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The Time Is Now

The Only Solution Is To Fire Obama; Restore Glass-Steagall

Lyndon LaRouche opened the LPAC-TV Weekly Report on Aug. 11 with the following remarks.

We had an event, yesterday, a diplomatic event in Washington, D.C. The most significant part of that event is obviously the thing that was least on the schedule, and that is, as most of the diplomats there indicated, they have no comprehension of what the world situation is, or their immediate situation, right now. They're all trapped in a fantasy-land, which presumes that things aren't as bad as they are, a gross underestimation of the crisis which faces humanity now. For example, what we're dealing with immediately is the threat of, say, as early as Saturday, there could be a collapse of the entire world system, a chain-reaction collapse. We're on the edge now, of the decisions which will decide that. Perhaps some of these nations will be frightened enough not to do the stupid thing, the absolutely stupid thing, but none of them will be bright enough to know what to do, to be successful, in dealing with it.

And that's the mission before us. And that's the subject of the discussion here, today....

We are in a general breakdown crisis. And anyone who thinks there is not a general breakdown crisis, who does not think there's an immediate collapse of civilization, beginning in the trans-Atlantic region and extended to the rest of the world:

We are looking at a breakdown crisis which has planet-wide, immediate implications....

Separate In-Depth articles from
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This Week's Cover

- **The Time Is Now:**

- The Only Solution Is To Fire Obama; Restore Glass-Steagall**

- In reflecting on his discussion with a group of diplomats in Washington last week, Lyndon LaRouche stated that they, but not only they, have no comprehension of what the world situation is today; that they are all trapped in a fantasy-land, characterized by a gross underestimation of the crisis which faces humanity now.

- **A Mission for Two Generations:**

- We Are Now the Only Hope for Humanity as a Whole**

- In his address to a private luncheon in Washington Aug. 10, LaRouche reviewed the depth of the crisis we face; the issue is whether the solutions available will be accepted. This now becomes the mission of two generations: his own, the fast disappearing World War II generation, and the young generation; the Baby Boomers, who, as a generation, have shown themselves unfit to take responsibility.

- **The Pact of the Human Soul, Part 2**

- A video discussion between Lyndon LaRouche and LPAC-TV editor Alicia Cerretani on Aug. 9.

International

- **Breakdown Crisis Out of Control:**

- **Urgent Appeal for a Global Glass-Steagall System**

- The chaos that now afflicts Euroland will not be solved by tinkering with monetarist solutions. Helga Zepp-LaRouche insists that nothing less than dumping the casino economy and adoption of a two-tier banking system, *à la* Glass-Steagall, will work.

- **Horn of Africa Food Crisis an Avoidable Crime against Humanity**

- The shocking reports and images of the horrendous conditions in Somalia and throughout the Horn don't tell half the story. With 12 million of people at risk, immediate aid is required. But the truth is that the crisis is man-made, and can still be reversed.

- **Will Obama Support an Attack on Sudan?**

- After securing its split-up of the country, anti-Sudan forces, both inside and outside the U.S. government, have gone into overdrive, agitating for the overthrow of the Bashir government.

- **A French Mayor Views the Financial Crisis**

- Daniel Heydt, mayor of the village of Bellange, gave this speech to the Schiller Institute conference in Rüsselsheim, Germany July 3.

Economics

- **U.S. Harvest Preview:**

- **Under Obama, Huge Losses of Both Food and Farming**

- From the Texas cattle ranches, to the cornfields of Iowa, to the grain-producing regions of Europe, the reality is clear: We face world famine, thanks to decades of monetarism, globalization, and the obstruction of agro-industrial development.

- **Indiana NFU Tells Congress:**

- **Enact H.R. 1489 To Revive Glass-Steagall**

- State leaders of the National Farmers Union and other farm leaders are calling on Congress to enact 'The Return to Prudent Banking Act.'

National

- **There Is a Growing Drumbeat for Obama's Ouster**

- Kentucky State Senator Perry Clark's call for President Obama 'to step down or face impeachment' highlights the anti-Obama offensive which is now resonating throughout the country.

- **AFL-CIO Endorses Glass-Steagall Bill**

- **The 9/11 Coverup Is Unraveling**

- As the tenth anniversary of the Sept. 11, 2001 attacks on the World Trade Center and the Pentagon approaches, the decade-long coverup of the actual authorship of the worst terrorist attack in U.S. history is beginning to unravel.

- **Happy Birthday, Dear Amelia!**

- Helga Zepp-LaRouche commemorates the 100th birthday of 'the rich, and good life' of Amelia Boynton Robinson, the grand old lady of the American Civil Rights movement.

Science

- **Dr. Friedrich-Karl Ewert:**

- **The Fraud of Anthropogenic Climate Change**

Editorial

- Forty Years Later:
August 15, 1971

This Week's News

- U.S. Economic News
- Global Economic News
- United States
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U.S. Economic/Financial News

S&P Keeps Sword of Damocles Hanging Over U.S. Cities

Jobless, Older Teens Are Becoming a Lost Generation

Wall Street Raping Agencies, Greenies Target TVA, Nuclear

Jamie Galbraith Pronounces the System Dead, Irreparable

S&P Keeps Sword of Damocles Hanging Over U.S. Cities

Aug. 11 (EIRNS)—After downgrading 11,500 municipal bond offerings Aug. 9, Standard and Poor's yesterday said that it won't make further downgrades until it knows what kind of cuts Obama's super-committee in Congress comes up with. "We don't have enough information," said Steve Murphy, S&P's managing director for U.S. public finance, in an interview with Bloomberg yesterday. "The vote on the bill is due by Dec. 23, so we'll know what we need to know as far as what the impact on municipalities is going to be." Presumably, the message to cities from S&P will be, as it has been, to keep the austerity screws turning.

