

EIR

Executive Intelligence Review

October 21, 2011 Vol. 38, No. 41 www.larouche.com \$10.00

Russia, China Pursue Ties in Space, Nuclear, Transport
How Ben Franklin Organized Our Economic Independence
Bankers' Bailout Policy Is Genocide: Take Greece

**With Obama Still in Power
It Can Happen Here**



Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editorial Board: Lyndon H. LaRouche, Jr.,

Antony Papert, Gerald Rose, Dennis Small,

Edward Spannaus, Nancy Spannaus, Jeffrey

Steinberg, William Wertz

Editor: Nancy Spannaus

Managing Editors: Bonnie James, Susan Welsh

Science Editor: Marjorie Mazel Hecht

Technology Editor: Marsha Freeman

Book Editor: Katherine Notley

Graphics Editor: Alan Yue

Photo Editor: Stuart Lewis

Circulation Manager: Stanley Ezrol

INTELLIGENCE DIRECTORS

Counterintelligence: Jeffrey Steinberg, Michele Steinberg

Economics: John Hoefle, Marcia Merry Baker, Paul Gallagher

History: Anton Chaitkin

Ibero-America: Dennis Small

Law: Edward Spannaus

Russia and Eastern Europe: Rachel Douglas

United States: Debra Freeman

INTERNATIONAL BUREAUS

Bogotá: Javier Almaro

Berlin: Rainer Apel

Copenhagen: Tom Gillesberg

Houston: Harley Schlanger

Lima: Sara Madueño

Melbourne: Robert Barwick

Mexico City: Gerardo Castilleja Chávez

New Delhi: Ramtanu Maitra

Paris: Christine Bierre

Stockholm: Hussein Askary

United Nations, N.Y.C.: Leni Rubinstein

Washington, D.C.: William Jones

Wiesbaden: Göran Haglund

ON THE WEB

e-mail: eirns@larouchepub.com

www.larouchepub.com

www.larouchepub.com/eiw

Webmaster: John Sigerson

Assistant Webmaster: George Hollis

Editor, Arabic-language edition: Hussein Askary

EIR (ISSN 0273-6314) is published weekly (50 issues), by EIR News Service, Inc., 709-A 8th St. SE, Washington, D.C. 20003. (703) 777-9451

European Headquarters: E.I.R. GmbH, Postfach 1611, D-65006 Wiesbaden, Germany; Bahnstrasse 9a, D-65205, Wiesbaden, Germany Tel: 49-611-73650

Homepage: <http://www.eirna.com>

e-mail: eirna@eirna.com

Director: Georg Neudekker

Montreal, Canada: 514-461-1557

Denmark: EIR - Danmark, Sankt Knuds Vej 11, basement left, DK-1903 Frederiksberg, Denmark. Tel.: +45 35 43 60 40, Fax: +45 35 43 87 57. e-mail: eirdk@hotmail.com.

Mexico City: EIR, Ave Morelos #60-A, Col Barrio de San Andres, Del. Azcapotzalco, CP 02240, Mexico, DF. Tel: 5318-2301, 1163-9734, 1163-9735.

Copyright: ©2011 EIR News Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited.

Canada Post Publication Sales Agreement #40683579

Postmaster: Send all address changes to EIR, P.O. Box 17390, Washington, D.C. 20041-0390.

EIR

From the Managing Editor

A coup in the United States under Obama? Hard to believe, right? But then, when Lyndon LaRouche, in April 2009, warned that Obama was a dangerous narcissist, whose strings were being pulled from London by the British imperial crowd, many pooh-poohed that as well.

In this week's *Feature*, we lay out the case for a live coup plan, aimed at destroying what remains the United States as a sovereign republic. Why? Because the imperial financiers of Wall Street and London are out to save their bankrupt financial system, come Hell or high water, and the U.S.A., even given how much it has declined from the greatness it had achieved under Presidents Lincoln, Franklin Roosevelt, and Kennedy, still represents the biggest obstacle to the oligarchy's plans for global dictatorship.

