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**A Trans-Atlantic Call:**  
**Emergency Solution to the Global Breakdown Crisis**

*Aug. 8—The following statement was issued today by Lyndon LaRouche, Helga Zepp-LaRouche, and Jacques Cheminade.* The entire global financial system has collapsed, and while the center of the crash is in the trans-Atlantic region, there is no region of the world that is immune from the disintegration that is already underway. A radical policy change is the only way to avoid a total breakdown of civilization, beginning in the trans-Atlantic region, that will drive the world population down to below 2 billion people in a very short period of time. There is no longer any distinction between the disintegration of the European financial and monetary system and the total bankruptcy of the Wall Street so-called "too big to fail" banks. A modest estimate is that the Big Six Wall Street banks are exposed to 1.5 trillion in Spanish and Italian debt alone, much of which is nearly worthless. Last week, when European interbank lending froze, it was the U.S. Federal Reserve that opened an emergency discount window. President Barack Obama has pledged to German Chancellor Angela Merkel that the United States will be the lender of last resort for the entire European Monetary Union. This pledge by President Obama is not only unconstitutional and an act of virtual treason against the people of the United States. It is a pledge for Weimar-style hyperinflation, but this time, on a global scale. Such hyperinflationary bailout schemes would perhaps extend the life of the present bankrupt system for a few weeks more...

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## This Week's Cover

- **A Trans-Atlantic Call:**  
**Emergency Solution to the Global Breakdown Crisis**

A statement issued Aug. 8, by Lyndon LaRouche, Helga Zepp-LaRouche, and Jacques Cheminade: The entire global financial system has collapsed, and while the center of the crash is in the transAtlantic region, there is no region of the world that is immune from the disintegration that is already underway. A radical policy change is the only way to avoid a total breakdown of civilization, beginning with the immediate removal of Barack Obama from the U.S. Presidency.

## Feature

- **An Emergency Address to the Nation:**  
**LaRouche—There Is Only One Solution**

Lyndon LaRouche was interviewed on Aug. 5 by Alicia Cerretani of LPAC-TV, in the aftermath of Obama's 'debt deal' establishing a

SuperCongress, with antiConstitutional powers over the U.S. economy. 'The legislation passed through means the certain destruction of civilization, he warned, 'not only of our nation, but of others. Unless this is repudiated, the United States as a nation no longer exists, and that's in the short term, not the long term.'

- **[Back on the Road to Prosperity](#)**
- **[LaRouche on 'The Pact of the Human Soul'](#)**

In a poignant dialogue between two generations, one quite old, the other very young, Lyndon LaRouche and Alicia Cerretani discuss what it will take to shift civilization away from the dark age it now faces. The key thing, LaRouche advised, is, 'you have to have a certain degree of courage, a courage to face ideas, real ideas.'

## National

- **[After Obama's Hitler Coup:  
The Guts To Impeach](#)**

President Obama has committed high crimes and misdemeanors against the U.S. Constitution that warrant his immediate impeachment. In the course of the Congressional debates on the Libya War, and the more recent Super-Congress debt ceiling deal, scores of Members of Congress openly acknowledged that the President had violated his oath of office to uphold and defend the Constitution.

- **[Why Congress Is Stupid:  
Congressional Research Service Circulates Trash on Glass-Steagall](#)**

With a growing number of rebellious Members of Congress debating Glass-Steagall, a report supposedly 'debunking' the measure has been issued by the Congressional Research Service. Its 'arguments' are those bought and paid for by Wall Street.

## Economics

- **[Bodies in the Streets:  
Obama Debt Deal Pushes States, Localities into Fiscal Chaos](#)**

U.S. states and localities face a life-or-death situation for millions of their citizens: losses of medical treatment, fire and police services, sanitation, housing, and food. This is the catastrophe that LaRouche warned of in June.

## International

- **[Glass-Steagall Is the Solution:  
\\$5 Trillion Wiped Out as Hyperinflation Looms  
By Helga Zepp-LaRouche.](#)**

The capitulation to the Wall Street and London banks has done nothing to prevent a further worsening of the trans-Atlantic financial crisis; the only way out is to replace the bankrupt system with a global Glass-Steagall standard.

- **[Systemic Collapse Targets Italy](#)**

Italy has become the most recent target of London's wrecking ball. The City's imperial bankers are demanding that the country implement harsh austerity. But there are signs of resistance.

- **[How Al-Qaeda Is a British-Saudi Project](#)**

A look behind the curtain at the British-Saudi royal families' role in international terrorism and drug-running, including in the 9/11 attacks.

## History

- **Britain's Surrogate War Against the Union, 1861-65**

The most important aspect of the Civil War conflict has largely been forgotten: that the war 'was the second military phase of the political battle which raged between Britain and the United States from the time a formal ceasefire was concluded at Yorktown in 1781.'

## Science

- **The Strategy of Creativity:**

- Creativity, Passion & Strategy**

'A science-driven progress of a modern human culture, is the most powerful, and therefore dominant agent of the reigning quality of change known to us,' LaRouche writes. 'All life is creative, but, only mankind is known to us as capable of voluntary creative initiative.'

- **The End of the Shuttle Era:**

- Does Manned Space Flight Have a Future in America?**

The Space Shuttle program did not end because it was too expensive to operate, nor because it was unsafe, or technologically obsolete. Its demise is the fruit of four decades of failed White House policies, which a compromising and cowardly Congress refused to reverse.

