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LaRouche's Seven Necessary Steps

Step One: Remove Obama, Implement Glass-Steagall

by Nancy Spannaus and Charles Notley

On Aug. 24, Lyndon LaRouche outlined a seven-point program as the only possible solution for the present threat of a global breakdown crisis. Having presented the overview of the program in our last issue, we now give in-depth attention to each of the necessary steps, beginning with the one which most people find the most "impractical": the removal of President Barack Obama from the U.S. Presidency.

As LaRouche explained: "So, no more time for fools playing games. Obama must be thrown out of office, because, unless he is thrown out of office, then, the system will crash. And there will be nothing for the nations of the trans-Atlantic community to look forward to, except Hell. Therefore, he must be removed {first}, so that he's not able to jam up the passage of a Glass-Steagall reenactment on the basis of the same principles as Franklin Delano Roosevelt's action in signing the original Glass-Steagall Act.

"That's number one: the crash. The elimination of Obama, and the Glass-Steagall Act, in that succession, must be done." We elaborate the essential supporting evidence for LaRouche's assertion.

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Obama's Nero Complex

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- **LaRouche's Seven Necessary Steps:**

Step One—Remove Obama, Implement Glass-Steagall

Lyndon LaRouche has outlined a seven-point program as the only possible solution for the present threat of a global breakdown crisis. In our last issue, we presented the overview; in this and subsequent issues, we will provide in-depth attention to each of the necessary steps, beginning with the one which most people find the most 'impractical': the removal of Barack Obama from the U.S. Presidency. 'Obama must be removed first,' LaRouche declared, 'so that he's not able to jam up the passage of a Glass-Steagall reenactment. . . .'

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Nuclear Plant for Moon and Mars: You Can Carry It in a Suitcase!

Aug. 30 (EIRNS)—Speakers at the 242nd National Meeting & Exposition of the American Chemical Society (ACS) in Denver included James E. Werner, who leads the DOE's Idaho National Laboratory involvement in the project, which includes participation in the reactor design and modeling teams, fuel development, and fabrication and development of a small electrical pump for the liquid metal-cooled fission reactor. This is a cooperative project between the National Aeronautics and Space Administration (NASA) and the U.S. Department of Energy (DOE).

"People would never recognize the fission power system as a nuclear power reactor," said Werner. "The reactor itself may be about 1 foot wide by 2 feet high, about the size of a carry-on suitcase. There are no cooling towers. A fission power system is a compact, reliable, safe system that may be critical to the establishment of outposts or habitats on other planets. Fission power technology can be applied on Earth's Moon, on Mars, or wherever NASA sees the need for continuous power." The team is scheduled to build a technology demonstration unit in 2012.

Pointing out that solar cells do a great job supplying electricity in near-Earth orbits and for satellite-borne equipment, Werner said "nuclear power offers some unique capabilities that could support manned outposts on other planets or moons."

"The biggest difference between solar and nuclear reactors is that nuclear reactors can produce power in any environment," Werner explained. "Fission power technology doesn't rely on sunlight, making it able to produce large, steady amounts of power at night or in harsh environments like those found on the Moon or Mars. A fission power system on the Moon could generate 40 kilowatts or more of electric power, approximately the same amount of energy needed to power eight houses on Earth." He said, "A fission power system could operate in a variety of locations such as in craters, canyons, or caves."

In addition, he pointed out that "the main point is that nuclear power has the ability to provide a power-rich environment to the astronauts or science packages anywhere in our solar system, and that this technology is mature, affordable, and safe to use."

Hurricane Irene Is Another Hit on U.S. Food Production

Aug. 31 (EIRNS)—The loss of agricultural production across 13 states from Hurricane Irene, though not comparing with the huge losses already occurring this year from severe Texas-Oklahoma drought and severe Midwest flooding, will further reduce American harvests at a critical point in the global food supply crisis.

Corn and soybean crops, supposed to be harvested in coming weeks, are underwater and destroyed in some river valleys in the Northeast, while dairy farmers can not ship milk in the Northeast, due to paralyzed or destroyed roads, bridges, and rails.

In the Southeast and Mid-Atlantic, the worst-hit crop is tobacco, but in New York and the "Garden State" of New Jersey it is corn, soy, and vegetables of all kinds; and in Vermont, widespread destruction of dairy infrastructure. Darrel J. Aubertine, New York State Commissioner of Agriculture and Markets, said Aug. 31, "I've been involved in agriculture my entire life, and there have been times when the weather has wreaked havoc on livestock and farms, but I don't think I have ever seen anything on this scale here in New York." Corn, onion, and other vegetable crops are flooded out or heavily damaged throughout some of the most fertile valleys in the United States, the Hudson, Mohawk, and Schoharie Valleys.

New York Senators Schumer and Gillebrand asked Agriculture Secretary Tom Vilsack for an "agricultural disaster" declaration in addition to the overall disaster declaration already made for New York. The state's overall reconstruction costs will probably hit or exceed \$2 billion.

Sen. Bernie Sanders says of Vermont: "Vermont has suffered the worst natural disaster in the history of the state. We have very, very serious problems that are going to end up costing a very significant amount of money." Leaving aside no electricity to most of the state as of now, State Transportation Secretary Minter says the infrastructure damage is "like from an earthquake." 263 roads are out, 35 highway bridges and 4 rail bridges out; 12 towns are completely isolated, including the city of Rochester. The situation in Connecticut is 1,000 roads out and more than half the state still without power. Amtrak rail service is generally shut down throughout the mid-Atlantic and Northeast.

Hurricane Irene will be one the 10 worst natural disasters in U.S. history by cost, estimated already at \$7-10 billion in economic losses.

Global Economic News

South Korea, Argentina Stand Up to Foreign Rating Agencies

New Thai Government Moves To Implement 'Mini'-NAWAPA

Goldman Sachs, the Serial Killer

South Korea, Argentina Stand Up to Foreign Rating Agencies

Aug. 29 (EIRNS)—The governments of South Korea and Argentina are showing some backbone in standing up to the foreign ratings agencies that act on behalf of Wall Street and the City of London.

