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The Path to Survival:
LaRouche's Seven Necessary Points for a Real Recovery

On Aug. 24, Lyndon LaRouche delivered the following urgent message on LaRouchePAC-TV, a seven-point program for addressing the general breakdown crisis now engulfing the North Atlantic region. Elaboration of each of these points is being presented on LPAC-TV, and will appear in EIR over the coming weeks. The subject today is the discussion of the imminent crash of the trans-Atlantic part of the world system, and the implications of that for this time. Now, first, the crash itself: We're on the verge of a crash, all except the last piece where somebody pulls a piece out, and the whole thing comes tumbling down. Or else, there's an alternative, which might be enacted in the meantime. The meantime is in any case a fairly short meantime, and everything is set, right now, to go. Now, in addition to this point, there are seven other points, which have to be covered, and I'll cover them in summary form for the purpose of discussion, but these seven points are crucial, and are probably the *only possible* solution for the present threat of a general breakdown crisis of, first of all, the trans-Atlantic system.
That is what's coming on immediately; such a breakdown in that system would mean the Asian system as well, would go tumbling down, after the trans-Atlantic system had tumbled first, and we're on the verge of that right now. So the first thing you have to do, if you want to save the world economy now, is you have to kick out Barack Obama as President of the United States.

Separate In-Depth articles from
Executive Intelligence Review
Vol. 38, No. 34
(Suitable for emailing, printing and other organizing purposes.)
...Requires Adobe Reader®.

This Week's Cover

- **The Path to Survival:**
  LaRouche's Seven Necessary Points for a Real Recovery
  Lyndon LaRouche told LPAC-TV on Aug. 24, 'We're on the verge of a crash, all except the last piece where somebody pulls a piece out, and the whole thing comes tumbling down. Or else, there's an alternative, which might be enacted in the meantime. The meantime is in any case a fairly short meantime, and everything is set, right now, to go.' This seven-point program 'is the only thing that'll work. It's the best thing that'll work. Let's do it.'

Economics

- **Conference in Yakutsk, Siberia:**
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The conference showed determination to proceed with great development projects. But the discussions also dramatized that it will be impossible to build such projects by seeking financing for them within the dying global monetarist system.

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- **Kra Canal, One of LaRouche's 'Great Projects,' Is Back on the Agenda**

International

- **Herr Schäuble's 'Secret' Paper:**
  Something Is Rotten in the State of Germany
  by Helga Zepp-LaRouche
  The Eurogroup finance ministers want national parliaments to cede responsibility for decisions on the euro rescue packages. Instead of eliminating the bad debt of the speculators with a Glass-Steagall-style banking system, democracy is being sacrificed.
- **Is London Using Netanyahu To Provoke Arab-Israeli War?**

National

- **Insiders Raise the Ante:**
  Obama Is About To Crack
  The only available remedy is to remove the crazy British puppet from office post haste, by one of several constitutional means.
- **Obama's High Crimes and Misdemeanors:**
  Completing Bush/ Cheney's Fascist Coup

Science

- **Basement Roundtable:**
  The K-T Extinction
  In an LPAC-TV feature, a LaRouchePAC Basement Team group made up of Creighton Jones, Peter Martinson, Benjamin Deniston, and Sky Shields, discussed the increase in anti-entropy in the universe. They looked at the Cretaceous-Tertiary (K-T) Extinction of about 65.5 million years ago, as a case study in the development of our planet.

Editorial

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U.S. Economic/Financial News

No Recovery From Hurricane Irene Without Ousting Obama

Will Obama's Green Fascists Shut Down the Electricity Grid?

Obama Budget Cuts Mean Millions of America's Kids Will Go Hungry

No Recovery From Hurricane Irene Without Ousting Obama

Aug. 31 (EIRNS)—The aftermath of Hurricane Irene, which has generated unprecedented flooding in areas of the Northeastern United States, and still, as of this writing, has eliminated electric power for over 2 million people, represents a new major blow to what remains of the U.S. physical economy.

So far this week, over 20 rivers and streams, from Vermont to New Jersey, have set new all-time records for volumes of run-off. The emergency finds these states in a condition where they have already drastically reduced the ranks of their first-responders through major budget cuts. The population is thus forced to rely heavily on volunteer operations, like the Red Cross, who are working to set up shelters and food kitchens across the area.

While the Obama Administration is doing its utmost to show that it is "not like Bush" in Katrina, the facade is already frayed. On Aug. 26 the heads of Homeland Security and FEMA both insisted that they had enough money to deal with whatever damage Irene did. But, as of Aug. 30, FEMA announced they were "temporarily" suspending some disaster relief payments to Joplin, Missouri, and other tornado-devastated areas of the South, to meet the needs of the hurricane damage. FEMA now admits its emergency fund will be short by $5 billion for the upcoming budget year.

The Administration has appropriately come under fire, from both sides of the aisle, for having refused to address the predictable funding needs. It's high time Congress reached the conclusion they have been avoiding: Obama is the disaster, and getting rid of him is necessary to open the door to a real recovery.

Will Obama's Green Fascists Shut Down the Electricity Grid?

Aug. 22 (EIRNS)—Texas could suffer rolling power outages from grid unreliability caused by new EPA regulations that would shut down coal plants, Texas Public Utility Commission (PUC) chair, Donna Nelson, said on Aug. 19th. Last month, the rabidly anti-growth Environmental Protection [sic] Agency promulgated new rules mandating more stringent reductions of nitrogen oxide and sulfur emissions, effecting mainly coal-burning power plants, in 27 states. It would cost more than $100 billion for utilities to purchase the equipment to retrofit power plants to meet the new regulations, and the EPA is requiring compliance with the new standards *in six months.*

The utilities say this is impossible to do, and the PUC agrees that the schedule is impossible to meet. Nationwide, it is expected that utilities will simply shut down at least 81MW of older coal-burning generating plants—about 8% of total capacity—rather than try to bring them in to compliance. Today's *Washington Post* reports that the EPA has yet more new rules to reduce mercury and other emissions in the pipeline, over the next 18 months.

