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Germany Needs Another Policy:
Why I Am Campaigning for Chancellor
by Helga Zepp-LaRouche

If Germany is to be spared a catastrophic future, we urgently need a fundamental policy change. Although the crisis was caused by the rules of the game of globalization, a system which is completely destroyed, and today is even more bankrupt than the G.D.R. [East Germany] was in November 1989, we only make the situation worse if we continue to subject ourselves to these rules, as the parties that serve in the Bundestag have all been doing, not least in that they voted for the package to bail out the banks' toxic waste.

I am campaigning as a Chancellor candidate because Germany has fallen into the hands of robbers, and citizens feel that there is really nobody to turn to. I am campaigning, because there is a way out.

In-Depth articles from EIR, Vol. 36, No. 29
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This Week's Cover

- **Zepp-LaRouche Campaigns for Chancellor of Germany**

- **Germany Needs Another Policy:**
Why I Am Campaigning for Chancellor

Helga Zepp-LaRouche has announced her candidacy for Chancellor of Germany, to lead the fight against the oligarchy's attempt to replace the nation-states of Europe with a supranational dictatorship, as called for in the Lisbon Treaty. Only a return to the beautiful ideas of Germany's great poets and thinkers, can provide the means to win.

Feature

- **LaRouche:**
'Obama Is Now Impeachable' for His T4 Plan

Lyndon LaRouche stated that President Obama crossed the line when he pushed for legislation calling for an 'independent board of experts' to determine who will get health care, and who will die; this is a copy of Hitler's T-4 euthanasia program, for which Nazis were condemned at Nuremberg. LaRouche called the Obama proposal an 'impeachable offense.'

- **LaRouche's Alternative**
- **Behind Obama's Nazi Health Plan:**
Physicians Expose Wennberg Dartmouth Atlas Hoax

Dr. Ned Rosinsky writes that a number of doctors are refuting the fraudulent justifications for the Nazi health plan being advanced by

the Obama Administration. The Dartmouth Atlas of Dr. John Wennberg is based on a logical fallacy, which deliberately leaves out socioeconomic factors that account for lower health costs in certain regions of the country, and higher costs in other areas.

World News

- **Take Back the Bailout, Reorganize the System!**

Lyndon LaRouche has forecast a complete breakdown of the global financial and economic system to occur around the 10th to the 15th of October.

- **After G8, Push for New Bretton Woods Continues in Italy**
- **Petersburg Dialogue Promotes Cooperation On the Real Economy**
- **Why Bangladesh Must Go Nuclear**
- **Youth Conference in Ukraine:**

German LaRouche Youth Challenges Fixed Ideas

A report from **Stefan Tolksdorf**, a German member of the LaRouche Youth Movement, on his participation in the Youth Economic Summit, in Kiev, Ukraine.

- **Soros's ICC Tornado Strikes Kenya**
- **Africa Report**
Obama Blames Africa for Its Problems
- **International Intelligence**

National

- **The Jack Stockwell Show:**
LaRouche: We Can Now Beat Back the Enemies of the U.S.

In this radio interview, LaRouche pointed to the unique ability of the United States, based on its Constitution, to put the present international monetary system, which can not be saved, through bankruptcy reorganization. If we keep trying to bail out this bankrupt system, LaRouche emphasized, this will kill the U.S.A.

Science & Technology

- **Nuclear Update:**
South Africa Is Preparing for the World's First Commercial PBMR
by Tom Ferreira, the head of communications for PBMR.

South Africa's Pebble Bed Modular Reactor Company, despite the opposition of antinuclear activists, is preparing for the construction of the world's first commercial pebble bed modular reactor at Koeberg.

- **The Soros-Funded Anti-PBMR Faction**

Editorial

- **The Ultimate October Surprise**

This Week's News

U.S. Economic/Financial News

California Legislature Approves Budget: Next Crisis 3-4 Months Away!

State Unemployment Funds Running Out

Potential Exposure of Taxpayers to Bailout: \$23.7 Trillion

California Legislature Approves Budget: Next Crisis 3-4 Months Away!

July 24 (EIRNS)—With a final vote this afternoon, as the California Assembly joined their Senate colleagues in passing a new fascist austerity budget, the latest chapter in the California budget crisis came to an end. Two questions remain: How many lives will be lost, due to the savage cuts enacted in the budget? And how many weeks will pass before the next crisis is declared?

LaRouche PAC (www.larouchepac.com) has already presented a partial accounting of the damages that will result from the cuts, and a fuller accounting will be forthcoming. What must not be missed, in evaluating the budget process, is the actual reason behind it: the spectacular collapse of the real economy of California. When the 2009-10 budget was first proposed, it called for spending nearly \$104 billion. Due to the drastic drop in state revenue, the final budget will allocate only \$84.1 billion, an 18% drop in spending.

As to the crisis-in-waiting, LPAC estimates that a new budget shortfall is just around the corner, and that before January 2010, when Gov. Arnie "the Terminator" Schwarzenegger presents his final budget, the state will be dealing with a new deficit of between \$10-15 billion. An actual budget is impossible, because there is no economic competence among the economists relied on by the state. The budgets are based upon absurd estimates of revenue, which come from the belief that the economy is fundamentally sound, and that a post-industrial economy relying on tourism, gambling, and entertainment can sustain more than 36 million people.