South Korean regulators will investigate Korea Investors Service, a local unit of Moody's, over its fairness in assessing enterprises in the country. The Financial Supervisory Service (FSS), which has been making a preliminary inquiry into Korea Investors Service, plans to dispatch inspectors to the Seoul office of the credit-rating firm in early September.

Moody's, which conducted its on-the-spot assessment of Korea in May, is expected to announce its sovereign debt rating of South Korea in the coming weeks.

In Argentina, Amado Boudou, finance minister and a candidate for Vice President, told the annual conference of the Economic Association for Argentine Development (AEDA) today that foreign rating agencies had contributed to the current global financial crisis, because their ratings caused countries to make "bad decisions."

Last week, Moody's downgraded Argentine bank shares from "stable" to "negative," alleging that the "expansionist" and "interventionist" policies that President Cristina Fernandez de Kirchner *might* make over the next 12 to 18 months, threatened the solvency of the local banking system. 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, the ratings agencies have in effect been making economic policy instead of sovereign governments.

This month, South Korean regulators carried out an on-the-spot probe into Korea Ratings, whose majority shareholder is Fitch Ratings, and has been inspecting NICE Investors Service. An FSS official said these agencies' "credibility" comes under a spotlight as several large enterprises, including LIG Engineering & Construction and Korea Line Corp., had faced a liquidity crisis following several rating firms' positive assessments. In June, the prosecution raided the office of the local company, Seoul Credit Rating & Information, suspected of engaging in misdeeds in connection with the scandal-ridden savings banking industry, which has seen several failures.

New Thai Government Moves To Implement 'Mini'-NAWAPA

Aug. 30 (EIRNS)—Just a week ago, the newly installed Pheu Thai government of Yingluck Shinawatra, sister of deposed Thaksin Shinawatra, began outlining government policy in Parliament, the first official act of her government under the Thai constitution.

Aug. 30, she announced a \$3.3 billion policy to funnel water from the central region to the less fertile Northeast, as part of a large-scale national water-management scheme. She also announced a \$10 billion plan for rubber plantations in the Northeast.

The "Development Plans for 20 Basins" scheme aims at developing 25 million acres of irrigated land throughout the country to its full potential. It was accepted in principle by the Surayud Chulanont government and will be approved by the Cabinet in the near future.

At a briefing recently at the Royal Irrigation Department, which will implement the scheme, Yingluck said it "corresponded well" with her Pheu Thai party plans to develop river basins in Isaan area, along with two policies aimed at benefiting people in the Northeast, who are strong supporters of the party. Only 28 million of the 25 million acres, or 9%, of land in farming and residential areas is sufficiently irrigated with regular amounts of water from dams, reservoirs, and irrigation gates. Once the scheme is implemented, there will be another 13.5 million acres of irrigated land.

The entire scheme, which should cost around \$60 billion over the four-year period of the 11th NESD Plan, which begins next year, will make another 13.6 million acres of land available adjacent to that available during the seasonal peak.

Yingluck, upon taking office, immediately visited the area hit by three rounds of flooding this year, and started "kicking ass" to insure that promised aid actually got to the intended recipients. On her return from inspecting floods in Udon Thani's Muang district, Yingluck said additional measures must be taken to tackle flooding. An example was the expansion of sluice gates in Udon Thani to drain water faster from the Muang district into the Mekong River.

Goldman Sachs, the Serial Killer

Sept. 2 (EIRNS)—On the same day as it was announced that Goldman Sachs had been sued by the Federal Housing Finance Agency for violating the law in its sale of mortgage securities, the contents of a Goldman Sachs "Strategy Note" was revealed in a major Italian daily. The document showed that Goldman Sachs is currently playing exactly the same fraudulent scheme of betting against an asset, while selling it to its customers, that it did in the run-up to 2008.

Goldman issued the 54-page "Strategy Note" from its trading desk to favored clients on Aug. 16, saying that Eurozone banks need at least \$1 trillion in recapitalization (which would be half of their capital). In it, Goldman advises customers to go short on the euro with six-month bets against the Swiss franc, and to buy credit default swaps on an index of European banks. It also published figures for 77 banks, exposing which ones are shakier than the others.

Meanwhile, Goldman Sachs "has been among the promoters of an event in London these days, dedicated to saving Europe: a meeting between investors and credibility-seeking Spanish authorities," writes analyst Marco Valsania in the Italian financial paper *Il Sole 24 Ore*, adding: "The U.S. bank is also among the large helpers for selling Madrid bonds," and noting that "this is the same practice followed by Goldman in 2008, when the bank bet against subprime mortgages while at the same time selling them to customers."

United States News Digest

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Obama To Release Austerity Plan After Jobs Speech

Sept. 3 (EIRNS)—President Obama is set to reveal his budget-cutting plan shortly after he announces his slave-labor plan for the unemployed, in which the jobless will be put to work to "earn" their unemployment benefits, without actually creating any new jobs at all. The White House announced yesterday that Obama will make a separate speech on deficit cutting soon after his jobs speech on Sept. 8. While the two events are being played as separate plans, they are, in fact, one and the same, as *Politico* reports that Obama's speech will include a call for deeper austerity from the 12-member so-called super-committee, beyond the \$1.5 trillion that it's already mandated to slash from Federal spending. The extra cuts are supposed to free up cash for more "stimulus" spending, such as tax breaks, to "boost" the economy.

The White House announcement didn't provide any details of the plan, but Obama himself has long made it plain that it will include cuts to Medicare and a reduction in the CPI, thus cutting Social Security and other Federal benefits. These were proposals that Obama had put on the table during his private debt ceiling negotiations with House Speaker John Boehner (R-Ohio). Obama and Boehner had agreed to about \$250 billion in Medicare cuts, including raising the eligibility age to 67, before the whole discussion fell apart over disagreements on tax revenues.

