

# EIR

Executive Intelligence Review

July 13, 2012 Vol. 39 No. 27

[www.larouchepub.com](http://www.larouchepub.com) \$10.00

Reject the New Versailles Debt Dictatorship for Europe  
Fast and Furious 'Obamagate' Escalates  
LaRouche: The Errors in Sense-Perception

**London's Glass-Steagall Shift:  
A New Life-Time for Our Society**



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EIR (ISSN 0273-6314) is published weekly

(50 issues), by EIR News Service, Inc.,

P.O. Box 17390, Washington, D.C. 20041-0390.

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#40683579

**Postmaster:** Send all address changes to EIR, P.O.  
Box 17390, Washington, D.C. 20041-0390.

# EIR

## From the Managing Editor

An event of potentially history-changing importance has occurred, but no Americans who do not follow the publications and websites associated with Lyndon LaRouche will know anything about it! That is about to change, and this week's *EIR* is part of changing it. A faction of the British elites, what LaRouche described as "some realists in London," has come out vigorously in favor of a Glass-Steagall reorganization of the international banking system. These are the same types who, two years ago, told someone who they knew would get the word to LaRouche, that the British government would view a U.S. restoration of Glass-Steagall as a "*casus belli*"! Why? Because it would mean that all the world's speculative banking, much of it based in London, would be *hung out to dry*. No more bailouts. Save the commercial banks, to the extent that they contribute to financing the real economy; let the rest go.

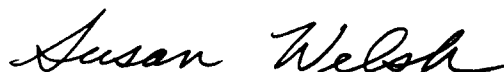
Now, as our *Strategy* section describes in detail, this London faction has realized that their so-called alternatives have not worked; that this system is hopelessly bankrupt, and they have to change the agenda. This does not mean that the oligarchs are no longer oligarchs; but they realize that "the jig is up."

LaRouche has previously encouraged the potential for such a shift, most recently in "Liam Halligan and the British Option: Time for Glass-Steagall in Britain?" *EIR*, May 4, 2012.

Will leading figures in Washington—such as the fanatically anti-Glass-Steagall President Obama—have the brains to take London up on its offer? No. Which means that Obama's fate, as well as that of Mitt Romney, is now more in question than ever before.

Everybody in the know, from London to Moscow to Beijing, knows that LaRouche is the "go-to guy" on this question. See our coverage of Russian anti-drug czar Victor Ivanov's excellent interventions in Argentina; progress in Italy toward Glass-Steagall; and still-limited but emphatic motion in Germany, Ireland, and Austria against the EU bank bailouts and toward a Glass-Steagall conception.

Amid these momentous shifts, LaRouche found the time to contribute our *Feature*, in the series by him and his "Basement Team" associates on real science vs. the cult of sense-perception.



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*Lyndon LaRouche addresses an LaRouchePAC webcast on Jan. 22, 2011.*



EIRNS/Stuart Lewis

### **4 The Principles To Be Considered: A New Life-Time for Our Society**

By Lyndon H. LaRouche, Jr. It was ironically on America's Independence Day this year, that spokesmen for the British elites "had shocked the politically sentient circles of the planet," by coming out openly for Glass-Steagall—a policy known internationally as LaRouche's proposal without which no economic recovery—either here, or in Europe—could begin. "Those voices had announced that some crucial elements of that famous empire's leading press had suddenly called for wiping out the nominally richest British banks in the world, in order to rescue both Britain and the United States from a terrible catastrophe," LaRouche writes. "My tendency would be to move quickly to exploratory discussions with relevant parties."

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THE PRINCIPLES TO BE CONSIDERED:

## A New Life-Time For Our Society

by Lyndon H. LaRouche, Jr.

Friday, July 6, 2012

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### *The new economic crisis:*

On the Fourth of July, 2012, the voices of some of the most respected figures referenced by the British press in London, had shocked the politically sentient circles of the planet, with the publication of a report whose source has included the members of a circle of public figures from among the most highly respectable, relevant circles of Great Britain. Those voices had announced that some crucial elements of that famous empire's leading press had suddenly called for wiping out the nominally richest British banks in the world, in order to rescue both Britain and the United States from a terrible catastrophe. The relevant British proponents had proposed cooperation between the United States and Britain on this specific account.

Contrary opinion on this subject, has been centered in people from around those leading financier circles of the world, who appear to have attempted, so far, to appear unshaken by the announcement of their own widely publicized plunge into a virtual likelihood of their own political extinction. Dinosaurs, anyone?

Some might choose to wonder what this will do to the political chances of both U.S. President Barack Obama and his putative election rival, Mitt Romney? Did some kindly angel drop something intended to pass for "harsh justice from Heaven" on the ranks of Wall

Street and those candidates alike? The advice is: do not worry about the chances of either candidate Romney or Obama now. Had this news fresh from London not been solidly based in fact, the news would have been different. The relevant, real news was, and will remain solid fact for the record. There is no hope for the chances of what had been, until this past Monday, some among the nominally most powerful banks and related speculative institutions of the trans-Atlantic world.

Be clear-headed in respect to this matter. These prospectively doomed financial institutions have been plunging into a virtually global state of hopeless bankruptcy since the cancellation of the original U.S.A.'s Glass-Steagall law; the effect of this began to take over the trans-Atlantic communities during the latter half of 2008, with the launching of what was to become known as the great "bail-out" swindle. The result has been, that the economies of the United States and of western and central Europe, have been doomed until now, since the cancellation of Glass-Steagall on November 12, 1999 (a foolish action done in favor of the foolish, Gramm-Leach-Bliley monstrosity which made possible the great trans-Atlantic economic collapse of 2007-2012).

Admittedly, the support for Glass-Steagall found among the relevant, properly prestigious circles in the United Kingdom, is fully justified and otherwise meritorious; at the least, that is what is to be seen from my vantage-point as both an economist and statesman. Such has been my authority in such subject-matters, and also



White House/Pete Souza



*A shift among British elites toward adoption of LaRouche's Glass-Steagall proposal signals the end of the line for President Obama and his putative rival Mitt Romney. "Do not worry about the chances of either candidate Romney or Obama now," LaRouche writes.*

among the most significant of the other leading economists on the record of the U.S.A. and others, since my initial, August 1956, economic forecast's success in late February/early March, 1957, the latter the worst post-World War II such crisis, a near-depression, at that time.<sup>1</sup>

The relevant point of the report to be made on that account, is the fact, in general, as among most who could be regarded reasonably as leading economists, of their generally consistent reliance on the folly of statistical forecasting based on the past effects, rather than actually forecasting based on the actual future, as I had done, in late August 1956, in composing my uniquely successful forecast for February-March 1957.

Now, the relevant British advocates of a needed immediate reform, have proposed to cooperate with the United States in efforts to bring this current crisis-situation under control—a very radical change from post-1999 conditions of drift of the U.S.A. itself, as also Britain, into something far worse than a mere depression: a general economic breakdown-crisis still in an advanced state of ruin-in-progress at this present time. It is my recommendation, that the United States government should consider uttering an immediate proffer of cooperation with the appropriate citizens of Britain on that specific account.

1. The successful emergence from that deep recession of 1957-1961, had emerged around the early phases of the short-lived administration of President John F. Kennedy, which was promptly turned about into a long-range trend into a systemic economic decline, under the conditions created by the launching of a foolish choice of U.S. war in Indo-China.

That recommendation of mine is presented on elementary types of conditions. First, that the proposed co-operation is as stated by the relevant British parties. Second, that it is a commitment to sharing the benefits of a common good, as with trust in what those among my predecessors for whom I have high regard have always done, essentially, since the break with an imperialist Britain since the separation of our nations over the issues of the February 1763 Peace of Paris, and the diplomacy of such as John Quincy Adams and the exemplary President Franklin D. Roosevelt and his specific circles of cooperation during his time as President.

The qualification is that the British party concur in a stated principle of commitment to a common human interest in related matters. My tendency would be to move quickly to exploratory discussions with relevant parties.

### Who Can We Trust?

There are several compelling reasons to believe in the faith of those Britons who have presented this suggestion to citizens of the United States.

First, the human species has lately entered a general planetary condition under which general warfare in the form of thermonuclear warfare, or something soon beyond such dimensions of action, is not a feasible option. We have moved past the time, that the human species could engage in the use of such means, even when the issues in favor of conflict are extremely compelling. This principle has been shown with remarkable

excellence-in-action among the U.S. Joint Chiefs of Staff. The urgency of general cooperation on behalf of a common good is, presently, far more compelling than at any past time. There are very special pre-conditions for such a confident sort of outlook on conditions before us at this time. The relations to Russia on this same account, have been recently excellent, and there is justified confidence that such a relationship with the U.S.A. is inherently desirable in the natural interest of both parties.

The relatively greatest likelihood of danger comes, in fact, from the policies of a more or less programmed policy of suppression of scientific and related requirements of a policy of advancing the scientific level of progress of the per-capita human conditions on this planet. This progress is to be gained through science-driven technological progress in the advancement of the degree of effective energy-flux density per capita and per square kilometer of habitable territory.

In fact, in the known history of living species on Earth and implicitly beyond, the ability even to maintain the even existing species demands the benefit of a continuing rise in the net energy-flux density of living species inhabiting Earth. Frankly, the schemes of such proponents of a dubious “Second Law of Thermodynamics,” of Rudolf Clausius et al., are directly contrary to all currently competent notions of the biology of our planet. A contrary presumption, such as that launched during the Nineteenth Century, is a product of British oligarchical-imperialist conjectures, whereas competent scientific criteria demonstrate a direct opposite: these are relics of the oligarchical ideology.

This matter of “environment,” both on Earth, and within the relevant considerations for the Solar system, shows an indispensable, long trend to rise of “energy-flux density” in, especially, the existence of the human species. The entry of mankind into the increasing need for attention to matters outside the present range of human habitation on Earth itself, requires our attention to changes in the characteristics of the weather within and beyond the Solar system as such. As we have already moved beyond nuclear-fission, and into higher orders of thermo-nuclear fusion and matter-antimatter considerations, the science-driven increase of energy-flux density essential to continued human existence on this planet, is the mandatory standard for measuring expressed sanity in human behavior generally.

It is to be acknowledged, that among some cases, called “traditional cultures,” this emphasis on science-driven cultural progress tends to be resisted. Such be-

liefs are grave errors, ultimately, potentially cultural suicidal ones. We must manage the problems of social relations so defined; but, we must not permit that to delude us into believing the people sharing such cultures are actually viable expressions of the human species. It is not pleasant to suggest that animal species are interchangeable with human identities; but, the existing animal species’ continued existence depends upon the forms of support which human husbandry affords them, either to our economic advantage, or to our pleasure taken in the company of certain animal companions.

The general principle in this matter, is the necessary, accelerating increase of the energy-flux density created by, enjoyed by, and used by a human species.

To what I have written on this account thus far, I must add something which receives little attention thus far, but is a crucial aspect of mankind’s capability for our species’ future existence.

This pertains, inclusively, to matters bearing upon what is defined customarily as the role of the principle of metaphor in the most essential functions of the progress of development of the human mind. It is, also, to be said, on this account, as to the decline, especially as promoted by the evil 1950 Congress for Cultural Freedom, that the willfully steered degradation of popular and related human cultures has left behind a pattern of increasing intellectual and moral degeneracy to such effect, that persons in the earlier parts of the Twenty-First Century are culturally crippled relative to their typical ancestors. This phenomenal trend is correlated with the decline in the per-capita productivity which has been a trend since the death of President Franklin Roosevelt, and especially since the assassination of President John F. Kennedy. The loss of conveyance of a developing Classical artistic composition, as typified by the actual principle of metaphor, as the rightful heritage of experience of the young provided by the older, has introduced trends of bestiality into one of the most highly cultivated generations of the same nationalities; this is a sign of the greatest threat to the continued existence of the human species. The intellectual development of mankind must always rise, if a durable improvement is to be sustained.

For me, personally, as one who has “teethed” on the principle of metaphor, that trend of a sequence of cultural quality of declining quality of descent from grandfather, to adult son, to child is the most horrid of the experiences which the experience of the Twentieth Century, and entry into the opening decade of the



FDR Library

*Since the death of President Franklin Roosevelt, and later, the assassination of President Kennedy, the moral and cultural degradation of subsequent generations "is a sign of the greatest threat to the continued existence of the human species." Here, President Kennedy and Eleanor Roosevelt.*

Twenty-First, have presented.

To be human, is to sense one's own participation in a progress in matters bearing upon those true powers of the human mind which are as if lodged within the role of metaphor. All great art, and all great science, too, are dependent upon progress effected through the means formally associated with metaphor, or, said otherwise, Johannes Kepler's repeated use of reference to "vicarious hypothesis" (e.g., the ontological notion of metaphor). I have come thus to recognize the value of Wolfgang Köhler's practical as much as scientific advice to Max Planck on the subject of the self-organization of the mental processes, such as the self-organization of memory, of the human mind.

## Britain & the United States

It is my cultivated view, since my dipping somewhat deeply into the work of Filippo Brunelleschi and Nicholas of Cusa, that we must understand the relationship of the development of an extended role of Europe into the European settlements in the Americas, from the direct influence of Cusa in prompting the exploratory development of European civilization in the Americas. For one circumstance of the process of that development, or another, the most determining characteristic of that colonization, has been located in the Massachusetts Bay Colony's specific developments under the leadership of the Winthrops and Mathers. It was chiefly the action of Wil-

liam of Orange in the suppression of that quasi-autonomous phase of the colonization which left the strongest influence within the colonization within the region from the Winthrops' and Mathers' role through Benjamin Franklin's role, in New England and through Virginia. My own ancestors' spread from the Massachusetts colony into Ohio, typifies the traceable cultural connections from the leading edge of the process leading from the early Seventeenth Century through establishment of the United States as a continental nation, through the work of President John Quincy Adams and the role of President Abraham Lincoln as originally a protégé of the career of Adams, which presents a clue to what had actually saved the United States under the conditions of the Civil War.

It is essential to look into oneself and one's cultural roots, whether what is discovered were pleasant news or not.

Or to recapitulate this point:

The common and grave error in enculturation among Americans and others presently, is the view of the prospect of one's death as cutting the person off from the sequel of that story. It should not be a kind of "fetish" respecting descent. It were pleasant to enjoy the expectation of what will be the outcome of one's once-terminated existence. However that may be, the existence of a reality for our allegiance, depends upon the outcome of the development from within, and beyond the new generation, even much more than that of the personal scion. It is not a simple inheritance which is crucial; what is crucial is the quality of the development met among the heirs, at least some of the heirs. At my present age, with an active memory of grandparents born during the early 1860s, and a childhood glimpse of a living ancestor of somewhat earlier vintage, from a Scottish dragoon and his brother a significant sea-captain, there is, for me, more than a century and a half of personally familiar figures which touch upon the biologically known elements of an ancestry.

There is a certain specific advantage, and matching responsibilities to be considered in recognizing a certain degree of immortal means which tie broad masses of entire, personally known identities which define the "moveable me and my family" of the process of the development of one's own, claimable culture. In the best cases, the extended notion of family reaches back to a tie to the great pyramids, to the uncovered truths of the Trojan War.



The point which I am pressing as being important within the scope of the implicit issue which your actions bestir in me, has a specific, scientific meaning, a meaning which is illuminated by the issue which the recent news to me from London has presented.

Essentially, my being a person, most of whose once close friends, relatives, and so on, have expired “the mortal coil,” life means, for me, both what once was, what it meant, and my intention for the future of mankind. Above all else, it should mean our part as the selection of that which is worthy still living among those who come after us.

The crucial point which I am putting forth here, is that as our species lives longer (perhaps), and expands our intellectual reach into the enlarged mission which scientific and related progress does to advance our intellectual appetites, our minds become more far-reaching in their appetites. The biological identity dwindles as the experience of the power of the human mind makes giants of what were once the pitifully poorly informed.

This much said this far, brings us to foresight into a coming time, when experiences such as a week’s journey by means of thermonuclear fusion will transform

our citizens from earthlings into masters of the management of nearby space. This is not merely a voyage to some strange place, but an elevation of our species to a sense of the grandeur of the duties to which we, as part of mankind, have ascended. Thus, we shall think of this present century on Earth as being both the span of a lifetime, but also of the changes within our Solar system, to which we shall become party, certainly in intellectual spirit, and probably also, personal experience.

## Top U.K. Bankers Now For Glass-Steagall

July 7—As of early July, as Lyndon LaRouche outlines above, a group of financiers at the center of the British financial empire, the City of London, made a unmistakable shift toward promotion of a Glass-Steagall banking reform. Those individuals and institutions now advocating what has been the signature policy of LaRouche and his political movement sit at the core of the financial oligarchy, an oligarchy now adjusting to the current situation in such a way as to secure what they see as their long-term survival.

We review some of their pedigrees, and then provide their recent statements.

Start with the **Financial Times**, the preeminent financial newspaper of the British Empire, which made an editorial statement for Glass-Steagall. The *FT* has long been associated with the Rothschild bankers, the kingpins of the Inter-Alpha Group which has led the empire’s assault on the global economy, especially since 1971.

Take the case of **Paul Myners**, otherwise known as Baron Myners, a life peer who is also a Commander of



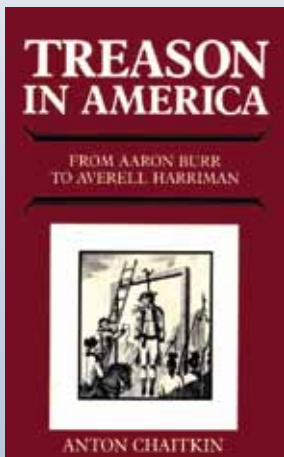
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Baron Paul Myners, former publisher of the *Guardian* and *Observer*, stated in an interview, “We need to go to what is known as a Glass-Steagall model...”

## Treason in America

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the Order of the British Empire. (Such titles may sound silly, but the Empire is largely run through chivalric and Masonic orders, which permeate all the major institutions.) Lord Myners, the former publisher of the *Guardian* and the *Observer*, is a former employee of N.M. Rothschild, a former director of NatWest bank, and currently a director of RIT Capital, the investment vehicle founded and chaired by Baron Jacob Rothschild. (Baron Rothschild is a member of the Queen's Order of Merit, and a Knight Grand Cross of the Order of the British Empire.) When Myners speaks, he is speaking for Queen and Empire.

Then there's **Peter Hambro**, chairman of Petropavlosk, a London-based company with extensive gold holdings in Russia. Hambro is descended from one of the empire's top banking dynasties. Hambros Bank was one of the constituent *fondi* in Assicurazioni Generali, the powerful Venetian insurance company founded by the Rothschilds and others, and was part of a syndicate—which included N.M. Rothschild—which funded Mussolini's corporatist government in Italy. Hambros was part of the powerful British Rhodes-Milner Round Table Group.

Among the directors at Petropavlosk is **Field Marshal Charles Guthrie**, Baron of Craigiebank, a former director of N.M. Rothschild, and a Knight of the Sovereign Military Hospitaller Order of Saint John of Jerusalem of Rhodes and of Malta. Guthrie has also served as Gold Stick to the Queen; Gold Stick is a ceremonial bodyguard. Petropavlosk director **Dr. David Humphreys** spent 18 years at the Rothschild-controlled Rio Tinto.

The remnants of Hambros are now owned by Inter-Alpha member Société Générale as its private bank, SG Hambros. Banco Santander's **Emilio Botín López** worked for Hambros Bank for two years as a young man, before joining the Banco de Santander board. Santander is key member of the Inter-Alpha Group.



*Lord Peter Hambro, scion of the venerable British merchant bank Hambros, stated that investment and retail banks "should never have been together, and now they should be split, completely."*

Yet another Petropavlosk director, **Sir Roderic Lyne**, is vice-chairman of Chatham House (the Royal Institute of International Affairs), and a Knight Commander of the Order of St. Michael and St. George.

## In Their Own Words

**July 1:** Terry Smith, CEO of Tullett Prebon and of Fundsmith, who had first called for Glass-Steagall in 2008, authors an op-ed published in the London *Guardian*. After attacking the British Bankers Association for its reaction to the scandal over banks rigging the benchmark LIBOR (London Interbank Offered Rate), Smith writes:

"[T]he arguments against separating retail and investment banks were always thin. Now they are surely unanswerable." He concludes: "What needs to happen? The U.K. and the U.S. must enact a Glass-Steagall Act (the 1933 Banking Act passed in the wake of the Great Crash which separated commercial and investment banking) and separate retail and investment banks. Ringfencing, as proposed by the Vickers Commission, will not work." Why? "As this LIBOR scandal illustrates, ways will be found to climb over, burrow under and go round the ringfence. The only people who seem to have lobbied against such separation are bankers."

Also on July 1, *The Scotsman* reports that John Thurso, a Liberal Democrat, who sits on the Treasury select committee, said the day before: "I think we actually have to go further than Vickers. It is not just about ringfencing, it is about a total separation, and when bankers like Bob Diamond tell me, as he has done in committee, 'Oh well, nobody in the universal bank has failed,' I now say to him, that was because you were rigging the markets. If it had been a fair market you probably would have failed."

"The money that is going in from the high street is going into the City gambling dens instead of being available to be lent to businesses and I think there is no choice now than to, by law, separate investment banking from retail banking."

**July 3:** MP Jonathan Edwards, Treasury spokesperson for Plaid Cymru (the National Party of Wales), condemned Chancellor George Osborne's announcement that there won't be a full public inquiry into the LIBOR scandal: "This is a scandal of conspiracy, theft and fraud at the heart of the financial industries in London.... There is a structural and cultural problem

with the UK banking industry which requires a complete overhaul. Crucially, we need a complete separation of retail and investment banks (Glass-Steagall Act) which goes further than the recommendations of the Vickers Report.”

**July 4:** In an editorial entitled “Restoring trust after Diamond,” the *Financial Times* says that measures for restoring trust include separating the investment and retail parts of universal banks, and, for the first time to our knowledge, argues for a Glass-Steagall-style approach, as opposed to the Vickers ringfencing approach, as follows:

“...The clash between retail and investment banking has always been evident. What is now clear, however, is that the hard-charging, revenue-seeking investment banking culture predominates when they are pushed together. The more herbivorous retail banking ethos—with its emphasis on patient stewardship—is marginalised. This seems to lead ineluctably to the proliferation of socially questionable trading activities and abuses such as the Libor scandal.

“The government accepted the principle of separation last year when it endorsed the conclusions of the banking commission presided over by Sir John Vickers. This argued for an internal split rather than a total separation on the basis that the diversity of assets within a universal bank could be a source of strength at times of financial stress.

“While the FT supported those conclusions, we are now ready to go further. For all the diversification benefits, the cultural tensions between investment and retail banking can only be resolved by totally separating the two, on formal Glass-Steagall-style lines...”

**July 4:** In a panel discussion hosted by Jon Snow on Channel 4 News, Lord Paul Myners, former Financial Services Secretary in the Labour government of Gordon Brown, calls for full Glass-Steagall legislation to deal with the corruption of the banks.

His comments came during a discussion of evidence given the same day by Bob Diamond, erstwhile chief executive of Barclays Bank, to the Treasury Select Committee. Snow said to Myners: “Well, Paul Myners, there’s been the Vickers Report into banking, and yet Vickers wanted to ringfence the casino activities and the retail activities. But we can’t trust the bankers to respect a ringfence. If you have a ringfence, you climb over it, dig under it, or work your way through it. The

banks have to be broken up between retail and casino, agreed?”

Myners: “Yes, I do agree with that. I think the evidence of the last few weeks, and Diamond himself said that many of the problems that emerged in Barclays were within the ringfence as envisaged. Now the government has already diluted the ring fence that was proposed by Vickers, but the ring fence doesn’t go far enough. We need to go to what is known as a Glass-Steagall model, which is a complete separation...”

**July 5:** The *Financial Times* publishes a commentary by Andrea Leadsom, a Conservative member of the Commons Treasury Committee and a former banker at Barclays, saying, “The issue of a complete separation of retail and investment banking should also return to the agenda... It is right that the government should be the ultimate guarantor of retail deposits. But that guarantee should not extend to high-risk transactions.”

The paper also cites Pat McFadden, a Labour member of the committee which questioned former Barclays CEO Bob Diamond, saying: “Through Bob Diamond’s actions this [full bank separation] has been brought back on to the agenda. The question is whether the culture in hard riding investment banking sits easily with retail banking, which hopefully should be more boring.”

**July 6:** In an interview with the *Evening Standard*, Peter Hambro argues that while retail banks should rightly lend to the real economy and therefore operate with a government-backed guarantee of deposits, merchant bankers should live off their wits and operate only with unlimited liability, so that if they lose money they are fully liable.

“It’s this unlimited liability that made merchant—or investment—bankers more circumspect in the past because they put their balls on the block,” he said. “But most of today’s financial problems are because the investment bankers, using the balance sheets of the retail banks, don’t share in the pain. They don’t lose anything—and their culture has infected retail banking. They should never have been together and now they should be split, completely.”

According to the *Evening Standard*, Hambro thinks that the Vickers Commission on banking reforms for ringfencing the banks does not go far enough, and that Glass-Steagall-type separation might be necessary.