Jobless, Older Teens Are Becoming a Lost Generation

Aug. 10 (EIRNS)—The Obama Administration's disregard for employment is about to create a lost generation. The unemployment amongst the 16-19 age group is now more than 24% across the country. But the figures are much higher in some states. Here's a look at the five highest teen unemployment rates in the country as of June:

* District of Columbia: 49%

* California: 34.6%

* Georgia: 34.6%

* Nevada: 34.3%

* Washington: 33.2%

Across the country, 16- to 19-year-olds are facing the end of the third Summer in a row of unemployment rates above 20%.

"When we have a time when the labor force is not growing normally, high teen unemployment provides the cleanest assessment of what is going on in the labor market," said Heidi Shierholz, a labor economist with the Economic Policy Institute, a liberal think tank. "What you see is, from '07 to '09—it fell off a cliff, and it hasn't recovered since then." CNN Money pointed out on Aug. 10 that in July, only 58.1% of Americans age 16 and over were employed—a significant drop from before the recession, and the lowest since 1983.

Economists have warned that if the trend continues, a generation of young people could face a bleak future in the workforce. Last May, experts noted in a report that cities with high Summer unemployment could experience a rise in street violence. Jack Wuest, executive director of the Alternative Schools Network, which commissioned the report, said: "We cannot continue to ignore the correlation between youth violence and teen employment. We know [that] if our teens are in school or at a job, they are not on the streets."

The report has raised concerns in cities such as Chicago, where nearly 700 children were hit by gunfire last year, 66 fatally.

Wall Street Raping Agencies, Greenies Target TVA, Nuclear

Aug. 11 (EIRNS)—Following through on a threat it made two weeks ago, rating agency Standard and Poor's downgraded the credit rating of Franklin Roosevelt's TVA this week, from AAA to AA+. As they readily admitted, this had nothing to do with any increased liability to holders of TVA's debt. Even though TVA receives no Federal funding, S&P said there is a "perceived" increase in risk. Although TVA says it sees no threat immediately, there are big plans on its agenda.

When TVA's board meets next week, it is expected to approve completion of the unfinished Bellefonte nuclear power plant, which has been in mothballs for 30 years. It will cost more than \$4 billion to do this. Could this be a reason to try to damage the TVA's credit rating? Trying to whip up "popular" hysteria, to prevent the board from proceeding, the greenie Southern Alliance for Clean Energy has been issuing reports, holding press conferences, and citing "experts," to try to derail Bellefonte.

Nuclear is not the only electric generating technology under attack. President Obama's Environmental Protection Agency (EPA) has promulgated new environmental regulations, limiting various effluents from coal-burning power plants, which, it is estimated, could soon force 81 gigawatts of old coal-burning generating capacity, or 8% of total existing electric capacity, out of service. Utilities cannot justify, or afford, spending hundreds of millions of dollars to retrofit 50-year-old

plants to bring them into compliance. The North American Electric Reliability Council has warned that both the "pace and aggressiveness of these environmental regulations should be adjusted to reflect and consider the overall risk to the bulk power system."

More than two-thirds of all U.S. coal-burning plants are more than 30 years old, and only about 35% have pollution controls that comply with clean air regulations, with the rest being potential targets for shutdown. If not for the green fanatics, these old coal plants would have been replaced by nuclear plants, decades ago.

The TVA, which is now building its second new nuclear plant in five years, and will soon authorize a third, will be able to increase its capacity while retiring 18 old coal plants. But these new, stricter, irrational EPA regulations could cost TVA up to \$5 billion to retrofit newer coal plants.

Jamie Galbraith Pronounces the System Dead, Irreparable

Aug. 8 (EIRNS)—Economist James Galbraith, the son of the Kennedy-era economist and former ambassador to India, John Kenneth Galbraith, has finally come to the conclusion LaRouche enunciated on July 25, 2007. He told a conference in Denmark in May that the global financial system had an "irreversible disease," and that we had reached the "end of the illusion of a market place in the financial sphere."

Galbraith said: "The corruption and collapse of the rule of law, in the financial sphere, is basically *irreparable*. It's not just that restoring trust takes a long time. It's that under the new technological order in this field, *it can not be done*."

He urged everyone to read the Angelides report, the Levin-Coburn report, and the Barofsky reports, adding: "Fraud was not a bug in the system—it was a feature." He says of the euro crisis that "there obviously must be not only a new European architecture, but a new financial architecture that is not built around the banks as they exist today and the credit markets as they came to exist in the period before the crisis. Either that or the depression in Europe will simply go on and on. Until eventually the European Union falls apart."

But Galbraith clings to his Keynesianism, and instead of demanding a restoration of Glass-Steagall, calls only for criminal prosecutions of the bad guys and lots of government spending for the public good.