This resulted in the semi-annual routine of the buffoonish governor ranting about over-spending, while insisting that, as much as it pains him, he must eliminate programs which preserve lives, to balance the budget. Each step of the way, as Democratic Party legislators succumbed to the pressure from Schwarzenegger to enact more cuts, he proclaimed a new, permanent victory, only to re-emerge within five months with even greater demands.

State Unemployment Funds Running Out

July 25 (EIRNS)—As unemployment skyrockets and state tax bases shrink, state unemployment insurance funds are finding it increasingly difficult to meet the needs of the unemployed. Not only are states running out of funds, but the processing of unemployment compensation applications has slowed dramatically.

The *New York Times* reported on July 24 that 16 states, having exhausted their funds, are now paying benefits with borrowed money, and that number could double by year's end. About 9.5 million people are now collecting benefits, up from only 2.5 million in 2007, and state spending is expected to reach nearly \$100 billion, about triple the level of two years ago.

Potential Exposure of Taxpayers to Bailout: \$23.7 Trillion

July 21 (EIRNS)—While President Obama demands that Congress slash \$2 trillion from health care in this country, the Troubled Asset Relief Program (TARP) could potentially cost American taxpayers 12 times that much. Neil Barofsky, the Special Inspector General for TARP, testified to the House Oversight Committee this morning, that, once all of the programs to bail out the financial system, both inside and outside of TARP, are added up, and were they to be totally subscribed, the potential exposure of the government to the financial system is \$23.7 trillion. (It's not clear if this includes the liquidity pumping by the Federal Reserve, which has been reported to be in the neighborhood of \$8 trillion.)

Barofsky added that the total amount of government funds out now in these programs, is about \$3 trillion (including \$441 billion of the original \$700 billion TARP authorization); at the peak, these programs had about \$4.7 trillion out. Yet, despite all this money, banks are still barely lending. Barofsky told the committee that without more transparency from the Treasury, "we can't answer the question about why they aren't lending."

The potentially huge costs of the program have given rise to other concerns as well, that were noted in this morning's hearing. The U.S. Treasury has not been very forthcoming with information about what the banks have been doing with the TARP money they've received. What Barofsky was able to report about that, has come from the banks themselves, not from Treasury. Secondly, the Treasury Department has queried the Department of Justice about legal action to bring Barofsky's office under the control of the Treasury Secretary, something which particularly incensed members of the committee. Congress specifically created the TARP Inspector General to be an independent office within the department, so that it would have complete freedom to carry out audits and investigations of TARP and conduct the oversight authorized by the Congress.

Global Economic News

New Data on Credit Collapse in the EU

Proof That Crisis Is Over? Maritime Trade Keeps Collapsing

Much Worse Yet To Come, for German Economy

New Data on Credit Collapse in the EU

July 23 (EIRNS)—Data released by the European Central Bank, as well as by some national central banks, show that the financial system has gone into a decomposition phase, after being dead since September 2007. The credit volume of the Eurozone dropped 3.3% on average from February to May 2009, after nominally growing in 2008, into January 2009. In major EU countries, such as Germany, France, and Italy, credit volume to companies dropped even more: -5% Germany, -4.6% Italy, -4.4% France. In absolute figures, credit to companies has shrunk by EU16.3 billion. On a yearly basis, the trend is a 5% average for the whole Eurozone.

In reality, credit has shrunk even more, because many securities that were off the books are now on the banks' balance sheets. "The real drop is bigger," analyst for the German Landesbank LBBW Marcus Beck told *Financial Times Deutschland*.

While the banks cut credit to the economy, hedge funds reported "the best quarterly performance by many funds in a decade," says the *Financial Times*. Investors are again pouring money into hedge funds, such that total assets under management rose more than \$142 billion in the second quarter of 2009.

This means that those very banks which get central bank money in exchange for their toxic assets, and are cutting credit to the economy, are creating more toxic waste by putting that money in hedge funds.

As long as leading world powers avoid the issue of bankruptcy reorganization, the financial system is going to produce more of the same trash—while destroying the physical economy.

Proof That Crisis Is Over? Maritime Trade Keeps Collapsing

July 21 (EIRNS)—The French economic daily *Les Echos* reports that Rotterdam (Netherlands) and Antwerp (Belgium), the two largest ports in Europe, saw their tonnage falling. In the first half of 2009, as compared with the same period in 2008, tonnage shrank by 13.4% for Rotterdam, to 185 million tons, and by 19.9% for Antwerp, which fell to 77 million tons. In Rotterdam, tonnage of dry goods (steel, coal, grain) fell by 38%, and in Antwerp by 18.5%. Container trade dropped by 15% in Rotterdam and by 18.5% in Antwerp. Only oil products were resistant to the fall.

At the French port of Marseille, tonnage shrank by 13% to 41.4 million tons over the same period, while Le Havre only lost 1.7% of tonnage. However, container traffic dropped by 8% in Le Havre, the main port for the French capital.

