Germany, we will remain unscathed. We're the best, we'll manage."

The problem is, they are in cloud cuckoo-land, because after all, Germany is an exporting country. Our exports have been very strong, and our internal market is weak, and our exports have to be absorbed by countries which would be hit by the dollar collapse, beginning with China.

China depends very much on the United States, because, contrary to our express advice over recent years, they have specialized in cheap production for export, particularly to the U.S., over the past years. As those export markets in the U.S. collapse, China loses its export markets, while their currency reserves in dollars are depreciating. Part of the drop in our exports here in Germany, such as machine-building and machine tools,



EIRNS/Stuart Lewis

LaRouche PAC's poster of President Obama with "a special mustache" has become a symbol for the mass strike process in the United States.

is due to the fact that China is not importing these products—textile machines, too.

#### Mass Strike in the U.S.

Right now, the situation in the U.S. is highly explosive. Since the beginning of August, something has been developing that can only be called a mass strike. That is not the equivalent of a general strike or a trade union strike; it's a notion that was defined by Rosa Luxemburg at the beginning of the 20th Century, in a commentary on the Russian Revolution, where she said that you cannot *organize* a mass strike. You don't call on people to mobilize for it, and you can't repress it, because it's the reaction of a population to what they feel is a profoundly unjust situation.

That has been exploding in the United States since the beginning of August, in town meetings, for exam-

ple. Hundreds of such meetings took place with Representatives and Senators trying to present the Obama Administration health-care reform in a favorable light. Every day, some 10,000 to 15,000 people went to dozens of these meetings. Some of them even had 3,000 people attending. At some, 2,000 people stood outside, just to express their protest.

This is really a completely new situation. However, if you are to believe the European media or the German media—which you should only do with great caution—they only explain that President Obama wants to give health insurance to the 50 million Americans who have none, which is long overdue, and that nasty Republicans are calling it communist or socialist, and they're the ones who are blocking it.

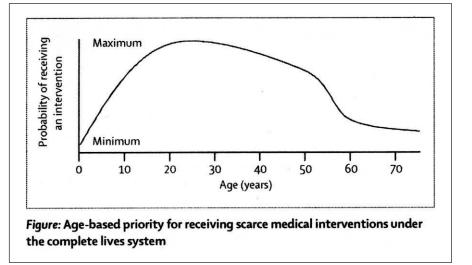
That's not the truth, far from it. First of all, the so-called public option for the uninsured has already been swept off the table. In reality, because of the bailouts for the banks, the government is now so indebted, and the deficit is so high, that they want to cut the health-care spending by about 30%. That is, even if you bring 50 million more people into the program, but costs are reduced by 30%, then you can figure out that the services that will be provided will be massively reduced. And that's why people are saying "no."

The whole thing is based on the British model, called NICE, which is the National Institute for Health and Clinical Excellence. This medical board was set up in England some time ago, and it decides which treatments will be paid for, for which patients and diseases. This is what Sarah Palin, the ex-governor of Alaska, brought up by calling it "death panels," and she pointed out that her child, who suffers from Down's syndrome, would probably not even be treated anymore, if this kind of policy went into effect.

Another model in Great Britain is the QALY, Quality Adjusted Life Years. It comes down to the idea that when a person reaches a certain age, it makes no sense to give medical treatment—for example, after the age of 65, no more dialysis, or after 70, no more hip replacements, or other such things. You also have the Liv-

FIGURE 1

Ezekiel Emanuel's 'Allocation of Scarce Resources'



This figure, from a Jan. 31, 2009 article in the British Lancet, written by Dr. Ezekiel Emanuel, et al., titled, "Principles for allocation of scarce medical interventions," identifies those, by age, whose lives are worthy to be saved, and those who should be denied medical treatment.

erpool Care Pathway, which organizes end-of-life care, in such a way that people are denied care at an earlier point than they should be.

Ezekiel Emanuel is one of the main health-care advisors to President Obama, and he came up with the curve that you see here (**Figure 1**), which shows that major portions of health-care costs come in the last two years of a person's life, and even if life expectancy increases by ten years, the costs also increase in the last two years, so costs have to be cut, in order to save money. One of his proposals is to stop giving antibiotics to people suffering from dementia, if they get a lung infection, or something similar.

From age 0 to 20 years, the curve of probability of receiving treatment goes up sharply, then remains on a plateau from 20 to 40, and then begins sinking as of age 60, and then drops massively. In other words, in this view, when there is scarcity of health-care resources, children and the elderly are considered less important than the others. A one-month old baby is worth less than a ten-year-old child, because more has been invested in the latter. And of course, the elderly get absolutely no priority.

And that's why my husband held a webcast on April 11, where he said that President Obama's health-care policy, which is based on the British health system, has

parallels to what the Nazis introduced in 1939 with the T4 program—that there are categories of "life not worth being lived." And since that time, my husband has led the campaign in the U.S., and we here in Germany have covered the implications of this policy on our website, and in *Neue Solidar-ität* newspaper. Since that time, we have shown this picture of Obama, with a slight correction, a small Hitler mustache, which has become the symbol of the resistance in America.

Now, I'll show you the video of a demonstration on Sept. 12, where the so-called Tea Party people organized a huge demonstration of 300,000 people in Washington, and then 500,000 to 700,000 in other cities around the

country, which brings the number of people in the streets up to 1 million.

[Video shows protesters saying, "We not racists, we're not Nazis, we're not mobsters—we want to be independent, we want to stand for ourselves." "I'm sick of the lies, I don't like being lied to, I don't like being lied about." "You have awakened a sleeping giant, we are tired of this. This is why everybody in this room is so ticked off." Shouting. "This happened in 1776, and now it's happening again. Americans are standing up and shouting in one voice, 'Enough is enough. Return our republic to its rightful owners, the legal citizens of the United States of America. In this land of shining possibilities, our country's capital city, before a world-wide audience of millions, Americans are sending the message of hope to all who would be free."]

So this is really a revolutionary situation. These people are not just reacting to the health-care cuts, but also to the fact that, since the crisis broke out, \$22.3 trillion was given to the banks, to cover the toxic waste which they bet on and lost. Over 3 million people have lost their homes, and another 2.5 million are expected them to lose them this year.

In many cities in the U.S., there are so-called tent cities, where people who, up until very recently, still had a home and a job, and who have now lost everything, including their medical insurance. And as you



EIRNS/Michael Steger

Sign of the times: A tent city in Ontario, California, January 2009.

know, there is no social safety net in the U.S. The unemployed receive compensation for a certain period of time, but then they just fall into the abyss.

Even about 40% of Americans who still have a job need food stamps now, just to survive. In California, \$60 billion of budget cuts were just implemented. This is absolutely an existential question for many, many people, who, without welfare, will have nothing more; they'll just die, and they're aware of that. The reason why people went into the streets, as we saw in this video, is because they've understood that it's a question of life or death, literally.

If you go to the BüSo website, you'll see the video of a town meeting in Detroit, with Congressman Dingell, where one man pushed his son in a wheelchair up to the podium, and said, "Here, under Obama's health-care reform, my son will no longer be treated. And what do you think about this?" He was accused of being an agent of the Republican Party, or of being sent there on purpose. He later held a press conference where he said, in very moving tones, that that was not true, and that he's really battling for his son's life. He expressed what many other people are thinking.

Through this mobilization, which was actually triggered by Lyndon LaRouche's webcast in April, the original plan that Obama had for his health-care reform policy will not work—he had planned to push it through



Franklin D. Roosevelt Library

President Franklin D. Roosevelt gives a fireside chat, laying out his economic policies to the nation in 1935.

in July. The Democrats, of course, want to be reelected next year, and when such revolts are going on in their districts, they have to think twice about supporting such a policy.

So, they've begun the following tactic. They have announced 500 amendments to the bill, which would amount to parliamentary obstruction, and basically kill it.

I don't know if you are among the 200,000 Berliners who turned out to acclaim Obama when he was here during his campaign. If so, I think many of you are totally disappointed, like so many Americans are, at what he's done. That's why, Obama right now has the lowest popularity rating of any President in the history of the United States after eight months in office, because he hasn't kept his promises.

What *didn't* he promise during his campaign! He wanted to model his Presidency on Lincoln, or Franklin Roosevelt. He wanted to close Guantanamo and other prisons. But now we see that since the G20 summit in London, at the latest, he's following in the footsteps of Bush. He's pushing the City of London (and Wall Street) policy. He's bailing out the banks at the cost of the population—there's no difference from Bush.