# Italian Parliament Committee To Discuss Glass-Steagall Bills

by Claudio Celani

July 7—For the first time ever, a Committee of the Italian Parliament will discuss draft legislation inspired by the LaRouche movement. Two distinct draft bills for a separation of banking activities according to the Glass-Steagall standard, one introduced by former Economy Minister Giulio Tremonti, and another by the entire Lega Nord (Northern League) faction in the Chamber of Deputies, have been forwarded to the Chamber Finance Committee in order to be discussed. Tremonti's bill was introduced on May 18 and was forwarded to the Finance Committee on June 12. The Lega bill was introduced on March 15 and, according to our sources, it has also been forwarded to the Committee.

Resolutions and draft bills organized or inspired by Movisol, the LaRouche political movement in Italy, have often been introduced in both the Chamber and in the Senate. Although *resolutions*, such as the one for a New Bretton Woods introduced by Sen. Oskar Peterlini in the Senate, did make it into debate and were voted up (in 2008), this is the first time that a *draft bill* has been introduced into a committee. Senator Peterlini introduced a Glass-Steagall draft bill in the Senate earlier this year, which has not been assigned to a committee. His action, however, has helped build momentum for the current initiative in the Chamber.

Peterlini has often been interviewed by Radio Padania, the Lega Nord radio station, together with Movisol leaders, and host Roberto Ortelli has called him a “hero” for leading the battle for Glass-Steagall. Peterlini, in his latest interview with Ortelli on June 20, stressed that “people maybe do not know the name Glass-Steagall, but have understood that we are in the hands of bankers who do not give any money to the economy. I am especially impressed of the job done by Movisol in convincing people, because in the end, in

democracy, it is the people who count.”

Insiders won't be surprised at discovering that the introductory text of Tremonti's bill is identical with the text for which the Lega Nord has been collecting signatures. Indeed, the Lega had adopted Tremonti's original text for the signature campaign, which started in March, and was supposed to be coordinated with the introduction of Tremonti's bill in the Chamber. However, the scandals that broke around Lega founder Umberto Bossi's family, which led to his resignation and political turmoil in the Lega, postponed the introduction of Tremonti's draft bill. Eventually, he decided to present it alone.

## The Lega Bill

The Lega introduced its own draft bill, which has 58 signatures, including newly elected secretary general Roberto Maroni, as well as members of the Bossi fac-



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*Former Italian Economy Minister Giulio Tremonti has introduced a draft bill into the Italian Parliament calling for a Glass-Steagall law, and an end to the bailouts: “A gambler cannot simply leave the table and have someone else take his place to pay for his losses!”*



tion. Among other things, it states:

“A crisis caused by banks is destroying the real economy, knocking out common people through economic measures that increase direct and indirect taxes, cause an indiscriminate increase of prices including for primary goods, with a significant loss of purchasing power of families. True, interest rates are currently low, but the spreads on mortgages and loans are at unprecedented levels: Banks are dumping the costs of the crisis and of their speculative operations on citizens and business.

“Therefore, in order to avoid repeating the dramatic mistakes of the last twenty years and to protect the real economy from finance, we need to separate investment banking activities, and establish clear distinctions of stock ownership as well as of management, and even a different tax system that favors traditional banks vis-à-vis investment banks.”

### ‘Driving the Money-Changers from the Temple’

The introduction to Tremonti’s draft bill is a sample of high-level economic and statesman-like thinking, which recognizes its debt to President Franklin Roosevelt’s 1933 law. Here is a translation:

“Two centuries ago, Thomas Jefferson said: ‘I believe that banking institutions are more dangerous to our liberties than standing armies’ (1816). Today, the situation is more or less the same, and so the time has come to put the State above finance, and finance below the State; to set a limit to the excessive power of finance. To finally do this, means to put an end to a twenty-year cycle of unnatural supremacy of particular interests over general interests, it means ‘driving the money-changers from the Temple,’ breaking the spell of power still exercised by the high priests of money.

“To do this means that it is only the State that issues money in the name of the people. It means that credit is for development and not for speculation. It means separating ‘the wheat from the chaff,’ what is productive from what is speculative, as happened for centuries. It means beginning to defend and stabilize public budgets, and in general, to begin a different economic and social system, which is not only more ethical, but also more effective than the monetarist system that is currently coming down and unfortunately, is taking us with it—if we don’t resist, if we don’t react, if we don’t change.

“We repeat: The time has come to re-establish the

proper balance between the power of finance and States, between finance, constituting its own interests, and political institutions, that are charged with representing the general interest of the public. Even in the worst-case scenario that we could imagine for politics, it is still true that, no matter how controversial a policy may seem, a controversial policy is still better than invincible finance. Indeed it has been said that democracy may be the worst of systems, but we don’t know any better (Winston Churchill). Well, financial autocracy is also not better than democracy!

“The various situations that we see today in the financial and banking field are truly very differentiated, both at the national and European levels, and beyond. Thus, we cannot plan only a single measure, a single instrument to be applied. Yet there is a common political logic to act as the basis for each necessary intervention. In some cases, it is necessary to make the banks that are, or call themselves systemic, less systemic, or not systemic at all: Reduce their size, split them up, weaken them, because *the time has come for the separation of banks that collect deposits and capital, and invest them at their own risk, in large industries, small enterprises, for families, communities, and youth; from the banks that gamble, that privatize their winnings, and socialize their losses* [emphasis added]. In this manner, they also produce a result that is contrary to any form of capitalist efficiency, as debatable as it may be. So banks must return to their role, to be considered and treated as an infrastructure at the service of the economy and society; not the other way around.

“In other cases, banks must be nationalized, before their ruin makes it necessary to do so later, potentially at the public’s expense.

“First, we repeat, we must separate ‘the wheat from the chaff,’ the good from the bad; open and force the opening of the accounts; impose voluntary or compulsory audits of how much of the one and the other there is in each bank, and in each large financial entity, more in general. Specifically, the healthy assets and liabilities must be separated from the toxic ones, that are to be sequestered. There are various techniques available for such a sequester, that are both ancient and very modern at the same time: from a sabbatical to a moratorium, to a bad bank. It is clear however, that in any event, the enormous toxic financial mass that still exists in the so-called system must be spread over the longest periods possible and saddled on the speculators, or just written off. A gambler cannot simply leave the table and have

someone else take his place to pay for his losses. The one who loses a bet must be forced to pay!

“We must block the infection that originated in finance, and now, out of control, is spreading elsewhere.

“Many entities, sectors, banking and financial groupings must go through orderly bankruptcy procedures; for example, procedures based on the model of Chapter 11 bankruptcy in the United States. We cannot pretend that everything will be saved, especially when experience tells us that when you try to save everything, you end up saving the worst parts.

“At the time of the New Deal, starting in 1933, first new rules were introduced and the banking and financial system was reorganized, isolating the system from parasitical activity, and then public monies were used for public investment, in infrastructure, to save families and industries. (There is more on this type of investment below.) Incidentally, it is important to remember that only the saving of the U.S. industrial apparatus, as carried out, made possible the defeat of the Nazis.

“Starting in 2008 however, the opposite took place: Public money was used predominantly to save banks and bankers; new rules were not made (quite the opposite); there are no serious, large-scale public investment projects for the industrial, physical, and manufacturing economy, or for infrastructure.

“The absolute priority now is survival (*primum vivere*). Abandon the model of the so-called ‘universal bank,’ that is the DNA of systemic banks, the launching pad for the disastrous global megabank. *To do this it is necessary to introduce a new, updated version of the Glass-Steagall Act of 1933* [emphasis added].

“In short, now as then, it is necessary to set up a firewall, to distinguish between ordinary banks and gambling banks, so that ordinary banks can no longer lend the money from their account holders to the gambling banks, or buy their structured products. This distinction can and must be made instantaneously, abrogating the new laws, introduced more or less everywhere in the nineties, and returning to the old laws from the thirties. This is exactly what needs to be done.

“It is true that enormous profits can be made by speculating with the money deposited in banks by ordinary account holders. This is exactly what needs to be prevented. The funds of ordinary account holders, first, and the taxpayers, second, must no longer be subject to this type of risk; a risk that is now expanding to public accounts, and moving up the stairway of the crisis, affecting the well-being and life of peoples.”

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## Former Fed Chief Hoenig

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# Why We Need Glass-Steagall

July 7—Among U.S. banking circles, one of the most vocal advocates of restoring Glass-Steagall is former Kansas City Federal Reserve President Thomas Hoenig, who currently serves as a director of the Federal Deposit Insurance Corporation. In the U.S. upsurge for the reenactment of Glass-Steagall, centered on Rep. Marcy Kaptur’s H.R. 1489, which began after the JPMorgan Chase scandal erupted, Hoenig began to take a more active role. He wrote an op-ed entitled “No More Welfare for the Big Banks,” for the June 11 Wall Street Journal. Then, on June 26, he gave an extensive interview to Bloomberg Radio’s “The Hays Advantage,” hosted by Kathleen Hays and Vonnice Quinn. We excerpt key sections of our transcript of that interview here.

**Kathleen Hays:** Tom Hoenig, who was the President of the Federal Reserve Bank of Kansas City, now at the Federal Deposit Insurance Corp. As I said, you started out, as a bank examiner at the Kansas City Fed years ago. You did your dissertation on bank competition, for crying out loud! What is it that’s happened over the years to get us where we are now?

**Thomas Hoenig:** Well, I think you have to start out with why you have the safety net introduced to begin with. It was after the Great Depression and we wanted to protect the payments system, and have people confident in that system. That’s why you use deposit insurance. But the trade-off was, if you’re going to give them that kind of protection, you’re going to give the commercial banking industry that protection, you want to narrow what they do, because you are now subsidizing that industry. And so, you forced out investment banking and high-risk activities away from the banking, as it was conducted prior to that. And so you had commercial banking and you had investment banking completely separate.

Then, over time, because of the stability, they thought, “Well, we don’t need to do that, any more.” So you brought the high-risk activities back underneath the safety net, by allowing the largest institutions to engage

in broker-dealer activities, investment banking activities, and that raised the risk and the markets assumed that they would, in fact, be protected, as they were, and that actually increased the leverage of the industry, weakened the industry, and eventually did lead to excess and the crisis of 2007-2008.

**Hays:** So basically, it's your view that breaking down the Glass-Steagall wall back in 1998...

**Hoenig:** 1999.

**Hays:** 1999. ...was a mistake.

**Hoenig:** Mm-hmm, I do. I thought it was at the time, and I think it is today. And I think events have verified most of what I've been concerned about, in the sense that when you bring high-risk activities underneath a safety net, a subsidy of the safety net, you will, in fact, encourage high-risk-taking speculation; you will encourage leverage at ever greater amounts, because your cost of borrowing's cheaper, and you eventually lead to excess and problems.

## **Banks: A Force on Capitol Hill**

**Hays:** Did this partly develop, because the banking industry has become a big political force on Capitol Hill?

**Hoenig:** Well, I think that followed the industry's, over time, becoming larger, more important, more influential, the largest institutions themselves, that followed on. But I think the real issue is, that when you mix commercial banking and high-risk broker-dealer activities, you increase the risk overall, and as a result, you invite new problems. You're going to have problems even in commercial banking itself. But when you now, even deepen that, in terms of the risks that were taken, I think the outcomes are, as proven over and over again, adverse.

**Hays:** And this is why you're arguing for a Glass-Steagall II?

**Hoenig:** Yes, I am. Yes, I think it's absolutely necessary to break those back out. And in doing that, you



*Thomas Hoenig, former president of the Kansas City, Mo. Federal Reserve, has repeatedly called for a return to Glass-Steagall: "I think it will be good for business," he said.*

will, I think, reinvigorate the broker-dealer investment banking side of things.

Remember, now, because you put those in the largest, most powerful institutions financially, the barriers to entry are now much greater than they ever were. If you break that out, I think you will reinvigorate the investment banking side, the broker-dealer side of the industry, and I think that will be good for the consumer; I think it will be good for U.S. business, and U.S. capital markets, relative to the rest of the world.

**Hays:** So, Tom, your recent op-ed, "No More Welfare for Big Banks"—it's basically a call for a Glass-Steagall for today, separating the risky broker-dealer trading activities from basic commercial bank-

ing. What exactly are you proposing?

**Hoenig:** Well, there's a couple parts to it: One is, it would require that you take the broker-dealer activities out of the commercial banking industry, and make [them] separate, again. And in doing that, I think you invigorate the industry, you make it more subject to market discipline. I think you will create a more innovative environment. That's number 1, so, separating them out.

But there is the idea many people bring up from time to time, of shadow banks. So there's two other elements: One is, money markets, which help fund some of the highly speculative activities, and have the appearance of deposits, have to be reformed. Instead of having a fixed amount, like "breaking the buck," as you often referred to, it has a net asset value that changes as the assets of the money market change of wealth. So, if you have a loss, your value declines, like investing in the stock market, that's what it is. And that would bring greater discipline to that market, and no longer have it appear to be a deposit, and put in a position of ending up having to be bailed out, should be we have a crisis.

And number 2, is you have to get rid of—or, not rid of—you have to, then, bring forward a change in the bankruptcy law that would discipline the repo market,

which now, you can grab your collateral and run if there's a crisis, and not be put into bankruptcy, and that has to change, as well.

### Shadow Banking

**Hays:** And you're saying that encourages excess risk, especially in the shadow banking system; that's part of your way of making the entire system not too risky?

**Hoenig:** Right. Because in the shadow banking, you use very short-term deposit-like instruments, called money markets, or repos, to fund your asset purchases that can be longer term. So you are acting like a bank, and the public views you as a bank, and therefore, thinks they're putting their money in a commercial bank, when, in fact, it's a risky proposition to invest in money markets, or other non-bank activities...

**Hays:** So, won't attempts to scale down U.S. banks be thwarted if large European banks, universal banks, maintain their universal bank structure? Just go over there?

**Hoenig:** Well, you know, I say this with great care, but I think that's a little bit of a child's argument: "If everyone else is doing it, why can't I?" If you look at

Europe today, I'm not sure that's what I want to aspire to. They have their major problems. ...

**Hays:** ... Why are banks allowed to have such huge trading operations, with the incumbent risks, using federally insured deposits? Should this activity put in a separately capitalized, *uninsured* unit, at a minimum, should it be ring-fenced, like the U.K. plans to do, with separate capital requirements, not allowed to use depositors' funds?

**Hoenig:** ... I understand the idea. Ring-fence it, take it away, but always in a crisis, the affiliate gets bailed out with the bank, because the bank's so important to the industry, you always bail it out. You *have* to force it into a separate corporation, entirely. This is not something that commercial banking, with access to the safety net, and an implied guarantee to the holding company, should be allowed to do: that's my point.

Ring-fencing is a nice idea. We used to call it, having it in a separate subsidiary of a bank holding company. It does not work, it hasn't worked in history, it won't work in the future. You really need to separate them out completely.

## Lyndon LaRouche on Glass-Steagall and NAWAPA:

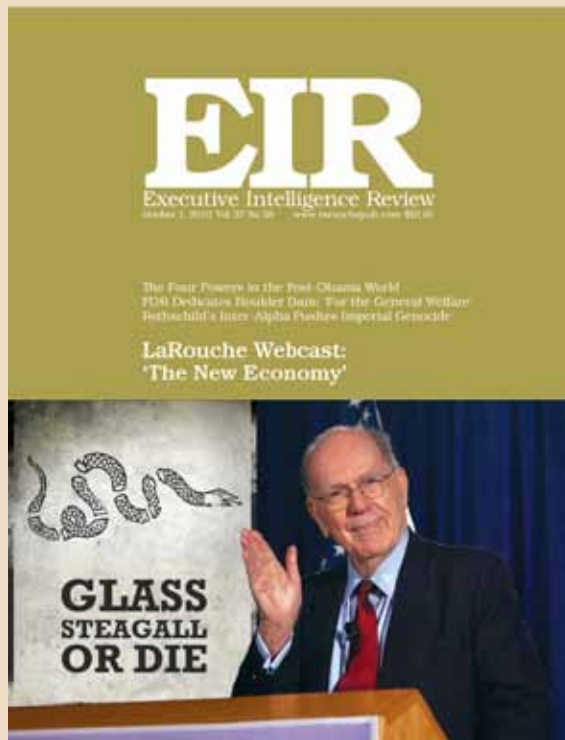
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# Reject New Versailles Debt Dictatorship for Europe

by Helga Zepp-LaRouche

June 29—If Chancellor Angela Merkel’s capitulation today at the European Union Summit stands, with her agreement that the European Stability Mechanism (ESM) will undertake the direct recapitalization of European banks in the future, and that Italy and Spain—and soon other states—can lay a claim to additional EU funds, this will prove to be a fatal mistake for all European civilization. Given the condition of the trans-Atlantic banking system, this means nothing less than a new Versailles Treaty, in which Germany is forced to pay for the debts of foreign banks and speculators. The result threatens quickly to become the same as in 1923: hyperinflation—this time not just in one country, but throughout Europe and the United States.

As recently as June 27, Merkel had uttered the memorable phrase that there would be no “joint debt liability” for “as long as I live.” So what happened? How did this 180° reversal occur? Why has Merkel let Italian Prime Minister Mario Monti and Spanish Prime Minister Mariano Rajoy put this over on her, when immediately beforehand she had been expressing skepticism about the so-called master plan of the four EU presidents, Van Rompuy, Barroso, Draghi, and Juncker, precisely because it provided for sharing of the debt liability?

Monti and Rajoy had recognized the Achilles’ heel

of Merkel’s position. Given the serious constitutional complaints pending at the German Constitutional Court in Karlsruhe against the ESM and the Fiscal Pact, Merkel wanted to have these adopted in the Bundestag with a two-thirds majority; i.e., with the help of the Social Democratic Party (SPD) and the Greens, for which the SPD demanded in return, in consultation with French President François Hollande, the so-called “growth package” of EU120 billion which Merkel had initially opposed. Monti and Rajoy then threatened to veto this growth package, and thereby sabotage the potential two-thirds Bundestag majority. Hollande conveniently discovered his sympathy for Spain and Italy, and thus increased the pressure on Merkel.

This is even more suspicious given that this pressure comes at the most inopportune moment; and the circumstances under which Merkel agreed to the de facto sharing of the debts by another order of magnitude, must be urgently clarified, because the existence of all Europe is at stake.

## A Dangerous Bluff

In the preceding days, former French President Nicolas Sarkozy’s former advisor Alain Minc, in an interview with the French newspaper *Les Echos*, recommended that Hollande use the same tactic against

Germany that François Mitterrand did at the time of German reunification, when the latter forced Germany to abandon the deutschmark and accept the introduction of the euro as the price for reunification. Mitterrand's former advisor Jacques Attali wrote in his biography of Mitterrand, that Mitterrand had even threatened Chancellor Helmut Kohl with war if Kohl refused.

Aside from the fact that this was obviously an absurd bluff, Kohl spoke repeatedly of the European Currency Union as a question of war and peace in Europe. Hollande, like Sarkozy before him, is insisting on a collectivization of European debts because the French banks are exposed to huge amounts of debt in the Mediterranean states. German voters and taxpayers have every right in the world to be informed about these background matters.

Prior to the summit, Hollande was called by President Obama, who had already repeatedly demanded that the crisis in the Euro countries had to be solved according to the stipulations of the EU, the ECB, and the IMF, because Obama obviously feared that a further escalation of the situation would further reduce the chances of his re-election.

This is also the reason why U.S. Treasury Secretary Tim Geithner and Fed Chairman Ben Bernanke—who bears the nickname “Helicopter Ben”<sup>1</sup> because he wants to throw bank notes out of helicopters in case of a systemic crisis—according to Members of the U.S. Congress, have demanded that Congressmen prepare emergency legislation to adopt an additional mega-bailout package, which must be even larger this time than the liquidity pumped into the markets after the 2008 Lehman Brothers failure—which knowledgeable officials have estimated to be between \$17 and 25 trillion. This newly printed money is then, with the help of the swap agreements between the Fed and the ECB, also supposed to be made available to the sick European banks. Since it is expected that the crisis will dramatically worsen, new legislation with new



swiss-image.ch/Moritz Hager

*Angela Merkel's caving in to the demands of the pro-bailout mafia will prove fatal for Europe, unless she breaks with the Euro-gang and joins the growing number of European leaders who are moving for Glass-Steagall.*

powers is supposed to be ready in advance, since the extent of the crisis would demand an immediate, extraordinary intervention “to save the system.”

### The Crisis Was Programmed

A June 26 article by Greg Palast in the London *Guardian* helps us to better understand the situation: “The idea that the euro has failed shows a dangerous naivete. The euro is exactly what its inventor [Robert Mundell—HZL] and the wealthiest 1% who supported him foresaw and intended.” Mundell, the inventor of the “single currency space” and theoretical father of the euro, emphasized to Palast in a personal conversation that the euro would really only fulfill its purpose if the crisis hit. If government control of the currency were abolished, annoying little popular representatives would no longer have the ability to use financial resources to pull their country out of recession. Mundell told him that with the euro, “financial policy will be removed out of the reach of the politicians.”

And without fiscal policy, nations can only maintain employment if they give up regulating the markets and thereby become “competitive.” Workers’ rights, environmental laws, and taxes—these would all be swept away by the euro, and states would have no other choice than to abolish all state regulations, privatize state industries, reduce taxes, and consign the European social state to the trashbin.

1. In 2002, Bernanke referred to a statement made by Milton Friedman about using a “helicopter drop” of money into the economy to fight deflation.

This is precisely the intention of the financial institutions, which is usually expressed by the synonym globalization, and which can be thanked for the fact that the governments of the G-20 countries for five years now (!), since the outbreak of the U.S. real estate crisis in July 2007, have done absolutely nothing to regulate the banking sector. On the contrary, the governments are driven by “the markets,” and do everything to meet their demands, as we see with the SPD and the Greens in Germany.

After this year’s Bilderberg conference in Virginia (May 31-June 3), in which the participation of former Environment Minister Jürgen Trittin (Green party) was significant, Deutsche Bank CEO Josef Ackermann gave out the line, in a presentation to the Atlantic Council, that only when the panic reaches a fever pitch, will political leaders agree to the entire package desired by the banks. Precisely this threat was built up by the media and politicians in the days before the EU summit. Monti spoke of a threatened apocalypse, George Soros of an imminent crash.

These financial interests, to which the politicians obviously are enslaved, have already gone very far with a coup d’état against the German Basic Law and the national constitutions. The Karlsruhe Federal Constitutional Court is, aside from the known Euroskeptics, the last authority which still defends the Basic Law. One can only hope that it decides on the pending constitutional complaints in all our interests, in the sense of Article 20 of the Basic Law.<sup>2</sup>

One thing is certain: If the ESM and the Fiscal Pact, as well as the collectivization of debts, go through, and Europe thus becomes a transfer union, then, and only then, will the peace of Europe threaten to break apart. Already the populations of Europe are divided by deeper animosities than has been the case since 1945. The image of Germany is already blackened and the most unfortunate associations have been evoked. In the case of a hyperinflationary explosion in which the life savings of the populations in all countries are destroyed, all of Europe will be plunged into unimaginable social chaos and misery. The consequences will be irreparable.

2. Article 20 states in part: “All state authority is derived from the people.... All Germans shall have the right to resist any person seeking to abolish this constitutional order, if no other remedy is available.”



swiss-image.ch/Monika Flückiger

*Deutsche Bank CEO Josef Ackermann admitted that only when the panic reaches a fever pitch, will political leaders agree to the entire package demanded by the banks.*

### **There Is a Way Out!**

The EU Treaties from Maastricht to Lisbon must be annulled; national sovereignty over currency and economic policy must be taken back again; and in the process, Germany must leave the Eurozone and introduce the new D-mark. A two-tier banking system, in the tradition of Franklin Roosevelt’s Glass-Steagall Act must be introduced, to end the casino economy once and for all. Fixed exchange rates must put an end to currency speculation. A new credit system, in the tradition of the Kreditanstalt für Wiederaufbau (KfW) of the post-1945 reconstruction, must make credit available for the real economy. The “Development Program for a New Economic Miracle in Southern Europe, the Mediterranean and Africa,”<sup>3</sup> which we have published, must be immediately undertaken.

The political leaders must remember that their conduct will be judged by history. They must pose the question to themselves now, whether they are committing treason against their own people. There is no maneuvering room: If Chancellor Merkel’s capitulation stands, we will not have “more Europe”; rather, Europe will disappear.

*Helga Zepp-LaRouche is the chairwoman of the Civil Rights Solidarity Movement.*

3. See [EIR](#), June 8, 2012.

# Euro Bailout Fight Goes to The Constitutional Courts

by Rainer Apel

Wiesbaden, July 7—Following approval of the European Stability Mechanism (ESM) at the end of June by both chambers of the German parliament, the Constitutional Court in Karlsruhe has become the main battleground for opponents of this permanent European bailout fund. Immediately after the vote on the EU Fiscal Pact and the ESM, the Left Party and parliamentarians Peter Danckert (Social Democratic Party) and Peter Gauweiler (Christian Social Union) submitted their respective complaints to the court. There are other complaints from the cross-party alliance of Mehr Demokratie (More Democracy) and Freie Wähler (Free Voters), in league with the famous “four anti-euro professors,” Wilhelm Hankel, Wilhelm Nöbling, Karl Albrecht Schachtschneider, and Joachim Starbatty.

