

# EIR

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Greek Proposal: Convene a 2015 European Debt Conference  
German Official Warns of War as Kiev Presses Its Attack  
Don't Let Wall Street Stop Glass-Steagall Again!

The 'Hamilton Principle'  
Revived in New York City





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# EIR

## From the Editors

“I’m here to talk to you about a beautiful vision of a world without war and terrorism,” began Schiller Institute founder Helga Zepp-LaRouche at the Institute’s Jan. 17 conference in New York City. Her promise was more than fulfilled throughout the four-hour conference, which was devoted to reviving Dr. Martin Luther King, Jr.’s Dream, by destroying Wall Street, declassifying the 28 pages from the Congressional Inquiry on 9/11, and bringing the United States into alliance with the BRICS nations.

Our *Feature* this week can only give you a shadow of this extraordinary event, by providing transcriptions of most of the speeches. There is no substitute for watching the entire event, available at [www.schillerinstitute.org](http://www.schillerinstitute.org), with its musical offerings, discussion, and other presentations. This event was a crucial inflection point in the campaign to revolutionize the United States as a nation united under the Alexander Hamilton principle—a campaign of vital importance to mankind everywhere on the planet.

In addition to Zepp-LaRouche’s presentation, we are publishing those of former U.S. Attorney General Ramsey Clark, the advisor to the South African Ambassador to the United Nations, EIR’s Jeffrey Steinberg, and Congressman Walter Jones. The speech of *21st Century Science & Technology* editor Jason Ross will appear in a future issue.

You will also find in-depth coverage of the leading strategic issues presented by Mrs. LaRouche in our regular departments. Under *Economics*, we elaborate on the 1953 German debt reorganization plan being put forward today by the opposition parties in Greece, which has its crucial election Jan. 25, and give you access to a report on a recent seminar by Chinese economists on that premier nation’s actual economic situation and perspective.

Under *International*, we update the war picture, with reports on what is really going on in Western and Eastern Europe—reports generally suppressed in other media. Our own interview with a prominent French strategic analyst gives an insight into the thinking in that nation on the recent terror attack in Paris.

In *National*, we return to the decisive battle against Wall Street, as it’s being carried out in Washington, D.C. The good news is that Rep. Marcy Kaptur has once again introduced legislation to reinstate FDR’s Glass-Steagall; the bad news is that Wall Street *owns* a large part of the Republican majority (and some Democrats as well). But, as Lyndon LaRouche emphasizes, Wall Street is bankrupt! The bankers and their agents can be smashed—and the U.S. freed to do its real job in rebuilding the world.

## Cover This Week

*Alexander Hamilton's statue (by James Earle Fraser, 1923) stands in front of the Treasury Building in Washington, D.C.*



Creative Commons/Karen Nutini

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Participants in the Schiller Institute's Jan. 17 Martin Luther King Weekend conference held at New York City's Riverside Church, and those who joined from around the world over the Internet, experienced what author Dennis Speed describes as "an all-too-rare occurrence in the trans-Atlantic world today: spiritual elevation." From a personal reminiscence by Ramsey Clark, about the 1965 Selma-to-Montgomery March, to Helga Zepp-LaRouche's recounting of the 25-year campaign for the World Land-Bridge, the conference ignited a "Promethean fire" in the audience to at last realize the dreams Hamilton and King.
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## **National**

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## **Editorial**

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THE REPUBLIC OF PRINCIPLE

# Celebrating Dr. King, as Hamilton Would Have Wished

by Dennis H. Speed

Jan. 20—The 225 participants in the Schiller Institute's Jan. 17 Martin Luther King Weekend conference held at New York City's Riverside Church, and the national and international audiences connected to that event live by Internet, experienced an all-too-rare occurrence in the trans-Atlantic world today: spiritual elevation. While it might be expected that such a thing should happen in a church, the means for this elevation was the wielding of the principle of Classical tragedy, in the service of reversing the likely global catastrophe of thermonuclear war. This was done by shocking the audience into the realization that only their unified action, as a singular indivisible American citizenry liberated from petty concerns and subscribing only to the General Welfare principle of the U.S. Constitution, would prevent the increasingly probable destruction of all life on the planet.

The conference's keynote speaker, Helga Zepp-LaRouche, is recognized in much of the world as the embodiment of the concept needed to solve this unfolding world tragedy. Her work, particularly since November 1989, in co-inventing and advocating what has now become known as "The World Land-Bridge" policy, earned her, from the 1990s, the sobriquet "The Silk-Road Lady" in China. She is nearly as well-known among the planning and policy institutions of Russia and India. Her conference presentation, "BRICS Nations Revive Martin Luther King's Dream: Economic

Justice Is an Inalienable Right," was the opening shot in a New York City-based campaign, called "the Manhattan Project," initiated and designed by Lyndon LaRouche, intended to overthrow the murderous intellectual tyranny of Wall Street and the City of London over matters of economic and military policy that has dominated American thinking since the assassination of John Kennedy.

Prior to the keynote presentation, King was himself featured in a short video discussion from a 1967 talk show, discussing the unjust nature of the Vietnam War. Preceding that, a selection of arias from Handel's *Messiah*, one of King's favorite pieces of music, was performed by soprano Michelle Fuchs, alto Jessica Tremblay, and tenor Everett Suttle. Of Handel's composing of *Messiah*, King had written as a young man in his 20s: "His health and fortunes had reached its lowest ebb.... His right side had become paralyzed and money was all gone. His creditors seized him and threatened him with imprisonment. For a brief time he threatened to give up the fight ... but he rebounded again to compose the greatest inspiration ... which is the epic *Messiah*!"

The fact that the proceeds from the *Messiah* were used to pay the debts of destitute citizens, and that the highest works of musical genius might be wielded to alleviate the worst of human suffering, was not lost on King, who famously quoted Handel's use of the prophet



*Dr. Martin Luther King delivers his sublime “I Have a Dream” speech from the steps of the Lincoln Memorial, at the Aug. 28, 1963 March on Washington. The Schiller Institute’s conference mobilized New Yorkers behind “the fight for economic justice” that was waged by both King and Alexander Hamilton, in their times, and which is urgently needed today.*

Isaiah’s text in his “I Have a Dream” speech of Aug. 28, 1963.

### **A War-Avoidance Strategy**

The problem confronted by the conference was how to qualify at least scores of New Yorkers, already predisposed to reject Wall Street’s morally and financially bankrupt outlook, to circulate the newly released *EIR* Special Report, “The New Silk Road Becomes the World Land Bridge,” in tandem with Zepp-LaRouche’s and Lyndon LaRouche’s own international efforts. The answer was: Give people the highest-level possible ideas, and shock “the better angels of their nature” into comprehending them, so that they are intellectually self-qualified to lead. They must act, in other words, not as “street activists,” not as “party advocates,” not as “lobbyists,” but as Alexander Hamilton, the founder of American New York, had done in his successful battle for the adoption of the U.S. Constitution and a single Federal government—not a Wall Street “confederacy of dunces.”

This is increasingly a life and death question, as the

Obama Administration is “moving forward with an ambitious nuclear weapons modernization program that could dramatically raise the threat of nuclear war,” in the words of *The Nation* writer Theodore A. Postol. That article, which ran in that magazine’s Dec. 20 issue, also reported this chilling idea: “Sophisticated Russian analysts, especially those who understand the technical aspects of nuclear weapons, see the [U.S.] modernization drive as a disturbing indication that the U.S. military believes a nuclear war against Russia can be fought and won.” Mikhail Gorbachov, the last leader of the Soviet Union, told *Der Spiegel* magazine, referencing U.S.-Russian tensions over Ukraine: “Such a war today would inevitably turn into a

nuclear war. If someone loses their nerve because of the acrimonious atmosphere, we will not survive the coming year. I do not say this lightly. This is of truly the utmost concern to me.”

Concern alone, however, will not prevent war. Only the successful takedown of Wall Street and the City of London will do that. Only a Hamiltonian solution, with the immediate re-instatement of Glass-Steagall, the issuing of national credit for essential physical production, a crash international program for the creation of a thermonuclear fusion-powered economy to replace obsolete fossil fuels, and a joint space effort involving the United States, China, Russia, and India (the BRICS complex, in short, joined by the United States) for the “Strategic Defense of Earth” from asteroids, and the joint lunar mining of helium-3 to create an even more advanced fusion energy fuel base—only this latter-day implementation of Hamilton’s outlook can save the United States.

The sole intention of the ensemble of conference presentations, including the musical performances, was to identify the “republic of principle,” the spiri-

tual domain of creative problem-solving, exemplified by Hamilton's fierce defense of the General Welfare clause of the Constitution in his four economic reports of the early 1790s. This, then, was to be the qualification for taking up a fight for economic justice like that waged by Martin Luther King at the end of his life.

### The Laws Must Change

"For the sting of death is sin; and the strength of sin is the Law"—so St. Paul admonishes us in his epistle to the Romans. But how are unjust laws then, changed? Ramsey Clark, former United States Attorney General, recounted how he, as Deputy Attorney General, had been responsible for the personal security of Dr. Martin Luther King in Alabama, particularly during the last of the three Selma-to-Montgomery marches. A Federal court order had permitted the march, but only 300 people were allowed to participate at a time on the two-lane highway. By the march's end, 25,000 people had assembled on the steps of the Montgomery state house. Twelve hundred white racist Ku Klux Klan activists, many of them convicted felons, were said to be in the area, intending to kill participants, including King.

Clark recounted a past-midnight discussion with King on a hill overlooking the temporary camping ground of the marchers. "It was reminiscent of a military encampment during the Civil War. There was a palpable fear in the air," Clark told the audience. He reported that King said to him that evening, as Clark implored King to keep him informed of the smallest of King's physical movements: "You cannot be afraid of death." King believed that there was a higher law that could change unjust laws, and that is exactly what he had done in the case of Selma.

Clark's overarching theme, that mass destruction



EIRNS/Stuart Lewis

*The intention of the conference presentations, including the musical performances, said moderator Dennis Speed, was to identify the "republic of principle," the spiritual domain of creative problem solving...." Here, members of the Schiller Institute Chorus perform "The Battle Cry of Freedom," at the conclusion of the conference.*

through war must be ended on the planet forever, by appealing to a higher law, caused him to dwell on what many term King's most controversial speech, the sermon that he gave on April 4, 1967 at Riverside Church. In that speech, King pointed out that "the greatest purveyor of violence in the world today, is my own government." He said, on that occasion, "the choice today is not between non-violence and violence. The choice today, is between nonviolence and nonexistence." One year to the day after giving that speech, King was assassinated, in Memphis, Tenn.

Helga Zepp-LaRouche's recounting of the 25-year campaign for the World Land-Bridge, as a "drum major for justice," embodies the same rejection of the tragic in human history. From 1989, when the Berlin Wall came down, and Lyndon LaRouche, then jailed in the United States as a political prisoner, invented the concept that became known as the "European Productive Triangle," to the recent full adoption by the BRICS nations of the World Land-Bridge outlook, and through many rejections by the Bushes, Thatchers, Merkels, and Obamas of this world, that Hamiltonian outlook



has now emerged as the best hope for mankind—but only if there are “drum majors for justice” who create the new laws that the human race needs. This requires a devotion to a higher, aesthetic principle, what the poet Friedrich Schiller identified as the Sublime, and which is contained in King’s famous “Mountain Top” speech, his last, on April 3, 1968. This is the domain of human creativity, from which all true science and art originate.

The final conference presenter, Jason Ross, of the LaRouche Basement Team, addressing this question, said: “Creativity is not a mere aspiration of the human soul—it is the basis for the continued existence of humanity as such. Only the human race has economies. You may have noticed that animals do not have economies. There aren’t banks for squirrels, the ‘International Pigeon Institute’ doesn’t release indicators of inflation. There are no rhinoceroses that measure their manufacturing output....

“What could you, of today, have done in the world of 5,000 years ago? How would you have survived? Could you help people turn rocks into metal? Could you use the stars to navigate?... Could you design a canal? Or take someone from 5,000 years ago and bring them to today?... For a kangaroo, or a hummingbird, there really is not much difference. The world may be different, but the kangaroo or hummingbird of 5,000 years ago is not culturally different from those same species today. *Time* is something that exists only for us, as human beings. Human beings use their discovery and knowledge of the laws of the universe to change the species behavior of all human beings, even when everyone is not aware of a particular technological change....

“Man’s control of water, through the invention of dams, locks, and the water mill, is unlike that of animals. Animals do not plant seeds in the ground to come back to find new food later.... Human science developed such that tools were no longer made out of stone, or wood, or metal, but out of the ideas of man. All tools are in some sense machines, but it is different when an *idea* becomes a tool. The tools of Cusa, Kepler, Fermat, and Gauss were responsible for technological changes that changed, in turn, the definition of what a tool is.”

Man has, therefore, a self-evolving nature, and can *choose to be better*. Ironically, King had referred to a higher-order physics himself in his last speech. Sheriff

“Bull Connor didn’t know history,” he said. “He knew a kind of physics that somehow didn’t relate to the transphysics that we knew about. And that was the fact that there was a certain kind of fire that no water could put out.”

That Promethean fire that was the immortality of Martin Luther King was not merely recalled in the gathering of Jan. 17: It was reproduced. Alexander Hamilton, former captain of artillery of the Revolution, would have admired the weapons now about to be deployed in his New York.

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Lyndon LaRouche

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## Hamilton’s Role in Creating the Nation

*Lyndon LaRouche sent this videotaped message to the New York Schiller Institute Conference, Jan. 17, 2015.*

Good morning, for a Saturday morning. I’m Lyndon LaRouche, of course, and speaking briefly on behalf of our team, which is operating especially inside Manhattan, New York City, that is to say. And what we’re doing is commemorating in a, shall we say, systematic way, the leading role of Alexander Hamilton, who is actually the creator of a real New York City, and who also was virtually a creator of the Constitution of the United States; he wasn’t the only one, but he was the leading figure.

And he was assassinated. He was assassinated by a British agent, which is not unusual for heroes of the United States. And they usually get killed, like, we have a couple of Kennedys who were assassinated on that principle. And so this is the kind of thing we have to deal with now, to celebrate it, in a sense, of pointing out the importance of the life, and assassinations as well, of great heroes of the United States.

And we recognize also that the United States was organized around New York City, organized especially by Alexander Hamilton, who was assassinated. And after the assassination of Hamilton, we had a bunch of Presidents who were not so hot. Then, in about 20 years,

we had a new President who was good, and then we had another President who was good, and then we had another bum, and a lot of bums. But then eventually, we had Abraham Lincoln, for example, especially, and other people.

So the United States has always been besieged by British-directed agents, who often operated as Presidents of the United States or something tantamount to that, or a group of people, or by institutions of the United States.

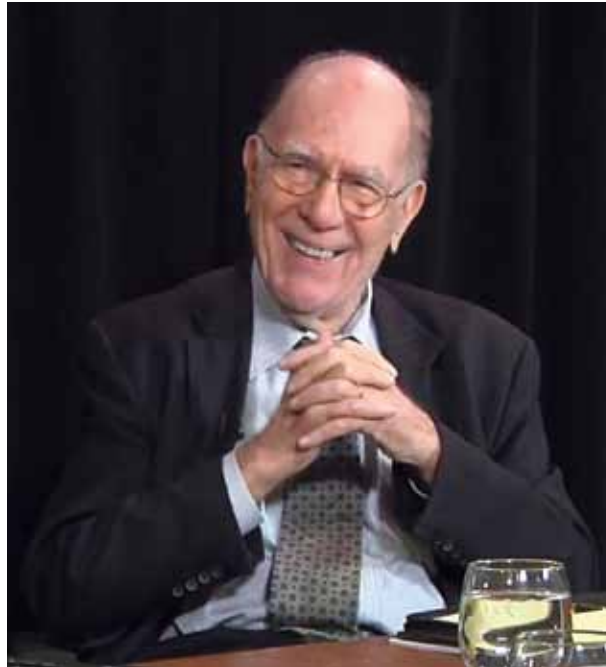
But the time has come now, that the Wall Street interest, which is actually a British interest, traditionally—it's a treasonous kind of operation—and they're bankrupt. Wall Street is bankrupt! And actually, the island of Manhattan is pretty much bankrupt, when it comes to Wall Street matters. So we're in that kind of situation today.

## The Manhattan Principle

We have that on our hands, now, and we, some of us, have done something in this direction to remind the people of the United States, of the full United States and beyond, of the way in which the United States was created, brought into being under the leadership of Alexander Hamilton.

Our time has come to recognize that there are no local states. There are states which we have created under our Constitution, with the help of our Constitution, but the creation was the creation of a single state, the United States so-called, and that the center of that has been Manhattan. And when you recognize *that*, the key role that Manhattan has played since the role of Alexander Hamilton, and since his demise, that this is the issue we have to turn to, for policymaking for our nation.

We don't make our nation in terms of defining a couple of states, or different states. We have no separa-



Lyndon LaRouche: "We have to have a mobilization of the spirit of our republic."

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tion of the United States into states. We have a convention which we designate as states; this is a convention. It's a useful convention when it's not abused, when it's not overextended.

Now we have to bring the people of the United States, who now have to take on, like a single force, getting rid of the filth and corruption which has destroyed us so often, especially under the Bushes, Prescott Bush's crowd in particular.

So we have to have a mobilization of the spirit and intention of our republic, which is a task which is located essentially for our attention, in the role of Man-

hattan, of New York City, Hamilton's New York City. And that's what we have to do.

We're now, today, celebrating that point. We're saying, yes, the states have a role as states, but they really aren't that important. They are significant; it's useful that they are organized that way. It's significant that we manage them that way, but we manage them under a single conception, a conception associated most crucially with Alexander Hamilton, a citizen of New York City. And that's the way we have to do it now.

I am rather old in some people's eyes; I'm not dead and not stupid, but I'm passing on, of course, in the future, this mission to recreate the intention of the creation of the United States, by bringing the factor of the island of Manhattan, New York State essentially, similarly, as the force around which we must organize our nation, again, afresh, to restore it, to eliminate all corruption and stupidity that we can do. And let's do it today. Let's do it now.

And here's the old man, he's got plenty of things to say, on later occasions, and you will hear about them I believe, if the old man continues to live. But that's the situation right now. Have a good time, and try to keep good health above all other things.

# BRICS Nations Revive Dr. King's Dream: Economic Justice Is an Inalienable Right

*This is the keynote speech to the Jan. 17 conference, by the founder of the Schiller Institute.*

I'm here to talk to you about a beautiful vision of a world without war and terrorism.

Now, that sounds like a very unlikely proposition at this point, where we are at the verge of World War III. Even Gorbachov has recently expressed that very clearly. Many others are seeing it. And the world is torn apart right now by a wave of terrorism, and it is also not so easy to imagine how to get rid of this barbaric development.

But it is within reach. And the potential to get the world back in shape, in order, does exist.

It exists in the form of the beginning of a new world economic order which has been built over the past one and a half years by the BRICS countries, the CELAC countries of Latin America, some Asian and African countries. But in order for this vision to become truthfully the realistic perspective for the future, it is absolutely mandatory that we change the course of the United States, in particular, and of Europe. Because only if the United States joins with the BRICS, and does not regard China, India, and the other BRICS nations as a geopolitical threat to their, or your, or our geopolitical interest—. It must be absolutely clear that in the time of thermonuclear weapons, war cannot be a means of conflict resolution, unless we want to commit suicide.

War and terrorism are the two evil twins of our time,



*Helga Zepp-LaRouche called on New Yorkers "to launch from here a nationwide movement to join the BRICS, to create a new era of civilization, and end the bestial era of war and terrorism forever."*

which, in an incestuous way breed each other. You have terrorism; then you have the war on terrorism, which creates more terrorism, which creates more need for more wars. Then you have more terrorism—and it goes on like that until the danger of World War III.

It should be understood, probably forever, but especially at our present time, that war and terrorism are the tools of an imperial system, a system which has increased the gap between rich and poor in a completely insane, perverse way, a system which has created a situation where the top rich people—85 people—own as much wealth

as half of humanity, 3.5 billion people. This system is one which Pope Francis has called the system which kills, and he has demanded that one should apply the Fifth Commandment, "Thou shalt not kill," to exactly this system.

## Restore the Real American Republic

And here in Manhattan, you have, in one sense, the headquarters of that system, shared with the City of London, in Wall Street. But you also have the beginning of the American Republic, and the American Constitution, which were represented by Alexander Hamilton, and the idea that the sovereign government has the right to create its own credit for the common good, and that that must serve only the prosperity of the nation.

New York has also been the beginning of the U.S. republic, and its institutions. And Wall Street, from the very beginning, was the enemy of the American model.

It was always the bridgehead of subversion for the British Empire, all the way through. It financed always the wrong people, including in the Civil War, when it financed the Confederacy.

It was associated with the idea to undo the American Revolution, and to return the American colonies back to the control of the British Empire. And today, the enemies of the idea of America as a republic, are on a rampage, and some of them are having lunch or dinner with the representative of the British Empire who is visiting the United States: Tony Blair.

The fate of the world will depend on which of these two traditions will prevail. And we have assembled here today, to launch from this meeting a process to return America back to be a republic, and implement the policies of Alexander Hamilton, John Quincy Adams, and become the United States again, a republic in an alliance of perfectly sovereign republics.

The good news in all of this, is that Wall Street is about to blow up. And the even better news is that an alternative to this system is already in place.

But the Wall Street too-big-to-fail banks are about to blow, and so is the Eurozone.

On Thursday of this week, the Swiss National Bank gave up their pegging to the euro, and that was because it was not maintainable any more after Switzerland had already spent \$500 billion to prevent the upvaluation of the Swiss franc; and in expectation of very stormy things to come this coming week, the Swiss sort of pulled the emergency brake, and decided to let the parity float.

Now, on Thursday of this coming week—and this was what the Swiss National Bank anticipated—the European Central Bank will, in all likelihood, go for the most gigantic Quantitative Easing, and buy state bonds without limit. They will do what [ECB President] Mario Draghi had already announced two years ago, when the euro was in deep trouble: He said that he would do *everything* to save the euro. And everything means printing money without limit.

On the 25th, that is, next Sunday, you will have the Greek election, and all the indications are that the opposition parties, Syriza and the Independent Greeks, will win a majority, and they have already announced that in that case, they will cancel the Memorandum of the Troika, the Memorandum which forced the Greek population to suffer the most unbelievable pain, austerity, increase of suicide rates, increase of death rates. And right now, you have a popular uprising in Greece

against that. And if these opposition parties win, then that will be, in all likelihood, the beginning of the demise of the euro, because if the EU Commission capitulates to the demands of Syriza, to abandon the austerity, that will spread like wildfire to Italy, to Spain, to Portugal, and to France, and probably many other countries.