There's a lawyer in America named Tina Foster, who has filed a lawsuit, and she says that although Guantanamo is to be closed, there's a prison in Afghanistan, called Bagram, which is much, much worse than Guantanamo, and it will stay open. She describes the torture there. So, again Bush. Bush started the Afghanistan War, but Obama wants to reinforce the troops

there.

So, Obama now faces an alternative: either he continues to defend the interests of Wall Street, or he saves his own Presidency. He can't do both.

LaRouche formulated very clearly what Obama must do, most recently in his webcast of Sept. 8. There's only one way that Obama can avoid becoming the most hated President in U.S. history, in the footsteps of George W. Bush: He must go back to the policy of Roosevelt.

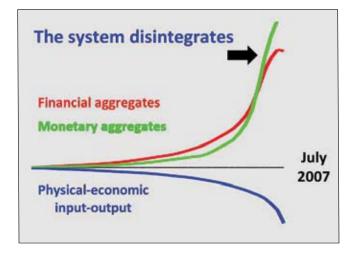
[Video clip of FDR giving a speech.]

Franklin Roosevelt brought the U.S. out of the Depression in the 1930s, with the New Deal. He did it by granting public credit to those who wanted to produce something. Within a few years, the country was to a large extent out of the Depression. Especially after Pearl Harbor—that was what FDR was talking about in this speech—the population demanded that he control Wall Street and limit its power.

#### **Deflation and Hyperinflation**

Here we have a graphic [Figure 2] that LaRouche put out in 1995 for the first time, and which is being studied closely by important economists in the United States. The lower curve, the output of the real economy, has been going down for a long time, worldwide, and not just since the financial crisis broke out. And since July 2007, it has been going down hyperbolically. This curve shows agricultural and industrial production, and basically everything that's needed for the population. There has been a collapse of 50%, or more in some categories.

FIGURE 2 LaRouche's 'Triple Curve' Function





This Berlin newspaper on July 28, 1923, illustrates Germany's hyperinflation, as the reichsmark plunged to 1 million against the dollar.



Bundesarchiv Bild

Bankers count the mountains of cash in the Reichsbank in Berlin, October 1923. Two months later, Hjalmar Schacht was named head of the Reichsbank, and proceeded to devise the plan for brutal austerity that "stopped inflation"—and paved the way for the Nazis.

The green curve shows the monetary aggregates, that is, the liquidity in circulation, and it is going up hyperbolically. As you can see, it's completely divorced from real production—they have nothing to do with each other.

And the red curve is the financial aggregates, which is the part of the financial system that is linked to the real economy, salaries, investments. Until July 2007, there was a hyperbolic development upwards, but then you see, in July 2007, an inflection point where the red curve collapses. That is why people are saying we don't have a problem—prices are going down, milk is getting cheaper, Aldi [department store chain] is lowering

prices, deflation is on, and it's great! There's no problem, they say, if we pump all this liquidity into the system, because it has no effect on the price. What's the problem?

But in reality, this is a very short-term situation, and we have today a situation like that of Germany in 1923, except worldwide, as I mentioned. What was Germany like in 1923? Germany had accumulated huge debts during the First World War, due to the costs of the war, and immediately after the war, the Versailles Treaty forced it to pay reparations to all the Allied powers—France, England, and indirectly the United States. That was, of course, much more than the German economy could support.

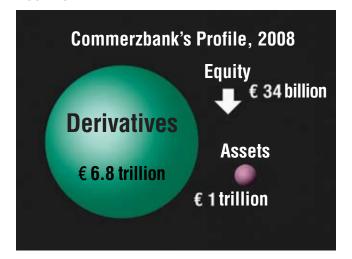
And the Reichsbank simply set the printing presses going and printed money. This process was completely invisible for years; until 1921, 1922, 1923, that is. But in the Spring of 1923, here is what happened: France was not satisfied with the amount of payments it was receiving, and occupied the Rhineland, with the idea of cashing in on it. Then there was a strike of German workers, production came to a standstill, and then inflation exploded, within half a year, such that a pound of bread went from costing 1 reichsmark, to 10, 100, a million, a billion, a trillion, and a quadrillion—and that was the end.

You've all seen such paper money belonging to your parents or grandparents, and how really absurd it was. By the end of November 1923, people

had to bring money in a wheelbarrow when they went to the bakery. At the end of the money-printing period, such an enormous amount was being printed, that by noon, a loaf of bread was more expensive than it had been in the morning. And then in November the end came, so absurd had it become. And then after that, people used the banknotes to wallpaper their living rooms, because it was cheaper than regular wallpaper. As I said, many people—including me—still own big wads of this money.

The problem being: The transition from deflation into hyperinflation can happen very, very quickly. Because when the real economy and production shrink,

FIGURE 3



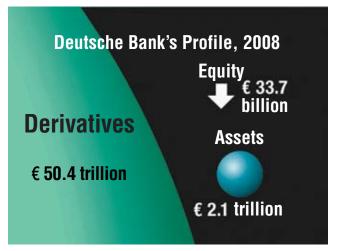
the first thing that naturally occurs, is a price war. And that's what we're seeing right now—for example, the price war between Aldi and Lidl and other chain stores, which, on a weekly basis, undercut each other with "final" price cuts. The cause of this, of course, is that whenever a market is shrinking, competitors attempt to grab a bigger portion of the market any way they can, and so they lower prices.

Now, that might somehow be very nice for the consumer in the short term; but of course, it has serious consequences in the real economy, as with the dairy farmers right now. We now have a situation where Europe's dairy farmers have been on strike for the past 11 days. Yesterday they held yet another journée blanche [white day]—i.e., a day when dairy farmers spilled 25 million liters of milk onto their fields, just vesterday alone. That was 80,000 farmers from eight countries and for these farmers it is a battle for survival, because they require 42 cents per liter of milk, just to stay in business. And whenever the price falls below that, as it has now, to 22-27 cents, then it's only a matter of time before the farmers go bankrupt; and the reason we see this revolt now, is that they're saying, "We can't keep our farms going."

Anyone can imagine what comes next: Once the cows are no longer there, because the farmers have gone bankrupt, there won't be any milk, either, and then once the shortage takes effect, the price of milk products will shoot up very quickly.

The same holds true, of course, for other firms, which are now selling off their inventory: Once production has shrunk, there will be shortages, and then people

FIGURE 4



will begin to hoard; and then you'll have precisely this flip from deflation into hyperinflation. And that is a situation which can emerge very rapidly. It can develop within a very short time, possibly before the end of this year.

#### **Break with Globalization**

That means that our only true chance of preventing a slide into chaos, into an out-of-control situation, is what Lyndon LaRouche has been proposing for a long time now, namely a total break with the present monetarist system, the system of globalization, and replacing it with a credit system.

Let us recall that since 2007, the United States alone pumped \$23 trillion of bailout money into the system. The United States, but also Great Britain and other states, have enormous national debts, which is part of this hyperinflationary bubble. And that means that as long as they attempt to refinance this toxic financial waste—nobody knows the exact amount, but it's estimated to be at least \$800 trillion—that's unimaginably big! ([The late French President François] Mitterrand's former advisor Jacques Attali once set the grand total of derivatives at \$1.4 quadrillion.) And as long as they try to keep on refinancing this toxic waste, there won't be any solution [Figures 3 and 4].

Our only chance is if we immediately make the shift to a credit system—i.e., the Glass-Steagall standard, which Roosevelt introduced in the 1930s, which strictly walls off chartered banks from investment banks, and which prohibits the chartered banks—savings banks, credit unions, co-operative banks—from going into

high-risk speculation, and which puts these chartered banks under state protection.

That means that we need immediate intervention into areas where the state must protect the property and livelihood of the general population, by setting the simple ground-rule: Everything that is honest investment—personal savings, pensions, wages, credit for small businesses—must be honored, whereas we need to completely eliminate all monetarist speculation.

Any toxic waste on the books must be wiped out without compensation. Some people will lose virtual money on that, but if we have hyperinflation, then everyone's going to lose everything, anyway. If we learned anything at all from 1923, when people thought they had 10,000 reichsmarks in their savings accounts—but when a single loaf of bread cost 10,000 reichsmarks, their entire life savings were wiped out.

So, when people are saying that it won't work, and that you have to defend this toxic waste—it's simply not true.

The only way that exists for protecting the population, is a transition to a credit system. And then, a global system of fixed exchange rates between sovereign states must be immediately agreed upon: Each country must have a national bank in the tradition of the American System, based on the policies of Alexander Hamilton, the first U.S. Treasury Secretary. This policy was reintroduced by Lincoln; it was revived by Roosevelt, and it's essentially the idea that only the sovereign state has the right to create credit. Private or independent central banks have no right to create money—only the state may do this. That was the way Roosevelt led America out of the Great Depression in the 1930s.

