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If Europe Goes, So Does the U.S.A.:
Europe's Only Chance for Survival
by Lyndon H. LaRouche, Jr.

LaRouche issued the following emergency statement July 11, in the course of a policy review with colleagues on both sides of the Atlantic:

What happened with Tremonti's ultimatum to the prime ministership in Italy means that Tremonti has tipped the wagon. He's made a proposal, which if he were to be fired—Tremonti—that would collapse the entire European system in a chain reaction collapse. Now, I've had some conversations with Tremonti in the past, and these are not irrelevant at this moment. Now, what's happened is, the whole system of Europe, economic financial system of Europe, is rotten to the core. There is no way this system could survive. The only question is: Is the collapse going to occur overnight, or sometime near that? This is the end of the system; and if a wrong move is made, a wrong choice of move is made, the whole world will go very soon—in a matter of days—into a general collapse.

Now, {I'm the one.} I'm the gravedigger of such follies; that is my function. And I'm not going to use a shovel; I will use a steamroller. What that means is, we are going to do the following: The situation of Europe is absolutely hopeless with the present system. We've now reached the point of a total breakdown crisis, because the whole system has reached a point which I knew was going to come. It's going to collapse one way or the other.

The only way it could be rescued would be by the United States, because the present European system has no provision for dealing with a crisis like this....

Separate In-Depth articles from
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This Week's Cover

- **If Europe Goes, So Does the U.S.A.:**
Europe's Only Chance for Survival

In an emergency statement issued July 11, Lyndon LaRouche writes that the whole economic-financial system of Europe is rotten to the core, and that there is no way it can survive in its present form. 'The only question is: Is the collapse going to occur overnight, or sometime near that?' The only solution for Europe is a U.S. Glass-Steagall act.

- **Glass-Steagall:**

- **The Global Solution**

- **Eric De Keuleneer:**

- **From the Big Bang to the Big Hole**

Economist De Keuleneer spoke at the July 2-3 Schiller Institute Conference; he identifies the 'Big Bang' of deregulation of the

banking system as the beginning of the financial madness, and calls for a return to Glass-Steagall.

- **Christen Sørensen:**

Reregulation of the Financial Sector

Professor Sørensen's speech to the conference was titled, 'Lessons To Be Learned from the Financial Crisis: Undoing the Deregulation of the Financial Sector. Suggestions for the New Set-Up.'

- **Eric Verhaeghe:**

A Glass-Steagall Act for France

Verhaeghe is an economist and former president of the Association of the Employment of Cadre in France.

Schiller Conference

- **Speech by Jacques Cheminade:**

French Elections: Challenge for Development Policy Renaissance

Cheminade, a French Presidential pre-candidate and leader of the *Solidarité & Progrès* party, keynoted the panel titled, 'Glass-Steagall and the Industrialization of Africa, a Moral Test for Europe.' 'GlassSteagall is what the British Empire wants to prevent at any cost from happening in the United States, because it will put an end to the City of London, Wall Street, and the British Empire,' he declared.

- **Marcello Vichi:**

Transferring Water from the Congo to Lake Chad: The Transaqua Project

Engineer/architect Vichi has been fighting for 30 years for the Transaqua Project, to transfer desperately needed freshwater from the Congo River basin to the Lake Chad basin.

World News

- **LaRouche Demands Obama End Coverup of Saudi 9/11 Role**

President Obama campaigned on a promise to declassify the 28 pages of the Joint Congressional Report on the 9/11 attacks, detailing Saudi funding and support for the plot. Two years later, they have still not been released. A statement from the 9/11 families charges that the Obama Administration 'took the side of the Saudi princes over thousands of family members and survivors of the 9/11 attacks.'

- **What QE3 Means for Europe:**

Stop the Threat of Hyperinflation with a Glass-Steagall System

The financial system of the transatlantic sector is hopelessly bankrupt, writes Helga ZeppLaRouche from Germany. Fed Chairman Bernanke has intimated that, since the U.S. has reached its allowable debt limit, he may turn on the money spigots again, with QE3, thus bringing on a hyperinflationary explosion.

- **A Common Mission:**

Two Sudans Can Become Africa's Breadbasket

The future of the newly created nation of South Sudan, and a new Sudan in the North, as well as the nations of the the Horn and the Maghreb, will depend on the adoption of a common mission to produce sufficient food to feed all the people of the region.

Book Review

- **Cholera in Africa Today Is a Crime Against Humanity:
It Is Genocide**

Africa in the Time of Cholera:

**A History of Pandemics from 1817 to the Present,
by Myron Echenberg**

- [The Genocidalists Speak for Themselves](#)

Editorial

- [Throw Obama Out of Office Today!](#)

This Week's News

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U.S. Economic/Financial News

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NerObama Proposes To Raise Medicare Age to 67

July 12 (EIRNS)—The *Huffington Post's* Sam Stein reports, from "five separate sources with knowledge of negotiations, including both Republicans and Democrats," that one of Obama's proposals to slash trillions from the U.S. budget is to raise the eligibility age for Medicare from 65 to 67. This would mean that approximately 7 million Americans would be denied Medicare coverage when the program phased in after 2013.

The Kaiser Foundation estimated that raising Medicare eligibility to 67 would cost about \$5.6 billion in out-of-pocket costs to the American people. Besides the costs to those who lose Medicare directly, the rates for those under 65 would rise, because the younger and generally healthier seniors would be added to the pool on the new "exchanges" created by the Obama health plan, and Medicare Part B rates to those over 67 would rise for the same reason. Costs to employees

would rise by about \$4.5 billion, and costs to states would rise by nearly \$1 billion, even as they are all facing bankruptcy.

Federal "savings" (i.e., blood money) would supposedly be about \$124 billion over seven years—only \$18 billion per year on average.

Minnesota Budget Standoff Ends with Governor's Capitulation

July 15 (EIRNS)—The two-week shutdown of the Minnesota state government functions has ended with a whimper—lacking the real solution which only Congressional enactment of Glass-Steagall could provide.

The deal to erase a \$5 billion deficit came after Democratic Gov. Mark Dayton dropped his campaign promise of more income taxes on the wealthy. He then accepted virtually the same offer the Republicans made on the eve of the shutdown: to cut \$1.4 billion from the budget deficit through the sleight-of-hand of delaying \$700 million in payments to the schools until the 2013 fiscal year, and floating a new bond for another \$700 million. Republicans agreed to Dayton's demand to give up a plan to cut the state's workforce by 15%, and gave up their demand for a ban on stem cell research.