And if they don't, then the ultimatum also will probably mean that Greece will leave the Eurozone, and that will also spread like wildfire.

Now, Wall Street is not better off, because the too-big-to-fail banks, which are already now at their last gasp of desperation, have speculated and invested in shale gas and oil, and they have accumulated about \$1 trillion in debt, which was supposed to be repaid at a price of oil of \$80, \$100, or \$120 per barrel, and not \$45, where it is right now. And on top of that, they have amassed about \$20 trillion of derivatives outstanding in various forms.

This has created a situation like the secondary mortgage crisis in 2007, where, because of the collapse of housing prices, many people were sitting on mortgages which were much higher than the [current] price of their house, and that led to the blowout of the secondary real estate market, which then, in turn, led to the 2008 collapse of Lehman Brothers, and the potential vanishing of the system.

That means the trans-Atlantic financial system is about to go under. And given the fact that that system has about \$2 quadrillion in outstanding derivatives, there is no way that that money can be paid, not through bailout, and not through bail-in. And that is why we are on the verge of World War III.

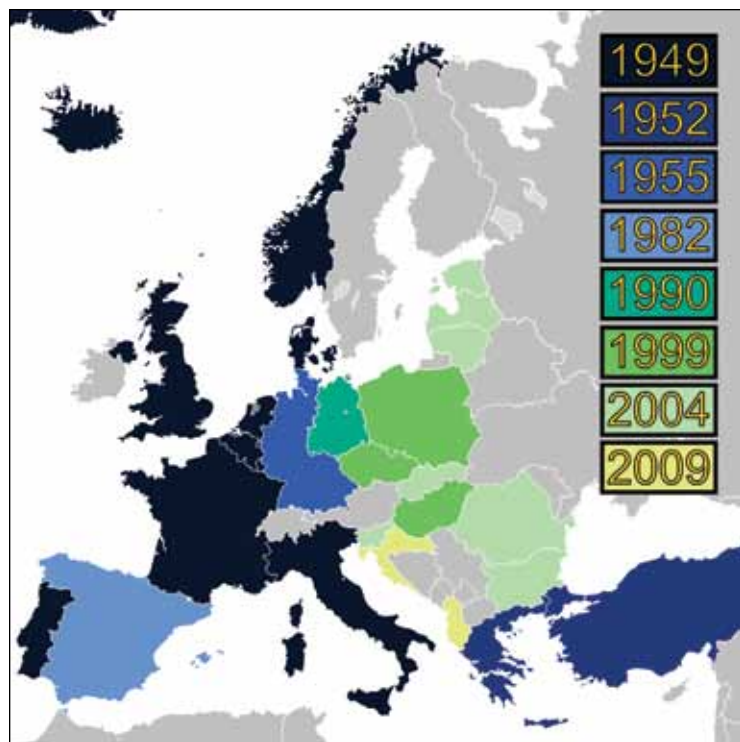
## The War Danger

Because the collapse of the trans-Atlantic system is the real trigger for the war danger. The obvious trigger is the crisis in Ukraine, but in reality, what we are looking at is a geopolitical confrontation with Russia, with China. And when Gorbachov, who is liked in the West, but not so much in Russia, is now defending Putin, in a dramatic turn of his views, and warning that if it comes to a war over Ukraine, it will lead to a large war where atomic weapons will be used, and that will lead to the extinction of civilization, then I can only say that that is absolutely the case.

What we have right now is a U.S. military posture, and that of NATO, which is operating on a first-strike doctrine. They have expanded NATO eastward, [up to



FIGURE 1

**NATO's Eastward Expansion**

Wikimedia Commons/Glentamara; adapted by EIRNS

the borders of] Russia. The United States has adopted the so-called Prompt Global Strike doctrine, which is a first-strike doctrine. The global U.S. missile defense system is a first-strike system. And the United States is in the process of modernizing its entire nuclear arsenal, for the same purpose.

A report was issued this past week in Washington, where the International Security Advisory Board, which advises the State Department, and which consists of former government and military officials, said: Oh, it's so terrible. We have to acknowledge the fact that we have an adversarial relationship with Russia, and naturally the immediate reason is Ukraine and Crimea. And now the biggest danger is that either side miscalculates the intention of the other. It's a big concern, because Russia believes that the United States wants to change the government in Russia, and that we are working towards a first-strike capability. Naturally we are not, the report says, but if we just say so, they will not believe us.

Now, the Russians still have the greatest nuclear arsenal outside of the United States, enough to destroy the United States in one afternoon.

That is the case, and Russia is not imagining these threats—they are very real. And therefore, over the Christmas period, Russia, in response to this, made a new Russian military doctrine, in which they say that they preserve on their side, the right to use nuclear weapons to defend against a U.S. first strike. They are investing in new strategic submarines. ICBMs are being put on trains, so that they are not easily targeted. They are, on their side, modernizing their nuclear capabilities, and their targeting acquisition.

The December issue of *The Nation* had an article by Mr. [Theodore] Postol, where he described in great detail the first-strike posture of the United States, and said that it is a fundamental mistake of those who have done that, to assume that it is possible to neutralize a second nuclear strike of an opponent. Because there is a fundamental difference between a conventional war, where you try to destroy as much as you can of the enemy, and then the enemy is defeated; but in a nuclear war, you cannot do that. And he makes a sophisticated calculation why, in any case, the Russians have 6 minutes left to launch their capabilities, once they see that they're attacked. And that means extinction.

**How It Came About**

How is it possible that, 70 years after the end of the Second World War, we are indeed on the verge of World War III? What went so horribly wrong that we are at this point?

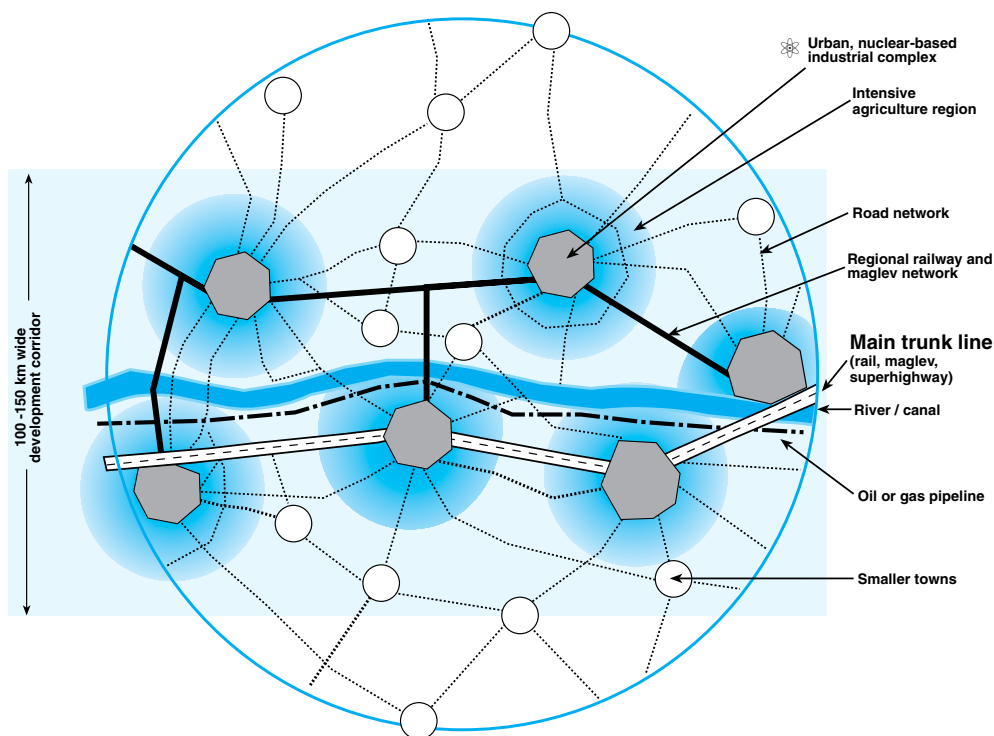
To answer this question, we have to go back to the collapse of the Soviet Union, and even before, the fall of the Berlin Wall. Because since that time, you have had two fundamentally opposite, competing conceptions about where the world should go.

On the one side, people may remember that the fall of the Berlin Wall was greeted with gigantic joy by the German people, and everybody was convinced at that time, that that would be the great historical chance of 1989. After all, communism was defeated—at least in the Soviet Union and in the Warsaw Pact—and there was actually no reason why one should not go for a peace order for the 21st Century. The enemy of the Cold War was gone. It had ended peacefully. There were no tanks. There was no big catastrophe. So, why not go for a new order among the nations of the world?

Now, Mr. LaRouche, whom you just heard (see

FIGURE 2

## Graphic Representation of a Development Corridor



*The Schiller Institute's conception of the Eurasian Land-Bridge included the creation of development corridors according to this schematic, on either side of modern transcontinental rail lines.*

EIRNS

below), had the vision already in 1984, that the Soviet Union would collapse in five years, because if they would stay with their then-existing military policy, their economy would collapse. So it came to us as no surprise, and Mr. LaRouche and I gave a press conference in Berlin in 1988, one year before the Wall came down, where he predicted: Soon, Germany would be unified, with Berlin as the capital, and then we could start to develop the countries of the East.

So, when the Wall came down, we immediately proposed the economic integration of Eastern and Western Europe, and when the Soviet Union collapsed in '91, we proposed a Eurasian Land-Bridge, the idea to connect the populations and industrial centers of Europe, with those of Asia, through development corridors, in order to develop the land-locked areas of the Eurasian continent, and bring them up to the level of those nations which are on the sea or the ocean.

That proposal was indeed a very realistic proposal.

However, as you know, it was rejected, because you had Bush Sr. in the United States, you had Margaret Thatcher in Great Britain, François Mitterrand in France, and they started a process which is the reason why we are on the verge of World War III today. They developed the doctrine of preventive war—which, by the way, was not invented as a reaction to Sept. 11, as people normally say; but already in May 1990, Paul Wolfowitz went to the then-Defense Secretary Dick Cheney, and proposed something which was indeed a preventive war doctrine against Russia.

In May 1990, German President Richard von Weizsäcker was still giving a speech in the parliament in Germany, in the Bundestag, talking

about the Great Chance of '89; but what he obviously did not know, is that that option was already gambled away.

What this looked like appeared in an article in the *New Yorker* magazine on the first of April 1999. [It explained that] the Bush Administration basically announced that they would not allow any other nation, or group of nations, to ever become a great power. At the same time, the CIA published a study, which only partially was made known, in which they said that Russia, despite the fact that the Soviet Union had collapsed, still had more raw materials and more skilled labor than the United States, and therefore it was advisable to discourage the industrial development in Russia, in order to eliminate a future competitor on the world market.

And we all know what happened. Economists like Jeffrey Sachs and others went to Russia, and the Eastern European countries, and applied shock therapy,

which succeeded to reduce the industrial capacity of Russia, from '91 to '94, down to only 30% of what it had been.

At that point, Zalmay Khalilzad, who was one of the Cheney people, wrote a book, *From Containment to Global Leadership*, in which he advertised that the United States should take preemptive steps to preclude the rise of another global rival for the indefinite future, and be willing to use force, if necessary, for that purpose. Now, “indefinite future”—that sounds even better than the Thousand Year Reich of the Nazis, who only wanted to have 1,000 years; but indefinite rulership, that is really remarkable.

So, in 1992, the Defense Planning Guidance was published, which was the same preemptive war doctrine, and then some excerpts of this doctrine were published in the *New York Times*. Sen. Joe Biden, who was then the Chairman of the Senate Foreign Relations Committee, said, “Oh no, this is a new Pax Americana. This is an American empire.” Now, unfortunately, Vice President Biden today is pushing exactly the same policy.

What that doctrine included was permanent U.S. dominance over all of Eurasia, U.S. global domination, and regime change against many countries that would oppose this—like Iraq.

## The Case of Iraq

Getting rid of Saddam Hussein was already on the agenda before Bush Jr. became President in January 2001, because the Project for a New American Century published, in September 2000, a 90-page paper, where the section about Iraq said that the U.S. had sought for decades to play a permanent role in Gulf security, and the need for a substantial U.S. presence in the Gulf transcends the issue of the regime of Saddam Hussein.

Before the famous second Gulf War, there was the meeting between U.S. Amb. April Glaspie, after Kuwait had started to steal some of the oil from Iraq, and when Saddam Hussein indicated that he would make efforts to regain that, and occupy Kuwait, Ms. Glaspie signaled that that was okay—the U.S. would not get involved in inner Arab relations—and Saddam Hussein



Department of Defense

*U.S. Secretary of Defense Dick Cheney meets with Saudi Crown Prince Abdullah, Dec. 1, 1990, to discuss the first Gulf War against Iraq, Operation Desert Storm. Getting rid of Saddam Hussein was on the agenda long before G.W. Bush became President.*

proceeded.

That was the pretext for a war, Operation Desert Storm, where General Schwarzkopf at the time announced that they would bomb Iraq back to the Stone Age—and so they did.

Then came a cease-fire resolution, UN Resolution 687, which was adopted by the UN Security Council in April 1991, which, among other things, demanded that Iraq should give up the weapons systems which had been supplied by the United States to Saddam Hussein, in the decade before, for the war against Iran.

The sanctions alone had absolutely catastrophic consequences. The so-called oil-for-food program had the consequences, that, in one year, 550,000 Iraqi children under five years of age died. From '91 to 2003, 1.5 million additional people died, for lack of food and medicine. And it turned out that Madeleine Albright, who was at that time UN Ambassador, gave an interview in '96 about this to “60 Minutes” on CBS, and she was asked, is the death of half a million children an appropriate price for maintaining the embargo? And she said, we think the price is worth it.

There was a UN study in which they also showed that the number of children who had psychological trauma, psychological ills, anxiety, state of horror, increased to several hundred thousands per year.

Now, at that time, the Schiller Institute initiated a

Committee To Save the Iraqi Children. This was a proposal by our friend, the Russian professor [Grigori] Bondarevsky, and we created this committee with His Beatitude Rafael I Bidawid, the Patriarch of the Chaldean Church of Babylon; Dr. Hans Köchler from the IPO organization in Austria; Amelia Boynton Robinson; Massimo Pini, a Swiss parliamentarian; Ramsey Clark, and others. And we organized an airlift. Milk powder from America, from dairy farmers, 5 tons; 3 shipments of 16.5 tons of medical supplies. We transported 22 Iraqi children to Germany to be treated; 48 hospital beds, 10 operating tables, 67 wheelchairs, and so forth.

But the martyrdom of the Iraqi people continued.

In the meantime, the Schiller Institute continued to organize seminars for the Eurasian Land-Bridge in hundreds of cities, among them at a big conference in Beijing in 1996.

Then we created a Women's Commission for the New Silk Road, which was the idea to bring peace to the war-torn area of the Middle East, through development, by extending the Eurasian Land-Bridge into the Middle East. We said in the text: "Iraq is one of the central countries in the New Silk Road. If one wishes to change the dynamic in the entire Gulf, in the Middle and Near East, and eliminate the looming danger of the world for good, there is no better way than to build the Southern Tier extension of the New Silk Road from China, through Central Asia, to Iran, Iraq, to the Near East, and from there, branching out into Africa, on the one side, the Balkans, on the other side; and in the other direction, the Southern Tier of the New Silk Road must go from Iran to India, and from there integrate all of Southeast Asia."

At that point, our words were not heard, because the powers-that-be had other conceptions.

1996 was the same year in which Richard Perle announced the "Clean Break" policy for Benjamin Netanyahu, which was the idea to undo the Oslo Accord of the Clinton Administration.

But, in '97, the Asia crisis hit—and although the Chinese government had already declared the Eurasian Land-Bridge to be the long-term perspective for China until the year 2010, the Asia crisis almost caused a meltdown, and it led then to the Russian GKO crisis in '98, and state bankruptcy. At that time President Clinton called for a new financial architecture, but he was watergated as a result.

In '99, Larry Summers repealed Glass-Steagall; and

then deregulation of Wall Street, and the European banking system, went on without restraint.

### **The 9/11 'Reichstag Fire'**

On the 3rd of January 2001, Mr. LaRouche made a famous webcast, where he said that the incoming Bush Administration would be confronted with so many problems of the financial system, that they would go for a new "Reichstag Fire," in order to create the precondition for a police state. That was three weeks before Bush Jr. came into the White House.

When September 11 happened, Mr. LaRouche coincidentally was giving a live interview to a radio program in Utah, the Stockwell Show, where he said, this attack on the World Trade Center and the Pentagon would not have been possible without complicity of criminal elements of the United States Administration.

Now, we will hear later in the afternoon a special presentation about the need to release the 28 pages, so I will not go into this here; but those 28 pages give you a window on what really happened behind the scenes, and when these pages are published, that will do a lot to undo what went wrong.

But continuing on this trail: This was not the end of it. In 2003, you had the discovery of the "Axis of Evil," Iraq, Iran, Syria, Libya, North Korea. Supposedly Iraq had weapons of mass destruction. Supposedly it was building a nuclear weapon, and had the ability to reach every city on the planet within 45 minutes. Supposedly Saddam Hussein had close ties to al-Qaeda.

That was all due to a memorandum of MI5, and condoned and organized by Tony Blair.

We know what happened. The Iraq War did occur, based on lies, throwing the nation of Iraq into more turmoil.

In the meantime, the terrorist network spread, which had started with Zbigniew Brzezinski playing the "Islamic card" against the Soviet Union, in Afghanistan, and after the collapse of the Soviet Union, these networks spread—to Central Asia, to Chechnya, to Dagestan, to Xinjiang in China, Pakistan. And the virus of Wahhabism, which had been the true responsible for 9/11, spread. And Article 5 of NATO was invoked, because supposedly this was al-Qaeda. And the war in Afghanistan happened.

Next came the war against Libya: The United States, the British, and the French, supported Islamicist radicals in Libya to topple and murder Qaddafi. And after they had thrown the country into complete hell, they



started to fight against the same terrorists. In the meantime, this would not prevent them from using them, to start the effort to topple Assad.

This has all morphed into ISIS, which has become strong in Iraq and Syria, and a war against ISIS is being declared—whose creation is the result of the previous policies. But naturally, the United States is not doing it alone. It is doing it with its good allies, Saudi Arabia, Qatar, countries which are under high suspicion of financing the very same terrorists against whom this war is being fought.

Now, today, you have “good terrorists” you are using for regime change, against the governments you don’t like. Tomorrow you find out these are the “bad terrorists” you have to make war against. In the meantime, the Wahhabists’ madrassas [schools] and charities are recruiting more people from the United States, converts, from Germany, from France, from Belgium, training them in Syria and Iraq, and then sending them back to commit atrocities like we just saw in Paris against the *Charlie Hebdo* magazine.

This has to end! Because this has become an absolute nightmare, and it is a nightmare which will destroy civilization for good, if we don’t stop it. And this is why the publishing of the 28 pages is the absolute key. And it is absolutely key because, only if the truth comes out about what happened, can there be a remedy.

## An Emerging New World Order

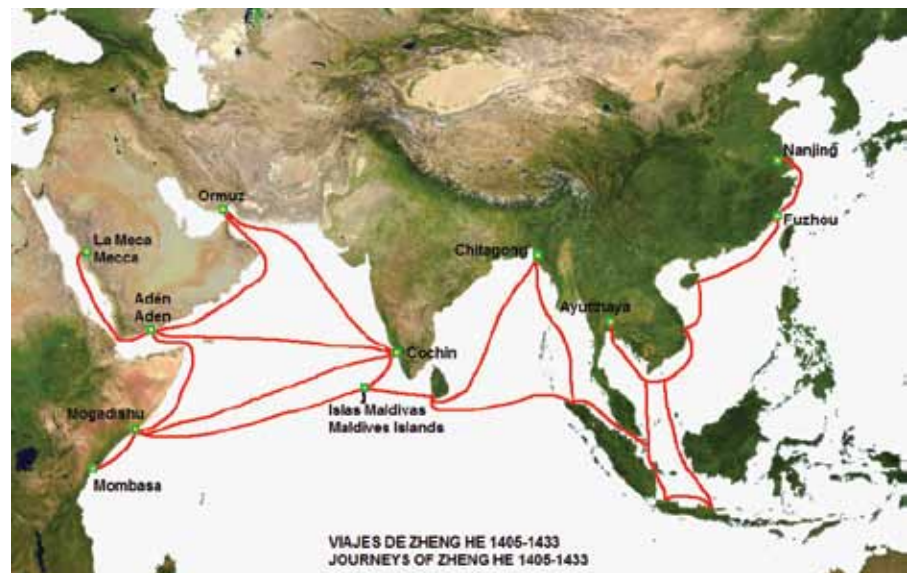
But that is not good enough. Because in the meantime, in the last one and a half years, a completely different model of world order has emerged.

When Xi Jinping announced one and a half years ago in Kazakhstan, that he would build a New Silk Road in the tradition of the ancient Silk Road, he referred to this [video from NHK/CCTV documentary].

I can only advise you to go to the Internet and look at some of the documentaries about the ancient Silk Road, because 2,000 years ago, the ancient Silk Road was an effort to unite the nations and the cultures of Europe with those of Asia. And it led to a tremendous

FIGURE 3

## The Ancient Maritime Silk Road: Voyages of Zheng He, 1405-33



Wikimedia Commons

exchange of goods, but, more importantly, of technologies of silk-making, of porcelain production, of gunpowder, of printing, book printing, and many of the most advanced technologies of the time were exchanged, and led to an increase of the well-being of the people at that time. So when Xi Jinping announced that he would build, in the tradition of the old Silk Road, the New Silk Road, we were extremely happy. I jumped that high and said, “Wow! Now China is going with the policy of the Schiller Institute, the Eurasian Land-Bridge, the New Silk Road which we had advertised since the end of the Soviet Union.”

In the meantime, an unbelievable development has taken place, because in the six months since, you had breathtaking developments, starting with the announcement by Xi Jinping in November 2013 to also build the ancient Maritime Silk Road; then in May, you had the summit between Russia and China in Shanghai, concluding large cooperation treaties. And then, in July 2014, you had the Fortaleza conference of the BRICS, and then afterwards, with many other countries, summits between the BRICS countries, the CELAC, the ASEAN, and so forth and so on.

## A Stunning Array of Projects

In this period, a breathtaking development has taken place, [a revival of] projects which have completely been blacked out by the Western media or are slan-

dered, like the building of a new Nicaraguan second Panama Canal, which is being slandered as being environmentally damaging; but that it will bring up the living standards of the Nicaraguan population they do not mention, because this canal, which will be 278 km long, will connect the Pacific with the Atlantic oceans, immediately deploy 50,000 workers, build two ports, an international airport, numerous industries, and it will, since it was begun in December 2014, be completed in five years and transform Nicaragua into a modern nation.