Last Fall, the North American Electric Reliability Council warned that both the "pace and aggressiveness of these environmental regulations should be adjusted to reflect and consider the overall risk to the bulk power system." More than two-thirds of all U.S. coal-burning plants are more than 30 years old, and only about 35% have pollution controls that comply with clean air regulations. The rest are now potential targets for shut down. Sen. Lisa Murkowski, (D-Alaska), chair of the Senate Energy and Natural Resources Committee, joined by others from coal states, has protested the EPA actions.

These old coal plants should have been replaced by nuclear plants decades ago. Shutting them now, for supposed "environmental" concerns puts the entire, interconnected electricity grid at great risk.

Obama Budget Cuts Mean Millions of America's Kids Will Go Hungry

Aug. 25 (EIRNS)—There are currently 17 million children in the U.S. enduring "food insecurity" —i.e., they go hungry at least part of the time—according to a new study issued on Aug. 25 by *Feeding America*, a network of 200 food banks and the largest hunger charity in the nation. That is 1 out of every 4 children. In 314 counties, *one third* of children go hungry. Further, 49% of all babies are born to families receiving government food aid under the WIC (Women, Infants and Children) program.

Of the 17 million children enduring hunger, almost 4 million live in households that earn more than the official poverty limit, and therefore are not eligible to even receive federal food aid.

All of that is today. But it's nothing compared to the horror-show which Obama's budget cuts are going to unleash upon the nation's kids. The WIC program is one of those that will be cut substantially under the proposed Obama budget, as will the Emergency Food Assistance Program, which provides agricultural products to food banks.

Upon releasing the report, Vicki Escarra, president and CEO of Feeding America (which receives financing from ConAgra and Warren Buffet), stated: "As we deal with all the financial issues facing our nation, we can't balance our budget on the backs of poor and hungry children."

Global Economic News

London Demands U.S. Fed Bailout of the Whole Bloody British Empire

British Banks Threaten Violence if Anyone Messes with Their Fix

ECB Fascist Activities Are under Attack

London Demands U.S. Fed Bailout of the Whole Bloody British Empire

Aug. 25 (EIRNS)—The U.S. Fed is already pumping worthless liquidity overtime into the bankrupt European banking system. In Aug. 24 remarks in New York, Bundesbank executive board member Dr. Andreas Dombret admitted as much, noting that the European interbank market was indeed freezing up, but, "If need be, the ECB stands ready to mitigate potential bottlenecks, based on the swap agreement in place with the Fed."

But what London wants to come next can be described as swaps on steroids. The *FT Alphaville* blog, which frequently speaks for highly placed City of London interests, on Aug. 23 reported favorably on the comments of Wall Street trader and hedge fund owner Bruce Krasting, who stated: "I maintain the next move by the Fed is to massively open up the dollar swap lines with the European central banks. I don't think Bernanke wants to announce this significant step at Jackson Hole [on Aug. 26]. It is an EU issue and the Fed can't take the lead on this. Opening the swap lines will prove to be very unpopular in the U.S. Politicians will jump on it as a bailout of Europe while America is struggling."

FT Alphaville added sympathetically that such unlimited swaps would be more effective than QE3, as facilities initiated by global central banks in 2008, the most helpful was in fact the introduction of unlimited foreign exchange swap lines."

British Banks Threaten Violence if Anyone Messes with Their Fix

Aug. 21 (EIRNS)—The Association of Corporate Treasurers (ACT), which represents all the biggest banks and companies in the UK, warned that if the Independent Commission on Banking opts for even the milquetoast "ring-fencing" plan (separating commercial from investment activities *within* the same bank), "the UK's 2.5 trillion pound bank lending market will be drastically reduced," the *Daily Telegraph* reports, and that "production and employment could be hit." A decision by the ICB is expected on Sept. 12.

ECB Fascist Activities Are under Attack

Aug. 22 (EIRNS)—The fascist "good governance" policies being promoted by European Central Bank President Jean-Claude Trichet are being attacked for being "undemocratic" and an danger to European countries.

Paul Murphy, Member of the European Parliament (MEP) representing the Irish Socialist Party told Britain's *Guardian*, that there had been a "massive shift away from democratic accountability since the start of the crisis." He added: "There needs to be a check on the enormous power of the ECB, which is unelected, and has basically held a government to ransom."

Referring to the various proposals that have been made at several EU summits for European-wide mechanisms to control each country's budget he said, "All these proposals, discussions about economic government, are about undermining democracy in order to impose a European shock doctrine," said Murphy. "EU elites need to remove points of pressure that can be mounted on governments. If the mass of people are opposed to austerity, they can mount pressure on governments to hold that in check. So the only way it can then be imposed is undemocratically."

Jan Willem Goudriaan, deputy general secretary of the European Public Sector Union, the largest trade union federation in Europe, was quoted in the *Guardian* as saying, "Europe cannot be governed through secret letters of bankers, officials or an unaccountable body.... It is very worrying that few address the democratic nature of the Eurozone's proposed economic government."

United States News Digest

Obama Must Be Removed From Office To Rebuild Emergency Response Capabilities

Trumka Warns Obama: Don't Count on Labor's Vote

DOJ Defends Obama's Violation of Constitution and War Powers Act

Is Holder Protecting Obama in 'Fast and Furious' Gun-running Case?

Regime to Announce NeroWork$— Unpaid Labor 'Jobs' Program

Obama Must Be Removed From Office To Rebuild Emergency Response Capabilities

Aug. 26 (EIRNS)—As long as Barack Obama occupies the Office of the President, natural disasters will kill many Americans whose lives could otherwise have been saved. He must be removed from office without delay and emergency funding must be provided to state and local governments to beef up their emergency response capabilities. The fact that the White House announced, today, that Obama would cut short his Martha's Vineyard vacation a day early and return to the White House, tonight, to monitor Hurricane Irene and the Federal response to it doesn't change this basic fact. Obama's return to Washington seems to be motivated more by a desire to appear to be on top of the storm and its response, and not look like George W. Bush did after Hurricane Katrina in 2005, than it does a serious Presidential effort to actually protect Americans.