Meanwhile, the super-committee is scheduled to hold its first meeting on Sept. 8, the same day that Obama will be

delivering his "jobs" speech to a joint session of Congress.

Democratic Candidates Trying To Avoid Being Tainted by Obama

Sept. 2 (EIRNS)—The Rasmussen polling firm reports that President Obama's job approval rating continues to fall, with only 21% of voters strongly approving of Obama's performance (vs. 43% in January 2009), while 42% now strongly disapprove of his performance.

Not surprisingly, the *National Journal* reports today that Democratic candidates—particularly those now running in special elections—are distancing themselves from Obama. "The President's dismal poll ratings, should they continue into next year, could sink Democratic hopes for reclaiming ground in the House and retaining control of the Senate especially in battleground states and swing districts," says the *Journal*.

Rep. Peter DeFazio (D-Ore.), for example, has recently objected that the word "fight" isn't in Obama's vocabulary, while Rep. Bill Owens (D-N.Y.) has pointedly refused to endorse the President's reelection.

In one of the House special elections this month, in Nevada, Republicans are running ads linking the Democratic candidate with Obama. "It's a sea change from the early days of his Presidency, when liberal and moderate Democrats alike sought to tie themselves to the President and benefit from his popularity and charisma," says the *Journal*. Now they can't get away from him fast enough.

Obama Follows in Bush-Cheney Footsteps

Sept. 2 (EIRNS)—It's not only that Barack Obama and Dick Cheney are eighth-cousins. And that Obama and George W. Bush are 11th cousins. It's become more and more clear, that this relationship is more than just distant kinship.

One thing that Obama and Cheney agree on, is defiance of the U.S. Constitution, and of the War Powers Resolution, when it come to launching war on other countries. In his new book, according to *The Hill*, Cheney writes that as Defense Secretary under President George H.W. Bush, he argued against seeking Congressional authorization for the first Iraq war.

More significant, as *EIR* has reported a number of times, is the continuity between the Bush-Cheney war policies and Obama. PBS's Frontline, in an examination of "Top Secret America" on Sept. 6, includes an interview with CIA lawyer John Rizzo, who says, "With a notable exception of the enhanced interrogation program, the incoming Obama Administration changed virtually nothing with respect to existing CIA programs and operations. Things continued. Authorities were continued that were originally granted by President Bush beginning shortly after 9/11. Those were all picked up, reviewed and endorsed by the Obama Administration."

Frontline adds that while candidate Obama "promised a sweeping overhaul of the Bush Administration's war on terror" and "a top-to-bottom review of the threats we face and our abilities to confront them," Rizzo pointed out that, in fact, Obama officials, during the transition, made clear to the CIA that they intended almost complete continuity. Greenwald notes that Rizzo is joined in this assessment today by Dick Cheney, who cites this continuity to claim "vindication," saying: "[Obama] ultimately had to adopt many of the same policies that we had been pursuing because that was the most effective way to defend the nation."

On the same day, the *Washington Post* ran a major story on transformation of the CIA over the past 10 years, from being a primarily analytical organization, to running counterterrorism and paramilitary operations, featuring drones and hunter-killer teams. The CIA now controls a fleet of 30 armed Predator and Reaper drones, and has become, in the words of an

unnamed former intelligence official, "one hell of a killing machine." Indeed, CIA drones have reportedly killed more than 2,000 people since 2001—and others report that this has intensified during the Obama Administration.

Kasich Selling Off Ohio Prisons

Sept. 2 (EIRNS)—Despite the massive failures of prison privatization in various states, Ohio's Gov. John Kasich (R) is charging ahead with trying to sell off that state's correctional facilities. The Lake Erie Correctional Institution in Ashtabula County, has just been sold to Corrections Corporation of America for \$72.7 million, more than the \$50 million needed from the privatization effort to balance the state's prison budget, according to the *New York Times*. The prison is the only one of five prisons which the state put up for sale that will be sold, state officials said, as the four other prisons for sale did not generate high enough offers, state officials said.

Chris Mabe, president of the Ohio Civil Service Employees Association, said the union expects deterioration in salary, benefits, and working conditions for those prison staff members who move to the private sector from the public sector. He said staffing is the main way in which CCA cuts costs.

Obama Appoints Eugenacist as New Chief Economics Advisor

Aug. 29 (EIRNS)—To replace Prof. Austan Goolsbee of the Friedmanite Chicago school of economics, as his Chief Economic Advisor, President Obama today appointed "behaviorist economist" Prof. Alan Krueger of Princeton University, recently of Tim Geithner's top Treasury team.

Since Krueger is a labor economist, supposed to be an expert on wages, employment, and unemployment, and being appointed in a mass unemployment crisis, it's notable that a) he's incompetent on what's happening to mass unemployment; and b) he's associated with the claim that cutting off unemployment benefits will make workers get a job.

On a), Krueger wrote a showy opinion column for Bloomberg in early April 2011, called "Why Unemployment Rose So Fast and Is Now Falling So Fast"! "The conventional wisdom now holds that the [unemployment] rate should rise, because many workers who left the labor force will come back and start looking for a job as the economy improves," Krueger said. "I'm going on record as a contrarian. I suspect a large rise in the labor force won't cause the unemployment rate to jump. Instead, I suspect we're going to see a continuing decline in the unemployment rate." Since Krueger's expert opinion was stated, the economic collapse has clearly worsened, not improved; the official unemployment rate has risen from 8.8% to 9.2%; the labor force has actually shrunk by another 465,000; and 840,000 more Americans have dropped out of it.

On b), Krueger's most recent well-publicized paper (with Swedish economist Andreas Muller) is "Job Search and Unemployment Insurance: Evidence from Time-Use Data," *Journal of Public Economics*, February 2011. In it, he "finds" that people's efforts to find work are not stimulated by length of unemployment, but rather by getting lower unemployment benefits, and/or by being (or about to be) cut off from benefits entirely. This is Krueger's "behaviorist" front, and he takes over Obama's CEA at a time when more than 3 million long-term unemployed are losing, or set to lose their benefits over the next four months.