Then, an unbelievable number of cooperation agreements between *Russia and Nicaragua*; Putin visited there and they agreed on agricultural production; that Nicaragua will have a GLONASS system, which is a Russian GPS system; numerous technological cooperation agreements. Putin also made ten agreements with *Cuba*, building an international airport, nuclear power plants. *Russia and Argentina*: cooperation for nuclear energy; air and space industry; communications; nuclear plants; desalination. *Argentina and China*: between President Xi Jinping and President Cristina Fernández de Kirchner, they concluded an all-inclusive alliance, 19 agreements—nuclear energy, infrastructure, communications, transport. China gave several credits for these projects.

China is building a transcontinental railroad from Brazil to Peru. *Bolivia* is the most exciting example, where from a coca-growing country, now Bolivia is seeking a transcontinental rail connection from Brazil to Bolivia to Peru. *Russia and Bolivia* are cooperating on the development of nuclear energy, naturally, for its peaceful use; the education of its workforce, hydropower. *Bolivia and China*: cooperation for space technology, satellites. *Russia and Brazil*: Gigantic cooperation with Brazil, increase of trade, nuclear energy, machine tools. *Brazil and China*: building together infrastructure, science exchange, space cooperation, sale of Brazilian planes to China, and science and technology exchanges.

*China and India* have agreed on 10 major projects between Xi Jinping and Narendra Modi, to develop the thorium reactor, the high-temperature reactor, a pebble-bed reactor; high-speed train systems; a huge corridor linking China-India-Myanmar, Kolkata and Kunming, and also other projects of the New Silk Road and the Maritime Silk Road.

*Russia and China* have 48 large agreements, among them, floating nuclear plants for large-scale ocean-

water desalination; also energy supply for large industrial parks, for example, to supply energy to oil-drilling stations in the ocean; a pipeline from Siberia to China. They concluded a deal for gas supply for 30 years; high-speed train systems, such as Moscow-Kazan will be built immediately.

*China-ASEAN* had a summit in Myanmar in August; then there was a huge machine-tool Maritime Silk Road exhibition in Nanning, China in September with the participation of 4,600 firms.

The BRICS have started a program for education and exchange of young scientists. They're building many new universities and high schools. Modi has said that the BRICS alliance is for the first time an alliance among countries which is not based on their present capacity, but on their joint future potential, and that the big advantage of India is that 60% of all Indians are under the age of 35, and they will be the main export of India to countries which have demographic problems—like Germany and Italy, for example.

Modi has revived, at the recent summit of the South Asian nations [SAARC], 30 large water projects which had originally been agreed upon by Indira Gandhi, but which were not built because of her and her son's assassinations. Now these water projects will tame the waters flowing from the Himalayas, and normally causing gigantic floods in Bangladesh and other countries, and bring it for the use of agriculture and hydropower.

Similar developments have happened in *Egypt*. Egypt is doubling the Suez Canal. There is intensive cooperation between *Russia and Egypt* in nuclear energy, agricultural production.

*Russia and South Africa*: Russia is supporting the building of a nuclear industry in South Africa, while *China is helping South Africa* to get back control over large steel plants which they had lost to British control in the meantime. Li Keqiang, the prime minister of China, was in Africa, and announced that it is the Chinese intention to connect all African capitals through a system of high-speed trains.

This is a reality, and I only can mention some of the projects, but if you look at it in detail, it is mind-boggling what these countries are doing right now. And this is an alliance of countries to stay.

Just a few days ago, Russian Deputy Foreign Minister Igor Morgulov gave an interview to Xinhua where he said that Russia will use its chairmanship of the BRICS, which will start in April, to transform the BRICS from a "dialogue-based forum" into a "full-



Wikimedia Commons/Agencia Brasil/Roberto Stuckert Filho

*BRICS leaders affirm their solidarity, during the G-20 summit in Australia, Nov. 15, 2014. Left to right: Russian President Vladimir Putin, Indian Prime Minister Narendra Modi, Brazilian President Dilma Rousseff, Chinese President Xi Jinping, and South African President Jacob Zuma.*

blown mechanism of interaction on key issues of global economy and politics.” That at the summit of BRICS in the Russian city of Ufa in July, where also the Shanghai Cooperation Organization will meet, they will bring “reform of the international and economic system” on the table, “strengthen the legal framework of international relations, make greater use of the complementary nature of their economies” in order “to accelerate the development” of our countries, “to improve industrial and technological cooperation,” decide on new projects, “energy, mining, metallurgy, agro-industry, telecommunication, high-technology” projects, expand the capability of the BRICS in the social sphere, research activity, health-care systems, youth development, and information policies.

They also will cement and consolidate the new financial institutions, the New Development Bank, which will finance all of these projects, together with the AIIB and the New Silk Road Development Fund; they are creating the Contingency Reserve Arrangement, which is a pool to defend member countries against speculative attacks and in the event of a global crisis. They deepened the integration of their states, and they strengthened their trade and investment capabilities, and Russia, in particular is actively cooperating on these issues with China. [He said] that the BRICS, together, will increase their economic cooperation strategy until 2020; they will create a business council, an

economic bloc of participating countries, and they want India and Pakistan to join the Shanghai Cooperation Organization, and do joint celebrations at the upcoming victory over the Nazis in World War II.

## The End of Geopolitics

That means there is a completely different world out there. The BRICS countries, CELAC, the ASEAN countries, and a growing alliance of other countries are building a just new world economic order. And it is based on fundamentally different conceptions, not on global dominance, not on the

idea that there is one, dominating, remaining super-power, which is ruled by, not a Washington Consensus, but in reality, the submission of everybody who believes in this Washington Consensus to the rule of Wall Street and London.

The New Silk Road conception is built on a completely different conception, and every country is invited to participate, not as a geopolitical interest against other geopolitical interests, but as one, unifying conception for all of mankind. President Xi Jinping has repeatedly elaborated the principles on which the New Silk Road is being built. He said: It is a mutual development concept, non-confrontational. It has mutual respect and dialogue. It has respect for the choice of social system of the other. It is supporting the strategic interests of the other. It show absolute respect for the sovereignty of each. It is an absolute rejection of any form of hegemony.

And in 2014, at the Sixth Strategic and Economic Dialogue Conference between the United States and China, China proposed a new model for relations among larger states, and the emphasis was on the need to have good and stable relations between the United States and China, which must be an anchor of stability in the whole world, and that both states are responsible for the fate and the common future of the world. And at the APEC meeting in Beijing in October, Xi Jinping offered to President Obama that the United States and

other major nations should join all of this: the New Silk Road, the AIIB, the New Development Bank.

Now, all the Western think tanks—at least all of them I know—and the mainstream media, and a large part of the Congress, which is naturally controlled by this Washington Consensus—which means Wall Street money, the famous “dark money” which bought the recent midterm election—they all say, “Oh no, China is an imperial force, this is all not true, China has evil motives, they pursue their own interests.” Typical was an article in the German paper *Die Welt* on the 7th of July, with the headline, “The Mega Empire Reaches Out to the Whole World.”

What China and the BRICS countries do, is what the United States used to do, when it was still a healthy, sane nation. After the War of Independence against the British Empire, Alexander Hamilton created exactly that kind of a credit system, that kind of banking and economy; he outlined in his famous reports to Congress what became known worldwide as the “American System of political economy.” In the *Report on the Subject of Manufactures*, he wrote: “To cherish and stimulate the activity of the human mind, by multiplying the objects of enterprise, is not among the least considerable of the expedients, by which the wealth of a nation may be promoted.” And that connection between the inventions of the mind, the creative power of the mind, and the increase of the physical production process of labor, that is the kernel of the American System.

That is what China today does, and that has led to this phenomenal development of the last 30 years. What China did in that period, is exactly what the United States and Europe and several other countries did. And that is the basis for the BRICS alliance today, which is going for a science- and education-based economy, a science-driver. That is how China developed from the complete devastation of the Cultural Revolution 40 years ago, and could accomplish in 30 years, just 30 years, what the United States and Europe did in 200 years. So that is why China today is the leading space nation in the world, and why, working together with India and Russia in space, they are today the leaders.

## The Westphalian Principle

Now the idea of respect for the interest of the other, happens to be also the principle of the Peace of Westphalia [1648], out of which international law grew. That Peace of Westphalia ended 150 years of religious war in

Europe. It is that spirit of the Peace of Westphalia, which was based on the ideas of Nicholas of Cusa—Nicholas of Cusa said that the aim of any civil order is *concordantia*, harmony. It’s a precondition for the common good to develop. This harmony is based on the development of all in their mutual interest.

Human society, according to Nicholas, is part an image of a harmonious cosmic order which the Creator has built within the universe, and which only functions if it realizes that order. To seek concordance is also the task of each individual in his or her political activity, and it can only be based on a *consensus omnius*, that is, the consensus of all, not on the basis of submission under the rule of the strongest. Each individual has to learn to serve the whole as a part, but also respect the other as the embodiment of the same right. Nicholas develops this in the *Concordantia Catholica*.

Now, if you look at Confucius, you find exactly the same ideas. Confucius has the conceptions of *ren*, which is *agapē*, love; and *li*, which is exactly this idea that each individual has to fulfill his or her place in the universe; that this is the best possible way for the universe to function.

A similar idea is also Confucius’s idea of harmony which must exist in society. He says, “the road to this harmony is the development of each individual to become a human being with a very high morality, to become a *junzi*, a noble person. And Confucius said legislation, law, is not the power to create *junzi*; it is only through the moral example of leadership—which happens to be the same idea as Schiller’s *Aesthetical Education of Man*, as the only way the state can function and blossom. “The moral example of leadership must inspire the population through example, and if the leadership is moral, then the population will develop automatically the kind of shamefulness to reject evil and to seek perfection and self-perfection.” Now, our society has become a completely shameless society. Everything goes, and that is a sign of a dying culture.

Nicholas of Cusa wrote in *De Venatione Sapientiae* (*The Hunt for Wisdom*), that in all forms of existence in the cosmos, there is an inner dynamic to be in the most perfect form. And in the universe exists an order, a natural desire of all things to develop their essence in commonality with the other species in the optimal way, in such a way that it develops from vegetative forms, to higher forms of mental conscience and human creativity, as a reflection of the Creator. And this is the highest





LaRouchePAC/Michele Fuchs

*"It is absolutely mandatory that the United States and Europe join the BRICS dynamic," Zepp-LaRouche said. Shown: LaRouchePAC organizing in New York City, Dec. 17, 2014.*

reflection of this principle in the universe, and that is, in a sense, the purpose and goal of the universe.

## The Challenge Facing Europe and the USA

This is what this Manhattan Project is really all about. Because, when Lyndon LaRouche, my husband, called for this Manhattan Project, it was the idea that New York, and Manhattan in particular, must play a very special role, in turning the United States around. If mankind is to exist, as I said in the beginning, it is absolutely mandatory that the United States and Europe join the BRICS dynamic.

Europe right now is being torn apart. You have those who follow the Washington Consensus, the expansion of NATO, the encirclement of Russia, the provocations by backing Nazis in Ukraine—and that's 70 years after the Second World War ended. It is a shame on Mrs. Merkel, and I really want you to spread that shame wherever you can.

However, there are others: The new Foreign Minister of the EU, Federica Mogherini from Italy, just pre-

pared a new report to the EU foreign ministers, demanding a renewal of the relationship with Russian. The French Ambassador to Russia, Jean-Maurice Ripert, just said, France does not want Europe to split from Russia. I have no problem with the concept of Eurasia, he said. Russia must be a bridge between Europe and Asia.

In Greece, with the coming election on Jan. 25, if Syriza and the Independent Greeks win, they will cancel the sanctions, and they will not go for a renewal of the sanctions against Russia. The German coordinator for Russian policy, Gernot Erler, just gave an interview where, on the one side, he proved his utter ignorance about the true policies of China; but, he said that if there is a military solution for the crisis in Ukraine which is being pushed not only by some people in Europe but also from overseas, then that will lead to the horror scenario Gorbachov outlined.

And we have a problem in Germany: We have to get rid of Merkel, if Germany is to survive.

The European nations now have a gigantic crisis as a result of the developments in the Middle East. Every day you have hundreds, sometimes thousands, of refugees coming in little boats from Africa, but now mostly from Syria and Iraq. And many of them drown—half of them drown! And even if they know 50% drown, they still come, to flee from the horrors of these countries, from the Hell of their home countries. And these drowning people are turning the Mediterranean into a sea of death.

Recently, traffickers in human beings lured several hundreds of women, children, pregnant women, into old cargo tankers, which were already on the garbage pile, and they used them one last time, to put hundreds of such poor people on the boat to just leave them, then, in the middle of the Mediterranean, without navigation, without water, food, waiting to die or be saved—whatever.

That stream of refugees coming from the Middle East and Africa naturally increases the xenophobia in Europe, and you may have heard about the large demonstrations against foreigners, and racial conflict.

Now, what is the situation of the United States: The long list of war, unjust wars, wars based on lies, breeding terrorism, are not in the interests of the United States, and there are reasonable American diplomats who have made speeches in Washington, saying that even from a narrow American interest, these wars have caused hatred among people against America, and

America has *lost* power in the world as a result.

Now, therefore, for the United States to join hands with the BRICS, with Russia, China, India, Iran, and Egypt, to develop Southwest Asia as an extension of the New Silk Road, a program which can only be realized as part of the World Land-Bridge, and a program which we have extensively presented, already in 2012, with concrete projects, water management, greening the deserts, building new infrastructure, building new cities, where now there is death and starvation—that would eliminate poverty and therefore the breeding ground of terrorism.

I think the people in the United States, from my experience, tend to completely underestimate the depth of anti-Americanism in the world as a result of three Bush administrations and six years of Obama. Wars which were based on lies, on millions and millions of people killed, their lives being destroyed—and I only mentioned the case of Iraq, the wars, and the embargo, but if you think about the situation in Syria, in Libya, in Afghanistan, so many people killed, traumatized, so many soldiers, American soldiers and others, killed, injured, traumatized, being destroyed for the rest of their life. And naturally, the families of the victims of Sept. 11.

To overcome such gigantic pain of so many people, to overcome such a million-fold crime, war crime, requires an equally, or even bigger, extraordinary good, to replace it.

The precondition for that is to end the casino economy of Wall Street, to immediately help to implement the Glass-Steagall law, to go for a Hamiltonian National Bank, eliminate the unpayable derivatives and toxic debt, reorganize the remaining debt in a National Bank as the basis for a new credit system, exactly as Alexander Hamilton did. And therefore, in this tradition of Hamilton, New York must become the launching pad from which the United States can be reconstituted as a republic.

New Yorkers are famous in the whole world—that New York is the capital, really the intellectual capital, of the United States. It is a city which is a true melting pot, where you have representatives of almost every nation on this planet. And each of them brings a unique contribution to the very specific idea of New York, and therefore, New York *is* the synonym for one humanity.

New Yorkers are proud to be more intelligent, more thinking, and more creative than most Americans, and therefore, I think that is the perfect precondition to launch from here a nationwide movement to join the

BRICS, to create a new era of civilization, and end the bestial era of war and terrorism forever.

And in that good spirit of John F. Kennedy in his famous [Berlin] speech: Let me join you as a New Yorker.

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Ramsey Clark

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## Dr. King, Non-Violence, And U.S. Policy Today

**Moderator, Dennis Speed:** Our next speaker was in charge, as Deputy Attorney General, of the security in 1965, fifty years ago, for the Selma-to-Montgomery March, the third march, which actually got to Montgomery. And I understand that he got a call from Dr. Martin Luther King after [King] gave his speech here [at Riverside Church], in 1967, because Dr. King was very concerned that the press would try to distort what he had to say, and he wanted to say. And he wanted to make sure that he had at least one reliable legal representative who would not *misrepresent* what his intent that day was.

Besides those particular distinctions, he's always stood for justice; matter of fact, he stood for justice in the case of Lyndon LaRouche, as many of you here know. And he stood for justice over and over, all over the world. It's always an honor to have him speak, and he can only be here for a few minutes with us today, so I'd like to introduce the former Attorney General of the United States, Ramsey Clark.

**Ramsey Clark:** In his speech in this church in 1967, I guess it was—and I'll correct myself if I search and find otherwise—Dr. King said some words that hurt him deeply and personally, but he felt had to be said, and they were these: "The greatest purveyor of violence on Earth, is my own country." It hurt him palpably to say it, but it was a truth he felt deeply, and he said it.

The next day a couple of lawyer friends of his showed up, and they'd got a copy of the speech. And they said, "Dr. King, I want to be sure I have an accurate copy" of what he really said, that "the greatest purveyor of violence on Earth, is my own country."

Conditions haven't changed globally in that particular, I'm afraid. We remain the greatest purveyor of violence on Earth. We glorify its power and ignore its pity. Just look at our entertainment, our war films, and our crime films, and it's like we've got a love affair with violence. And yet, the words he spoke here will win the struggle, if human life is to endure on this planet. And I'm an optimist: I'm sure it will, at least from our own hand, which is the cruelest fate of all.

### On-Site in Alabama

The first night out, I was sent down to Montgomery, Ala., about four days before the march started. I was Deputy Attorney General at the time, which is, on the organization chart, the second highest-ranking officer in the [Justice] Department; it requires Presidential nomination and Senate confirmation. And my assignment was to protect the order of a U.S. Federal judge who prescribed the fashion in which people could march from Selma to Montgomery, along a public highway. It was litigated for quite a while and came up with the solution that 50 people could be chosen and march two abreast. If you see the movie *Selma*, which I recommend, it's about the courage and beauty of the people there who were tired of the sheriff who liked to walk his horses over their bodies—a man named [Jim] Clark. No relation that I'm aware of! If there is, I disclaim it now. Not that had I been in his shoes, I might not have been the same.

But the march was an interesting occasion, a study in the character, the moral character, of our society. The FBI, which always requires someone who wants to know the truth to be carefully observed in his statements, told me that there were 1,200 men who had served lengthy convictions in prison for white racist crime against African-Americans, who had come to this Selma-Montgomery area—1,200. They were out of prison now, and they had rifles on the rack on the back of the cabin of their pickup trucks. And the Bureau,



*Former Attorney General Ramsey Clark, who was tasked with ensuring the safety of the march from Selma to Montgomery, Ala., in 1965: "We have to resurrect the spirit that pervaded those who imagined and led what was really a wonderful march."*

whose assumptions I don't usually follow, was saying they intended to use those rifles if they got a chance.

We brought a diversity of law enforcement into that area that was certainly unprecedented in this country, in terms of its diversity, in terms of its magnitude—we had 10,000 standing by in reserve. It'd taken them maybe 48 hours to get into action. But we had Border Patrol and U.S. Marshals, and to the extent we could rely on them, some state and local agents and Army standing by—for 50 people to do under court order, which was litigated for about a year and a half, before you could undertake the project in a free society, to do something no one in his right mind would want to do, unless someone

dared them to, and that is, walk from Selma to Montgomery!

I remember John Doar [Justice Department Civil Rights Division] got so sunburned, I thought he was going to lose his nose! Even though it was in March, the Sun was really hot down there. I got the top of my ears blistered and my nose is bigger than his, and it got more blistered than his, but I couldn't see mine as well as I could see his.

### A Beautiful Sight

And the fear was palpable. The first night, we got across the bridge. I nearly lost my job, because I was standing on the far side of the Edmund Pettus Bridge, by a Border Patrol car. I always liked Border Patrolmen, because they're kinda cowboys, and they work independently and they don't have a director of the FBI who's making them dress like they're on Wall Street, or someplace, and they go in pairs, because they're afraid.

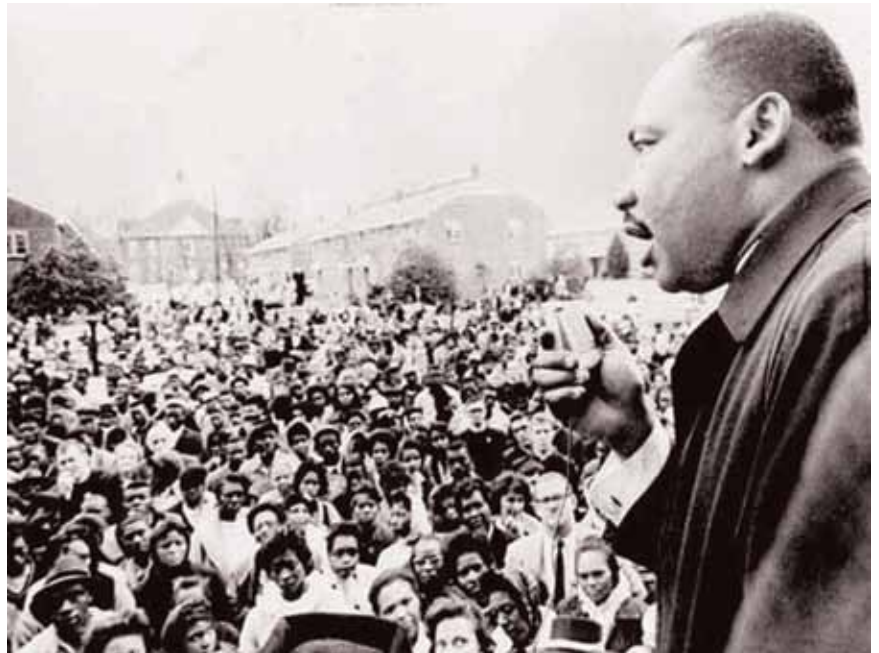
I was standing by this Border Patrol car, with an open mic; there were about six other Border Patrol cars that were stationed all around so we could talk to each other immediately.

And they started to cross the bridge, and I made the enforcement error of saying, “Here they come, isn’t it beautiful?” This was Sunday [March 21]—Monday morning the *New York Times* headline is: Deputy Attorney General down there to be neutral—ha-ha—and protect the marchers from the public and the public from the marchers, at the point at which the marchers started over the bridge, said, “Look at that, isn’t it beautiful?”—for which some of my superiors were uncomplimentary about my verbiage. But it *was* beautiful.

The idea that it would take a force of that magnitude—and it wouldn’t, really, but it would take a pretty good force—to make it safe, to do something that no one in his right mind would want to do anyway, and that is march from Selma to Montgomery, even though it was the month of March, as well as the marching month, in the broiling Sun.

And the first night, we got out—I talked to the farmer myself; we’d leased some land. We’d pay him some money so we could stay on his land, because we didn’t want to have some conflict about, “Hey, get off my property.” There weren’t other places that were as convenient. I forgot what I paid him, but maybe \$500, for 50 people to spend the night on his land, on the ground; most of them had sleeping bags and something like that. We got there, and he said, “Can’t do it. You can’t come on my land. I’ve been threatened.” But it was getting to be dark, and I’d been up and down that road so many times, I knew every foot of it, and there was a state park—it wasn’t a mile and a half or two miles further down the road, so we just went on down there. And I set up sentries to march around the camp as we set up some four-foot side-wall Army tents, and had sleeping bags for the 50.