Since several of these complaints involve petitions for an injunction against any government payment into the ESM for the time being, the court has urged President Joachim Gauck not to sign the law until the court has ruled on the injunctions. That could take several weeks. And without Germany’s 27% share of the funds in the ESM, the bailout fund cannot take effect; presumably, the ruling could come down at the end of July, at the earliest, since the original deadline of July 1 was missed. For the German federal government alone, this is a serious setback. The court scheduled a public hearing in Karlsruhe on July 10, which will serve as the basis for its decision for or against the emergency appeal.

## ‘A Bureaucratic Dictatorship’

The Free Voters and the “anti-euro professors” held a press conference in Berlin on July 2, at which professors Hankel and Schachtschneider had sharply critical words for the ESM.

“The ESM and the Fiscal Pact are a massive violation of the Constitution, because sovereign rights are

given up, and a European federal state would be established that is not democratically legitimized,” said Schachtschneider, recalling that he and the other three professors had warned, in their first constitutional challenge back in 1992, against precisely such an eventuality. The court must now finally draw a clear line, and Schachtschneider believes that this time there will be a positive response to the complaint. “And if not, then it should be established for the historical record that there was resistance. We are acting on behalf of all Germany’s citizens. It is an act of resistance.”

“The constitutional order is undermined by the policy,” Schachtschneider continued. “We no longer live in a democratic and social state, the Federal Republic of Germany, but for a long time now, we have been in another type of state, and the court must really take notice of that. The whole thing is a coup, a protracted coup d’état that started earlier, especially with the policy of Monetary Union. There is a great danger that we will end up with a bureaucratic dictatorship in Europe; the first steps have already been taken.”

Professor Hankel warned against “ruining all of Europe, if the pooling of the debt wrecks monetary stability and the solvency of the more stable countries is undermined.” The ESM, according to Hankel, is “utterly faulty in its design, as is the euro. It cannot even work technically. After the socialization of the currencies, now even the capital market is being socialized. This brings us to an ‘EU’ which is actually a caricature of what the founding fathers once imagined. The EU was once supposed to be the antithesis of the Soviet Union, but now it is becoming its clone. Our market economy is completely ruined.”

The ESM, he said later, in reply to a question from BüSo TV correspondent Stefan Tolksdorf, is unique in the world as a money monster: 140 times as large as the capital in the ECB; 80 times as large as that of the



*Dr. Wilhelm Hankel and Social Democratic parliamentary Dagmar Metzger at a press conference in Berlin on July 2, discussing the complaint filed at the German Constitutional Court by Hankel and the three other “anti-euro professors” against the EU’s permanent bank-bailout mechanism, the ESM.*



BüSo TV

Bundesbank; and more than 50 times as large as that of the largest European private bank, Deutsche Bank. The ESM will soak up all the money it can find on the capital markets and use it for bailouts, leaving nothing to lend to companies, or for youth jobs or education, Hankel warned.

As for the aforementioned founding fathers, Stephen Werhahn, a grandson of Konrad Adenauer (Germany’s first postwar chancellor), who is active in the Free Voters party, declared: “This threatens the heritage of Europe, as an unstable debtors union sows envy and discord among nations. Exactly 50 years ago, Konrad Adenauer and Charles de Gaulle sealed an agreement on German-French friendship in the Cathedral of Reims. The current policy is squandering this heritage.”

## Impact in Ireland, Italy

There will also be lawsuits in Ireland and Austria; the latter’s National Council ratified the ESM on July 5. Independent Irish parliamentarian Thomas Pringle on June 26 informed the Irish High Court that he will be

filing a petition for suspension of ratification of the ESM, because it is contrary to EU law and EU treaties, and against the Irish Constitution.

Pringle argued that ratification was not “necessary” as a result of Ireland’s membership in the EU, as the government claims, because both the ESM and the Fiscal Pact are international legal treaties, not EU treaties. Pringle submitted, along with his petition to the High Court, an English translation of the German court ruling of June

19, as an important document with respect to how the government should respect the rights of parliament, in Germany and Ireland alike. The Karlsruhe judges had found that the federal government had given parliamentarians inadequate information about the planned changes in the European treaties, which is impermissible, and should not be allowed to happen again.

Pringle’s initiative shows clearly how closely Germany’s fight against the ESM is being followed abroad. This keen

interest is also evident in a statement by the prominent Italian anti-ESM activist Lidia Undiemi, who welcomed the German constitutional challenges as important for Italy, where so far no complaint has been filed before the Supreme Court.

## Austria: Go for Glass-Steagall!

In Austria, the protests reached a high point in the days immediately before the debate in the National Council, when the two conservative opposition parties, the Austrian Freedom Party (FPÖ) and the Alliance for Austria’s Future (BZÖ), announced that they are not



Donegal Dollop

*Irish parliamentarian Thomas Pringle will be filing a petition against the ESM at the Irish High Court.*



fpoe.at

*A rally against the ESM in Vienna on June 27, organized by the FPÖ and BZÖ parties. The banner at the podium (not shown) reads "Referendum Against ESM Insanity!" The FPÖ is calling for a Glass-Steagall-style banking reorganization.*

only voting against the ESM in parliament, but will appeal to the Constitutional Court, and want to mobilize the people for a referendum. At a protest rally in Vienna on June 27, under the slogan "Referendum Against ESM Insanity," FPÖ leader Hans Christian Strache said: "The European Stability Mechanism is just a headline, which has nothing to do with stability." It has more to do with wiping out Austrian democracy and the Constitution, so there must be a referendum on it, he said.

In the parliamentary debate itself, Strache called the ESM "the road to financial dictatorship," "a sado-masochistic contract," which forces Austrians to pay, without allowing them to protest. With the ESM, Europe is marching into an unprecedented economic and political disaster, a "Euroshima," he said.

An essential part of the FPÖ's mobilization is the demand for a law on bank restructuring, instead of bailouts, so that the failing banks can be declared insolvent. Strache also called for this at the Vienna rally, and the financial expert of the FPÖ, Ewald Podgorschek, said on the eve of the rally: "We are calling for a strict separation of commercial and investment banks. Had such a regulation been in effect already, we would have been spared of a lot of things. The Glass-Steagall Act, which was introduced in the USA in response to the banking crisis in 1933 and was in effect until 1999, contributed to the stability of the U.S. financial system for decades. The separation of com-

mercial and investment banks would protect savings deposits and secure refinancing for the real economy, and the state, as guarantor of the savings, would no longer have to step in to compensate for losses caused by high-risk investment deals.

"In all bank bailouts so far," he said, "the systemic character of big banks was cited as the most important argument for their rescue ['too big to fail']. What is really necessary for the economy, however, is classic banking based on savings and loans. This sector should not be jeopardized by risky, casino-like investment deals."

The FPÖ's call for action along the lines of Glass-Steagall is all the more noteworthy, because in Germany, except for the BüSo, the groups opposing the ESM are so far searching in vain for a real alternative to the current bailout system.

It is also worthy of note that the FPÖ, in its campaign statements, has used the BüSo's anti-ESM [video](#) [in German] and the BüSo's background information on the ESM and especially the recent EU summit, for example at Strache's Vienna press conference after the National Council on July 5.

On the other hand, what the vast majority of groups opposing the ESM opposition in Germany are putting forward as a supposed "alternative" is mostly a mish-mash, maintaining the illusion that we need only return to the strict rules of the Maastricht system and everything in Europe would be fine again. That, unfortunately, ignores the systemic character of the financial and banking crisis, of which the euro crisis is only one aspect, albeit an important one. A return to the Maastricht rules would make the situation even worse, because it would stifle the real economy even more.

If the system is not completely replaced by new system oriented toward the real economy (Glass-Steagall, a National Banking system and productive credit, a New Bretton Woods, and the return of Europeans to their national currencies), as the BüSo has demanded, then Europe will inevitably stumble into the next major crisis. Changing the system is not a matter for future generations to deal with; it must happen now, before the system breaks apart and brings down all of Europe with it, in chaos and hyperinflation.

*This article was translated from German.*

# Ivanov: Attack the Drug Trade With Glass Steagall

by Cynthia R. Rush

July 7—Speaking before the Argentine Center for International Relations (CARI) on June 27, Victor Ivanov, the head of Russia’s Drug Control Service (FDCS), and close ally of President Vladimir Putin, affirmed that the only effective way to wipe out the global narcotics trade is to mount an international drive to adopt a Glass-Steagall-type separation between commercial and investment banks, as the essential component of a new global financial architecture.

This financial reorganization, he said, would enable the international community to launch a coordinated attack on the illicit global drug-money-laundering empire “that forms an inalienable part of the current system, inevitably causing economic and financial crisis,” and to begin the process of restoring the sovereignty of nation-states through real economic development.

Although he has expressed these concepts several times over the past eight months, at different international venues—he endorsed Glass-Steagall at a Nov. 18, 2011 seminar in Washington, D.C.—in Argentina, Ivanov developed them in stronger and more specific terms than ever before. This is no coincidence. The trans-Atlantic financial system is on the verge of disintegration, and Lyndon LaRouche’s call for reinstatement of the original 1933 Glass-Steagall law, as the only way to prevent global financial chaos, is at the center of heated political and economic debate in the United States and Europe.

That’s particularly true in Britain, where leading members of the City of London’s financial and political elites, who understand that their oligarchical class won’t survive an imminent hyperinflationary blowout, have been issuing almost daily calls for “the original” Glass-Steagall.

The fact that Ivanov endorsed the Glass-Steagall principle in Argentina, a country with which LaRouche has had a long-standing relationship, is an unmistakable message of affinity with LaRouche’s policies. The Russian leader’s forceful intervention during his six-day tour also reflects the crucial role that Russia is playing globally, together with top layers of the U.S. military, to counter the British Empire’s orchestration of conflict in Syria and Iran which could trigger thermo-nuclear war against China and Russia.

Ivanov was in Argentina as part of an aggressive three-nation organizing tour that also included Peru and Brazil, to meet with anti-drug officials in those nations and attend the June 24-25 International Anti-Drug Conference in Lima, attended by government and law enforcement representatives of 45 nations. He did a similar organizing tour last February in Central America.

Just two days after Ivanov completed his tour, Anto-



FDCS/Russian Federation

*Viktor Ivanov, head of Russia’s Drug Control Service, speaking at a conference in Argentina, said that a Glass-Steagall-style banking separation is fundamental to ending the marriage between international finance and the global drug trade.*





UN/Eskinder Debebe

*Antonio Maria Costa, former head of the UN Office on Drugs and Crime, has charged that the only thing propping up the global financial system is the massive illegal liquidity from drug-money laundering.*

Antonio Maria Costa, former executive director of the UN Office on Drugs and Crime, spoke from the British Empire's leading thinktank, the Royal Institute of International Affairs/Chatham House, to attack the British-inspired campaign for drug legalization and the "coalition of bankers, private investors, and venture capitalists" who are planning to profit from it. Costa, who told *EIR*'s Andrew Spannaus on April 12 that he favored Glass-Steagall legislation "for everywhere in the world," has also repeatedly charged that the only thing propping up the global financial system are the flows of illegal liquidity associated with drug-money laundering.

In his Chatham House speech, Costa warned that "investors' greed . . . can be as harmful as mafias' guns. Think of the British East India Company," he said, "that, for over a century, made huge money by poisoning the Chinese with opium. That first and only case so far of drug legalization cannot and should not be repeated."

### **'We Must Act Together'**

In his CARI speech, Ivanov zeroed in on the urgent necessity of destroying the two "planetary centers of drug production" (PCDP), which he identified as Afghanistan and South America. He also underscored that

current international anti-drug efforts have failed because they predominantly target the final product—heroin and cocaine—and the routes by which they are transported, rather than directly hitting the centers that produce the poppies and coca.

Using slides, Ivanov showed that these two PCDPs "generate drug flows internationally that cover and practically enslave the entire planet, constantly transforming the Earth's surface and undermining the stability of several transit nations which lack the strength to oppose them. . . . The drugs produced by these two centers provide an uninterrupted supply to different regions of the planet, [becoming] the fuel for extremism, terrorism, and transnational crime."

So vast is this apparatus, Ivanov said, that one country acting alone can't stop it. Repressive measures alone are ultimately ineffectual, because the drug cartels always find new routes and new regions in which to grow coca or poppies. "The Colombian cartels have been producing drugs on a gigantic scale for 20 years," he said, extending their influence to Peru, Bolivia, Argentina, Brazil, and beyond—into West Africa and then into Russia.

Ivanov showed that the growth of cocaine traffic through Argentina and Brazil is largely the result of successful repressive anti-drug programs in Mexico and Colombia, which have driven the cartels to seek new trafficking routes elsewhere. Cocaine consumption has also increased in both countries, he stated, noting that "in South America, Argentina shares first and second place with Brazil, in terms of the absolute volume of the domestic cocaine market and with regard to the frequency with which that same drug is used."

Today, he said, Russia is regrettably part of a "deplorable trio" of leading nations in consumption of Afghan heroin. He discussed in some detail Russia's proposal to wipe out poppy production in Afghanistan, while at the same time helping to rebuild that nation's economy through the development of infrastructure, particularly in the areas of energy and electrification.

NATO's leadership has not responded positively to Russia's planned attack on Afghanistan's poppy fields, Ivanov stated, but expressed the hope that "common sense" will ultimately prevail.

According to recent statistics, he reported, heroin and cocaine kill 200,000 people annually; since the beginning of the millennium, "humanity has lost" over 2 million, predominantly young people, to drugs. Some 500 kilograms of cocaine reach Russia every year from South America, Ivanov affirmed, up from 30 kg ten years ago. Military and repressive operations notwithstanding, the cocaine just keeps coming in.

### **'The Right To Develop'**

Ivanov told his Argentine audience in dramatic tones, "Have no illusions. A global phenomenon such as drug production, by its scope demands the promotion of development of the same *worldwide* magnitude, not just nationally but for all of human civilization." It is urgent, he said, that Ibero-American nations, "as well as the rest of humanity," organize a development program in those very drug-production centers that will "guarantee true sovereignty" and the independence of states and groups of states, which have been exploited by transnational crime and "mercilessly transformed into kinds of drug farms at the service of the system of globalized crime."

The United Nations guarantees every nation's right to develop, Ivanov said. How do we achieve this?

Start by changing "the current global financial architecture." What that means in particular, Ivanov explained, is "a separation between commercial and investment banks for the defense of credit operations against speculative ones, support for stability in the exchange rates of national currencies, and allocation of long-term, targeted credits for infrastructure development. In particular, there needs to be a collective appeal from the heads of state of the countries that are suffering from the drug trade, on the necessity of introducing these measures."

This new financial architecture, Ivanov added, must replace the existing world monetary and financial system, which is the main cause for the spread of drug trafficking. Neoliberalism "is a sick system which only produces inequality and narcotization of the Earth." Look, he said, at the fact that whatever law enforcement confiscates in drug money is nothing compared to the laundered drug money flowing through the banking system. Between 2008 and 2009, the banking system

absorbed \$352 billion in narcodollars, Ivanov reported. There must be a "new industrialization, in which the primary motor and source of society's wealth are new technologies and infrastructure."

Of course, the Russian leader qualified, "this is not a question of turning all our swords into plowshares." There must be a police and security function in combating the drug trade. "But I am sure that the effectiveness of anti-drug policies would increase considerably were the organization of economies for *development* adopted as the primary method." In fact, he underscored, police and military operations will be ineffectual, and even produce an undesired result, "unless they are accompanied by projects able to *qualitatively change the social and economic situation of the population.*"

### **A Three-Pronged Approach**

Ivanov identified a three-tiered program by which nations must reclaim this right to sovereign development:

"The first level is the creation of the infrastructure needed for organizing advanced agriculture, including the formation of stable markets, a low-interest credit system for peasants, technical and technology support for agriculture (scientific and industrial seed-farming, fertilizers, and agricultural machine-building), a system of teaching and training for agronomists and other agriculture professionals, as well as tough protectionist measures to defend peasants who are growing legal crops.

"The second level is the creation of conditions for employment diversification, in order to reduce the portion of families whose welfare directly depends on succeeding in agriculture; in particular, this means forming a national high-technology industrial sector into which the population can be drawn. An example is Malaysia, which has turned from a backward agrarian country into one of the leading high-technology countries in a few decades.

"The third level is the sovereign development of the state, endowed with financial and credit independence. Nations must have the right to sovereign development. The existing world monetary and financial system, which was built on the ruins of national economies and by sucking their resources, is the main reason for the spread of drug trafficking on a world scale."

### **Drug Legalization Drive**

Ivanov emphasized in his CARI speech that Russia and Ibero-America can be "leaders in this new approach



toward national, regional and, definitely, global development.” During the International Anti-Drug Conference held in Lima, Ivanov signed an anti-drug cooperation agreement with Peru, met with the secretary general of the Andean Community of Nations to discuss anti-drug cooperation, and met as well with the heads of several other regional anti-drug agencies. In Brazil, he discussed ways to strengthen the Russian-Brazilian anti-drug partnership, noting several successful joint operations carried out in the past to shut down drug routes to Europe.

According to Voice of Russia radio on July 3, the FDCS will set up special training courses for their counterparts in Bolivia, Colombia, Peru, and Ecuador as per bilateral agreements with those nations. He told his CARI audience on June 27 that “we would like to set up a similar center for all of Latin America,” mentioning that Russian involvement in setting up similar training centers for law enforcement in Central America had worked very well.

Ivanov emphasized that Argentina, governed by nationalist President Cristina Fernández de Kirchner, will play a key role in the anti-drug war, “not only because it is a leader in the region,” but also because it has had to deal with “the volcanic eruptions” associated with cocaine trafficking and consumption.

In presenting the urgent need for sovereign economic development, Ivanov pointed to Argentina as an example of a nation embarked on precisely that path. This country, he said, “can provide a good example with steps such as the adoption of the Argentine law of sovereignty regarding hydrocarbons and the [March 2012] expropriation of 51% of YPF, belonging to the Spanish oil company Repsol. These are directed precisely to organizing the conditions for national development, which in itself already constitutes an important contribution to denarcotization and to decriminalization. It is development that guarantees true sovereignty.”

While the made-in-London drug decriminalization strategy has gained ground in Ibero-America in recent months, it is noteworthy that shortly before Ivanov’s arrival, President Fernández apparently withdrew support for the bill to decriminalize a “personal dose” of marijuana, causing alarm among the allies of drug kingpin George Soros and his British masters.

The bill, which has been on the agenda for two years, was expected to sail through the Congress; but when debate began in the relevant committees, the opposition from a range of experts, elected officials, social activ-

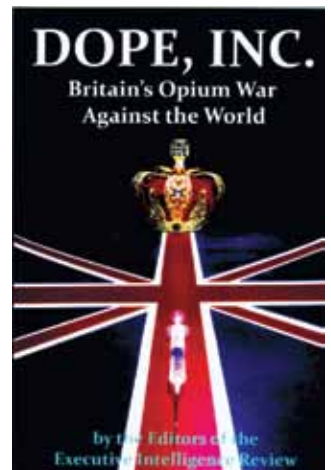
ists, and clergy was so strong, that the President gave orders to drop the debate, with no date set for resuming it. Should Fernández deep-six the bill, the Soros crowd will take a big hit. Her support for decriminalization was a major strategic blunder, exposing a significant flank for destabilization by the British enemy—London is out to crush Argentina and topple Fernández—which she has otherwise fought unflinchingly.

Nonetheless, an increasing number of Argentina’s Ibero-American neighbors are buying into the decriminalization hoax. On June 20, Uruguayan President José Mujica announced his support for a bill to legalize marijuana under government-controlled regulation and sale. He thus joined forces with Guatemalan President Otto Pérez Molina, the strong decriminalization advocate who’s spent months trying to rope his fellow Central American heads of state into supporting this campaign. On June 29, Colombia’s Constitutional Court approved the proposal put forward by President Juan Manuel Santos, an asset of Britain’s Tony Blair, and decriminalized “personal” quantities of marijuana and cocaine.

## DOPE, INC.

Is Back In Print!

Dope, Inc., first commissioned by Lyndon LaRouche, and the underground bestseller since 1978, is back in print for the first time since 1992. The 320-page paperback, includes reprints from the third edition, and in-depth studies from *EIR*, analyzing the scope and size of the international illegal drug-trafficking empire known as Dope, Inc., including its latest incarnation in the drug wars being waged out of, and against Russia and Europe today.



*This edition, published by Progressive Independent Media, is currently available in limited numbers, so there is no time to waste in buying yours today. The cost is \$25 per book, with \$4 for shipping and handling. It is available through [www.larouchepub.com](http://www.larouchepub.com), and *EIR*, at 1-800-278-3135.*

# Record U.S. Corn Losses Threatened; No Glass-Steagall=No Food

by Marcia Merry Baker

July 7—The United States is heading into a quarter-century corn crop disaster, on the scale of 1988, when the drought-stricken harvest fell more than 40% from the year earlier. The condition of the 2012 corn crop, under searing heat and drought, is dramatically worsening in 18 states, which produce 92% of the national output, or one-third of the planet's corn production (Figure 1). Corn losses today are more devastating to

the food supply than in 1988, because at present, nearly 40% of the annual corn crop goes into ethanol; in 1988, it was under 5%.

Other crops and forage—hay, alfalfa, and pasture—are also withering. There is a wave of sell-off of cattle in the Midwest, because of the impossible expense of maintaining the herds as the costs of corn soar, and alternative rations likewise are costly and

FIGURE 1  
United States Corn

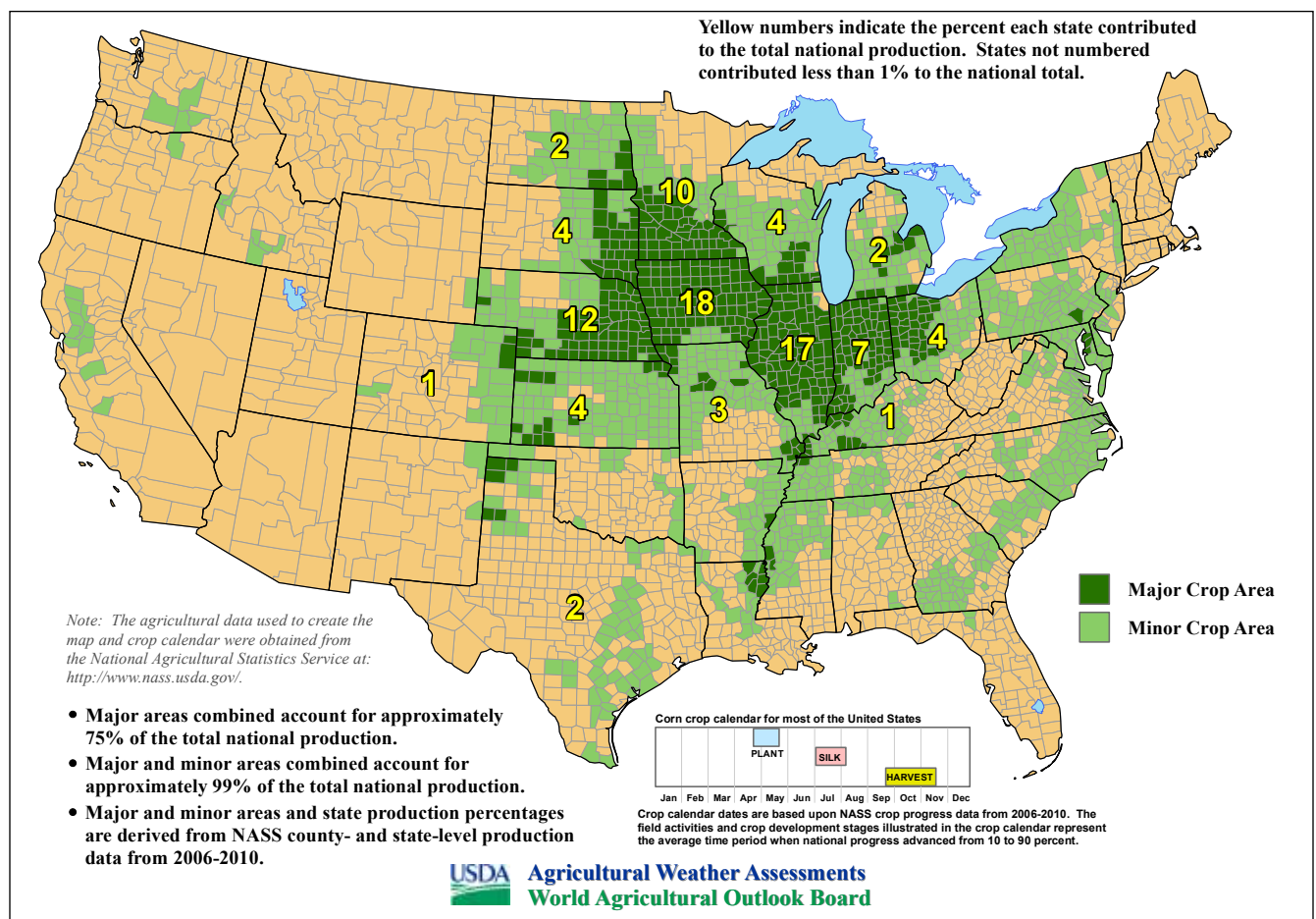
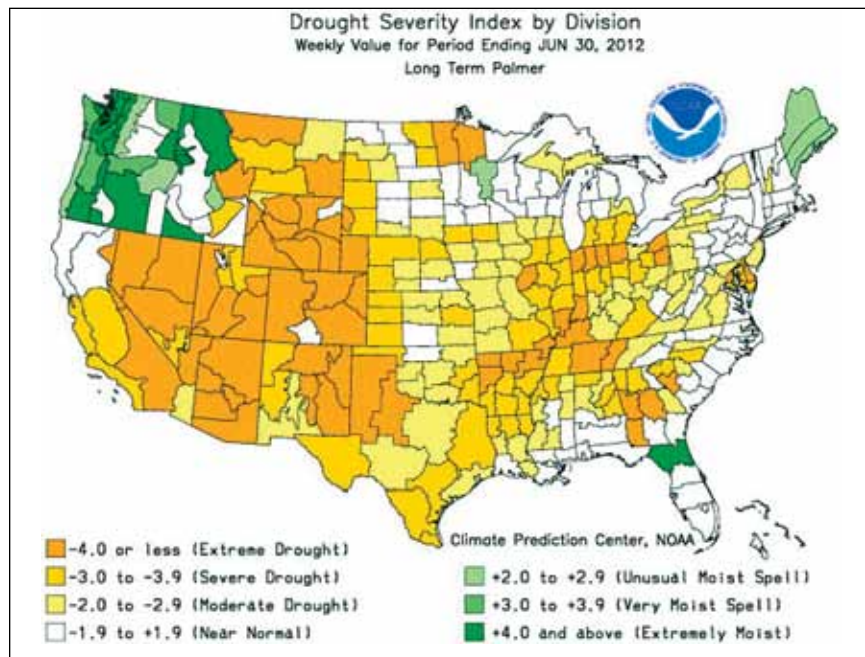


FIGURE 2



scarce (**Figure 2**).