Obama's record, after all, is one mainly of malign neglect. He has failed to fight for the money from Congress to keep FEMA adequately funded to both immediately respond to natural disasters, and help communities rebuild from the devastation afterwards. He has simply not asked Congress to provide the funds for FEMA to carry out all of its responsibilities under the law. Even worse was his performance after Joplin, Mo., was devastated by a tornado, last May. Instead of immediately travelling out to Joplin to see the damage for himself and provide leadership, he continued with his jaunt to Europe to, among other things, kiss the butt of the Queen of England.

Then there's the budget cuts already taken and coming down the road. Twenty-four states reduced funding for emergency response from 2009 to 2010, and the trend is likely to continue. "Agencies have been forced to cut staff positions, institute furloughs and hiring freezes despite the fact that most are already understaffed," Trina R. Sheets, executive director of the National Emergency Management Association, told Bloomberg News. It's clear from surveying the situation that state emergency management agencies have already become heavily dependent on Federal grants to keep functioning, as state tax revenues have fallen, but now, under the austerity regime of the Super Congress, have to expect to see that source of income decline rapidly from 2012 on out.

Trumka Warns Obama: Don't Count on Labor's Vote

Aug. 26 (EIRNS)—AFL-CIO president Rich Trumka warned yesterday that organized labor will not automatically support Obama or Congressional Democrats on election day, if they don't fight more aggressively on behalf of working people. In fact, he warned, many in the labor movement may sit out the 2012 Democratic National Convention. "There are some of our affiliates that aren't going to participate," said Trumka. "We're still talking about it."

Trumka also bolstered reports that the AFL-CIO will set up its own super-PAC. "We're going to use a lot of our money to build structures that work for working people," Trumka said. "You're going to see us give less money to build structures for others, and more of our money will be used to build our own structure."

Trumka blasted Obama for allowing Republicans to set the terms of debate— focusing on what he called a manufactured debt crisis instead of a jobs agenda. "I think he made a strategic mistake when he confused job crisis with deficit crisis," Trumka said. "He started playing on the Republican ground."

"We do not have a short-term deficit crisis. It does not exist," Trumka said. "We have a short-term jobs crisis. And if you fix the job crisis, the deficit crisis goes away."

DOJ Defends Obama's Violation of Constitution and War Powers Act

Aug. 24 (EIRNS)—On Friday, Aug. 19, the Department of Justice answered the suit brought on June 15, 2011, by 10 members of the Congress, asking the court to grant injunctive relief and to suspend military operations in Libya. In asking the court to dismiss the motion, the DOJ ignores the Constitution and instead engages in outrageous sophistry in defense of Obama.

The argument presented is essentially that the "plaintiff legislators have numerous legislative options at their disposal regarding the ongoing operations in Libya." In another location the DOJ attorneys argue that the plaintiff legislators "have collegial or in-house remedies available to them." "Here, as in prior cases, 'plaintiffs' dispute is primarily with their fellow legislators, as these are the individuals who have refused to vote in favor of certain legislative measures introduced in Congress with regard to Libya."

In this respect the DOJ argues that the House has "at least twice rejected proposals (including one sponsored by plaintiff Kucinich) to defund United States military operation in Libya and has voted down a resolution sponsored by plaintiff Kucinich directing immediate withdrawal of United States armed forces pursuant to the War Powers Resolution." Moreover, "the full Senate unanimously passed a resolution supporting a no-fly zone, and the Senate Foreign Relations Committee has approved a resolution in support of the ongoing operations.... Plaintiffs are fully able, in their legislative capacities, to seek their desired goal."

Incredibly, the DOJ argues that the plaintiffs don't have standing because they "do not identify any particularized or concrete injury that they have suffered as individuals," and that they "have not been authorized to represent" the House, let alone the Senate (of which there are no plaintiff members), "in this action."

Suffice it to say, that regardless of how this matter is adjudicated in the courts, the Congress does have the power to impeach Obama, and such action is long overdue.

Is Holder Protecting Obama in 'Fast and Furious' Gun-running Case?

Aug. 24 (EIRNS)—On July 26, 2011 a report was issued, entitled "The Department of Justice's Operation Fast and Furious: Fueling Cartel Violence." The report was prepared for Rep. Darrell Issa, chairman of the House Committee on Oversight and Government Reform, and for Senator Charles Grassley, ranking member of the Senate Committee on the Judiciary.

The two have been investigating the circumstances behind a sting operation which resulted in the purchase of 1,418 weapons by the Sinaloa cartel in Mexico. The idea was that officers from the ATF would keep track of the guns in the hope that they would lead them to drug cartel kingpins. But, instead, at least one U.S. border agent, Brian Terry, and dozens more in Mexico have been killed using these weapons. There are 1,048 of the weapons that remain unaccounted for.

The question being investigated is: Who in the Obama Administration authorized the program? Thus, far the Administration has pursued a policy of stonewalling and coverup.

Last week it was reported that three agents involved in Fast and Furious, the name of the operation, had been promoted and moved from Arizona to Washington, D.C.

Grassley and Issa also sent a letter to Holder on Aug. 16 in which they say that he broke an agreement with them by refusing to fully respond to questions on Fast and Furious.

Specifically, Holder did not answer the question as to whether he had read the ATF briefing paper which stated, "Currently, our strategy is to allow the transfer of firearms to continue to take place." Another question which was unanswered was whether the briefing paper was "ever provided to the Deputy Attorney General's Office or any other component of the Justice Department other than ATF."

Regime to Announce NeroWork$— Unpaid Labor 'Jobs' Program

Aug. 22 (EIRNS)—It doesn't meet union wage standards. It doesn't meet government-mandated "prevailing wage" standards, nor even minimum wage. It's NeroWork$, one of the jobs mirages the Regime means to rub into the face of the nation after Labor Day.

The unpaid labor program is modelled on Georgia Work$, a peculiar institution that's making James Oglethorpe roll in his grave. It has been in place since 2003. Under the guise of "training," long-term unemployed get a stipend of about $100 a week to cover transportation and child care for about six weeks, while they continue to collect unemployment, and "audition" in the private sector—at *no cost* to the employer. Even the *Wall Street Journal* had to admit, "Another concern is that programs such as Georgia Works may amount to free labor for employers, who could cycle through jobless participants without helping them at all."

As Nero lied in Atkinson, Ill., last week, "You're essentially earning a salary, and getting your foot in the door into that company." But once the "training" period is up, the employer has no obligation to put the "trainee" on the payroll.