And if Obama wants to salvage his Presidency, then he's going to have to return to this tradition; and then the world's four most powerful nations—the United States, Russia, China, and India—will have to cooperate in putting a new financial architecture onto the agenda. And then Germany and other sovereign nations can align themselves with this new grouping.

This is not all that unusual in Germany's history: Germany's reconstruction after 1945, for example, was based on precisely these principles. The Kreditanstalt für Wiederaufbau, which, along with the Marshall Plan, was responsible for most of the reconstruction, was based on the model of the Roosevelt-era Reconstruction Finance Corporation—i.e., it utilized precisely the same mechanism, such that a national bank issued credit which was exclusively delimited to the general welfare,

for scientific and technological progress, and for increases in productivity. And with this method, within a few short years, Germany was built up from a rubble-field into the country admired the world 'round as the "economic miracle." And that is a successful model with which we in Germany have proven that it can be done. And we can do it again.

#### Wilhelm von Kardorff

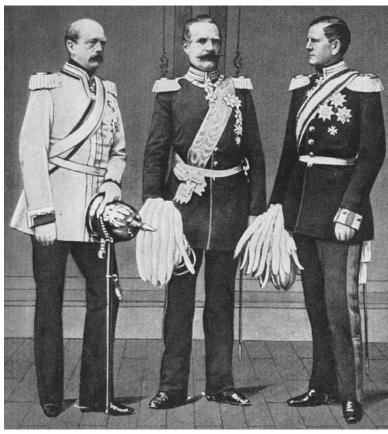
Now, I can hear cries of protest from all those who believe in globalization and in the so-called free market economy, because I'm daring to challenge the sacred cow of independent central banks. The problem with these people, is that they don't know Germany's history. Because the answer to how Germany, in the late 19th Century, could develop from a feudal state into a modern industrial nation, is intimately tied up with this American System.

Until 1879, when Bismarck carried out his industrial reforms, Germany was essentially a feudal state, which had been supporting free-trade methods. It was only through Bismarck's encounter with the theories of Henry C. Carey, Lincoln's economic advisor, that it was possible for him to make the transition from a feudal state into an industrial nation.

Wilhelm von Kardorff had an extremely important role in this transition. At the time, he was a member of the Reichstag, and had close ties with Bleichröder, Bismarck's private banker, with whom he created the Preussische Hypothekenbank (Prussian Mortgage Bank), and founded the Central Association of German Industry—he was practically the first president of what today would be the Federation of German Industry (BDI) or the German Conference of Chambers of Commerce (DIHT), the leading industrial association.

Kardorff offered Bismarck the following advice:

I too was once very naive, when I was still in university studying Adam Smith, Ricardo, and Stuart Mill; when answering exam questions, I thought I knew which financial and trade policies a state should pursue, to enable its members to achieve, to an outstanding degree, that mastery over the gratuitous forces of nature on which national wealth relies. At that time I was a Manchester man of the first water. I was convinced that it was free trade that gave England its superior wealth. That was my rock-hard opinion. There was a simple rule: Buy as cheaply as you



Otto von Bismarck (center) with Albrecht von Roonz (left) and Helmuth von Moltke (the elder)—the three leaders of Prussia in the 1860s. Bismarck became Chancellor of the North German Confederation in 1867. By 1882, he had ditched the British free-trade policy, in favor of the American System.

can, no matter where and from whom, and sell as dearly as possible, no matter where and to whom it goes.

I considered the abolition of tariffs as a progressive step for culture in general, and as a sure source of enrichment. I perceived tariffs as injurious hindrances, and as unjust preferential treatment for particular branches of industry, as a superfluous paternalistic curb on the free development of the nation's forces.

On the BüSo website and in *Neue Solidarität*, you can find a lengthy article on the relationship between von Kardorff and Bismarck,<sup>4</sup> and when I did the his-

torical research for that article, I looked at about 20 biographies of Bismarck, and I couldn't find a single mention of this, even though it was in fact the most important influence.

Von Kardorff:

I got to know an educated American in the sauna at the spa, who explained to me that Manchester free-trade theories were the biggest swindle that had ever been concocted, to deceive mankind. We were talking about the American Civil War. Naturally I had no sympathy for slavery, but I did think that if the North were to win, this would mean the victory of protectionism over free-trade policy, and that this would be bad. To which that American replied, that he would not wish for Germany ever to experience what the practical implementation of radical free trade would mean. Then he asked whether I had read Carey's writings. Carey? A little later I met Mr. Ziegler from the German Progress Party, who asked me the same question: "Are you familiar with Carey?"

So, as I said, Carey was President Lincoln's most important economist. He continued the tradition of Friedrich List,<sup>5</sup> the father of the German Tariff Union, who had also

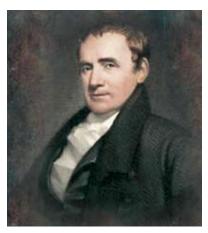
promoted the protectionist system, and who had spent a number of years in America, where in his writings on National Economy, he made the very, very important distinction between the British System and the American System.

The American System is based on protectionism—i.e., the idea that one must first have a vigorous domestic economy—which is in contrast to the idea of free trade, where the only rule is: Buy cheap and sell dear, so that it's the middleman who makes the profit.

Von Kardorff: Then a friend made the following argument: If free-trade theory were correct, then all protectionist countries would be poor and all free-trade countries would be rich. A precise ex-

<sup>4.</sup> Helga Zepp-LaRouche, "Die amerikanischen Wurzeln der industriellen Revolution in Deutschland, *Neue Solidarität*, Nr. 33-34/2008; English translation in *EIR*, Sept. 12, 2008, "The American Roots of Germany's Industrial Revolution," http://www.larouchepub.com/eiw/public/2008/2008\_30-39/2008-37/pdf/38-55\_3536.pdf

<sup>5.</sup> See Friedrich List, *Outlines of American Political Economy/Grundriss der amerikanischen politischen Ökonomie*, bilingual edition (Wiesbaden: Dr. Böttiger Verlags-GmbH, 1996).



Mathew Carey (1760-1839) was one of the principal economists of the American System of political economy. He was also the father of Henry Carey.



Henry C. Carey (1793-1879), President Lincoln's economic advisor, inspired the German economists whose influence on Chancellor von Bismarck turned Germany into an industrial powerhouse.

relatively well off, and of them, only a billion are living really good lives? It certainly can't be that a system of a few thousand billionaires, a few million millionaires, but 4 billion people living in poverty, can be productive! But that's precisely the system we have.

Von Kardorff: Therefore, we do England a service, if we protect ourselves from becoming victims of this trade policy, which has made England itself so very ill, and instead conduct a trade policy suited to our own requirements, so that we can take care of ourselves. Carey's felicitous writings, whose study I cannot recommend highly enough, treat questions that, in my view, are matters of life and death for the German Reich.

amination of the situation in all countries throughout the world shows that just the opposite is the case. The free-trade countries are becoming impoverished, all protectionist countries are flourishing—so there must be a miscalculation in the model of free-trade theory.

The whole system of the Manchester School is based on the fiction that all peoples of the Earth are a common family and have a common interest. A fiction quite similar to the theory of a universal, eternal peace. And it is striking, that the apostles of the Manchester School are also supporters of the International League, or also of Kant's Perpetual Peace, which is based on the same idea.

Kardorff formulated these ideas in a very nice little book which I recommend you all read. It's titled *Gegen den Strom* [Against the Current], where he describes how he was converted from a convinced free trader into a proponent of the American System and protectionism. And if you read it—here I've just given you a few samples—everything he says is true of globalization today. Under the system of globalization, people, or nations which have subjected themselves to it, or which have been subjected to it against their free will, have invariably become poorer.

Why are a billion people starving today, and why are 2 billion people in extreme poverty, in this system of globalization? Why is only one-third of humanity

#### **Chancellor Otto von Bismarck**

As I was saying, it was this Wilhelm von Kardorff who convinced Bismarck. But even when we hear Bismarck speaking for himself, from his own writings, an enormous surprise leaps out at us. In his June 14, 1882 disputation with Member of Parliament Ludwig Bamberger, who is known as the Father of the German Mark, and who advised Bismarck during the Franco-Prussian War, but who later became an advocate of Manchester capitalism, Bismarck said the following:

Free trade is, in my opinion, wrong.

This is all from Bismarck!