## Editorial

- **Where Are the Patriots?**

## This Week's News

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

**Obama's Mass Unemployment Debacle Continues**

**Budget Deal Cuts Will Kill U.S. Science**

**Texas Declares Its Fifth Energy Emergency in 2011**

## Obama's Mass Unemployment Debacle Continues

Aug. 5 (EIRNS)—While the Labor Department's highly massaged jobs survey of employers (the "Establishment Survey") today reported an uptick of 117,000 jobs for July, its survey of employees (the "Household Survey") showed a mass unemployment crisis now uninterrupted for four years and getting worse.

Any statement President Barack Obama makes, boasting about this employment report, will be a criminal lie, and an attack on the 35 million people who would be employed today in a normal, growing American economy, but are not working in NerObama's depression.

There are no more Americans working today than there were in July one year ago, that Household Survey reveals. There are fewer working today than there were when Obama's "recovery" began in July 2009. In the year since July 2010, there are 2.2 million more Americans who have dropped out of (or failed to enter) the labor force because they could not be employed. Just in July 2011 alone, 375,000 potential workers left the labor force, and will no longer even be officially counted as unemployed. The whole labor force has shrunk by another 400,000 during that year, and shrank by 193,000 last month alone. (This made the "official" unemployment rate drop by 0.1% to 9.1%, by shrinking the number of the masses of unemployed who are counted as such.)

Worse, the *average* length of unemployment has now gone over 40 weeks—almost 10 months—for those who are still in the labor force and actively seeking work. There are 13 million people who've been out of work for more than a year; and 5 million young working people under 25 who have not yet found their first job.

A strong contributing factor to economic decline and misery in the remaining months of 2001 will be the end of unemployment benefits for 3.5 million people and households over those months. The treasonous "Satan sandwich" deal by Congress last week, unless overthrown and reversed, left very little chance of any further extensions of the benefits, which provide about \$350 per week on average.

## Budget Deal Cuts Will Kill U.S. Science

Aug. 5 (EIRNS)—The long arc of killing U.S. science and the American population's love of it that began with President Kennedy's assassination in 1963, has now put what remains of U.S. government science support on the chopping block, unless NerObama is driven from the Presidency now.

If the Congress does not approve the \$1.5 trillion in additional cuts submitted by the unconstitutional "Super Congress" by Christmas, the National Institutes of Health (NIH), which funds medical research, the National Science Foundation, which funds basic science, and the Department of Energy, which runs the national laboratories in the U.S., will be gutted.

Even the proponents of the cuts admit that these are the most destructive cuts imaginable. Sen. Jon Kyl (R-Ariz.) told Bloomberg, "The automatic cuts were intentionally designed to be so large, so unimaginable, so irresponsible, that Congress would be incited to approve the select committee recommendations." By plan, these cuts will not take effect until 2013, allowing Obama and his Congressional accomplices to evade them as a 2012 election issue.

\* The NIH budget would be cut by nearly 8%, the largest in the agency's history—eight times the \$317 million cut this year. The NIH supports 325,000 scientists, who carry out clinical trials for cancer research, among other projects. Big cuts would mean money would go to older "proven" scientists rather than young scientists, and if there is less money, everyone would opt for more conservative, plodding research. Public sector researchers, who get about 70% of their funding from the NIH, contributed to the discovery of 1 in 5 medicines approved by the U.S. Food and Drug Administration from 1990-

2007. NIH funding cuts would mean new and old studies and trials to prevent Alzheimer's would be halted.

\* The National Science Foundation cuts include many next-generation physics projects, according to the American Physical Society. These include the James Webb Space Telescope (the successor to the Hubble Space Telescope); participation in ITER, an international collaboration to build the world's largest fusion reactor; and the Facility for Rare Isotope Beams.

## **Texas Declares Its Fifth Energy Emergency in 2011**

Aug. 5 (EIRNS)—Texas has declared an "Energy Emergency" for the fifth time this year, as prolonged intense heat pushed the wholesale price of energy to the state's legal cap of \$3,000 per megawatt-hour. On Aug. 4, the Texas grid operator instituted power cuts for big industrial customers and rolling blackouts to others. The heat wave itself knocked out power from 20 plants.

Under the British-Obama energy policy, Houston, formerly the energy capital of the world, and the rest of Texas, now face energy shortages and harsh energy conservation measures.

The Technological Leadership Institute of the University of Minnesota reported that in an average year, U.S. power outages (excluding those caused by extraordinary events) totalled 92 minutes in the Midwest and 214 minutes in the Northeast, while Japan averages only 4 minutes of interrupted service each year (pre-earthquake and pre-nuclear shutdown).

The U.S. energy platform is decrepit. Many coal-fired plants date back to the 1940s. No new nuclear plants have been built in the U.S. for 30 years; so, dozens of reactors are 40 years old. Many of the U.S. transmission lines were built 50 or more years ago.

Energy production and transmission require capital investments, which the Obama Administration is committed to preventing.

## **Global Economic News**

### **German MP Likens Bernanke and Trichet to Drug Dealers**

### **QE3 Pumps Commodity Markets Beyond Insanity**

### **Fed Promises More Free Monopoly Money**

Aug. 10 (EIRNS)—In an attempt to stop a financial panic, the Federal Reserve FOMC promised free monopoly money to banks for two more years. After the Aug. 9 FOMC meeting, the Federal Reserve put out a statement that, first, downgraded their forecast to "slow growth, unemployment high for years"; and second, promised "extremely low levels for federal funds rate until at least mid-2013". That would make at least five years of zero-interest-rate discount-window policy.