So about 11 o’clock Dr. King grabbed me and we walked away from the crowd; we were sitting around fires and we had these sentries—it looked like a Civil War scene to me. And he said, “I think you’ve been told, I’ve got to fly to Chicago in the morning.” I said, “No, I haven’t been told.” He said, “Yeah, I’m going to leave



Library of Congress

*The Rev. Dr. Martin Luther King addresses an earlier (aborted) march in Selma. King told Ramsey Clark, on the night before the 1965 march, “You know, you can never be afraid.”*

here about 3:00 in the morning, so I’m going to sleep now.” I kinda fussed at him, and said, “You’ve got to tell me if you’re going to do those things, because I want to be sure you’re safe, man. You can’t be driving yourself or having somebody drive you down that road by yourself without protection.”

We were by this tent, we were looking down; it looked like a Civil War scene here in the United States of America, 1965, with campfires and sentries marching around the 50 people. And [he] was the only one of the 50 that slept any that night, as far as I could tell—I didn’t. I wasn’t one of the 50, but I was supposed to be in charge of their safety. Which was kind of ridiculous in itself; I’d been a Marine corporal and a Boy Scout, but I wasn’t a professional in the field of protection.

He got up and left, and got back Monday night. But the other marchers didn’t really sleep that night. They sat around the campfire and they talked, and thought, and some of came up and got in the tents for a while.

And we marched on.

It’s hard to believe, the palpable fear of violence and the actuality of risk. I have no idea of whether there were really 1,200 men with felony convictions for racist violence, all white, all the men that were



there with their guns on racks behind them, most of them in pickups. They were there and had the will to shoot. But I was flying a plane back that Friday, after we'd gotten to Montgomery, and all the speechifying had gone on in front the Capitol. It was a little Army plane, about a 12-passenger plane, and the pilot came back and said, "I got a phone message for you." So I went up to the cockpit and listened. They said that a woman had been killed on the way back to Selma; she was taking some of the people who had come over for the march from Selma, that lived in Selma, wanted to go home, back; and was shot and killed. So we turned the plane around, flew back to Montgomery, and tried to see what we could do to show our sorrow and prevent further violence, under a pretty tense situation, still.

There were about 25,000 people who came from outside of Alabama, to participate, or just stand there and watch, a big crowd out in front of the Capitol, watching the speeches and all, after the end of the march.

### Dr. King's Spirit Will Prevail

You wonder how much has really changed. You hope for the best, but you go into our prisons, and you see they're overwhelming, disproportionately, African-American, African-American males, young—young, very young. Lives of freedom for them are terminated, at least temporarily—the length of their prison sentence. And probably, at least, freedom of will and mind and spirit badly damaged for the rest of their lives. Because we haven't found the capacity to love each other yet, and particularly when we have different colors of skin. Which in my view doesn't tell you anything about what's underneath, except another human spirit. And we know of so many who were so great.

Dr. King's spirit will prevail for societies, not just ours, in the spirits of many, many people, for as long as our form of communication endures. We can hardly say that we've purged, or even meaningfully addressed, the capacity for violence that remains in our character. All you got to do is, look at the military budget. We call it "defense," but it's all pointing guns against other people in other places! So we're "defending" on foreign shores, about as far away as you can get sometimes, and be on the same globe.



Norris McNamara

*Sheriff Jim Clark orders Civil Rights leader James Forman to move on, in Selma, 1964.*

Our military budget's a major measure of the spirit of our character, and it shows a spirit of fear. And a spirit of willing, if not wanting, to destroy others if it comes to our mind that they're some kind of threat to us, or just in the way. And that's not the way of peace or the road to love for each other, that alone can bring peace to the planet.

But I hope that the symbol of the Selma-Montgomery march will permeate our character, because it really believed that we could overcome; it desired it passionately, and it was committed to lives without violence. As the greatest character-failure of our species, and one that threatens it—just look at our military budgets; look at the research and development of weaponry—that's to me the most painful and keenest measure of, if not where we are, where we're going. Because it's what we want to have, and so much of it is so beyond





Library of Congress/Peter Pettus

*Protesters in Selma in 1965. "I hope that the symbol of the Selma-Montgomery march will permeate our character," said Ramsey Clark, "because it really believed that we could overcome; it desired it passionately, and it was committed to lives without violence."*

imagination, in terms of its capacity for the destruction of life.

So we have to resurrect the spirit that pervaded those who imagined and led what was really a wonderful march.

### **'You Can Never Be Afraid'**

I think I've already said that the fear was palpable. That wasn't true of Dr. King. I remember we were standing by this tent where he was going to sleep for little bit, looking down at this "Civil War" scene. And he said, "You know, you can never be afraid." Because you could almost smell the fear. I mean, that's a pretty serious thing, but that was the environment. That was not an irrational state of mind.

The presence of all the guns, and all the military. The provost marshal general of the United States, who heads the Military Police for Army, Navy, Marine Corps, and Coast Guards—I guess they must have some guards too—he was down there, and he was a gun man. He was later indicted for stealing guns; he'd stolen about 2,000 guns that had been seized by the military, but when they are seized they become U.S. property, and he just loved guns. Which I guess was suitable for his calling, which shows why we have to change the calling. And he had about 2,000 of them that had been seized from people, and legally seized, from people, be-

cause they were held illegally by all branches of the U.S. Military Police, of which he was in charge.

And he'd taken about 2,000 of them back home to Oklahoma with him when he retired. He was opening a gun museum. And the U.S. started looking at it, and said, "Where'd you get all these guns?" And he said, "Oh, they were seized." "Who seized them?" He said, "The Military Police around the world seized them." And they said, "How'd you seize 'em?" And I think his answer was, "Well, they were there." What do you do?

We're still a gun-loving country. But guns aren't good for children, or for life, and it may be about as good a thermometer of our violent potential, as anything.

I was raised in Texas, and I had a .22 rifle by the time I was nine; a .410

shotgun before I was 11. And loved the blue steel and the sheen of the wood stock.

But now, I've seen too much about what they do, and I never really wanted to shoot those doves anyway! We're big dove hunters down in Texas; doves are a sign of peace. There may be some meaning there, too. But they taste good. There are lot of dove hunters just shooting doves, they're not thinking about dinner.

We've "got miles to go before we sleep."

Our military budget is still a danger to life on the planet. It's a measure of the moral worth of our people; our research and development for better ways of killing is as high as it ever was, as if we don't have enough ways now, to destroy life on the planet. We obviously do. We're just looking for keener ones. And spend a lot of money for it.

But if we want peace on Earth, we, the people, have to stand up and say, "Enough!" We want to demilitarize our country and demilitarize the world. And yet, as it was when Dr. King spoke those words, in this church, we remain the "greatest purveyors of violence on Earth." And we can overcome that. It's a matter of will: Until we address it, we may be singing good songs, but we're not marching the road toward disarmament. And the world daily becomes more dangerous.

Good to see you all here, and honored to be here with you in this great church. Thank you.

## The BRICS Perspective For African Development

*Thembile Joyini, Advocate, Counsellor, and Legal Adviser to the Permanent Mission of South Africa to the UN, delivered this statement at the Jan. 17 Schiller Institute conference.*

On behalf of His Excellency, Ambassador Kingsley Mamabolo, Permanent Representative of South Africa to the United Nations, I would like to thank you and the conference organizers, including Mr. Lawrence Freeman, for inviting us to this Conference, and for allowing us to share some thoughts with the audience on the topic “BRICS Nations Revive Dr. Martin Luther King’s Dream: Economic Justice Is an Inalienable Right.”

Martin Luther King actively supported the struggle of the South African people against apartheid. In 1963, the UN Special Committee against Apartheid was established, and one of the first letters the committee received was from Martin Luther King. Together with the winner of the Nobel Peace Prize in 1960, the ANC leader Chief Albert J. Lutuli, Martin Luther King made an “Appeal for Action against Apartheid” on Human Rights Day, 10 December 1962.

In his speech held in London in 1964, Martin Luther King repeated his call for economic sanctions against South Africa, and said, “We can join in the one form of non-violent action that could bring freedom and justice to South Africa—the action which African leaders have appealed for—in a massive movement for economic sanctions.” These are the sanctions that, *inter alia*, forced the apartheid government to release Nelson Mandela from prison. After his release, Mandela came to this church to say thank you to the people of Harlem and all those American people who supported the struggle of the South African people.

### The BRICS Bank

On BRICS, I agree, this is just the beginning of a new international economic order; it will be a gradual, but steady process. I also agree that not everybody would agree on the importance of the BRICS bank, but the creation of the BRICS bank is significant for the future international order for three reasons.

First, it demonstrates the viability and dynamics of the BRICS despite all the skepticism and criticism in recent years. Some of the criticisms are legitimate, as BRICS nations have experienced slower growth lately; even China’s economic growth appears to be slowing down due to a variety of reasons. Critics of the BRICS bank also point to different views among the members as evidence of serious problems of the bank. But this misses the point. There always will be different opinions and views among the BRICS countries, just like there are differences among G7 members. What is important, however, is whether

member states share a major common goal that can unite them despite differences. The answer is: development. Unlike G7 member states, BRICS members are largely still developing countries, and this situation means that for a long time these countries will focus on how to improve the living standards of their citizens. Also, other developing countries are desperately in need of funding for infrastructure projects.

Second, the BRICS bank demonstrates China’s global leadership. Given China’s huge size and quick development, there is little doubt that the world truly needs China’s leadership. What China needs to be careful about is to maintain a balance between its own influence on the bank and other members’ impact. Thus it is a good sign that, although Shanghai has been chosen as the headquarters of the new bank, the first president will be Indian, the first chairman of the board of governors will be Russian, the first chairman of the board of directors will be Brazilian, and the first regional center of the bank will be in South Africa.

Third, the BRICS bank is significant because it is a direct challenge to the global order led by the West. Many view the new BRICS bank as a response to the



EIRNS/Stuart Lewis

*Thembile Joyini*

failed reforms at the IMF and World Bank, as developing countries like China and India cannot increase their influence within those institutions. However, it should be kept in mind that the BRICS bank is not currently challenging the international liberal economic order.

China and India are perhaps the two greatest beneficiaries of an open, liberal economic order; and thus the BRICS bank should try to push the IMF and World Bank to be more open and transparent. Ultimately, the competition between the BRICS bank, and the IMF and World Bank should be about efficiency rather than a struggle between liberal vs. alternative economic philosophies. In this sense, there is a strong complementary relationship between the BRICS bank, the IMF and the World Bank. That said, the West, the IMF and the World Bank, should not view the BRICS bank as a threat to their domination of the global economic order.

To be sure, the new BRICS development bank is unlikely to replace the IMF and World Bank in the near future, as the latter will still remain powerful players in the global economic order. The most likely relationship between the two is a complementary relationship rather than a conflicting one. That said, in the long run the competition between the two will intensify, and the final outcome will depend on the balance of power between the two blocs, the developing world and the developed world. What is for sure is that we are in for some interesting times.

## **Infrastructure Development**

On the Programme for Infrastructure Development (PIDA): Because the infrastructure deficit in Africa penalizes growth and development of the continent, in July 2010, African leaders launched a new programme for infrastructure development in Africa. Led by the African Union, New Partnership for Africa's Development (NEPAD), and African Development Bank (ADB), the initiative has a budget of several billion dollars. The overall goal of PIDA is to promote socio-economic development and poverty reduction in Africa through improved access to integrated regional and continental infrastructure networks and services.

President Jacob Zuma was unanimously elected as the PIDA's president because of the successful organization of the World Cup, which inspired the whole continent. Speaking at the launch of the programme, Mr. Zuma said that "Africa's time has come, and without infrastructure, our dreams will never be realized. We cannot trade on the continent because of the lack of

communication. The infrastructure that we want to create will provide new opportunities for our continent." The Programme for Infrastructure Development in Africa will bring together and merge various continental infrastructure initiatives, such as the NEPAD Short Term Action Plan, the NEPAD Medium-to-Long-Term Strategic Framework (MLTSF), and the AU [African Union] Infrastructure Master Plans initiatives into one coherent program for the entire continent.

The objective of the PIDA is to establish a framework strategy for infrastructure development at the regional and continental level covering all the four key sectors of transport, energy, trans-boundary water, and ICT. PIDA will be the AU/NEPAD key planning/programming document, guiding the continental infrastructure development agenda, policies, and investment priorities in the key sectors for 2011-2030.

The ADB will be responsible for implementing PIDA through its department of regional integration. The Bank's role as Executing Agency covers the responsibility for contractual, financial, technical, and administrative management of the programme including responsibility for procurement procedures, in conformity with its existing regulations, budget management and disbursements. The PIDA is supposed to be managed by the regional economic communities. They will work closely with the respective member states, specialized agencies of the AU, and sectoral organizations. The PIDA budget, estimated at EU7.8 million, is financed by the European Union, Islamic Development Bank, the African Fund for Water, and the New Partnership for Africa's Development.

## **The Grand Inga Hydropower Project**

On the Grand Inga hydropower project: The Cabinet approved, in August 2014, the ratification of the treaty on the Grand Inga hydropower project between South Africa and the Democratic Republic of Congo (DRC), paving the way for the next phase of what could eventually become the largest hydroelectric project in the world, with the potential to power half the continent. The Grand Inga project will seek to harness the power potential of the Congo River, sub-Saharan Africa's greatest waterway. Once all seven of its planned phases are complete, it is expected to generate a massive 40,000 megawatts (MW) of renewable power.

Subsequent phases, adding up to an eventual total capacity of 40,000 MW, will allow countries in southern Africa, northeast Africa, and parts of west Africa to

benefit from production at the site. The project has the potential to supply clean and affordable imported hydroelectric power to meet the needs of the DRC, South Africa, and surrounding countries, and holds the potential to fast-track SADC [Southern African Development Community] development, alleviate energy poverty, stimulate economic growth, and facilitate infrastructure development. This represents one of the most ambitious projects ever undertaken on the African continent, and one which will long be a resounding symbol of the rise of Africa and her people.

In conclusion, on nuclear energy: South Africa has signed many treaties on nuclear energy and has two nuclear reactors generating 5% of its electricity. South Africa's first commercial nuclear power reactor began operating in 1984. The government's commitment to the future of nuclear energy is strong, with firm plans for further 9,600 MW in the next decade.

I thank you for your attention.

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Rep. Walter Jones:

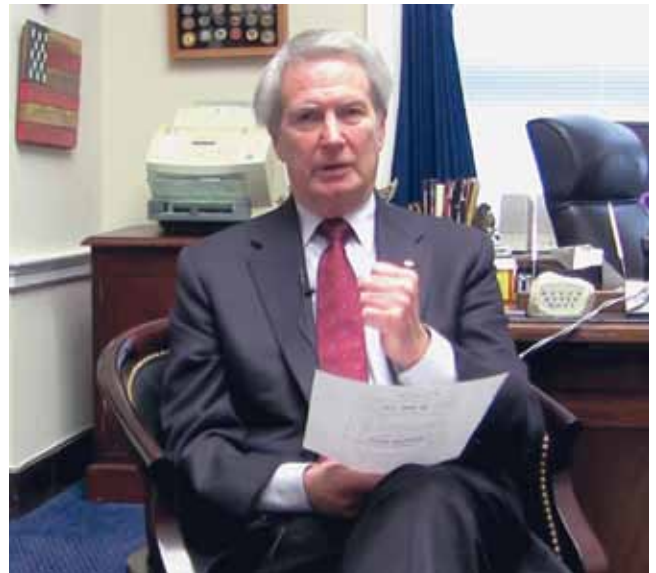
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## We're Going To Keep Beating the Drum

*Rep. Walter B. Jones (R-N.C.) sent this videotaped message to the Jan. 17 Schiller Institute conference in New York.*

I want to welcome you to the Schiller Institute's conference this Saturday. I'm Congressman Walter Jones. I represent the 3rd Congressional District of North Carolina. And I want to ask you to join us—we after two years, have been trying to make sure that the families who felt the pain of 9/11 could read the 28 pages in the 9/11 report that have been classified. And this past week, as a matter of fact, Sen. Bob Graham, the former Senator from Florida, who has done so much to try to get the American people the opportunity to read the 28 pages, you might remember or you might not remember, but Bob Graham and Richard Shelby, both Senators, co-authored the 9/11 report. It was the Bush Administration—and no one can quite understand [why]—that decided that 28 pages out of the 9/11 report would have to be classified.

Well, people like myself, people like Stephen Lynch,



Schiller Institute

*Rep. Walter B. Jones*

Thomas Massie, and others in the House, we have read the 28 pages: There is no reason that they have not been declassified. There is nothing in the 28 pages that dealt with national security—nothing. What it deals with are relationships, and I cannot go any further than that.

Why I wanted to address you today, is that we need your help. We need you to pick up the phone, call your Senator from New York, New Jersey, Connecticut, wherever it might be, and your House member, and ask them to please join Congressmen Steve Lynch from Massachusetts, Congressman Thomas Massie from Kentucky, and myself from North Carolina, and co-sponsor H.Resolution 14. You can do this by picking up the phone and calling (202) 224-3121. Such an example as Senator Schumer from New York—he should be out front for the families who have lost so much. Sen. Cory Booker from New Jersey should be out front for the families who have lost so much.

That's their decision, but if they hear from you, then they might decide that they should read the 28 pages, or they might decide that they want to put in a resolution on the Senate side that we have put in on the House side, calling on President Obama to keep his word to the families of 9/11. Twice he has told the families of 9/11, "I will declassify this information." He has not done it yet.

Stephen Lynch and I wrote the President in April 2014 to remind the President, that he made this promise to the families; and here we are, January of 2015, and we have not even gotten a response back from the President. That is not fair to the families who have lost so much.

So it's up to you to join us. We're not going to let



this go. I call it a drumbeat—we're going to keep beating the drum. The families deserve it, and you, the American people, deserve to know the truth about 9/11.

Thank you for letting me speak to you today, and let's work together for truth and honesty to save America. Thank you so much.

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Jeffrey Steinberg

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## Time To Break The Silence

*Here is Jeffrey Steinberg's speech to the Schiller Institute's conference.*

There is in fact, one dove that I can think of in the world that actually deserves to be shot,<sup>1</sup> and that dove is al-Yamamah, which is the Arabic word for "the dove." It also happens to be the name of the project through which, for the last 30 years or so, the British and the Saudis have been amassing the offshore slush funds that have been the major source of financing for all of the world terrorism that Helga identified in her presentation, as one of the two great horrors that have been bestowed on the world by the British Empire, and which still represent the greatest threat: the danger of thermonuclear war at the high end, and the danger of terrorism as a source of mass population reduction at the low end of the violence spectrum.

Now, I think that in the words of Congressman [Walter] Jones [see above], you may have detected the fact that, for the first time in quite some time, there's

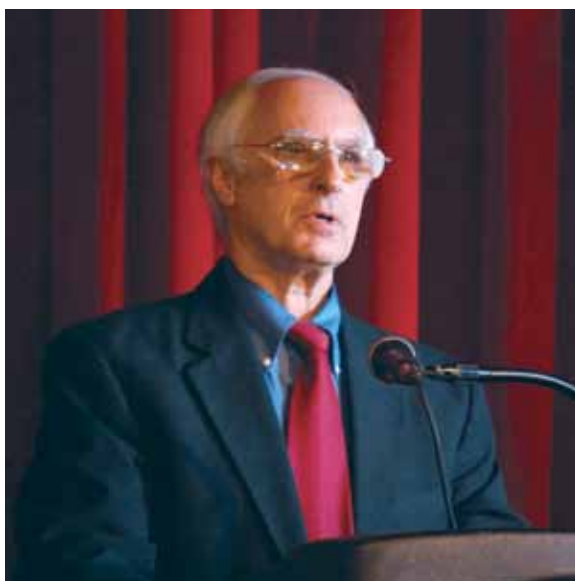
some passion in Washington about something that really is important for the survival of the United States and the world. The pathway for realizing what Helga called for in her keynote address, namely, for the United States to accept the offer that was presented recently in Beijing by Chinese President Xi Jinping, for the United States to join not just the Asian Infrastructure Investment Bank (AIIB), but the emergence of a new just paradigm for the world.

If the United States can break free from the power of the British Empire, which is manifested in the overarching power of Wall Street over our political institutions today, and is equally demonstrated by the fact that both Presidents Bush and Obama have gone far beyond what anybody would consider to be rational in covering up the 28 pages [of the Congressional Joint Inquiry on 9/11]. These are both examples of the power of the British Empire today.

Much of what is in the 28 pages, per se, is fairly well known, at least portions of it that are very damning to the Bush family, and to the Saudis, are fairly well known. Senator [Bob] Graham, in 2004, wrote a book called *Intelligence Matters*, and by using anecdotal accounts of the work of his Joint Select Committee on 9/11, he was able to get a lot of the story out. So, for example, we know that two agents of Saudi intelligence, located on the West Coast, were the official greeters of the first two 9/11 hijackers when they arrived in the United States in early

2000. They were financed by those two Saudi intelligence agents, they were set up in housing, and for security purposes, they were set up in residence at the home of an FBI informant. They were provided the funds to go through the flight training, and every step along the way, they were provided with all of the resources they needed.

It's become pretty obvious to anybody who has actually tried to dig into the details of 9/11, that 19 individuals, 15 of them Saudis, who did not speak English,



EIRNS/Stuart Lewis

*Jeffrey Steinberg: "The critical flank for getting to the underlying, deeper truth about the nature of the real political control over the United States, is buried in those 28 pages" of the 9/11 Inquiry report.*

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1. This is a reference to a comment in Ramsey Clark's speech, which preceded Steinberg's.



could not have conceivably carried out that attack, without substantial logistical assistance, and there's evidence on a certain level, that agents of the Saudi government were involved in providing that assistance. So that aspect of it—name, rank, serial number—of the people involved in that, both the Saudi intelligence officers and the terrorists themselves, is fairly well known publicly.