The *Feature* begins with "With Obama Still in Power, It *Can* Happen here," taking you back to the 1932 election of FDR, which caused the Wall Street elites to go into a flight forward, and with an attempt to assassinate the President-elect; when that failed, they shifted to an attempt at a military coup, which also failed. But the heirs of those Morgan financial interests who were behind the coup attempt, are still with us today. As Edward Spannaus outlines in the "Coup Structure that Cheney Built, and How It Grew under Obama," there is a direct line from the Morgans of the 1930s to today's coup plotters.

To understand why the British oligarchs hate us so much, turn to our *History* section, where you will find Anton Chaitkin's account of his recent discovery of the document circulated at the Constitutional Convention by Benjamin Franklin and his allies, to shape the economic policy of the new American Republic.

In *World News*, Rachel Douglas reports on the dramatic expansion of economic and trade ties between the two Eurasian giants, Russia and China; there is also a report on the explosion of the mass strike worldwide, and its growing focus on a demand for Glass-Steagall.

In *Economics*, we bring you coverage of the continuing self-immolation of the Eurozone; the devastating impact of the Troika's austerity policy in Greece; "Step 6" of LaRouche's Seven Steps for Recovery; and an exposé of Monsanto's genocidal control of seed patents.



Cover This Week

He's baaack...



Cheney: U.S. Navy/Johnny Bivera; Obama: White House/Pete Souza

4 With Obama Still in Power, It Can Happen Here

Today, the conditions of global financial and monetary breakdown that brought European Fascism to power in the 1920s and '30s, on behalf of a caste of desperately bankrupt financiers and oligarchs, exist once again—this time, on a far more desperate, and global scale.

6 The Coup Structure That Cheney Built, and How It Grew under Obama

When President Barack Obama took office in January 2009, hopes were high that he would, as promised, dismantle the structures of surveillance and repression which had been set up in the aftermath of the 9/11 attacks. However, those hopes have now been smashed to bits, as Obama has not only kept this apparatus in place, but expanded it.

15 Unmanned Aerial Drones: Weapons of War, or Tool of Repression?

16 Wall Street Backed the Plot To Kill FDR

19 Appendix: Private Armies, Captive People

21 Threat to National Security: Rohatyn, Shultz, Cheney 'Privatization' Scheme

27 The Northern Command Crosses the Rubicon

World News

29 Putin in Beijing: Russia and China Pursue Ties in Space, Nuclear, Transport

The 16th Regular Russian-Chinese Prime-Ministerial Meeting between Premier Wen Jiabao and Prime Minister Vladimir Putin on Oct. 11-12, resulted in 17 bilateral cooperation documents, and an affirmation of “strategic partnership” between the two great Eurasian powers.

34 Quality of Ideas To Shape Mass Strike

The rallying of hundreds of thousands of people in the streets of an estimated 1,500 cities worldwide, demonstrates that the global mass-strike process is alive and well. And the demand for Glass-Steagall is emerging as the central focus of the demonstrations.

38 Obama's Permanent Warfare Policy Leaves U.S. with Permanent Casualties

The 21st Century, so far, has known nothing but war, and the two U.S. Presidents in this period, Bush and Obama, have been willing participants in the perpetual war policy which has produced a large population of what might be called the mentally maimed, among combat veterans.

Economics

41 Bank Bailouts Lead Europe Deeper into the Crisis

Despite the brief euphoria among the governments and banks in the Eurozone over the latest bank bailout fund, the European elites are well aware that they are faced with a systemic crisis.

44 European Troika Is Committing Genocide Against the Greeks

A report appearing in the prestigious medical journal *The Lancet* reveals that Greeks are “losing their lives” as a result of the cuts in health care that are being dictated by the Troika, the debt collectors of the European Commission, the European Central Bank, and the International Monetary Fund.

48 LaRouche’s Seven Necessary Steps: Step Six—Reawakening the Potential of the Workforce for Transport, Nuclear

52 Monsanto, Bill Gates, et al.—Food Police for Genocide

Over the past 40 years of globalization, a few mega-firms in the agro-chemical cartel have asserted an unprecedented degree of control over seeds and crop genetics.

History

56 Key Policy Paper Uncovered: How Ben Franklin Organized Our Economic Independence

A tight-knit group of American nationalists led by Benjamin Franklin circulated a policy paper at the 1787 Constitutional Convention in Philadelphia; this document was recently discovered by historian Anton Chaitkin, who reveals its contents and impact here.