It should be noted that one of the major directions in which the discount-window money is going is Europe, whose bankrupt banking system the Obama Administration has pledged to support, whole hog.

While Fed chairman Bernanke was unable to ram through the QE3 policy which he is known to have wanted,

hyperinflation, with austerity, nonetheless remains the core of the policy.

"We're now in a hopeless situation in respect to hyperinflation," Lyndon LaRouche stated in an Aug. 2 discussion with associates. "The whole system is, essentially, hyperinflated. You have a *very tiny margin of actual production*. Tiny!... There's no real industry. There's no economy, U.S. economy; it's essentially been destroyed. Therefore, all these so-called 'nominal values,' monetary values, are a lie! There's almost no value left."

In the lead-up to the Aug. 4 ECB press conference, the banks applied huge pressure to get major liquidity pumping going in Europe, QE3 style—more than ECB chief Jean-Claude Trichet ultimately announced. A Commerzbank study stated that "The ECB would be the only institution able to fend off a disorderly default and disintegration," although they admit that this could "open a bottomless pit that could be used by investors as a 'get-out-of-jail' card"—an appropriate image, given that we are dealing with Monopoly money in any event. The *Washington Post* echoed: "The ECB would need to step in with a massive program to buy up Italian and Spanish debt ... while extending more liquidity to big banks in both countries.... If the crisis is not contained, analysts fear profound repercussions for the global economy, up to and possibly including a fresh worldwide financial crisis."

\* *Japan*: The government announced on Aug. 4 that it was expanding its asset-purchase fund by 50%—from 10 trillion yen (\$126 billion) to 15 trillion yen (\$189 billion)—while also intervening in currency markets to sell yen in order to stop the currency's rise.

## **QE3 Pumps Commodity Markets Beyond Insanity**

Aug. 2 (EIRNS)—Heinrich Hiesinger, the new CEO of Germany's Thyssen-Krupp steel firm, says in an interview with this week's issue of *Der Spiegel* that steel production has become increasingly difficult because of the high incalculability of metal market prices. Nickel has become a target of the most excessive commodity speculation, with prices for a ton of the metal rising from \$7,000 several years ago, to \$55,000 in the recent period.

"Nickel prices are no longer coupled to the real business, but predominantly depend on financial market speculation," Hiesinger said. "At the London Metals Exchange, traders are trading today 30 times more nickel than is used in reality." It should be noted that 30 times real use is already quite a large bubble, and that is only the nickel bubble.

In Chicago, wild corn-futures trading is underway, with no connection to real food usage. Thousands of phantom bushels are traded daily for speculators to make a killing as the price goes either up or down. Now they want even more opportunity for killer profits, the only answer to which, is food price controls, now!

In July, the CME Group (Chicago Mercantile Exchange), held a hearing where they proposed to raise the daily trading limit on corn futures up to 40 cents, from its current 30 cents. In addition, this means that when the limit is reached, either up or down, then the next day, the corn futures market can trade at a 60-cent limit. In market-speak, this food-gambling, is called "price discovery."

## **United States News Digest**

**[Did Geithner and Obama Collude With S&P To Downgrade the U.S.?](#)**

**[Californians Protest 'Bodies in the Street' Medicaid Policy](#)**

## LaRouche Was Right: Americans Repudiating Both Parties

### Harry Belafonte on Obama's Failed Mission

#### **Did Geithner and Obama Collude With S&P To Downgrade the U.S.?**

Aug. 6 (EIRNS)—There is every indication that Treasury Secretary Timothy Geithner, acting on behalf of President Obama, actively colluded with David Beers, head of S&P's sovereign ratings division, in the criminal downgrading of the U.S. government which S&P announced Aug. 5.

The two reasons S&P gave for the downgrade, were, 1) the alleged need for \$4 trillion in deficit reduction over the next ten years, and 2) the need for an overhaul of the current Constitutional "American policymaking and political institutions"—in the direction of unconstitutional dictatorship. One S&P representative summarized this, when he told a television audience that America is now a "dysfunctional democracy."

But both the \$4 trillion over ten years, and the scrapping of the Constitutional authority of the Congress, have long been avowed objectives of Barack Obama. The Simpson-Bowles Commission, appointed by Obama in 2010, was tasked with \$4 trillion in so-called deficit reduction over ten years. And when Obama first took over the so-called debt ceiling negotiations after July 4, 2011, his goal for his "big deal" was the same \$4 trillion in cuts over ten years.

The same is true for the so-called "super Congress" which will usurp the Constitutional authority of the actual Congress under the "Budget Control Act" Obama signed on Aug. 2. Earlier, Obama had rigidly insisted on an unconstitutional "Independent Payment Advisory Board," IPAB, which is to usurp Congress's Constitutional authority over Medicare under his so-called health reform law passed in 2010. Jane Hamsher, founder of the blog firedoglake.com, correctly calls the new "Super Congress," "IPAB on steroids."

Obama only appointed the Simpson-Bowles "catfood" commission in 2010, with no power over the Congress, after Congress had earlier rejected his plan for a commission which, as a much milder version of the current "super congress," would usurp the real Congress's Constitutional authority.

Seeing that S&P's objectives were so closely aligned with Obama's throughout, it should be no surprise that a July 27 hearing of the House Financial Services Committee found that Geithner and S&P's Beers had been exchanging large numbers of secret e-mails about the U.S. credit rating since March 2011, and had been in "very regular, frequent contact, many times," ever since Beers put U.S. debt on a "negative watch" in April.