It's also now known that the FBI covered up 86,000 pages of evidence that there was a similar Saudi support cell backing up the terrorists in Sarasota, Fla., so that the group down there, including Mohammed Atta, was able to operate freely because it had, similarly, a support apparatus with lots of money behind them. And so a lot of those details are going to come out.



pibillwarner.wordpress.com

*Sen. Bob Graham, co-chairman of the Congressional Joint Inquiry on 9/11, has led the fight to declassify the 28 pages dealing with Saudi funding of the terrorists.*

### **‘Bandar Bush’**

The real importance of getting the 28 pages released, though, is something quite different, because there are some mythologies that need to be busted up. And the best opportunity that we have right now, the critical flank for getting to the underlying, deeper truth, not just about 9/11, but about the nature of the real political control over the United States, is buried in those 28 pages. When they come out publicly, the full implications of what they tell will be fully realized. We know, for example, Amb. “Bandar Bush”—that was his unofficial name—Prince Bandar bin Sultan was the Saudi ambassador to Washington for a couple of decades [1983-2005], and was considered to be the adopted son of President George H.W. Bush, and the adopted brother of President George W. Bush. You can find on the Internet *hundreds* of photographs of Bandar and the Bushes, hanging out together. It's also known that Bandar was a source of some of the funds that went through Saudi intelligence, directly into the pockets of the 9/11 hijackers.

And so, some of those elements are well known, and the critical thing is that, once those leads come out, once the official content of those 28 pages comes out publicly, a number of things are going to be clear. Number one, it's going to be clear that the real issue, behind why President Bush, and now, for the last six years, President Obama, have desperately refused the demands of the 9/11 families, the demands of Congress,

to release those 28 pages, when everyone who has read them knows that there are no genuine national security secrets to be protected, is going to be a lot clearer.

The first fiction that I expect—and I can assure you that those of us here will guarantee that this fiction is busted open, once and for all—is that the whole idea that there are countries of the Persian Gulf, the whole idea that Saudi Arabia exists, the whole idea that Bahrain exists, the whole idea that Kuwait and Oman and the U.A.E. and Qatar actually exist as real countries, is a pure British fiction. These countries have never existed as independent entities, in any way, shape, or form, that we think of as a genuine, sovereign country.

We've written extensively about the al-Yamamah deal, the Dove deal, which began in 1985 between Prince Bandar and Margaret Thatcher, that continued under Prince Bandar and Tony Blair, and every subsequent British government since then. It was a barter deal in which the British gave armed equipment, fighter planes, radar systems, military hardware, to the Saudis, and the Saudis paid in oil. And the amount of oil that they gave, when sold on the international spot market, generated literally hundreds of billions of dollars in excess cash, after BAE Systems was paid, after all of the usual bribes were given to the relevant Saudi princes, there were hundreds of billions of dollars left over. And the British themselves, and Bandar himself, openly admit that that has been the largest offshore, unregulated secret source of black funds to finance terror-

ism, in the world today. It still exists. It's still operational.

But the story itself goes back long before Prince Bandar was born, long before the al-Yamamah deal. In point of fact, the British Empire has controlled every country of the Persian Gulf, and by official British accounts, they openly acknowledge that Britain ran all of these countries, officially, through a series of treaty agreements, beginning in 1763, and extending officially through 1971.

So, in other words, you've had *centuries* in which the policies of these countries were dominated by the British.

### **The 'Uncrowned King of the Persian Gulf'**

Now, the story goes back a little bit earlier, because in 1661, the British East India Company expelled the Portuguese from the Persian Gulf, because the Persian Gulf was the critical stop along the way to India. And the battle for empire in Europe centered on who would control India.

And so, I think it's notable that the date from which the British themselves say that they ran the entire Persian Gulf, is 1763: That's the year that the British won the Seven Years War and defeated all of their European rivals, and at that point, took undisputed control over India, and through India, they took undisputed control of the Persian Gulf.

I'll just give you a few examples: In 1820, the British signed what they call the General Treaty of Peace, and this solidified the fact that the British selected the particular tribes in each of the countries of the Persian Gulf, that would be installed in power. And those tribes, the al-Khalifa tribe, the al-Thani tribe, the Saudi tribe, are still, to this day, the ruling families in the six countries that makes up the Gulf Cooperation Council (GCC).

The head of state of the Persian Gulf region, from the time of that treaty, was the Viceroy of Bombay in India, under whom there was a resident agent of the British East India Company located in various cities, first in Iran, and later in Iraq. And they were the actual sovereigns. The name that the British head of operations in the Persian Gulf was referred to was "the uncrowned King of the Persian Gulf."

In 1853, there was a follow-on treaty signed by Britain and all of the tribal leaders of all of the countries that still exist under the same borders today in the Persian Gulf. It was called the Treaty of Maritime Peace in Per-

petuity. In 1892, there was a corollary to that treaty called the Exclusive Agreement, which basically gave the British absolute veto power over any territorial transfers; it gave the British control over all foreign relations; and in return for that, the British guaranteed that they would be the armed force to provide security for all of the Persian Gulf states.

In 1922, even after the end of the First World War, during the epoch of the Sykes-Picot Treaty, the agreements were extended to give the British control over all resources of the Persian Gulf region, and by that point, obviously, "resources" very much meant oil. Much of this was under royal charter, under the control of the British East India Company directly, during the 19th Century in particular.

But as late as April 1, 1947, the British Foreign Office officially assumed control over the foreign affairs of all of the countries of the Persian Gulf, under a new treaty, in which a power-sharing arrangement was reached, with British security backup: The tribal sheikhs were given control over the internal affairs, and the British controlled foreign policy; they controlled military policy; they controlled the international commerce, meaning the British had actual sovereign control over the oil flows, and basically, the British courts had extraterritorial jurisdiction over all non-resident Muslims.

In other words, any foreigners operating throughout the Persian Gulf were operating under British Crown law, and there were British courts that existed in the area to make sure that that was enforced.

By the way, I should say that in the British archives, you can go there and find a series of annual reports covering elements of the British controls, year by year, over this region, one of which was called the "Annual Memorandum of the Cultivation of Opium in Persia." So you're dealing with the Opium Wars policy all along.

Now, in 1971, the British were so confident, with Henry Kissinger as both Secretary of State and soon-to-be National Security Advisor as well, under Nixon, that they nominally surrendered their absolute, top-down control over the Persian Gulf. And it was short-lived, but nevertheless, they temporarily thought that it was more important to let the Americans foot the bill, since costs of military operations were getting a little bit too expensive.

In 1985, with the establishment of the al-Yamamah deal, they clearly decided that they had to be on the ground and running things, as a result of the relationship



Saudi Press Agency handout

*Tony Blair, shown here with Prince Bandar, shut down the al-Yamamah investigation in Britain, and is now telling Congressional Republicans to quash efforts to release the 28 pages.*

world, and fold in the fact that the other major source of international terrorism is the international drug trade run by the British through institutions like HSBC bank and the follow-on institutions of the old British East India Company's Opium War policy, then you see very clearly, that what we're dealing with here, if we go to the heart of what these 28 pages *really* tell us—let's not worry about the literal words; we already know a great deal about what the literal words will tell us—but let's look at the implications. Let's take the opportunity of getting these 28 pages released, and released in such a way that we guarantee that the truth, the underlying truth, that the real source of 9/11—yes, it's Saudi, but explicitly, it's also British.

between the British and the nominally Saudi empire.

Now, things are changing: On April 29, 2013, the preeminent military think-tank for the British Crown, the Royal United Services Institute published a report called, "A Return to East of Suez: U.K. Military Deployments to the Gulf." I'll just read you a couple of sentences from it: "Just as U.K.'s withdrawal in 1971 created a security vacuum that drew the U.S., somewhat unwillingly, further into the affairs of the Gulf, the U.S.'s cooling of its engagement seems to be drawing the U.K. back in. We seem to be witnessing the slow transformation in the U.K. military posture towards a tentative return at this early stage, to the pre-1971 strategy of rooting Britain's presence in the southern Gulf through agreements with its traditional allies in Abu Dhabi and Dubai, with outlying anchors in Bahrain and Oman, and with close political and economic ties with Saudi Arabia and Kuwait that could be upgraded to the military level if necessary."

In other words, they're back. And really, the truth is, they never left.

### **It's the British, Stupid!**

So, when you look at the implications, from this historical standpoint, of the role that the Saudis are now nakedly playing as the patrons and sponsors of virtually every form of jihadist Sunni Wahhabi terrorism in the

Why is the Bush family so desperate to cover up 9/11? And what does the Bush family have in common with President Obama, who remains equally desperate to cover up 9/11? I can assure you this is not about Saudi Arabia. This is not about a bunch of people running around the Persian Gulf, still to this day, riding on camels. This is about the British. And the 9/11 events, and the content of the 28 pages, opens up a window into the historical truth.

At the event a week ago Wednesday [Jan. 7] in Washington, D.C., that Congressman Jones referenced in his brief remarks earlier, Sen. Bob Graham made a number of very clear, unveiled references to the British. I can assure you that he's aware that this al-Yamamah factor, the British factor in 9/11, is significant. Two years ago, Graham wrote a novel called *Keys to the Kingdom*, and of course, in a novel, you're free to say a lot of things that you can't say if you've been privy to classified information (you can't give real name, rank, serial number), but he goes through, as the centerpiece of the entire narrative, the al-Yamamah deal and the fact that the Saudis and the British are basically joined at the hip, and that that's really the nature of the source of international terrorism today.

Now, Prince Bandar, who does not actually have a reputation for being the brightest bulb in the marquee, made the typical mistake of arrogance that you would expect from someone who considers himself to be a

protected asset of a royal system—by which I don't mean the Saudi royal family. He's had on-and-off relations with the Saudis. But Bandar's a British agent: He was trained at Sandhurst [Royal Military Academy]. And if you think about the long wave of British control over Saudi Arabia and the other countries of the Persian Gulf, you realize that there are many, many people who may nominally be Saudi by birth, or Qatari by birth, or Bahraini by birth, but they're British to the core, and Bandar is absolutely one of them. That's why he went to Thatcher to establish the al-Yamamah deal in the first place.

So Bandar was leaving the United States; he was a burnout case. He was preparing to go back to Saudi Arabia, and so he commissioned a biography, an official biography written by someone who he went to the British Air Force academy with, a kind of a finishing school for training of young Gulf princes who were going to be going back and having some kind of power role in the establishment there. And in this book [*The Prince*, by William Simpson], he could not resist boasting about the real nature of the al-Yamamah deal. Simpson interviewed one of the British officials who actually managed the bank accounts through a British office in the Ministry of Defence, called the DESO, the Defense Exports Support Office, who admitted that they basically wrote the checks for al-Yamamah. His name was Edwards and he headed the DESO for a number of years.

And Simpson wrote: "Edwards admitted that for the Saudis the use of oil meant that the contract was effectively an off-balance-sheet transaction: It did not go through the Saudi Treasury. Edwards also confirmed that one of the main attractions for the Saudis in this unique arrangement was British flexibility." I don't think that was a sexual allusion, by the way.

"The British were much more flexible than the Americans," he said. "The Americans went through the Foreign Military Sales system which has congressional law behind it. If the customers get out of line and they fail to pay the money, then they are cut off. In this country, it was quite flexible. . . ." The phenomenal amount of money generated from the sale of oil comes through DESO before being paid to British Aerospace. Edwards admitted that the government does charge a little commission for administering the contract, money that attracted the attention of the treasury, as it built up a considerable surplus. . . . The ingenious diversity of al-Yamamah, together with the British government's

discretion and liberal approach to a unique finance deal, largely founded on the undisputed collateral of the huge Saudi oil reserves, could explain the financial black holes assumed by a suspicious media, to be evidence of commissions."

But, Simpson explained, "Although al-Yamamah constitutes a highly unconventional way of doing business, its lucrative spinoffs are the by-products of a wholly political objective: a Saudi political objective and a British political objective. Al-Yamamah is, first and foremost, a political contract. Negotiated at the height of the Cold War, its unique structure has enabled the Saudis to purchase weapons from around the globe to fund the fight against Communism. Al-Yamamah money can be found in the clandestine purchase of Russian ordnance used in the expulsion of Qaddafi's troops from Chad."

And here's the key admission: "It can also be traced to arms bought from Egypt and other countries, and sent to the Mujahideen in Afghanistan, fighting the Soviet occupying forces." In other words, the antecedents and then the existence of al-Qaeda was being financed through this fund. "Arguably," Simpson admitted, "its consummate flexibility is needed because of inevitable opposition to Saudi arms purchases in Congress. . . . The oil barter arrangement circumvented such bureaucracy."

### **When You Are an Empire . . .**

So this is the kind of thing that exists when you are an empire, and you can make your own laws as you go along and you happen to control every offshore financial institution in the world. You can use them to run these operations, and, if you shut down that apparatus, then you dry up international terrorism in short order.

The idea of approaching this from the bottom up, by hunting through caves in Afghanistan, or desert outposts in Yemen or Somalia, is not the way to go, when this is a *policy of empire*. And if we can break the myth that there is in fact a Saudi Arabia, or a Qatar, or a UAE, or a Kuwait, as real sovereign entities, as opposed to subsidiary fictions of the British Empire, then we'll already be a very long way toward defeating terrorism.

And by the way, *this* is what Bush and Obama are terrified of, more than anything. What they're afraid of, is that their existence as creatures of the British Empire, poisoning the United States, is going to be exposed.

Now, I don't believe in coincidences, at least not when it comes to major historic turning points, and so,

I have a suspicion that there's some correlation between the press conference by Senator Graham and Congressmen Lynch and Jones and the 9/11 families on Jan. 7, and the fact that earlier this week, the Republican Party in its retreat, their "chocolate kiss" retreat in Hershey, Pa., had, as their keynote speaker, Tony Blair. And the same day, President Obama at the White House was entertaining British Prime Minister David Cameron. So I think this is the Bush/Obama concept of "bipartisanship." The British New Labour goes to brief the Republicans, and the British Tories go to dictate to President Obama what to do.

Now, I am sure, that Blair, who shut down the al-Yamamah investigation as Prime Minister, because it threatened vital British national security interests—and indeed it did—was there with the Republicans, telling them, "You better shut these guys up. You better make sure that this Senator Graham, Walter Jones, et al. thing gets quashed now, and it doesn't see the light of day, because all of our necks are on the line."

That sort of brings me to an obvious conclusion: Everybody here in this room, as Representative Jones urged all of you, has a special responsibility to make sure that these 28 pages see the light of day, and they

see the light of day *very soon*, before we wind up facing Russian nuclear weapons, or see American nuclear-armed submarines launching on Russia. This is the legacy of Ground Zero. If you want closure on Ground Zero, which is hallowed ground in this country, then let's get these 28 pages released, and let's be the voice that explains to the American people, and the world, what these pages actually reveal. It's not just the fact that Prince Bandar received money through the Bank of England into his bank account, and dutifully wrote checks to the 9/11 hijackers, which is exactly what happened. That's merely a small episode in something that's much bigger, and that we've got to make sure that the world clearly understands.

If we can accomplish that, in the days and weeks and months ahead, then what Helga called for, about the United States becoming an active participant in the BRICS process, in the new paradigm of relations in the world, can be realized. So there's no gap whatsoever, between the fight for the 28 pages, and the fight to restore the United States to its Hamiltonian tradition, which means wiping out the power of Wall Street and London over the U.S. And this is the *decisive* flank, to make that happen.

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## A GREEK PROPOSAL

# Convene a European Debt Conference for 2015

by Dean Andromidas and Paul Gallagher

A European-wide debt conference similar to the conference that led to the London Debt Agreement of 1953 that settled the foreign debts of Germany has been proposed by both the Greek Syriza Party and the Independent Greeks, and has been making headlines in the European media.

In an interview with Great Britain's BBC4, the leader of Syriza, Alexis Tsipras, said, "What we are asking for is a European conference in order for all of us united to address this European problem. There is no other solution to the problem but to delete a big part of the debt, a new Memorandum on the repayment and a new development clause." He added, "In reality we are not asking any more money or loans in order to repay the old debts. Obviously, we will negotiate with our partners in order for all of us united to address the Greek debt issue."

Syriza proposes that such a conference would not only deal with the Greek debt but that of other countries that negotiated harsh austerity conditionalities with the "Troika" in order to bail out their bankrupt banks, including Ireland, Portugal, Cyprus, and Europe as a whole.

The convening of such a conference is an excellent opportunity not only to settle the Greek debt crisis but to reorganize and reform the entire European financial system. The real

issue is not the Greek debt, but bankruptcy reorganization of the entire Eurozone, and more broadly, the trans-Atlantic financial system. The crucial task is to restore national sovereignty to the nation-states of the Eurozone so as to re-establish a regime of national credit systems on Hamiltonian principles that would enable the European and North American nations to participate in the emerging world system of development being carried out by the BRICS and allied nations.



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*Syriza leader Alexis Tsipris told the BBC: "What we are asking for is a European conference.... There is no other solution to the problem but to delete a big part of the debt...."*

## The London Debt Agreement of 1953

The German debt conference refers to the 1952 conference held in London, which led to the “Agreement on German External Debts” of 1953. The Conference settled the German inter-war public and private foreign debt, as well as the postwar Marshall Plan concessionary loans debt. On much of this debt, there had been no payments at all since 1934, when the Nazi government suspended payments. The total of \$38.8 billion in Germany’s debts was reduced by the conference to \$14.5 billion.

Under prodding by the United States in the context of the Bretton Woods System, the London Debt Conference of 1952-53—which produced an economic success, in the rapid recovery and growth of the German economy, known as the “German economic miracle”—was conducted on principles quite opposed to those demanded of indebted countries by the current “Troika” of the IMF, the European Central Bank (ECB), and the European Commission in Brussels. Those principles were:

- that Germany had to be able to pay back debt while maintaining a high level of growth and improving the living standards of its population;
- that Germany be able to repay its debts in its own currency, rather than in dollars or other stronger currencies; and this, while the D-mark would remain relatively undervalued;
- that Germany’s debt payments would never exceed 5% of its export revenues in any year, and that the country be encouraged to develop its production, as a substitute for imports, in order to have a positive trade balance.

The very purpose of the negotiation was to settle the debt question so as to facilitate the most rapid recovery and expansion of the German and European economy as a whole, as was explicitly stated in the preamble of the agreement:

“Desiring to remove obstacles to normal economic relations between the Federal Republic of Germany and other countries and thereby to make a contribution to the development of a prosperous community of nations...”

All the foreign debt, public and private, was to be settled in a comprehensive manner and by treaty, so that it was not subject to foreign court actions such as in the current Argentine case.

There was an average write-down of more than 60%



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*Hamburg, Germany still looked like this in 1950, five years after the end of the war, and before the London Debt Agreement of 1953 kicked in.*

in the principal of the debt, and lowered interest rates on the remainder. Thus the debt was disposed of directly. That is to say, there was no need for any sort of central institution or third party to buy the debt, nor was new debt issued as in the case of the recent bailout of Greek, Irish, Portuguese, and Cypriot debt.

Absolutely no conditionalities were attached. No demands for cuts in the budget and so-called “structural reforms” in order to generate primary surpluses to pay unpayable debt. Hence no austerity measures were demanded.

## Under Glass-Steagall Principles

Most important of all, this occurred under a financial system that was on a Glass-Steagall standard of full separation between commercial and investment banking, where the former were forbidden by law to engage in the trading of derivatives and other forms of exotic “financial instruments.” At the same time, powerful credit institutions existed in Germany, most notably the Kreditanstalt für Wiederaufbau (Reconstruction Finance Corporation), which served as Hamiltonian credit institutions to finance industry and infrastructure, leading rapidly to full employment.

There has never been such a debt restructuring since, and none that has been as successful as the one the so-called German economic miracle made so manifest.

Such a restructuring could never be done under the current system, primarily because the debt is part of a system of casino banking, where the so-called sovereign bonds are linked to a labyrinth of derivatives and speculative securities.

Today, the question of resolving the debts and restoring the economies of the Eurozone's so-called "peripheral" countries, including Greece, is being subjugated to an antagonistic "imperative." Namely, Wall Street and the City of London demand that the ECB now print trillions of euros to buy up, from the private banks, the sovereign debt of all the European countries.

Why? In order to save scores of large, bankrupt banks which are loaded with trillions in bad debts from real estate, commodity, and other speculations and derivatives—rather than to save the economies of indebted nations. This bailout imperative is being pushed now in near-hysterical tones by banks and their financial "experts" and media whores. It would, if implemented, fix all of Europe in an inescapable zero-growth regime and drastically devalue the euro—which is already, merely on the anticipation of this massive quantitative easing, falling below its original exchange rates with strong currencies.

Therefore, the entire system of European banking and credit has to be reorganized in an orderly manner, as was done under Franklin Roosevelt when the Glass-Steagall Act was passed in 1933, beginning with the separation of banks, and the creation of a national credit institution in the form of the Reconstruction Finance Corporation. This kind of action, with all EU nations at a conference table, makes it possible for Europe to craft a productive solution for the debt crises of Greece, Ireland, Portugal, Cyprus, etc.

## A Debt Conference of 2015

A European debt conference of 2015, while incorporating the principles of the 1953 agreement, would look very different. As everyone should know, the debt crises of Greece, Ireland, Portugal, etc., were the result of the collapse of the private trans-Atlantic financial system. The so-called bailout of these countries was actually a bailout, by Europe's governments, of the bank-

FIGURE 1



ing system. Greece was denied even a traditional IMF-style bailout, in which a small portion of the debt might be paid off, because the slightest haircut on the debt would have had a disastrous impact on the German, French, British, and other foreign banks that then held the vast majority of Greek debt. The same was the case with Ireland, Portugal, and Cyprus. In Spain, the banks were bailed out directly.

The banks continue to be hopelessly bankrupt, with reports that there is no less than EU2-2.5 trillion of "non-performing" debt sitting in these banks. This is a conservative figure, and does not include the multi-trillions of euros of exposure to derivative bets.

Thus, the first order of business will be to implement a Glass Steagall-style reform, deconstructing the too-big-to-fail system of casino banking with full separation between commercial and investment banking. In separating the banks, the assets will have to be separated as well. Those assets, such as savings deposits, government bonds, and credits linked to the real economy, the loss of which would have a serious detrimental effect on the economy, will be protected and put into the commercial banking system, which would operate under a state-chartered regulatory regime that would forbid these banks from trading on stock markets, etc.

The speculative assets in the investment banks will have to be examined to determine what is viable and what has to be written off. This would naturally lead to a dramatic downsizing of these banks. Many will not survive the reform.

The conference will have to restore sovereign powers to national institutions, as the only recognized authorities with the political and legal mandate to carry out a bankruptcy reorganization of the banking system.

The conference would obviously not entertain any supranational scheme aimed at bailing out the system at the expense of the national governments, and therefore to the detriment of the general welfare.

The conference might offer a forum for resolving conflicts that may arise when deconstructing and separating these huge banks, which have operated across national borders.

By the end of this process, the Glass-Steagall

regime, which was the environment within which the 1950s London Debt Conference was conducted, will have been restored.

## Creating a European Infrastructure Investment Bank

The second order of business will be to deal with the government debt without the hysteria about contagion and “blowing up the system.” The conference will naturally begin by dealing with the so-called “bailout debt” which fell under the European Stability Mechanism (ESM), which was formed to issue the bailout bonds with a guarantee of the governments of the European Union (EU).