Editorial

66 Glass-Steagall Now, or You’re Doomed

With Obama Still in Power, It Can Happen Here

by the Editors

*In 1935, as the Hitler-Mussolini terror rampaged across Europe, American author Sinclair Lewis looked around at his fellow citizens, and decided he had to act. The result was **It Can't Happen Here**, an ironical novel about how Americans, in their determination to be “realistic,” let a dimwitted President preside over a fascist coup in the U.S. Today, we face an eerily similar, but much more serious threat.*

Oct. 18—The 1932 election of Franklin Delano Roosevelt as President of the United States drove the leading factions of Wall Street and the City of London into a killer frenzy. The failure of JP Morgan banker and Democratic National Committee chairman Jacob Raskob to block FDR's nomination, and the failed assassination attempt against the President-elect during an appearance at a rally in Florida, just weeks after his landslide victory, set the United States on a collision course with Wall Street and London's chosen European fascist leaders, Benito Mussolini and Adolf Hitler.

London and Wall Street went on to sponsor a full-blown military coup d'état attempt against Roosevelt, an attempt that was exposed by the patriot, Gen. Smedley Butler, and subsequently crushed. The American Liberty League, a Morgan-DuPont financed cabal of pro-fascist bankers and industrialists, waged war against Roosevelt throughout the 1930s, right up to the attack on Pearl Harbor.

As Lyndon LaRouche recently observed, FDR took his oath of office in early March 1933—just weeks after the Reichstag fire had propelled Hitler onto the path to become dictator for life. Europe was on the path to war, and the gas ovens and death camps of the Third Reich were but months and years away. It was only the election of FDR that blocked London and Wall Street from imposing the same fascism, sweeping across the European continent, upon the United States.

It was a lesson not lost on the financial oligarchs of then and now. Today, the same conditions of global financial and monetary breakdown that brought European Fascism/Nazism/Synarchy into power on behalf of a caste of desperately bankrupt financiers and oligarchs, exist once again—this time, on a far more desperate, and global scale. Today, even more so, this financial oligarchy is focused on destroying the United States, and the republican tradition it represents, as the crucial stumbling block in its global imperial plan. Hence their drive for a fascist coup in the United States, *now*.

FDR vs. Obama

The biggest difference between 1933 and 2011 is that, in 1933, we had Franklin Roosevelt in the White House; today, we have Barack Obama. Since taking office in January 2009, with an unambiguous and vast popular mandate to take up and revive the American System mission of FDR, Obama has followed the



Museum of History and Industry, Seattle

The election of Franklin Roosevelt as President in 1932 triggered paroxysms of fear and rage among of the denizens of Wall Street and London. They reacted by attempting to eliminate the source of their terror. Here, FDR campaigns in Seattle, 1932.

London/Wall Street script in every detail. This time around, the oligarchs do not intend to lose their chance to impose dictatorship and fascism on the United States. Just as Hitler was ridiculed by the average German on the eve of the Reichstag fire, President Obama is today ridiculed by a vast majority of Americans, who despise him for his broken promises, but see him, increasingly, as a pathetic figure.

But the failure to see beyond the personality of Obama, to grasp the fact that he is, like Hitler, a pawn of London-centered financier circles, is a deadly blunder. It can mean the destruction of the United States in the coming days and weeks. The failure to stop Hitler had deadly consequences for all of mankind. The failure to remove Obama from office, before we experience a new Reichstag fire, and a sudden dictatorship, will have even more deadly consequences than the failure to oust Hitler before it was too late.

The danger emanating from the Obama White House is not incompetence. The danger is a drive for dictatorship. The danger comes from a desperado faction in London and on Wall Street—not from anyone working in the White House or the Old Executive Office Building. Obama is the pawn, not the master in this drive to eliminate the United States, as we have known it for the past 200-plus years, as a factor in world history.

The heart of the issue is that the entire global finan-

cial and monetary system is already hopelessly bankrupt, and there is nothing, within the parameters of that system, that can be done to reverse the catastrophe. The only alternative—the alternative put forward by LaRouche—is to go beyond even the measures taken by FDR, beginning with the Constitutionally-mandated removal of President Barack Obama from office, and the immediate reinstatement of FDR’s own June 1933 Glass-Steagall Act, which broke up the too-big-to-fail banks of the Great Depression era, and established a regulated and insured commercial banking system to facilitate the economic recovery that followed.