Beers went public, probably by prearrangement with Geithner, on July 4, telling the London *Financial Times* and Bloomberg News that Congressional action to increase the U.S. debt ceiling would not suffice to save its AAA rating, but that that would require cuts and tax increases to reduce the deficit by \$4 trillion over a decade.

Obama immediately used Beers' statements to preempt the ongoing negotiations to increase the debt ceiling, rejecting a "clean" debt-ceiling increase and starting secret talks with House Majority Leader John Boehner for what Obama called the "big deal." By this he meant \$4 trillion of tax increases and cutbacks in maintaining the population, including "putting Social Security, Medicare and Medicaid on the table" for the first time. Now we see where this has gone to: a coup in the United States equivalent to Hitler's Enabling Act of 1933.

A knowledgeable source has testified that Geithner hosted a party for the ratings agencies on Monday, Aug. 1, and broke out the champagne when a treasonous majority of the House of Representatives voted up the "Enabling Act."

## **Californians Protest 'Bodies in the Street' Medicaid Policy**

Aug. 6 (EIRNS)—On Aug. 4, a delegation of 20 California medical treatment representatives met personally with Sir Donald Berwick, head of the CMS (Centers for Medicare and Medicaid Services), telling him to reject Gov. Jerry Brown's request for a waiver to cut \$1.4 billion from California Medicaid spending. Brown seeks permission for a 10% across-the-board cut to Medicaid payments to doctors, hospitals, and nursing homes; and to impose other measures, including limiting a Medicaid enrollee's doctor visits to seven times a year, and such.

This will be "tearing down the infrastructure" on which health care is dependent, said Dustin Corcoran, the CEO of the California Medical System, in demanding Berwick reject Brown's waiver request.

Under Obama's Hitler health policy, such waivers have been granted as a matter of course, with HHS Secretary Sebelius even sending out letters to the states encouraging their action. Until Obama is out, such a murderous policy won't be stopped.

## **LaRouche Was Right: Americans Repudiating Both Parties**

Aug. 5 (EIRNS)—In the wake of the debt-ceiling debacle, Americans' disapproval of Congress is at its highest level on record, according to a new *New York Times*/CBS News poll. Eighty-two percent of Americans now disapprove of the way Congress is handling its job, which is even more than after the 1995 Federal government shutdown.

But it's not just Congress. Writing in the *National Journal*, Ron Brownstein cites the "astronomical levels of discontent with President Obama, Congress, and the Washington system itself"; he says that while never in the past has there been an election in which voters turned out large numbers of incumbents from both parties, this could now happen. There is "an unmistakable opening for a Ross Perot-style outsider candidate who mobilizes voters unhappy with both major parties," Brownstein writes, adding that the debt-limit agreement didn't alleviate public disillusionment with Washington, but deepened it. He quotes one political consultant saying that there could be a massive backlash against all incumbents, "a broad-scale tsunami that will wipe out everybody regardless of which party it is."

## **Harry Belafonte on Obama's Failed Mission**

Aug. 3 (EIRNS)—Singer Harry Belafonte, now in his 80s, who helped fund the campaigns of his good friend Martin Luther King, Jr., and helped organize the March on Washington in 1963, recently gave an interview in which he said that the mission of President Barack Obama has failed, because the American President lacks courage and a certain vision.

"The President is not an independent person," Belafonte said on July 28. Referring to the huge debt crisis facing the United States, Belafonte said he wanted to ask the politicians in Congress, the U.S. President, and the representatives of other institutions, what happened to truth and courage in this country. Belafonte made the remarks at the Television Critics Association, while interviewing for "Sing Your Song," a documentary that is dedicated to him and will premiere this Fall on HBO.

"There has never been such a void in moral truth as it now exists," Belafonte said. "And what the expectation has been for many of us was that Barack Obama would bring to the table a great sense of moral fortitude...." But, he added, "He [Obama] has only listened to the voices that shout the loudest, and it's all those reckless right-wing forces. It's almost criminal."

According to a transcript of the session, Belafonte said: "My question would be to the Congress and to the President and to a lot of institutions in the United States of power, 'What happened to moral truth? What happened to moral courage? Why has it been so eliminated from our DNA?'"

Belafonte then continued in respect to Obama: "Barack Obama and his mission has failed because it has lacked a certain kind of moral courage, a certain kind of moral vision that we are in need of."

In his speech he also said of the President: "When he said, 'Yes, we can,' it may have been politically clever," but, "He never defined for us what he said. So those of us who felt that we needed change filled in that space with our own images of what we thought he meant only to find out we are all disappointed because none of those things have been satisfied."

## Ibero-American News Digest

### Argentina Says: Rating Agencies Be Damned!

### Soros's Drug Legalizers Under the Gun

### No Letup in Chilean Upheaval

#### Argentina Says: Rating Agencies Be Damned!

Aug. 5 (EIRNS)—Standard & Poor's, Moody's, and Fitch rating agencies don't make honest appraisals of a country's risk, Argentine President Cristina Fernández de Kirchner declared recently. Rather, she said, as occurred during Argentina's late-1990s debt crisis, which culminated in the 2001 default, these agencies deliver only "political punishments."

In terms of the current Eurozone meltdown, Fernández remarked on July 13 that European governments didn't mind when the "Big Three" rated Argentina unfavorably ten years ago. But now that *they* are getting poor ratings, "they don't just want to change the rules; they want to eliminate these agencies, [a proposal] we share, but we proposed this quite some time ago."