Global Economic News

- **German Economist: 'Speculators Bet on Apocalypse'**

German Economist: 'Speculators Bet on Apocalypse'

Aug. 11 (EIRNS)—German sovereign debt began to come under direct speculative assault this week, as risk premiums on government bonds have risen over recent days, due to derivative speculation on credit default swaps (CDS). An article in the Aug. 11 *Handelsblatt*, based on an interview with Gustav Horn, the director of the Institute of Macroeconomics and Economic Research (IMK), rang the alarm bells:

Handelsblatt explains that the "Euro crisis is capturing ever more countries and pulling them down into the maelstrom.... The crisis is further aggravated through speculative investors who bet on the collapse of states and banks."

The article then quotes Horn attacking CDS trading as "mean casino gambling, which has to be banned." It continues:

"When panic rules, reason stops, because these CDS are basically bets on the apocalypse,' says IMK head Horn. If the federal government [of Germany] as well as the French government should not be able any more to refinance its debts, that would mean that almost any government, including the U.S. and Japan, are already bankrupt. 'You don't need a lot of fantasy to predict that this would mean the total collapse of the financial markets,' says Horn."

United States News Digest

The Crimes of Obama: U.S. Homelessness Is Soaring

FDR's Grandson Calls Obama 'The Absent Commander-in-Chief'

Appeals Court Strikes Down Part of Obamacare as Unconstitutional

London Riots Coming to America?

The Crimes of Obama: U.S. Homelessness Is Soaring

Aug. 14 (EIRNS)—According to the National Coalition for the Homeless, the number of tent cities and shantytowns built by the homeless in the U.S. is growing so fast that it's almost impossible to keep track of them. This appears to be one of the only "growth industries" in the country, says Coalition organizer Michael Stoop.

"There are tent cities in just about every major city," of all shapes and sizes, Stoop reports. They bear names such as "Dignity Village," "Pinellas Hope," or in some cases simply "Tent City."

Emblematic is the tent city in Lakewood, N.J., made up of tents, shacks, trailers, and tepees, with a population of 70 homeless people. ABC News interviewed one resident, Marilyn Berenzweig, 60, a successful New York textile designer before she and her husband lost their home, and any other option for avoiding homelessness. They live in a shack they built themselves, with no electricity or running water.

For the past year, the Lakewood tent city, located 25 miles north of Atlantic City, has been fighting a lawsuit filed by the township (population 92,000—seventh-largest municipality in the state) which is trying to shut it down, even though it is located on public land. There are no homeless shelters in Lakewood.

FDR's Grandson Calls Obama 'The Absent Commander-in-Chief'

Aug. 12 (EIRNS)—In a column in the *Huffington Post* titled "The Absent Commander-in-Chief: Who's in charge here?" President Franklin Roosevelt's grandson Curtis Roosevelt contrasts Obama's lack of leadership and involvement in military affairs, to the way that FDR exercised his responsibilities as Commander-in-Chief; Roosevelt also contrasts the President's conduct with Obama's own campaign rhetoric in 2008, when he promised a new military and foreign policy.

Today, Roosevelt notes, the U.S. has a military presence in more than 160 countries, and has more than 720 bases to maintain. We have more troops in Afghanistan than at any time over the past ten years, and a higher rate of casualties as a result. You'd think that Obama might explain to the nation why this is the case.

"For President Obama to be open with the nation on these subjects he would have to address public opinion," Roosevelt argues. "It would take courage to strongly refute the crude distortion of 'patriotism' established by right wing fundamentalists. Courageous acts, however, make a good presidency. The things many of us admire about FDR—not only as commander-in-chief—are often the result of his taking substantial political risks." But Obama never did any of this. "Grasping his responsibilities as C-in-C seemed foreign to him.... While always having an aura of self-confidence, the President nevertheless seemed to be in awe of beribboned military brass and seasoned Defense Department hands...."

While FDR relied heavily on his military leaders, "FDR knew that war was his responsibility." As for Obama, "the President does not seem to be in charge," Roosevelt concludes. "And that is a serious charge."

Appeals Court Strikes Down Part of Obamacare as Unconstitutional

Aug. 12 (EIRNS)—Adding to the conflicting rulings by various Federal courts, the 11th U.S. Circuit Court of Appeals in Atlanta today struck down the "individual mandate" in the Patient Protection and Affordable Care Act as unconstitutional, but it allowed the rest of the Obamacare law to stand. In a 2-1 decision, the Appeals Court ruled in favor of 26 states that had filed suit in Florida to challenge the requirement that forced individuals to own health insurance.

"What Congress cannot do under the Commerce Clause is mandate that individuals enter into contracts with private insurance companies for the purchase of an expensive product from the time they are born until the time they die," the judges wrote. "This economic mandate represents a wholly novel and potentially unbounded assertion of congressional authority: the ability to compel Americans to purchase an expensive health insurance product they have elected not to buy, and to make them re-purchase that insurance product every month for their entire lives."

The court ruled that the remainder of the law, without the individual mandate, can stand, even though the lower court had said this was impossible, citing the Obama Administration's own arguments that the viability of the entire health-care scheme was dependent on the mandate requiring everyone—particularly young, healthy individuals—to buy a private health insurance policy.

Today's decision conflicts with a ruling by the 6th Circuit U.S. Appeals Court in Cincinnati, which had upheld the individual mandate as constitutional. That case has already been appealed to the Supreme Court. The 4th Circuit U.S. Court of Appeals in Richmond has not yet ruled on an appeal of a ruling by a Federal judge in Virginia, a ruling which holds the individual mandate to be unconstitutional. The Blog of the *Legal Times* says that today's decision also makes it more likely that the case will be taken up by the Supreme Court in the coming term, which starts in October, meaning, it would be decided before the 2012 Presidential election.