Krueger was an author of the insidious "Hamilton Project" 2009 proposal, denounced by the labor movement at the time, to replace unemployment insurance with "wage insurance"—a relatively short-term "paid job-training," pushing unemployed people into low-wage jobs.

More indicative of NerObama's intentions with this appointment: in addition to being a Geithner ally and behaviorist, Krueger is a eugenacist. He has been a long-time staff leader at the eugenics movement's Office of Population Research at

Princeton University. American Eugenics Society founder Frederick Osborn created that office at Princeton in 1936, the year after the eugenics movement triumphed with the passage of Hitler's Nuremberg race laws.

Ibero-American News Digest

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['Congratulations, Brazil!' Interest Payments Have Stolen Everything!](#)

[Argentina Proposes a South American Space Agency with Brazil](#)

NAWAPA Is the Solution to Hunger in Mexico

Aug. 29 (EIRNS)—The likely PRI Presidential candidate for the 2012 Presidential elections, State of Mexico Gov. Enrique Peña Nieto, told the national convention of the National Peasant Confederation (CNC) that Mexico had to return to a policy of food self-sufficiency, because "we have great dependence on the world market for our supply of food, and we can't ignore the fact that tomorrow ... the borders of those countries could close and leave our country with shortages."

The last time that Mexico had such a policy of food self-sufficiency, was in the early 1980s under President José López Portillo. More recently, it was also promoted by Cong. Francisco Rojas, the head of the PRI's congressional delegation. The Peña Nieto campaign—despite the candidate's own shallowness and his numerous unsavory political alliances—has become a rallying point for what remains of nationalist forces in the PRI party, which have been largely shattered and demoralized by the British Empire's destruction of Mexico since López Portillo's Presidency.

Peña Nieto also said that a new Green Revolution (in its original, human sense) was needed, with an emphasis on using technology to increase agricultural productivity. Green Revolution creator Norman Borlaug worked in Mexico for years, including in the state of Sonora, where the political movement that is promoting the Northwest Hydraulic Plan (PLHINO) and NAWAPA as the only solution to the country's food problem, is widely identified as strong "Borlaug-istas."

Nothing less than a U.S.-led NAWAPA reactivation of the North American economy will work to pull Mexico back from the abyss, and help feed its hungry population as well as return the country its lost sovereignty.

'Congratulations, Brazil!' Interest Payments Have Stolen Everything!

Sept. 2 (EIRNS)—The same day as Brazil's Health Minister Paulo Macedo announced that Federal budget cuts require drastic cuts be made in the National Health Service upon which millions depend for their health care, including shutting some emergency centers and possibly also hospitals, the national Association of Machinery Producers (ABIMAQ) published a statement by its president, Luiz Aubert Neto, tearing into the monetarist policy which turned Brazil into an exemplar of why the global monetarist system must be buried, once and for all. Brazil has the dubious distinction of feeding the insane global financial "carry trade," by maintaining the highest real interest rates in the world.

Wrote Neto: "Congratulations Brazil! It's now more than 2 trillion reals spent only on the payment of interest on the public debt.

"That's it! Over the last 17 years (eight of the Cardoso government, eight of Lula, and one of Dilma [Rousseff]), Brazil has

already spent nearly 2.04 trillion reals only on the payment of interest on the public debt. Has anyone tried to imagine what 2 trillion of something represents? By way of illustration, in the entire Milky Way there are about 300 billion stars. Imagine, then, what 2 trillion might mean, in this case of reals.

"We're dealing with the biggest transfer of income in the history of world capitalism, towards a single sector of the economy, the financial sector....

"A rich and developed country is built when investments in three sectors are treated as priorities: education, health, and science and technology.... To give you an idea, in this same period (the last 17 years) ... barely 897 billion reals [were invested in these three sectors], less than 45% of what was spent on the payment of interest on the public debt.... To give you an idea, there are 36 million people in Brazil who don't have access to potable water; 86 million who don't have sewage....

"The SELIC [interest] rate and its consequences are the greatest cancer that we have in Brazil, and everything described above is basically the result of a policy favoring the vampires of the financial market (and their defenders) who benefit from the blood that Brazil produces."

Argentina Proposes a South American Space Agency with Brazil

Sept. 5 (EIRNS)—Speaking in São Paulo, Brazil Aug. 29, Argentine Defense Minister Arturo Puricelli proposed to his Brazilian counterpart, Celso Amorim, that Argentina and Brazil cooperate to create a South American space agency. Puricelli was attending the seminar sponsored by Brazil's Defense Ministry on "Defense Industry Transformation as an Inducer of National Defense."

Amorim, a former foreign minister, warmly received the proposal, although he emphasized that its consideration would fall under the jurisdiction of Brazil's Science and Technology Ministry, which oversees the country's space agency.

Recently Dr. Conrado Varotto, head of Argentina's space agency, CONAE, reported that his agency considered the creation of a South American space agency as a top priority for CONAE, and that cooperation with a number of nations in the region for this purpose is already underway.

"It would be vital for our region to have a South American space agency," Puricelli stated. "We should unite our technological forces," to this end.

The Argentine defense minister also emphasized the importance of developing an independent satellite-launching capability. "Our communications are dependent on services that are satellite data from countries in other regions, and that's why we should join forces to be able to reach space by means of a South American space agency," he said. "To have a South American satellite launcher? What's to stop us?" The challenge for South American governments, he said, is to create a South American space agenda "and have our own satellites by 2025."

Western European News Digest

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Italian Mayors Fight Euro-Austerity

Spain's Constitutional Amendment on Deficit

Berlin-Brandenburg TV Covers BüSo Glass-Steagall Campaign

Slovakian Political Leader Says No to EFSF

Aug. 29 (EIRNS)—Richard Sulik, president of the Slovakian parliament and chairman of the Freedom and Solidarity Party (SaS), announced that his party, which has a crucial 22 votes, will block the agreement to the European Financial Stability Fund (EFSF) expansion of powers. Sulik said this in an interview in the Aug. 27-28 weekend edition of Germany's *Die Welt*.