National Employment Law Project deputy director Andrew Stettner told the *Atlanta Journal-Constitution*, "We reviewed Georgia Work$. It looks more like work than training.... You can't try someone out and not pay them. It's not allowed under our nation's labor laws." He added, "If a lot of businesses can bring in a lot of people essentially working for free, somebody else [working full-time] isn't getting an extra shift or extra work hours."

But Michael Thurmond, the Georgia Labor Commissioner on whose watch the slave labor program was initiated, says, "It's about leveraging existing resources.... We have huge budget deficits in Washington, and states are struggling. The only logical strategy is to utilize existing resources"—the millions of desperate unemployed.

Ibero-American News Digest

Monterrey Casino Massacre Was No Turf Fight

Argentina: It's the Rating Agencies, Stupid!

General Strike Rattles Chile's Elites

Monterrey Casino Massacre Was No Turf Fight

Aug. 26 (EIRNS)—The deliberate bestiality of the attack by a commando of 6-10 masked armed men, believed to be members of the Zetas drug gang, on the Casino Royale in Monterrey, Mexico, on Aug. 25, at a time when the premises were full mainly of women playing bingo, signals that more than "turf war" is involved in this latest atrocity in what was once Mexico's leading industrial city. The commandos spread gasoline throughout the interior, and then set the casino on fire, killing 52 people.

Most media accounts are explaining the slaughter as a fight over turf among competing drug gangs. But more thoughtful analysts have pointed to the parallel with the June 2009 highly suspicious "accident" in which a daycare center burned down in Hermosillo, Sonora, killing 29 children. That was then parlayed by the media and the local allies of the Nazi Prince Philip's World Wildlife Fund (WWF) into a massive campaign in which the anti-drug PRI candidate for Governor was defeated in a total upset—turning that critical state over to London's Dope, Inc. apparatus and their environmentalist allies.

Will this latest atrocity be used to effectively cancel Mexico's 2012 Presidential elections, or otherwise finalize the total Dope, Inc. seizure of the country? Already former Mexican President Vicente Fox has used the Monterrey massacre to call for negotiating a truce with the drug cartels, and for Mexico's authorities "at the highest level" to consider legalizing drugs—as demanded by President Obama's financial angel, George Soros.

Argentina: It's the Rating Agencies, Stupid!

Aug. 29 (EIRNS)—Speaking today at the annual conference of the Economic Association for Argentine Development (AEDA), Amado Boudou, Argentina's Finance Minister and candidate for Vice President, slammed foreign rating agencies for contributing to the global financial crisis, because their ratings caused countries to make "bad decisions."

Referencing the insane austerity policies imposed by both the U.S. and many European governments after the rating agencies' downgrading of their debts, Boudou charged that "it's clear that [the agencies] were not good institutions in terms of decision-making, and became a very big problem in the recent crisis." In fact, he asserted, recently it's been the ratings agencies making economic policy instead of sovereign governments.

Acting on behalf of Wall Street and the City of London, Moody's, Standard & Whores, and Fitch have become notorious in Argentina in recent years for their clearly politically motivated negative ratings, even when the country was enjoying impressive growth rates and had paid down its foreign debt.

Last week, Moody's downgraded Argentine bank shares from "stable" to "negative," alleging that the "interventionist" policies that President Cristina Fernández de Kirchner *might* make over the next 12 to 18 months, threatened the solvency of the local banking system.

Responding to Moody's downgrade, Central Bank President Mercedes Marcó del Pont charged on Aug. 25 that this was based on ideology rather than any objective criteria. "Perhaps what worries them is that they keep thinking about the free and unregulated market, when Argentina and other Latin American governments have revived the [role of] the State," Marcó del Pont said. "I'm still surprised by the irresponsibility and lack of professionalism of these rating agencies whose coresponsibility in the genesis of the global financial crisis is under scrutiny."

General Strike Rattles Chile's Elites

Aug. 27 (EIRNS)—On Aug. 24-25, broad sectors of Chile's population joined the CUT trade union federation and the national student movement in a two-day nationwide general strike which, while not 100% effective, completely unnerved right-wing President, billionaire Sebastian Piñera, now referred to by many as "an early lame duck." This is the largest such strike since the era of the 1973-1990 Pinochet dictatorship.

The second day of the strike saw at least half a million people march in Santiago, and tens of thousands more in most major cities.

Public sector workers, miners, transportation workers, health care workers, parents, and teachers, came out to back the three-month-long student protests demanding a free public educational system, which the CUT also supports. But the broader target, identified by both students and workers, is the murderous "Chicago Boy" free-market economic model imposed so brutally by the Pinochet dictatorship, and left intact to the present day, by both the opposition Concertación coalition, which ruled from 1990 to 2009, as well as the current right-wing government.

The months of student protests, garnering support from broader sectors of the population, have badly destabilized Piñera, who has reshuffled his cabinet twice and seen his approval rating plummet to a dismal 26%.

Amid charges of police brutality toward the protesters, and the death of a 16-year-old at the hands of the police during last week's strike, the Chilean President has broken down and offered to meet with student and other civic leaders face to face on an as-yet unspecified date. But protest leaders caution that while they see the invitation as positive, they have no intention of holding a dialogue with the President, and will accept nothing less than his full acceptance of their demands.

Western European News Digest

Europe at Epicenter of Financial Collapse

Greek Banking System Imploding

Shaky Societé Générale Signs Liquidity Contract with Rothschild & Cie

***Spiegel* Mentions Repeal of Bretton Woods and Glass-Steagall as Source Of Current Crisis**

Irish Economist Calls for Ireland To Leave Euro

"The Finns Showed The Emperor Has No Clothes"

Danish Elections Called for September 15

Obama Administration Joins British on Fishing Expedition in Witch Hunt Against Gerry Adams

Europe at Epicenter of Financial Collapse

Aug. 26 (EIRNS)—The epicenter of the ongoing collapse of the Transatlantic financial system continues to be the European Inter-Alpha banking system. In fact, the emergency bailout of Bank of America by Warren Buffett with an investment of $5 billion, has everything to do with the European crisis. On Aug. 24 the Italian daily *La Stampa* reported that Bank of America had to write off a lot of assets, and Reuters reports that BoA's shares have lost 35% of their value just since the beginning of August. Much of that, they said, has to do with the fact that BofA was heavily exposed in CDS on European sovereign debt, and now does not have enough capital to back that insurance.