In the last three weeks, corn futures prices have jumped 38% on the Chicago Board of Trade.

The only reason there is not overnight appearance of soaring meat prices for the consumer, is that so many animals are going to slaughter at present. But expect new rounds of price shocks.

Links in the world food chain are threatened all along the line, as shown by the profile of U.S. corn utilization in recent years, which now is facing sudden shortage: 37% of corn goes to ethanol; 35% to livestock feed; 17% of exports; 10% to direct human-consumption products (oil, starch, flour and meal, etc.).

Overall, 48% of the national corn crop on July 2 was rated “good,” down from 56% the week before, which was down from 63% the week prior, and down from 72% rated “good” a month ago. Every Monday in the Summer crop season, the Department of Agriculture (USDA) does a summary crop-condition report, which, even accounting for its lies and jiggery-pokery, can’t cover up the glaring situation we now have. The furnace-like weather is scorching the fields.

What is required is a radical shift to a Glass-Steagall reorganization of banking to restore a nation-serving credit system, during which time, emergency measures can be initiated. These will involve compensatory planting in other hemispheres, through interna-

tional collaboration on the food supply; an immediate stoppage to corn-ethanol production; aid to live-stock producers to retain and build back herds; price controls in the food chain; and floor/parity pricing for farmers. Plus, launching the North American Water and Power Alliance—[NAWAPA XXI](#)—post haste.

### Obama’s Evil Role

However, the Obama Administration policy—biofuels and ever-wilder speculation and hyperinflation, en route to mass famine—remains in place at present.

Particularly reprehensible, is the way that the Obama Agriculture Department plays down the reality. In its monthly crop report for May, the USDA said that there is no need to worry about the fact that—as they

had admitted—U.S. corn supplies on hand were running low, even in danger of running out by August, before the September harvest will begin. The USDA asserted there would be a large and early 2012 corn crop, *because there is a “statistical likelihood of return to trend”* of rising yields in the 2012 crop, after yields fell for two years, and a larger area would be planted. So the empty bins will now be refilled!

For example, in its April report, the USDA stated, “The quick start to corn planting this Spring and more intended acres across the South raise the potential for a substantial increase in new-crop corn use before the September 1 start of the new marketing year.” In its May report, the USDA even projected that corn yields will hit a record 166 bushels per acre. However, the current prospects are for barely 150 bu/acre, and we’ll be lucky to get that. Thousands of corn acres will be cut for silage: no corn crop at all.

These Obama flim-flam practices are in line with the dead British imperial system of globalism, commodity cartels, and the ruse of “market forces” governing economies. This refers to the prevailing system, under which farmers are to acquiesce to the “markets” through “risk management” practices—the euphemism for hedging by cleverly forward-selling your output, and buying inputs, because you are not allowed a floor or parity price for your output, nor reli-



able conditions of production (steady prices and access to fuel, chemicals, transportation, storage, etc.). The “markets” will set prices through the exchanges.

The new five-year farm bill making its way through Congress, is described by its sponsors as a “risk management”-focussed law, heavily reliant on Federal subsidies to the private financial cartels for crop insurance, and otherwise, on trust in the “markets.”

The world-scale food catastrophe now underway in the devastation in the U.S. Corn and Cattle Belt, calls the question of forcing the re-instatement of Glass-Steagall, to break with this insane approach, and instead, act to protect the food supply, by formulating agriculture policy from the standpoint of meeting present and future needs, by building up the platform of agro-industrial production, abundant water and fertile land area, and family farmers.

### ‘Cornhusker State’ Declares Disaster

Nebraska—whose nickname is the “Cornhusker State”—was declared to be in a state of emergency July 2 by Gov. Dave Heineman, because of drought and heat. As the third-ranking producer, Nebraska accounts for 12% of the entire U.S. corn crop. (Figure 1 shows the percentage of national production by each of the Corn Belt states.)

Not just row crops, but pastures and rangeland are parched, and fodder is scarce. This is especially significant, because Nebraska has the most acreage under irrigation, outside of California.

“This declaration is important for continued efforts of state officials to ensure the safety of Nebraskans,” Heineman said in a press release. “This action is necessary as dry conditions are presenting an imminent threat to the ability of local governments to respond to drought conditions.”

He has ordered state agencies to undertake various measures, e.g., the Nebraska Department of Roads started making hay in the road ditches July 5, in multiple counties, in order to provide more fodder. The dec-



Lynn Woolf

*One corn-grower wrote to Congress in support of Glass-Steagall: “...[W]e are right now on the brink of a chain-reaction financial blow-out, which will cause chaos and mass suffering through economic breakdown in supply chains of food, fuel, medications, water, power, and other bare necessities....” Shown: drought-stressed corn, Kansas, July 2011.*

laration allows for flexible deployment of the Nebraska National Guard and Nebraska Emergency Management Agency.

Corn in Iowa—nicknamed, the “Tall Corn State”—was rated over 60% good as of July 2, but farmers and state officials are wary of the low rainfall and scorching temperatures. First in the nation for corn, the state accounts for nearly 20% of total U.S. production. On July 2, it was 104°F in Keokuk, on the Mississippi River. Iowa Secretary of Agriculture Bill Northey said July 2 (to *Cedar Rapids Gazette*, July 3): “Iowa continues to receive periodic rains, but many areas remain short of moisture. The hot, dry weather is a concern as we enter the critical pollination time for the corn crop, so hopefully the heat will break and the state’s crop will get some more needed rainfall.”

In other farm states, governors have issued county-by-county farming emergency declarations, for example, in Arkansas and fire-ravaged Colorado.

Much of the drought/heat stress on the corn crop cannot be made up for, even even if rains and cool temperatures now miraculously resume. For example, look at the situation in Indiana—the fifth-biggest

corn-producer state, whose crop was rated only 18% in good condition July 2. "A break in the drought and heat for the remainder of the season would certainly minimize further deterioration of the corn crop but would not result in recovery to anywhere close to normal yields," is the evaluation of Bob Nielsen, a corn specialist at Purdue University (a national agriculture center), in remarks on July 5 to Reuters.

Indiana lies in a larger band of severe drought over the central states of Missouri, Illinois, Indiana, Kentucky, and northwestern Tennessee (see Figure 2).

In Missouri, a damage report on crops was commissioned the first week in July by Gov. Jay Nixon, which will be preparatory to his declaration of a disaster area, which would trigger Federal aid. Missouri, the second-biggest forage-producing state in the United States is burning up. The temperature in St. Louis hit 107°F on June 28.

### **Critical Pollination Phase**

Over 25% of the national corn crop had entered its pollination phase by July, well ahead of the five-year average, because the mild Winter allowed farmers to plant corn early (see Figure 1). This is a critical phase. The problem with hot, dry, windy conditions during the pollination period (about 10 days long), is that the process can be partial, or fail. If the pollen (from the tassel atop the stalk) fails to unite with the silk—the hairs on the ear, one for each potential kernel—then the result is short ears, poorly filled out.

Regional press are covering instances of farmers in dozens of counties in the band of severe drought, who are writing off their corn, and chopping it for silage. For example, this is happening in corn counties of northwestern Tennessee, in the lower Tennessee River Valley. A farmer in Williamson County described his 800 acres to MSN.com on July 3: "The corn, which was silking last week, was in the brunt of the heat and probably won't pollinate."

### **Glass-Steagall, NAWAPA XXI**

The drought map in Figure 2 indicates what is required: to bring water to the parched Southwest of the continent, through the NAWAPA XXI. Had it been undertaken when first backed in Congress in the 1960s, under the Kennedy Administration, we would not be seeing today's food crisis and vast destruction of land and crops. The harsh weather patterns themselves

would have been ameliorated through large-scale biospheric transformations, involving man-improved dynamics of evaporation, biota, and transpiration. Even when adverse conditions did occur, because of cycles in the solar and galactic context, the built-up redundancy of crop regions would protect the food production potential.

The principle involved in this was discussed explicitly in the 1988 drought year, by Lyndon LaRouche, in a December speech in Chicago, to keynote the second international conference there of the newly formed Food for Peace effort of the Schiller Institute. His presentation was titled, "Give Us This Day, Our Daily Bread." He said: "The question is, who is going to answer that prayer? Who is going to be the hand of Providence to ensure that entire nations are not biologically swept from the map in the coming years...?"

"We live in an earthly biosphere. The biosphere is organized in a certain way. I happen to know a great deal about that. I've spent a great part of my life on that particular question. The biosphere depends upon higher states of organization, and it depends upon an increase in the amount of energy organized in a suitable form available per square hectare and per unit weight of biomass." He underscored that "when you turn the clock backward," by simply depleting the resource base, and obstructing improvements, as the environmentalists demand, you create droughts and disasters. They are not "natural."

The immediate intervention required is Glass-Steagall. Separating useful commercial banking, from speculative "investment" banking is essential, and it opens the way for credit and priority national-interest projects. Glass-Steagall is now before Congress in the H.R. 1489 "Prudent Banking Act," which has 70 cosponsors, counting originator Rep. Marcy Kaptur (D-Ohio).

Part of the principle involved, is to shut down the commodities speculation at the casino exchange at the CME Group's Chicago Board of Trade, and similar betting shops. The CBOT no longer—if it ever did—represents a place to "set the price" or lock in future supplies for agro-commodities. It is betting gone wild. For corn, for example, the day after the Fourth of July, when speculation on the CBOT resumed, the futures price jumped 5% in one day. It went up 34 cents to \$7.085 a bushel. (At one point, it hit the 40 cents per day gain trading limit.)



Unless betting controls, food price controls, and floor prices to stabilize conditions for farm producers are enacted, food supply catastrophe is guaranteed.

## Farmers Speak Up

Individual farm leaders have stepped forward on the policy fight, and on reporting the stakes in the crop disaster. For example, the National Farmers Union, issued its support for reinstating Glass-Steagall, at its annual March convention, for the third year in a row.

Its policy document states, “We are concerned about recent trends in bank regulation that have accelerated the loss of independent community banks and have decreased the banks’ desire to service agriculture credit needs. It has also reduced community reinvestment. We support: 1) Passage of a banking reform bill which mirrors the Glass-Steagall Act. . . .”

The president of the Indiana Farmers Union, James Benham, a corn-grower in one of the hardest hit states on the continent, issued his own letter to Congress, demanding it enact H.R. 1489/Glass-Steagall: “I farm in Ripley County. As a person engaged in essential physi-

cal production, my concern is that we are right now on the brink of a chain-reaction financial blow-out, which will cause chaos and mass suffering through economic breakdown in supply chains of food, fuel, medications, water, power, and other bare necessities. We have no food reserves—look at the corn shortage—and we cannot absorb a shock of any kind.”

The president of the Missouri Farm Bureau, Blake Hurst, wrote to Congress for help. His letter included details on Missouri, as of July 2:

“Topsoil moisture declined to its lowest point this year at 71% very short, 26% short and 3% adequate.

“Corn condition rated poor to very poor increased 22 points to 48% while soybeans rated poor to very poor increased 14 points to 49%.

“Pasture conditions continue to decline to 38% very poor, 38% poor, 20% fair and 4% good. The south-central district was 100% poor to very poor.

“Supply of hay and other roughages declined to 18% very short, 36% short, 44% adequate and 2% surplus. . . .”

*marciabaker@larouchepub.com*

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# Fast and Furious 'Obamagate' Escalates

by William Wertz and Jeffrey Steinberg

July 9—Eighteen months after U.S. Border Patrol officer Brian Terry was murdered, and less than two weeks after Attorney General Eric Holder was voted by the House of Representatives to be in contempt of Congress, the Department of Justice finally unsealed the indictment of Terry's murderers.

These developments will serve to accelerate the tempo of the scandals targeting President Obama and his closest aides, notably, Attorney General Holder, opening up the potential to replace Obama as the Democratic Presidential candidate, *even before the national convention in early September*.

Six people were charged in the 11-count indictment of Terry's killers. According to the indictment, Manuel Osorio-Arellanes, Jesus Rosario Favela-Astorga, Ivan Soto-Barraza, Heraclio Osorio-Arellanes, and Lionel Portillo-Meza are charged with crimes including first-degree murder, second-degree murder, conspiracy to interfere with commerce by robbery, attempted interference with commerce by robbery, use and carrying a firearm during a crime of violence, assault on a Federal officer, and possession of a firearm by a prohibited person. A sixth defendant, Rito Osorio-Arellanes, is charged only with conspiracy to interfere with commerce by robbery.

Two of the defendants—Manuel Osorio-Arellanes and Rito Osorio-Arellanes—are in custody in Arizona; the remaining four suspects are still at large.

## **Guns for the Cartel**

At the time of Terry's death, two of the weapons found at the scene were identified as among those guns deliberately walked to the Sinaloa drug cartel, obtained under the Justice Department's own Fast and Furious Operation. Earlier reports indicated that all of the men were armed, thus at least six weapons were involved. It has also been reported that a third gun was found at the scene, a report which has been denied by the Department of Justice, despite the fact that Border Patrol agents told the Terry family at his funeral that there was a third gun. ATF (Bureau of Alcohol, Tobacco, Firearms and Explosives) agent Hope MacAllister was taped by Andre Howard, owner of the Lone Wolf Trading company, admitting that there was a third gun, and reference was made to an additional gun in e-mails written within 12 hours of the murder.

The four fugitives are believed to be in Mexico. At the time of the murder the U.S. Border Patrol announced that four people had been arrested. One month later, the U.S. Marshal's Service in Tucson said two more had been arrested. At the time, the six suspects were being held on felony immigration charges and had not been charged in Terry's death. Charges were later dropped against three of the suspects after the U.S. Attorney's office said that there was no evidence connecting them to the crime. Those three men were eventually deported to Mexico.

As of now, it is not known if any of those deported

to Mexico is one of the four named in the unsealed indictment.

However, Katie Pavlich, author of *Fast and Furious: Barack Obama's Bloodiest Scandal and Its Shameless Cover-Up* (Regnery, April 2012), reports that she was told by confidential sources that the FBI had hidden the third gun from evidence because it was linked to a confidential informant or the brother of the informant.

According to Pavlich, the investigation of Fast and Furious has revealed that at least six FBI informants and an unknown number of DEA informants were involved in Fast and Furious.

Rep. Darrell Issa (R-Calif.), who chairs the House Oversight and Government Reform Committee which has been investigating Fast and Furious, applauded the unsealing of the indictment, but said that “the timing is very dubious. It is clear the timing has to do with the House of Representatives holding Eric Holder in contempt for not turning over information.”

The Terry family also issued a statement thanking the U.S. Attorney who is prosecuting the case, the FBI agents in Tucson, and the Mexico City Legal Attaché and the Mexican government, but making no reference to Holder, other than to say: “The Terry family once again asks that the Attorney General and the Department of Justice comply with the request for documents made by the House Oversight and Government Reform Committee so that all Americans can know who approved of the operation in order that those individuals can be held accountable for their decisions.”

## Obamagate This Summer

Following the June 28 bipartisan contempt of Congress vote against Holder (21 Democrats joined all the House Republicans in voting up the civil contempt, and 17 Democrats voted for the criminal contempt), Deputy Attorney General James Cole immediately wrote to Speaker of the House John Boehner (R-Ohio) alerting him that the Justice Department would not bring the case before a Federal grand jury in the District of Columbia. Cole cited an irrelevant 1984 legal memo by then-Solicitor General Ted Olson, and President Obama's invoking of Executive privilege as the excuses for blocking the criminal probe.

A day later, Sen. Charles Grassley (R-Iowa.) wrote to the U.S. Attorney for the District of Columbia, citing the statute on contempt of Congress, and reminding him that the convening of a Federal grand jury is *mandatory*, and that the Justice Department has no discre-

tion in the matter. This puts yet another issue of “high crimes and misdemeanors” committed by President Obama and his minions before the courts and the American people.

The flagrant violations of the Constitution by Obama keep piling up, and beg the question of his removal from office for cause. Sources close to the Fast and Furious probe report that whistleblowers in Federal law enforcement agencies continue to come forward with new and damning evidence of a White House/Justice Department coverup, and say it is only a matter of time before some of that evidence reaches the public.

The crucial question is whether those “smoking gun” revelations will surface before the Democratic national convention, and give President Obama's growing army of opponents within both the Party hierarchy and rank-and-file enough momentum to dump him as the party's nominee. A recent poll of likely voters revealed that 73% are unsatisfied with the choice between Obama and his expected Republican challenger, Mitt Romney.

In addition to the Fast and Furious scandal, President Obama and top White House and campaign officials are in the cross-hairs of an intelligence community and intelligence oversight committees probe into the leaking of damaging national security secrets, dealing with ongoing espionage programs of the greatest importance.

A series of leaks to the *New York Times* and other news outlets provoked bipartisan outrage, led by Sen. Dianne Feinstein (D-Calif.), who chairs the Senate Select Committee on Intelligence. According to senior U.S. intelligence community sources, an internal investigation by all of the relevant U.S. intelligence agencies has established that the leaks did not come from within the community. A list of no more than a dozen top Obama White House and National Security Council personnel has been compiled of prime suspects in the leaking of details of top-secret counter-terrorism programs, to enhance Obama's credentials as a strong national security President.

Neither the leak probes, nor the Fast and Furious coverup, will go away. Democrats must realize that these impeachable crimes will haunt Obama until he leaves office and beyond. The question for those Democrats is: Are you prepared to go down with Obama, or will you take the necessary corrective actions *before* the Democratic convention, to assure that someone else is the party's nominee in November? Far more than the survival of the Democratic Party hangs in the balance.

# Annan, Russians Scramble To Avoid New Aggressive War

by Nancy Spannaus

July 10—With the image of the barbaric murder of Muammar Qaddafi, and perhaps even of a Cuban Missile-style thermonuclear showdown in mind, the Russian government—buttressed by UN-Arab League Envoy Kofi Annan—is currently in a diplomatic scramble to try to avoid a new Hitlerian aggressive war from being launched against Syria.

From the side of the British Empire faction, determined to eliminate the institution of the independent nation-state, which they consider an obstacle to their total rule, the pressure against Russia and China is being ramped up every day, with lies, threats, and increasing political and physical support for the violent opposition within Syria. Increasingly, leading the charge (conveniently for the British gamemasters) is Obama's Secretary of State Hillary Clinton, who has hardly missed an opportunity to excoriate the Russians for not agreeing to force Syrian President Assad from office.

As Lyndon LaRouche has consistently emphasized, without the Russian hard line against the Empire's post-Qaddafi drive for new regime-change operations, and the opposition to that drive from top military circles in the United States, the world would already have been plunged into a new conflict, even potentially, a thermonuclear war. Thus it is particularly significant that, in the midst of the escalating push from the "West" to topple Assad, Russian Chief of Staff Gen. Nikolai Makarov is making a trip to meet with his counterpart,

Gen. Martin Dempsey, head of the U.S. Joint Chiefs of Staff, this week. War avoidance will clearly be at the top of the agenda.

But as long as British puppet Barack Obama remains the Commander-in-Chief, and the British war faction is still running amok, the danger of a thermonuclear war still hangs over the planet.

## Non-Stop Diplomacy

On June 30, Annan, with strong Russian backing, pulled together the first Action Group meeting on Syria in Geneva, in the hopes of moving forward a diplomatic solution to the crisis in the context of his ceasefire plan. Due to U.S. (and undoubtedly British) objections, the Iranians were not invited, and Saudi Arabia—heavily involved in funding the terrorist opposition—was not present. But a resolution was hammered out which did *not* set the removal of Syrian President Bashar al-Assad as a precondition for talks, and laid out a path forward.

Immediately, British Foreign Minister William Hague, Secretary of State Clinton, and others proclaimed that the resolution *did* demand Assad's removal, provoking an angry response from the Russian side.

In a statement to Itar-Tass July 1, Russian Foreign Minister Sergei Lavrov said, "The document [the Action Group plan] will not require the resignation" of Assad.

“In the initial version there was a phrase saying that people who prevent peace should be excluded,” he said, but “this runs counter to the principle of an inclusive political dialogue in Syria and the UN Charter principle on the non-interference in internal affairs of sovereign states. This runs counter to the logic saying Syrians themselves should decide their fate.... That is why a thesis saying it is necessary to exclude anyone from the peace process was taken off at our insistence.” Lavrov also stressed in other press remarks that countries that are encouraging, funding, or arming opposition terrorists or fighters must *stop* and force their groups to enter into peace negotiations.

Lavrov was echoed by China’s Foreign Minister Yang Jiechi, and, more importantly, by the document itself.

However, the British and Obama Administration kept up the clamor, and, after the convening of a new “Friends of Syria” meeting in Paris July 6 (a meeting oriented to funding and arming the “opposition”), Hillary Clinton upped the ante, and attacked both Russia and China, saying: “I will tell you frankly, I do not think Moscow or Beijing believe they are paying any price at all for standing up on behalf of the regime. The only way that will change is if every nation represented here directly and urgently makes it clear that *Russia and China will pay a price* (emphasis added). They are holding up progress, blockading it. That is no longer tolerable.”

## Meetings in Moscow

The Russian government refuses to be intimidated, where world peace is at stake.

On July 9, Moscow began to host several delegations of Syrian oppositionists, and Russian President Vladimir Putin addressed the issue again, in blunt terms, in his address to a meeting of Russian diplomats in Moscow.

“The tragic events in Libya are for all to see; we can’t allow this scenario to be repeated in other countries, such as Syria,” Putin said. “We need to do everything to force the conflicting sides to achieve peaceful political solutions to all disputed issues,” reported Bloomberg/Business Week.

Putin also denounced Western nations’ operations to expand their influence through “so-called humanitarian operations, from exports of the ‘missile-bomb’ democracy and intervention in internal conflicts....”

At the same time, Lavrov was meeting with an im-

portant delegation of the Syrian opposition from *inside* Syria, headed by Michel Kilo, a leader of the National Committee for Democratic Change, a grouping of secular nationalists, Marxists, independents, and Kurdish and other minorities.

Lavrov told the delegation, “Russia is one of the countries that actively works with the Syrian government and different opposition forces, in order to implement the Kofi Annan Plan,” reported *Russia Today*. “This will become an important chance to carry out the agreements which were reached in Geneva.”

Lavrov reiterated Moscow’s firm stance in the communiqué on the conflict, reached at the Geneva June 30 meeting organized by Annan, to stop all the violence and start a political process that will allow the parties to decide on a political transition. He also told Kilo, “I hope that your assessments will be useful for us.”

Kilo, who has refused to attend Syrian National Council (SNC) opposition meetings outside Syria because they were sponsored by Qatar and Turkey, and were geared to bring about foreign military intervention, told Lavrov that Syria had become “an arena for an international conflict,” and that he holds out hope that Russia, together with the opposing sides, will be able to “stabilize the situation in the country.”