Sulik's party is one of the four parties in the governing coalition of Slovakia. The decisions on the EFSF made at the July 21 EU Summit have to be agreed to by all, and this will now prevent the Slovakian "yes." The Slovakian reaction indicates how, in the smaller, post-Communist countries, the pressure is building against the Brussels supranational dictatorship, which they thought they had gotten rid off in 1990.

Greek Parliament: Bailout Has Failed; Debt Out of Control

Sept. 3 (EIRNS)—The Greek bailout, with its "memorandum" policy of brutal austerity, is an utter failure. The Greek parliamentary panel of financial experts released its report Aug. 31: the EU219 billion bailout is failing. The deficit and the accumulation of debt are out of control, because the economy is in free-fall, expected to contract by more than 4.5% instead of an earlier prediction of 3% by the end of this year.

"The increase in the primary deficit in combination with a further drop in economic activity strengthens significantly the dynamics of debt ... and distances the possibility of stabilization of the debt to GDP in 2012," the panel known as the State Budget Office wrote in its 18-page report.

The report came out at the same time that representatives of the Troika—the European Central Bank, the European Commission, and the IMF—were in Athens reviewing Greece's progress in implementing the memorandum, which review will determine whether it receives the next installment of the bailout. The Troika broke off talks abruptly and left, in what the *Financial Times* today called a "walkout."

Trade Union, Social Resistance Growing to EU-Dictated Austerity

Sept. 1 (EIRNS)—Throughout Europe, trade unions are taking action against austerity packages, all dictated by various Eurocracies:

* Italy: The CGIL trade union federation announced a general strike for Sept. 6 against the Berlusconi-Trichet demands to cut EU131 billion from the national budget.

* Poland: In response to an appeal by the European Trade Union Confederation (ETUC) in collaboration of the Polish trade union confederations, Solidarnosc and OPZZ, a demonstration will be held on Sept. 17 in Wroclaw. The purpose is to proclaim the European unions' opposition to the attack on trade union rights and collective bargaining, and to the austerity measures.

* France: The Indignados who marched from Madrid on their way to Brussels, will arrive in Paris on Sept. 16, where they will hold a three-day social forum. French trade union leaders are meeting today to decide new actions against the domestic austerity policies. The CGT union federation is calling for a day of action in early October; the teachers unions will go on strike Sept. 27.

* Spain's major unions have organized street protests against a government decision to amend the Constitution to set budget deficit levels coherent with the EU rules, before a general election in November.

U.S., Obama Collapse Aired in France

PARIS, Aug. 31 (EIRNS)—Today's *Le Parisien*, with a circulation of some 300,000 in greater Paris, features the bankrupt state of the U.S. This is the first time that a mass newspaper in France, has revealed the extent of the U.S. crisis, the very first time that they lay the responsibility on Obama's incompetence.

The front-page banner headline reads, "In the Heart of a Bankrupt America," and is followed by a photo of devastated Birmingham, Ala., the county seat of Jefferson County, which is threatened with bankruptcy. The paper's investigation took place here, in "the heart of disenfranchised America." "With \$9,790 billion in debt, the leading economic power in the world remains in torment. More seriously, states, cities, and counties are semi-bankrupt."

An accompanying article, "Obama in Torment," reports on Obama's murderous Summer, starting with the debt problem, S&P's downgrading U.S. debt, the death of 30 troops in Afghanistan, and criticism of his luxury vacation on Martha's Vineyard. "He saved the banks after the collapse of Lehman Brothers ... and promised to make world finance moral, but surrounded by former bankers, especially advisors who came from Goldman Sachs, he bowed to the Wall Street lobby."

Italian Mayors Fight Euro-Austerity

Aug. 30 (EIRNS)—Draped in Italian flags, sporting banners and chanting: "We Are the Real Resources of Italy!" more than 1,500 mayors of towns and cities demonstrated in Milan Aug. 29 against an austerity plan that aims to slash EU9.5 billion of funding to regional and local governments over the next two years. Part of the package would force towns with populations below 1,000 to merge with their neighbors as part of the emergency cost-cutting budget.

The austerity plan "endangers basic public services," Mayor Franco Roccon of Castellavazzo, a town with a population of 1,800 in northeast Italy, told AFP. Roccon, a member of Prime Minister Silvio Berlusconi's People of Freedom party, argued that the small villages are not the cause of high public spending.

Evoking the history of Italy, a nation forged from countless city-states protective of their local traditions, dialects, and diversity, some of the mayors of the 1,963 towns in 29 departments slated to disappear, turned in the honorary keys to their towns in protest.

Spain's Constitutional Amendment on Deficit

Sept. 2 (EIRNS)—The lower house of Spain's parliament voted 316-5 today to approve a constitutional amendment that would limit future government budget deficits. It is expected to sail through the Senate next week—despite significant mass protests yesterday and today by trade unionists and others.

The lopsided vote was the result of a deal struck between the ruling socialist PSOE party and the opposition conservative PP—which is expected to replace the Zapatero government in the upcoming November elections—to ram the change through to try to please London's predatory financiers. The amount of the deficit ceiling, which applies to the Federal and the regional governments, will be specified in a separate law to be adopted by June 30, 2012. It is expected to be 0.4%. This is only the second time in the 30-year history of the current Spanish constitution, that it has been amended.

German Chancellor Angela Merkel praised the measure, which she has vociferously demanded of all European governments under the heading of imposing a "debt brake."

Berlin-Brandenburg TV Covers BüSo Glass-Steagall Campaign

Sept. 2 (EIRNS)—In the context of a Sept. 1 special on the "Thirteen small parties" that are running for seats in the Berlin city-state election of Sept. 18, the regional television RBB (Radio Berlin-Brandenburg) gave coverage to the BüSo—the LaRouche party in Germany—as an introduction to the party's top candidate Stefan Tolksdorf, who was invited to the 90-minute show along with the other 12 candidates.