In this and other speeches, the Argentine President has noted the "paradox" that still today, the rating agencies say Argentina's default risk is *higher* than that of Spain or Greece, despite Argentina's high economic growth rates and successful restructuring of its defaulted debt. This "punishment" is lawful, she explained on July 19. It would look bad for the agencies if a country that had rejected the neoliberal prescriptions of the Washington consensus turned out to be successful.

Speaking on July 25, Social Development Minister Alicia Kirchner, sister of the late President Néstor Kirchner, and a political leader in her own right, echoed Fernández's attack, pointing to "the often determining role rating agencies have had in many countries, be it in the origin or in the unfolding of their economic and financial catastrophes. We can say without fear of error, that [the agencies] have caused grave consequences for populations as a whole."

As the rating agencies aren't a State, Kirchner said, "our first conclusion is that they only represent the market. Thus we can identify the interests to which they answer and their ulterior motives.... They operate globally, evaluating, rating and issuing opinions in order to create consensus and false assurances that guarantee the expansion of *concentrated financial capital*."

## Soros's Drug Legalizers Under the Gun

Aug. 7 (EIRNS)—It's no surprise that another of drug kingpin George Soros's Argentine assets, drug legalizer and former terrorist bomb-thrower Horacio Verbitsky, rushed to the defense of Supreme Court Judge Eugenio Raúl Zaffaroni. Verbitsky cohort Zaffaroni, also a loud proponent of drug legalization, is embroiled in a scandal over the recent revelation that 6 of 15 apartments he owns in Buenos Aires are currently being used as warehouses.

On Aug. 4, the Legal and Social Studies Center (CELS), the human rights outfit founded by Verbitsky, issued a statement charging that Zaffaroni was being attacked on the basis of "scandalous" accusations and "imprecise" information, "with a high content of hypocrisy." CELS decried efforts to "demonize" the poor judge, when "we don't even know if a crime was committed!"

Verbitsky jumped into the fray as rumors of Zaffaroni's resignation were sweeping through social and political networks, and when opposition legislators and politicians were charging that Zaffaroni had improperly advised the current government on drug policy.

In fact, the government is vulnerable on this point. On advice from Verbitsky and her own chief of staff Aníbal Fernández, President Cristina Fernández and her late husband and former President Néstor Kirchner had stupidly supported the proposal to decriminalize drugs for "personal" consumption. Aníbal Fernández has often appeared with Zaffaroni at public Soros-sponsored drug legalization conferences,

In Peru, where there is no shortage of Soros agents, events have taken an interesting turn. For the moment at least, new President Ollanta Humala, a tool of the British Empire's pro-narcoterrorist project, has apparently decided not to replicate the Kirchners' dangerous foolishness by endorsing drug legalization. Among other things, circulation of *EIR*'s exposé of the Humala project, written by correspondent Luis Vásquez Medina, likely influenced his decision.

During his July 28 inauguration speech, Humala stated that "we will carry out a policy against drugs which consolidates the Peruvian model of integral and sustainable alternative development to convert producers, who are today illegal, into agents of a legal economy." He vowed that he would not ignore the "alarming increase of drugs among adolescents and youth," and "will not legalize any drugs or illicit crops," although he would "respect" the drug legalization debate occurring inside and outside the country. He underscored that he would be "inflexible" in regulating chemical precursors and "in combating the narcoterrorist bands."

## No Letup in Chilean Upheaval

Aug. 7 (EIRNS)—Chile continues to be shaken by growing protests, led by high-school and college students who are demanding a return to the free, state-run quality education system that existed prior to the Sept. 11, 1973 coup that brought fascist dictator Augusto Pinochet to power.

On Aug. 4, when high-school students tried to march to Plaza Italia in downtown Santiago, special anti-riot squads responded brutally with tear gas and water cannons, arresting 874 students in the process. College student leaders canceled a march scheduled for 6:30 p.m. that same day, and Camila Vallejo of the Chilean Student Federation (Confech) told media that Santiago today "looks like the Santiago of 30 years ago," under the Pinochet dictatorship, "barricaded and under siege." At 9:00 that evening, citizens across the capital, and in several other cities, carried out a loud pots-and-pans demonstration from their windows and doors to protest the government's brutal repression of students.

President Sebastián Piñera, who has seen his approval rating skid from 31% on July 20 to 26% on Aug. 2, appears

incapable of dealing with a protest that now extends well beyond student organizations into broader layers of society. Some analysts are referring to the current upheaval as the "Chilean Winter"—the local version of the "Arab Spring." The education issue has become emblematic of the population's widespread discontent with the economic legacy of the Pinochet dictatorship's free-market model.

The government's cause wasn't helped by remarks from Carlos Larraín, head of Piñera's National Renovation party, who charged that the protesters were merely "useless subversives." Student leaders are calling for Interior Minister Rodrigo Hinzpeter to resign, holding him responsible for brutal repression of student protesters. Confech leader Camila Vallejo has received death threats, including one from an official of the Culture Ministry who sent out a Twitter message saying that Vallejo would be better off dead.

Undeterred, college students called for a national strike to be held on Tuesday, Aug. 9.