In a desperate attempt to stop the massive selloff of bank shares, regulators in France, Italy, Spain, and Belgium announced that they had extended their ban on short-selling of shares of 60 banks through the end of the month. France could extend it to Nov. 12, and Greece's ban is in effect till Oct. 7.

Greek Banking System Imploding

Aug. 22 (EIRNS)—Greek banks are on the verge of imploding. The *Financial Times* reports that they are not only frozen out of the money markets, but they are now frozen out of the European Central Bank's emergency liquidity operation. They are now seeking to get liquidity from the Greek Central Bank, but this can only happen if the latter gets permission from the ECB.

In an effort to stem panic by depositors, the four largest banks, including Inter-Alpha Group's National Bank of Greece, and also Alpha Bank, EFG Bank, and Piraeus Bank, agreed to take up a EU50 million convertible bond to recapitalize Proton Bank, a small bank that has all but collapsed.

Shaky Societé Générale Signs Liquidity Contract with Rothschild & Cie

Aug. 23 (EIRNS)—In a desperate move to avoid further collapse, Inter-Alpha giant Société Générale, France's second-largest bank, whose shares have dropped by 44% since the beginning of the month, signed a one-year, automatically renewable, "liquidity contract" on its shares with Rothschild & Cie., which mandates Rothschild to trade SocGen's stock to avoid excessive price swings, according to a note posted on the bank's website.

Liquidity contracts of this type are often used by medium-sized corporations, but the participation of a bank the size of Société Générale is seen by all as a move of desperation. The reality is that they're not volatile—they're just sinking.

Spiegel Mentions Repeal of Bretton Woods and Glass-Steagall as Source Of Current Crisis

Aug. 22 (EIRNS)—The German weekly *Der Spiegel*'s current edition is headlined "*Gelduntergang*" [Monetary Breakup]; the English version is "Out of Control: The Destructive Power of the Financial Markets," with a photo traders wildly gesticulating to signal their trades, and a Ben Bernanke look-alike sitting in the midst of the chaotic scene.

Buried in the middle of the article, a section goes into the various steps of financial deregulation in the U.S.: Bretton Woods, the free trading of currencies, the development of futures currency markets (Chicago), and "The kiss of death came in 1999, under then President Bill Clinton, when the Glass-Steagall Act was repealed... Eliminating this separation removed a major barrier and enabled institutions like Citigroup and Bank of America to grow into financial giants.

Irish Economist Calls for Ireland To Leave Euro

Aug. 25 (EIRNS)—A leading Irish economist, Dr. Ray Kinsella, has called for Ireland to leave the Eurozone and reestablish its own currency. On Aug. 5 Kinsella was quoted in the Irish media, including in the *Irish Independent*, that the

Eurozone has failed for Ireland and that Ireland should leave.

Kinsella, a professor at the Michael Smurfit Graduate School of Business, declared: "All there is to show for the sacrifices are a sovereign debt rating of junk status, a shrinkage of employment of 15% and 'closed' and 'for sale' notices across the country. This is not leadership. It borders on the willful to adhere to policies that are demonstrably not working and that have mired the Eurozone in a crisis from which it is seemingly incapable of escaping.

"Ireland needs to leave."

"The Finns Showed The Emperor Has No Clothes"

Aug. 25 (EIRNS)—The agreement between Finland and Greece on extra collateral for the EU bailout loan is holding the entire bailout plan hostage, and threatening to blow out the Eurosystem altogether. The IMF, Germany, and Holland—not to mention Moody's—have rejected the Finnish deal, which is viewed by "the markets" as an admission that the EU deal will not work.

Italian economist Paolo Savona wrote today that it takes one voice to say "the Emperor has no clothes"—in this case, Finland—to make it impossible for the scheme to be continued.

Danish Elections Called for September 15

Aug. 26 (EIRNS)—At 11 a.m. today, Danish Prime Minister Lars Loekke Rasmussen announced that there will be Danish national elections on September 15, just 20 days hence. The elections had to be called before the mandate of the present parliament expires on November 13. This comes two days after a new Danish banking package was agreed on by all the main parties, which package would ensure that future Danish bank failures would be avoided with help from the government, replacing the present policy, under which two Danish banks went under with losses for the creditor banks and depositors.

Chairman of the Danish Schiller Institute and LaRouche movement, Tom Gillesberg, will run as a candidate outside the parties in the Copenhagen area, along with Janus Kramer Moeller and Hans Schultz. Election posters, for the candidates can be seen on the campaign webpage, www.sive.dk.

Obama Administration Joins British on Fishing Expedition in Witch Hunt Against Gerry Adams

Aug. 24 (EIRNS)—Last February, the British carried out an operation to stop Sinn Fein President Gerry Adams from being elected to the Dail in the Republic of Ireland last February. Among the dirty tricks was a vicious attempt to link Adams to the 1972 IRA killing of Jean McConville. That attempt failed; Adams was elected and Sinn Fein tripled their number of seats in the Dail.

But the get-Gerry Adams witchhunt has intensified with British attempts to subpoena confidential oral history records at Boston College on the subject. Now the U.S. Attorney's office in Massachusetts has joined the British in demanding that Boston College hand over the oral histories, although the College has been fighting the subpoena in court for months.

Southwest Asia News Digest

IMF's Economic Advice Behind The Unraveling of Egypt

Obama Expanding Permanent War Policy

Brits Propose Breaking Up Afghanistan, Pakistan

IMF's Economic Advice Behind The Unraveling of Egypt

Aug. 22 (EIRNS)—A *Foreign Policy* magazine article, "The Road to Tahrir," which was based on the writer's discussions with a number of economists, documents how the advice of the IMF, and conditionalities associated with it, were the root cause of the unraveling of Egypt in the recent period.

The article points to the IMF interventions that began in earnest in the 1990s, when loans from the United States and the Paris Club (an informal group of private creditors from 19 of the world's biggest economic powers) were written off, and Egypt was showered with some $15 billion in emergency economic assistance. Such generosity had an ulterior motive. It was to move Egypt, and its leaders, out of Gamal Abdel Nasser's "statist" regime into a free-wheeling free-market regime.