Much Worse Yet To Come, for German Economy

July 20 (EIRNS)—Fears that the government's rescue package for the almost-defaulted Hypo Real Estate bank (HRE) will be poured into a bottomless pit, were corroborated yesterday, when Michael Enders, the recently appointed CEO of the now government-owned bank, told *Welt am Sonntag* in a July 19 interview, that another EU6-10 billion was urgently required to stabilize the bank. He blamed former CEO Georg Funke, in particular, for having exposed the bank in countries abroad with no foreknowledge of what these financial markets looked like, often arranging loans of millions of euros each, with no more collateral than a small firm with a capital base of EU100,000. Especially on the global real estate market, the HRE became heavily exposed, Enders said, and that was already the case before the Lehman Brothers default last September—which the government still cites as the trigger for HRE's troubles.

But that is only part of the trouble that's ahead for the German economy. As the press reports today, the government is extremely concerned about the banking credit crunch not only not improving, but also having worse if not dramatic effects on many companies this Autumn. The government therefore is thinking of unprecedented measures to force private banks to issue loans to companies, if necessary by taking over banks or shares of banks to ensure that taxpayer money lent to the banks reaches the real economy. Another option would be the expansion of the state-run Kreditanstalt für Wiederaufbau (KfW), especially its credit facility for the *Mittelstand* (small and medium-sized industry). But because the government does not have a policy of sovereign credit generation, it will just tap taxpayers money and create yet another big black hole.

United States News Digest

[Obama's Personal Doctor Opposes Health Plan](#)

[Obama Takes Aim at California and New York on School Grants](#)

It's Not Just California That's Shutting Down

Drug Czar: Pot 'Legalization' Not in My Vocabulary

Obama, USDA to Texas Farmers: Drop Dead

Obama's Personal Doctor Opposes Health Plan

July 26 (EIRNS)—According to the *Daily Telegraph*, President Obama's former personal physician, Dr. David Scheiner, who treated him for 22 years, has accused the President of capitulating to the health-care lobby. Dr. Scheiner also reported that he was bounced from the invitation list to a White House event, because he intended to ask a question in favor of the single-payer option.

"I was all set to go to an event; I got an email from the White House the Sunday before, and then suddenly I was told 'there were too many people' coming," he said. "I think they knew I was going to ask an awkward question about the single-payer option."

Obama Takes Aim at California and New York on School Grants

July 26 (EIRNS)—Even as his fascist health plan would deny large states such as California and New York Medicaid funds and shift them to less populated states, Obama has threatened these same two states with ineligibility for education stimulus funds. States barring the use of student achievement data to help set teacher pay would become ineligible for \$4.35 billion in education stimulus funds, under guidelines proposed by Obama on July 24. The measure would disqualify states such as California, New York, and Wisconsin from applying for the grants, unless they change laws excluding student-performance data from evaluations of teachers and principals.

In a press conference with Education Secretary Arne Duncan, Obama said: "In too many places we have no way, at least no good way, of distinguishing good teachers from bad ones." The grants will go to states that "use data effectively to reward effective teachers, to support teachers who are struggling, and, when necessary to replace teachers who aren't up to the job."

The program also will not allow participation by states that put a cap on the number of charter schools. This would include Massachusetts.

It's Not Just California That's Shutting Down

July 27 (EIRNS)—While the draconian budget cuts being imposed by California in its budget "deal" are making headlines, similar actions are underway all across the country. Some notable examples:

* Pennsylvania still does not have a budget, although there are now plans passed in each of the House and the Senate, which have to be reconciled. The last paychecks for June were sent out on July 24. As of this coming week, 33,000 state workers face the prospect of no paycheck at all, and 44,000 more are scheduled to be cut off by the end of the month. Many employees of the state judiciary already have missed a paycheck. Nearly 18,000 Pennsylvanians who have run out of unemployment benefits, won't get additional money because the legislature has not authorized the spending.

* Illinois passed a budget in mid-July, which led to \$2.1 billion in cuts for social services, including daycare, mental health counseling, and the like. Overall, lawmakers estimate a 14% average cut in funds to private social service agencies, some of which have already begun to close their doors. In addition, 3,000 state workers will be laid off, and 30,000 children will no longer have a special preschool program available.

Drug Czar: Pot 'Legalization' Not in My Vocabulary

July 24 (EIRNS)—In an operation that has George Soros's international drug legalization apparatus howling, marijuana plants valued at more than \$1.26 billion were uprooted and destroyed over the last ten days in Fresno County, Calif., and 82 people have been arrested by law enforcement against marijuana plantations on national park lands, and the traffickers who run the "farms" and sell the dope.

The dope lobby is now calling "Drug Czar" Gil Kerlikowske, the former police chief of Seattle, Wash., Buffalo, N.Y., and Ft. Meyers, Fla. police chief the "drug dictator," and making efforts to pit him against Attorney General Eric Holder. In reality, the dope lobby has tried to *create* Administration policy by quoting Holder out of context, and shamelessly spinning his words into a promise that personal use by "medical marijuana"-designated users would not be prosecuted. The dopers tried desperately to spin this into a promise not to shut down the multibillion-dollar *illegal* marijuana plantations.