This is similar to the Illinois budget deal, by which \$1.36 billion in Medicaid costs will be transferred to fiscal year 2013.

No Hiring in a Destroyed Economy

July 13 (EIRNS)—Another very large survey underlines the collapse in hiring by U.S. corporations of less than 500 employees, the ones who are supposed to be "the job creators" in Congressional mythology, but are unable to find either investment capital or demand.

The survey, conducted for the U.S. Chamber of Commerce by Harris Interactive, interviewed 1,400 businesses nationwide, and was released at a Chamber of Commerce "jobs summit" on July 12. Its conclusion was that nearly 80% of the businesses don't plan to hire any employees over the next full year; 64% plan to keep the same number of employees they have now; 12% plan to reduce their workforce.

Unemployment among young workers is officially 25%; among veterans, 16%; among Black Americans, 16%.

Nation's Unemployed Face Oblivion as Extended Benefits Expire

July 11 (EIRNS)—At the end of this year, even the extended unemployment benefits— which Obama negotiated by trading away the Bush-era tax cuts for the rich last December—will expire. As a result, according to an article in this morning's *New York Times*, the nation's unemployed families are facing a loss of \$37 billion in combined income. In fact, during the last year, fully \$2 of every \$10 (20%) of family income has come from some sort of Federal program—Social Security or disability, unemployment benefits, or food stamps—according to Moody's Analytics. Total government payouts were up—from \$1.7 trillion in 2009, to \$2.3 trillion in 2010 (about 35% increase)—with 7.5 million Americans collecting (relying on) benefits of one sort or another.

An estimate by the Arizona Dept. of Economic Security is that 45,000 residents could lose benefits by year's end, and there are still 10 applicants for every job opening (twice national average of 4.6) in the state. The state of Florida is even worse, with 476,000 unemployment recipients; Michigan has 276,000, with \$6.2 billion in state funds expended for jobless benefits last year.

Global Economic News

Austerity Killing Irish Economy

Euro Can Be History by Week's End, Says Largest Danish Bank

EU, ECB Demand Sacrifices from Italy

Austerity Killing Irish Economy

July 14 (EIRNS)—Ireland's compliance with its Troika of creditor bloodsuckers—the IMF, European Central Bank, and European Commission—is driving the country further into debt as the economy shrinks, while the unholy trio is making huge profits. In response to a parliamentary question by Sinn Féin spokesperson for financial affairs, Dep. Pearse Doherty, the government revealed that the total of EU49 billion in bailout loans from the EU, IMF, Great Britain, Denmark, and Sweden, will turn a profit of more than EU13 billion for Ireland's new creditors.

The Troika has issued a "report card" on Irish compliance with their demands. On July 14, the *Irish Independent* quoted David Begg, general secretary of the Irish Congress of Trade Unions, saying that Troika members had told him that the austerity and program cuts were not working because Ireland has to borrow more and more. "They are still on the flight path they have always been. All of the evidence of the thing is, it's not working," Begg said.

Doherty added that "the target for public spending cuts and tax increases for budget 2012 is meant to be EU3.6 billion. However, only six months in and the government has revised this figure up to EU4 billion." This will only worsen, he said.

"The cost of these failed policies is being borne by ordinary people. Cuts to Special Needs Assistance, cuts to winter fuel allowance and other social welfare payments, closure of emergency services in rural hospitals, and attacks on wages of low paid workers, are all a direct consequence of this EU/IMF austerity program."

"You can not solve a debt crisis with more debt and you can not end a recession with increased austerity. The domestic economy is still in recession with GNP down 4.3% in the first quarter of this year. Unemployment continues to rise, with 457,948 on the live register. Consumer spending continues to fall, inflation continues to rise, and personal indebtedness continues to rise, pushing more and more people into economic hardship and poverty.... Meanwhile, the government continues to borrow billions of euros at high interest rates to pay off senior unguaranteed bondholders."

Euro Can Be History by Week's End, Says Largest Danish Bank

July 12 (EIRNS)—"If politicians don't act against the crisis in Southern Europe, the euro can be history by the end of the week, warns Danske Bank." This is the headline-kicker of the leading story on the net edition of the major conservative Danish daily *Berlingske Tidende*. Under the headline, "Europe on the Brink of Collapse," the article says, "The European financial markets are on the brink of collapse. And right now, it is decision time. If the politicians don't react now, there is a threat that the euro cooperation will break down before August, the Danish Bank warns. If they are not willing to fight the escalating crisis, we are very close to state bankruptcy and a possible euro-collapse, says Danske Bank senior economist Frank Øland Hansen...."

"If the markets continue to worsen as they have done this morning, and nothing is done to stop the crisis, the losses will be so big in the European system, that the countries on the periphery won't have access to funding by the markets. And then,

it will be hopeless before the end of the week. But that is really unthinkable. I think that we will see the politicians react relatively quickly, if the markets continue."

EU, ECB Demand Sacrifices from Italy

July 13 (EIRNS)—According to the Italian daily *La Repubblica*, during negotiations with government partners Italian Economy Minister Giulio Tremonti said yesterday: "I received a request in English: within six months, Italy must present a credible privatizations and liberalizations plan."

At the same time, the financial markets sent a message today: The Italian austerity package of EU40 billion is not enough and the government should immediately add EU12 billion in new cuts. Yet another aspect of this maximum blackmail of Italy is the admission by Andrew Bosomworth of PIMCO, in an interview with Germany's *Die Welt* today, that his firm had dumped considerable amounts of Italian state bonds, but re-entered the stage as a big purchaser of state bonds on Monday—that is when the interest Italy was forced to pay had risen to more than 50% above the rate paid before the concerted attacks by the hedge fund.