RBB wrote that "in Berlin, the BüSo is campaigning for a Trennbanken system (according to type, banks are permitted to offer only clearly-defined services) and the return to the Bretton Woods agreement (fixed exchange rates) for the development of the world economy. The election campaign was not oriented toward local issues. The reason for that: the BüSo wants people to look beyond their own doorstep, because the problems of Berlin neither originate here nor are then genuinely local. The BüSo presents a state slate and candidates for the districts of Mitte, Pankow, Charlottenburg-Wilmersdorf, Spandau, Steglitz-Zehlendorf, and Tempelhof-Schöneberg."

See InDepth for more on the German elections.

Russia and the CIS News Digest

[Russian Government Paper Promotes Bering Strait Tunnel Concept](#)

[Russia Supports Regional Solution for Afghanistan](#)

[Russian-Chinese Far East Raw Materials Development Promoted](#)

Russian Government Paper Promotes Bering Strait Tunnel Concept

Sept. 1 (EIRNS)—"Yakutsk Dreams of Rail Link to Alaska," was the title of a front-page item in the Aug. 31 insert, "Russia Now," distributed by the *Washington Post*. The pull-out is produced and published by *Rossiyskaya Gazeta*, the daily newspaper of the Russian government. The report on a recent conference in Yakutsk (see EIR Online, Sept. 2, 2011) was illustrated by a color image of a man and machinery at work, inside a huge tunnel, under construction. The text in full:

"The main topic of discussion at this year's Infrastructure Development of Russia's Far East Conference in Yakutsk (a

sister city of Fairbanks, AK.) was the Eurasian-American transcontinental railway project. The massive project is still in a conceptual phase. If constructed, it would travel across the Bering Strait and link Eurasia with North America. Tunnel construction under the Bering Strait is considered to be one of the most ambitious proposed 21st-century inter-continental projects. In order to lay a railroad track from both sides, it would be necessary to build nearly 3,000 miles of railway tracks on Russian territory and 1,000 in Alaska and Canada. Meanwhile, a large portion of the route would pass through the [Arctic] region."

Russia Supports Regional Solution for Afghanistan

Sept. 4 (EIRNS)—Following his Sept. 1 meeting with the leaders of Afghanistan, Pakistan, and Tajikistan in the Tajik capital, Dushanbe, Russian President Dmitri Medvedev called upon Afghanistan and other central Asian nations to take more responsibility for the fate of the volatile region.

He also announced that Russia and Tajikistan will sign a deal to extend Russia's use of a military base there for another 49 years. Tajikistan and Pakistan, which both share borders with Afghanistan, are concerned about regional unrest after the United States pulls its troops out of Afghanistan. Russia's major concern is the inflow of vast amounts of heroin through the Tajikistan-Afghanistan borders on its way to Russia. Moscow's deal with Tajikistan secures a base of operation for about 6,000 troops—the Russian military's largest deployment of troops outside of Russia.

Medvedev's statement is in line with U.S. Secretary of State Hillary Clinton's June 23 testimony to the Senate Foreign Relations Committee, in which she stated that the "Core Group" of Afghanistan, Pakistan, and the United States, has met. "At the same time, we are engaging the region around a common vision of an independent, stable Afghanistan and a region free of al-Qaeda. And this effort is paying off. India, Russia, and even Iran are now on board."

Following Clinton's later visit to India, a July 27 op-ed in a leading Indian news daily, *The Hindu*, India's former Ambassador to the United Nations Chinmoy Gharekhan said, "In a welcome development, the U.S. has now embraced the idea of seeking a regional solution to Afghanistan."

Russian-Chinese Far East Raw Materials Development Promoted

Sept. 5 (EIRNS)—The *China Daily* promotes joint Chinese-Russian development in an interview with Artyom Volynets, CEO of En+ Group, a major energy company. He said Russia has the potential to become a valued supplier of commodities to China.

"Currently the key suppliers of resources to China are Australia, Brazil and South Africa," said Volynets. "We believe that Eastern Siberia has the potential to become a major, reliable supplier of commodities to the rapidly growing Asian markets and especially to China."

In June, En+ Group's subsidiary EuroSibEnergo signed a framework agreement with China Yangtze Power Co. Ltd. that provides for joint investment in a number of power plant construction projects in Eastern Siberia. The Russian company also recently signed a \$5 billion agreement with China Export-Import Bank to develop mining and power projects in Eastern Siberia.

"Siberian resources are the closest to China and that is obviously our key advantage," said Volynets, adding that the company plans to build up as much as 10 gigawatts of new power capacity in Eastern Siberia, mostly hydro, during the next decade. It only takes one day to deliver goods to China by rail from Eastern Siberia through Mongolia, according to Volynets.

Southwest Asia News Digest

The 'Godfather' Goes to Ramallah

Another Partial Truth about Saudi 9/11 Role To Air on Fox-TV Special

Turkey Ousts Israeli Ambassador after UN Finding on Flotilla Killings

A 'Leef' Has Shaken Netanyahu

The 'Godfather' Goes to Ramallah

Sept. 5 (EIRNS)—The British Foreign Office and the Empire's tool Barack Obama have a plan to stop the Palestinian Authority and the united Palestinian movement from bringing a statehood resolution to the United Nations General Assembly on Sept. 20: Send "The Godfather," Tony Blair, envoy for the Quartet, to Ramallah. By all estimates, including statements by top officials of the Foreign Ministry of Israel, the statehood resolution will pass by a wide majority, so, over the last several weeks, desperate efforts were put into motion to try to "split the yes votes" to deprive the Palestinians of statehood recognition by the majority of the world's sovereign states.