The opposition leader said that “the regime does not satisfy our demands and it says we do not represent the Syrian people,” but added that his grouping is willing to negotiate with the Assad government.

According to Voice of Russia July 9, the SNC was also in Moscow for meetings with Lavrov. In a first-ever interview with Voice of Russia, SNC leader Abdelbasset Sida, who headed the delegation, said the SNC “would like to understand what Russia’s position on the situation in Syria is,” at which point the SNC will “answer them.”

Sida insisted that “similar to Moscow ... we at the Syrian National Council do not want any foreign military interference.” However, he also said that, contrary to the Geneva statement, “The Syrian problem will start to be solved only when Bashar al-Assad leaves office. If this does not happen, all other proposals, including, for example, formation of an interim coalition government, will make no sense.”

## Annan on the Move

While these meetings were ongoing, Annan was also busy. On July 9, he met with President Assad, after which he declared that they had come to an agreement



for a phased de-escalation of the violence in the country. He then proceeded to Tehran, stating that Iran's involvement was essential to peace in the region. From there, he went on to Iraq.

Annan's haste is in part dictated by the fact that his UN mandate is scheduled to run out on July 30, and that his monitoring team, which has been essentially confined to barracks over the past month, is scheduled to report back to the UN Security Council on July 11. It is no secret that those nations, like Obama's U.S., Britain, and France, that have wanted to kill the mission, will be utilizing the ongoing violence, fed by their support for arming the terrorist part of the opposition, to try to remove its mandate.

### **A Shift in the West?**

While the shift of a British oligarchical faction toward Glass-Steagall may well lessen the drive for war confrontation, it is a good sign that initiatives in the direction of preventing a "new Libya" are emerging.

Most significant was a carefully crafted interview with Syrian President Assad broadcast June 8 on the first national TV channel ARD in Germany, conducted by renowned Afghanistan and Syria expert, former CDU member of the Bundestag Jürgen Todenhöfer. Todenhöfer visited Assad in Damascus for the interview, and the full text in English was posted on the ARD website, from which it was picked up in hundreds of Middle Eastern and international publications, including the *New York Times*.

While all this international coverage is peppered with the usual denunciations of Assad, the story has nonetheless gotten out that Assad says he is willing to negotiate with opposition members who are not carrying out violence. It is also significant that a major German TV station interviewed the Syrian President.

In the interview, Assad stressed the importance of the Annan plan, attacking Saudi Arabia, Qatar, and the United States for sabotaging it. He identified al-Qaeda and other terrorist bands from Tunisia and Libya, and also mentioned the role of drug running in supporting the terrorist opposition. Assad also insisted that the main victims of the fighting were security and army personnel, and pro-government people in the population, with the terrorists appearing in army uniforms, to put the responsibility on the government.

Assad underlined that he still enjoys the support of the population, and that he is ready to work with all non-violent opposition forces.

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## **Egypt**

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# **Pan-Islamism Is the Death of the Nation!**

by Hussein Askary

July 10—With the declaration on June 25 of the Muslim Brotherhood candidate Mohamed Morsi as winner of Egyptian Presidential elections, Egypt and the broader Arab world entered a new phase of the British-created Pan-Islamism, which threatens not only the integrity of the oldest nation-state in Africa, but the entire region.

The potential for chaos and civil conflict then escalated on July 8, when Morsi issued a Presidential decree reversing the Constitutional Court's and the SCAF's (Supreme Council of the Armed Forces) decision to dissolve the Parliament, calling on its members to return to their seats. He also decreed that new elections will be held, but only six months after the drafting and ratification of a new constitution by the Islamist-controlled parliament. This is potentially the start of a new round of rioting and violence in the country.

To understand how the promising revolutionary fervor of early 2011, which brought millions of Egyptians into the process of debating and fighting for a future with human dignity, turned into this threat of chaos, we have to step back from the standard "military vs. the people," or "secular vs. religious" view, and look at the forces who have served as puppetmasters for the region for more than a century, the British Empire.

### **Britain's 'Pan-Islam' Card**

The British Empire is still alive, if not well, and it has a clear strategy for the Islamic world, which is based on replacing Arab, Asian, and African anti-imperial republican nationalism with the vague pan-Islamism, controlled, as it has been in recent decades, by Anglo-Saudism. This idea was used in the 1880s by the British imperialist banker Evelyn Baring (Lord Cromer), who was the debt-collector for the British

Empire in Egypt, and later, colonial administrator and proconsul for almost 30 years.

This was prompted by the Urabi revolt of 1879-82, led by Egyptian Col. Ahmed Urabi, against the combined rule of the Turkish-Ottoman oligarchy of the Khedives and their European controllers. The Khedive Ismail had enslaved Egypt with huge debts, after being manipulated to borrow massively from British and French banks, after the building of the Suez Canal. Later, he was forced to mortgage Egypt's farmlands and farmers to pay the debt which kept growing larger and larger, and the Egyptian peasants had to pay greater and greater taxes.<sup>1</sup>

The Urabi revolt created a national government and reduced the power of both the British collectors and the Khedive Tawfik, their new puppet. This prompted the British Empire to invade Egypt and occupy it. A little-known, but historically significant feature of the Urabi revolt, is the fact that, from the early 1870s up until the total British takeover, a group of American Army officers, all Civil War veterans from both the Union and Confederate sides, had been in Egypt, creating the equivalent of a West Point system of military education and organization. Urabi himself had been an active participant in this American effort, and his children had been trained by schools set up by the American officers.

Urabi was tried and sent into exile in Ceylon (Sri Lanka)—and all the Americans were promptly expelled. The banker Evelyn Baring, Earl of Cromer became the governor of Egypt. But in order to devise a new method of controlling the people of Egypt, Cromer and the British intelligence resorted to a new method of controlling the anti-imperialist national sentiment. Religion was chosen as a antidote to nationalism.

Mohammed Abduh, an Islamic scholar who was sent into exile after the Urabi revolt, but joined a British-



Creative Commons/Jonathan Rashad

*The recent election of Muslim Brotherhood candidate Mohamed Morsi (left) as President of Egypt, takes that nation, and the broader Arab world, into a new and dangerous phase of the British-steered Pan-Islamism.*

controlled Free Masonic Lodge in Paris, together with his master and British intelligence asset Jamaledaddin Al-Afghani, was dusted off, brought back to Egypt, befriended by Lord Cromer, and appointed as the Grand Mufti of Egypt, from 1899 until his death 1905. Abduh, who renounced the Urabi revolt, preached dialogue with the British colonialists, and approved many of the new slavery laws imposed on the Egyptian peasants by Cromer.

Abduh, who was befriended by another British intelligence agent and orientalist, Wilfrid Scawne Blunt, became the philosopher of pan-Islamism, a reform movement based on Islamic spiritual enlightenment, to unite all Muslim peoples from Asia to Africa, never mind that they lived under the British flag. This ideology became the strategy of the British Empire to crush nationalist movements all over the Muslim world, but especially in Egypt, continuing to this day.

Just so that this author's point is not misunderstood—I am Muslim by faith, and grew up in a religious family; I have deep respect for the teachings, philosophy, and morals of Islam; however, the Muslim Brotherhood (MB) and similar pan-Islamist movements are not religious phenomena, but political move-

1. See LPAC [video](#), "Rosa Luxemburg and LaRouche's Triple Curve," Aug. 7, 2009.

ments that use the cloak of religion to disguise power ambitions.

Unfortunately, these movements, which have allied themselves, on and off, with colonial and imperialist powers, especially the British, whom, ironically, they claim to despise, do not realize that under such alliances, as in the 1980s Afghan war or current regime-change wars in the region, they are the ass and the British are the rider.<sup>2</sup>

### **Egypt: The Anchor Is Loose!**

Egypt, which had, until recently, been the political anchor of the Arab world, has become a hotspot of instability for itself and the region. It has been replaced by Saudi Arabia as the main player for American-British bloody geopolitical games and religious wars now engulfing Southwest Asia and North Africa.

The January 2011 events in that country can only be described as an “uprising,” because a revolution demands leadership and ideas for an alternative, which did not exist in Egypt in January 2011, or later, in spite of some independent individual efforts. It was an uprising against the economic-social and political injustice that had been implemented by the regime of Hosni Mubarak as a tool of the American-EU policies, promoted through such institutions as the IMF and the World Bank. The social-economic conditions, against which the Egyptian people had risen, are worse now, and political power is up for grabs by different factions with different agendas.

The events of the week leading to the Presidential elections of June 16-17, are witness to this reality. The results of the second round of the tight Presidential elections between former Mubarak-regime Prime Minister Ahmed Shafiq and the Muslim Brotherhood's Mohamed Morsi were deliberately delayed on orders of the ruling Supreme Council of the Armed Forces after the MB prematurely declared its candidate the winner. The SCAF is determined to either block or reduce the MB's power grab in the country.

The MB and its more extreme partners, the Salafist Al-Nour party, won a majority in the parliament in the elections earlier this year. Just as the Presidential vote was being tallied, the Constitutional Court declared half of the parliamentary elections' result to be null and

void, because the MB and Islamist candidate were filing more than one candidate in each electoral district as independents. Furthermore, the Court declared the exclusion of members of the former ruling party, the National Democratic Party, from the elections as unconstitutional, forcing a new round of elections for the Constituent Assembly.

It is this process that Morsi challenged on July 8, by convening the parliament, which approved a legal appeal of the SCAF's decree. So far, there has been no violent confrontation resulting from the political stand-off.

The Constituents Assembly is key to the drafting of a new constitution or amending the current one. Making the power struggle even more complicated, the SCAF announced on June 22 a new constitutional declaration, making itself independent of the President's and the government's power. The Armed Forces, which are traditionally the defender of the national interests and the Constitution, intervened during the January 2011 revolt, and forced the President Mubarak to resign, forming a new government under its emergency powers.

Now the Army is trying to make these emergency powers permanent, meaning that the next President would either share power with the SCAF, or work under it as a figurehead. Such an arrangement could also lead to conflicts and coups and counter-coups, similar to what happened in Turkey over the past three decades, where the military and the President were taking turns on who runs the nation's policies, until the Muslim Brotherhood's AKP and its leader Recep Tayib Erdogan cleansed the army of his opponents in a not-so-peaceful manner.

Needless to say, conditions in Egypt and the region have been brought to a level where not only Egypt, but the whole region, could descend to chaos. Under an Islamic government working with the Saudis and Turkish Muslim Brotherhood government, Egypt would find itself in civil war conditions inside the country, where the youth behind the revolt, the Christian minority, and the secular middle-class forces reject the Islamist march to power, or the SCAF military dictatorship, or both. Externally, Egypt would soon find itself at war, not only with Israel, but also other countries, such as Syria, that refuse the Anglo-Saudi 100-year sectarian war scenario for the region.

The conditions that triggered the Egyptian people to

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2. See Hussein Askary, “British Deception Responsible for Palestinian Bloodshed Today,” *EIR* Jan. 23, 2009.

revolt against their government were created by the global economic-financial powers in the City of London and Wall Street. While Mubarak and his regime are gone or behind bars, the authors of the global policy are still at large. Unless those forces are stopped, Egypt and the region would remain a simmering cockpit of war and destabilization.

### There Is an Alternative

On the other hand, ideas for rebuilding Egypt and the economies of the nation-states of Africa and Asia are readily available, as provided by Helga-Zepp LaRouche and *EIR* recently.<sup>3</sup> In the *EIR* package, the project which is specifically related to Egypt, but covers a significant part of Africa with water and transport development projects, is Africa Pass. Egyptian engineer Aiman Rsheed, the designer of the project, has issued a public call to the new President Morsi, to appoint him as the Transport and Communications Minister to implement this project as the first priority of the nation and

its government. With 470,000 engineers in Egypt, and an army of young, well-educated people, this challenge would be a good test for the new President to prove that he is not a typical MB, pan-Islamist demagogue, but a patriotic leader.

Morsi's First 100 Days program, which he announced after the elections, is nothing but a low-calorie diet for the Egyptian people. He effectively proposes to maintain the status quo of poverty, by focusing on keeping the bakeries open with subsidies (a policy which adds nothing new, as it was even followed by former President Mubarak) as the first point in the program, and keeping the streets clean and traffic rolling as second, and making sure the old subway system is running (and so forth). Such a program shows that this President is not serious about alleviating the poverty and social injustice in the country. If Morsi does not break with the IMF and World Bank policies, and immediately call for an emergency mobilization to issue national credit to launch such crucial projects as Africa Pass, this President will only prove the points raised by this author about the origin and purpose of the Muslim Brotherhood.

3. Helga Zepp-LaRouche, "There Is Life After the Euro! An Economic Miracle for Southern Europe and the Mediterranean!" *EIR*, June 8, 2012.

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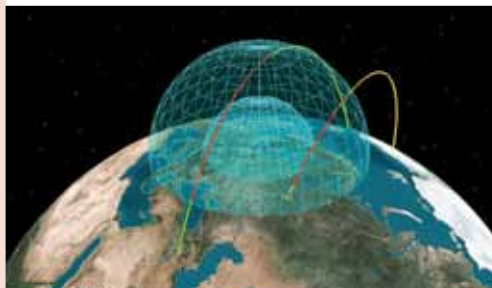
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### The British Empire's Global Showdown, and How To Overcome It



June 2012



# Australia Readies for World War: Tragedy, or Just Plain Farce?

by Gabrielle Peut, Aaron Isherwood, and Allen Douglas

*This article originally appeared in the June/July 2012 edition of [The New Citizen](#), the newspaper of the Citizens Electoral Council, the LaRouche political movement in Australia. The CEC is a federally registered political party.*

Australia is deep into preparations for a British-directed, Obama-led, nuclear world war against Russia and China. Indeed, our nation is a key chess piece in that war. Should such a war unfold, we will be hit by Chinese nuclear weapons, and perhaps by Russian ones as well.

This reality was the subject of a secret chapter in Australia's 2009 Defence White Paper, which envisaged an armed showdown initiated by the USA and Australia against China, beginning with Australian submarines blockading China's sea lanes, followed by China's hitting the Pine Gap radar installation with a missile. *The Australian* of 2 June summarised, "A secret chapter in the Rudd government's 2009 defence white paper detailed a plan to fight a war with China, in which the navy's submarines would help blockade its trade routes, and raised the prospect of China firing missiles at targets in Australia in retaliation."

Such an attack on Pine Gap, a joint US-Australian facility, vital to US global signals intelligence and its ever expanding global Ballistic Missile Defence (BMD) system, would almost certainly unleash a US nuclear reprisal and world war. The 29 March 2012 issue of *Global Times*, an official Beijing paper written for foreign readers, editorialised that "North Korea and Iran are named by Washington as the targets of the missile defense system, though it is clear the real targets are China and Russia." Moreover, the editorial warned, "Installing a missile defense system in Asia disrespects China's nuclear policy. The US is seeking to shift the regional balance. A strong response from China should be expected. An overarching missile defense system would force China to change its long-held nuclear policy." As all experts know, "change its long-held nuclear policy" refers to abandonment of China's pledge

of "no first use" of nuclear weapons.

Shocking though it may be, the prospect of Australia being bombarded by nuclear missiles should come as no surprise. After all, the British Crown is preparing for nuclear war, and Australia has never been anything but a (sometimes) restive colony within the British Empire. How could Australia not be in the thick of it?

For the past decade, under the British-steered foreign policies of Presidents Bush and Obama, the United States has been building a worldwide BMD system, intended to make possible a US first strike against Russia and China. Since no later than 2004, when Australia signed a far-reaching BMD agreement with the USA, we have been a linchpin in that mad scheme. Obama's much ballyhooed November 2011 visit to Australia, with the agreement finalised to host 2,500 US Marines at Darwin permanently, was just the latest step in this escalating process of establishing "joint" US-Australian facilities. In the words of one military analyst, "Taken together, the result of these policy and force structure changes may well be, from a Chinese perspective, that Australia is not so much hosting US military bases, as becoming a virtual US base in its own right."<sup>1</sup>

## The British Created the Cold War

The Australian Defence Signals Directorate, like all our military and intelligence agencies, is so deeply integrated into its British and American counterparts as to constitute a single entity. The modern form of this integration began after the end of World War II; it has escalated over the past decade.

By 1945, the United States had created an agro-industrial powerhouse without precedent in world history. President Franklin Delano Roosevelt intended to wield this power to rid the world of economic back-

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1. Richard Tanter, "After Obama—The New Joint Facilities," Nautilus Institute for Security and Sustainability ([nautilus.org](http://nautilus.org)), March 2012. The author is a professor at the University of Melbourne and former senior curriculum consultant for the Deakin University/Australian Defence College Centre for Defence and Strategic Studies.



wardness and colonial looting by the British Empire, which still controlled much of that world. FDR's son and aide Elliott Roosevelt reported in his book *As He Saw It*, that his father said as much to the arch-imperialist British Prime Minister Winston Churchill, driving the latter "apoplectic." But with Roosevelt's death on 12 April 1945, Vice President Harry S Truman, a corrupt, ignorant stooge of Wall Street and the British, became US President. Instead of the alliance of China, the Soviet Union, and the United States, which FDR had envisioned as breaking the British Empire, the British orchestrated the Cold War. The threat of nuclear war has hung over the world since then.

Standing with his puppet Truman in Fulton, Missouri on 5 March 1946, Churchill announced the Cold War. The crux of the matter, he thundered, was to confront the Soviet Union by a "special relationship between the British Commonwealth and Empire and the United States"—primarily a military relationship that would establish supranational armed forces and oversee the "continuous rise of world organisation": in other words, world government.

The Cold War gave birth to institutions such as the North Atlantic Treaty Organisation (NATO), the South East Asia Treaty Organisation (SEATO), the Central Eastern Treaty Organisation (CENTO) covering the Middle East, and so forth. Crucial for Australia was the 1946 UK-US Agreement on defence and intelligence, particularly signals intelligence (SIGINT), among the UK, USA, Canada, Australia, and New Zealand. This was "perhaps the single most important intelligence agreement ever reached, and perhaps the most important security agreement after World War II."<sup>2</sup> Australia was integral to its implementation. An officially "joint" facility with the USA at the North West Cape became the major Southern Hemisphere communications base for US nuclear-armed submarines, while the Pine Gap and Nurrungar electronic listening stations were tasked to intercept Soviet communications and monitor their radar



defense.gov.au

*Michael Pezzullo, deputy chief of staff 1997-2001, was the principal author of the 2009 Defence White Paper projecting a US-Australian war with China, a paper which has painted a nuclear bull's eye on Australia once again.*

development, missile launches, and bomb tests.

Such facilities made Australia a target for Soviet nuclear weapons, as all Australian leaders understood, but rarely acknowledged in public. One such admission came from Minister of Defence Kim Beazley on 11 August 1997, in parliamentary testimony that "we accepted that the joint facilities were probably targets" of the USSR. Former Deputy Secretary of Defence Paul Dibb, author of the "Fortress Australia" defence policy now being scrapped, was more blunt in *The Australian* of 10 September 2005:

"We judged, for example, that the SS-11 ICBM3 site at Svobodny in Siberia was capable of inflicting one million instant deaths and 750,000 radiation deaths on Sydney. And you would not have wanted to live in Alice Springs [near Pine Gap], Woomera [by Nurrungar] or

Exmouth [on the N.W. Cape]—or even Adelaide [where SIGINT offices were]."

Mike Pezzullo, Beazley's deputy chief of staff in 1997-2001, was the principal author of the 2009 Defence White Paper projecting a US-Australian war with China, a paper which has painted nuclear bull's eyes on Australia once again.

By a formal agreement signed in July 2004, Australia became a charter, and obviously major US partner, in the strategic plan for a showdown with China. Our defence and foreign policies are now guided by that strategy, as formalised at meetings of the Australia-United States Ministerial Consultations (AUSMIN) and the Australia-UK Ministerial Dialogue (AUKMIN)

The USA makes a splash with its high-profile military and intelligence buildup in Australia, typified by Obama's visit last year. But the British Empire remains the guiding hand. Greg Sheridan, foreign editor of *The Australian*, wrote on 27 December 2007 about startling discoveries he had made while preparing his book on the intensifying US-Australian alliance:

"In researching it I was astonished at just how intimate the US-Australian military and intelligence relationships have become. But the most surprising thing I discovered while writing the book did not directly concern the Americans at all. Rather, it was the astonishing,

2. Greg Sheridan, *The Partnership: The Inside Story of the US-Australian Alliance Under Bush and Howard* (Sydney: New South Wales, 2006, p. 107).

continuing, political, military and intelligence closeness between Australia and Britain... Everywhere I went in the US-Australia alliance, I found the Brits.”

Moreover, wrote Sheridan in the book, “In some ways, in the assessment area, the Australian relationship with the UK is even more intimate than it is with the US.”

### ‘Interoperability’

The 2004 AUSMIN conference laid down a program of joint US-Australian training and creation of a Joint Combat Training Centre (JCTC). Then-Defence Minister Robert Hill described its purpose: “Under the concept, facilities at the Shoalwater Bay Training Area in Queensland and the Bradshaw Training Area and Delamere Air Weapons Range in the Northern Territory will be further developed and able to be linked with American facilities. Our initial priority will be to upgrade the Shoalwater Bay facility to support the first of the Taslisman Sabre series of biennial joint training exercises.... Talisman Sabre will see tens of thousands of Australian and US military personnel undertake land, sea and air training in operations such as full-scale amphibious landing, airstrike bomb runs using live munitions as well as high-tech computer simulated scenarios.... We also plan to further develop and link Bradshaw and Delamere into the training centre so that similar training exercises can be undertaken there.”

The stated purpose of these measures was to create such a high degree of “interoperability” between the US and Australian defence forces, that they would effectively become a single entity. The merger was described by the Department of Defence at a 2006 parliamentary inquiry into Australia’s Defence Relations with the United States: “A mature JCTC should not be seen as a test range or even a series of ranges. The JCTC should function as a training system that links training management systems, training areas, simulations, headquarters and units. It is proposed that the JCTC should be linked to the US Pacific Command’s Pacific War-fighting Center and the US Joint Force Command’s Joint National Training Capability as part of the US Global Joint Training Infrastructure.”

### Tragedy or Farce?

Now the [Prime Minister Julia] Gillard government has “embarked on the nation’s biggest-ever capital works project,” *The Australian* reported 3 May. The price tag is a staggering \$56 billion. Was this the announcement of a long-overdue infrastructure program to address our collapsed physical economy and mass un-

employment? Not on your life. It was \$40 billion to build 12 state-of-the-art submarines to replace the Navy’s six aging Collins-class subs, and another \$16 billion committed to purchasing up to 100 of the advanced Joint Strike Fighter, under development by the USA, to replace Australia’s F/A-18 fighter-bombers and F-111 bomber fleets. The submarine portion, in the words of the government’s own press release, is “the largest and most complex Defence project ever undertaken by Australia.”

Is this some kind of bad joke? It is an open secret that not only have the Collins submarines been a technical disaster, but we lack enough submariners to man more than one or two subs at any one time! Our industrial base has been so savaged, that we had to subcontract even much of the ill-fated Collins sub project to hundreds of companies across twelve countries.

Who will build the new subs? Who will oversee the project? Who will man the subs? Not Australians, at any point in the process! They will be built mostly or entirely abroad, and Gillard has already hired David Gould, a 35-year veteran of “Nuclear Plans and Operations” at the UK Ministry of Defence, to oversee the project. The most promising staffing option is unemployed British submariners, according to a 27 December 2011 story in *The Telegraph* (UK) about a Royal Australian Navy recruiting trip to Britain.

To pay for the big-ticket items like advanced submarines, fighter aircraft, and BMD infrastructure, other aspects of our defence forces have been slashed relentlessly. Our Navy’s submarine force has been decimated in wave after wave of “efficiency reviews” over several decades, while most of our remaining qualified electrical and mechanical engineers have quit the military to go to work for Rio Tinto or other British-owned mining companies, for the sake of far higher pay and even for better working conditions.

ABC [Australian Broadcasting Corp.] reported in April 2009 on the life of submariners who work rotating shifts of six hours on, six hours off, around the clock, seven days a week. One submariner reported, “I remember during one workup being on watch in the control room with people so exhausted we were all slurring like drunks. There were several deep draft ships around and I couldn’t even see through the periscope properly I was so tired. It was very dangerous.”

These are the crews who will be deployed to block China’s sea lanes?