These bonds include the EU246 billion for the Greek bailout; the EU76.8 billion for Portugal; the EU68 billion for Ireland; the EU41 billion for Spain; as well as smaller sums for Cyprus, Hungary, Latvia, and Romania. The total is EU487.75 billion. The ESM was capitalized by the European governments with EU80 billion of paid-in capital, including EU2.81 billion paid in by Greece, for example. Those governments subscribed to the ESM for a total of EU700 billion, including “on-call” capital subscriptions, which included a EU20 billion subscription from Greece. The ESM has a EU200 billion capital reserve.

Keeping in mind that the London Agreement dealt with the debt comprehensively and definitively, the debt can be dealt with in a number of ways. One is to take the modality of the London agreement, writing down the principal, lowering the interest, and linking the payments to export earnings.

What is needed in addition, however, by *all* of the European nations, is new credit for renovation and creation of modern economic infrastructure, to raise productivity and also wage income across the the EU’s economies. Germany, for example, has had a net negative total investment in economic infrastructure for the past decade. Europe’s major banks are not lending for this purpose; indeed, they are scarcely lending to businesses or households for any purpose.

The other way would be to take a lesson from Alexander Hamilton, who used a portion of the unpaid, and partially unpayable, American Revolutionary War debt as capital for a National Bank.<sup>1</sup> In the current case, rather than writing down these bonds, they could become the

capital of a new European Development Bank, ideally capitalized at the full half-a-trillion euros now outstanding in “bailout debt.” The ESM has sold much of the bailout debt it acquired to private financial institutions. A new European bank for infrastructure credit, or a new division of the 60-year-old European Investment Bank (EIB), with the purpose of Eurasian infrastructure investments, can be created. The holders of the bailout debt—both the ESM and the private institutions that have bought the debt from the ESM—would be invited to invest this debt in the new bank, or the new division of the EIB, as capital, at its full face value or current market value, as the conference of nations may decide. They would receive in exchange, capital stock of the new bank, or division of the EIB in the form of 20- to 25-year annuities with an above-market interest rate.

Although the repayment of bailout debt bonds will be long-term, the fact that they are guaranteed by all the states of the Eurozone, would allow the new bank to raise working capital on the basis of these bonds. Equally important, the ESM would be mandated to invest EU25-50 billion of its capital reserve in the long-term capital of the new bank or new division of the EIB.

The governments that have been saddled with the bailout loans—which, as capital in the new bank, are now on a much longer-term repayment basis—can also make capital investments in this bank.

This new bank could be called the European Infrastructure Investment Bank (EIIB). It would cooperate with the newly formed Asian Infrastructure and Investment Bank (AIIB) on investments in Eurasian infrastructure and “connectivity.” China’s government has made very clear that its policy is to make, and share, new infrastructure investments outside China, through its new AIIB, Silk Road Fund, Maritime Silk Road Fund, and its state banks. China is already making such investments through cooperation in the Council of Eastern European Governments (CEE), including in Greece. The EIIB would be a natural partner for China’s overseas direct investments, increasing its capacity to invest in new infrastructure across Europe.

A new development bank would have a very powerful mandate to extend credits to infrastructure projects that would integrate Europe into the World Land-Bridge in partnership with the BRICS and allied nations. Many of these projects are reviewed in the *EIR*’s new Special Report “The New Silk Road Becomes the World Land-Bridge” and the “Program for an Economic Miracle in Southern Europe: The Mediterranean Region, and

1. See “Hamilton’s Model: Bankruptcy Reorganization for a Credit System,” [EIR](#), July 11, 2014.





*A new European Infrastructure Bank, similar to China's Asian Infrastructure Investment Bank, would begin to address the horrendous economic conditions imposed on Greece (and other southern European countries) by the Troika's austerity policies. Here, Greek citizens rally in Athens to protest cuts in living standards, October 2012.*

Africa,” published in 2012, at the height of the European debt crisis.<sup>2</sup>

In terms of connective infrastructure, Europe has a huge deficit in railways. In Eastern Europe, the rail system is a disaster. Poland, the Czech and Slovak Republics, Hungary, and virtually all the Balkan states, need to reconstruct and expand their rail systems on an emergency basis. While Western Europe has a highly developed railway system, it has not only deteriorated under the pressure of austerity, but is lacking in sufficient capacity to carry freight, which in most countries, including Germany, can only operate at night, because of lack of capacity to run freight and passenger trains at the same time. Plans for dedicated freight lines for Germany, France, and Spain have been held up by the austerity policy. For the Netherlands, which is already operating a dedicated freight rail line from the port of Rotterdam to the German border, the promised new German line has yet to be built.

While freight trains are already being run from China to Germany, travel time would be substantially reduced with new capacity.

The second priority would be inland water transport. Priority projects are the completion of the Seine-Nord Europe Canal linking the Seine with the Scheldt rivers, thus facilitating navigation between Paris and Western Europe's superports in Antwerp and Rotterdam. Other projects include the long-planned Danube-Oder-Elbe

Canal linking the Danube with the North and Baltic seas via the Czech Republic, Germany, and Poland; and the Danube-Morava-Vardar/Axios-Aegean Sea Canal, for which the Chinese have already drafted a feasibility study. Another project would be to reconstruct the canal system in Poland, which would connect the German Mittelland Canal with the Belarus canal system, linking the European network to the Dnieper and the Volga, to allow navigation to both the Black and Caspian seas.

With the creation of an EIIB, each country in Europe would create a corresponding national development bank which would

receive credits from the EIIB, and in turn, issue credits to the authorities and enterprises that would carry out the projects.

These institutions could also collaborate with development banks from outside of Europe, especially, the Asian Infrastructure Investment Bank initiated last year by China, and which now involves 22 countries in Asia. Such an arrangement would provide credit for projects, for example in China, being carried out by European companies, or projects in Europe being carried out by Chinese companies. In fact, China, Russia, and countries across Eurasia and Africa could be invited to join the EIIB.

China is becoming deeply involved with the countries of the Balkans and Eastern Europe. Through its leasing of the container terminal at the Greek port of Piraeus, where it has already invested several hundreds of millions of euros, it has designated the corridor Piraeus-Belgrade-Budapest and beyond as its primary corridor for exports and imports to and from Central Europe. It is already aiding the countries along this corridor to reconstruct and expand the railways. At the end of last year, China held a summit with the 16 states of Central and Eastern Europe, where these and other projects were at the center of discussions.

Again, keep in mind the London Agreement principle of no conditionalities, including austerity measures or the fake “structural reforms,” which are mainly a direct attack on labor, or opening the country to radical free-market policies undermining local industry and

2. Both are available at <http://store.larouchepub.com/>



agriculture. What should occur is real institution-building to increase the capacity of the weaker economies to carry out these projects.

Thus, the EIIB would become one of the primary institutions serving to integrate Europe into the World Land-Bridge and the new paradigm of economic progress now being developed by the BRICS and allied nations.

### Can the Euro Survive?

Once all the nations of the EU are at the negotiating table in the spirit of good will, and committed to problem-solving whose aim is to contribute to the development of a prosperous community of nations, the question of the euro can be dealt without the hysteria that has characterized the discussion since the crisis began.

The Eurozone was established to facilitate the too-big-to-fail banking system. The crisis has shown that the principles upon which the Eurozone was constructed have been a failure, with catastrophic consequences for countries such as Greece.

As Switzerland has just done, countries in the EU which maintain their own national currencies are going to break their ties to the euro.

If a European common currency is to exist, it will have to conform with the new credit system to be created following a Glass-Steagall reform, and to serve the development needs of the nations of Europe. For example, in countries where there is a serious deficit in basic infrastructure, such as in Greece and Portugal, the nations' resources have to be augmented by foreign credits for infrastructure, and not drift into speculative real estate development, as has happened in Spain, Greece, and other countries.

These nations will need to begin once again to issue "legal tender" in the form of their national currencies to pay government employees and for programs, contractors, and so on, and to issue domestic bonds in their national currencies for investment in national productivity—as well as to establish and collect specific taxes and excises to fund those national debts.

It would soon become manifest that the most efficient way to carry out this task would be through returning powers to the sovereign states. With a return to national banking, a European Infrastructure Investment Bank can extend credits to the necessary infrastructure and industrial projects that would integrate Europe into the World Land-Bridge perspective of the BRICS.

## *There Is Life After the Euro!*

### **Program for an Economic Miracle in Southern Europe, the Mediterranean Region, and Africa**

AN **EIR** SPECIAL REPORT

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# Chinese Economists Outline Nation's Ambitious Growth Policy

by William Jones

Jan. 10—Several prominent Chinese economists presented that nation's revised economic policy for 2015, at the National Committee on U.S.-China Relations (NCUSCR) in New York City Jan. 7. Over the course of the half-day's forum, the speakers laid out the success of the program outlined at the Third Plenum of the Central Committee of the Chinese Communist Party in 2013, and indicated some of the obstacles that remain to making China a "well-off society" by 2020. They also made clear that the Silk Road Economic Belt and the 21st Maritime Silk Road will play a key role in

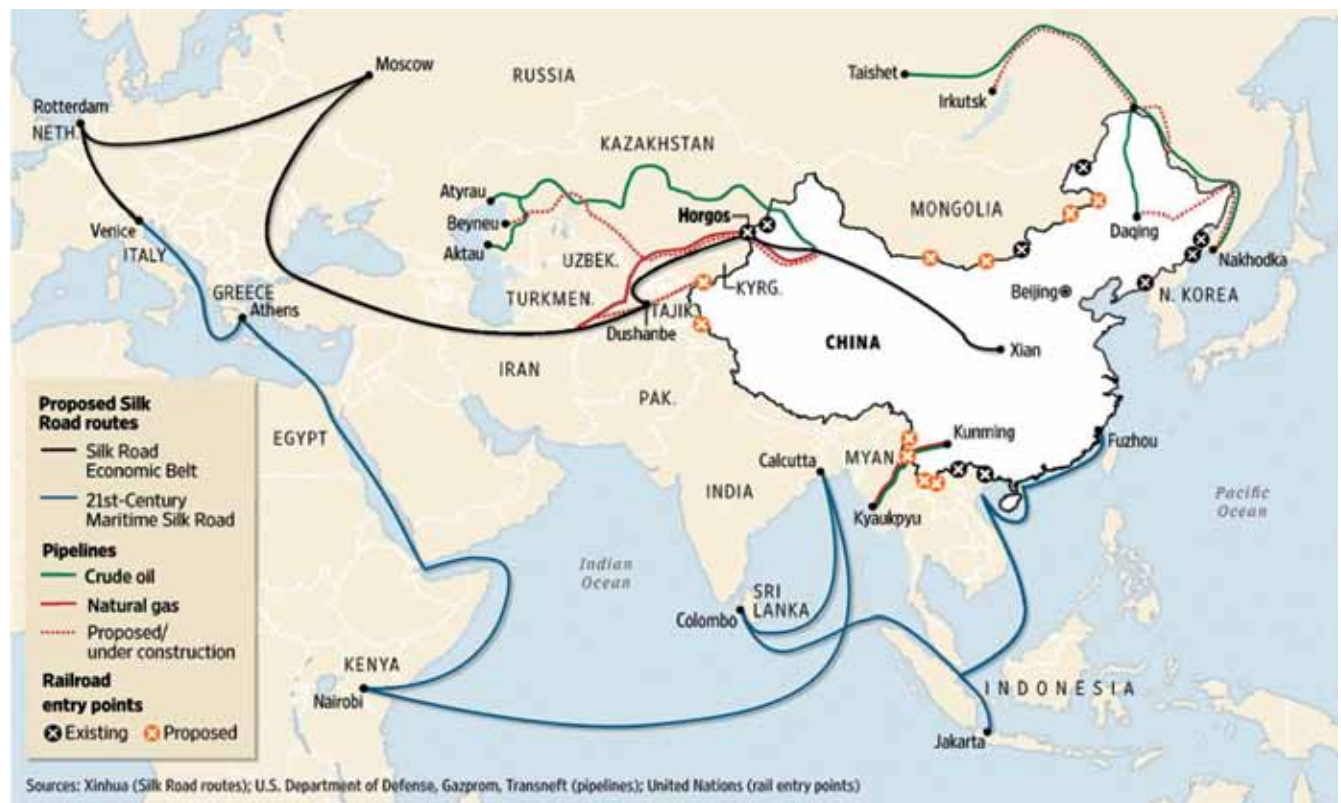
transforming the Chinese economy into a center of high-tech production (**Figure 1**).

The highlights of their remarks are presented below, and sharply contrast with the prevailing hype in the U.S. news media about how the Chinese economy is heading for a "hard landing." They give a unique insight into the government's thinking.

## A 'New Normal'

With the collapse of the U.S. and European markets, China has been forced to rely for its growth on an in-

FIGURE 1  
'One Belt, One Road' Regions



Boyuan Foundation

crease in domestic consumption, the so-called “new normal.” In addition, China has implemented a conscious policy of raising the quality of labor power from the low-wage production which propelled much of China’s economic rise, to production of high-value products, spurred by technological advances coming out of its wide-ranging science and technology programs, including its very successful space program.

The policy has been marked with tremendous success, which is there for all to see. But many problems remain. While 680 million people have been brought out of poverty in China, as economist and former World Bank vice president Justin Lin told his audience, almost half the population is still living in rural areas under difficult, albeit improving, conditions. And it may take decades to bring them all up to a modern standard of living. But the government of President Xi Jinping is intent on doing just that.

While some of the problems stem from the conditions of underdevelopment which still plague China, some of them are unavoidable effects of the conditions under which the Chinese economy developed during the last three decades. Most striking, of course, and the one most talked about, is the environmental pollution. While China accepted entry into the “world economy” as a low-wage manufacturing center, the unpaid costs of that production took their toll, leading to the air and water pollution which will require major measures—and a considerable amount of time—to completely resolve.

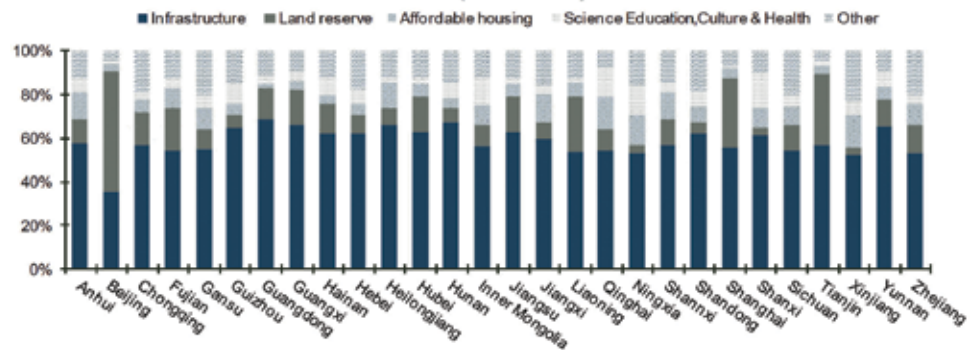
With the shift away from coal to natural gas and to non-fossil fuels like nuclear, China hopes in time to repair some of the damage to the air quality. And the just-completed second stage of the South-to-North water project, bringing water from the lush Yangtze River region to the arid northern regions, is a major attempt to resolve the water situation countrywide.

Other problems are of a socio-economic nature. The rapid growth of the cities has been funded by extensive lending by the local and regional governments, and many of those loans have now become due. The

FIGURE 2

## Spending Structure of Local Government Debt

(as of 06/2013)



Haitong

lack of efficient central government supervision of local government spending and the rapid rise in land prices often led to excessive construction in many areas, often in projects which may never bring a sufficient return. This was especially the case in housing, and has helped create a housing boom, which threatens now to go bust. With wages not keeping pace with the rise in housing prices, many families have not been able to buy new apartments, and many are now sitting empty (**Figure 2**).

This unregulated “gilded age” in China’s development has also helped to foment rampant corruption, which President Xi has now targeted for eradication in a nationwide campaign. Much non-farming land in rural areas was expropriated by the municipalities and sold for housing and office space and other construction, yielding a hefty profit for all involved, except for the farmers, who lost some of their living space as a result. (Arable farmland in China cannot be touched by the local governments, but other non-rural land can be, and has been, extensively.) The issue of the local and provincial debt was a topic of discussion at the New York forum.

But the mood of the Chinese economists was generally upbeat. While there is general agreement that the collapse of the export markets in the U.S. and Europe has taken its toll, the growth rate for China during the next year is still estimated at 7-7.5%, down from its earlier 8%+ highs. After the 2008 collapse of the markets, China initiated a major investment program to take up the slack. That program is now largely completed, Lin said, but consumption is still strong. “China will main-

tain a 7-8% growth,” Lin said, “depending on an international recovery and the boosting of domestic demand.”

While the “international recovery” is still a myth, the determination to boost consumption growth in China is a key element of government policy. “We have to improve labor productivity,” Lin said, “and this will require continued investment.” He also indicated that there is an ongoing transition, relocating labor-intensive industries to other Asian countries and replacing them with higher-value production.

“China is a developing country, and we know that for developing countries and developed countries, if you want to have sustained growth for a long period of time, you need to have a continuous stream of technological innovation, and also an industrial upgrading,” Lin said. “That is the only way to have sustainable long-term growth.” This strategy has been successfully implemented in the rapid development of China’s high-speed-rail systems, which are quickly becoming the hallmark of Chinese high-tech export.

### **Taking on the Big Issues**

Tang Min, an economist and counselor of the State Council, indicated some of the major bottlenecks which the Chinese government is now facing, and the measures that were being taken to deal with them.

On the short-term list is the \$20 trillion of local government debt. Nearly 50% of new borrowing by local governments is now going to debt repayment. Related to this is the problem of the real estate bubble and the creation of shadow banks, i.e., banks and non-bank lending institutions which provide loans outside of the official banking system, normally at much higher interest rates. Longer-term problems include the aging of the population, inequalities in income distribution, and environmental pollution. Tang noted that 80 tasks demanding solutions which had been set at the Third Plenary Session had been basically completed. In addition, 108 other tasks had been accomplished by the various ministries.

Among the reforms were consolidating the debt service of the local governments in the annual government budget. Financing the debt is to be accomplished by partially using the income of the capital of the local State-Owned Enterprises (SOEs) and allowing local governments to issue bonds for their funding, rather than taking out bank loans. In some of the

more prosperous provinces, the local governments would be allowed to float the bonds themselves. In those provinces which were financially strapped, the sale would be administered for them by the central government.

Restrictions have also been placed on the purchases of second homes. As in the U.S., with the growth of the housing bubble, investment in real estate had become a prime means of making money, fueling the rise in housing prices. This will now be curtailed. In addition, more rural non-farm land will be allowed to enter the official land market, giving the land users rights to remuneration for any transfer of property. Low-cost housing construction will also be expanded.

More problematic measures involve the “financial reforms” indicated by Tang. While raising restrictions on lending rates is certainly to be lauded, the entry of five private banks on the Chinese market may prove a dubious venture if banking regulation does not keep pace. There has been much ballyhoo about connecting up the Shanghai and Hong Kong stock exchanges, the so-called Hong Kong-Shanghai Connect, making it easier for Chinese citizens to park their funds in stocks.

But as we have seen in the Western markets, unregulated exchanges can wreak havoc on an economy, and also provide an opening for the entry of international “hot money,” which, under the present conditions in the Western economies, is eagerly looking for places like China to reap quick profits. Without a major reform of the international financial system in line with a Glass-Steagall model of regulation, “opening up” could become a recipe for disaster, as the entry of the hot money could spark rampant inflation in China.

### **Securing People’s Livelihood**

Among the areas crying out for reform is the *hukou* (registration) system, which has hitherto been detrimental to the millions of migrant workers coming to the cities looking for jobs. Those residents who have the *hukou* have access to benefits like health care and schooling, while those who are there temporarily, and have their registration in their home villages, do not. Recent reforms will make available to migrant workers medical and other benefits. China has also liberalized its controversial one-child policy in the hopes that families will have more children. Thirdly, the govern-



ment has unified a basic rural and urban pension system, and is increasing subsidies to rural and urban medical insurance.

China will also attempt to open up new growth areas in the economic sphere and create a more equitable geographic distribution of economic activity. In addition to the development of the western regions of the country, which will benefit greatly from the construction of the new rail links westward under the Silk Road Economic Belt project, the government is also making a concerted effort to build up the old northeastern region in Heilongjiang-Jilin province, which was once the manufacturing center of China, but has through the years been transformed into a veritable rust belt, similar to areas of western Pennsylvania in the United States.

### ‘Going Abroad’ Creates Development at Home

Most important for China’s development, indicated Qin Xiao, chairman of the Boyuan Foundation, is the new “going abroad” policy, in particular, President Xi’s policy of the two Silk Roads and the interlinked Asian Infrastructure Investment Bank (AIIB).

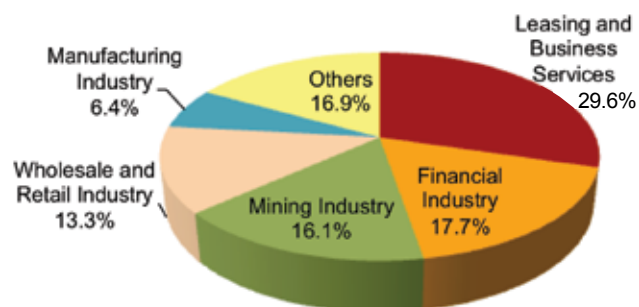
Qin noted that there was a tremendous growth of outward-directed investment (ODI), and that the collapse of the export industry had created a tremendous amount of excess industrial capacity which was seeking an outlet. The “One Belt, One Road” will, to a large extent, help provide that outlet, Qin indicated. Most of the ODI presently goes to the purchase of financial assets, and only a small amount to manufacturing and services. Only 8% of the non-financial ODI goes to manufacturing. But with the “One Belt, One Road” policy, this will start to change (**Figure 3**).

“ODI in manufactures and infrastructure will grow,” Qin said, and the total figure could well surpass \$350 billion by 2025, making China second only to the United States as an ODI provider. (The present figure for China’s ODI is \$120 billion.) The two Silk Road projects will be “the grand overseas object for China for the next decade,” Qin said. “It is aimed at the needs of the region’s infrastructure, and the initial funding will be taken from the foreign exchange reserves.” The purpose is to “provide infrastructure,” but the subsequent increase in cross-border trade will in turn “digest China’s excess capacity.”

“The “One Belt, One Road” is a part of the “going abroad” policy, Qin said, but there are a number of caveats to observe. Firstly, while the central government

FIGURE 3

### ODI Breakdown by Industry



Boyuan Foundation

plays the major role in giving direction to the policy, it should not interfere directly in the business decisions, thereby making sure that the investment projects meet appropriate business requirements. Secondly, the companies must become acquainted with the laws of the host countries in order to avoid potential conflicts.