My policy goes beyond the next election; if I'd had to limit myself to that, if I'd had to be afraid of the results of the next election, then I wouldn't have ever gotten into politics.

Today's politicians, take note!

I enjoy learning new things, and I greatly enjoy learning from Representative Bamberger. I don't claim I've learned everything, but we didn't get our protective tariff from nowhere [certainly not from France—HZL]. Under Frederick the Great, we had it to a very high degree; we had it during the time of the old Customs Union—the tradi-



Painting of Chancellor von Bismarck in 1890, the year he was ousted from government due to British manipulations of the Kaiser. He died soon after. The artist is Franz von Lenbach.

tion which people like so much to harken back to—three times higher, and the attempt to disassociate us from it now, is quite a new experiment, which had its beginnings 15 or 20 years ago, and which has not served us well, because it has brought us to the verge of death by starvation and wasting away. Every country that has protective tariffs is enjoying a certain degree of prosperity; and even France, which for centuries, since Colbert, has been suffering from this supposedly starvation-inducing condition—we find that it prospers.

Two of Bismarck's personal friends—his former school chum John Northrop Motley, who later became [American] ambassador in Vienna, and George Bancroft, an important American historian who was later Ambassador in Berlin—kept Bismarck excellently informed about the economic system in America, about the progress of the Civil War—he took an important stand on that—and also, of course, on the 1876 U.S.

Centennial International Exhibition, where America actually had the most developed industry.

Bismarck: England had the highest protective tariffs until, under their protection, it grew so strong that it then stepped forth as a herculean fighter, and challenged everyone else: "Step into the ring with me." It is the strongest fist-fighter in the competitive arena; it will always be ready to accept the law of the strongest in trade matters. But the law of the strongest is dictated by free trade, and England, by virtue of its capital, and its stockpiles of iron and coal, and its ports, has become the strongest in the free-trade law of the fist—but not merely by virtue of its geographic location, but rather solely because it maintained completely exorbitant protective tariffs, up until the point when its industry had been fully strengthened. And now it is strong enough, and is telling everyone else: "Come along, now, and spar with us freely; you won't be stupid enough to sacrifice your money for our products."

The magical word "freedom" is associated with a rallying call upon British superiority; and with this mask, our freedom fanatics are being lured into starvation and looting by foreign trade. For a long time, I did not have an opportunity to deal with this issue in greater depth—and I don't have any more insight than anyone else. Back then, I had other things to do, and I followed others' advice, until I was forced by Minister [Rudolf von] Dellbrück's resignation to deal with the question myself; and then I discovered that I had been mistaken. But of course that wasn't my main job.

I would bet that most Germans who love or cherish Bismarck, or who are convinced of Bismarck's importance as the founder of the German state, don't know about this. And I also truly believe that the reason that Germany's industry today is based on free trade—look at the World Trade Organization, the Doha Round, which wants to abolish the last remnants of protective tariffs—is tied to the fact that the 500 most important corporations in Germany are, of course, reaping a profit, since they are positioned as the middleman, so that they virtually control trade, and of course export products; but they have never truly understood that the same

things that Bismarck discovered to be correct back then, would make Germany much, much stronger today, by strengthening the domestic market, by increasing people's purchasing power—that this is just as true today. And I think it's an important point to make, that we really must make others aware of these theories, especially in Germany's small and medium-sized firms, which won't stand a chance without these ideas.

Bismarck had precise knowledge about Great Britain, the British Empire, and not only about Britain's economic policies. Rather, he understood the nature of its underlying conflict with America, which had wrested its independence from the British Empire during its War of Independence; he understood Eng-

land's role in the Seven Years War, and he warned that a new "Seven Years War" was imminent. That was a prophetic forecast—that there would be a first world war—and that was the reason why the anglophile factions in Germany pushed for firing Bismarck in 1890—which, in turn, set the stage for World War I, since no one but Bismarck understood the significance of the Reinsurance Treaty with Russia, along with the entire complex diplomatic meshwork which he had built up around it.

At the time, just as today, Germany had virtually no raw materials, but despite this, it emerged as a leading industrial nation, thanks in no small part to Bismarck's reforms, since they involved a high rate of scientific and economic progress, protectionism, and social-welfare laws which backed workers' and employees' interests in a way that became an example for the rest of the world to follow.

And today, we are about to lose all of that. And that is why, even if it's not customary, it's extremely important that we recall Bismarck's accomplishments.

#### Wilhelm Lautenbach

I would now like to remind you of another period of our history, when these same principles were under discussion.



Wilhelm Lautenbach's economic and financial proposals would have prevented Hitler's rise to power.

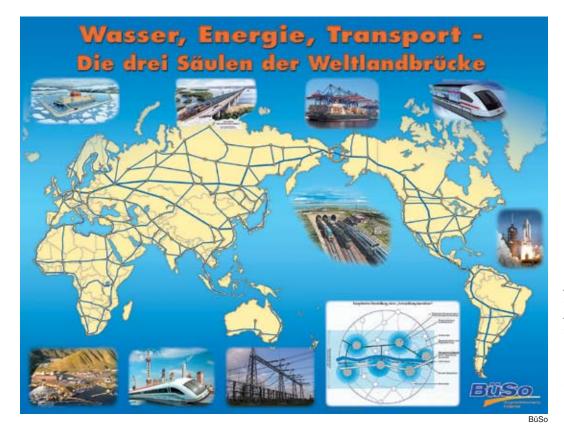
A couple of years ago, Professor [Herbert] Giersch, the former head of the World Economic Institute in Kiel, wrote a newspaper article6 which is particularly interesting, regarding the then-ongoing dispute in Germany between the various schools of economists: on the one side, the "ordoliberal" economists, among whom Giersch counts himself, basing themselves on such people as [Walter] Eucken, and who, in the traditional way, say, in effect, that the state possesses tools which it must use to guide the economy into a specific direction—in complete opposition to the macroeconomists, who are exclusively based on the Anglo-American system, on people like Larry Summers and Bernanke. The latter primarily dwell in Frank-

furt, including Profs. [Roman] Inderst, [Frank] Siegmann, and [Stefan] Gerlach, are essentially financed by the banks, and calculate the economy's course according to purely mathematical computer models. And for some months now, a total war has been raging between these two schools, whereby the more honest of the two, the ordoliberals, admit that the entire guild of economists has been a failure, because not a single one of them was able to correctly forecast the crisis.

Giersch: Seventy years ago, when the world-wide economic crisis erupted, a group of noted economists of various persuasions, including Wagemann, Woytinsky, Baade, Lautenbach, Lombard, Loewe, and Lederer, sought to build enthusiasm among the political class and in public opinion, for its policy of active government expenditures. Quite probably that could

Welt am Sonntag, Nov. 24, 2002.

<sup>7.</sup> Ordoliberalism is a school of liberal economics, centered in Germany and Austria, which stresses the role of the state in ensuring the proper functioning of the free market. The name was coined in the 1950s from the economics journal ORDO.



This election campaign poster issued by the Büso depicts the proposed World Land-Bridge, connecting virtually every continent by rail. The headline reads: "Water, Energy, Transport: The Three Pillars of the World Land-Bridge."

have cost the National Socialists their victory in the Summer of 1932.

That's truly incredible, because this is a point which we have been making for a long time now, namely that if the plans which I will now briefly sketch out for you had been implemented in Germany in the 1930s—in effect, Roosevelt's policies—Hitler would have been prevented. And that is extremely important—particularly the fact that the former head of the Kiel World Economic Institute makes the point that there has been no debate in Germany on this—neither in the Social Democratic Party, nor in the trade unions. And there can't be a more timely question than this!

In the early 1930s, there was an economist, Dr. Wilhelm Lautenbach,8 working in the Economics Ministry,

who proposed the plan named after him, and who said, in effect, that in 1931, when you had the double conditions of a depression and a global economic crisis, that normal economic measures would no longer have any effect.

That's the same as what we have now, because they can pump in as much money as they like, but when people fear for the future, or fear for the present, they're not going to purchase anything—and that's a situation in which, as Lautenbach says, you can only get out of the crisis by issuing state credit, and investing into sectors which one would invest in even if the economy were going well.