Now, a multi-jurisdictional operation in California, that began in February 2009, has exploded into view. "Marijuana is dangerous and has no medicinal benefit," said Kerlikowske, reported the *Fresno Bee* on July 22. He was talking about the massive anti-marijuana operation known as "Save Our Sierra" (SOS). "Legalization is not in the president's vocabulary, and it's not in mine," he added, according to the *Bee*, which placed Kerlikowske at a site overlooking a "foothill marijuana farm on U.S. Forest Service land."

So far, in operation SOS, more than 314,000 plants were uprooted in 70 gardens—numbers expected to rise as the enforcement action continues. Agents also seized \$41,000 in cash, 26 firearms, and three vehicles. In all of 2008, about 188,000 marijuana plants were seized in Fresno County, so the seizures this week alone far outstrip the previous efforts.

Kerlikowske now heads, with Viktor P. Ivanov, director of Russia's Federal Drug Enforcement Service, the Drug Trafficking section of the recently created U.S.-Russia Presidential Commission.

Drug czar Kerlikowske's statements are a big blow to Soros's Drug Policy Alliance Network, which began its first-ever conference for "harm reduction professionals" today in Los Angeles—i.e., dope dealers who hide behind medical marijuana laws.

Obama, USDA to Texas Farmers: Drop Dead

July 19 (EIRNS)—Despite the multi-year drought that is hitting Texas farmers and ranchers, the U.S. Department of Agriculture (USDA) says it will be October or even November before it can confirm the producers' eligibility for Supplemental Revenue Assistance approved by Congress in 2008.

Gov. Rick Perry (R) announced July 16 that he has declared 167 Texas counties to be disaster areas, because of the fire hazard caused by the drought.

The *Austin American-Statesman* reported July 18 that Texas lawmakers say the delay by the Obama USDA is unacceptable, with crop losses mounting from the drought.

In a letter to Agriculture Secretary Tom Vilsack addressing this year's delay, Sen. John Cornyn (R) wrote that "these producers have done all that USDA has asked of them in order to prove their dire conditions and confirm eligibility, and yet they wait."

Sen. Kay Bailey Hutchison (R) said in an e-mailed statement that she met July 17 with the Texas Farm Bureau. Hutchison said immediate assistance would give farmers and ranchers "the help they need to make it through the current drought."

Federal declarations of emergency can pave the way for farmers and ranchers to seek low-interest loans. But, the Associated Press reports, in an April 27 letter to Perry—nearly three months ago—Vilsack said the USDA couldn't accurately determine agriculture production losses for 184 counties.

Ibero-American News Digest

Clinton Slams 'Reckless' Attempt by Zelaya To Return to Honduras

Lift Patents for Vaccine Production, Argentine President Demands

Soros's Argentine Drug Conference an Assault on Ibero-America

Clinton Slams 'Reckless' Attempt by Zelaya To Return to Honduras

July 25 (EIRNS)—Secretary of State Hillary Clinton minced no words yesterday, in characterizing as "reckless," the staged return to Honduras by deposed pro-drug President Manuel Zelaya, earlier that day.

Zelaya had been warned by the United States and the Organization of American States, among others, not to take any action that might lead to violence in highly unstable Central America, at a time when Costa Rican President Oscar Arias was still attempting to negotiate a settlement between delegations representing the two opposing sides in the Honduras dispute—interim President Roberto Micheletti's government and ousted President Zelaya.

On July 23, Arias presented a 12-point proposal, which he called the San José Accord, for consideration by Zelaya and Micheletti. The proposal would allow Zelaya to return as President, but with quite limited powers. Among other things, it calls for creating an international verification commission, to monitor the accord's implementation, and a "truth commission" to investigate the events leading up to Zelaya's June 28 removal from office.

Neither side has formally rejected the plan. But, egged on by a gaggle of the British Empire's "Bolivarian" allies, led by Venezuela's buffoonish President Hugo Chávez, and including Cuba's ailing Fidel Castro, on July 23, Zelaya traveled in a 20-vehicle caravan, followed by a media circus, from the Nicaraguan capital of Managua to the border town of Las Manos. There he briefly set foot on Honduran soil in what he called a "symbolic" return, before stepping back into Nicaragua 30 minutes later.

Venezuelan Foreign Minister Nicolás Maduro accompanied Zelaya to the border, and Nicaraguan President Daniel Ortega, another member of the Jacobin "Bolivarian" gang, had reportedly intended to show up as well.

Secretary Clinton, during her July 24 press conference with Iraqi Prime Minister Nouri al-Maliki, firmly stated that Zelaya's border stunt "does not contribute to the broader efforts to restore democratic and constitutional order in the

Honduran crisis." Although engaged in visits to India and Thailand during this past week, Clinton had made clear through State Department spokesmen that she was closely monitoring the Honduras case.