While cowboys, anglophile toadies, and political hacks like Mike Pezzullo puff out their chests and bask in

*Continued on page 44*

## Australian Defence Force

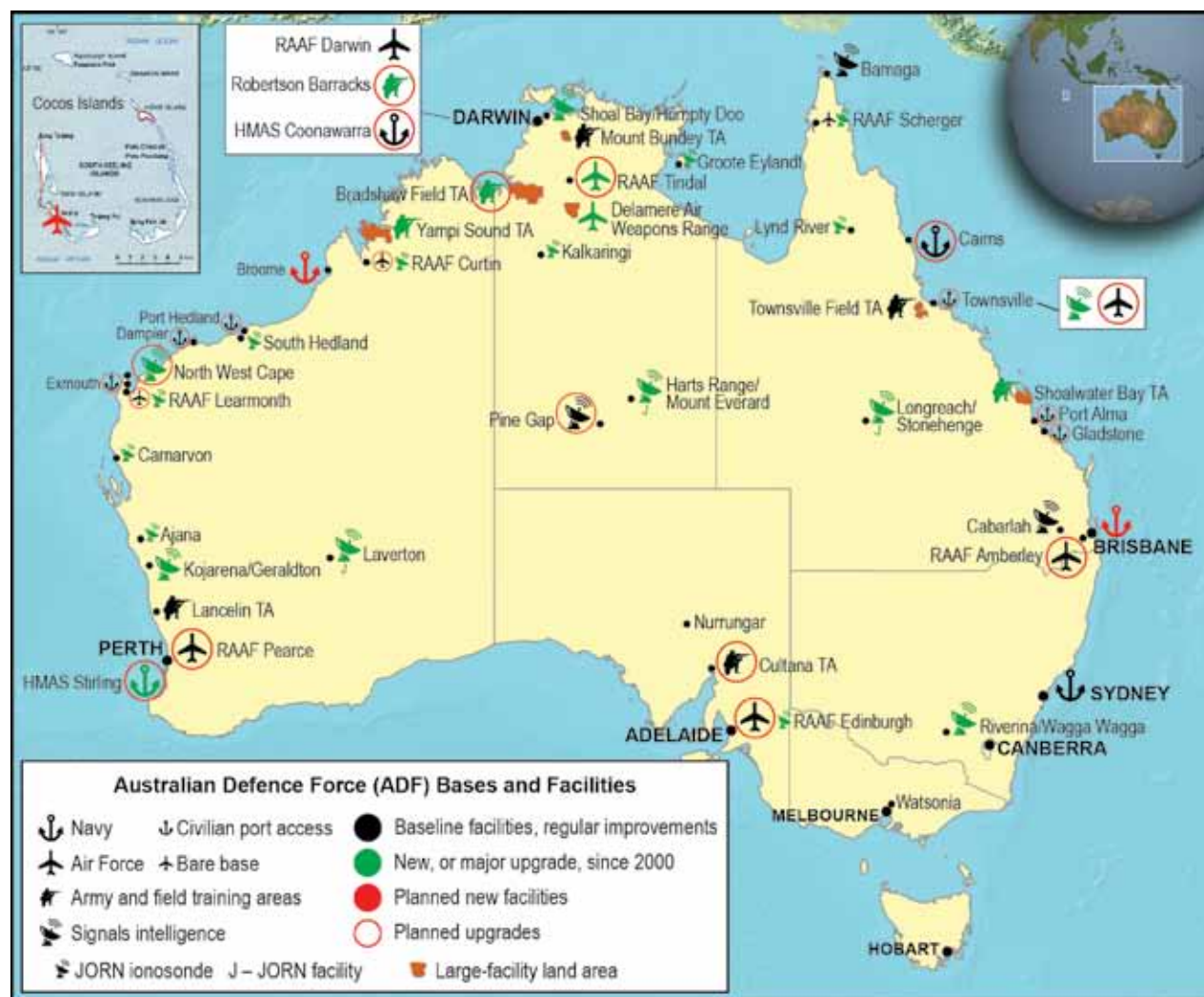
# Expansion for UK-USA War Plans

The stunning scale and constant upgrades of U.S. Armed Forces “exercises,” “visits,” and “joint facilities” across Australia expose the heated debate over whether or not permanent foreign “bases” are being

allowed on Australian soil, as nothing but a dialogue between residents of a loony bin. **Figure 1** reveals that Anglo-American strategic demands, and “interoperability” with U.S. forces, are the driving principles, both for officially “joint” facilities, and for those which are simply shared without having that status. Functions such as Australian submarine staffing are starved for resources, but top priority goes to signal intelligence (SIGINT), naval, air, and training facilities for use in the U.S. global Ballistic Missile Defence (BMD) program and the Anglo-American confrontation with China.

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FIGURE 1



**SIGINT.** Any scheme for a nuclear first strike against Russia or China seeks to neutralise their ability to retaliate; their missile launches from land or sea must be detected and intercepted. Upgrading Australia's several SIGINT networks is integral to the U.S. global BMD program for this purpose.

The Defence Signals Directorate (DSD), headquartered in Canberra, administers SIGINT facilities like the famous Pine Gap station near Alice Springs. Pine Gap and the former Nurrungar station in South Australia were central to the global UKUSA agreement on joint SIGINT during the Cold War, but Pine Gap underwent major expansion after the Soviet Union's 1991 collapse. Though information on Pine Gap is still classified, intelligence expert Desmond Ball has testified to Parliament that it handled ground control and processing for geosynchronous satellites doing SIGINT on the Soviet Union, including ballistic missile telemetry; anti-missile and anti-aircraft radar signals; satellite communications, and terrestrial microwave transmissions. Nurrungar did missile launch and nuclear detonation detection via U.S. geostationary military satellites; after its decommissioning in 1999, Defence Minister Brendan Nelson confirmed to Parliament in 2007, that the ballistic missile launch warning function, for sharing with the USA, was handed to Pine Gap.

Australian coastal SIGINT supports the U.S. Navy's growing presence in the Asia-Pacific, as well as providing communications for Australia's Navy and Air Force, which operate jointly with the U.S. military. AUSMIN 2008 agreed on upgrading the NW Cape Naval Communications Station with joint communications systems usable by U.S. attack submarines; in 2010 came approval for the addition of a powerful space sensor there as part of the U.S. Space Surveillance Network, transmitting to the U.S. Joint Space Operations Center (JSpOC) at Vandenberg Air Force Base in California, a key facility for U.S. BMD tests in the Pacific Ocean and part of a command assigned "to deny the benefits of space to adversaries." Signals to and from these facilities are processed and transmitted between Canberra DSD headquarters and the USA through

the Signals Regiment at Watsonia near Melbourne.

The Australian Defence Satellite Communications Station is at Kojarena, east of Geraldton, WA. This major DSD listening facility monitors Russian and Chinese satellites under the UKUSA Agreement and is part of the U.S.-Australian Wideband Global SATCOM system of seven to nine high-capacity military communications satellites, one of them funded by Australia. In 2007, Australia approved construction of an additional U.S. facility at Kojarena, a ground station for the Mobile User Objective System, an ultra-sophisticated satellite communications system with four ground facilities: in Sicily; Virginia and Hawaii, USA; and Kojarena.

The Jindalee Operational Radar Network (JORN), begun in the 1970s, but operating since 2003 on the basis of a major upgrade done with the U.S. [defence firm Lockheed Martin, is a unique capability. Unlike conventional radars that transmit on a straight "line of sight" and are therefore limited by the Earth's curvature, Jindalee bounces signals off the ionosphere, back to ground receivers. Besides an extraordinary "over-the-horizon" range, the technology gives a from-above view of stealth-technology planes that are invisible to standard radar. The JORN system has an acknowledged range of 3,000-3,500 km, but it may already be greater, covering parts of China. The original Jindalee R&D site, near Pine Gap at Harts Range/Mount Everard, has operational interfaces with Pine Gap; the major receiving/transmission sites (labelled J on the map) are at Longreach, Queensland (Qld), and near Laverton, WA; another 10 ionosonde sites are around Australia (small radar symbols); and JORN administration and processing takes place at the RAAF Edinburgh base in Adelaide.

**Joint Combined Training Centre.** Since agreements in 2004, the USA has been granted ever greater access to ADF bases for joint and unilateral exercises. Facilities utilised, several of which have been improved for the purpose, include the Bradshaw Field Training Area (TA)—a former cattle station only slightly smaller than the island  
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of Cyprus, Mount Bunday TA, and the Delamere Air Weapons Range (over 3,000 sq km), all in the Northern Territory (NT); and the Shoalwater Bay TA (4,500 sq km) and Townsville Field TA in Qld. The U.S.-Australian Talisman Sabre (TS) exercises, held with tens of thousands of troops every two years since 2005, use these ranges, as well as air space over the northern NT, commercial ports at Brisbane, Gladstone, and Port Alma in Qld, the waters of the Coral, Timor, and Arafura Seas, and the Townsville, Darwin, Tindal, and Amberley RAAF bases.

The ADF says TS also trains teams for “defensive and offensive operations in an urban environment,” and has involved the Australian Federal Police and the U.S. FBI, raising the question of whether an included purpose is preparing to enforce the police-state laws passed by the Howard Government in 2002-03. The Delamere Range, the RAAF’s principal bombing range, has also been used since at least 2005 by U.S. forces including B-52, B-1, and B-2 bombers based in Guam.

**Northwest mineral cartel defence.** Figure 1 shows planned Royal Australian Navy (RAN) upgrades, such as a new east coast fleet base, likely at Brisbane, to supplement Fleet Base East in Sydney. Other existing bases will be expanded to accommodate larger vessels. Certain low-budget upgrades for the RAN and RAAF are also recommended in the 2012 ADF Posture Review: for the Air Force, runway extensions at the Learmonth and Curtin so-called bare bases, non-permanently-staffed facilities used in the large-scale joint and other exercises.

Increased military port access is anticipated at Common Use Facilities at Port Hedland and other western and northern ports, where minerals companies are expanding their export terminals. That’s only fitting, since the ADF Posture Review devotes a whole chapter to the need to defend the raw materials-exporting industries of northern and western Australia—that is, the very Crown cartel companies that are looting the national economy.

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the power of their great American and British comrades in war preparations against China, people with real military experience at the highest levels in Australia, personally responsible for making command decisions that may decide the life or death of men and women in actual warfighting, have sounded a different note. Peter Leahy, Australian army chief in 2002-08, for instance, quoted in *The Australian* of 12 April 2012, warned: “As a sovereign nation Australia should maintain the ability to say ‘no’ to the US and separate itself from their actions.” Pointing to the ever greater US military presence in Australia, he said, “These are momentous decisions with far-reaching consequences. They potentially implicate Australia in a series of actions that could lead to increased tension and even conflict with China. War is improbable but not impossible. Australia needs to be careful that it does not make inevitable the future that it should fear the most.”

Another former army chief, Lt. Gen. John Sander-son, echoed Leahy. The newspaper reported Sander-son’s view “that Australia’s future lay in building a proper strategic relationship with its Asian neighbours.” He said, “This is where we live. And if there is anything about this relationship with the Americans that impairs our ability to build on that relationship then we should have a much deeper strategic debate.”

When all is said and done, to whom would you rather entrust the lives of yourself and your loved ones? To veteran commanders who have had to think through the implications of actual warfare, or to the wet dreams of Rambos like Mike Pezzullo? According to his own account, Pezzullo was received by Chinese officials with “cold fury” when he visited Beijing following the release of his White Paper.

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## Chronology

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# Australia Becomes Base Of US-UK Ops in Asia

*The buildup of military capabilities in Australia is shepherded by constant consultations with US and UK strategic planners, highlights of which are outlined here. The facilities named are discussed in the articles and located on the map (Figure 1).*

**1995.** The Royal Institute of International Affairs



(the old British imperial Round Table organisation) calls, in “Economic Opportunities for Britain and the Commonwealth,” for using Commonwealth cultural and business networks as a launch pad to extend British influence worldwide—particularly in Asia, where Australia should serve as a “stepping stone.” British foreign investment here then ranked second—\$74.5 billion in 1994—but would soar to \$427 billion in 2008, surpassing US investment.

**1999.** Vladimir Putin becomes acting President of Russia, going on to election in his own right in 2000. He halts Russia’s slide into economic and strategic oblivion.

**11 September 2001.** British/Saudi attacks on New York and Washington unleashes a (still ongoing) blizzard of domestic police-state measures in the USA, Australia, the UK, and elsewhere, as well as endless foreign wars.

**13 December 2001.** President George W. Bush gives Russia notice of US unilateral withdrawal from the 1972 bilateral Anti-Ballistic Missile (ABM) Treaty, followed the next year by launching of a global ballistic missile defence (BMD) program.

**2003.** Australia-USA agreement is signed to start preparations for biennial Talisman Sabre (TS) joint military exercises. Beginning in 2005, TS takes place in both countries, and involves tens of thousands of troops. By 2011, the estimated cost is \$100 million.

**2004.** Australia-US Ministerial (AUSMIN) consultations finalise far-reaching BMD agreements; establishment of a massive Joint Combined Training Capability (JCTC) in Australia; and de facto integration (“interoperability”) of the US and Australian militaries. Included is Australian participation in the Nimble Titan global BMD exercise under the US Strategic Command.

**2005.** AUSMIN announces that Delamere Air Weapons Range and RAAF Darwin will “support an enhanced Strategic Bomber Training Program,” including US B-52, B-1, and B-2 aircraft.

**March 2006.** British PM Tony Blair visits Australia to inaugurate Australia-United Kingdom Ministerial Consultations (AUKMIN), the “highest level of formal strategic consultations” with Britain.

**2007.** AUSMIN announces US strategic and military communication system to be constructed at the Geraldton (Kojarena) Australian Defence Satellite Communication Station.

**January 2008.** British Foreign Secretary David Miliband tells the *Herald Sun* that “Britain will relaunch itself as an Asian power with the help of former

colony Australia in its biggest foreign policy shift since the Cold War.” He demurs, “We are not seeking to recreate the Empire.”

**2008.** AUSMIN announces new joint US-Australian facilities at Naval Communication Station Harold E. Holt at North West Cape, including for communications with US attack submarines.

**April 2008.** Kevin Rudd becomes the first Australian PM to attend a NATO meeting.

**May 2009.** Australian Defence White Paper, “Defending Australia in the Asia Pacific Century: Force 2030,” advocates massive military buildup for a coming US-Australian war against China.

**October 2009.** At AUKMIN Miliband gushes over Rudd and “the internationalism of Australia” in promoting the “climate change” scam and half a dozen other British imperial schemes. The biennial AUKMIN becomes annual.

**2010.** At AUSMIN, a new Space Situational Awareness Partnership is signed as part of the US Global Space Surveillance Network.

**January 2011.** William Hague makes the first visit to Australia by a British foreign secretary in 20 years, with Defence Secretary Liam Fox. Hague proclaims that, although “our partnership with Australia is one of our greatest assets in world affairs already,” the UK will further upgrade the relationship as part of a “decisive change” in foreign policy towards Asia.

**November 2011.** PM Julia Gillard, as agreed at AUSMIN 2010, introduces the Defence Trade Controls Bill 2011 to ratify the far-reaching Australia-United States Defence Trade Cooperation Treaty, already approved by the US Congress.

**March 2012.** The Australian Defence Force Posture Review advocates huge expansion of joint US-Australian military facilities, particularly in northern and western Australia.

**May 2012.** Gillard announces the next phase of Australia’s “largest-ever capital works program,” a \$40 billion plan to build 12 new submarines, and \$16 billion for purchase of US Joint Strike Fighter planes. AUSMIN 2010 had agreed that “high interoperability of submarine systems was strategically important for both countries,” and “the high level of submarine interoperability between Australia and the United States ... will extend into Future Submarine acquisition program.”

**2013.** Australia to take possession of the first of its three US Aegis ABM systems, to equip new Advanced Warfare Destroyers.

TWO OTHER QUESTIONS:

## The Errors in Sense-Perception

by Lyndon H. LaRouche, Jr.

June 23, 2012

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*The time has now come, when the continued existence of a successful civilization on this planet (and, beyond) depends upon radically new, sweeping changes in designs for the organization of a human civilization which must emerge, not only on this planet Earth, but beyond. There will be little that is not changed profoundly, except a preservation of the notion of the modern nation-state as an institution. Consider why this change is needed, and what it will represent.*

*It is already beyond doubt, as the relevant facts have shown during a span of more than a half-century, that I continue to be a leading expert in physical-economic policymaking, one of the very best still living here a few weeks shy of my ninetieth birthday. Despite such disgruntled, so-called “critics” as Paul Volcker, I represent a rare breed of actual expertise in matters of physical-economic forecasting which the unfortunate Volcker evidently does not.*

*Today, as I have just reported again most recently, any sign of competent practice of physical-economic forecasting is still rare—unfortunately among those in today’s trans-Atlantic regions, in particular. That fact can, and should be considered as a reflection of a particular, current period’s precipitously declining trend in the U.S. economy, a trend which had been actually under way since the times of U.S. President John F. Kennedy’s assassination, the times of the disastrous decade of the U.S. war in Indo-China, and of the Summer 2007 process of physical collapse of the dollar-system. That latter set of developments has had its implicitly foreseeable effects of late, as since the attempted impeachment of President Clinton.*

*Look back at that actual record.*



Arthur Nikisch (1855-1922),  
conductor and mentor of  
Furtwängler

*The work of these three truly outstanding geniuses, Nikisch, Furtwängler, and Bach, LaRouche writes, is rooted in the revolution launched by Bach. "The crucial turn in this pattern, has been shown to have been Bach's basing compositions on the principle of the future idea yet to be actually heard: the principle which pops up explicitly as afresh."*



Johann Sebastian Bach  
(1685-1750)

*The monstrously ruinous effects of the launching of the approximately ten-year U.S. war in Indo-China, had been foreseen by such as General of the Armies Douglas MacArthur, and similar relevant notables in such matters from the past times before the assassination of President John F. Kennedy. That assassination had effects which unleashed a seemingly relentless destruction of the economic opportunities, morals, and quality of opinions throughout the trans-Atlantic world since that time. Now this poor trans-Atlantic world of ours has reached a threatened virtual bottom, seemingly a mere few steps away from a virtually seismic, still accelerating breakdown-crisis of the trans-Atlantic world, or something even much worse.*

*For a plausible comparison to the presently precipitous decline of the current trans-Atlantic world's presently desperate situation, think back to the precedent of a Weimar Germany collapsing into a general economic breakdown-crisis, as that nation entered the closing months of 1923. The present trans-Atlantic situation now*



Wilhelm Furtwängler  
(1886-1954)

*threatens to be much worse than that, and that on an implicitly global scale—unless we effect a rather radical reversal of the post-Kennedy trend toward what threatens, immediately, to turn into an early breakdown-crisis.*

*The consequent problem presently confronting the trans-Atlantic region, and beyond, is what is, indeed, currently in progress as a general break-down collapse of the trans-Atlantic system: a clear threat of immediately worse to come,*

*that now at a hyper-accelerating rate: first throughout the trans-Atlantic region, and, soon after that, throughout the world at large.*

*Yet, all of these present crises and threats of crisis could either be prevented, or overcome otherwise. That mission could be accomplished, if the appropriate will were present in the appropriate minds.*

*That is my subject here.*

### ***The Urgently Needed Remedies***

*Certain political "dirty tricks" against me put aside, my own continued successes in physical-eco-*

conomic forecasting since 1956, have depended largely on a method whose advantage has depended largely on the fact of my being free of the intrinsic fallacies of assumptions which have permeated the long decline of the economies of such as the U.S.A. and Europe, among others, during a downward sweep since the assassination of U.S. President John F. Kennedy.

Despite the present continuation of that calamitous downturn of trans-Atlantic, and other regions, none of this had been in any way “objectively” inevitable. Already, toward the closing months of what is called “World War II,” the already feared, approaching death of a truly great, but exhausted U.S. President Franklin Roosevelt, had meant, leaving the Presidency of our United States, as often in its history, in the dirty hands of such as those kinds of incumbent Presidents whose power and influence had been already typified in the past by the Confederacy tradition of Presidents who have been more British lackeys than U.S. patriots. Such had been the Confederacy’s relics, Theodore Roosevelt and the Ku Klux Klan’s U.S. President Woodrow Wilson, or Yankee Wall Street’s Lon-

don-lovers Calvin Coolidge, and Herbert Hoover.

The stubborn lack of competence prevalent in economic and related policy-shaping within (in particular) the trans-Atlantic region now, is one which has been embodied, deeply, in what are implicitly, economically suicidal qualities of national-economic policies of practice. These have been policies which are still currently reigning in the practice of so-called conventional, statistical methods of economic forecasting. That pathetically errant practice is the immediate source of the threat of something approximately equivalent to a broadly accelerating rate of economic disintegrations among much of the world’s population, which has been under way as a trend in trans-Atlantic societies since the middle of the 1960s, as in the aftermath of the assassination of U.S. President John F. Kennedy. That assassination was a nation’s calamity whose influence is being currently experienced as a present trend, a trend which, unless immediately reversed, would now mean triggering the near-extinction of our human species, as the British monarchy has currently proposed a currently threatened result of, chiefly, the sheer lunacy of so-called “green” trends in current trans-Atlantic policies.

This crisis has an accompanying science to it.

During the course of 2011, I had conducted my way through a series of certain investigations of an essentially scientific nature. These investigations were to be classed under the subject of a deep background respecting the currently common, intrinsic fallacies which are inherent in a reliance on mere sense-perception as such. During past times, as I had done since my role as a consultant during the crisis of 1956-57, I had then attacked the popular fallacy from the starting-point of my own applied methods of physical economy, rather than accepting the actually popular, monetarist doctrines which had been continued in practice currently at that time. All of my publicized work in economic forecasting, has been premised on that same method, a method promoted from a gradually more and more advanced point of view, in continuing, if only relatively successful attempts at fostering both practical and scientific progress of our own nation’s economy, or similar intentions.

These methods of mine are not unknown among some leading economists who work as serious professionals. Such professionals are distinguished from pompous ideologues who seem to be chronically infected with what has been a properly commercial, product, rather than a net productive one. As the circum-

## ‘Sense Perception’ Series By LaRouche and Friends

Lyndon H. LaRouche, Jr., “Paul Volcker Blurted It Out: What Is Whose Law?” [EIR](#), June 29, 2012

LaRouche, “The Ruler Can Not Actually Measure Itself: Beyond Sense-Perception,” [EIR](#), June 22, 2012

LaRouche, “A Lesson from Wilhelm Furtwängler: The World’s Breakdown-Crisis Is Now,” [EIR](#), June 15, 2012

LPAC Weekly Report (LaRouche, Matthew Ogden, Jason Ross, Ben Deniston), May 23, “The Furtwängler Principle: Defying the Slavery of Sense-Certainty,” [EIR](#), June 15, 2012

LPAC Weekly Report (LaRouche, Ogden, Ross), May 30, “Creativity: Looking Toward the Future,” [EIR](#), June 15, 2012

LPAC Weekly Report (LaRouche, Ogden, Ross), June 6, “Science and the Poetic Imagination,” [EIR](#), June 15, 2012

stances since the Summer 2007, monetarists' crisis illustrate the point: actual thinkers in what is ostensibly the economists' profession, are very rare, and are likely to remain so, for as long as the authors of mere bombast and fraud prevail in their disguise which is prevalently defined as a "prevailing expert opinion." That plague, which is mixed with presently widespread effects of a plummeting, currently popular desperation, has struck under the worst of all possible Presidents, London's puppet Barack Obama.

Now, we have entered a period of an accelerating economic-breakdown crisis of a type which serves as an awakening from decades of folly. So, we had recently entered a period of reawakened consciences as illustrated by the cases of those relatively rare and blessed exceptions which had come chiefly from outside of what had been the so-called "mainstream" of the usually published, commercial qualities of opinion in the field at large. The one action which could prevent a presently onrushing collapse of the U.S. economy, the re-enactment of Glass-Steagall, is in motion; but for steps, according to the wretched Paul Volcker's contemptible act of folly, which had promoted an intrinsically unpatriotic outcome for the time being.

The time for urgently needed remedies for the trans-Atlantic region has come, and may even be immediately soon past, especially and, ultimately, in the trans-Atlantic world at large. There are major short-term measures available, which would do much good for a limited time; but, much deeper reforms in policy-shaping must be developed and introduced fairly rapidly, and that must be done beginning the immediate weeks in progress. The remainder of this, essentially two-subject report, as I shall explain that in this report, is intended to serve as a significant contribution to that latter intention.

### **Nikisch & Furtwängler**

During these same recent weeks, as some among you have probably already noticed, I had taken occasions to shift my emphasis toward another aspect of a related issue of scientific practice, a practice related to the matters of current history which I have recently emphasized afresh: that of the work of a leading musical director of the Twentieth Century, Wilhelm Furtwängler and, also, both, his immediate forerunner in that specific quality of creativity, the conductor Arthur Nikisch, and, also, the original source of this explicitly defined, principled set of reforms, Johann Sebastian Bach.

The root of the work of these three truly outstanding geniuses, Nikisch and Furtwängler from among Bach's successors, can be more clearly understood as a continuation of work rooted in the underlying foundations of the revolution launched by Johann Sebastian Bach. The crucial turn in this pattern, has been shown to have been Bach's basing compositions on the principle of the future idea yet to be actually heard: the principle which pops up explicitly as afresh. It is, in fact, the principle which distinguishes the human mind from that of lower forms of life, as both Nikisch and Furtwängler, and, also, implicitly, Johann Sebastian Bach have clearly understood this.

This takes competence in the study and practice of economics summarily out of the hands of the department of mere mathematics as such, and consigns the relevant authority into the actually physical domain of physical science beyond mere numbers which includes Max Planck and Albert Einstein, and the domain of Johann Sebastian Bach, Arthur Nikisch, and Wilhelm Furtwängler.