United States News Digest

Fascist Compromise Sought in Debt-Ceiling Drama

Obama Plays Hitler in Debt Ceiling Talks

Dems To Withdraw Support for Obama Over Social Security, Medicare Cuts

GOP, Dems Oppose Death Panels in House Hearing

Layoffs in Bankrupt Cities and States Just Beginning

Fascist Compromise Sought in Debt-Ceiling Drama

July 17 (EIRNS)—With the bond market powers demanding that the U.S. Federal debt ceiling be raised, both Republicans and Democrats are seeking ways to do so, while, of course, maximizing their own partisan gain. One plan being advanced by House Republicans is to let the "Tea Party" faction introduce its "cut, cap, and balance" Constitutional amendment bill, which would limit Federal spending to 18% of GDP, and force balanced budgets every year. The bill is not expected to pass, but the hope is, that by letting it go to a vote, House Speaker John Boehner might gain some cooperation from that faction. Some Democrats are pushing their own version of an amendment, calling for an 18% spending limit and requiring a two-thirds vote on future tax increases. Currently, Federal spending is some 24% of GDP.

Meanwhile, work is continuing to forge a "Plan B," which would allow Obama to raise the debt ceiling, but also allow the Republicans to express their displeasure through meaningless votes against the increase. The plan would also include the creation of a special bipartisan budget-cutting committee in Congress, which would negotiate sharp cuts. The Democrats reportedly are already offering \$1.5 trillion in spending cuts, while Obama is looking to cut a lot more.

We add a couple of obvious points: First, Federal spending is so high compared to GDP because of both the bailout and the collapse of the economy. Aside from the bailout, it is the lack of an economy that is the problem, and that is not being

addressed. Second, to hell with the oligarchy's bond markets and their demands. Let's put them through bankruptcy reorganization and go with a Hamiltonian credit system. This will solve both problems, and put us back on track.

Obama Plays Hitler in Debt Ceiling Talks

July 15 (EIRNS)—President Obama's latest manifestation of insanity is his "channeling" of Hitler as the national leader—the man above the parties—who will lay out the most extreme cuts in the U.S. debt-ceiling negotiations, which will kill the greatest number of old and sick Americans, and thus greatly impress his British Malthusian masters.

Obama's proposed cuts, the threat of a QE3 by Fed Chairman Bernanke in Congressional testimony, as well as the possibility of an Italian default, have made the Glass-Steagall alternative much more live for many sleepers in the Congress. And, the spectacle of Obama demanding more fascist austerity than Republicans has the Progressive Democrats in shock.

The *Huffington Post*'s headline on July 15 blares, "Obama Backs Means-Testing Medicare." A few days earlier, numerous sources had reported that it was Obama—not the Republicans—who proposed raising the eligibility age for Social Security to 67. In his July 15 press conference, Obama pushed hard on the need to cut entitlements.

Dems To Withdraw Support for Obama Over Social Security, Medicare Cuts

July 15 (EIRNS)—A group of protesters representing the Progressive Change Campaign Committee demonstrated outside Obama's campaign headquarters in Chicago today, and delivered over 200,000 signed pledges refusing to donate to or volunteer for Obama's reelection campaign, if he cuts Medicare, Medicaid, or Social Security.

The petition states: "President Obama: If you cut Social Security, Medicare, or Medicaid benefits for me, my family, or families like mine, don't ask for a penny of my money or an hour of my time in 2012. I'm going to focus on electing bold progressive candidates who will fight to protect our Democratic legacy."

Those signing the pledges represent over \$17 million in donations to Obama's 2008 campaign, and over 2.6 million volunteer hours to the 2008 campaign.

GOP, Dems Oppose Death Panels in House Hearing

July 13 (EIRNS)—Putting nation and the Constitution above party loyalty, a handful of Democrats have broken with President Obama and their party leadership to come out publicly in support of abolishing the unconstitutional and genocidal Independent Payments Advisory Board (IPAB). Eight Democrats have now joined over 150 Republicans in the House in cosponsoring the bill sponsored by Rep. Phil Roe (R-Tenn.) to repeal the IPAB provisions of the Affordable Care Act (ACA) law, otherwise known as "Obamacare."

At today's hearing of the Health Subcommittee of the House Energy and Commerce Committee, Ranking Democrat Frank Pallone (N.J.) said that, although he supports the ACA overall, he opposes IPAB, stating: "I would certainly be in favor of abolishing it."

"It's about a growing imperial Presidency," Pallone declared. "This is about Congressional prerogatives being limited, and encroachments upon Congressional authority." He said had watched this develop in the administrations of both Bushes, and now Obama, specifying that, "The Presidency continues today taking over prerogatives of Congress."

The first panel featured Rep. Allyson Schwartz (D-Pa.), who said she strongly supports ACA, but opposes IPAB, charging that it would cut reimbursements to hospitals and make arbitrary cuts in health-care spending. Roe and Sen. John Cornyn (R-Tex.) were also on panel, along with Rep. George Miller (D-Calif.), who defended IPAB. Roe and Cornyn they have introduced bills in the House and Senate, respectively, to repeal IPAB. Roe compared IPAB to Britain's NICE (National Institute for Health and Clinical Excellence); and he noted that he has 160 co-sponsors for his bill, including some Democrats, and that repeal is also backed by a coalition of over 270 health-care providers.

Eight House Democrats are now co-sponsors of Roe's bill to repeal IPAB: Shelley Berkeley (Nev.), Michael Capuano (Mass.), Kathy Castor (Fla.), Del. Donna Christensen (Virgin Islands), Chaka Fattah (Pa.), Larry Kissell (N.C.), Linda Sanchez (Calif.), and Allyson Schwartz (Pa). *Politico* reports that Rep. Pete Stark (D-Calif.) also wants to repeal IPAB. And Frank Pallone, while saying he would like to see IPAB abolished, hasn't signed on to Roe's bill yet.

Layoffs in Bankrupt Cities and States Just Beginning

July 17 (EIRNS)—Cities and states that have been eliminating jobs for the last two years are beginning a new round of layoffs of crucial public sector jobs, and nothing will stop this hemorrhaging until Glass-Steagall is passed. Meanwhile, the National Governors Association is meeting in Utah this weekend with no answers. Here are some of the latest announced cuts.

Connecticut: 6,500 state employees will be laid off by the end of August, unless the public employees unions come up with concessions that include sweeping austerity: 328 employees in correctional facilities and 452 judicial employees will be the first to go, this week. Benjamin Barnes, Secretary of the Office of Policy and Management, said the layoffs will continue until the 6,500 job-cut level needed to balance the budget is reached, reported *Business Week*.