Lift Patents for Vaccine Production, Argentine President Demands

July 25 (EIRNS)—Speaking before the member governments of the Common Market of the South (Mercosur) yesterday in Asunción, Paraguay, Argentine President Cristina Fernández de Kirchner called on the big pharmaceutical multinationals to lift patents on production of vaccine to combat the A/H1N1 virus, in order to save millions of lives.

The World Health Organization (WHO) has already admitted there will not be enough vaccine to meet global demand, the Argentine President said. To therefore keep this "economic instrument," i.e., patents, in place in the midst of a pandemic "would condemn millions of people to death."

Indicating the urgency with which the Mercosur governments view the A/H1N1 pandemic, which has hit their nations very hard, this year the customs union's annual summit included health ministers as well. Mercosur's final communique states that the "production of these [vaccines] must be facilitated for the greatest number of [medical] centers possible, taking into account the institutions already existing in our region, so as to permit governments of the developed, or developing nations to meet the needs of their citizens."

The communique calls on the WHO to "coordinate efforts to expand capacity for the production of vaccines, antivirals and diagnostic kits at reasonable prices, understanding these benefits to be a global public good."

Following President Fernández, Chilean President Michelle Bachelet, who is also a physician, addressed the issue. She stated her understanding that during a pandemic, the WHO's own bylaws allow for suspension of patents to allow the production of any medicine in generic form.

Soros's Argentine Drug Conference an Assault on Ibero-America

July 21 (EIRNS)—Organizations controlled and financed by the Nazi-trained drug kingpin George Soros are building up the Seventh National Conference on Drug Policy, to be held Aug. 6-7 at the Argentine Congress, as an assault on the entirety of Ibero-America, to ram through the British Empire's drug legalization policies under the guise of "harm reduction" and protecting the public's "health."

EIRNS has already reported that the conference sponsors include Soros's Open Society Institute, the British Embassy, the Dutch Embassy, and the Soros-sponsored and -financed Latin American Commission on Drugs and Democracy (LACDD)—making clear the far-from-invisible Anglo-Dutch hand involved. Conference supporters brag that endorsement by the Pan American Health Organization (PAHO) proves their point that drug consumption should be viewed as a "health" issue rather than a criminal one.

The Soros crowd's argument is that a "non-punitive" drug policy is necessary to protect public health and living conditions! The conference website baldly asserts that, given the social and economic inequalities in Ibero-America, attempts to "control" consumption and production have *caused* "social isolation, disproportionate incarceration of drug users, ... social violence, environmental damage and violation of basic human rights."

A board member of Soros's on-the-ground conference organizer, the Intercambios Civil Association, gushed to the pro-drug daily *Página 12* that, while the NGO had organized the conference every year for the past seven years, this year is different. "The topics will be regional ones," rather than only national ones, Pablo Cymerman explained, excitedly naming

speakers from Uruguay, Brazil, Paraguay, Bolivia, Peru, Ecuador, Venezuela, Colombia, and Mexico.

Página 12 points out that the conference occurs at exactly the moment when the Argentine Supreme Court is expected to rule that the existing prohibition on drug possession for personal consumption is unconstitutional, "a position shared by the national government." President Cristina Fernández de Kirchner's Chief of Staff, Aníbal Fernández, who has vociferously defended Soros's decriminalization policy, will also be a conference speaker.

Western European News Digest

French Press Details British Fascist Medicine

German Swine Flu Cases Doubled in Past Week

A Morgenthau-East Plan for Germany?

Neue Solidarität Reader Posts Petition for Bankruptcy Reorganization

Dramatic Rise in European Youth Unemployment

Italy's Entrepreneurs Ready To Explode

Labour Decline Continues, as Party Loses Key By-Election

Hungarian Court To Hear Soros Fund Appeal

French Press Details British Fascist Medicine

PARIS, July 23 (EIRNS)—*Le Parisien* gives full-page coverage, today, to the July 20 death from liver cirrhosis of Gary Reinbach, a 22-year-old Britton, because the British health system refused to give him a liver transplant. They detail that, beginning in 2007, Health Minister Patricia Hewitt had asked surgeons to abstain from operating on smokers and the obese (who, like alcoholics, pay their social security taxes, not to speak of taxes on alcohol and tobacco, which are turned over to the National Health System). The minister asked that this practice, which had started in certain hospitals in 2005, and which affects now 1 hospital out of 10, be generalized!

People with heart problems are refused bypass surgery if their lifestyle is not judged healthy enough. In Suffolk County, the obese no longer have a right to hip or knee prostheses.

Last year, hospital doctors campaigned in favor of the policy, in the magazine *Doctor*, and added elderly people to the list of those who should not be operated on—because the duration of the benefits obtained by the operation is necessarily limited by their age. For a number of years, the press has reported cases of elderly patients not being treated for diseases such as cancer, in particular breast cancer.

German Swine Flu Cases Doubled in Past Week

July 23 (EIRNS)—The swine flu pandemic does not care much that German politicians and experts are still trying to play down the threat. In the past seven days, reported swine flu cases in Germany doubled, from 780 to 1,500, which compelled *Bildzeitung*, Germany's leading mass-circulation paper, to run a front-page banner headline today, on the fact that the pandemic is out of control. Washing one's hands often, as *Bildzeitung* recommends, will not do much to stop the contagion, though.