London Riots Coming to America?

Aug. 11 (EIRNS)—The combination of high unemployment among youth, the reduction of police forces and other essential city services, and the inflow of drug-trafficking and other organized criminal gangs into American cities, has created an explosive mixture which is only waiting for something to detonate it.

The fact that youths in Britain, especially from immigrant communities, have no future, is a key factor in the riots that are shaking British cities, riots that also occurred in the context of bone-crushing austerity being imposed on Britain by the Cameron government. Lyndon LaRouche noted today, that while there may be players trying to orchestrate these riots for their own political ends, this outbreak is real, and it is out of anyone's control.

The same ingredients exist in the U.S.: a no-future generation of young people, murderous austerity being imposed on the

population by all levels of government, and a political leadership more concerned about meeting the accounting demands of Wall Street than with leaving a strong foundation of development for posterity.

Indeed, small-scale versions of what's happened in London have already broken out in a number of U.S. cities. "Flash mob" rampages in Philadelphia prompted Mayor Michael Nutter to impose curfews on certain parts of the city. In Chicago, flash mobs have been robbing businesses and assaulting passengers. In Wisconsin, on Aug. 7, gangs of youth were attacking people exiting the State Fair, in their cars, on motorcycles, and otherwise, in a scene that was described by some witnesses as like something out of a war zone.

"It is possible that something similar to what has happened in London could happen in America," Rep. John Lewis (D-Ga.), a veteran of the Civil Rights movement, told *Politico*. "I think that unless we move and move very fast to help that segment of our society that has been left out and left behind ... then we're really playing with fire."

Fires like the one that Lewis warned about may already be burning in New Jersey, which, under Gov. Chris Christie (R), has lost 3,800 police officers to budget cuts since January 2010, and has experienced a consequent spike in crime rates that is being seen as a breakdown in the society itself. "The community is splintering, coming apart, turning on itself in ways we've not seen before," Rutgers historian Clement Price told the *Newark Star-Ledger* last week. "The values that kept community together are breaking down—respect for church, family, the elderly, neighborhood solidarity."

Price downplays the economic crisis as a factor in this, but others disagree. "Society seems to be breaking down at the same time the economy is breaking down," says Mittie Southerland, executive director of the Academy for Criminal Justice. "There is now less informal, internal social control in many neighborhoods, while, at the same time, we face a severe reduction in formal, external social control—the police." The political discourse about budget deficits adds to the problem. Christie, Southerland notes, has called pay and benefits for police "obscene," which only erodes public support for the police, breaking the trust that formally existed between them and the people. She adds that shooting deaths of police officers, nationally, are up nearly a third in one year, including two dead in New Jersey.

Ibero-American News Digest

Half a Million March in Chile

'Peruvian-Flavored Fascism: The Wolf Removes His Sheepskin'

Sparking the Imagination of Argentine Children

Half a Million March in Chile

Aug. 14 (EIRNS)—An estimated 500,000 people marched Aug. 9 in ten cities across Chile, 150,000 in the capital, Santiago, in the ongoing protest against the Pinochet-era for-profit education system that has made higher education prohibitively expensive for all but the elites.

The Chilean Students Federation (CONFECH), the National Teachers Association, and Secondary Students Association organized the march, but other sectors of society are joining in, in a process that is taking on the characteristics of a mass strike.

Security forces have responded with fierce repression, using tear gas and water cannons as well as hooded provocateurs. In

Santiago, 397 marchers were arrested on Aug. 9.

Members of Congress have offered to meet with student leaders in an effort to find some basis for compromise. However, CONFECH leader Camila Vallejo has stated that any proposed solution must come from President Sebastián Piñera, and that students await a serious response to their demands for creating a free, state-run educational system.

Piñera, whose approval ratings have plummeted to 26% from 31% ten days ago, is desperate. He convened his Council of Ministers Aug. 10 to try to formulate some plan of action. He says he's willing to meet with students, but only to discuss the 21 points in his new education proposal, which protest leaders have already rejected. The slogan heard in the Aug. 9 marches was, "It's coming down, it's coming down, Pinochet's education [system] is coming down."

After an all-day meeting of CONFECH's executive committee Aug. 13, Vallejo stated that in the absence of a response from Piñera, they plan to hold another national strike on Aug. 18.

'Peruvian-Flavored Fascism: The Wolf Removes His Sheepskin'

Aug. 12 (EIRNS)—Under that title, *EIR*'s Lima correspondent Luis Vásquez Medina warns in an article posted today to his website (<http://luisernestovasquez.com>), that Peruvians had better wake up. "In Peru today, a political process is taking shape which could very well carry us into a historic tragedy of Dantesque proportions. Two factors historically key for the birth of fascism are converging. On the one side, the explosion of the worst economic crisis in world history, and on the other, the coming to power of a President with all the psychological characteristics to become an Andean Hitler."

In office less than a month, President Ollanta Humala has demonstrated that what he says is no indication of what he may do, or intends to do, such is his perverse capacity of cynical lying.

Take the case of his policy towards the narcotics trade, which is once again hollowing out Peru. In his inaugural speech, Humala solemnly pronounced that his government would not legalize any drug, not even the coca leaf. He then promptly named a top legalizer as head of the national anti-drug agency, DEVIDA.