New Hampshire: Gov. John Lynch sent out letters demanding plans from all state agencies to cut a total of \$50 million in labor costs by August 2014. Layoffs will begin this year if the cuts don't come about, but the number to be eliminated is not out yet.

Washington, D.C.: The school system laid off 413 employees on July 15, including 206 teachers who failed the "Impact" teacher rating system developed under former School Chancellor Michelle Rhee. There are more layoffs to come, and the disaster is national. The Center on Education Policy reported that 70% of school districts in the U.S. had budget cuts in the school year that just ended, and 84% anticipate cuts this year.

Lubbock, Tex.: Mayor Tom Martin says layoffs and program cuts are expected for the Lubbock Health Department. Budget cuts will include discontinuing immunization clinics and those that treat sexually transmitted diseases.

Sonoma County, Calif.: After losing over 3,800 public jobs from 2007 to 2010, public sector employment fell another 3% in May 2011, and the drop will be even higher when the June-July figures are computed. At the end of 2010, there were about 20,300 public employees.

Ibero-American News Digest

[Argentina Still Believes in Creating a Future](#)

[Chilean Students Don't Give Up](#)

Argentina Still Believes in Creating a Future

July 15 (EIRNS)—Today, the huge "Tecnopolis" exposition in Buenos Aires opened to the public, presenting the history of Argentine science under the title, "The Argentina To Come, Today."

A display on "Argentina in Space" has large models of rockets and satellites built as part of the National Space Plan. Another exhibit has a nuclear simulator which will allow visitors to see how the atom is separated to produce energy. It is built to resemble the interior of a nuclear plant, and people can walk through it to learn how nuclear energy is produced.

The exposition is divided into five sections: air, land, water, fire, and imagination, each with interactive educational exhibits, artistic presentations, concerts, etc. It is open to the public free of charge, and will eventually become a permanent museum.

Unlike Obama's United States or Merkel's Germany, Argentina under Cristina Fernández de Kirchner insists on its right to develop. On the afternoon of July 11, the Defense Ministry successfully launched the Gradicom II, a prototype two-stage rocket expected to reach an altitude of 100 kilometers, a distance of 120 kilometers, and spend 120 seconds in outer space. Designed and produced entirely by Argentine scientists and engineers, the solid fuel-based Gradicom II has both military and civilian applications, among them, the ability to launch the country's own satellites.

The base in Chamental, La Rioja province, from which the rocket was launched, was inaugurated as an Army base in 1946 by then-President Juan Domingo Perón, under whose two governments Argentina developed notable scientific and technological capabilities, including nuclear energy. During the 1976-83 dictatorship, it was the site of a death camp.

Argentina's rocketry program was first put back in action in December 2009, when the Defense Institute of Scientific and Technical Research (Citedef), an agency of the Defense Ministry, launched the short-range Gradicom PCX. Citedef plans to launch a more powerful Gradicom III rocket by year's end or early in 2012.

The annual Armed Forces Camaraderie Dinner July 11, attended by President Fernández, featured a video showing of the rocket launch, and in her toast to the gathered military leaders, Fernández said that the launch, "carried out by Argentine scientists, military men, specialists and engineers ... is an example of what we wish to develop." Argentina is a peaceful nation, she said, "but also one deeply committed to scientific and technological development, in which our Armed Forces must actively participate."

Development of these capabilities, she said, will strengthen Argentine independence, freeing it from relying on other nations for its defense systems or technology transfer. By following this path, she added, "let us once again be the example of scientific-military development that we once were." The President promised that "we shall allocate all of the resources necessary for everything related to science and technology."

Chilean Students Don't Give Up

July 14 (EIRNS)—100,000 Chileans marched in Santiago today, in the third huge mobilization in a month to demand free public education, and reject recent "reforms" proposed by that hangover from the Pinochet era of dictatorship, President Sebastián Piñera. Marches occurred in several other cities as well.

Led by youth, the mobilization is fed also by the CUT trade union federation, copper miners, and striking portworkers. Copper miners struck on July 11 against the state-owned Codelco company, completely shutting down all mining

operations in the country for 24 hours, on the 40th anniversary of Salvador Allende's nationalization of copper and creation of Codelco. Miners are protesting the announced "restructuring" of the firm, as a foot in the door for privatization.

Western European News Digest

Budget Vote Fastest in Italian History

Greek Case Proves: Austerity Doesn't Work

Swedish Banker Pushes for Euro Dictatorship

Movisol Interviewed on Speculative Attack Against Italy

Sinn Fein Accuses Government of Sleepwalking into New Bailout

Group of German Rebels Against Bailout Growing

Spain's 'Indignados' Reach Out to Unemployed

Germany Faces Power Shortages Without Nuclear

Budget Vote Fastest in Italian History

July 15 (EIRNS)—Following threats that Italy would face imminent fiscal collapse and bring the Inter-Alpha banking system down with it, the Italian Parliament passed an austerity budget in the shortest time in its history.

In the Chamber of Deputies, the lower house, the vote was 316-284 for the austerity budget, with 2 abstaining. The opposition Democratic Party decided to vote against the measure, but not to block its passage. However, it did ask for early elections after the vote.

The Senate voted 161-135 in favor of the budget, with 3 abstentions.

The vote took place in an atmosphere of terror generated by Italian sovereign bond debt's escalating towards Greek and Irish levels, with yields on ten-year bonds shooting up to over 6% on the secondary market earlier this week. Yields only fell below 6% after intervention by the European Central Bank, which reportedly bought bonds on the secondary market. If yields hit 7%, Italy will be seen by the statistical geniuses as heading for a blowout—and the need for an impossible bailout.

Greek Case Proves: Austerity Doesn't Work

July 12 (EIRNS)—Despite the crushing austerity the government has imposed, the Greek deficit continues to expand, simply because the policy is collapsing the economy, and therefore tax revenues have collapsed. The austerity plan that passed Parliament last month amid a huge cloud of tear gas, was based on trying to reduce last year's EU3.2 billion budget deficit for June 2010. But the latest figures now reveal that this year's deficit for June 2011 was EU4.5 billion, an increase

of 1.3 billion.