## Western European News Digest

[Euro Bailout Will Bleed Taxpayers to Death](#)

[Guarino: EU Budget Policy Violates Treaty](#)

[Euro Panic Hits Swiss National Bank](#)

[Italian Economist Calls for Dissolving Euro](#)

[Greek 'Indignados' Form Political Committee](#)

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[Prince Charles Is a 'Snake-Oil Salesman'](#)

[German MP Likens Bernanke and Trichet to Drug Dealers](#)

### Euro Bailout Will Bleed Taxpayers to Death

Aug. 2 (EIRNS)—The Eurozone bailout, German Chancellor Angela Merkel admitted a few days ago during a CDU party event in Ulm, "will cost the taxpayer some money, but it is worth the cost, because it helps Europe." The truth is, it will be more than costly, and help no one.

Kai Konrad, managing director of the Max Planck Institute for Tax Law and Public Finance, and Holger Zschaepitz, a senior columnist at the conservative daily *Die Welt*, calculate in a new report that the required bailout would exceed the total budget of the 17 Eurozone member governments by far, and reach the horrendous amount of roughly EU74 billion to be paid annually by the Germans alone. Calculated over 10 years, this adds up to EU740 billion. This kind of transfer union, Konrad and Zschaepitz write with a certain understatement, would be "neither economically nor politically feasible nor a desirable prospect." As a matter of fact, it would bleed the German taxpayers, and those of the other net payers among the Eurozone states, to death.

## **Guarino: EU Budget Policy Violates Treaty**

Aug. 3 (EIRNS)—The current binding EU decision, that Euro member-states must eliminate their budget deficit by the end of 2014, violates the EU Law itself. This is stated in a new book-length essay entitled "Imperfect Europe," soon to be published by Italian constitutional expert Giuseppe Guarino.

In the essay, Guarino states that the current policy has a juridical basis in EU Regulation 1466/97 (from July 1998), which was then superceded by Art. 104 of the EU (Lisbon) Treaty, Protocol 5. Article 104 "not only considers a 3% deficit as acceptable, but goes further and admits that such a limit could be passed if the ratio remains close to the reference value, and the deviation is due to exceptional and temporary causes.

"A balanced budget [deficit] is therefore not mandated by the Treaty. It is a decision which violates the Treaty."

## **Euro Panic Hits Swiss National Bank**

Aug. 3 (EIRNS)—There has been an increasing flight from the euro into the Swiss franc, believed to be a safe haven for investors, which has driven the value of the franc to almost equal that of the euro. The SNB reacted with a panic of its own Aug. 2, drastically lowering the interest rate from 0.75 to 0.25%, adding that it would try to bring the rate "close to zero," and furthermore announcing that it would visibly increase liquidity supply over the near future.

## **Italian Economist Calls for Dissolving Euro**

Aug. 6 (EIRNS)—Whereas most Italian media and politicians are calling for more European dictatorship, an important signal came from Claudio Borghi, an economics professor at the Catholic University in Milan, who published an article in *Il Giornale* discussing how a conversion from the Euro back to a national currency is convenient and possible.

Either the entire European debt is fully guaranteed, "or the euro must be dissolved through the immediate return to national currencies," he wrote.

Instead of discussing stop-gap measures, the Italian government "must call European partners and have the guts to pose a direct question: Shall we guarantee the debt as we guaranteed banks in 2008? Yes (and if yes, on what conditions), or no? If the answer is no, we must cancel holidays for the Banca d'Italia and get prepared immediately for the new lira."

## **Greek 'Indignados' Form Political Committee**

Aug. 4 (EIRNS)—As noted by a correspondent of the *Irish Times*, by the end of June the Greek "Indignants" had taken their movement a step further with the foundation of the Unified Popular Front (UPF), supported by at least 100,000 signators. The UPF's *raison d'être* is, principally, the lack of concern on the part of government and the international financial powers for ordinary citizens trying to live "a minimally decent life," as the UPF's founding document puts it. "Anti-social measures overturn domestic and personal planning, thrusting people into poverty, unemployment and misery," it says.

"Beyond that is the issue of national sovereignty," the article says. "Greek working people face the prospect not just of losing their jobs, pensions, and rights but also losing their country. The UPF calls for repudiation of Greece's debts and of its undertakings to the IMF, ECB, and EU; exit from the Eurozone; 'reframing' of Greece's relations with the EU; reinstatement of the drachma; prosecution of those responsible for 'misappropriation of public funds'; and a people-focused

democracy with a new constitution."

## **Movisol Exposes Hitler-Like 'Emergency Powers'**

Aug. 5 (EIRNS)—Roberto Ortelli of Radio Padania interviewed Liliana Gorini and Andrew Spannaus, chairwoman and secretary, respectively, of the Italian LaRouche movement Movisol, for one and a half hours today. Gorini exposed the dictatorial imposition of a "balanced budget" in the Italian Constitution (demanded by the ECB), comparing it to the Hitler-like "emergency powers measures" denounced by Lyndon LaRouche in the LPAC-TV Weekly Report of Aug. 3, in the context of the "act of treason" committed by Obama and the U.S. Congress.

Spannaus stressed that the crisis is the manifestation of the collapse of a system based on financial speculation and looting of the population, where massive austerity is used to support an ever-increasing debt bubble, that is produced by the market and then foisted onto the state.

## **Prince Charles Is a 'Snake-Oil Salesman'**

Aug. 4 (EIRNS)—A leading researcher in complementary and alternative medicine at the University of Exeter called Prince Charles a "snake-oil salesman" at a press briefing in London last week. Prof. Edzard Ernst, who is retiring as head of the University of Exeter's complementary and alternative medicine center, said that Charles deserved that label for owning a company that sells "tincture of artichoke and dandelion that supposedly detoxifies the body."