Vasquez writes that you probably could not find within a thousand-mile radius a more servile puppet of George Soros than Ricardo Soberón, Humala's appointee to head DEVIDA. For decades now, Soberón has been on the payroll of numerous of that Nazi-trained speculator's myriad drug-legalization NGOs, ranging from the Andean Commission of Jurists and the Andean Council of Coca Producers, to the Transnational Institute, the Dutch-based center spewing drug legalization personnel and matériel globally. Even as he was assuming his post as anti-drug czar, Soberón reiterated that "personally," he favors the legalization of drugs.

Sparking the Imagination of Argentine Children

Aug. 14 (EIRNS)—Over 2 million Argentines have visited the "Tecnopolis" science and technology exposition in Buenos Aires in one month. Children came in large numbers to marvel at the exhibits on nuclear energy and aerospace technology, among others, and learn of the country's scientific achievements in its 200 years of existence. Many children left Tecnopolis proclaiming "I want to be an astronaut."

Western European News Digest

Spanish Website Circulates Trans-Atlantic Call

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Soros, German Greens in Tandem: Demand Financial Dictatorship

Italy Is Bleeding, But Not Berlusconi's Heart

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British Riots: Systemic Breakdown in Progress

Free Market Ends French Production of Produce

Is French Elite Finally Dumping Obama?

Spanish Website Circulates Trans-Atlantic Call

Aug. 11 (EIRNS)—Spain-based journalist Daniel Estulin published the "Trans-Atlantic Call for Emergency Solution to the Present Global Breakdown Crisis" of Lyndon LaRouche, Helga Zepp-LaRouche, and Jacques Cheminade, as the lead item on his widely followed website (<http://www.danielestulin.com/>) today, with the following polemical introduction:

"The world financial system is in full disintegration. The financial metastasis is threatening to blow apart the bubble of financiers' dreams far beyond the famous 1345 bubble which destroyed the Bardi and Peruzzi Venetian banks and brought us as a present the Bubonic Plague. Welcome to the New World Order, my dear friends. I see and read the increasingly psychotic commentaries by financial writers and readers of the Web. Is it really that hard to add 2+2? I have explained it repeatedly over the last five years, as to the how and why of the crisis. The time has come to use your brain, that famous gray matter which distinguishes us from the rest of the animals. There is no turning back. The crisis has no solution, unless countries leave the euro and return to being nation-states. If not, bye, bye. I leave you with a statement issued by Lyndon LaRouche, Helga Zepp-LaRouche, and Jacques Cheminade."

LaRouche's Friends in Ireland Get It Right

Aug. 7 (EIRNS)—The lead article in today's Irish *Independent* calls the current breakdown "the greatest financial crisis in the history of the world," and quotes University College Prof. Ray Kinsella saying Ireland should withdraw from the euro.

Throughout the week, blogs and editorial comments, including in the *Independent*, have been referencing LaRouche PAC videos, with fights breaking out about whether the wikicrap about LaRouche is right or, as one fellow wrote in to Politics.ie, "LaRouche is a genius," citing his analyses on the British Empire, Venice, William of Orange, and Glass-Steagall.

Soros, German Greens in Tandem: Demand Financial Dictatorship

Aug. 13 (EIRNS)—Demanding an expansion of the European rescue fund (EFSF), George Soros, in a guest commentary

for the business daily *Handelsblatt* yesterday, claimed, "It was the German indecision that intensified the Greece crisis and led to the contagion that has transformed it into an existential crisis for Europe," and that, "Only Germany can reverse the dynamic of a European decay."

Jürgen Trittin, leader of the Greens in the Bundestag, wrote a letter to Chancellor Merkel on Aug. 11, supporting fully the German government line, and calling for the creation of Eurobonds. The Green faction, he says, "is ready to take all necessary steps to stabilize the euro and secure this common Europe."

With this letter, the Greens are officially positioning themselves as the worst lackeys for the financial markets and as traitors to German interest, true to the alliance between Soros and Joschka Fischer in jointly setting up the "European" Council on Foreign Relations, years ago.

Italy Is Bleeding, But Not Berlusconi's Heart

Aug. 13 (EIRNS)—The Italian government has issued its new austerity budget, which had been demanded by the European Central Bank and the EU. It consists of EU45.5 billion cuts and new taxes in two years (EU20 billion in 2012 and EU25.5 billion in 2013). Together with the EU48 billion packet of last July, that makes more than EU90 billion.

Italian media are acknowledging the central role played by Bank of Italy boss Mario Draghi, and the deepening split between Prime Minister Berlusconi, who sided with Draghi, and Economy Minister Giulio Tremonti.

Short-Sell Ban Too Little, Too Late

Aug. 12 (EIRNS)—In the wake of rumors of the collapse of the Inter Alpha Group's Société Générale, four European countries—France, Spain, Italy, and Belgium—announced a coordinated 15-day ban on short selling of the stocks of 60 banks, insurance, and financial companies. The ban, which went into effect yesterday, is aimed at hitting back at speculators.

In reality, a ban on short selling is a legitimate, albeit very limited action. Nothing short of a Glass-Steagall break-up of the banks and a bankruptcy reorganization will solve the problem at this late date.

Youth Who Have No Future Fuel Indignados Growth

Aug. 12 (EIRNS)—According to Eurostat, the European Union's statistical office, joblessness among the 16-25 age-group was highest in Spain (46%) and in Greece (38%), followed by Slovakia and Lithuania (33%); Latvia (29%); Italy (28%); Bulgaria, Ireland and Portugal (27%). Hungary (26%) and Poland (24%) are in the middle field. But Sweden (23%), Romania, and France (23% each) are not far away. Only three countries (Germany, Austria, the Netherlands) are below 10%.