When efforts to get the European Union to split the yes votes with an alternative resolution failed, the British Foreign and Commonwealth Office (FCO) turned to Blair, reports a senior Egyptian strategic analyst. Sometime this week, Blair—the newly exposed godfather to the 9-year-old daughter of right-wing warmonger Rupert Murdoch—will offer the Palestinians a deal with "a new Roadmap" that has a timeline and a promise of full statehood at the end of the timeline.

"The Godfather will swear to God," declared the *EIR* source, "that the members of the Quartet—the U.S., United Kingdom, United Nations, and Russia," will force Israel to uphold Roadmap II, and if not, the U.S. and U.K. will agree to any terms the Palestinians put forward after the Israeli refusal.

Laughable. But, the source warned, "Do not underestimate how dangerous the controllers behind The Godfather are in getting what they want. They know that if the statehood resolution gets to the UNGA, the U.S. is finished in the eyes of the world, if it vetoes statehood after the vote passes. If the vote fails, Obama will be blamed because he already sent a letter out to 70 nations demanding that they vote against statehood. The letter went out this past week, and has the stench of Obama's UN Ambassador Susan Rice all over it.

Roadmap II, which was written in desperation by the British FCO, has already been okayed by the Israelis when Blair presented it to them last week.

"The Godfather and his backers are killers," said the source, referencing Blair's operations to get the Iraq War launched.

One of those Iraq operations was the killing, in the guise of a phony suicide of scientist Dr. David Kelly, who exposed Blair's and the British Empire's false intelligence about Iraq's weapons of mass destruction.

Another Partial Truth about Saudi 9/11 Role To Air on Fox-TV Special

Sept. 4 (EIRNS)—On the 10th anniversary of 9/11, Fox News plans to air a special documentary entitled "Secrets of 9/11," which partially documents the Saudi support network for the terrorist operation. But while the documentary is full of details about Saudi intelligence operations, Fox fails to nail Obama for continuing the cover-up on the 28 pages about Saudi involvement that were redacted from the 9/11 Congressional investigative report. As *EIR* readers know, Obama promised the families of the 9/11 victims that he would release the pages. Instead, he continued the cover-up.

One of the important voices in the Fox documentary is former Sen. Bob Graham, (D-Fla.), who led the first Congressional investigation into the 9/11 attacks in 2002. Asked by the Fox if he believes the hijackers' support network is still in place today, Graham said, "I have no reason to believe it's not."

The 18-month investigation by Fox's Specials Unit, show that some members of the suspected al-Qaeda support network entered the U.S. nearly a decade before the attacks, and that others are still living here.

Fox reports that the U.S. monitored a terrorist summit in Kuala Lumpur, Malaysia, on Jan. 5, 2000, one week before the first two terrorists, Khalid al-Mihdhar and Nawaf al-Hazmi, arrived in Los Angeles. Photos were taken at the summit showing al-Mihdhar and Hazmi attending. The U.S. also knew that some of the terrorists attending the summit had U.S. visas.

According to Graham, the two terrorists, who arrived at Los Angeles Airport on Jan. 15, 2000, received support from the Saudi government or its representatives.

Hazmi and al-Mihdhar were soon met by Omar al-Bayoumi, a Saudi agent who had been in the U.S. since 1993 on a student visa.

Bayoumi claimed to have met al-Hazmi and al-Mihdhar by chance at a Los Angeles Middle Eastern restaurant in January 2000. However, he met them immediately after a meeting with the Consul for Political and Cultural Affairs at the Saudi Consulate in Los Angeles. Graham believes the "chance" meeting between the hijackers and the Saudi was planned.

Eleanor Hill, the chief of staff for the Joint Congressional Inquiry, said the FBI was concerned about Bayoumi: "Bayoumi—he was one of the individuals who had been the subject of a counterterrorism investigation or inquiry by the FBI and, lo and behold, ends up being really very helpful to two of the hijackers in California. He basically invites them to San Diego; he takes them around in San Diego; he helps them get an apartment; he puts down the deposit for their first apartment," Hill said.

Graham told Fox News there was no evidence that the hijackers ever paid Bayoumi back for the rent deposit.

"Our conclusion was that this was one of the services that Bayoumi had been directed to provide," Graham said. "The lifestyle of al-Hazmi and al-Mihdhar became very expensive. Among other things, they like to go to bars. And they spent a lot of money, in fact, al-Hazmi at one point wanted to marry strippers that they had met at the bar," Graham added.

The Fox exposé does not mention that Bayoumi received funds from the wife of Saudi Prince Bandar, the Saudi ambassador to the U.S. at the time. *EIR* has exposed Bandar's key role in the Anglo-Saudi BAE warplane deal, for which Bandar received \$2 billion in bribe money, which he used as a slush fund for covert operations. The question of whether Bandar's BAE slush fund was used to finance any of the 9/11 terrorists still remains a key area that has been covered up by every U.S. institution so far.

Turkey Ousts Israeli Ambassador after UN Finding on Flotilla Killings

Sept. 2 (EIRNS)—Turkey has suspended military agreements with Israel, and has expelled the Israeli ambassador to Turkey, after months of backroom negotiations over relations between the two countries, after Israeli Defense Forces attacks in May 2010 on a humanitarian aid flotilla headed for Gaza. Nine humanitarian aid worker activists, including an American-born Turkish-American, were killed when IDF commandos boarded the flotilla ships on the high seas. The unarmed civilians were part of the humanitarian effort.

According to the "Palmer Report," so-named after the head of the UN investigative panel, the Israeli commandos who boarded the lead ship, the *Mavi Marmara*, used "excessive and unreasonable force" and also found that most of the deceased "were shot multiple times, including in the back, or at close range, [which] has not been adequately accounted for in the material presented by Israel." Despite upholding the argument that Israel has the right to enforce a naval blockade on Gaza, the report calls the loss of life "unacceptable."

In February 2011, the Obama White House backed a six-month delay in the report's release, as demanded by Israeli Prime Minister Benjamin Netanyahu.