## **German MP Likens Bernanke and Trichet to Drug Dealers**

Aug. 2 (EIRNS)—Commenting on the budget debate disaster in the U.S.A., Frank Schäffler, a leading figure in the anti-bailout camp in the national German parliament (but also a promoter of classic austerity policy), compared the U.S. Fed, the ECB, and other central banks to "drug dealers" who are flooding the markets with money as the drug barons flood the markets with dope. That, he warned, will destroy the global financial and currency system. He called for a special debt summit of the G-8, to put an end to this practice.

## **Russia and the CIS News Digest**

- [Close Attention to LaRouche in Russia as Crisis Intensifies](#)

### **Close Attention to LaRouche in Russia as Crisis Intensifies**

Aug. 8 (EIRNS)—With the intensification of the global breakdown crisis, this month is bringing renewed attention in Russia and Ukraine to Lyndon LaRouche, who is known in those countries for his forecasts of the crisis, and of its systemic nature, going back three decades.

On Aug. 1, amid a frenzied focus on the so-called "debt ceiling" debate in the U.S. Congress, the LaRouchePAC release "Obama's Coup Follows Path of Hitler's Enabling Law" was translated and posted in two different Russian blogs, including Aftershock, an economic crisis discussion forum that is one of the top ten most-read blogs in Russia. That release has subsequently been republished on a dozen other sites.

A more in-depth treatment of the crisis by LaRouche appeared on the Russian-language site of his movement on Aug. 4: LaRouche's Jan. 22 "State of the Union" webcast, which presented the nature of the crisis and its roots in the millennia-old

imperial system, and the solution of a Hamiltonian credit system, in which restoration of the Glass-Steagall principle would be the first step. The video of LaRouche's January presentation was the #1 ranked news video on Russia's RuTube.com on its day of publication.

Consistent with this attention to LaRouche's recent statements is a surge of people downloading his major writings. Leading the way are LaRouche's June 1995 speech, given at the Russian State Duma building in Moscow, "The World Financial and Economic System and Problems of Economic Growth," and his major article "On the Subject of Primitive Accumulation," published ten years ago this Summer. The latter was part of a dialogue with the late Academician Dmitri Lvov, after June 2001 economic hearings held in the Duma by then-chairman of its Committee on Economic Policy, which both LaRouche and Lvov addressed.

LaRouche's name, and reference to his ideas, is also coming up in statements by prominent economists and analysts.

Victor Gerashchenko, former head of the Central Bank of Russia, cited the "famous American economist" LaRouche, in an interview with the Russian English-language channel Russia Today. In the context of talking about the Federal Reserve's policies, Gerashchenko noted that LaRouche warned over a decade ago, that adhering to such policies would lead to a collapse like that of the Roman Empire.

Sergei Kurginyan, a well-known analyst, issued a tweet on Aug. 5, reporting: "LaRouche says either Obama leaves or the USA is finished; Obama out now!"

Also Aug. 5, the Ukrainian news service IA Rex quoted a blog posting by Prof. Eduard Afonin, sociology professor at the Ukrainian National Academy of Economic Management. Afonin drew attention to LaRouche's reply, recently published in Russian, to a question from Pavlo Viknyansky of the Student Republic movement during LaRouche's Jan. 22, 2011 webcast. Wrote Afonin, "The well-known American economist Lyndon LaRouche, who in 1995 formulated a forecast of the inevitable collapse of the global financial system, took the occasion of his webcast to address the threat of a new barbarism, while also setting forth the prospects for a mobilization approach to worldwide economic development." The IA Rex article went on to interview several other Ukrainian analysts about LaRouche's statement.

## Southwest Asia News Digest

**[Israeli Mass Strike Protest Draws Over 300,000](#)**

**[Arab and Jewish Israelis Join in Mass Protests](#)**

**[Is Netanyahu Planning New Wars To Undermine the Mass Strike?](#)**

### **Israeli Mass Strike Protest Draws Over 300,000**

Aug. 7 (EIRNS)—In the third consecutive week of protests over galloping inflation, over 300,000 people marched together in the mass protests across Israel on Saturday, Aug. 6, according to Israeli police estimates. Approximately 300,000 people gathered in Tel Aviv, 20,000 in Jerusalem, 3,000 in Kiryat Shmona, 5,000 in Modi'in, 1,000 in Hod Hasharon, and 1,000 in Eilat. Protesters chanted "The people demand social justice," and "An entire generation demands a future." And on Kaplan Street, one of the centers of the protest signs demanding the resignation of Prime Minister Benjamin Netanyahu said, "Resign. Egypt is here."

What began three weeks ago as a tent city protest against the high cost of housing is now a coordinated nationwide movement against the breakdown of Israel's economy and society. Reportedly the largest social protest demonstration in Israeli history (other than peace demonstrations), nearly 5% of Israel's 7.4 million population was marching in the streets, with much broader support. Israel's economic breakdown is an outgrowth of the global breakdown, intensified by Israel's massive funding of settlements and garrison-state costs. The mass strike has found its way into Israel.

At least 28,000 people—nearly double last week's turnout—gathered in Jerusalem's Paris Square near the Prime Minister's residence after marching from the center of town. People from the tent encampment in Independence Park joined in as the protesters passed by.

Nahum Barnea, a writer for the *Yedioth Aharonoth* daily, wrote Aug. 7 that the protest in Tel Aviv, is "the biggest display of dissatisfaction in Israeli history. They were not anarchist, not leftist, but the people of Israel. You would have seen an entire apathetic nation, switched off, hopeless—that has come alive."