The aid, critical though it was to reviving Egypt's then-failed banking sector and stabilizing the economy, contained the seeds of Mubarak's eventual destruction, the article said. Conditioned on a demanding IMF restructuring program, the loans required that Mubarak cut government services, liberalize interest rates, and undertake an ambitious privatization program. They required, as Dina Shehata, a senior researcher at the Al-Ahram Center for Political and Strategic Studies, has argued, that Mubarak break "Nasser's bargain"—a promise to provide social services, employment, subsidies, education, and health care in exchange for exercising total control of the political environment. But, that was only the beginning.

As the IMF-led reforms progressed, laws were enacted to protect laborers from the potentially harmful side effects of liberalization, but there was often "a lack of popular or political will to enforce them," Bruce Rutherford, an assistant professor of political science at Colgate University, told *Foreign Policy* in an interview. The result was that "tens of thousands of workers lost their jobs and access to subsidized housing." At the same time, across-the-board subsidy cuts dictated by the IMF restructuring program further eroded "Nasser's bargain" with the people, and compounded the plight of working class Egyptians. Although bread subsidies remained intact—a near revolution in 1977 after President Anwar Sadat tried to revoke them was enough to keep them off the chopping block this time around—the number of subsidized household items was slashed from 18 to 4 (bread, wheat flour, sugar, and cooking oil), according to Rutherford.

As occurred in every country where the IMF was allowed in, Egypt had to follow the road to its economic and leadership destruction. The IMF demanded liberalization, and Egypt's GDP showed "growth." An IMF report in 2007 heaped praise on the "reformist cabinet" for pressing ahead with adjustments despite vocal opposition, "fuelled in part by high food-price inflation and some frustration about the lag in the 'trickle down' of the benefits of growth."

However, for many Egyptians, the impressive growth numbers, simply meant layoffs, pay cuts, forced early-retirement schemes, and the loss of benefits. The impact of reform on employment was so pernicious, in fact, that Stella, Egypt's local beer, and Coca Cola were the only two cases where privatization led to an increase in the number of jobs, according to Joel Beinin, a professor of Middle East history at Stanford University.

Along came the membership in the World Trade Organization (WTO) in 1995. This only made things worse for many Egyptian laborers, as reduced tariff and non-tariff barriers impeded the state's ability to protect certain labor-intensive sectors. Egyptian textiles, an industry that dates back to the age of the Pharaohs, suffered mightily as Chinese and Southeast Asian producers took advantage of reduced tariffs to expand their market share. There was little doubt

beforehand about how this would impact the Egyptian labor force: One USAID report in 2004 projected that the textile industry would lose 22,185 jobs and about $203.9 million in shipments, a figure that represented roughly 4% of the country's non-oil sector exports.

A footnote: Despite the success story of Egypt's "growth," even the IMF data show the following: The long view from 1990-2008 reveals an equally telling 1.2% rise in joblessness. Meanwhile, the income share of the top 10% of wage earners increased massively between 1990 and 2008, and the top 1% made out like bandits.

Obama Expanding Permanent War Policy

Aug. 20 (EIRNS)—The Libya war precedent, based on lies told to international partners at the United Nations, was intended by British-puppet Obama to open the door to further regime change actions, with Syria targetted next. And that's what's happening.

On Aug. 18, President Obama, reportedly over the objections of Secretary of State Hillary Clinton, openly demanded that Syrian President Bashar al Assad step down, prompting questions of possible military action by the United States. In the aftermath of that declaration, the European Union acted yesterday, to expand its sanctions against the Syrian regime and pave the way for sanctions on its oil exports. According to the *Wall Street Journal* Aug. 20, the EU has already imposed a travel ban, an asset freeze, and an arms embargo on 35 individuals and four entities. An oil embargo would be significant: About 90% of Syrian oil exports go to the EU. Such a step would further destabilize the region and move closer to war.

The Obama Administration is also moving to keep the two wars in Iraq and Afghanistan (already the longest in U.S. history) going even longer. Secretary of Defense Leon Panetta told journalists on Aug. 19, that the Iraqi government has already agreed with the United States that U.S. troops should remain in the country beyond the Dec. 31, 2011 deadline for complete withdrawal. "My view [sic] is that they finally did say yes, which is that as a result of a meeting that Talabani had last week, that all of the—it was unanimous consent among the key leaders of the country to go ahead and request that we negotiate on some kind of training, what a training presence would look like," Panetta said, according to a partial transcript that was released by the Pentagon. As soon as the story hit the Internet, however, the Maliki government denied that there was any deal. "We have not yet agreed on the issue of keeping training forces," spokesman Ali Mussawi told the French press agency, AFP. "The negotiations are ongoing, and these negotiations have not been finalized."

Then there's Afghanistan, where NATO announced with great fanfare last year, that the NATO mission would come to an end at the end of 2014. The *Daily Telegraph* of London reported today, that the U.S. and Afghan governments are close to finalizing an agreement that would keep U.S. forces in the country until at least 2024. Not only would they include trainers for the Afghan army and police, but also special forces and air power.

Most other interested parties, including Iran, Pakistan (privately), and Russia reacted against this news. Andrey Avetisyan, Russian Ambassador to Kabul, said: "Afghanistan needs many other things apart from the permanent military presence of some countries. It needs economic help and it needs peace. Military bases are not a tool for peace. I don't understand why such bases are needed. If the job is done, if terrorism is defeated and peace and stability is brought back, then why would you need bases? If the job is not done, then several thousand troops, even special forces, will not be able to do the job that 150,000 troops couldn't do. It is not possible."

Brits Propose Breaking Up Afghanistan, Pakistan

Aug. 25—After helping to intensify extreme instability with the aid of their allies, Saudi Arabia and the Obama government in the United States, Britain's empire-servers are calling for breaking up both Afghanistan and Pakistan as the way to "solve" the existing crisis.