Turkey has demanded an apology from Israel, and that reparations be paid to the families of the dead civilians. Israel has refused both. As a consequence, Turkey expelled the Israeli ambassador, has now downgraded its diplomatic relations with Israel to the level of second secretary, and has suspended the substantial bilateral military agreements.

A 'Leef' Has Shaken Netanyahu

Sept. 4 (EIRNS)—Only six weeks after Israel's social protests began against the high cost of living, the J14 movement today brought out 450,000 people throughout Israel to rally against the Netanyahu government's anti-people economic policies. *Ma'ariv's* website reported the demonstration by 300,000 people in Tel Aviv, and another 150,000 in 17 other cities. Daphni Leef, a 25-year-old leader of the movement, called the outpouring of support a "miracle."

Leef led the charge by setting up a tent on the posh Rothschild Avenue in Tel Aviv. She started her protest after the rent on her apartment was raised beyond what she could afford.

Reports say most of the people who marched in the many locations on Sept. 3 were those hardest hit by the economic inequalities perpetuated by the Netanyahu government. These were the young people without assets of their own; students; doctors beholden to the steadily weakened public health system; young families; and the elderly—pensioners and Holocaust survivors whose fixed earnings could not meet the steep rise in the cost of living.

Leef addressed the protesters saying, "We are choosing to live. We are not invisible. If they only understand numbers, let us remind them that there are more than 7 million people here, and every one of these people has a heart. There was a sign on Rothschild that said: 'Every heart is a revolutionary cell.' It's true. Every one of us is the protest headquarters of one person."

Asia News Digest

[Russia-China-U.S. Cooperation May Finally End the Korean War](#)

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China Building West 'Like United States Some 150 Years Ago'

Russia-China-U.S. Cooperation May Finally End the Korean War

Aug. 31 (EIRNS)—The last remaining Cold War hot-spot in Asia, the Korean Peninsula, repeatedly used by the British to disrupt potential for Four Power (Russia-China-India-U.S.) cooperation in Asia and elsewhere, may finally be moving towards resolution. The Korean War is officially still in play, as only an armistice—not a peace agreement—ended the fighting in 1953. Now, the diplomatic steps being taken by Russia, by China, and by the U.S., all working with both North and South Korea in their own way (while clearly coordinating these moves among themselves as well), are taking a shape which will be far more difficult for British operatives to sabotage—by basing the cooperation on regional infrastructure development.

South Korea's ruling party chief, Hong Joon-pyo of the Grand National Party (GNP), told reporters yesterday that the Russian plan for a pipeline, and eventually, a rail line through North Korea to the South, "would open a new chapter for inter-Korean relations." He said that the GNP "has been accused of being an anti-unification, warmonger group. But the time has come for the party to change direction." He said that President Lee Myung-bak "has been quietly pushing the inter-Korean gas pipeline project since early on in his term, and the accomplishment is entirely the President's."

In fact, one of Lee's first major initiatives was a trip to Moscow in 2008, where these projects linking South Korea, North Korea, and Russia were first laid out but never implemented.

The U.S. State Department has simultaneously worked closely with South Korea over recent months to reopen discussions by both Seoul and Washington with the North.

On another front, cooperation between Russia, China, and North Korea in building a new port and industrial hub at Rason in North Korea—also long stalled by political crises—is rushing forward. The Pyongyang government hosted a group of journalists last week to visit Rason, a port city on the northeast coast of North Korea, close to both the Russian and Chinese borders. Various reports from these journalists indicate that the road from Rason to China and the rail line from Rason to Russia are both near completion, which will hopefully be attained before the winter sets in. Teams of engineers from China and Russia are coordinating the work with (mostly) North Korean workers.

While access to the port will allow goods from China's northeast to have more direct access to the sea, the Russians are looking to Rason as a stop along the eventual rail connection to South Korea, as part of the development of the Russian Far East.

New, Nationalist Thai Government Undermines Bio-Fuels

Aug. 30 (EIRNS)—The new Yingluck Shinawatra government in Thailand has removed a surtax on pure gasoline and diesel fuels in order to alleviate, to some small extent, inflationary pressure.

But the environmentalists are howling; with the extra tax removed from normal gasoline, the price for the ethanol-adulterated bio-fuels is only two cents per liter cheaper than correctly formulated normal fuels. So, the sales of "planet-friendly fuel" have plummeted, since motorists know that the "environmentally correct" fuel is actually far inferior to normal gasoline. It damages engines, produces less power, and has, because of its high volatility, an unfortunate tendency to evaporate before it can be burned.

China Building West 'Like United States Some 150 Years Ago'

Sept. 2 (EIRNS)—With the China-Eurasia Expo in Urumqi, Xinjiang Uyghur autonomous region, China is highlighting its intensified push to develop the western, interior portions of the country and the Asian heartland.

The official news agency *Xinhua* writes, "China will speed up the opening up of its western inland region, continue to fund cross-border infrastructure projects, and roll out favorable policies to make Xinjiang a key economic hub at the heartland of Eurasia.... Xinjiang, which covers one-sixth of China's land-mass, borders key regional players such as Russia, Kazakhstan, and Pakistan. The region also holds abundant oil and gas reserves. But regional economic activities were slowed partly due to poor infrastructure along the border, which runs across rough territories such as the Pamirs plateau."

The *China Daily* directly compares the effort to past American policy: "The initiative is part of the Chinese government's second 10-year phase of its go-west strategy, one of world's biggest-ever economic regeneration initiatives. The strategy has been compared to the winning of the West in the United States some 150 years ago, when Americans took to their wagon trains and sought their fortune in new lands such as California following the end of the Civil War."

China's representatives at the Expo, Vice Premier Li Keqiang and Minister of Commerce Chen Deming, were joined by Pakistan President Asif Ali Zardari, Kyrgyzstan President Roza Otunbayeva, Azerbaijan's Vice Premier Abid Sharifov, and Kazakhstan's Deputy Prime Minister Aset Isekeshev.

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