Consider the following implications of the motives for my commitment to such a view. I present some broadly essential facts now, first, and then proceed to some crucially significant, related matters, following that.

### **To Recapitulate**

In beginning the course of the subject-matters of the immediately following pages, I will have summarized the crucially principled points respecting the discovery of the underlying physical principle of Classical musical composition in, as I have said above, the work of Nikisch and Furtwängler, and in the earlier location of the root of those discoveries as typically represented by (the *de facto* "experimental physicist of the higher physics") Johann Sebastian Bach's exemplary sets of Preludes and Fugues.

The unfortunately recurring aspect of the legacy of Bach, as, similarly, of leading modern scientists since Nicholas of Cusa, has been the stubbornness of the habits of attempted "explaining away" done by would-be imitators of those geniuses, by those whose "cheap expertise" seems often to explain almost anything away, even the most precious discoveries in science and artistic creations. Thus, the skein of true genius, is often crushed by "passions for cheap popularity" in matters of "opinions." True genius is not a commodity which could easily survive the pollution of attempts at popular imitations.

Thus, the unfortunate aspect of the processed set of



discoveries, as in this case, has been that the truly deeper implications of even a deeply revered Bach's discoveries were not likely to have been formally recognized in full, until his notable successors, Nikisch and Furtwängler, had made the principle itself the subject of an explicitly stated report. A certain explicit identification of a working principle had to be thrust into the consciousness of the most sensitively insightful among leading musicians of an extraordinary breed. Something additional, in the nature of a universal physical principle, was urgently needed to be brought forward. The genius of such as Haydn, Mozart and Beethoven, Schubert, Schumann, and Brahms, can not be limited to "Lisztian-like," Romantic hand-wavings substituted for the mentalities of a few truly extraordinary geniuses, such as Robert Schumann, for example, in the field. The names must be named, and the actual meaning of those names given an intimately practical, but inevitable, and also startling recognition, as Nikisch and Furtwängler had done, when arrived, in effect, in their discoveries.

"You are an expert in Bach? What is it that you did not understand?"

### ***Between the Unheard Notes***

Turn our attention, for a moment, to a relevant sort of personal matter.

Let it be clearly understood, that I am not "a musician" in a formal sense. I had a specific quality of passion for music, and sought it out whenever freedom allowed my access to truly "Classical" performances; but, to get to the crucial point in fact here, my poor late father's almost perpetual, chronic, and violent tantrums, killed that part of my sparse enjoyments of youth, and, that quite successfully. The violence and the accompanying noise interfered; I was often reminded of the well-known cartoon-strip character of that age, "The Terrible Mr. Bang." My intellectual prowess, in virtually all relevant dimensions, has been secured in my voyages into domains of silence which were effectively my own "hidey-holes" of the domain of deep and extended concentration, preferably over spans of successive days in domains of that silence known as the "imagination." My passion for music is realized in the domain of the concentrated imagination, when life with music is closeted in protected silences around me; my actual personal competence in this specific field, is chiefly limited to the relative security of a place within the deep silences of concentration

required for "hearing between the cracks of silences:" a place of refuge which is precisely the same sensibility represented by that specific distinction of Bach, Nikisch, and Furtwängler, which is placed in focus in this present report by me, in the domain of prescience for music almost heard.

All of that I have indicated here respecting musical principles have been known and discussed, although often in much too limited a degree. I would suggest that the special problem in reading Bach's achievements, is that the added, most crucial point to be emphasized had been acknowledged, but had not been presented as explicitly as needed, until the specific proffers by Nikisch and (above all) "meeting Furtwängler's performances" after the close of the war.

Furtwängler had forced a serious reconsideration of what had been actually demonstrated, through effects implicitly expressed for me earlier, by Mozart and Beethoven, as Haydn had said, now rather famously, of Mozart to Mozart's father, for example. It was not that I had not been informed of "hearing between the notes;" it was the actual experience of unwitting surprise of the actual "hearing between the notes," in a Furtwängler recorded performance, heard during my post-war stay in Bengal's Kanchrapara, which I identify as expressing my conversion to a true principle of metaphor.

Consider Kepler's use of reference to "vicarious hypothesis," which is actually the actually-heard experience of music. The real existence of what I consider "actually heard music," lies in the relevant presciences of a musical experience of ideas, rather than sounds as such. That is what I am able to recognize as the accessible experience of the true genius of the exemplary Bach, Nikisch, and Furtwängler.

Take into account, that there will be an important, more precisely stated supplement to this argument in later chapters of this present report.

That supplement is, that, for example, my own first serious recognition of the special effect produced by hearing the principle of Furtwängler's method, came upon me as more a shock of delighted surprise, as I have reported my hearing a recorded performance of Tchaikovsky (heard in a replacement depot in 1946 Bengal), and the full impact of recognition, which first arrived in my recognition of the principle in Furtwängler's more than magnificent, post-World War II, most famous conducting of the Schubert Ninth Symphony, which I had heard repeatedly as a recorded performance, and which had an effect on me unlike any other

during that post-war interval when my hearing was still at an excellent quality of full young-adult tilt.<sup>1</sup>

*Special cases and instances experienced at the hands of, or in the voices of exceptional musicians, express the certain power of the truly authentic insight into the great principle of Classical composition in the true Bach-Nikisch-Furtwängler intention and that of other performers who have (manifestly) sensed the presence of the deep principle involved; but, for most today, the appropriately conscious insight into the essential principle is generally not “felt,” except as a more or less friendly shadow: the qualified musician “feels” what is required of that shadow.*

1. Even relatively gifted professionals miss the essence of the matter for the sake of “admirable trimmings.” For me, the fact that it had been Robert Schumann who had brought that Schubert composition to light (from the hand of Franz’s Schubert’s brother) has had a powerful effect on those who grasped the irony of the discovery of the composition, with a special passion concerning the good fortune of the composition’s survival. What a masterpiece, that has been! On account of Schubert, but also Furtwängler’s genius in bringing the true content forth.

## ***A Vicarious Hypothesis***

*The principle incurred in attempted discussions of such matters as these, lies within the scope of the conception which the great Johannes Kepler recognized under the rubric of “vicarious hypothesis.”*

*The modern European insight into the quality of evidence bearing on what I have referenced as the actual work of Bach, Nikisch, and Furtwängler (in particular) is implicitly traceable to the successive roles of key figures of the Fifteenth Century “Golden Renaissance,” such as Cardinal Nicholas of Cusa (although it does arise in earlier Christian and closely related works, where it falls under the proper category of “metaphor”). What I am about to state in this present location, is among the most contested of the real issues in both modern science and artistic criticism. This statement does not alter the fact that the subject of that issue is actually the notion of truth.*

*My reference is to “truth” as such, that in a sense of distinctions of contrasted meanings of words, in a sense which is congruent with the distinction of*

## **A ‘Sly Jezebel’: The Vicarious Hypothesis**

The LaRouche Basement Team of science researchers has posted an explanation (with animated graphics) of Johannes Kepler’s term “the vicarious hypothesis” at the science [section](http://www.larouchepac.com) of [www.larouchepac.com](http://www.larouchepac.com).

To introduce the concept, here are Kepler’s own words. Writing in *The New Astronomy*, his breakthrough work in which the true, elliptical orbit of the planets was first identified, Kepler addressed the reader, who has been struggling as Kepler leads him down one false track after another, replicating the scientist’s own “war” with the planet Mars: “But, my good man, if I were concerned with results, I could have avoided all this work, being content with the vicarious hypothesis. Be it known, therefore, that these errors are going to be our path to the truth. . . .

“[O]ur false supposition, although it does put the planet in the right longitudinal position at the right

time, does not give it the right altitude. . . .

“Further, even considering the longitude alone, the lack of any perceptible difference in effects between the as yet unknown true hypothesis and the false one assumed by us does not make the effect identical. For there can be a small discrepancy which the senses do not perceive. . . .

“This mutual tempering of various influences causes one error to compensate for another, brings the calculation within the limits of observational precision, and makes it impossible to perceive the falsity of this particular hypothesis. And so this sly Jezebel cannot gloat over the dragging of truth (a most chaste maiden) into her bordello. Any honest woman following this false predecessor would stay closely in her tracks owing to the narrowness of the streets and the press of the crowd, and the stupid, bleary-eyed professors of the subtleties of logic, who cannot tell a candid appearance from a shameless one, judge her to be the liar’s maidservant.”



*Johannes Kepler  
(1571-1630)*

“symbol” from “substance.” The most grievous injury to the mind may be caused by incapacity to make an effective distinction of the name of the object from the symbol used as an assigned “conventional” name for the real object. The crucial consideration, is the fact that there is a distinction between objects defined by sense-perceptual considerations, and efficient principles of action which are not explicitly objects of sense-perception. This specific, commonplace error of inability to qualify such a distinction, is to be recognized as being a mental disorder, an emptiness which replaces meaning. This issue of such a specific quality of mental disorder, is, among other roles, the crucial issue of a systemic failure in the attempted comprehension of such matters as those principles to be associated, typically, with the work of, once again, specifically, Bach, Nikisch, and Furtwängler.

That issue (the inherent error of the customary notion of “sense-perception”) is what had prompted me to reference the subject of Bach, Nikisch, and Furtwängler in this present report. Obviously, Classical musical composition, as distinct from commonplace “junk” entertainment befitting the school of the 1950 “Congress for Cultural Freedom,” was at the center of that “Congress’s” vicious effort at the attempted personal destruction of both Wilhelm Furtwängler, and the crucially distinct principles of his work.

Whereas the method of Nikisch and Furtwängler was, speaking broadly, certainly not alien to me at that time (from 1946 and beyond), something happened which was partly as a product of an associate of ours who trained as a musician sharing professional qualifications for reporting on the combined work of Nikisch and Furtwängler. My associates had recently presented an excellent, more convenient starting-point of reference, for my purposes, with respect to the work of Nikisch and Furtwängler as such.

This shift in their point of view had happened, as a sequel to one of those associates’ intervention during the course of a recent lecture by me on the subject of economic forecasting, with the following notable effect.

This intervention, had pleased me for reason of its precisely formulated, clearly sounded, and fine-grained competence in the matter of the subject I was addressing at that moment. I was not surprised by the fact of his competence, but I was at once startled by it, and greatly pleased. It would have been silly for me not to acknowledge the competence presented in adding that associate’s own remarks from the audience, in response to

mine on that occasion. The indicated collaboration was set into motion without need anything more.

Nothing was lost by the shift to emphasis on the work of Nikisch and Furtwängler, which I, for my own part, had shared, Furtwängler emphatically. I am now certain, that we have gained much from our cooperation. The focus on what should be recognized as the trio of Bach, Nikisch and Furtwängler, as an integral trio, has, meanwhile, an increasing importance of its own.

Therefore, I have now returned from that shared undertaking, returned enriched, to my earlier emphasis (without neglecting what are strictly to be recognized now as the Bach-Nikisch-Furtwängler developments). This time, I returned my attention to emphasis on my original approach, from which I had never really departed. The problem against which we were obliged to focus the combined forces of our attack, is now as you shall read here: the remaining crucial fallacies inhering in what are to be considered here and now as the inherently flawed set of values premised on the usually preferred, but also failed notion of sense-perception *per se*.<sup>2</sup>

We are now left, in this fashion, with our continued emphasis on a refreshed reading of science which is based on the consolidated standpoint, including an accounting for the effects of the work of Arthur Nikisch and Wilhelm Furtwängler. However, this time, we are returning to a thus-consolidated, enriched standpoint, which is to be contrasted with the systemically erroneous presumptions inherent in what may be identified, heretofore, as the commonplace, but errant doctrines of economic forecasting. I mean erring values which are chiefly attributable to a sloppy doctrine based, directly, or by implications, on reflections of the notion of a system which is premised upon the a-priorist’s reductionist standpoint of mere sense-perception as such.

I undertake this presentation here, partly because it is not only true, but because it is also beautiful, and, above all else, indispensable for understanding more adequately the challenges which mankind must now proceed to conquer. Inside the United States itself, most notably since the launching of the attempted impeachment of President Bill Clinton, the United States’ internal life has undergone a process of precipitously accelerated moral and economic degeneration beyond even President Theodore Roosevelt’s, and the even worse

2. The feature of Bach’s program of musical development, hinges crucially on a physical principle of “the future,” as I shall clarify my own views of this subject at a later point, here.



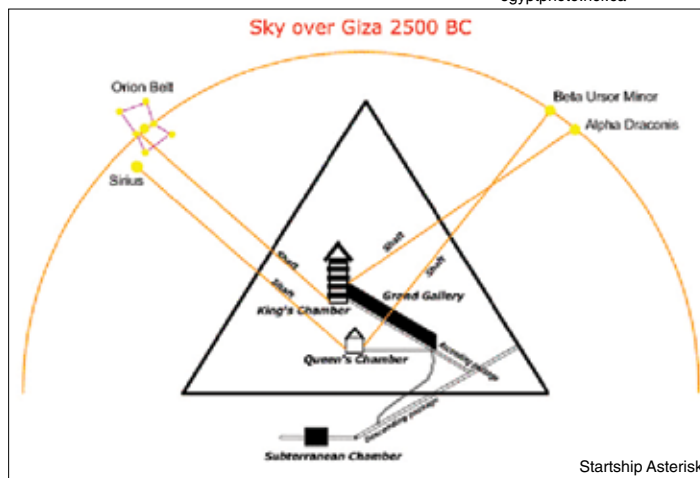
greatest of the crimes which those “degenerations” have wreaked.

What I have presented in these prefatory indications, has set up the problems to be considered. I shall now shift apparent topics, until I return to the introductory matters just set forth, at appropriate points later in this present report.

## I. The Fallacy of Sense-Deception

Consider a more than somewhat belated review of the known history of mankind, especially in the ancient history of Mediterranean civilizations notably. It had been a history which had argued for the view, that the ancient Egyptian civilization of the famous “Great Pyramids” had been essentially a representative of an attributed, brutish system of slavery. The perpetrators of that simplistic sort of particular rumor, had presumed that what had been, in fact, the less backward culture, had been necessarily the more recent one.

*The Great Pyramids of Giza were “a tremendous accomplishment of science, and represented a culture way above the level of later ancient Egyptian cases.” The pyramids were astronomical instruments, not just tombs for the pharaohs.*



*case of President Woodrow Wilson’s shameless revival of the Ku Klux Klan within the White House itself.*

*The decline in the conditions of life of our younger generations, especially since that effort to impeach President Clinton, embodies a precipitous descent in the conditions of life since the launching of the attempted impeachment which has been, and remains a true crime against humanity as led by the two Presidencies which succeeded Clinton’s. The urgent issue is that it is not acceptable merely to ameliorate what has been done to almost a full generation born “back then;” the urgent matter is the obligation to reverse the degenerated conditions of life, the virtual crimes against humanity, which the combination of the repeal of Glass-Steagall and the Bush and Obama administrations have wreaked as a treasonous-like effect against our nation. It is the cultural damage which has been the relatively*

Actual history is populated with such problematic accounts found among the customary histories attributed to mankind. Whether there were, or were not existing elements of brutish servitude in the Egypt of the Great Pyramids, the intellectual achievements embodied in the technology of those pyramids were a tremendous accomplishment of science, and represented a culture way above the level of later ancient Egyptian cases; the question to be considered on that account, is: “Is there any evidence for the rumor that the Great Pyramid culture had been based on slavery, when the evidence is that of a system based on technologies wielded by scientists and engineers, not slave systems?”

In such cases as that, criticism must take into account the processes actually operating in the relevant society. Whatever the estimate to be made, what was the standard of intellectual life required to meet the

technological standard implicit in the design of that culture? However, the other part of the question is: why did it stop there? For example: Was a scoundrel in the spirit of the swindler like a modern U.S. Andrew Jackson, perhaps to blame for the failure of some great culture, and thus for the problems in ancient Egypt at some point?

Since approximately a time coinciding with the prolonged Trojan War, the greater part of the known history has been dominated by what is identified as “the oligarchical system,” a factor which has been a dominant influence on trans-Atlantic and other parts of civilizations under what has been known as the oligarchical tyranny familiar as the tyrannies of the so-called New Venetian party.

Occasionally, there had been systemic motives behind a recurrence of such efforts to deny the achievements of the past, done for the sake of praising a relatively degenerated culture, such as that of today’s England. The British monarchy, for example, has lately insisted on perpetrating exactly such a fraud. Such effects have been reported more than often, as attempted accounts (if also fraudulent accounts) for great calamities specific to an earlier past, when they might have actually occurred.

The difficulty which many experience in attempting to assess either ancient or modern societies, is the necessity of accounting for the ebbs and flows of a factor of oligarchism, a factor which had been repeatedly expressed in the existence of degenerate cultures, especially the kind of moral and other degeneracy inherent in phenomena such as that under the present British monarchy’s avowed current commitment to reduce the world’s human population from seven billions, to about one billion, or, perhaps, to less.

For example, a plausible such case presents itself in reflections on the Fall of Troy, a Troy which was certainly not a mythical culture, despite the lies used against Homer’s account. Such lies against history are typical fruits of what is known as the same “oligarchical principle” which the British monarchy’s policies’ oligarchical lies continue to proffer.

These considerations do not warrant the judgment that that case which I have referenced bespeaks a general rule of mankind’s history; matters are not as simple as someone’s proposed general rule might seem to imply. However, as a matter of fact, it has been the rule throughout the trans-Atlantic region, that that present oligarchical hegemony over the trans-Atlantic region,

has been that of a culture in a general decline toward collapse, that since the assassination of U.S. President John F. Kennedy.

Viewing matters more broadly, the evidence which does approach the actuality of demanding a general rule for civilization, is the fact that the apparent rise of an oligarchical culture, is either on the road to change its direction, to a contrary, better course, or is tending to collapse as did each of the original Roman and Byzantine empires of Europe’s past. Today, the rule at hand is that either the British empire, the chief offender against the human species today, is defrocked, or whatever, or the entire trans-Atlantic region were headed for a general breakdown, as is apparently the case at the present time.

Cycles, such as those of rise and fall of empires, do occur, but they do not absolutely have to occur. Such matters are subject to the effect of the turns in the human will. Inherently decadent cultures, such as that of the British influence on the trans-Atlantic case, presently, are doomed, unless they are changed appropriately, and with a timely earliness.

Here and now, I take up a far more profound, and also far deeper-rooted, but also more important issue: how far can sense-perception itself be trusted? That engages a very large, and also very deep set of questions. Here, we shall consider one among a less difficult, but nonetheless very important set of closely related questions. These are questions which intersect the great, unique discoveries for music, and for much more than music, such as those most relevant studies of this quality, which have been made successively, by Johann Sebastian Bach, Arthur Nikisch, and Wilhelm Furtwängler.

However, a closer study of the role of music in this way, carries our attention even more deeply into essential principles of mankind’s pursuit of the principles of physical science. This includes a special quality of insight into the general physical principle of metaphor, as that evidence challenges the deeper mysteries of mankind’s actual function in our universe.

Hold that thought for a moment. Let us situate the issues into which we have brought this discussion.

It is no mere coincidence, that questions such as these should be presented as serious questions for mankind at this time. Mankind is now entering a phase of our Solar system’s pathway within the galaxy, a phase which promises some rather menacing challenges for humanity in relevant times ahead, chal-



lenges of a specific type which have not existed in the datable experience during what is known, for us now, as the past of the existence of the human species within this galaxy. Given the need for scientific investigations into the relevant issues which that suggests, there is also a presently added, new quality of crucial task-orientation which mankind must consider now. The principle associated with the work of Bach, Nikisch, and Furtwängler, is highly relevant for understanding the available solutions to what we are about to consider here, but which, although very important to us as areas of new opportunities for discoveries, express the importance of already lurking physical principles of human nature.

My subject in the body of this present report, is the widespread, and destructive error of presumptions which asserts the opinion that the collection of images of common human sense-perception is the alleged, relevant authority of “sense-certainty.” This has been, and continues to be the fundamental error of presumption underlying a widespread, mistaken belief in a principle of sense-certainty. This error is what Bach, Nikisch, and Furtwängler had actually disproven; a proof which must rock the crumbling edifice of a continuing worship of “sense-certainty.”

### ***A New Dawn: a Synopsis***

Both Arthur Nikisch and Wilhelm Furtwängler had recognized the existence of relatively “unheard sounds” in a relevant quality of Classical musical performances. In the case of their great predecessor, Johann Sebastian Bach, the same principle-in-effect was surely a crucially definable influence. At my own present biological age, such abilities as quasi-hearing are not explicitly hearable; but, importantly, the memory of the idea of that lost hearing remains, even for us older folk. Yet, the fact of the past experience of “the almost heard” is still accessible as an experience, especially so through the form of “pregnant silences,” as if between the cracks of the near-heard sound.

The primary reference for that experience as if of pregnant silences is the special characteristics of what may be recognized as the pregnant silences. However, once that much has been said, it is the experience of the as-if-heard special kinds of apparent quasi-silences which lead us toward our goal. Thus, the difference between a merely ordinary, well-turned musical composition, and a treatment of the same score as, for example, a Wilhelm Furtwängler performance of note, brings

something very special into play. All really good conductors and Classical-musical performers have a more or less efficient approach to at least an approximation of great performances by a Furtwängler, Nikisch, or Bach. “Rubato” as such does not reach the meaning of this. It is the manner in which a Bach, Nikisch or Furtwängler actually directs the intended effect which is of crucial significance for our purposes here. “Something very special” does not adequately capture the meaning. It is the effect of “the almost heard intention” which is crucial.

That much said, appropriate musicians might agree; but that does not fully capture my intention here. “The sweetest sounds unheard” comes closer to the meaning of all this. Max Planck’s exchanges with Wolfgang Köhler on the subject of psychology, must be considered together to comprehend the subject-matter which I am emphasizing here. Yet, there is also a truly crucial additional consideration to bring into account here. The discovery was to Planck’s great credit; but, it was Köhler’s work which persuaded him. The actually functional quality of the valid human mind is not the product of a spelling bee.

Or, to bring my working-point here to heel, consider the relevance of Johannes Kepler’s treatment of the principle of metaphor, as Kepler treated the notion of “vicarious hypothesis.” Literal meanings do not literally exist among sane artists, or scientists. In the work of Bach, Nikisch, and Furtwängler, it is “the virtually unheard sound” which expresses the profundity of the truly physical intention.

The particular relevance of my standpoint here, is that the meaning of truly important ideas in the human mind, does not lie within a steel-clad meaning of the words which are to be heard, performed, or written. The Classical poet’s “metaphor” is appropriate. Such is the correlative of the adducible intention of Johann Sebastian Bach, and the explicit intention of Nikisch or Furtwängler. In the meanwhile, there is the special approach to “hearing the future prior to the present instant,” required of both Johannes Sebastian Bach and his Eighteenth- and Nineteenth-century followers.

It is Bach who had given “the secret” away, explicitly with the miraculous meaning of “the future,” my own speciality as a forecaster in the scientific version of economic forecaster. Here lies, also, the distinction of man from mere beast. Among all known creatures, only the human mind, if and when it behaves as truly a human mind, can forecast competently: my special-

ity. This is something which Bach would understand, and did understand with appropriate clarity of intention.

### *In the Domain of Metaphor*

Amid the contemporary style in hard-bitten sense-certainty, it is “the data” which thinks itself to reign in triumph. In serious science, the “sense-certainty-ists”

are to be recognized as behaving as crude, even virtually louts, but certainly as practicing sophists with nothing actually in common with clear-headed scientific thought. I do not suggest that they are incompetent; I only report that the habit of maintaining passing grades, ranks one ahead through a quick academic, or academic-simulating answer supplied for the sake of public acceptance by one’s nominal peers.

## Köhler and Planck: Beyond Sense-Perception

LaRouche writes that “Max Planck’s exchanges with Wolfgang Köhler on the subject of psychology, must be considered together to comprehend the subject-matter which I am emphasizing here.” The LaRouche Basement Team has elaborated this concept in several locations.

The LaRouchePAC special report *Planetary Defense*, also published in [EIR](#), April 13, 2012, described Köhler’s contribution this way:

“The psychologist Wolfgang Köhler diagnosed the pervasive belief in Newtonian absolute space to be a mental illness which arises from an excessive belief in sense perception. The limitations of our sense of vision cause us to tend to separate our visual field into objects and background. Our extended electromagnetic sensorium, however, shows us that what we refer to as background is nothing of the sort.”

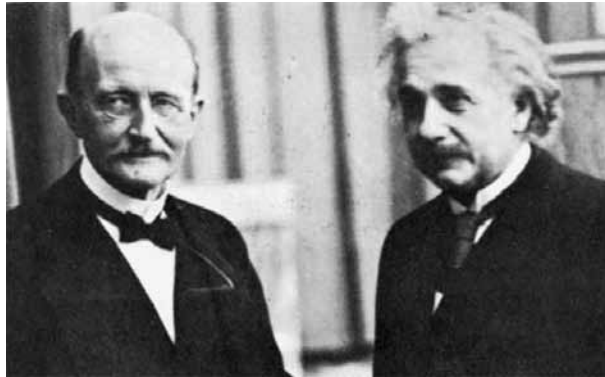
In other words, if gestalts, not *point sources*, form the basis of perception, then the physical universe is organized that way too (see Oyang Teng in [EIR](#), June 10, 2011).