Lautenbach: The natural course for overcoming economic and financial emergency," is "not to limit economic activity, but to increase it, For, at this very moment, we have the paradoxical situation, that, despite the fact that we have made

<sup>8.</sup> See articles in *EIR*: "The Lautenbach Plan for Economic Recovery," speech by Helga Zepp-LaRouche, March 20, 1998, http://larouchepub.com/hzl/1998/2512\_lautenbach\_plan.html; "Germany and the Lautenbach Plan: Can We Learn From History?", speech by Helga Zepp-LaRouche, Dec. 27, 2002, http://larouchepub.com/hzl/2002/2950lautenbach.html; "The Lautenbach Plan and Its Consequences," speech by Helga Zepp-LaRouche, Jan. 10, 2003,http://larouchepub.

com/eiw/public/2003/eirv30/eirv30n01.pdf; "Wilhelm Lautenbach's Concept of Productive Credit Creation," April 18, 2003, http://larouche-pub.com/eiw/public/2003/eirv30/eirv30n15.pdf.

extraordinary cuts in production, demand is still continually lagging behind supply. And thus, we have chronic production surpluses, which we don't know what to do with. The task of finding some way to turn these surpluses into things of value, is the real, and most urgent problem for our economic policy to solve; and, in principle, it is relatively simple to do that: Surpluses of physical goods, unutilized productive plant, and unutilized labor power can be applied toward meeting a new economic need which, from an economic standpoint, represents a capital investment. We can conceive of such tasks, as ... public works, or works carried out with public backing, which for the economy would mean an increase in our national wealth, and which would have to be done anyway, once normal conditions returned.

That's the same situation we have today. In Germany today, we have an underinvestment of EU1 trillion, at least. These are figures from the German Institute for Urbanistics: There is EU600 billion in underinvestment in counties and municipalities, and a comparable amount on the Federal level. And that is simply a situation where the state must make credit available for well-defined projects—that is, *after* we've gotten rid of the toxic financial waste!

We are not, of course, proposing merely a domestic investment program. Since we're dealing with a world economic crisis, what we're proposing, is that the world's nations—in Eurasia, but also extending into Africa and Latin America—agree upon an investment program in infrastructure, and in other areas of the general welfare, to get ourselves out of the present situation. And there's really no good reason why we can't put the reconstruction of the world's economy onto the agenda.

Lautenbach: With such an investment and credit policy, the imbalance between supply and demand on the domestic market will be remedied, and all production will once again be given a direction and a goal. If, however, we fail to institute such a policy, we are headed for inevitable, continued further collapse, and the complete gutting of our national economy, moving into a situation that will force us, in order to avert a domestic catastrophe, into taking on short-term

public debt purely for purposes of consumption; whereas today, it is still within our power, to preempt this credit for productive purposes, and thereby to bring both our economy and our public finances back into balance.

I.e., he pronounced an extremely clear warning against austerity measures, and demonstrated a downright visionary ability to see the looming danger posed by the Nazis. And the same thing—exactly the same thing—goes for the idea today of building up the International Monetary Fund as a supranational institution which could then implement austerity measures and lower people's living standards everywhere.

"This would really mean," Lautenbach said, "committing suicide out of fear of death. Because a deflationary policy would destroy more than we have paid in reparations for the past 20 years. The republic and the republican parties are ready to sacrifice everything for the state and the republic, but they will be obliged by the government's deflationary policy to work for Hitler. No government can stay in power durably when 95% of the population has turned against it. And because it perceives that their real and not only apparent interests have been harmed. The emergency decrees will bring Hitler to a violent approach. The political fight will not work as such. Those who want to fight Hitler, must fight the deflationary policy. There's a kind of blindness over all of Germany, on the part of the trade unions, the employers, and you can say here again, those whom the gods want to destroy, they first make mad."

### Wladimir Woytinsky

Sadly, sadly, this quote from Lautenbach absolutely fits today's situation, down to the detail. If you look at our parties, our trade unions, our press, our news media, this madness is endemic. And it's tremendously important that Dr. Lautenbach, an economist in the Economics Ministry, was not alone in thinking along those lines, but that similar thoughts and plans were being considered by the General German Trade Union Federation [ADBG]—the so-called "WTB Plan," named after [Wladimir] Woytinsky, [Fritz] Tarnow, and [Fritz] Baade. Woytinsky was an economist who originally

<sup>9.</sup> See articles in *EIR*, April 11, 1997: "How the German Trade Unions Could Have Stopped Hitler," "Wladimir Woytinsky, Revolutionary," and a speech and an article by Woytinsky from 1932.

came from St. Petersburg, and who presented a similar plan.

Woytinsky: Labor organizations that rely on the self-healing forces of the capitalist economic order, run the risk of slowly bleeding to death. For some years now, Germany's working people have been waging a difficult, defensive struggle, and the worse the crisis becomes, the more unfavorable the conditions will become under which that fight is waged. Our labor organizations have lost their freedom to maneuver; no longer can they choose either the time or the objective of their conflict with the adversary. They are forced, each time, to fight whenever and wherever it best suits the other side.... Concerted, far-reaching measures to revive the economy

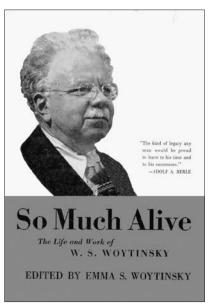
have never been more necessary than they are in the present situation.

It became clear to them that the world economic crisis would have to be fought on an international level, and that Germany would therefore have a special role to play.

All nations are suffering because the world economy is sick. Therefore they must all concentrate their powers upon taking joint action to overcome the world crisis.

No country is ... harder hit by the worldwide crisis, than Germany is; and within Germany, working people are the class that suffers most from the economic depression. In keeping with this, it is Germany which must take the initiative in forceful international policy to combat the world crisis, and the German working class (trade unions and Social Democracy) must claim and assume the role of conveyor of the idea of an activist world economic policy.

I'm afraid people in the trade unions aren't thinking like that today. But I think it would be absolutely necessary that they do so, because Germany is feeling the



German labor leader and economist Wladimir Woytinsky called on working people to support a policy of national credit creation, to get out of the Depression.

brunt of the economic crisis more than other countries. And therefore, Germany must work toward not permitting the costs of this crisis to be loaded onto the backs of the population, in favor of the financial interests. If that is not done, a new catastrophe is in the offing, just as it was back then.

We certainly won't have an exact replay of history—no new Hitler, Obama's special mustache notwithstanding. But what we are faced with, is the threat of a worldwide collapse, a plunge into chaos, and Hjalmar Schacht-type policies which would mean a brutal lowering of the population's living standard.

#### What We Must Do Now

Therefore, even after the elections are over, regardless of what the new government will look like, and

regardless of the BüSo's own election results, it will be important that we now position ourselves such that Germany will be counted among the forces that set into motion the transition into a credit system. That means, of course, that we in Germany must regain sovereign control over our own currency—and that is not possible with the euro, and it isn't possible with the European Central Bank.

A document was recently released in Great Britain, dating from the time of German reunification, which, according to official British documents, proves that Margaret Thatcher and Mitterrand were livid in their hatred of Germany. Apparently the British diplomats in the Foreign Office were not in agreement with this, but Margaret Thatcher had her own personal position, and Mitterrand even threatened a revival of the Triple Entente—i.e., the alliance of France, Russia, and England against Germany—if reunification occurred, whereby Mitterrand, as is well known, demanded that Germany renounce the deutschemark and surrender to the euro, as its price for reunification.

Jacques Attali, Mitterrand's former advisor, wrote an article this past July, in which he disputes the assertion that the German Democratic Republic played any role in the fall of the Wall. He says it was all because of



DaD/Bundesbildstelle

The model for Europe is not a supranational European Union run by the City of London, but the alliance of sovereign nation-states concluded by French President Charles de Gaulle (left) and German Chancellor Konrad Adenauer. They are shown here in Bonn in 1961, where they signed a treaty that reconciled the two nations after the horrors of war.

Gorbachov that the borders of Hungary and Czecho-slovakia had already been opened since the Summer [of 1989]; that Nov. 9 [the fall of the Wall] didn't have anything to do with it, and that the Europeans had paid the costs of reunification. That is incredible, because ever since the introduction of the euro in Germany, it has been Germany which has been, in effect, financing the so-called catch-up states with its export revenues, while in Germany itself, purchasing power and wages have been sinking ever since we've had the euro, and we haven't been able to develop a strong domestic market.

We can draw only one conclusion from this: If even British official documents admit that the euro was the result of Thatcher's and Mitterrand's germanophobia, then this provides the basis in international law for abrogating the Maastricht Treaty, and for returning to a Europe as it was before the Maastricht Treaty. That's going to come up on the agenda one way or another, because the European Monetary Union is not going to be able to withstand the coming financial storms, and remaining in the Stability Pact would mean that the German government will be completely unable to formulate a program for overcoming the crisis.