The net revenues decreased by 8.3% to EU21.81 billion, which is EU3.27 billion less than expected. Ordinary spending increased by 8.8% between January and June to EU33.2 billion, because the increase in unemployment has led to a collapse of contributions to the social welfare funds, while an increase in unemployment required an expansion of unemployment and welfare payments.

The lead commentary of the website of the Greek Research Institute for European and American Studies calls for cancelling all of Greece's debt as the only way to save the country.

Swedish Banker Pushes for Euro Dictatorship

July 13 (EIRNS)—The chief strategist on currencies for Sweden's SEB bank, Carl Hammer, told *Svenska Dagbladet* today that the crisis in Europe has no "middle way." The alternatives, according to him, are that the euro disappears as a currency, or there will be *political integration*, which he sees as the main option.

Hammer said: "To say that we approach a political union within a week or two is clearly not unreasonable, but if the people say stop to politicians deciding on more collective solutions, then there will be a halt in that process needed to keep the euro. So there is a clear political risk." The chairman of SEB is Marcus Wallenberg, who also serves as the treasurer of the Institute of International Finance, Inc., which, according to the *Financial Times*, sent a six-page ultimatum to the Eurogroup of finance ministers, demanding that the EU buy Greek government debt.

Movisol Interviewed on Speculative Attack Against Italy

July 13 (EIRNS)—Liliana Gorini and Andrew Spannaus, chairwoman and secretary, respectively, of the Italian Movimento Solidarietà (Movisol), the LaRouche movement in Italy, were interviewed by Radio Padania yesterday and today, on how to stop the speculative attack against Italy. Host Roberto Ortelli opened the first interview by quoting from the *EIR Strategic Alert* on Jacques Attali's exposé of the euro as an anti-democratic system.

Many listeners called in to ask questions and wrote their compliments on Ortelli's homepage, saying that it was "high time to invite Movisol again to speak on the radio," and that Gorini's statements were "very clear and to the point."

Sinn Fein Accuses Government of Sleepwalking into New Bailout

July 13 (EIRNS)—After Moody's Credit Rating Agency suddenly slashed Ireland's credit rating to junk status, the banner headline on the Sinn Fein website showed a picture of the Fine Gael/Labour coalition, with a caption reading, "Junk Status—Government or Credit Rating?"

Moody's not only made Ireland the third European nation with a credit rating downgraded to junk status, but also offered the "analysis" that Ireland would have to accept a second bailout.

Speaking in the parliament, following Moody's July 12 action, Sinn Fein finance spokesperson Pearse Doherty said, "This government is sleepwalking Ireland into a second bailout. The failure of the government to impose losses on the EU61 billion of private banking debt, two-thirds of which is unguaranteed by the state, is a catastrophic mistake."

Group of German Rebels Against Bailout Growing

July 14 (EIRNS)—In Germany, the anti-bailout camp in the national parliament keeps growing: The group's last meeting on July 12 was attended by about 40 Christian Democrats and Free Democrats. This is 15 more than at the meeting the week before.

Frank Schaeffler (FDP), one of the organizers of the group, said that he expects 50 rebels soon, and that Chancellor Angela Merkel (CDU) has no chance of passing her bailout mechanism law in the parliament in September.

The mass-circulation daily *Bildzeitung* runs a banner headline that sums up all the fears in the German population about the escalating crisis: "Can the whole world go bankrupt?"

Spain's 'Indignados' Reach Out to Unemployed

July 10 (EIRNS)—In their effort to reach out to the population at large, Spanish youth from the "Indignados" mass-strike movement are holding public meetings in working-class neighborhoods to explain their cause, and especially to take up the issue of the *huge* speculative bubble in the country's real estate sector. Groups of Indignados activists have taken to gathering at the homes of unemployed workers who are about to be evicted, to try to physically stop the process. One of their statements reads: "With the housing bubble burst and unemployment rising, either they feed their children or they pay the mortgage."

The Indignados are demanding a change in Spanish law, which currently makes the mortgage-debtor liable for the full amount of the mortgage, even if the value of the house has plummeted to much less than the debt, which they are obligated to pay with *all* their current and future assets. The Indignados are calling for a change to what they call "payment in full through forfeiture," meaning if they hand over their house, they have no further liability.

Germany Faces Power Shortages Without Nuclear

July 15 (EIRNS)—A government-commissioned report on the future of German energy supplies confirmed warnings coming from numerous independent experts, that the country is facing power shortages and blackouts this Winter, unless it restarts one of the seven mothballed nuclear plants. The report, compiled by the German Federal Network Agency (DENA), responsible for oversight of the power supply, warns that unless sufficient power-generating capacity is kept in reserve, power shortages cannot be avoided. Outside of some capacities in presently idle coal power-generating units, there is only the option of bringing one of the closed nuclear plants back online, Matthias Kurt, head of the DENA, said in Berlin yesterday. "The numbers that we currently have indicate that one of these nuclear energy plants will be needed," he said.

Indeed, already long before Winter arrives, Germany is faced now with the challenge of replacing about 8,000 MW of nuclear-generated power which is shut down now, with extra imports from France and the Czech Republic. This has its extra price, naturally: Electricity prices per kilowatt-hour are already up by 20%, and are certain to increase further, as each one of the 20 remaining German nuclear power plants is shut down.

Southwest Asia News Digest

[Arab League To Introduce Palestinian State Status at UNGA](#)

[Is Panetta Obama's Bully Boy Against Iran?](#)

British Wars of Destabilization Spread Hunger in Southwest Asia

Arab League To Introduce Palestinian State Status at UNGA

July 17 (EIRNS)—Arab League Secretary General Nabil Al-Arabi announced on July 14, following a meeting in Doha, Qatar, that the organization would submit to the UN General Assembly a request for recognition of a Palestinian state in the West Bank and Gaza, with East Jerusalem as its capital. The announcement came after a meeting of the league's Peace Initiative Committee, which was attended by Palestinian Authority President Mahmoud Abbas and PA chief negotiator Saeb Erekat, who said its object was to strengthen Arab support for obtaining full membership for a Palestinian state, reported the *Khaleej Times Online*.

Washington sources involved in discussions with Palestinian leaders have reported that the Arab League's agreement to introduce the motion is extremely significant, and all but ensures a wide majority of support in the General Assembly, despite opposition by the United States and Israel. The Arab League support also creates a difficulty for the Obama Administration, which elevated the League's status after the U.S., France, and Britain sought its support for a no-fly zone over Libya. Now the U.S. has condemned the Arab League announcement as detrimental to the "peace process."