Unless and until Obama is removed from office—by impeachment, resignation, or the invoking of Section 4 of the 25th Amendment—the United States is doomed to the same fate that fell upon the “good Germans” of 1933, who failed to see the danger lurking in the shadows behind their buffoon Chancellor Hitler.

The evidence is there in plain sight. The assault upon the Constitution, begun under George H.W. Bush as Vice President and then President, from 1981 to 1993, and continued, eight years later, under his son George W. Bush, has been fully carried forward by President Obama. The very unconstitutional measures imposed, in the aftermath of the Sept. 11, 2001 attacks, by President Bush and Vice President Dick Cheney, have been carried forward, amplified, and expanded by President Obama.

These dictatorial structures have been put in place for a reason. The moment has arrived when the slightest trigger incident will activate the full power of the dictatorship-in-the-wings that has been meticulously put in place, brick by brick, for the past decade.

We have arrived at the moment of truth, when the question will be posed and answered: Do the American people have the moral fitness to survive?

In the pages that follow, we shall document the step-by-step measures that have been put in place to launch a drive for full dictatorship. Those measures were, for the most part, initiated during the Bush-Cheney period, although their roots can be traced back to the Bush 41 Administration, when then-Defense Secretary Cheney pushed through the privatization of national security. Obama has carried all of these dictatorial measures forward, banking on the belief that Americans, who adopted the image of Obama in 2008 as the anti-Bush, would be too bamboozled to catch on in time.

The Coup Structure that Cheney Built, And How It Grew under Obama

by Edward Spannaus

When President Barack Obama took office in January 2009, hopes were high among many of those who had watched over the previous eight years as the Bush-Cheney Administration tore up the Constitution and established a militarized police-state. Surely Obama, the candidate of “hope and change,” would lose no time in immediately beginning to dismantle the structures of surveillance and repression which had been set up in the aftermath of the 9/11 attacks. Surely, the cloud of fear which had settled over the nation for almost a decade, would now be lifted.

Such illusions have now been smashed to smithereens by a nominally Democratic President, who has not only kept this apparatus in place, but has in fact expanded it. In many respects, Obama has gone further than his predecessors, for example, in the expanded use of targeted killings by drones; the claim that he has the right to order the assassination of a U.S. citizen without due process of law; expanded domestic surveillance and intelligence gathering; and an unprecedented use of the nation’s espionage laws against whistleblowers.

What was put into place by George W. Bush and Dick Cheney was the machinery for a Hitler-style coup, the use of emergency powers to establish dictatorial rule. That they were not entirely successful, was due to the resistance put up by the American people, and even by many in Congress, both Democrats and Republicans. But now, with a Democrat in the White House, much of the Democratic opposition has melted away, on the cowardly rationalization that “it can’t be so bad if a Democrat is doing it.”

In fact, what Obama has done, on behalf of his Wall Street and British string-pullers and coup-masters, is to take what many had hoped was a temporary aberration, and make it permanent. Obama has indeed consolidated these wholesale institutional violations of the U.S. Constitution, and created the opening for a full-scale dictatorial coup to be carried out at any moment. Re-

moving Obama from office, either by impeachment, or by application of the 25th Amendment, is the essential and obligatory measure if this coup process is to be checked and reversed.

In the following pages, we identify major aspects of the coup apparatus as they were put in place. This review is by no means comprehensive, but it should be sufficient to convince you: The danger of a Hitler coup is undeniable, and must be stopped now.