It is high time for German Health Minister Ulla Schmidt to be replaced by someone who will fight the pandemic.

A Morgenthau-East Plan for Germany?

July 24 (EIRNS)—A study produced by two government-financed think tanks in Germany, and commissioned by the German railway company Deutsche Bahn, and others, recommends the dismantling of transport infrastructure in eastern Germany and other areas. The study, produced by the Innovationszentrum für Mobilität und gesellschaftlichen Wandel (InnoZ) and the Wissenschaftszentrum Berlin für Sozialforschung (WZB), is based on the forecast that, in the coming years, only four "development regions" (Hamburg, Rhine-Main, Stuttgart, and Munich) will continue developing, while the rest of Germany will decline.

Published by the *Financial Times* today, the study, instead of addressing the need to reverse the decline of those regions, suggests killing them off forever, as it proposes to eliminate railway connections and replace them with buses or taxis.

Neue Solidarität Reader Posts Petition for Bankruptcy Reorganization

July 24 (EIRNS)—A reader of the German LaRouche movement newspaper *Neue Solidarität* has drafted a petition for bankruptcy reorganization and posted it on the website of the Bundestag, the national parliament, today (this is a special Bundestag program, by which citizens can collect signatures for a petition, which will be hosted on the Bundestag website for a limited number of weeks: <https://epetitionen.bundestag.de/index.php?action=petition;sa=details;petition=3145>).

The petition is composed of two parts: a short, formal one, and a longer one with the explanation. The formal part says: "The German Parliament declares that: no taxpayers' money—be it directly or in form of [state] guarantees—should be used to compensate bank obligations generated by speculation, to rescue bad loans, derivative contracts or other toxic financial assets. Instead, banks should be divided, similar to the Glass-Steagall Act, into ordinary banks and investment banks, and the latter should be liquidated through bankruptcy procedure, including speculative losses."

So far, there are 512 signatures on the petition. The author reports that there was an attempt by the Bundestag to quash the petition, because it was allegedly "too complicated."

Dramatic Rise in European Youth Unemployment

July 24 (EIRNS)—Youth unemployment in Europe has increased at more than double the rate of general unemployment, as shown by Eurostat, the European Union's statistical agency. While the largest increase continues to be in the Baltic states—Latvia, Estonia, and Lithuania—Spain continues to have the highest rate of youth unemployment, with more than a third of the under-24 labor force being unemployed.

The EU's youth unemployment share of overall unemployment increased by 3.7%, to 18.3%, between the first quarter of 2008, and the first quarter of this year. This compares with the average increase of 1.5% for the general unemployment increase, according to the *Financial Times*.

Italy's Entrepreneurs Ready To Explode

July 25 (EIRNS)—Italy's largest association of small to medium-sized industries, Confapi, gathered behind closed doors yesterday in Rome to assess the situation facing its members. *EIR* spoke by phone to some delegates, who described an explosive situation. By September, many companies won't reopen; the first 12-month deadline of Cassa Integrazione checks is expiring and the workers won't be hired again; and banks have increased monthly spreads on credits, up to 5.9%. (Cassa Integrazione is a national fund, financed by companies and workers, for workers who are taken off the production line but not formally laid off.)

Labour Decline Continues, as Party Loses Key By-Election

July 25 (EIRNS)—The demise of the British Labour Party continues, with the loss of a by-election for a seat in Parliament vacated by the resignation of Labour's Ian Gibson, who had to resign because he overcharged his expense account by £80,000. The seat was won by a large majority by the Conservative candidate Chloe Smith. The Tories put a tremendous effort into the campaign, while the Labour candidate came down with swine flu in the last week before the election. This is the first time since 1997 that the seat has gone to the Tories.

Hungarian Court To Hear Soros Fund Appeal

July 19 (EIRNS)—Today's *Budapest Times* reports that the Budapest Municipal Court will hear in December the appeal of Hungarian-born mega-drug operative George Soros's Soros Fund Management, against a record HUF489 million (EU1.79 million) fine handed down by the Hungarian financial regulator PSZÁF in March.

In a short-sale deal, the firm made a last-minute bulk sale of stock of the Hungarian bank OTP on Oct. 9 last year. PSZÁF said the transaction sent the price of shares in Hungary's largest domestic bank plummeting by more than 14%, and it went on to lose over half of its value.

Soros purportedly no longer plays an active part in the Fund. The fine imposed on Soros Fund Management is the largest that the Hungarian financial regulator has ever imposed for a deal of this type. PSZÁF set the penalty at four times the profit it estimated that the firm had made from the looting operation.

Southwest Asia News Digest

Khatami Calls for Referendum on Legitimacy of Elections

U.S. Defense Official Warns Against Israeli Attack on Iran

Khatami Calls for Referendum on Legitimacy of Elections

July 20 (EIRNS)—Former Iranian President Mohammad Khatami has called for a national referendum on the legitimacy of the June 12 Presidential elections. His call was in support the June 17 sermon by another former President, Ayatollah Ali Akbar Hashemi Rafsanjani, who criticized the government, while calling for unity and restoring the people's faith in the government. Lyndon LaRouche noted that Rafsanjani's sermon had involved the universal principles embodied in the Prophet Mohamad's teachings and political activity, and demonstrated that the fight in Iran involves such universal principles of natural law. Another observer pointed out that Rafsanjani's sermon also invoked the 1906 Iranian Constitutional Revolution.