But there is no "peace process" because of the continued intransigence of the Netanyahu government on the issue of territorial expansion of settlements known as the doctrine of "Eretz Israel" (Greater Israel). Sources close to the meeting of the Mideast Quartet called by Obama in Washington for July 11, emphasized that this meeting was a complete failure, where the Quartet was unable to issue a joint communiqué. Russia and other principals in the Quartet wanted to issue a statement that identified the 1967 borders as the borders of a Palestinian state—which Obama himself had referenced in a May 2011 speech—but the U.S. refused to go along with formalizing that statement. The sources also reported that there was no attempt to force "talks" between the Israelis and Palestinians to begin, since all sides know that no talks are possible as long as Israel refuses to stop building settlements.

The Arab League move and the Quartet failure are both signs of how isolated the U.S. has become under the failed Obama Administration.

Is Panetta Obama's Bully Boy Against Iran?

July 11 (EIRNS)—Exhibiting the vicious nature of the Obama Administration, which has escalated drone attacks to kill thousands in Pakistan, U.S. Defense Secretary Leon Panetta, during his first visit to Iraq in his new position, threatened Iran that he would do everything that is necessary to retaliate against it for what he called attempts to arm Shi'ite militias in Iraq. Panetta provided no concrete evidence, other than making vague references to the use of Iranian matériel in the militia's weaponry. Panetta insisted that he didn't want to get into particulars about what the United States would do.

Expressing anger at Iraqi Premier Nouri al-Maliki, Panetta said the sometimes slow-moving decision-making process in Iraq can be "frustrating" for the U.S., which has also been waiting for the appointment of a new Iraqi defense minister. "I'd like things to move a lot faster here, frankly, in terms of the decision-making process. I'd like them to make the decision, you know: Do they want us to stay? Don't they want us to stay? Do they want to have, you know, a minister of defense or don't they want to get a minister of defense? But dammit, make a decision."

Panetta is projecting himself as a hard-talking U.S. official, as he did during his earlier stop at Kabul. In a brief question-and-answer session with reporters after talks with Afghan President Hamid Karzai, Panetta was asked about the pace of the U.S. troop drawdown. "We're going to have 70,000 there through 2014, and obviously, as we get to 2014, we'll develop a plan as to how we reduce that force at that time," Panetta said.

Later, Douglas Wilson, Assistant Secretary of Defense for Public Affairs, when questioned by the media about what Panetta was saying, said Panetta "misspoke."

British Wars of Destabilization Spread Hunger in Southwest Asia

July 10 (EIRNS)—Widespread hunger has emerged as one of the consequences of the British-led destabilizations of Libya, Yemen, and Syria. The conflicts in those countries, along with extreme weather and rising energy prices, have worsened already bad situations. On June 17, the World Food Program reported that it was in the process of distributing food to more than 500,000 people in Libya and expressed concern about the food situation inside the country, especially in the areas hardest hit by the fighting. "Libya is a food deficit country heavily reliant on imports with a public food distribution system under stress as food stocks in the country are being consumed without replenishment," the agency said.

Yemen is in even worse shape as 7 million people, or about one-third of the country's population, had, according to the British aid agency Oxfam, already reduced their meals from three a day to one, before the unrest began. Aziz Al-Athwari, Oxfam's Yemen country director, told *The Media Line* that "although we have no current statistics, that number has certainly increased since fighting began." The WFP recently launched an emergency operation to feed 1.7 million in Yemen, where access to food is being hindered by rising fuel prices. Al-Athwari added that since both food and water are shipped into many communities by truck, rising fuel prices have raised the prices of both food and water beyond the ability of many Yemenis to pay.

Syria's northeast has been plagued by drought since 2006, which had already resulted in mass migration from rural agricultural areas into the cities. The problem of less food in the markets was made worse when the Assad regime cut food subsidies and froze wages in 2004, though some of those measures were lifted in the weeks before the protests broke out in March 2011. Since the fighting broke out, government troops have blocked food supplies from reaching villages near the Turkish border, where thousands of refugees fled to escape the violence.

Asia News Digest

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Assassinations of Karzai's Half-Brother Spells Trouble for U.S./NATO

July 12 (EIRNS)—Ahmad Wali Karzai, a half-brother of Afghan President Hamid Karzai and one of the most powerful men in southern Afghanistan, was assassinated by a bodyguard today. The assassin was reportedly killed on the spot.

"My younger brother was martyred in his house today. This is the life of all Afghan people. I hope these miseries which every Afghan family faces will one day end," President Karzai said a news conference in Kabul.

Over the years, Wali Karzai was identified as a druglord and a strongman with direct links to warlords and Taliban. Although not much was proven, Wali Karzai, a resident of Kandahar, arguably the most important center of Pushtun power in Afghanistan, was a go-to person for almost everyone. The *Christian Science Monitor* pointed out today that the death is likely to shake the power bases of Kandahar, and may risk undoing the region's recent security gains. It may force NATO to remain focused on the south, when it was planning to shift efforts toward the increasingly restive east Afghanistan.

"I don't think that someone else will be able to play such a role," said Gawsudin Frotan, an independent analyst in Kandahar. "He was working here like he was a king. He was not appointed as the governor, but he had the power that the governor had."

Hasan Askari Rizvi, a Pakistani analyst, said the death of an ally in such a crucial city would hugely disrupt NATO strategy. At the end of the day, he was very close to the President. Kandahar is very important, and President Karzai needed someone there he could trust, he said. If Kandahar cannot be controlled, then the NATO troop withdrawal schedule will be thrown out.

Is the Obama Administration Targeting Pakistan?

July 12 (EIRNS)—On July 10, the Obama Administration announced suspension of \$800 million in aid to Pakistan's military. President Obama's chief of staff, William Dale, said that the suspension would remain in place until the two countries improve their relationship, made difficult by recent events. Washington cited as reasons for the decision such lame excuses as Islamabad's expulsion of American military trainers from Pakistan's Shamsi Airport Base and the killing of a Pakistani journalist, Syed Saleem Shahzad, who reported alleged collusion between al-Qaeda and the Pakistani Navy in the early-June attack of a naval station based in Karachi.