A British Tory Member of Parliament and a former British Army personnel, Tobias Ellwood, has called for a decentralized political system for Afghanistan that would "bring fruitful results for the British government." He has proposed the division of Afghanistan into eight states, whose capitals would be Kabul, Kandahar, Herat, Mazar-i-Sharif, Kunduz, Jalalabad, Khost, and Bamiyan. In his plans for disintegrating Afghanistan, Ellwood has proposed that foreign countries directly influence the decisions made in the political systems of these eight states. Based on Ellwood's plans, the control over some areas of Afghanistan should be handed over to the Taliban so that they would become part of Afghanistan's political system.

A week before, a Chatham House member of Pakistani origin called for the disintegration of Pakistan and laid the basis for an active intervention by NATO in Karachi, where endemic violence has brought the most important Pakistani port-city to its knees. The proposal called for dividing Pakistan into six entities, namely, Independent Kashmir, Pakhtoonistan, Baluchistan, Punjabistan, Jinahpur, and Sindhudesh.

The Chatham House member's proposal is in line with the proposal made in 2006 by Lt. Col. Ralph Peters, Deputy Chief of Staff for Intelligence, in the U.S. Defense Department. Peters's concept of a redrawn Middle East was presented as a humanitarian and righteous arrangement that would benefit the peoples of the Middle East and its peripheral regions. According to Peters: "International borders are never completely just. But the degree of injustice they inflict upon those whom frontiers force together or separate makes an enormous difference, often the difference between freedom and oppression, tolerance and atrocity, the rule of law and terrorism, or even peace and war."

Asia News Digest

Afghanistan's Stabilization: Only Option Left Now Is Regional Cooperation

Electoral Defeat of British-Controlled Government in Thailand Creates Burst of Pro-Development Projects

South Korea Charges Four Deutsche Bank Employees with Manipulating Market

Afghanistan's Stabilization: Only Option Left Now Is Regional Cooperation

Aug. 22 (EIRNS)—Britain's *Daily Telegraph* reported today that the status of forces agreement being negotiated between the United States and Afghanistan may allow a U.S. military presence in the country until 2024. That's a full 10 years beyond the deadline announced by the Obama administration for withdrawal of all U.S. combat troops and handing over security responsibilities to Afghan forces!

What triggered this change in tactic? The most likely reason is that the ongoing U.S.-Taliban talks, maneuvered by the British and the Saudis, are going nowhere. Washington had long given up the will to control Afghanistan militarily for any length of time.

However, the only option left to usher in a long-term stability in Afghanistan is through regional cooperation which is acceptable to the entire region. Writing in the Jamestown Foundation's *China Brief* Vol. 11, Issue 15, Jagannath P. Panda pointed out on Aug. 12 that it is doable. He cited RIA Novosti of May 16 to say that the Shanghai Cooperation Organization (SCO) summit in Astana, Kazakhstan on June 15 signaled that Asia's regional security order is slowly shifting, as Afghanistan appears to be angling to become a new observer member in this decade-old Central Asian body.

The Sino-Afghan relationship looks to be establishing the contours for an institutional linkage between Afghanistan and the SCO.

Three factors coincide in this emerging relationship: withdrawal of U.S. troops from Afghanistan; the SCO's tenth anniversary; and the debate about expanding the SCO's mandate and membership, Panda said. Although China shares only a 46-mile-long border with Afghanistan, Chinese investment in that country is increasing consistently to exploit Afghanistan's energy and mineral resources, Panda noted.

Also, on Aug. 22, Marc Grossman, the U.S. special representative for Afghanistan and Pakistan, in his essay in the McClatchy-Tribune News Service, promised that "we are creating the diplomatic surge Clinton called for by leveraging a broad range of contacts at many levels across Afghanistan and the region, including preliminary outreach to members of the Taliban. As part of this diplomatic effort the United States has focused special attention since February on the need for regional support for Afghanistan. Pakistan and India, Iran and China, Russia and the Central Asian republics would all benefit from an independent and stable Afghanistan integrated into a secure and prosperous South and Central Asia."

Grossman also pointed out that "people in Islamabad, Astana, New Delhi, and Washington have an interest in achieving a secure, increasingly prosperous Afghanistan at peace with its neighbors, and a region free from al-Qaeda. Only the Afghan people can reconcile with the insurgency. But Afghanistan's neighbors must support their efforts. There is hard work to do in each of the three areas Clinton highlighted last February and again in India in July. Building on these actions will require difficult choices and consume enormous diplomatic energy."

Electoral Defeat of British-Controlled Government in Thailand Creates Burst of Pro-Development Projects

Aug. 22 (EIRNS)—With Thailand's monarchical/military junta and its "Democratic Party" stooges overwhelmingly voted out of office in July, the new government of Prime Minister Yingluck Shinawatra (sister to Thaksin, deposed by the military coup in 2006) has revived multiple long-stalled infrastructure projects and quickly established peace with neighboring Cambodia. The former government was trying to start a war over a piece of turf in order to declare an emergency and cling to power, on behalf of the Brits.

The new Transport Minister today announced that several rail projects will proceed immediately, especially the high-speed rail lines to be built as joint ventures with China, connecting the Laos border in the north to Bangkok and on to the Malay border in the south. This is part of the planned high-speed "Orient Express" connecting Singapore to Yunnan in China.

Also, friends of *EIR* in Thailand report that the Kra Canal project, which Lyndon LaRouche spearheaded in the 1980s together with leading Thais, Japanese, and others in the region, is back on the table at the highest levels, with China now the primary foreign backer. (See article in In-depth)

Another idea being proposed is a bridge across the Gulf of Thailand connecting Pattaya, on the industrial eastern coast, with Hua Hin on the Kra Isthmus. This would dramatically improve the connection between the industrial area on the eastern shore with the South, and together with the Kra Canal, would transform the now poor and terrorist-infected southern region of Thailand into a hub for Asian-wide development.

South Korea Charges Four Deutsche Bank Employees with Manipulating Market

Aug. 21 (EIRNS)—South Korean prosecutors have charged four Deutsche Bank employees with illegally manipulating Seoul's stock market last year to "earn" more than $40 million in a single day! Yonhap news agency said the German

bank's Seoul securities unit and the four workers—including three foreigners—were accused of amassing 44.8 billion won ($40 million) through illegal trading on the spot and futures markets. South Korea has been tightening, and enforcing, rules about speculation and fraud in various shady, international marketplaces in the recent period.