# The Common Aims of Mankind

What I'm stating here, does not indicate any anti-European sentiment on my part. It is not directed against the idea of Europe. Rather, I want Europe to collaborate in the spirit of Adenauer and de Gaulle, and I want us to commit ourselves to the common aims of mankind—and that is quite possible with sovereign republics cooperating together. And in conclusion, I would like, perhaps only very briefly, to name some of these aims of mankind which we must concentrate on.

They include the absolutely urgent, and indeed indispensable task of Europe becoming truly committed to overcoming colonialism in Africa, and to the true development of Africa. It would be so easy to liberate the African continent from its current predica-

ment within a few short years, and to develop real industry, agriculture, cities, and the like there.

Another goal for the common aims of mankind would be, reactivating Europe's Classical tradition in science and culture, as a contribution to the development of humanity as a whole. And I don't mean this in the sense of Eurocentrism or colonialism, but rather by making the discovery of universal principles in art and science available to the whole world.

Yet another aim, in which Germany and Europe can play a crucially important role, would be the dialog among cultures, in the tradition of Nicolaus of Cusa, similar to how he laid this out in his essay "De Pace Fidei" ("On the Peace of Faith"), based on the ideals of the Peace of Westphalia—i.e., that in any peaceful system, a nation must consider the advantage of the Other, if it is to be the basis of all international law.

What is required for this to occur, is a passionate love of the idea of the community of nations, i.e., the development of all nations on this planet, such as it was

<sup>10.</sup> Toward a New Council of Florence: 'On the Peace of Faith' and Other Works by Nicolaus of Cusa, William F. Wertz, Jr., trans. (Washington, D.C.: Schiller Institute, 1993).



LaRouche PAC, http://larouchepac.com/lpactv?nid=11573

"I think, we have to raise our eyes to the stars," Mrs. Zepp-LaRouche said, "and truly understand that we stand at the very threshold of great discoveries by humanity. There are no limits to growth—only those limits which man imposes upon himself." Here, a shot from LPACTV's new video on the space program and the "new economics."

formulated back in 1967 by Pope Paul VI, in his encyclical *Populorum Progressio*: that humanity's survival will only be possible if all peoples on this planet are allowed to develop, that the elimination of hunger within one to two years is placed on the agenda—because it's absolutely possible to eliminate poverty for all people on this planet within a generation at most.

Amid this great crisis, we must resolve to initiate a truly new epoch of humanity, one which would mean, for example, universal education for all the world's children, young people, and adults. That means a new renaissance, which would accomplish the equivalent of what the 15th Century set into motion following the 14th-Century dark age.

The 14th Century was in many respects a parallel situation to what we are threatened with today. Two-thirds of the entire human population perished from the

black plague, from poverty, from superstition, from every conceivable disease. And how did Germany, how did Italy, how did Europe get from the 14th into the 15th Century? Through the Italian Golden Renaissance! That's an example which we must take as our model, so that today we truly make use of the entire treasury of knowledge of universal history, in order to defeat the age of oligarchism once and for all.

We need a new motor for the economy, and the best sector where that can be set into motion, is by opening a new chapter in the history of space travel, so that mankind will finally grow into adulthood, by means of what our dear friend Krafft Ehricke, the great scientist who collaborated on the Apollo program, once termed the extraterrestrial imperative—that the natural consequence of evolution will be space travel—i.e., that we unite modern science with the aesthetic education of man.

[Video clip on space travel and the development of Mars.]

As this astronaut said: Everything looks fantastic from up here. And therefore, I think, we have to raise our eyes to the stars, and truly understand that we stand at the very threshold of great discoveries by humanity. There are no limits to growth—only those limits which man imposes upon himself.

And so, we have the most important election on Sept. 27, and after this will come storms which we only have a certain glimmering of at present. But I can only ask all of you: Help us, not only to bring the BüSo into the Bundestag, but to build it into a movement in Germany that is able to bring Germany into its role in the world, into a positive alliance with other powers for overcoming the crisis—and, especially, for giving Germany back its soul.

# Israel Accused of War Crimes in Gaza

by Michele Steinberg

The UN Fact-Finding Mission led by Justice Richard Goldstone [today] released its long-awaited report on the Gaza conflict, in which it concluded there is evidence indicating serious violations of international human rights and humanitarian law were committed by Israel during the Gaza conflict, and that Israel committed actions amounting to war crimes, and possibly crimes against humanity.

-UN press release, Sept. 15, 2009

Oct. 2—The 574-page report by the UN Fact-Finding Mission on the Gaza Conflict, headed by the distinguished Jewish South African jurist, Richard Goldstone, has been the target of a tidal wave of denunciations by the government of Israel, which carried out an attack on Gaza from Dec. 27, 2008 to Jan 18, 2009, in an unsuccessful attempt to wipe out Hamas. Lacking military targets after five days, the Israelis launched a full-scale assault on civilian infrastructure, which the UN report found to have constituted "collective punishment." Israeli Prime Minister Benjamin Netanyahu of the Likud Party, which in its charter *rejects* the existence of a Palestinian state, *warned* the UN not to accept the Goldstone report. The Obama Administration has called the report biased.

What the report actually says will never be known by the American people, if they depend on the corporate media. On Oct. 1, when Justice Goldstone appeared for a "Newsmakers" briefing at the National Press Club, not a single national or regional newspaper, press service, or TV station was there.

So, the American people will not be told that Israel did everything possible to block the probe of human rights violations in Gaza, from the very moment the investigation was mandated in April 2009, or that the Israeli government refused to allow UN monitors into Israel to investigate the rocket attacks by Hamas and other Gaza-based Palestinian groups on Israeli towns near the border with Gaza.

The American people won't know that the Goldstone Report found that the Palestinians committed war crimes with those attacks on Israeli civilians; that the UN Mission interviewed as many Israeli citizens as they could—either transporting them to Geneva, Switzerland for testimony, or to Amman, Jordan, or interviewing them by telephone—in order to put the evidence together; that the UN Mission was unable to enter the West Bank Palestinian territory to interview witnesses and responsible Palestinian government officials—not because of refusal by the Palestinian National Authority, but because of refusal by the Israeli government, which controls the border crossings into the West Bank. Thus, Israel blocked UN face-to-face meetings with the Palestinian Authority.

## End the British-Imposed 'Impunity'

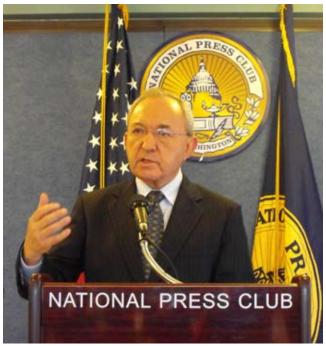
On Oct. 2, the UN Human Rights Council in Geneva deferred the vote on accepting the Goldstone Report until March 2010. Is this another case of the UN acting as a rubber stamp for Israeli impunity under the threats of British and U.S. vetoes? Well-informed Washington sources say that it is better that the Council vote was deferred, because the U.S. is under excruciating pressure from the Netanyahu government, and a panoply of pro-Israel lobby organizations, to condemn the report. An early vote would probably have been a "no" vote.

Will the Obama Administration continue to kowtow to the British abuse of the Palestinian people that was enshrined in the nearly century-old Balfour Declaration? That British document, written in the context of the secret Sykes-Picot Treaty to carve up Southwest Asia, was a mere 139-word letter, dated Nov. 2, 1917, from then-Foreign Minister (and former Prime Minister) Arthur James Balfour to Lord Rothschild. It unilaterally took away Palestinian sovereignty, in favor of a Zionist homeland. But even that despicably imperialist letter, at least formally (though hypocritically), stated that, in "His Majesty's" support for a Zionist homeland, "nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine."

Ninety-two years later, the Obama Administration is—in the British tradition—unilaterally taking away, not only the sovereignty, but also the human rights of the Palestinians.

#### The Findings

Justice Goldstone gave a powerful briefing in Washington on Oct. 1, undeterred by the attacks, and un-



EIRNS/Michele Steinberg

South African jurist Richard Goldstone

shakeable in the confidence that the UN Mission was fair, and loyal to its mandate, which he stated as being: "to investigate all violations of international human rights law and international humanitarian law that might have been committed at any time in the context of the military operations that were conducted in Gaza during the period from 27 December 2008 and 18 January 2009, whether before, during or after." On Sept. 29, he told the UN Human Rights Council that the members of the Mission "believe deeply ... in the principle that in armed conflict civilians should to the greatest extent possible be protected from harm, ... that pursuing justice is essential and that no state or armed group should be above the law...."