Part of the \$800 million military assistance to Pakistan put on hold was \$300 million in reimbursement to Pakistan's cost of deploying 10,000 soldiers to the Afghan border for counterinsurgency and for military equipment such as rifles, ammunition, body armor, and bomb-disposal gear. Retaliating against this arbitrary action, Defense Minister Chaudhry Ahmad Mukhtar, has said that Pakistani troops will pull back from the Pak-Afghan border. Speaking on the Evening Hour with Kirsten Seymour show (aired on Express 24/7 on June 11), Mukhtar said that Pakistan would pull back troops from the nearly 1,100 checkpoints along the Pak-Afghan border. He said that Pakistan could not afford to keep its military out in the mountains or in the border areas for long periods of time.

It is evident that the suspicion was a punitive measure inflicted on Pakistan by the Obama Administration, and it is reflective of the way this administration functions. Under Obama's Presidency, drone attacks inside Pakistan and resulting deaths of Pakistani citizens have multiplied manyfold. For instance, 32 suspected militants were killed in three drone strikes between July 10 and 11 in the tribal areas of Pakistan.

Meanwhile, taking note of the U.S. decision to suspend the aid, Chinese Foreign Ministry spokesman Hong Lei told reporters that China will provide assistance to the Pakistani military. Pakistan is an important country in South Asia, Hong said, and its stability and development are closely connected with the peace and stability of South Asia. China has always provided assistance to Pakistan, helping it improve people's livelihood and realize the sustainable development of its economy and society. China will continue to do so in the future, Hong said.

Lavrov and Clinton Condemn Explosions in Mumbai

July 14 (EIRNS)—At a joint statement issued from the U.S. State Department, U.S. Secretary of State Hillary Clinton and

the visiting Russian Foreign Minister Sergei Lavrov strongly condemned the serial blasts on July 13 in Mumbai, India, terming the attack a "despicable" act that was designed to provoke "fear and division".

Based upon preliminary information, the Russian Consulate General in Mumbai said that Russians are among those killed and injured as a result of these bombings. "The entire city police force moved into a state of high alert. In the General Consulate we established operational headquarters.... Now [we have] fairly limited communication in Mumbai, especially the telephone, because of the fact that it started to turn off after the terrorist attacks," Russian news services quoted Attaché Consulate General of Russia in Mumbai Maria Afanasyeva.

Lavrov said he fully supported Clinton in "condemning these despicable acts of violence designed to provoke fear and division." "The Indian people have suffered from acts of terrorism before, and we have seen them respond with courage and resilience." "Our hearts are with the victims and their families, and we have reached out to the Indian government to express our condolence and offer support," Clinton said, adding that she would be travelling to India next week as planned. Clinton said neither the U.S. nor Russia were strangers to terrorism, and it has been a mutual goal to increase their cooperation in order to prevent terrorists from wreaking their violence on innocent Russians, Americans, and others, and to bring those who do so to justice.

Japanese Newspaper Demands Kan's Ouster over Nuclear Issue

July 11 (EIRNS)—The *Yomiuri Shimbun*, one of Japan's most influential newspapers, editorialized for the immediate removal of Prime Minister Naoto Kan over his policy toward Japan's nuclear industry. Titled "Restart N-plants safely; shut down Kan govt swiftly," the editorial warns that under Kan's misleadership, "It has now become more likely that every single nuclear reactor in Japan will be suspended within a year, causing a severe power shortage. This is an alarming situation for the nation."

Under pressure from political layers, business leaders, and provinces needing to restart the nuclear reactors which had been shut for maintenance at the time of the tsunami, Kan was about to allow some reactors to be turned on, then suddenly announced the need for "stress tests" on all plants. The *Yomiuri* editorial describes this as a "stab in the back" for Economy, Trade and Industry Minister Banri Kaieda, who had carefully arranged for the opening of nuclear plants after normal safety inspections were completed.

The editorial points out that these extended stress tests, still undefined by the Kan government, will take at least several months, so that the nuclear reactors "will not begin in August, when the demand for electricity will sharply rise," meaning rolling blackouts and a crisis for Japan's industries. "If the prime minister does not recognize this critical situation," they write, "he is unbelievably irresponsible. He has pinned his hopes on a special measures bill designed to promote renewable energy sources. But his top priority should be to settle the immediate problem at hand.... Under this prime minister, the Japanese economy only keeps heading deeper and deeper into a slump. Everyone in the political world should find a way to bring an end to the Kan administration as soon as possible."

Kan has agreed to step down soon, but the specific date for that resignation continues to be pushed back, as the economy deteriorates.

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Obama Administration Recognizes Libyan Rebels

July 15 (EIRNS)—The Obama Administration today recognized the anti-government rebels in Libya as the legitimate representatives of the people of that country. At the same time, media reports continued to surface today, of high-technology missiles getting into the hands of terrorist al-Qaeda affiliates, after the Libyan rebels took control of areas of Libya, with the help of NATO air strikes.

Since the current assault on Libya began, there have not been any official statements from the Obama Administration indicating that vital American strategic interests were at stake in Libya. And the war is, of course, being waged unconstitutionally, and in violation of the War Powers Resolution.

However, according to WikiLeaks, on Feb. 15, 2008, long before the present civil war, the U.S. Embassy in Tripoli reported, via a secret cable to Washington, entitled "Extremism in Eastern Libya," that the area is a hotbed of anti-American, pro-jihad sentiment. The report was corroborated by captured al-Qaeda personnel documents that came into American hands in 2007 and were analyzed by the Combating Terrorism Center at the U.S. Military Academy at West Point.

While the al-Qaeda arm of the British financial empire did not start, and is not running the NATO attack on Libya, former U.S. intelligence figures have pointed out that the British-Saudi-run network supports the uprising, and will be well-positioned to take advantage of the vacuum that will result if Qaddafi is eliminated, especially among the base of the rebels, the numerous Islamist pro-jihad elements of Eastern Libya. Towns in this region had the highest per capita percentage of foreign fighters who went to Iraq to fight the U.S.-led forces there.