There are also political risks to be taken into consideration, he noted. There is the overall climate in many of these countries of a “China threat” syndrome, which has been fed by the propaganda spewing out of the Western capitals. There are also religious differences and tensions which have to be taken into consideration.

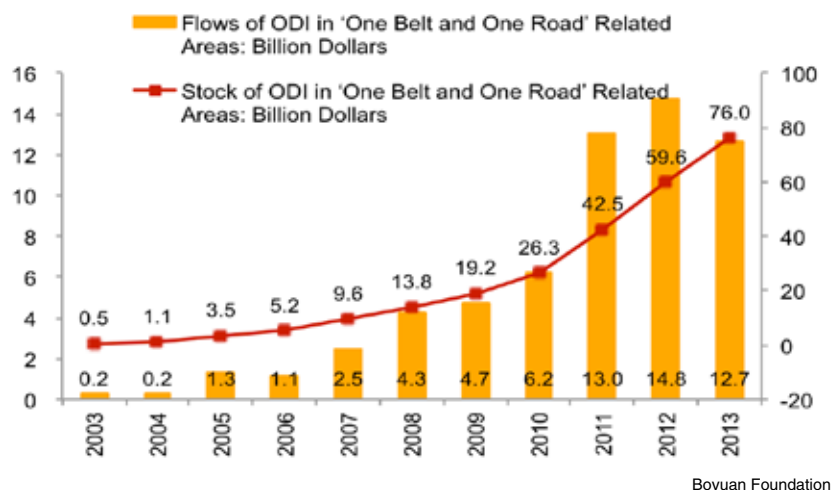
The danger from radical Islamists in some of the areas of the Silk Road Belts will also necessitate closer collaboration between Beijing and the regional governments to avoid and to thwart possible terrorist attacks. Both sensitivity to the cultural issues and considerations of the different countries’ labor organizations and legislation will also have to be kept in mind (**Figure 4**).

China has coped with these problems in its numerous endeavors in Africa. While some mistakes were initially made—bringing in Chinese labor rather than training and utilizing the domestic labor, lack of oversight in lending, and failure to establish a working relationship with the local trade unions—valuable lessons have been learned, lessons that will no doubt be applied in this new grand undertaking. And the importance of the “One Belt, One Road” for the world today cannot be over-emphasized.

The bigger issue, and more significant problem, is the attitude of the United States to this lofty project launched by China. There is still too much of a sense in



FIGURE 4

**Current Direct Investment in the Region**

the U.S. that the “One Belt, One Road” is just Chinese “geopolitics” and thus to be viewed with suspicion. President Xi’s invitation to President Obama at the APEC meeting last November to join with China in this endeavor has still not received a clear reply. And as several economists at the New York event underlined, the

ability of the U.S. economy to come out of the economic crisis could be the determining factor for the continued growth of the Chinese economy.

No one in China wants to see the U.S. economy go down the tubes. Chinese leaders clearly understand the close interconnection between the two major economies, and are keenly aware that if the U.S. is still bogged down in a crisis as this project takes off in Eurasia, the urge to make China a scapegoat for the mistaken policies of the U.S. Administration will ineluctably lead to a new round of “China-bashing” in the U.S. Congress.

We are all living in one world, they realize, and that world will either succeed in mastering the world financial crisis through infrastructure projects like the New Silk Road, or will descend into chaos and war through our failure to act on behalf of the common good. It would serve us well to be on the winning side and to join with China in developing the world.

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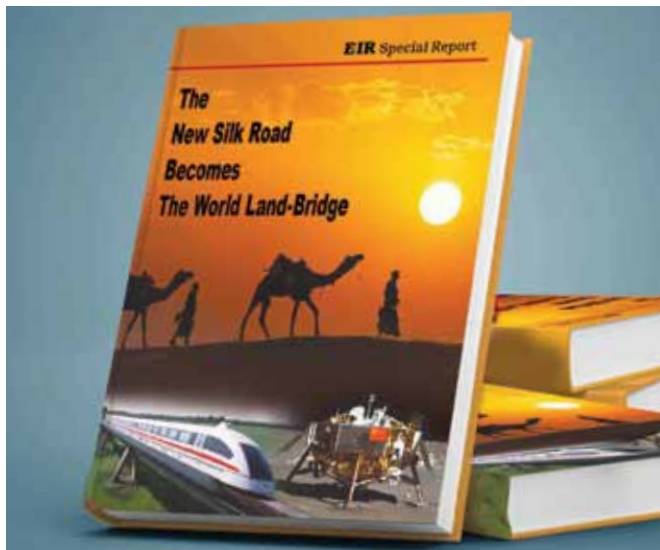
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## German Official Warns of War As Kiev Presses Its Attack

by Nancy Spannaus

Jan. 19—Gernot Erler, the German government coordinator for Russia, ended an otherwise standard speech last week, which was otherwise devoted to papering over tensions in Berlin over continuing sanctions and conflict with Russia, with a stark warning that funds from the West should not flow into financing Kiev's military attack on eastern Ukraine.

At a public event held Jan. 15 in the Bundestag (parliament), Erler stated, "We rule out a military solution to the conflict." Although states have a right to defend their sovereignty with military means, "this is not just a conflict in the region. It is in the meantime a conflict of worldwide importance." We will do everything possible "to prevent an attempt from being made again to solve this problem by military means."

Russian President Vladimir Putin will absolutely not allow the separatists to be militarily defeated, he said, and if a military solution is attempted, "that is the only version of possible events that could lead to Gorbachov's horror vision of the moment"—referring to Gorbachov's warning, in his Jan. 9 *Der Spiegel* interview, of the threat of nuclear war, a view which Erler otherwise doesn't support. "But, should there be a serious attempt with support by certain European countries, or from outside of Europe, to end the whole thing with a military solution, then I don't rule out this version."

This is an extraordinary admission, and warn-

ing, by a German government official. The question is: Will it be heeded in time?

### Kiev Escalates Assault

Erler's warning has been flagrantly ignored by the backers of the Kiev regime in NATO and the U.S. While "talking the talk" of restarting consultations among the convenors of the Minsk contact group, the Nazi-laced government now controlling Ukraine is putting itself on an ever-more-intense war footing, vowing to take back the southeastern region of the country by force of arms.



Creative Commons/Stephan Röhl

*Gernot Erler, Germany's special coordinator for Russia policy, warned against Western financing for Kiev's attack on eastern Ukraine: "We rule out a military solution to the conflict," he said.*

Under these conditions, consultations among representatives of Russia, Germany, France, and Ukraine in Berlin have been unable to reach any agreements, and the fighting in the region has escalated on a daily basis.

The rise of violence in the Donbass region, especially around the Donetsk airport, led Putin on Jan. 15 to send a personal message to Ukrainian President Petro Poroshenko, suggesting that “both parties—the Ukrainian military and the Donbass, DPR [Donetsk People’s Republic] and the LPR [Lugansk People’s Republic], take urgent measures to stop shelling each other’s positions and pull out weapons of over 100 mm caliber.” The call was reported on Russia’s Channel 1 TV.

Tass reported Jan. 18 that Putin’s spokesman Dmitry Peskov said that Poroshenko had rejected the proposal.

On that same day, Poroshenko was participating in a march of over 10,000 in Kiev, attempting to rally the population behind Kiev’s renewed military offensive, using the symbol of the shelling of a civilian bus Jan. 13, in which 13 civilians died, and claiming that the militias were responsible.

The Organization of Security and Cooperation in Europe (OSCE) monitoring mission in the area has determined that the shelling of the bus came from the north-north-east. The Russian Permanent Representative at the OSCE told Tass that this determination disproved allegations that the militias were to blame for the tragedy.

There is no disagreement, however, about the reality of the escalation of the armed conflict. Ukrainian forces loyal to Kiev have been engaged in a drive to take back control of the Donetsk airport, which both sides have claimed as their own, according to the Minsk agreements of last Fall. Civilian areas are being heavily hit in the bombardments. Today, the DPR accused the regime of heavy shelling of residential areas in and around Donetsk, while the regime side claimed 100 attacks on its forces and civilian areas by the DPR’s forces.

Local militia leader Aleksandr Zakharchenko reported regime airstrikes in Gorlovka using 500 kg bombs. “It was not targeted bombing because of clouds; they just dropped bombs on the town,” he said, adding that more than 30 people, including children, were either killed or wounded in this air strike.

Poroshenko advisor Yuri Biriukov wrote on his Facebook page, Jan. 18, “We will show now how we can kick them in the teeth.”

## Russian Reaction

Moscow has urged Kiev and militias of the self-proclaimed Donetsk and Lugansk People’s Republics to withdraw heavy weaponry from the conflict zone, Russia’s Foreign Ministry said in a statement Jan. 19. The statement went on to reference Putin’s letter to Poroshenko, noting that it had been sent in response to a request from the Ukrainian side, and to specify the weaponry withdrawal schedule contained in the working document of Nov. 13, 2014, the fulfilment of which was urged by the Ukrainian Foreign Ministry in its statement of Jan. 18, the Russian ministry said.

Immediate action is needed, the ministry said.

The Foreign Ministry also blasted the European press for its distorted coverage of the southeastern Ukraine events, commenting specifically on the Euronews TV channel’s coverage of the latest events.

The coverage has been “lopsided,” the Foreign Ministry said, according to Tass. “Civilian deaths caused by the shelling by the Ukrainian army and the assessments of the OSCE (Organization for Security and Cooperation in Europe) Special Monitoring Mission to Ukraine, which is presenting new reports about the situation in eastern Ukraine, are being hushed up.” The ministry added that Euronews had practically ignored the conclusions contained in an OSCE report which had, in effect, refuted the West’s hasty allegations that the militias were to blame for the bus shelling near Volnovakha.

German official Erler’s remarks are significant evidence that Western Europe is by no means united behind the British-U.S.-NATO policy of confrontation with Russia, a fact that President Barack Obama is painfully aware of. While the European Union has decided, as recently as its meeting today, that it will not relax sanctions against Russia at this time, it has also refused to expand those sanctions, as the Obama Administration has done.

At the same time, voices for abandoning the current confrontation strategy are becoming more loudly heard. French President François Hollande and German Vice-Chancellor Sigmar Gabriel were already on record opposing that strategy, before the Jan. 7 terror attacks in Paris, but in the wake of those attacks, more French leaders are putting squarely on the table the need for France to change its alliances in the world.

Lyndon LaRouche has noted that French institutions are responding effectively in the current crisis, in contrast to those in Germany, where the Merkel govern-



Russian Presidential Press & Information Office

*French President Hollande made an impromptu visit to Moscow in December, in defiance of the U.S.-U.K.-German confrontational stance against Russia. Shown: Hollande and President Putin meet in Moscow Dec. 6, 2014.*

ment is responding fearfully to the re-emergence of Nazism in Ukraine, and toeing the suicidal British-American line.

## Eurasia Is a Reality

A change in Franco-Russian relations has begun to be debated in the media. Comments made in an interview with the Russian daily *Kommersant* by French Ambassador to Russia Jean-Maurice Ripert (not known as pro-Russian) confirm that there's something going on. The paper writes in its kicker to the article: "Paris does not want to accept the split between Europe and Russia, says French Ambassador to Russia Jean-Maurice Ripert: 'We do not want to put up with the split—the fact that Russia will move away from Europe, or Europe from Russia. I do not mind the concept of Eurasia—it is a reality. Russia is a bridge between Europe and Asia. And, of course, Russia belongs to Europe,' Ripert told *Kommersant* in an interview published Jan. 15 and reported in English by Sputnik International."

"For us, the tragedy that is happening in Ukraine is unacceptable. The humanitarian situation in Donbass is disastrous," Ripert is quoted saying. "This cannot continue. France and Germany, along with Russia, have a relationship of trust with the parties to the conflict, and will be able to convince them to find a solution." Russia and Europe "will not return the past," referring to a new Cold War. He added that Moscow and Paris are continuing to cooperate in international affairs, including

in the fight against terrorism and the conflict in Syria.

The well-informed Dedefensa website, run by a Frenchman in Belgium, also reports that over the last few weeks and months, the Russians have changed their view as to who is their main ally in Europe. "Since this Autumn," Russia has "abandoned all hope for the time being that [German Chancellor Angela] Merkel would play that role with them, and especially since the impromptu surprise visit of Hollande to Moscow in December (at the request of Hollande), they have turned towards France. They have not forgotten, in this respect, the role Hollande played during the D-Day celebrations in Normandy."

Dedefensa quotes from an interview with Prof. Kyrill Koktysh on Radio Sputnik, reported by Sputnik News on Dec. 13, shortly before Putin and Hollande met at Vnukovo airport outside Moscow. Koktysh, associate professor at the Institute of International Relations of the Russian Foreign Ministry, told Sputnik: "It was Hollande who was brave enough to start the Normandy process, when the first negotiations between Putin and Poroshenko took place. And he can continue his line. As it is seen from Moscow, Germany starts speaking in the name of [the whole of] Europe and France is not satisfied with this, because the French interests are a bit different than the German ones. That means that Hollande is motivated to retain for France the status of a strong European power with its own voice, without the German accent and with the clear French language."

Also taking part in this interview, independent expert Dmitry Yakushkin said that the present French position "reminds me of the role France tried to play in the 1960s. It tried to regain its prewar glory and positioned itself as a country between the East and the West. I worked in France for many years, and if you look at European countries like Great Britain, Germany, even Spain or Italy, France was always a country which didn't resemble the others. It was not exactly a capitalist country, it was not exactly a Western country and sometimes I had a feeling that [then-President] Mr. de Gaulle was considered to be practically like the Soviet leader. We were very mild in criticizing France for its internal problems, for its social problems."



# The 28 Pages, the Paris Attacks, And International Terrorism

*On Jan. 9, Col. Alain Corvez (ret.), a former advisor to the United Nations Interim Force in Lebanon (UNIFIL), was interviewed in Paris by EIR. The interview, in French, is posted on the website of [Solidarité & Progrès](#).*

**EIR:** Colonel, a press conference was held on Jan. 7 in Washington on the need to declassify the 28 pages of the 9/11 report. Those 28 pages of the report of the bipartisan Congressional committee investigating the flaws of U.S. intelligence in the Sept. 11 attacks, co-chaired by former Democratic Senator of Florida Bob Graham, have so far only been accessible to Members of Congress, who may consult them under surveillance by watchers, and are prohibited from taking notes or revealing the contents.

Bob Graham, together with three members of the House, representatives of the families of victims, and with the support of some 20 Members of Congress, is demanding today, once again, that those 28 pages be released, so that the American people can judge the policy. They call into question the role of Saudi Arabia, of Saudi officials, and in particular, of Prince Bandar, who was Saudi ambassador to the United States at the time. This press conference was covered by the *Huffington Post*, CNN, Fox News, etc. What do you think of this?

**Alain Corvez:** Well, I think it will be very good if those 28 pages are released, and everyone can be informed of the contents. In all likelihood, as you seem to indicate, there must be highly interesting revelations in those 28 pages, since if they were not released along with the rest of the report, someone wanted the information to be covered up. U.S. intelligence services, and intelligence services all over the world, work in the same way, but if certain powers—and you mentioned in particular Saudi Arabia—did play a role in the Sept. 11 attacks, that must be made known, and it must be known to the American citizens to begin with, and to the rest of the world. As we all know, unfortu-

nately, the events of 9/11 have had repercussions throughout the world.

So I think it's a step forward, not only with the press conference, but with all the work that came before the press conference. I hope they will achieve their goal, and the pages will be released. Once the information in those 28 pages is generally known, we will certainly have a different vision of who commissioned what on Sept. 11, 2001 in the United States.

## A Parallel Between 9/11 and Paris Attack?

**EIR:** Bob Graham brought up three times in his remarks, the relationship between the Sept. 11 attacks in the United States and the attack in Paris against *Charlie Hebdo*, and the assassination of the journalists. How do you see the relationship he mentioned?

**Corvez:** I also saw articles in the French press, and in the U.S. press—the stories in France may have been taken from the U.S.—which draw a parallel between the two, and point to two very surprising facts: First of all, that in one case, in 2001, the passport of one of the terrorists was found completely intact in the World Trade Center, although everything else had been destroyed. But, as if miraculously, that passport had not been destroyed. Then, there is the fact that the killers at *Charlie Hebdo* left behind a national identity card, which meant they could be identified immediately. That is already one parallel. Because they were apparently not amateurs.

How can professionals leave an identity card in their car, which would identify them?

I have no material proof at the moment that indicates that foreign powers are behind the attacks at *Charlie Hebdo*, just as foreign powers were behind the 9/11 attacks. But there are these two facts—the passport in 2001, and the identity card in 2015, which are incoherent elements. I don't know more than that, but it does seem astounding.

**EIR:** Do you mean that professionals who killed as

they killed would not act as amateurs by leaving behind the means to identify them?

**Corvez:** Exactly. That is totally incoherent for professionals. The images we saw and the way the attacks were carried out, show that these people were acting calmly and in cold blood. They were shooting, shot by shot, when they needed to, and only let off bursts of gunfire when it was indispensable. And the bursts were very well controlled, as could be seen in the impacts. So these were real professionals, who could shoot very well. You can also see in the video how they withdrew, how they got into their car: They were calm, and we had the impression that they had carefully prepared their coup. That such highly trained professionals would leave an identity card in the car they later abandoned, is inexplicable. It seems incoherent.

We cannot imagine that a terrorist would take his identity card out of his pocket and put it on the seat of the car, or on the floor, so that it could be easily found. I find that completely incoherent with the professionalism of those terrorists.

### Cui Bono?

**EIR:** What do you think of so-called Islamic terrorists who killed a policeman who was already on the ground, with a shot to the head, although the policeman was a Muslim?

**Corvez:** Did they know he was a Muslim? We don't know. The impression I have, without being privy to any secret information—I only have what has appeared in the press—is that these were professionals who had carefully prepared their coup. To act in that way, they must have had a plan and probably orders to carry out.

Afterwards, we had other terrorist attacks in Paris, and even outside of Paris. Is all of that coordinated? I would not go so far as to say that. I think it is possible that the barbarous act of killing the journalists at *Charlie Hebdo* had been commissioned. There are at least clues that point in that direction.

However, we also have to ask “who benefits from the crime” and what the result of all this is? We can see that anxiety is spreading everywhere in France. Many fear confrontations among various layers of the population. That might be the result sought after: to divide France and create chaos by getting different layers of society to fight one another.

**EIR:** What do you think of the links between the Kouachi brothers—presumed to be responsible for the



Schiller Institute

*Col. Alain Corvez: “Once the information in those 28 pages is generally known, we will certainly have a different vision of who commissioned what on Sept. 11, 2001 in the United States.”*

attack on the *Charlie Hebdo* journalists and the police—and Abu Hamza, the London-based Finsbury Park Wahhabi preacher? His lawyer has apparently stated that his client was cooperating with British intelligence services, in particular with MI5. Should we draw any conclusions from what would seem to be a blatant process of indoctrination?

**Corvez:** Yes, I think so. First, I think we can say with certainty that—as is known—many Islamic terrorists meet in prison, and are indoctrinated there. Of course, indoctrination can also occur outside of prison.

Concerning their connections with Abu Hamza, it does not strike me as particularly surprising. In a milieu where people deliberately go underground and cut themselves off from society, though keeping up the appearance of belonging to the society they come from, and in which they live normally, while joining something organized as a network, you will find someone who will ask: “Have you heard of such and such an Imam?” or “Do you know Abu Hamza?” or “Do you know the Imam of the Drancy mosque?” or from some other mosque? “You have to meet him,” etc. That’s the way it happens.

As for the fact that Abu Hamza was collaborating with MI5, that is indeed rather disturbing. It may indicate that those people were manipulated by the British services via multiple channels.

**EIR:** The fact remains that for quite some time in London, these people have been out in the public, freely without being bothered. And the extraditions that French services requested were only reluctantly granted.

**Corvez:** Absolutely true. That was surprising for people who were following such issues. It was surprising to see that the British allowed the most extremist imams to freely express themselves, in particular in London. We could not help but wonder what their purpose was. If the British government indicated it was worried about that, the secret services might have told the prime minister or the government: “We control the situation—we manipulate them, they are our agents.” Well, if they are manipulating them, if they are agents, how far does that go? To the point of indoctrination, of creating international networks, including in France? If the Kouachi brothers were in contact with Abu Hamza, there is a possibility that this was manipulation by MI5.

**EIR:** Curiously, the Kouachi brothers were shot and killed by the police, and so was the Montrouge terrorist [Coulibaly], who had proposed that they [the Kouachis] be allowed to go free, in exchange for him freeing the hostages he was holding at the Jewish kosher store. Every one of them has been killed by the police. Just as occurred in the case of Merah [Mohammed, a terrorist who perpetrated attacks at Toulouse and Montauban in 2012]. Again, should we draw certain conclusions from that?

**Corvez:** This is a great pity. As I saw on TV yesterday evening—I repeat that I only have access to public information—there were two former directors of intelligence, one a former leader of a domestic service, [Bernard] Squarcini [head of the General Directorate for Internal Security (DCRI) 2008-12], and another whose name and exact position I cannot recall. On two different channels, and at different times, both of them said, when asked by journalists what would happen next, that the policemen would try to catch the terrorists alive, that it was very important to catch them alive so they would talk.

Squarcini said this was critical, because it was the most essential way to get information on other possible attacks on France in the future. Well, this evening, I heard that they all had been killed. I don’t know the circumstances of how it happened, but it is certainly a

great pity. They were completely trapped in a confined area, perhaps they could have waited for them to surrender. It is a great pity that these people will never be able to talk, and tell us how their operation was set up.

## **Money Is the Sinew of War**

**EIR:** One of the victims, Bernard Maris, was an economist strongly opposed to the financial oligarchy. Could that mean something in particular?

**Corvez:** Yes. We know that the world’s being run by capitalism, that is, by the people who have money. Money is the sinew of war, and of everything else. Without money, nothing moves. Those who have money today are the major international financiers, who essentially take their orders from Wall Street and the City of London.

In that context, we could mention the ongoing affair of the takeover of Alstom by General Electric. This is off-topic, but it is linked to the issue of international finance. A very good report was drafted on the subject by the Centre français de recherche sur le renseignement [French Center for Intelligence Research]; it has been widely debated, and to the degree that several parliamentarians have called for a commission of inquiry into Alstom’s takeover by GE. The report is all the more remarkable, in that it describes the financial powers, like the hedge funds, hidden behind General Electric.

One can readily imagine that the international finance networks did not precisely appreciate Bernard Maris. Although I did not know him personally, I do know that he was a harsh critic of the financial world.