Goldstone's depth of knowledge of international humanitarian law and what constitutes war crimes silenced even the most hostile questioners at the Press Club, including from such Likudnik cheerleaders as The Israel Project. In answer to one hostile question, Goldstone corrected the oft-repeated myth that the lesson of Israel's "ending of the occupation of Gaza," is that Israel's good action was answered with deadly Hamas rocket fire. Goldstone replied that, first of all, Israel should not have acted unilaterally in leaving Gaza, because, if you want durable peace, then you must negotiate with the other side. Secondly, Israel has

never ended the occupation of Gaza: It controls the borders; it controls everything that goes in, and whoever, and whatever goes out; it controls the airspace; and it controls the coastline, including vital fishing grounds.

Jewish support for the Goldstone mission was also evident at the Press Club. Rabbi Brian Walt, a fellow South African, a founder of Rabbis for Human Rights, and the coordinator of the Jewish Fast for Gaza, asked if the blockade of Gaza's borders was a human rights violation. Indeed it is, said Goldstone, and the report says that the effects of the blockade "amounted to a violation of Israel's obligations as an occupying power."

Every aspect of the investigation is transparent, and the findings can be read by anyone with access to the Internet, including:

- that the Israelis committed "wilful killing, torture or inhuman treatment ... not justified by military necessity and carried out unlawfully and wantonly...";
- that the use of Palestinian human shields by the Israelis, to clear buildings they feared were booby-trapped, "constitutes a war crime..."
- that the Israelis "wantonly attacked and destroyed without military necessity a number of food production or food-processing objects and facilities (including mills, land and greenhouses), drinking water installations, farms and animals in violation of the principle of distinction," and that "this destruction was carried out with the purpose of denying sustenance to the civilian population...." Goldstone drew special attention to the bombing of the only flour mill in Gaza: Without flour, there is no bread.

Israel lobby representatives attended the briefing in force, and had every opportunity to quote any and all criticism of the report, from Netanyahu, to Israeli President Shimon Peres, to a doctor who was severely injured by a Palestinian bomb that hit her clinic in Sderot. The doctor complained that her full testimony, especially her serious injuries, was not described in the report.

Calmly, Goldstone explained, there is *no* justification for Palestinian attacks on Sderot or any other town—*those are war crimes*, and the report says so. But, there are *no descriptions* of *any* personal injuries in the report. No doubt, this brought to some minds the image of a Palestinian father weeping over his dead child, killed by an Israeli bomb.

And whether the U.S. or UN bodies accept it, or not, the record of the Israeli war crimes is there, and cannot be erased.

## **Editorial**

# Employ the Forgotten Man!

President Obama and his infamous ego have suffered a severe blow, as a result of his failed attempt to win the 2016 Olympics for Chicago; this is probably just the first of a series of devastating defeats, including on his fascist health-care plan. As Lyndon LaRouche identified months ago, such an ego-deflation is precisely what is needed to force the necessary change in policy in the White House. It is the necessary precondition for implementing the essential agenda—rebuilding the real economy!

Ironically, the President's stunning failure on economic policy has also come to the fore in recent days. On Oct. 2, the Bureau of Labor Statistics admitted that they had been *lying* all year on employment statistics, just as *EIR* has charged. By figuring in so-called seasonal adjustments, the BLS had added a fictional 824,000 newly created jobs to the statistics. When the figures are corrected, the BLS itself has to admit that *almost 5 million jobs have been lost since Obama came into office*.

What about the stimulus, and all that "progress" the Administration has claimed? It's as much hot air as Obama's ego. The Administration's program has put another nail in the coffin of the auto industry, presided over the escalation of home foreclosures, and done *nothing* to prevent the collapse of employment in construction and government jobs—precisely the areas where Obama promised there would be immediate progress. Obama has, however, contributed to the buildup of trillions of dollars more in unpayable debt—mostly by bailing out the bankrupt banking sector.

So, what must be done? LaRouche spelled it out on Oct. 1: Shift the agenda immediately, to the creation of millions of jobs for blue-collar workers. The reality which the Obama Administration, and economists generally, refuse to face is

that the *only* way to increase the real income of the U.S. economy is to put blue-collar workers back to work. Any other approach, starting with so-called green jobs, is total incompetence. The emphasis has to be on the employment in agro-industrial, advanced technological, and related capabilities, those on which the wealth of a nation depends.

Insane economists, like most of those advising Obama, fail to recognize the necessity of increasing the productivity of the economy, per capita, by employment which generates real wealth. These lunatics are actually throwing away the sections of the population, like the auto workers, who have been trained to produce things of value, such as railroads, power plants, and water systems. People employed or previously employed in the auto/steel sectors represent the greatest concentration of productive potential in the nation—and they are being left to rot.

Even worse, trillions of dollars are being spent to support the thieves of Wall Street, spending which will increase the burden on the dwindling productive sector of the population.

President Franklin Roosvelt based his anti-Depression program on employing the blue-collar worker—the worker (and farmer) whom he designated the "Forgotten Man." LaRouche has outlined how this can, and must, be done today.

LaRouche is now producing an updated "La-Rouche Plan," for rescuing the world's economy. Beginning with the cancellation of unpayable speculative debt, and imposing Glass-Steagall standards in banking, this plan will lay out the principles of re-employing the Forgotten Man, and getting an immediate turnaround in our prospects for the future.

With October upon us, LaRouche's plan will be ignored at the peril of us all.

56 Editorial EIR October 9, 2009

# See LaRouche on Cable TV

#### INTERNET

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

#### INTERNATIONAL

#### THE PHILIPPINES

MANILA Ch.3: Tue 9:30 pm

#### ALABAMA

UNIONTOWN GY Ch.2: Mon-Fri every 4 hours; Sun Afternoons

#### **ALASKA**

ANCHORAGE GCI Ch.9: Thu 10 pm

#### CALIFORNIA

- CONTRA COSTA CC Ch.26: 2<sup>nd</sup> Tue 7 pm
- COSTA MESA TW Ch.35: Thu 5:30 pm
- LANCASTER/PALMDALE TW Ch.36: Sun 1 pm
- LONG BEACH CH Analog Ch.65/69 & Digital Ch.95: 4th Tue 1-1:30 pm
- ORANGE COUNTY (N) TW Ch.95/97/98: Fri 4 pm

#### COLORADO

DENVER CC Ch.56 Sun 10 am

#### CONNECTICUT

- GROTON CC Ch.12: Mon 5 pm NEW HAVEN CC Ch.23: Sat 6 pm
- NEWTOWN CH Ch.21: Mon 12:30 pm; Fri 7 pm
- NORWICH CC Ch.14: Thu 7:30 pm
- SEYMOUR CC Ch.10: Tue 10 pm

#### DISTRICT OF COLUMBIA

WASHINGTON CC Ch.95 & RCN Ch.10: Irregular

#### **FLORIDA**

ESCAMBIA COUNTY CX Ch.4: Last Sat 4:30 pm

#### ILLINOIS

- **CHICAGO** CC./RCN/WOW Ch.21: Irregular
- PEORIA COUNTY IN Ch.22: Sun 7:30 pm
- **QUAD CITIES** MC Ch.19: Thu 11 pm
- ROCKFORD CC Ch.17 Wed 9 pm

#### IOWA

QUAD CITIES MC Ch.19: Thu 11 pm

#### **KENTUCKY**

- BOONE/KENTON COUNTIES IN Ch.21: Sun 1 am: Fri Midnight
- JEFFERSON COUNTY IN Ch.98: Fri 2-2:30 pm

#### LOUISIANA

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

#### MAINE

PORTI AND TW Ch.2: Mon 1 & 11 am; 5 pm

#### MARYLAND

- ANN ARUNDEL CC Ch.99; FIOS Ch.42: Tue & Thu: 10 am; Fri &
- P.G. COUNTY CC Ch.76 & FIOS Ch.42: Wed & Fri: 6 pm
- MONTGOMERY COUNTY CC/RCN/FIOS Ch.21: Tue 2 pm

#### MASSACHUSETTS

- BROOKLINE CV & RCN Ch 3: Mon 3:30 pm; Tue 3:30 am; Wed 9 am & 9 pm;
- CAMBRIDGE CC Ch.10: Tue 2:30 pm; Fri 10:30 am
- FRANKLIN COUNTY (NE) CC Ch.17: Sun 8 pm; Wed 9 pm;
- QUINCY CC Ch.8: Pop-ins.
- WALPOLE CC Ch.8: Tue 1 pm