Khatami, in a message on his website, wrote: "The only way out of the current situation is to hold a referendum. People should be asked whether they are happy with the current situation.... If the vast majority of people are happy with the current situation, we will accept it as well. As Rafsanjani said, public trust should be returned to the society.... We announced from the start that there are legal ways to bring back that trust, but our calls were ignored. I say again that the only solution is to consider people's votes and hold a legal referendum."

The *New York Times* reports that Rafsanjani traveled over the July 18-29 weekend to Mashhad to consult with other leading clerics in an apparent effort to gain support for his efforts.

A senior Middle East expert pointed to another significant aspect to Rafsanjani's sermon: In discussing the 1979 Revolution, he mentioned that Ayatollah Khomeini had named Mehdi Bazargan as his first prime minister, as the first step to closing down the Revolutionary Council, which had been established to prosecute the Revolution, and as the beginning of establishing a new Constitution based on Islamic republican principles.

This source said the significance is twofold.

First, Bazargan, a moderate Islamic thinker, was also an engineer, whom Prime Minister Mohammad Mossadegh had named to head the Iranian National Oil Company in 1951, after Mossadegh nationalized the British Anglo-Iranian Oil Company. Two years later, Mossadegh was overthrown by a British-orchestrated and U.S.-backed coup. Therefore, Bazargan represented the link between Islamists and the National Front of Mossadegh, and thus, the continuity between the Islamic Revolution of 1979 and the Constitutional Revolution of 1906.

That earlier revolution, in which Mossadegh was a participant, along with several mentors of Khomeini, established the first Majlis (parliament). As imperfect as it was, it included all principal sectors of society—including secular nationalists, merchants, Shi'a religious clerics, Bahi'as, Zoroastrians, and Christians. Since the founding of the Majlis in 1907, the British have never ceased their bloody attempts to crush it. The United States openly supported the Constitutional Revolution.

Second, according to this source, the naming of Bazargan as prime minister in 1979 was also an attempt to open the door to the United States. His administration was completely undermined by the taking of the hostages at the American Embassy. Bazargan resigned because he could not secure the release of the hostages.

U.S. Defense Official Warns Against Israeli Attack on Iran

July 20 (EIRNS)—With Defense Secretary Robert Gates expected to make a visit to Israel on July 27, an unnamed "senior U.S. defense official" told the *Jerusalem Post* that an Israeli strike on Iran could be destabilizing and adversely affect U.S. interests.

"A unilateral third-party attack on Iran's nuclear program could have profoundly destabilizing consequences, and it wouldn't just affect the general level of stability in the region. It would affect Israel's security and it would affect our interests, and the safety of our forces in Afghanistan and Iraq and elsewhere," the official said, when asked if the U.S. expected Israel to inform it of any decision to strike Iran. "It's a pretty big deal, and given the closeness of our relationship with Israel, I think we would hope that they would take those strategic calculations into account."

As for Iran's program, he said the United States and Israel have similar assessments, but that despite recent post-election events in Iran, "We don't see any evidence that there's been a political decision made to accelerate or decelerate" the

nuclear program.

Regarding Syria, he said, "There is a change, in that Syria is increasingly willing to have a productive conversation with us," and "there's reason to be cautiously optimistic. I think the Syrians have expressed a genuine desire that I think raises the possibility that they may be open to fundamentally changing their relationship with us and reentering the Arab fold." The official called for restarting peace talks between Israel and Syria.

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Urumqi Riots Prepared in Advance, Coordinated

July 19 (EIRNS)—China's *People's Daily* gives a comprehensive report of the organization of the July 5 riots in Urumqi, the capital of China's Xinjiang Uighur Autonomous Region, showing evidence that they were both prepared in advance, and coordinated in execution.

The central rally functioned mostly as a diversion. As the city's security forces concentrated their attention and resources at the downtown location of the rally, disturbances and violence broke out at about 50 locations elsewhere in the city. The main rally then moved southward to join up with the ongoing rioting.

Some two hours after the start of the main demonstration, emergency calls from many areas of the city began to flood the police and hospital services, causing a breakdown of the telephone switching system. According to the center, 737 ambulance trips were required for about 900 injured people during the night of the riot.

It appears that weapons, such as bricks, stones, knives, and clubs were pre-positioned for use in the attacks. Sales of knives spiked a few days before the riot, and there were stores of rocks placed on the roofs of buildings, ready to be flung at passers-by.

Transportation and civic institutions were special targets. A total of 28 buses were burned and 266 damaged. The buildings of the Communist Party of China, the public security department, fire department, and media organizations were all attacked. The reported death toll has risen to 197; the security forces have indicated they were responsible for shooting 12 Uighurs.