Obama's Illegal War in Libya Unleashes Rebel Looting

July 12 (EIRNS)—NATO has consistently claimed that its bombing campaign in Libya is aimed at protecting the civilian population against the brutality of the Qaddafi regime. Implicit in that is that the rebels are fighting a war of liberation against an oppressive regime. However, a disturbing eyewitness account of the behavior of the rebels in one village they captured in Western Libya, published in the *New York Times* yesterday, throws a monkey wrench into the NATO narrative.

According to reporter C.J. Chivers' account, for two days after capturing the tiny village of Qawalish, in the western mountains of Libya, rebel troops looted shops and homes, leaving a deserted town with stolen goods by the truckload.

Rebels at checkpoints at the town's edge did nothing to stop any of this. But the looting didn't appear to be entirely random. Chivers reports of indications that property and homes of individuals belonging to a particular tribe, one believed to be largely loyal to the government, were being targeted by the looters, making this war look more like a tribal conflict than a fight for liberation.

French General: 'Qaddafi's Strategy Could Win'

July 11 (EIRNS)—Retired French Gen. Vincent Desportes said in an interview with the *Journal de Dimanche* published yesterday, that "it is the time for a compromise with the Libyan authorities." He described the coalition as being at the end of its capabilities: "We are now in Libya in a difficult situation and in a position of escalation of the conflict; we have destroyed practically everything that had to be destroyed, then we involved our helicopters, then delivered weapons to the rebels. Unfortunately, parachuting in weapons is not training an army capable of taking Tripoli. He called for "a compromise with Qaddafi."

Desportes, who headed the war college between 2008 and 2010, was punished by the Defense Ministry for having publicly attacked the Afghanistan war. Recently, the entire staff of *Defense*, a magazine published by the public Institute of Higher National Defense Studies (IHEDN), was fired following their decision to publish another interview with Desportes who, like all retired generals, is still on "active duty."

Attack on Libya Makes Algeria Border Insecure

July 11 (EIRNS)—The Algeria-Libya border, which is constantly exposed to the dangers of drugs-and-arms trafficking, has become insecure, according to the Algerian news daily, *El-Khabar* today. Algeria has recently deployed a large number of troops along the border and has begun airborne surveillance to prevent arms-carrying terrorists moving into the country.

L'Expression, an Algerian newspaper which is reportedly close to Algerian President Abdelaziz Bouteflika, recently quoted Adm. James Stavridis, NATO's supreme allied commander in Europe, as saying that al-Qaeda could "take advantage of any chaos following the departure of Qaddafi to extend its influence to the Mediterranean coast." Stavridis added that "the Algerians are very, very worried."

Niger President Warns that Libya Could Come Under Control of Fundamentalists

July 17 (EIRNS)—Yesterday, the day after the Obama Administration joined the U.K., France, and other NATO members in recognizing the ragtag rebel band in Libya as the legitimate representative of the people, Niger President Mahamadou Issoufou warned on a Niger TV broadcast that Niger, which borders Libya, is concerned that the crisis in Libya will lead to fundamentalists taking power there, turning Libya into another Somalia. The Benghazi area rebel-held region is a stronghold of radical jihadists.

The danger represented by the reported spillage of sophisticated arms from areas of Libya under control of the rebels, is behind the concern of Issoufou about Libya becoming a source of destabilization of the western African region. The fear is that this arms spillage will end up in the hands of groups of smugglers and organized crime groups involved in drug trafficking, hostage-taking of foreign workers on government-arranged projects, as well as clashes with armed forces in the region.

Famine Threatens Somalia and the Horn of Africa

July 11 (EIRNS)—"As unfortunate as it may be, we do expect the situation in Somalia to continue to decline. Famine conditions are possible in the worse-affected areas, depending on the evolution of food prices, conflict, and humanitarian response." These are the words of Nancy Lindborg of the U.S. Agency for International Development (USAID) before the House Subcommittee on Africa, Global Health, and Human Rights on July 7, 2011.

Lindborg raises the alarm of an approaching Somali famine in a region which includes large areas of Somalia, Ethiopia, and Kenya that are presently considered "extremely food insecure." She said that it is expected for "the perilous situation in the Horn of Africa to worsen through the end of the year. Given limited labor opportunities, the dwindling food stocks, and sky-high cereal prices, many households cannot put food on the table right now."

The tragic highlights of Lindborg's testimony include the following:

- * During the six months from January 2011 to the present, the number of people in Somalia in need of life-saving assistance increased 19% from 2.4 million to 2.85 million.

- * The Dadaab refugee camp in Kenya, which was constructed 20 years ago for 90,000 people, today is home for 370,000 refugees of whom 95% are from Somalia, with 66,000 arriving in Dadaab this year. The number of Somalis finding refuge in Kenya and Ethiopia is estimated at 750,000.

- * Somalis are arriving in Dadaab with global acute malnutrition (GAM) rates of 30-40%, which is more than double the World Health Organization's emergency threshold of 15%. Severe acute malnutrition (SAM) rates of 23%, that is seven times higher than the 2-3% which is considered alarming, are also evident.

- * Most alarming are reports that more children have died in the first three months of 2011 in feeding centers in Dadaab than died in all of 2010, because the children are so severely malnourished that there is nothing that can be done to save them.

- * At the Boqolmayo refugee camp in Ethiopia, arrivals from Somalia have a 47% (GAM) rate—213% higher than emergency thresholds, and a 23% (SAM) rate—1,100% higher "than the levels that cause the humanitarian community to sound alarm bells."

These conditions are not the result of objective circumstances, such as droughts, but are due to the lack of human intervention to build the physical economies of these African nations to enable them to provide the sustenance of life of their people.

Merkel's Green-ness Clashes with Civilization in Kenya

July 13 (EIRNS)—In the joint press conference with Kenyan Prime Minister Raila Odinga in Nairobi yesterday, German Chancellor Angela Merkel proffered German help that would obviate the need for nuclear power. Instead, she proposed renewables for Kenya.

But Odinga made clear that, for him, the preferable assistance which Germany can give to Kenya is infrastructure development, such as improving catchment areas for rainwater. Odinga otherwise said that although Kenya is aware of Germany's exit from nuclear, Kenya has been preparing its entry to the nuclear era for several years and will stick to it.

At the same press conference, Odinga also said that Kenya works with the Chinese, because they give what the Europeans and the World Bank are denying: they build infrastructure which Kenya has wanted to build since its independence from

European colonialism almost 50 years ago—railroads, ports, pipelines, roads.

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