Africa News Digest

All-Out NATO Assault on Libya Exposes Obama Lies, Senate Cowardice

The Intention of NATO in Libya Was Regime Change, Charges Mbeki

All-Out NATO Assault on Libya Exposes Obama Lies, Senate Cowardice

Aug. 27 (EIRNS)—The current all-out military regime-change operation against Libya exposes not only the lies of the Obama Administration, but also the cowardice of the U.S. Senate, led by chairman of the Senate Foreign Relations Committee John Kerry, Lyndon LaRouche charged yesterday.

As is now reported in virtually all major news media, the "victory" of the rebel forces in Libya is totally dependent upon ongoing operations of the armed forces of France, Britain, and the United States in that country, in what can only be called an all-out air and ground war.

Obama blatantly lied when he said that there would be no U.S. troops on the ground. The U.S. had CIA operatives on the ground, and credible Pentagon sources report that many of the so-called CIA operatives are active-duty Special Forces personnel who have been temporarily seconded to the CIA for the purpose of evading the ban on American troops on the ground in the Libya operation. It had private contractors on the ground. It provided satellite intelligence. It provided air support. It was and is the leading element in a NATO coalition, whose command was and is U.S.-led.

According to a Aug. 23 *Washington Post* article: "British, French and Qatari Special Forces have been operating on the ground in Libya for some time and helped the rebels develop and coordinate the pincer strategy." Jordanian forces were also involved, according to other sources. While Obama claims that there were no boots on the ground, the article reports: "CIA operatives inside the country, along with intercepted communications between Libyan government officials, provided a deeper understanding of how badly Qaddafi's command structure had crumbled, according to U.S. officials."

The *Washington Post* also reported that "Six weeks ago Obama reached a decision that enabled the sharing of more sensitive materials with NATO, including imagery and signals intercepts that could be provided to British and French Special Operations troops on the ground in addition to pilots in the air."

The conflict and unrest are expected to continue, since this regime-change operation has no peacemaking perspective. With no strong central authority in the country, conflict between clans will guarantee perpetual unrest.

The criminal nature of the full-blown war is demonstrated by the willful violation of UN Security Council Resolution 1973, which called only for humanitarian aid, while France, Britain, and the United States instead used the resolution as a pretext to launch the war.

The UN resolution did not allow:

* Support of a faction within Libya to overthrow the government;

* Arming of a faction within Libya to overthrow the government;

* Bombing in support of a faction within Libya to overthrow the government.

On Aug. 24, South African Deputy President Kgalema Motlanthe called for the International Criminal Court to investigate possible human rights violations committed by NATO forces in Libya. Answering questions in Parliament, Motlanthe pointed to the role of NATO forces in directing the war: "We note they [NATO] are attempting to create the impression that the rebels are acting on their own in their attacks in Tripoli but there are clear links and coordination at that level."

On Aug. 23, Rep. Dennis Kucinich (D-Ohio) issued a statement, with similar strong charges:

"Libyan rebels have entered Tripoli. As gun battles break out across the city, it is timely to enter into a discussion as to how the rebels arrived there. It is time to review the curious role of NATO and the future of U.S. interventionism.

"A negotiated settlement in Libya was deliberately avoided for months while NATO, in violation of UN Security Council (UNSC) Resolutions 1970 and 1973, illegally pursued regime change. NATO chose sides, intervened in a civil war and morphed into the air force for the rebels, who could not have succeeded but for NATO's attacks.

"NATO acted with impunity. The NATO command recklessly bombed civilians in the name of saving civilians. Usurping the United Nation's traditional role, NATO looked the other way as the arms embargo was openly violated by UN member nations.

"NATO's top commanders may have acted under color of international law but they are not exempt from international law. If members of the Gaddafi Regime are to be held accountable, NATO's top commanders must also be held accountable through the International Criminal Court for all civilian deaths resulting from bombing. Otherwise we will have witnessed the triumph of a new international gangsterism."

All of these actions by the United States, France, Britain, and NATO (under a U.S. Admiral) have been carried out in violation of Article I, Section 8 of the U.S. Constitution, which gives only the Congress the authority to declare war. To this day, President Obama has failed to seek Congressional approval for the Libya operation, in flagrant violation of the War Powers Resolution, as well, which demands that the President obtain Congressional authority to continue any military operations beyond 60 days.

The Intention of NATO in Libya Was Regime Change, Charges Mbeki

Aug. 28 (EIRNS)—The NATO nations' claim that they intervened with a ferocious six-month military campaign to defend opponents of the Qaddafi government, was exposed as a fraud by former South African President Thabo Mbeki on Aug. 26. Mbeki, presently the chief African Union (AU) mediator in Sudan, was addressing students in South Africa.

He said that the NATO nations "were and are bent on regime change," and revealed that a week before the UN Security Council voted for the no-fly zone over Libya, the AU Peace and Security Council had met and taken a resolution on the Libyan issue, which they conveyed to the UN. "They [the NATO nations] decided to ignore that and advised their own solutions which is why we are in the mess we're in."

He pointed out that the AU resolution had been conveyed to and accepted by the Libyan government, but when the time came for a team of peacemakers from five countries to travel to Libya, they couldn't. "The no-fly zone was already imposed and the peacemakers couldn't fly to Libya."

Mbeki stated that the situation in Ivory Coast early this year had been similar. In that case, Mbeki said, "[President] Gbagbo had accepted the AU's decisions and had agreed to resign, but when the AU alerted the UN to the fact that a team would be travelling to the country to implement the resolutions, they too were stopped."

Mbeki pointed out that the International Crisis Group (ICG), which could hardly be "justly accused of being sympathetic to (Muammar) Gaddafi," had found that the Libyan protest movement had exhibited a "violent aspect" from early on and that the view that Gaddafi would massacre thousands of unarmed protesters was the result of one-sided Western media reports.

Amid assessments that the complete victory being claimed in the Western media is premature, and speculation that the country could end up partitioned, Qaddafi has again offered to have talks with the rebels, but the rebels rejected the offer. NATO has pounded Sirte, a Qaddafi stronghold, for three days. But attempts by the rebels to negotiate with local leaders have so far been rebuffed.

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