#### **MICHIGAN**

- BYRON CENTER CC Ch.25: Mon 2 & 7 pm
- DETROIT CC Ch.68: Irregular
- GRAND RAPIDS CC Ch.25: Irreg. KALAMAZOO
- CH Ch.20: Tue 11 pm; Sat 10 am KENT COUNTY (North)
- CH Ch.22: Wed 3:30 & 11 pm
- KENT COUNTY (South) CC Ch.25: Wed 9:30 am
- LAKE ORION
- CC Ch.10: Mon/Tue 2 & 9 pm
- LANSING CC Ch.16: Fri Noon
- LIVONIA BH Ch.12: Thu 3 pm
- MT. PLEASANT CH Ch.3: Tue 5:30 pm; Wed 7 am
- SHELBY TOWNSHIP CC Ch.20 &
- WOW Ch.18: Mon/Wed 6:30 pm WAYNE COUNTY CC Ch.16/18: Mon 6-8 pm

#### **MINNESOTA**

- ALBANY AMTC Ch.13: Tue & Thu: 7:30 pm
- CAMBRIDGE
- US Ch.10: Wed 6 pm
- COLD SPRING
- US Ch. 10: Wed 6 pm
- COLUMBIA HEIGHTS CC Ch.15: Tue 9 pm
- DULUTH CH Ch.20: Mon 9 pm; Wed 12 pm, Fri 1 pm
- MARSHALL Prairie Wave & CH
- Ch.35/8: Sat. 9 am
- **MINNEAPOLIS** TW Ch.16: Tue 11 pm
- MINNEAPOLIS (N. Burbs) CC Ch.15: Thu 3 & 9 pm
- NEW ULM TW Ch. 14: Fri 5 pm
- **PROCTOR**
- MC Ch. 12: Tue 5 pm to 1 am
- ST. CLOUD CH Ch.12: Mon 6 pm
- ST. CROIX VALLEY
- CC Ch.14: Thu 1 & 7 pm; Fri 9 am ST. LOUIS PARK CC Ch.15: Sat/Sun Midnite, 8 am, 4 pm
- ST. PAUL CC Ch.15: Wed 9:30 pm
- ST. PAUL (S&W Burbs) CC Ch.15: Wed 10:30 am; Fri 7:30 pm
- SAULK CENTRE SCTV Ch.19: Sat 5 pm

WASHINGTON COUNTY (South) CC Ch.14: Thu 8 pm

#### **NEVADA**

- **BOULDER CITY**
- CH Ch.2: 2x/day: am & pm WASHOE COUNTY
- CH Ch.16: Thu 9 pm

#### **NEW HAMPSHIRE**

- CHESTERFIELD CC Ch.8: Wed 8 pm
- MANCHESTER CC Ch.23: Thu 4:30 pm

#### **NEW JERSEY**

- BERGEN CTY TW Ch.572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- MERCER COUNTY CC Trenton Ch.26: 3<sup>rd</sup> & 4<sup>th</sup> Fri 6 pm Windsors Ch.27: Mon 5:30 pm
- MONTVALE/MAHWAH CV Ch.76: Mon 5 pm
- **PISCATAWAY**
- CV Ch.15: Thu 11:30 pm UNION CC Ch.26: Irregular

#### **NEW MEXICO**

- BERNALILLO COUNTY CC Ch.27: Tue 2 pm
- LOS ALAMOS CC Ch.8: Wed 10 pm
- SANTA FE
- CC Ch.16: Thu 9 pm; Sat 6:30 pm SILVER CITY
- CC Ch.17: Daily 8-10 pm
- TAOS CC Ch.2: Thu 7 pm

#### **NEW YORK**

- ALBANY TW Ch.18: Wed 5 pm. **BETHLEHEM**
- TW Ch.18: Thu 9:30 pm
- BRONX CV Ch.70: Wed 7:30 am
- **BROOKLYN** CV Ch.68: Mon 10 am TW Ch.35: Mon 10 am RCN Ch.83: Mon 10 am FIOS Ch.43: Mon 10 am
- **BUFFALO**
- TW Ch.20: Wed & Fri 10:30-11pm CHEMUNG/STEUBEN
- TW Ch.1/99: Tue 7:30 pm ERIE COUNTY
- TW Ch.20: Thu 10:35 pm IRONDEQUOIT
- TW Ch.15: Mon/Thu 7 pm JEFFERSON/LEWIS COUNTIES
- TW Ch.99: Irregular MANHATTAN TW & RCN Ch.57/85 Fri 2:30 am
- ONEIDA COUNTY TW Ch.99: Thu 8 or 9 pm
- PENFIELD TW Ch.15: Irregular QUEENS
- TW Ch.56: 4th Sat 2 pm RCN Ch.85: 4th Sat 2 pm
- **QUEENSBURY** TW Ch.71: Mon 7 pm
- ROCHESTER
- TW Ch.15: Sun 9 pm; Thu 8 pm
- ROCKLAND CV Ch.76: Tue 5 pm SCHENECTADY

TW Ch.34: Sat 8 am

- TW Ch.16: Fri 1 pm; Sat 1:30 am STATEN ISLAND TW Ch.35: Mon & Thu Midnite.
- TOMPKINS COUNTY TW Ch.13: Sun 12:30 pm; Sat 6 pm

- TRI-LAKES
- TW Ch.2: Sun 7 am, 1 pm, 8 pm
- WEBSTER TW Ch.12: Wed 9 pm WEST SENECA
- TW Ch.20: Thu 10:35 pm

#### NORTH CAROLINA

- HICKORY CH Ch.6: Tue 10 pm
- MECKLENBURG COUNTY TW Ch.22: Sat/Sun 11 pm

#### OHIO

- AMHERST TW Ch.95: 3X Daily
- **CUYAHOGA COUNTY** TW Ch.21: Wed 3:30 pm
- OBERLIN Cable Co-Op Ch.9: Thu 8 pm

#### **OKLAHOMA**

NORMAN CX Ch.20: Wed 9 pm

#### **PENNSYLVANIA**

**PITTSBURGH** CC Ch.21: Thu 6 am

#### RHODE ISLAND

- BRISTOL, BARRINGTON, WARREN
- Full Channel Ch.49: Tue: 10 am EAST PROVIDENCE
- CX Ch.18; FIOS Ch.25: Tue: 6 pm STATEWIDE RI INTERCONNECT

#### CX Ch.13; FIOS Ch.32 Tue 10 am

- HOUSTON CC Ch.17 & TV Max Ch.95: Wed 5:30 pm; Sat 9 am
- KINGWOOD CB Ch.98:

#### Wed 5:30 pm; Sat 9 am VERMONT

- BRATTLEBORO CC Ch.8: Mon 6 pm, Tue 4:30 pm, Wed 8 pm
- GREATER FALLS
- CC Ch.10: Mon/Wed/Fri 1 pm MONTPELIER CC Ch.15:

#### Tue 10 pm; Wed 3 am & 4 pm

- ALBEMARLE COUNTY
- CC Ch.13: Sun 4 am; Fri 3 pm ARLINGTON CC Ch.69 & FIOS Ch.38: Tue 9 am
- CHESTERFIELD COUNTY CC Ch.17; FIOS Ch.28: Mon 1 pm
- FAIRFAX CX & FIOS Ch.10: 1<sup>st</sup> & 2<sup>nd</sup> Wed 1 pm; Sun 4 am. FIOS Ch.41: Wed 6 pm
- LOUDOUN COUNTY CC Ch.98 & FIOS Ch.41: Wed 6 pm
- ROANOKE COUNTY CX Ch.78: Tue 7 pm; Thu 2 pm

WASHINGTON KING COUNTY CC Ch.77: Mon 11 am, Wed 7 am

BS Ch.23: Mon 11 am, Wed 7 am

- TRI CITIES CH Ch.13/99: Mon 7 pm; Thu 9 pm
- MARATHON CH Ch.10: Thu 9:30
- pm; Fri 12 Noon MUSKEGO TW Ch.14: Sat 4 pm; Sun 7 am
- WYOMING GILLETTE BR Ch.31: Tue 7

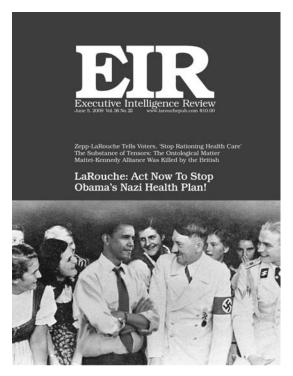
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MC=MediaCom; TW=TimeWarner; US=US Cable. FIOS=Verizon FIOS-TV.

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