The unemployment question is crucial for the protest movement of the "Indignados": news wires have, for example, quoted Veronica Leandrez of Spain's Indignados, who currently is on a seven-week march from Madrid to Brussels with 50 others, as saying that "unemployment has been the most common concern citizens share with the marchers."

British Riots: Systemic Breakdown in Progress

Aug. 10 (EIRNS)—As the riots in Britain expanded beyond London through the fourth day, the country is encountering a breakdown of the system. With no one at the helm at a time when debt-ridden Britain's authorities are imposing harsh

austerity, the system that could maintain law and order has fallen apart. Another sign of the breakdown of the system became visible when vigilantes moved in and engaged in a number of minor clashes in one part of London, ostensibly to restore order.

The rioting was a fallout from lack of opposition within the entire British political and social spectrum, to the harsh austerity imposed in the aftermath of the 2007 financial collapse.

Britain has a bigger gap between the rich and poor than more than three-quarters of the world's developed economies. And inequality is most keenly felt in the financial hub, London.

Free Market Ends French Production of Produce

Aug. 12 (EIRNS)—Many French fruit and vegetable producers might go out of business entirely this year. While prices of produce on store shelves increased for the consumer, the price paid to the growers dropped dramatically. The drop in the income of produce farmers is expected to be even sharper than it was in 2009, when the average income for produce farmers plunged by 45%.

Up to 80% of the cost is for human labor. In France, farm labor runs EU12/hour, whereas in Spain, labor is EU6/hour, and EU5/hour in Germany, where there is no minimum wage. While Spanish farm workers come to France seeking higher wages, Spain uses illegal African and Romanian immigrants for its farm labor.

Desperate French farmers are regularly blocking and emptying Spanish food transporters on French borders.

Is French Elite Finally Dumping Obama?

Aug. 13 (EIRNS)—While right- and left-wing French media had maintained very positive coverage of Obama until now, peddling the line that he was doing best possible given the nasty Republicans and Wall Street, there is suddenly a shift in this policy. In the Aug. 12 edition of *Le Figaro*, insider Alexandre Adler writes that he was pro-Obama at first, but Obama has shown that he is doing the opposite of FDR, who knew how to intervene in a crisis. Wall Street and the Obama Democrats must be defeated, but the only capable figure he sees around is moderate Republican Jon Huntsman, who is in the bottom tier of the GOP Presidential hopefuls.

Also the weekly *Le Nouvel Observateur*, the voice of the left-liberal, pro-American establishment in France, came out this week with the line that Obama is unfit for the job.

Russia and the CIS News Digest

[Close Attention to LaRouche in Russia](#)

[Russians Discuss Earthquake Warning Satellite System](#)

[Russia Plans New Science City, While Obama Shows He's Bats](#)

Close Attention to LaRouche in Russia

Aug. 9 (EIRNS)—The "Transatlantic Call for Urgent Measures to End the Global Breakdown Crisis" issued by Lyndon LaRouche, Helga Zepp-LaRouche, and Jacques Cheminade on Aug. 8, was publicized in Russian the next day. Posted on the Russian-language website of the LaRouche movement, the Transatlantic Call quickly rocketed around the Russian section of the Internet. It was republished by Natalia Vitrenko's Progressive Socialist Party of Ukraine, among others.

In the Russian economics blog called Aftershock, user Alexsword posted the LaRouche call on Aug. 9 as an update to his own posting from a few hours earlier, titled "LaRouche says the world financial system has collapsed!" That posting leads with two or three paragraphs from LaRouche's speech at the Russian State Duma in 1995, followed by Alexsword's commentary that what LaRouche said then, is what has happened now. He wrote that a few hours earlier, LaRouche had issued this appeal for emergency action, and he summarized it. Upon receiving the full translation, he added that in full under a subhead, as a hot-off-the-press translation directly from the LaRouche movement.

The Aftershock posting was one of the 10 most viewed blog postings in the Russian-language section of Live Journal for the day, with 20,000 views, 4,000 readers, and 300 comments, as well as scores of other sites linking to the post.

Russians Discuss Earthquake Warning Satellite System

Aug. 10 (EIRNS)—Sergei Zhukov, general director of the new Skolkovo Innovation Center near Moscow, spoke of an "interesting proposal" among the projects the center envisages: "One of a satellite system that recognizes earthquakes at an early stage. It has been found out that the activity of the Earth's crust produces some changes in the ionosphere. This will be a system of two satellites, a 200-kilo and a 50-kilo one, that will fly one after another, receive information from the ionosphere, and transmit it to Earth. This project gives great prospects for both scientific research and for commercial needs. In particular, we hope that insurance companies will be interested in receiving information from these satellites."

The Skolkovo Center is not yet open, although its Open University began its activities in April 2011.

Russia Plans New Science City, While Obama Shows He's Bats

Aug. 11 (EIRNS)—During a visit today to Russia's Far East, Russian Federal Space Agency head Vladimir Popovkin reaffirmed that the government is ready to start construction of the Vostochny Cosmodrome this month. The construction, over the next five years, is budgeted at about \$8.4 billion. Unlike Cape Canaveral, Kazakhstan's Baikonur, or any of the other world launch complexes, Vostochny will be a new science city, with research centers, an academy for young scientists, an astronaut training center, and space manufacturing facilities. It is estimated that about 30,000 workers will be involved in creating the facilities.