Now, did the people who planned the attacks intend to kill two birds with one stone? I can’t say, but many questions remain unanswered. Further reflection is in order. I told people to wait for the results of the inquiry in the circles I belong to, because some people wanted to take a position right away. I tried to calm them down, and say we should wait for the outcome of the inquiry to see who commissioned what, and how the attacks were set up, etc. Unfortunately, nothing more will emerge, because those who could have told us were killed.

**EIR:** Would not the best homage we could pay to the victims be, to react by returning to a policy of real national independence?

**Corvez:** Of course, but that’s true in all areas. Our

millstone is the lack of a policy of national independence. It began at the end of the Chirac Presidency and continued under Sarkozy, and now under Hollande. It became even more explicit with the “rapprochement” between France and the U.S., i.e., the increasingly shared views between French and U.S. diplomacy. Hence, we are now in a situation, as in the case of this terrorist attack, where it is legitimate to ask: Is this a signal that foreign powers are trying to give us, telling us: “Be careful, don’t move too far away from us, otherwise, we could harm you...”

Everything is possible, we can make all the assumptions we want to. What is certain, is that international terrorism has been steered, as we know, by the United States, and I think you stress the role of the British, which is probable. It is established that the Daesh [Arabic acronym for ISIS], which is the latest expression of terrorism, is entirely controlled by the U.S. secret services with the help of Qatari, Saudi, and Turkish intelligence. Nobody should be fooled by this: Daesh is a U.S. secret intelligence operation. Therefore, if they are able to control Daesh, they can probably run those who might be friends of Daesh, and who are in France.

### A New World Emerging Around the BRICS

**EIR:** Does a Europe from the Atlantic to the Urals [an expression of Charles de Gaulle] and a New Silk Road worldwide to overcome the danger of being manipulated and controlled by directed financial flows, appear to you to be an attainable perspective?

**Corvez:** Yes. I find that is not only a possible, but a desirable, perspective. In fact, the jolts that we are experiencing today may just be the consequences of the emergence of a new world with new poles, with new power relations. The United States, whose power is declining, but still the largest in the world, views the emergence of these poles with great worry.

There is a major problem in the fact that the U.S. government does not rule the U.S., but it is lobbies, in



*French security officials said it was critical to capture the terrorists alive, so that they could provide information. Yet, they were all killed. Shown: the kosher grocery, Hyper Cacher, during the attack by police Jan. 9, where four hostages and a terrorist were killed.*

particular financial lobbies, which are intervening in Washington and preventing President Obama and his government from applying a strategy of openness. A strategy of opening up to the world and taking into account the new power poles is not at all to the liking of this faction of international finance, which wants to maintain the total supremacy of the dollar and of the United States in all areas, including against the realities it faces. When that doesn’t work, when China, India, and the BRICS countries in general, decide to organize trade relations in other currencies than the dollar in order to avoid having to carry out the orders given by Washington, the financial magnates are obviously not happy. And they are capable of preferring chaos—as in Ukraine, for example, or the terrorism of Daesh—rather than losing American influence over the course of world events.

**EIR:** The U.S.A. you mention here is not acting for the good of the American people. Do you see the possibility that a different kind of government could emerge in the U.S.A., opposed to Wall Street and to the Anglo-American world, which would act in the interest of the people and respect the spirit of Franklin D. Roosevelt, the Founding Fathers, and especially, of the U.S. Constitution?

**Corvez:** That is my wish, and in my opinion, a wish readily shared by all men of good will. I was in Tehran



last Dec. 9-10 for a conference [World Conference against Violence and Extremism], on the theme of the new world to be created with moderate relations. That countries have interests to defend is perfectly normal, but they should defend them in a moderate fashion and engage in dialogue, rather than saying “the military option is on the table.” The general theme of the conference was a world against violence and extremism. So a lot of people from around the world intervened. There were Russians, Chinese, many people from European countries, and also a former U.S. Senator who made a remarkable intervention. I say this to underline that there are many people in the world, including in the United States, who say: “We don’t want a world where might makes right.”

Now, I’m going to caricature somewhat, but I think the image fits. The U.S. behaves like cowboys from the *Belle Époque*.<sup>1</sup> If an Indian refuses to hand over his land or bothers them, they draw their Colts and kill him. U.S. policy today, with a bit of exaggeration, is like the cowboy drawing his pistol when anybody disagrees. But I do feel that more and more people in the United States are raising their voices against that. Senator Graham and the committee he set up in the U.S. on the subject we discussed before, also proves that there are people who want to get out of a world in which the U.S. lays down the law for the entire planet.

You are right, that is not in the interest of America. It might last for a while, but it can’t last eternally. And so it isn’t in the interest of the United States of America, and it isn’t in the interest of the American people. Because today—as very important voices have said—Americans are hated throughout the entire world. So when they travel, they are unpopular just because they’re Americans: “Arrghh, it’s you!”

So it isn’t in the interest of the Americans. I am sure that the American people, and I have American friends, do not share that idea. I’m sure the American people would be glad to have a government that would take into account the fact that we are living in a world where there are no more threats; there is no more threat of mutual destruction, but there are powers with different cultures and ambitions, but which carry out a dialogue

with one another and want to discuss with moderation, when different viewpoints arise, instead of pounding their fists on the table or drawing a gun and saying, “If we disagree, I’ll kill you!”

**EIR:** This is what [Chinese President] Xi Jinping calls a “win-win” system.

**Corvez:** Exactly, it is a “win-win” system, that’s exactly it.

## Investigate the Sources of Terrorism

**EIR:** Do you think it would be necessary to create in France a Parliamentary Inquiry Commission to investigate the sources of terrorism?

**Corvez:** It certainly would be useful. I think our secret services certainly have a lot of ideas on that. But, as you know, the political power only authorizes secret services to write and circulate their analyses if they do not go against the diplomatic line that has been chosen, and chosen without taking into account these analyses....

On revealing the sources of terrorism, if we define it as being backed by U.S., Saudi, Turkish, and Qatari intelligence services, as well as those of countries with which we have close relations, and which we ask to invest in our real estate or other sectors of the economy, the political power will likely oppose it. But if we find enough parliamentarians and senators who would agree to set up such a commission, which goes in the direction demanded by Mr. [Bob] Graham in the United States, it would be very good. We could put on the table, without of course revealing state secrets, what terrorism is all about. Everybody talks about terrorism, but ask the man in the street what he knows about it. [He will say:] “These are people who want to kill, but I don’t know why.”

Very few people know that behind these players, who are often barbarians unaware of who they are really working for; there are intelligence agencies which control them, which steer them. It would be very interesting if a commission would bring that into the open and say: “Be careful, you can’t fool everybody. Terrorism did not come out of spontaneous generation. This is where it came from, how it is financed and how it operates.”

**EIR:** Thank you, Colonel, for giving us reasons for thought and hope.

**Corvez:** We have thought it out together.

1. Literally, “Beautiful Age,” it refers to the period in France from the end of the Franco-Prussian War (1871) to the start of World War I (1914).

WHO OWNS YOUR CONGRESSMAN?

# Don't Let Wall Street Stop Glass-Steagall Again!

by Stuart Rosenblatt

Jan. 19—On Jan. 15, Rep. Marcy Kaptur (D-Ohio) re-introduced her bill to reinstate FDR-modelled Glass-Steagall regulations to the U.S. banking system. HR 381 has 16 co-sponsors to start with—a sign of the substantial support for a bill that had 83 co-sponsors at the conclusion of the 113th Congress, and more than 10 sponsors in two Senate versions.

But in the last Congress, HR 129 never even got a hearing in the House Financial Services Committee, nor in the Senate. Wall Street deployed as if its very existence depended on burying the bill. They were right. Unfortunately, they also succeeded in doing so.

How did they do it? Not by winning friends for Wall Street. This writer knows from personal experience that there is no love for Wall Street among the Members of Congress, and that, when confronted on the need to squash speculation with Glass-Steagall legislation, many, Republican as well as Democrat, will agree it's a very good idea. But that sentiment generally has very little to do with how they vote.

The reality is that Wall Street is calling the shots, through its only actual means of control—campaign contributions, or the threat to cut them off.

The irony of this, of course, is that Wall Street is bankrupt—a reality that the application of the Glass-Steagall standard would reveal immediately. And capitulation to Wall Street, as more and more Congressmen are beginning to realize, *guarantees* a blowout much worse than that of 2007-08. Wall Street money,

the alleged means of control, is about to go *poof*!

Indeed, adherence to Wall Street must begin to be treated as the badge of shame that it is. American citizens have an obligation to act *now* to expose and overthrow the Wall Street control over Congress—and get Glass-Steagall passed without delay.

## Wall Street in Charge

With the 2014 election results, Wall Street has tightened its controls, using the top leadership of the Republican Party. The data, compiled by [opensecrets.org](http://opensecrets.org), show that the Republican majority leaders in *both* Houses of Congress—Sen. Mitch McConnell (Ky.) and Rep. John Boehner (Ohio)—were number 2 and 3, respectively, in the list of recipients of Wall Street money in the election. That was \$3.8 million for McConnell and \$3.1 million for Boehner.

That largesse sheds considerable light on the first actions of the Congress on Wall Street's behalf. It also buys a policing function from the leadership. A Republican who bucks the party line, Glass-Steagall endorser Rep. Walter Jones (N.C.) in the last Congress, was kicked off the Financial Services Committee. Others have seen their financial contributors pull out, as Boehner orders retaliation for an anti-Wall Street vote.

Lyndon LaRouche has emphasized that there is only one way to deal with this tyranny: Shut down bankrupt Wall Street now!

## Don't Let Parties Confuse You

But let's dispense with one canard right away: Wall Street is not a political partisan. The major financial institutions, and their colleagues in the big finance, insurance, and real estate business (the so-called FIRE sector), seek to buy whomever they believe will be in power, be they Republican, Democrat, or Independent.

Thus, in the 2008 election, it was Barack Obama who was the lead Wall Street candidate, favored by big money globally, including from drug money conduits like George Soros. Wall Street, and its older brother the City of London, knew that the Republicans couldn't win the 2012 Presidential election; they were primarily focused on stopping the possible election of Hillary Clinton, whose Democratic primary campaign indicated she would be a potential threat to their dominance of policy.

Indeed, from the moment of his election, Obama demonstrated his total subservience to Wall Street interests.

Nowhere was this more evident than in Obama's action, in concert with Wall Street, to prevent the reinstatement of Glass-Steagall.

2009 and 2010 were years of tremendous agitation for Glass-Steagall, with memorials being passed in state legislatures around the country, and intensive lobbying on Capitol Hill, led by the LaRouche Political Action Committee. By the Spring of 2010, there were six bills in Congress calling for the reinstatement, and a number of Senators, Maria Cantwell and John McCain (R-Ariz.) among them, agitating for it as well.

As documented in the book *Act of Congress*, which chronicles the passage of Dodd-Frank, in the attempt to stop Glass-Steagall, along with any amendments to financial legislation that would curb derivatives speculation, Wall Street hired over 3,000 lobbyists. They spent millions of dollars—but they didn't just rely on money. To “personally influence” Congress, they hired insiders who either knew the members or could ingratiate themselves into their confidence. It was a veritable army of Iago-type characters who knew which buttons to push.

Among the lobbyists were 1,447 former govern-



*The GOP leaders of both House of Congress, Rep. Mitch McConnell (l) and Sen. John Boehner, achieved the 2nd and 3rd highest positions (\$3.8 million and \$3.1 million, respectively) on the list of those members raking in the greatest amount of loot from Wall Street.*

ment employees (from both political parties), including 75 former members of the House and the Senate; a former Speaker of the House, Dennis Hastert; two former Senate Majority Leaders, Bob Dole and Trent Lott; and two House Majority Leaders, Richard Gephardt and Dick Armey. In addition, 148 former Hill staffers were hired, including 67 veterans of the House Financial Services Committee and the Senate Banking Committee. This was “all in the family,” as *Act of Congress* author Robert Kaiser put it.

In this campaign, Wall Street counted as its most powerful ally, President Obama himself. Obama had eschewed introduction of Glass-Steagall, and chosen instead a “financial reform” bill going by the name of Dodd-Frank. This monstrosity was devised as an instrument of phony re-regulation of the banking system, and new looting schemes, such as “bail-in”—as is now obvious. This was more than evident at the time, as President Obama and his controllers on the Hill—most notably, Senate Majority Leader Harry Reid—moved systematically to squelch virtually every amendment offered to suppress the wildest forms of speculation.

In the end, all that remained were a few rules, such as Rule 716 and the Volcker Rule, which declared that certain categories of speculation could not be carried out by federally insured and protected banks within their holding companies.

And Wall Street immediately went to work to squelch these measures as well.

## The 2010 Shift

Wall Street's shift to the Republicans started in earnest on April 8, 2010, during the height of the Dodd-Frank negotiations, when now Senate Majority Leader McConnell and Sen. John Cornyn (Tex.), then chair of the Republican Senatorial Committee, traveled to New York City to meet with Wall Street tycoons. According to a leak by Fox News, they met with 25 Wall Street executives, hedge fund chiefs among them, and convinced them that the Republicans were their natural allies (read whores). They walked away with hundreds of thousands of dollars, and more to follow.

Ultimately, throughout 2010, nearly 60% of Wall Street's campaign contributions went to Republicans; in 2012, it was 68%, and in 2014, 62%, according to the Center for Responsive Politics.

In the 2013-14 election cycle, Boehner, the despised House Speaker, raised nearly \$2 million from the securities and investments and real estate lobbies. At every point, he has done Wall Street's bidding on all efforts to deregulate the financial sector. Majority Leader Kevin McCarthy (Calif.) is also on Financial Services. Not surprisingly, his leading contributors were from the securities and investments sector, with Goldman Sachs and Wells Fargo donating \$80,000 between them.

Of course, they have their collaborators on the Democratic side. Sen. Harry Reid (Nev.), who almost single-handedly defeated Glass-Steagall in 2010, received \$1.2 million from the securities and investment mob over the past five years. The leading pro-Wall Street Democrat in the House is Jim Himes (Conn.), who needs little in the way of financial prodding. He worked at Goldman Sachs for 12 years, and ultimately became a vice-president. He has happily carried the water for Wall Street since then.

## The 2014 Elections

The 2014 election cycle, which brought the Republicans to power in both Houses, has seen an obscene exacerbation of Wall Street's control. This escalation was not unrelated to the new explosion of support for reimposing Glass-Steagall, as reflected in the fact that there were *four* Glass-Steagall bills, two in the House and two matching ones in the Senate, before Congress that year.

In the first nine months of 2014, the securities and investment industry shelled out almost \$74 million for direct lobbying of Congress, according to the Center for Responsive Politics. They hired 700 registered lobbyists, and will probably have spent over \$100 million for

the year, surpassing a slightly lesser amount in 2013. If you add in money spent on Congressional campaigns during the year, Wall Street spent \$1.2 billion in 2014, an amount larger than their record outlay in 2010. According to *Forbes* magazine, that works out to nearly \$1.8 million per day, or \$2.3 million per member of the House of Representatives.

The Securities Industry and Financial Markets Association, SIFMA, the largest lobby group on Wall Street, spent \$5.8 million in the first nine months of 2014, lobbying to overturn the remaining provisions of Dodd-Frank that rein in Wall Street, and to stop the four Glass-Steagall bills then in the Congress. Money has poured in to the members of the House Financial Services Committee, which oversees banking. Its membership has grown significantly over the past five years; it is known as the committee to sit on to have one's campaign coffers filled.

Jeb Hensarling, the Texas Republican chair of the committee, who has refused to hold hearings on Glass-Steagall, received contributions on 13 occasions in 2014 from the political action committees of Bank of America, Citigroup, Goldman Sachs, and JPMorgan Chase, the biggest thieves in the nation.

## Case Study: Killing the Lincoln Amendment

The Lincoln Amendment (after Sen. Blanche Lincoln, D-Ark.) to Dodd-Frank, known these days as Rule 716, was a modest measure removing Federal protection for the riskiest types of derivative transactions, especially in commodities—such as the London Whale fiasco of JPMorgan Chase in 2012. The assault on the rule began in 2013 with introduction of HR 992. It was also a direct attack on Glass-Steagall, as Rule 716 prohibits the use of depositors' money in the generation of these toxic derivatives.

HR 992 was sponsored by Hensarling, and passed the House despite significant opposition. Rep. Collin Peterson (D-Minn.) issued a memorable statement on the floor attacking it, but to no avail. Seventy Democrats were among those who voted for it.

Wall Street then moved into the House Appropriations Committee to introduce an amendment to the spending bill, to guarantee adoption. Going to the Appropriations Committee, which never debates policy, was the identical method used by these thugs in 2000, when they passed the Commodities Futures Modernization Act to deregulate all derivatives, as an amendment to a must-pass spending bill.



Investigative reporters for the *New York Times* have documented that the House bill was written by lobbyists on the staff of Citigroup, the bank that has the most exposure to energy-related derivatives and other financial paper. It was introduced by a handpicked ally of Hensarling, Kevin Yoder (R-Kan.). Yoder took most of the Citi-written copy and pasted it verbatim into the bill. Yoder, who represents a farm district, sold the bill as a needed fix to “help small and medium-size bank customers,” such as energy and agriculture businesses, hedge their risks.

He was confronted by senior Democrat and Glass-Steagall sponsor Kaptur, who said, “I’d like to know who is really behind this, who has enough power to try and bring this before this committee. I have some imaginations of who that might be.” When Kaptur confronted Appropriations chairman Harold Rogers (Ky.), a go-along to get-along Republican, on the legitimacy of the gambit, Rogers simply nodded, and pushed through the vote.

Who is Kevin Yoder? He was placed on the Appropriations Committee by Boehner, and is a favorite of Wall Street. His largest contributor is the securities and investment industry, but his real “sugar-daddy” is the notorious payday lending mob. These are the usurers

who rob desperate workers of their paychecks, cars, homes, and other necessities in exchange for needed cash. He is the second-largest recipient of payday lending money, only behind Hensarling. This year he was the lead signer of a letter to the Department of Justice complaining of DOJ attempts to stop commercial banks from processing loans from online payday lenders.

In the ensuing battle over Congressional adoption, FDIC vice-chair and former longtime president of the Kansas City Federal Reserve Thomas Hoenig issued a blistering rebuttal of Citi, Yoder, and their ilk. “In fact, under [Rule] 716 most derivatives, almost 95%, would not be pushed out of the bank. . . . The main items that must be pushed out under 716 are uncleared credit default swaps, equity derivatives, and commodities derivatives. These are, in relative terms, much smaller and where the greater risks and capital subsidy is most useful to these banking firms.”

To ensure that 716 would be repealed, Wall Street further enlisted the support of regional banks, to divert attention from the Wall Street giants. When PNC, Fifth-Third, and Sun Trust suddenly began to lend their support, the likelihood of passage increased.

Desperate to put the vote “over the top,” Wall Street mobilized all its assets. President Obama personally began calling holdout Congressmen, and Chief of Staff Denis McDonough was sent to a late night Democratic Caucus meeting to twist arms. Finally, none other than JPMorgan Chase CEO and Wall Street criminal Jamie Dimon got on the phones and demanded that recalcitrant members vote for the Wall Street bill. Maxine Waters (D-Calif.) was so appalled by the “full-court press” that she admonished wavering members not to be swayed by the likes of Dimon, or even Obama, and vote against the legislation. It passed, but only by seven bought-and-paid-for votes.

## Breaking the Control

The blatant actions of Wall Street have clearly galvanized opposition that is applying the heat in Washington. Obama was forced to pull back Wall Street’s Antonio Weiss from a Treasury position requiring Senate confirmation. Enraged Congressmen are demanding that Obama veto the recently passed pro-Wall Street legislation.

But the real impetus for a solution—reimposing Glass-Steagall as the first step in re-establishing a Hamiltonian credit system—will come from a population mobilized for crushing Wall Street and creating a total transformation of the U.S. economy, starting in Manhattan.

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—Lyndon LaRouche,  
Feb. 11, 2013

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## Editorial

# *Sink Wall Street To Stop World War!*

“If the United States launches attacks on Russia,” LaRouche LaRouche said Jan. 19, “then Russian weapons will hit the United States before it knows what has happened. If you represent Wall Street, if you participate in its policies, then you’re already dead if the United States goes to war with Russia.”

The Wall Street and London banks are reeling, showing all signs of another oncoming, well-deserved breakdown. The Wall Street megabanks are on the hook for the “shale oil bubble” now collapsing, and exposed to it by \$20 trillion in derivatives contracts now going bad. They’ve just reported their worst earnings since the Great Depression, and laid off 50,000 employees.

The European megabanks, under City of London’s dictate, are so bankrupt they are desperate to get a \$1-2 trillion bailout from the European Central Bank started *this week*; and were shocked by big losses when Switzerland cut its ties with the sinking euro currency. As one *Wall Street Journal* writer expressed it, “the world [is] on the edge of a nervous breakdown.” That is, the world of Wall Street.

It is this desperate City of London/Wall Street regime which threatens war—even global thermonuclear war—thinking to save itself by the capitulation of just those nations whose policies threaten it with a new order: China and Russia in particular, and the BRICS-allied nations generally.

LaRouche’s warning is directed precisely at that insane delusion of a collapsing Wall Street order.

Russia is not going to capitulate to threats from Washington and NATO. All sane analysts know that to be the case. In fact, the escalation of economic warfare against Russia—as well as increas-

ing military encroachment along its borders—is only stiffening the resolve of both the Russian leadership and its people. Russia has survived devastation beyond the imagination of most people alive today—and it is not going to give up its sovereignty.

The Schiller Institute’s petition calling for the United States and Europe to dump geopolitics, and join with the nations of the BRICS in their drive for a new, just world economic order, lays out the pathway to avoiding this crisis of extinction. Only by shifting the international agenda to collaboration among nations for their mutual economic advantage—as China’s President Xi Jinping has pointed out—can the spread of wars and terrorism be stopped. But as long as Wall Street and the City of London are running the show, they will continue to reject this agenda for peace.

The key turning point must be made in the United States, where the LaRouche movement has set in motion a dynamic organizing process behind restoring the Hamiltonian principle of national unity, and real economic growth. Hamilton established a unique credit system, based on fostering the powers of the human mind, and he warned against an “unbridled spirit” of enterprise, which would “naturally lead to outrages, and these to reprisals and wars.” It is his wisdom that the United States desperately needs today.

Under the Hamilton principle, the United States will reinstate Glass-Steagall, wipe out the power of the Wall Street predators, and issue the credit necessary to make the United States productive again. Such a policy meshes perfectly with that of the BRICS, and can establish world peace.

Doesn’t that sound preferable to world war?

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