An Islamic fundamentalist connection is probable. Men and women dressed in Islamic garb directed the mobs. At least some of these leaders were not local, but from southern Xinjiang (near Pakistan and Afghanistan). There is at least one report of a Uighur woman being attacked by a riot leader because she was said to be not dressed modestly enough.

China Summons Diplomats To Aid in Economic Crisis

July 21 (EIRNS)—Chinese President Hu Jintao and Premier Wen Jiabao somberly addressed a national meeting of Chinese diplomats on dealing with the international economic crisis.

President Hu, in a turn from recent optimistic language about successfully coping with the crisis, called on diplomats to play a bigger role in supporting the country's national interests, since "China is at a crucial moment in dealing with the financial crisis and maintaining rapid economic development.... Diplomacy must better serve the overall situation of reform, development, and stability.

"Under the new situation, diplomacy must rely on, serve, and promote development. It should focus on the task of ensuring growth, life and stability," Hu said.

Premier Wen reinforced Hu's remarks, saying, "the recovery of the global economy will be a slow process with twists and turns; there must be a long-term preparedness to effectively deal with [the global downturn]." The global financial crisis has plunged the world into deep recession, and it's difficult to say the global downturn has reached the bottom, said Wen, according to *People's Daily*.

Wen also said, "China will continue to reform the RMB, or yuan exchange-rate-forming mechanisms, and maintain the yuan's exchange rate at a stable level." And he said that "China will participate extensively in international cooperation in non-traditional fields," without elaborating what that might be.

North Korea Declares It's Still Ready To Talk

July 25 (EIRNS)—Sin Son Ho, North Korea's permanent representative to the United Nations, responded to the barrage of political assaults being leveled against it, with a formal statement on July 24. The ambassador then initiated a call to CBS News, and its affiliate Tokyo Broadcasting System (TBS), to talk about denuclearization of the Korean Peninsula.

"We are not against the dialogue," said Sin. "We are not against any negotiations for the issues of common concern," but the failure of these talks "is not because of us." CBS News foreign affairs analyst Pamela Falk reports that, according to Sin, Pyongyang is prepared to negotiate directly with Washington about Pyongyang's nuclear weapons program: "We are ready, any time," he said.

Sin also addressed the question of why North Korea believes it needs a nuclear deterrent; he insisted that they will never return to the six-party talks because the promises made were not kept; he reiterated that Pyongyang would consider the boarding of its ships an act of war; and denied that the country is considering leaving the United Nations.

The ambassador's remarks underscore the wisdom of Lyndon LaRouche's May 25 proposal on how to deal with North Korea: "Why not roll with the punches and accept the fact that North Korea has a nuclear weapons capability? It's true, isn't it? It is also true that North Korea has an economic crisis beyond belief. Why not indicate a willingness to cooperate on solving their economic crisis? Let China, South Korea, Japan, and Russia make the approach, with U.S. backing."

WHO Rebukes Japan for Vaccine Import Policy

July 19 (EIRNS)—The Japanese government last week revealed that it might have to import swine flu vaccine, because its

own production will not meet needs: It estimates that it will have only about 30 million doses by the end of March 2010, while about 50 million will be required. (The population of Japan is 127.7 million.)

At a July 16 Tokyo press conference, World Health Organization medical officer Nahoko Shindo said, "I felt a sense of disappointment when I heard the news that Japan will buy vaccines that are scarce globally. The international community has high expectations of Japan to provide support to developing countries in Southeast Asia. I think the international community will be shocked by such imports by Japan."

The Japanese health ministry said today that the number of A/H1N1 flu cases in Japan had topped 4,000, marking a rise of roughly 1,000 cases in the past four days.

Koizumi Is Loser in Japan Election Debate

July 19 (EIRNS)—An election for the lower, more powerful house of the Japanese Diet is expected on Aug. 30, with control of the government up for grabs. The Liberal Democratic Party (LDP), which has controlled Japan for about half a century, may be voted out of office for the first time in that period, and is certain to lose its overwhelming lower house majority, which allowed it to override the Japanese Democratic Party in the upper house.

Only two things are clear, as the election battle begins: The Japanese export-driven economy is in horrible shape, and the pro-market "reforms" of ex-LDP Prime Minister Junichiro Koizumi are blamed by nearly everyone for making things worse. Koizumi's policy was to do everything in his power to reduce business and government costs and make the economy "more efficient," thus reducing or eliminating Japan's social safety net. Now, with the collapse, there is no resilience to absorb the shocks.

Prime Minister Taro Aso has been waging a fight within his administration to reverse Koizumi's policies and move the LDP away from its identification with the now-despised former premier.

How successful this has been is seen in an early debate for Japan's upcoming Diet election held by NHK-TV, where the subject was the Koizumi policies. Five of the six parties represented attacked those policies, including the LDP's ruling coalition partner, the New Komeito Party. The LDP could only defend Koizumi by saying the "emphasis on the private sector is correct, but strains caused by the reforms should be removed."

So when the international press talks about how the current campaign lacks the spark of innovative, dynamic, popular reformer Junichiro Koizumi, you should know that they only want a continuation and intensification of the policies that have taken the Japanese powerhouse of the 1980s into its current collapsing status.

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