Köhler, in a 1959 speech on “Gestalt Psychology Today” (cited by Sky Shields, [EIR](#), Oct. 17, 2008), referenced his discussions with his former teacher,

the physicist Planck:

“When reading the formulae of the physicist, one may emphasize this or that aspect of their content. The particular aspect of the formulae in which the gestalt psychologists became interested had, for decades, been given little attention attention.... [We had] good reasons for being surprised by what we found; and we naturally felt elated when the new reading of the formulae told us that organization is as obvious in some parts of physics as it is in psychology.

“Incidentally, others were no less interested in this new reading than we were. These other people were eminent physicists. Max Planck once told me that he expected our approach to clarify a difficult issue which had just arisen in quantum physics if not the concept of the quantum itself.”



Max Planck (1858-1947) and Albert Einstein (1879-1955)



Wolfgang Köhler (1887-1967)

The secret of truth, as in Classical artistic composition and in serious scientific work, lies, as on the Classical stage, and truly Classical music, within the domain of metaphor, not mathematics. Indeed, the truly honest and also great mathematicians are physicists who translate silly sorts of academical posturing into that which mathematics can only mimic. For some, that might be taken to be a rather large claim; the really insightful scientist comes around to recognizing that good mathematical thinking is a matter of asking and posing informed questions, not really answers. As one playwright said: “the important thing is the effect.”

The case which I am in the process of exposing here, is the relevant case-in-point.

On the classical stage of a Shakespeare or a Friedrich Schiller, for example, the mission is to transform a mere script into a living experience of another, very real world performed on the stage of the human mind. Hence, true metaphor. The appropriateness of my just-stated point, is, indeed, expressed in reincarnating the spoken voice and visual experience of the figure of the actors on stage, an experience which is transformed into a true reality of the drama whose reality is off-stage. That stage delivers to the fore the actual beings which come as if to their true life on a special kind of stage which is less seen and heard, than sensed as a presence which the director and actors bring to life as that which were actually neither seen nor heard, except in the audience’s mind itself. Thus, where mere words have been spoken, the ghost on stage appears to be alive.

The great director or playwright, or the great composer’s representative brought as if on stage, bears truth onto an unseen stage; the rest is merely a shadow which passes as if behind a veil of the audience’s mind; what appeared in the performance on stage, is, for better or worse, immortal. Am I stretching the imagery? Not in the slightest degree.

The necessity which underlies the argument which I have just delivered, achieves its most significant meaning within that special domain which I have associated, here, with the names of Bach, Nikisch, and Furtwängler. The crucial argument which I am in the process of delivering here, is illustrated by a crucial fact presented by Bach: “Can you hear the future calling out to you?” This is a conception which belongs to me, because it expresses the principle of the future on which my life’s work as an economist has depended—the crucial notion of the future established by Bach, the

same principle which my putative professional rivals have failed to grasp—repeatedly, and mistakenly—since I presented my first, successful, and precise forecast (August 1956) of the major U.S. economic crisis which broke open in February-March 1957: the principle of composition of the future which was emphasized by Bach.

My forecast for that 1950s occasion did not involve anything of my work which I would consider a “work of genius” today. Essentially, my data was a matter of a correct and thorough composition (the easier part); also, I had confidence in the methods on which the forecast had depended, which accounts for my defying “rivals” whose dependency upon the inherent folly of statistical forecasting, had thus defied the special principle of Johann Sebastian Bach.

The crucial principle in common, of Bach, Nikisch, and Furtwängler, thus involves “the future,” for Bach, and the “unheard” for Nikisch and Furtwängler. There are other considerations, but these three cases are sufficient to be, each and all, crucial.

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## II. The Unheard

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Some descriptive material is required at this point, so that we might have an adequate outlook over the challenge I am outlining for you.

“Unseen” and “unheard,” taken in stride, represent an existential challenge to the popularized notion of “sense perception.”

However, the just-stated sentence, above, so stated, does not lack powerful supporting evidence in support of its reality, even from within the annals of modern physical science. The most significant “factor” is that which is to be considered on grounds of broader and deeper qualities of evidence.

*The thematic word to be emphasized on this account here, is **metaphor**. Percy Bysshe Shelley’s **A Defence of Poetry**, is the very important point of reference which is to be recognized in its most compelling aspect; the closing paragraph demands the greatest concentration of relevance, for reason of the implications of the metaphor treated within it.*

*The considerations which I have brought together in this report, this far, must be considered as ironic in the deepest, and most serious sense of the notion of irony. These convey, in an appropriate manner, the notion of the division of human experience between*

two, intertwined, but respectively, distinctly unique qualities of the nominal totality of the human experience. The superficial quality is the necessity of taking sense-perception as such into account; sense-perception expresses an inferior authority, but, in parts, a useful, even indispensably included part, often an almost indispensable one, but not the most essential one.

It is most useful, on this account, to consider the evidence presented as by Albert Einstein, et al., the evidence that the notions of “space” and “time,” are not fundamentals in any conventionally ontological sense of normally “heard” time and its relationship.

We are now approaching, even in this immediate present time, the presently implied qualities of experience which correspond to the notion of the application of optimal thermonuclear fusion expressed in highly accelerated/ decelerated transport between Moon and Mars. This conveys what should be recognized as a *therapeutically beneficial shock* to what might have been considered as the notions of space and time.

Indeed, if U.S. President Obama were sent into an early, currently absolutely necessary retirement, the concept were more readily understood. We—mankind—are being compelled, by the combined crisis to the trans-Atlantic monetarist system, and a threat to Earth from large rocks in space and poisonous comets. We are, thereby impelled, to raise the levels of energy-flux-density of sources of applied thermonuclear and higher-density applications sufficient for not only the mere defense of mankind’s existence, but for gaining the means of higher orders of usable power, such as thermonuclear fusion and matter/anti-matter impulses, to create systems of movement and protection of the human species within the Solar system, and, ultimately, beyond. *The systemic financial crisis dominating the present trans-Atlantic financial system is both real, and a desperate panicking of a doomed current monetarist system, most emphatically, among the trans-Atlantic monetarist interests.*



NASA and The Hubble Heritage Team

*The need for application of thermonuclear fusion to the transport of human beings between the Moon and Mars, “conveys what should be recognized as a therapeutically beneficial shock to what might have been considered as the notions of space and time.”*

The wildly homicidal passions expressed by what is, in any case, the absolutely, presently doomed, trans-Atlantic monetarist system, are driving the Wall Street and related criminals of the planet, especially in the trans-Atlantic region, into a mass-homicidal state of criminal mind which is presently echoed in the hysterical rages of a politically imperilled British puppet, President Barack Obama. Giving in to that rage from British monarchy puppets, such as Obama and British puppets such as Geithner, is the one thing, above all others, to which mankind must absolutely not concede, during this present moment of a trans-Atlantic financial-breakdown crisis.

A resolute hand of reason must supersede all alternatives, especially at this moment of an hysterical, British-threatened extinction of the human species.

Under the condition of such immediate, short-term threats to civilization, the calm and resolute acceptance of the need to terminate the existence of “Boardwalk-like lunacy” throughout the current financial system of

speculation in (especially) the inherently doomed Anglo-American and French financial-speculative systems, must be the spirit of the law throughout the trans-Atlantic zones, most emphatically.

There is great fear, but also magnificent options for progress, throughout the world today.

Despite the mass-homicidal passions rampant among the London and Wall Street madmen, the only sane prospect for mankind is to be focussed upon the leaps in mankind's power within even the Solar system itself. This is the hope for the delivery of a power which mankind is virtually ready to bring on, if we wish. For sane nations and their people, we are about to reach the threshold of rising orders of magnitude in man-usable powers, a prospect through which we would be able to accelerate mankind's power within the Solar system beyond the imagination of all but a relative handful today.

### ***The Needed Option***

By the standard of the present levels of attainable power during this present century, over the course of the three or so generations ahead, the abilities of mankind within the Solar system, would, if realized, dwarf even the imagination of all but a few persons operating in locations such as the Americas and Eurasia presently, and, that is as it should become. Mankind has an inherent mission in this galaxy, and ultimately beyond, and we must accept that mission as a responsibility to which we must now attend, and also look beyond. The risk, whether in movement outward, or in capability, is a factor of risk which probably could not be mastered unless we begin to move out to those higher missions and destinies which we must be in the process of mastering. Mankind, by our present nature, has an available clear-view perspective, as a species, a perspective which should be coming into view now, a perspective which intimates higher destinies in every respect for that purpose. We are entering the challenge of more powerful orders of instruments employed for the function of "sense-perceptions" on a higher order of existence than we possess now. In short, we are in reach of acquiring "synthetic" powers of "sense-perception" which will supersede sense-perception as we have known heretofore.

The case of the discoveries developed by Bach, Arthur Nikisch, and Furtwängler, is pointing our attention to areas of opportunity which are the most likely to

fit our oncoming needs.

The considerations which I have brought together in the report which I am now preparing here, must be considered as ironic in the deepest sense of the notion of irony. These considerations convey that in an appropriate manner, as the notion of the division of human experience between the two categories.

To a certain degree, the perspective which I have outlined above, is approximately a valid outlook; but that is only a scant beginning. We must think toward surrogates for what we term "sense-perceptions," which outreach all current notions of analogs of such functions. The kinds of "sense-perception surrogates," and the like, are to be regarded as merely precursors of the kinds of "command and control" capabilities which reach into and beyond the kinds of extended human command and control which we should associate with the functions we have pointed out for the side of the human development of the powers of a type associated with what we identify today as metaphor. The essential point is, to append instrumentation to, first, those kinds of human powers associated with such as metaphor (as some of us already do, more or less wittingly); to deal with mankind's extension of the powers latent within the domain of metaphor, means bringing a more effective, conscious role of the use of extended powers of mankind of that type.

Where mankind can not travel, mankind has the potential to reach and penetrate, under the provision of an increasing role of those aspects of mind which we must associate with metaphor.

### ***Sense-Perception, Redefined***

Now, that much said, now return to Bach, Nikisch, and Furtwängler.

What is now placed immediately in jeopardy here, are the generally accepted versions of what is named "sense-perception." It might be said, that, as Max Planck and Albert Einstein led in "laughing at" the idea of such nominal forms of sense-perception as relatively fixed notions of space and time, we must eradicate the notion of a certain "self-evidence" in which we have been accustomed to consider sense-perception as such almost as a "god." The combined effects of that work of Bach, Nikisch, and Furtwängler have been developed and explored sufficiently now, that we need not be blinded slaves of the worship of sense-perception, any longer.



This change has been, as it is said, “a long time coming, Eratosthenes.” The effect achieved a certain relative completeness with the breakthroughs by Filippo Brunelleschi and Nicholas of Cusa which established the foundations for the structure of all relatively competent notions of a competent modern science.

There has been a virtual war between the school of Cusa and the enemy faction of the neo-Aristoteleans and worse, worse such as the hoaxster Sir Isaac Newton (who never actually discovered any physical principle) since that time. However, belief in sense-perception has clung on.

Now, the time has come to bring the presumed need of reductionist superstitions to an end. Now the time has arrived, to rid mankind of the burden of the cult of sense-perception as such. Bach, Nikisch, and Furtwängler had actually broken the chains of reductionist bondages of the popular mind. The evidence was there, waiting to be recognized. The cult of the post-World War II “Congress for Cultural Freedom” stood in the way of mankind’s survival; mankind must be rid of that force for evil.

Therefore, that much said, where do we go from here?

### *Hope for Mankind*

The crucially needed additional evidence was already there.

I have already, above, pointed out that the “traditional” clash between metaphor and sense-perception, entertains a specific absurdity. Intelligent and fairly developed human minds have recognized, as all serious Classical artistic composition had done, that the separation of metaphor from elemental qualities of sense-certainties is a matter of something being false in the accustomed attempts at metaphor. The relevant work of Bach, Nikisch and Furtwängler points directly towards the problem, and, potentially, the solution. Sense-certainties are a kind of mere shadows, shadows which are a “distorted” reflection of the principled character of properly distinguished metaphor, shadows of reality, not the reality itself.

I think it fair to say now, that this conception was already implicit in the best scientific developments of the Nineteenth Century, as the case of Bernhard Riemann still prompts the wise among us toward the outcomes under such as Max Planck and Albert Einstein. It was the most extreme among the reductionists of “the

Austrian school,” first, and then the brutishly evil Bertrand Russell, the rabid reductionist of the middle through late 1920s, through which the poisonous fraud against science was deployed.

It is the case of Russell, or better said, what Russell has actually represented, which has been the principal artificer of the worst of the popularized swindles of the Twentieth Century, swindles such as the Queen of England’s presently official “Green” fraud.

However, returning quickly to the positive side of these matters presently at issue, the crucial point to be recognized, is that sense-perception is essentially the shadow cast upon the actual, functional realities of metaphor; sense-perception is an intoxication suffered by the real universe whose name is the human power called “metaphor,” as Johannes Kepler used the notion of “vicious hypothesis,”

I mean Kepler’s choice as, essentially, the reality of the principle of Solar gravitation. Now, extend that view to the related conception of Bach’s, Nikisch’s, and Furtwängler’s view of the reality of the shadows cast by the reality of the experience of such as Bach.

Therefore, we have the following “popular” problem, and its implied remedy.

### *Riemann’s Habilitation Dissertation*

One of the more functionally significant ironies in the modern history of physical science, is the custom of classifying Bernhard Riemann as a mathematician. Surely, he did much work on the subject of mathematics, but his leading accomplishments were as a physicist, not a mathematician (except for students, or others, who have not learned the essential difference). This is no quibble; the concluding sentence of Riemann’s monumental habilitation dissertation, emphasizes this fact most forcefully. Mathematics does serve as an important sub-category of the formal practice of physical science, but the essence of the matter, for both Riemann as for his predecessor, Lejeune Dirichlet, is the study of the development of physical principles which are often described in mathematical terms of reference. Once we depart the department of mathematics as such, in favor of the higher authority of physical science—Once we enter the domain shared by Bach, Nikisch, and Furtwängler, the same distinction of physical science from mathematical formalities, repeats itself with relatively great force.

Then, with Bach’s emphasis on what I have referenced here as the function of the future in the composi-

## Riemann's Crucial Insight

*From Bernhard Riemann's habilitation dissertation, On the Hypotheses Which Lie at the Foundations of Geometry, translated by Henry S. White, in David Eugene Smith, ed., A Source Book in Mathematics (New York: Dover Publications, 1959):*

It is well known that geometry presupposes not only the concept of space but also the first fundamental notions for constructions in space as given in advance. It gives only nominal definitions for them, while the essential means of determining them appear in the form of axioms. The relation of these presuppositions is left in the dark; one sees neither whether and in how far their connection is necessary, nor *a priori* whether it is possible.

From Euclid to Legendre, to name the most renowned of modern writers on geometry, this darkness has been lifted neither by the mathematicians nor by the philosophers who have labored upon it. The reason of this lay perhaps in the fact that the general concept of multiply extended magnitudes, in which spatial magnitudes are comprehended, has not been elaborated at all. Accordingly I have proposed to myself at first the problem of constructing the concept of a multiply extended magnitude out of general notions of quantity...

[In conclusion:] This path leads out into the domain of another science, into the realm of physics, into which the nature of this present occasion forbids us to penetrate.



is merely shadow. The shadow recognizes itself, but not the actual function ostensibly represented.

Furtwängler's performances, like those proper to Bach and Nikisch, are "tuned," as contrary attempts at musical performances are not.

The functional point to be emphasized on this account, is that it is the ostensibly "transcendental" which is efficiently the real. The implication of that is, in turn, that the category of apparent phenomena which is real, is that which lies "outside" the apparently merely mathematical. To carry my same point forward, in a proper fashion, we must recognize that the department of metaphor is what is real, and that it is the haunting image of sense-certainty which is merely shadow. One imagines that he or she, like Kepler, seems to murmur, "Yes: a vicarious hypothesis!—Precisely so!"

It is the extension of mankind's ability to generate instruments belonging to the domain of the "transcendental" which is real.

tion of music, we are confronted with the essential distinction of the department of metaphor from generally accepted notions of bare mathematics as such.

However, there is another aspect of the comparisons between the two, one which is entirely crucial: ultimately, metaphor is the actual department of reality, while sense-perception is merely the shadow cast by the object of the experience which is actually real. It is within that reality in which the domain of the music of Bach, Nikisch, and Furtwängler actually resides as a prophet of mankind's future.

What we should add, at this point, is where the efficiency, if we may call it that, of Classical musical composition and its performance, actually resides. The fact that, for many perhaps, the actually Classical principles of music dwell "outside the domain" of the literal notes, should have warned us, which is real music, and which

### III. How The System 'Thinks'

Among the more or less disastrous errors which ordinary mathematics practices tend to induce, there is the commonplace, actually silly presumption, that the organization of the Solar System, and, hence, whatever contains the popular notion of the organization of the Solar System, is "true." The fact of the matter is what Bach, Nikisch, and Furtwängler have indicated, to be quite the opposite arrangement.

The fact is, that living processes contain non-living ones, and that merely living processes are confined within the bounds of human creativity. To make the point clearer, I recapitulate, the same case I have indicated earlier. I add some "bite."

To present the relevant thought in relatively simple

terms, the ordering of known power in the part of the universe to which we have a degree of practical access to control, places the human mind's powers of physical-scientific and comparable progress as typical of those powers within the universe for which we, as mankind, have demonstrated both our actual and implicitly still higher power over beasts and lower-ranking existences alike. It is the power of creativity.

That power lies not so much in man's hand, as in his potential to create. Life itself is a great power over all that is less than that; but, life itself is in a rank below human powers of creativity. That which is not human creativity or life otherwise, is a lower quality within the universe. In the meantime, raw power other than that of life-as-such known to us, is a terrible authority, but, the prospect of mankind's power for shaping the destiny of things within the universe persists.

Those are truthful generalities, as such, and which contain evidence to the effect which I have just broadly summarized. However, the evidence of the inherently noëtic powers which we recognize as those of the human mind, is that they are powers of a type in the practical image of a species of "creator." These are powers which, in their distinctive aspects are those of a creator who is subject only to a universal creator. This is the same, specific power which is defined as such by Johann Sebastian Bach. In the end, Bach's principle of this kind, shares in common the specific notion of creativity which we meet in the instances of Nikisch and of Furtwängler. It is those specific qualities of powers, powers which operate beyond the limits of sense-certainties, which are the properly leading subject for our attention here. These powers are the subject-matters of metaphor.

That summary form of definition of metaphor, which I have just stated in an appropriate, if but rough manner, is the higher authority in the human experience: higher than apparent sense-certainties. This is the true nature of the meaning to be applied to metaphor. Such notions of metaphor pertain to the highest rank of authority in mankind's knowledge, the highest rank of the possible authority of the known powers of the human imagination.

### ***The Relevant Resolution***

The ostensible powers of the human creative imagination, are, thus, ostensibly, matters of two differing, but interdependent powers expressed by the human cre-

ative will. In one such case, it appears that the practical side of scientific developments in discovery prevails; those are developments which we associate with the emphasis on the use of "sense certainties." These latter developments are, in fact, the relatively less powerful influences, for the reason that the experimental insights associated with those powers associated directly with human sense-perception as such, are of an inferior quality respecting truthfulness to the creativity expressed in the guise of metaphor.

It were as if the educated powers of noësis reflected by means of sense-perception were merely a poor shadow of the reality expressed in the form of metaphor. The former is the "kit" we carry on patrol; the more profound expression of discovered truthfulness, lies within the domain of metaphor as such. It is the latter, the expression of metaphor, which commands the superior truth.

There is nothing essentially speculative in my award of superior quality of truth to metaphor. This is not simply a notional view of the matter.

Think of ordinary discoveries which appear to have the quality of sense-certainty as like a camper's package of emergency-supplies. Useful, but not "first class" in nature. From that "camper's" standpoint it is sense-perception which is "real," and what is actually "real," is blamed on metaphor.

Presently, the accelerating crisis with which mankind is being confronted, increasingly, now, brings metaphor into an essentially higher rank in mankind's experimental experiences. What I signify by that statement, is my pointing to the evidence, that as mankind is compelled to reckon with means for him which are located, primarily, in the domain of modern scientific practice typified, for example, by the discoveries of Riemann which are typified by his habilitation dissertation, and, more emphatically impressed by the revolution led by Max Planck and Albert Einstein, that mankind's practical destiny has now been shifted to the development of physically revolutionary instrumentalities which are located, increasingly, in the essential role of synthetic means of discoveries and changes in our Solar system, and beyond, which demand emphasis on the use of instrumentalities which are inherently more powerful, for mankind's interests, than our customary "emergency kit" of human direct emphasis on sense-perception as the overriding authority in the practice of the knowledge of the universe we inhabit.

### *Glass-Steagall, or Die*

It takes a great deal of self-confidence and inner authority for a leading institution to turn on a dime, and embrace a policy which it had opposed for decades, and other leading institutions still oppose—but that’s what a prominent section of the City of London financial oligarchy has done on the issue of Glass-Steagall. Lyndon LaRouche takes up the implications of this shift preliminarily in our cover feature; he has subsequently emphasized that there is much more to be understood.

First, it is crucial to see that the Glass-Steagall reform which is now being demanded by representatives of the City of London, such as the *Financial Times*, is following the tradition of the original Franklin Roosevelt law: a strict separation between the gamblers and the commercial banks. The *Times* itself again editorialized for such a shift on July 10, and other financial writers with pedigrees in the City orbit, such as Dominick Sandbrook of the *Daily Mail*, have stressed the FDR model as the way to go.

Thus, these oligarchical spokesmen explicitly agree with LaRouche on the *correct* policy, the only one that can free mankind from the life-crushing gambling debts, and open the way for economic and technological progress.

Second, it is clear that these members or hangers-on of the financial oligarchy are operating not in their own individual interests, but as representatives of their *class*, a ruling class, which they are committed to preserving over generations. These are not people who adapt to public opinion, but who *make* public opinion. They have concluded that it is in the long-term interest of their class, and of society as a whole, to reverse course, and adopt the Glass-Steagall policy.

Such a shift has huge implications for the

United States—where ruling British “opinion” carries significant weight, and where a similar policy shift is absolutely required in order to put Glass-Steagall into effect. Yet, in the week following the dramatic surfacing of the British move, very few Americans—with former Labor Secretary Robert Reich being the most notable exception—have taken up the cause.

The problem is, as LaRouche stressed, that the American political leadership—if you can call it that—does *not* have that sense of inner authority, and sense of responsibility, which the oligarchical group in Britain does. Ironical? Actually, potentially tragic, unless sufficient numbers of leading U.S. citizens will be roused by the real political leadership of Lyndon LaRouche and his movement, to take immediate action for Glass-Steagall, and the urgent subsequent steps politically and economically, that are required to rescue mankind from looming disaster.

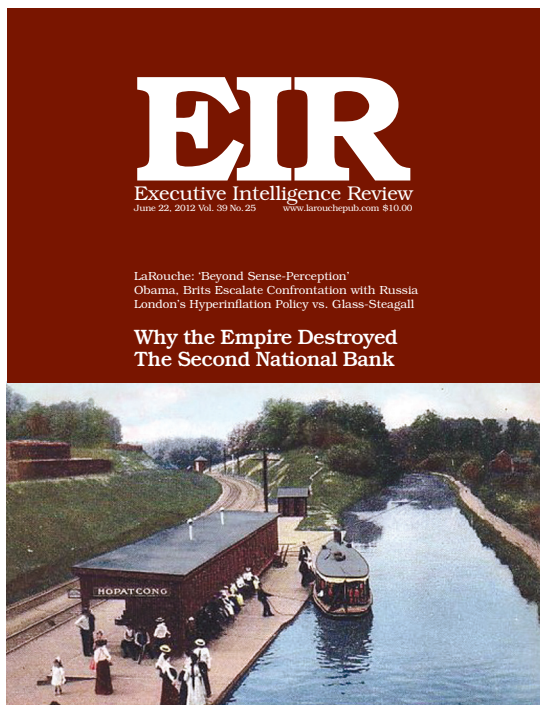
The challenge is for enough Americans to once more shift their identity to that of soldiers fighting for the welfare and future of *all* mankind. Such was the sense of purpose to which the leaders of the American Revolution were devoted, and which they used to inspire their countrymen to give their very lives to secure. We take responsibility for the world, not as oligarchs, but as heirs of the great Declaration of Independence and Constitution which the likes of Benjamin Franklin, Alexander Hamilton, and John Quincy Adams crafted and held high.

J.Q. Adams said in 1821 that America’s commitment (as in the Declaration) “stands, and must for ever stand, alone, a beacon on the summit of the mountain, to which all the inhabitants of the earth may turn their eyes...” Let us fulfill that legacy. Glass-Steagall, or die.

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