The LaRouche movement's Schiller Institute conference in Kiedrich in 2007, "The Eurasian Land-Bridge Becomes a Reality," featured a presentation on the future Cosmodrome Vostochny, which was then just an idea to transform the small military Cosmodrome Svobodny, which was being mothballed at the time. Leaders of the Institute for Demography, Migration, and Regional Development, one of the key groups that pushed for the Far East cosmodrome idea, outlined it as a "Space Industry Cluster in Russia's Amur Region." Explicitly incorporating the LaRouche Land-Bridge concept of corridors of dense development, the draft plan included a productive high-tech industry corridor from Uglegorsk (the town near the cosmodrome) to Komsomolsk-on-Amur, the terminus of the Baikal-Amur Mainline railroad; it would be key to repopulating Siberia and the Russian Far East.

The top-level decision to go ahead with Cosmodrome Vostochny was taken by then-President Vladimir Putin, who has continued to push the project as Prime Minister, in the face of budget-cutting pressures during the past three years.

While the Roscosmos head was outlining the ambitious plans for the Russian space program, Barack Obama was visiting yet another battery manufacturing plant, bragging that 150 (!) green jobs, in Depression-wracked Michigan, had been created there. And Obama's space program? Yesterday, the crew of the final Space Shuttle flight visited the plant near New Orleans that, for 30 years, has hand-crafted each large orange fuel tank that was needed on every Shuttle launch. The crew decided to move up their trip so it would occur before this month's round of layoffs. At its high point, more than 5,500 very highly skilled technicians worked at the Michoud plant.

Southwest Asia News Digest

Obama Veto of Palestinian Statehood Denounced by PLO Leader

Is Obama Planning an Escalation in Syria To Oust Assad?

Obama Veto of Palestinian Statehood Denounced by PLO Leader

Aug. 15 (EIRNS)—Jailed Palestinian leader Marwan Barghouti warned in an interview with the Palestinian news agency MENA that if President Barack Obama vetoes the recognition of a Palestinian state by the United Nations, there will be an outpouring of protests throughout the entire world.

Speaking through his attorney, Barghouti said, "Voting against the Palestinian state would be a historic, deadly mistake in the record of U.S. President Barack Obama, in whom there was hope for change.... Such a veto will be confronted by millions-strong protests throughout the Arab and Muslim world, indeed throughout the whole world."

Barghouti has been in prison since 2002, when Israel under Likud leader Ariel Sharon began its determined effort to crush every leader of the Palestinian movement in order to prevent a Palestinian state. After the death of PLO Chairman and Palestinian Authority President Yassir Arafat, Barghouti was identified as the strongest and most trusted leadership figure in the eyes of the majority of Palestinians. He successfully negotiated terms of unity among Fatah, Hamas, and other Palestinian organizations. His release has long been on the table and promised by Israel, but never delivered. Even now, Barghouti is regarded as the possible future President of a Palestinian State, which is now on the table for the upcoming session of the United Nations.

On Aug. 14, the Israeli daily, *Ha'aretz* reported that Palestinian Authority Foreign Minister Riyad al-Malki had told the French news agency AFP that the Palestinian Authority will make an official request for statehood at the UN on Sept. 20, during the annual session of the General Assembly. The Israeli government is hysterical over the fact that the PA will present this issue for a vote, especially because inside Israel, demonstrations over the dire economic hardships by Jews and Arabs together are in their fourth week; among Israelis, where poverty is officially over 23%, and where the inequality gap between the upper 10% income bracket Israelis and the rest of the population is described as "obscene," and "even worse" than in the United States.

And while the Obama Administration continues the charade in which it denounces the Palestinians for not engaging in talks with Israel, Obama is allowing Israel to expand settlements in the occupied territories. On Aug. 11, the Israeli government announced that the Interior Ministry had approved the building of 1,600 new Jewish housing units in East Jerusalem, and then added another announcement on Aug. 15, of 447 new units in Ariel, one of the major settlements in the Occupied Territories. With these moves, which are a slap in the face to former Middle East envoy George Mitchell, and to Secretary of State Hillary Clinton, who both protested the expansion of settlements previously, the chance of negotiations is zero.

Is Obama Planning an Escalation in Syria To Oust Assad?

Aug. 10 (EIRNS)—As voices are raised around the country seeking Obama's impeachment, a desperate and sinking President Obama is reportedly planning an escalation of U.S. efforts in Syria, to distract the American people. Ian Black of the London *Guardian* wrote in an article on Aug. 10, that Obama could issue a demand for Syria's President Bashar Assad to step down "because of the violence he has inflicted on his own people and his failure to implement meaningful reforms for the last five months." That demand could come soon, as pressure mounts on Obama because of the failure of the U.S. economy.

Until now, U.S. policy, echoed by Britain and its EU partners, has been that Assad must lead a transition or get out of the way. "Now, for the first time, the U.S. President will tell him bluntly to go," the *Guardian* article said. Black said that signs of a shift in U.S. policy came from the State Department on Aug. 9. The message from 2009 was that if you are prepared to be a reformer, if you are prepared to work with us on Middle East peace and other issues we share, "we can have a new and different kind of partnership," said spokeswoman Victoria Nuland. But "that is not the path that Assad chose."

During a Aug. 8 phone call to Italy's Berlusconi and Spain's Zapatero, Obama had discussed the situation in Syria. The White House said the leaders condemned the Syrian government's continued use of indiscriminate violence against the Syrian people, and agreed to consult further on additional steps to pressure the government and support the Syrian people's democratic aspirations.