Fearful of the spreading protests, Netanyahu made an emergency announcement that a special commission to address the "soaring" cost of living—but it will be headed by none other than the former economic advisor who devised the current austerity program for Netanyahu, Manuel Trajtenberg.

The youth leaders of the mass movement have called for a million-person march on Sept. 3, although that goal may be reached sooner.

## **Arab and Jewish Israelis Join in Mass Protests**

August 8 (EIRNS)—Israeli and American Jews in the media are asking "why is the America ignoring and blacking out the mass protests in Israel." In the United States, where "everything" Israel demands becomes immediate news, and often the subject of Congressional hearings and resolutions, *why* are demonstrations that represent 5% of the entire population being covered up? These questions have been raised in publications such as *Salon*, the *Forward*, various blogs, and English-language websites in Israel such as the alternative media, +972 magazine. On Aug. 7, +972 published a report according to which the vast majority of the Israeli population is backing the protests: "The support for the protest crosses sectors and party lines. According to an Aug. 3 Channel 10 poll, 88% of Israelis support the protest. The middle class parties lead the way: 98% of opposition Kadima voters, 95% of Labor voters, and even 85% of Netanyahu's Likud voters find the protest just," the website reported.

Spectacular photos of the Tel Aviv and other protests are available on +972's website,

One important aspect of the demonstrations is that the forces include Israeli Palestinians as well as Israeli Jews, and participants in the protests note that slogans and chants alternate between Hebrew and Arabic.

The continuing protests have become so vibrant that leaders in the Knesset are talking about early elections. Reuven Rivlin, the Knesset Speaker from Likud, says he believes elections will be moved ahead of the November 2013 date, reported *Ha'aretz* on Aug. 7. At the same time, Labor Party leader Amir Peretz announced that he will approach small parties, including the religious party Shas, to call for early elections based on the collapse of income and living standard for Israelis. Peretz, the former head of the Histadrut labor federation, which has allied with the youth leaders of the J14 movement that started the protests, also says that he will run again for leader of the Histadrut which he formerly headed.

## **Is Netanyahu Planning New Wars To Undermine the Mass Strike?**

Aug. 2 (EIRNS)—In the midst of the expanding mass strike, there is a danger that Israeli Prime Minister Netanyahu will launch a new war, either against Iran or closer to home. After many months of not carrying out security operations in the West Bank, the Israeli military conducted a "routine operation to arrest Palestinian suspects," killing the suspects and igniting riots in the Qalandiyah refugee camp; five soldiers were wounded.

An exchange of fire on the Lebanese border also took place, with Israelis claiming they were fired upon by Lebanese soldiers. The last time this happened was two years ago, when Israel in effect provoked an attack because it conducted "maintenance operations" on the Lebanese side of the border fence.

On Aug. 8, +972 journalist Rechavia (Rick) Berman published an article called "Netanyahu Must Go," saying that Bibi "spat in the eye" of the social protesters, ignoring their demands and imposing even more austerity. He also warns that to stop the protests, "Netanyahu is quietly trying to bring about a security crisis. The Israeli Air Force bombed Gaza a couple of times until the desired couple of flying pipe bombs flew out, but Hamas itself cracked down on the launchers. In the West Bank, the IDF is arresting people and carrying out raids deep in Area A. This weekend, an actor from the Freedom Theater in Jenin was arrested, and several hours later the theater itself was raided, as were villages in the Hebron area."

## Asia News Digest

- [Saudi-Indoctrinated Wahhabis Spread Terror in China](#)

### Saudi-Indoctrinated Wahhabis Spread Terror in China

Aug. 1 (EIRNS)—Killings and bomb explosions in central Kashgar, a major trading center in western China's Xinjiang province, over the weekend, made China suspicious that the Wahhabi-indoctrinated terrorists are trying to rev up the local Uyghurs to create chaos and destabilize the area. The weekend terrorist attacks may have killed at least 18 people, some of whom were reportedly policemen.

Local Chinese officials have claimed that these jihadi extremists were trained in Pakistan. The officials said the detainees have admitted that at least one of the group's leaders was trained in making explosives and firearms at camps of the Islamic Movement of East Turkestan (IMET) in Pakistan before infiltrating back into China.

According to an Indian intelligence report, well-informed Pakistani police sources said President Hu Jintao had phoned President Asif Ali Zardari of Pakistan to express his concern over the stepped-up activities of the IMET in the Xinjiang province a month before an international expo is to be held in Urumqi, Xinjiang's capital, Sept. 1-5.

Following that telephone conversation, Lt. Gen. Ahmed Shuja Pasha, the director-general of Pakistan's Inter-Services Intelligence (ISI), rushed to Beijing to discuss with the Chinese authorities their concerns over likely threats to the Urumqi Expo from IMET elements operating from sanctuaries in North Waziristan in Pakistan. The IMET is one of the affiliates of al-Qaeda.

Urumqi had undergone violent riots in 2009 and at the time the local government officials had blamed those riots on unemployed Uyghur migrants living in the city. Beijing also said the riots were planned abroad by the World Uyghur Congress (WUC), which they say is a terrorist organization and whose president, Rebiya Kadeer, is also a terrorist. The WUC was formed in April 2004 in Munich, Germany, as a collection of exiled Uyghur groups including the Uyghur American Association and the East Turkestan National Congress. Kadeer, a businesswoman and political activist, has been in exile in the United States since 2005 after six years imprisonment in China for allegedly leaking state secrets.

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