Meanwhile, drum-beaters for intervention against Syria have also emerged. Elliott Abrams and Sen. Joe Lieberman, both strong voices for the right-wing Zionist-lobby in Washington, have strongly condemned President Assad's handling of unrest in Syria. Abrams, special assistant to the President and Senior Director on the National Security Council for Near East and North African Affairs during the George W. Bush Presidency, and now a senior fellow for Middle Eastern studies at the Council on Foreign Relations, quoted Saudi King Abdullah to describe Assad as a "killing machine." He said that "the survival of the regime is at stake, for it is surviving now on brute force alone."

Lieberman, who had called for military intervention in Iran earlier, in an article with the *Wall Street Journal* on Aug. 10 said that the Syrian revolt is an important part of the broader Arab Spring transforming the Middle East, and that U.S. policy must transform with it. "After months of disappointing statements urging Assad to 'reform,' the Obama administration has begun to align itself with the Syrian people against the dictatorship that is brutally assaulting them."

The irony of the fact that Saudi Arabia, one of the most oppressive regimes in the region, and the brutal enforcer of the repressive regimes in Bahrain and Yemen, is taking the lead in going after Assad, in alliance with Obama, should not be lost on those analyzing the situation.

Asia News Digest

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India's Food Price Inflation: Gross Neglect of the Ag Sector

Aug. 11 (EIRNS)—Food-price inflation in India surged to a four-and-half-month high of 9.9% during the week ended July 30, on the back of costlier onions, fruits, vegetables, and protein-based items.

Data released by the government on today, shows that prices of onions (a staple in India) went up by more than 36.6% year-on-year, while fruits became 16.5% more expensive. During the week under review, vegetables overall became dearer by 14.6%, and prices of eggs, meat, and fish were up by more than 13.4% on an annual basis.

The unabated food inflation is the hallmark of both the global hyperinflationary blowout, and the Manmohan Singh government's policies, which are focused on growth to attract foreign investment in areas where growth can be achieved with much less effort. Though India's economy has raced ahead at a brisk 7.5 to 9.6%, agricultural growth has foundered at 3%, at times a little above that, often below. Despite the much-touted growth achieved by New Delhi, it is disturbing that India has around the same proportion—24%—of undernourished people as it did *two decades ago*.

The incompetence of this government is reflected not only in its failure to get the surplus food where it's needed, and thus prevent the middle-men from jacking up the prices, but also in its unwillingness to establish the water management to secure agricultural activities. Sixty percent of agriculture is still dependent on the rains; if the rains fail, or if there are unfavorable variations in rain or other climatic factors, crops suffer.

Although irrigation is critical to sustaining food security, only 35.8% of India's cropland is irrigated; the balance relies on rain. While the \$20 billion outlay on irrigation under the 10th Plan (2002-07) was used up, the potential created was only half of the proposed 16 million hectares. The same target has been set for the 11th Plan, and \$25.9 billion appropriated, but even the most optimistic appraisals anticipate that no more than 12 million hectares will be added.

Author Quotes *EIR*: HSBC Is Dirtiest Bank

Aug. 12 (EIRNS)—Quoting extensively from *EIR*'s authoritative book *Dope, Inc.*, author Dave Henderson, in one of the chapters of his book, *Big Oil and the Bankers*, wrote that HSBC, formerly known as the Hong Kong and Shanghai Bank, has served as the world's number one drug-money laundry since its inception as a repository for British Crown opium proceeds accrued during the Chinese Opium Wars. According to Global Finance, the U.K.-headquartered HSBC Holdings is the world's third-largest bank, with \$2.36 trillion in assets.

Sanity: China Opens New Nuclear Power Plant

Aug. 8 (EIRNS)—China put into operation its sixth reactor at the Ling'ao Nuclear Power Station in Dayawan, Shenzhen, yesterday—the first nuclear power reactor to become operational since the Fukushima crisis. China had instituted a countrywide safety check after the March 11 Fukushima tsunami-initiated nuclear accident.

With installed capacity totaling 6.1 million kilowatts, the Dayawan power station has become the largest nuclear power base in China. China now has 14 nuclear reactors in operation, with 27 more under construction.

The new Ling'ao reactor, designated the CPR-1000, is a new type of pressurized water reactor, based on French technology, but was constructed by China.

China Directs Credit To Support Small/Medium Industry

Aug. 12 (EIRNS)—The highest Chinese officials have called for targeted loosening of credit strictures, due to "the outbreak

of global financial turmoil," according to *China Daily*.

On Aug. 9, Premier Wen Jiabao told a meeting of the State Council that China will improve the flexibility of its economic policies and make them more targeted and "farsighted." Zhou Xiaochuan, the governor of the People's Bank of China, also called for flexible monetary policies and urged "further optimization of the credit structure," aiming at introducing more financial support for small and medium-sized enterprises (SMEs), which have consistently been reported to be in dire trouble because of an inability to get loans. Liu Mingkang, the nation's top banking regulator, has said that the nation should implement "differential supervision" over lending quotas, and that the overall volume of loans to SMEs should increase.

Until now, further tightening of credit had been expected. The inflation rate had been increasing month by month, the recently released July numbers showing a 6.5% increase in consumer prices. Additionally, the banking system had already issued nearly 60% of its loan volume target in the first six months.

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