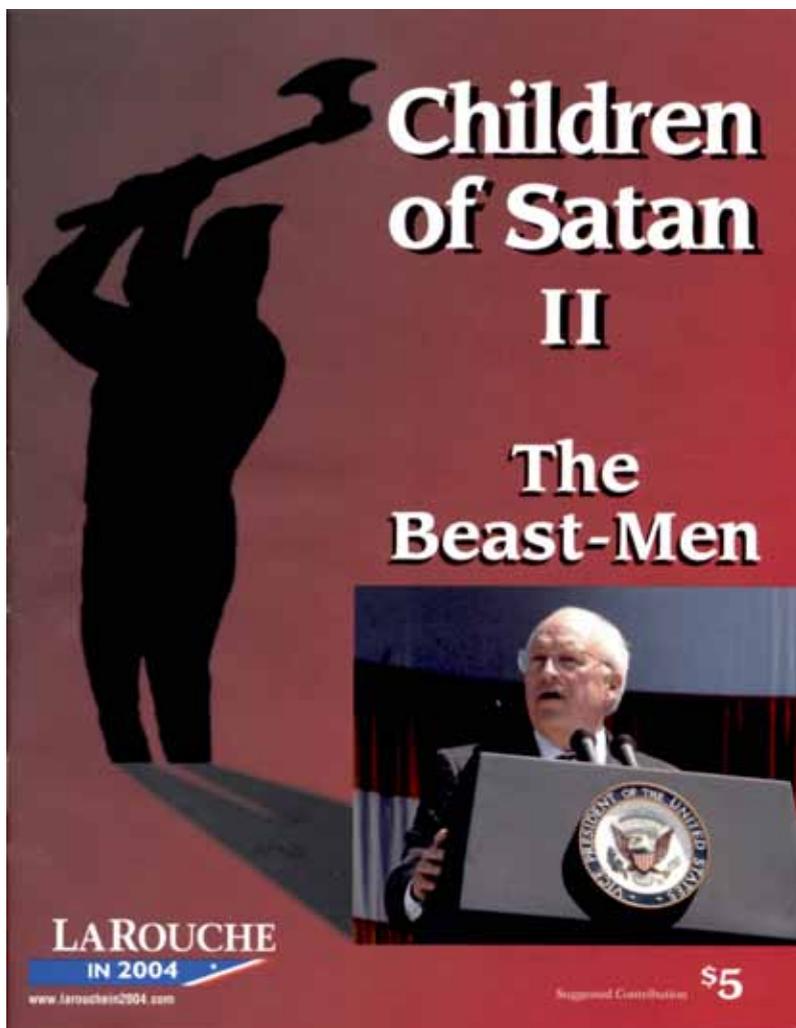
Cheney and the Permanent Coup

What happened after Sept. 11, 2001 was not some sort of spontaneous reaction to the horrifying events of that day. 9/11 provided the pretext for Cheney and others to attempt to ram through long-standing plans for establishing a privatized, militarized dictatorship over the U.S.

In the Spring of 2001, Vice President Cheney had already put himself in charge of all “emergency” planning, while downgrading the actual counterterrorism capabilities which were functioning during the Clinton Administration. On May 8, 2001, President Bush announced that he had asked Cheney to oversee the development of a coordinated national effort to protect the country from a weapons of mass destruction (WMD) attack, and that he had asked FEMA to create an Office of National Preparedness, to implement the Cheney recommendations. On the same day, Cheney announced on CNN that he would head a task force on homeland defense, and that FEMA would devise plans and strategies to figure out how to respond to a “man-made, or man-caused” disaster in the form of a terrorist attack.

Nothing happened. And whether the takedown of the counterterrorism security screen before 9/11 was deliberate, or just the result of incompetence, much of the blame falls upon Cheney.

But Cheney lost no time in moving in the days and weeks after 9/11 to do what he had always wanted to do: “unleash” the intelligence agencies, and roll back



LaRouche's campaign issued this pamphlet in January 2004.

the reforms that had taken place in the late 1970s after the revelations of intelligence agency abuses and illegalities which came out from a Senate investigation, known as the “Church Report,” and a lesser-known House investigation, known as the “Pike Report.”

Cheney had been an official in the Nixon Administration, and then in the Ford Administration, working under Donald Rumsfeld, and finally, replacing Rumsfeld as Ford’s chief of staff. While others criticized Nixon’s “imperial Presidency” and his axiom, “If the President does it, it’s legal,” Cheney’s nostalgia for the imperial Presidency permanently shaped his views, even when he served in Congress in the 1980s.

Among the post-Church Committee reforms were an end to wiretapping without court approval, under the Foreign Intelligence Surveillance Act (FISA), the ban on CIA assassinations, new guidelines for FBI domes-

tic security investigations, and reiterated restrictions on CIA domestic operations.

While what most people remember about this period were the disclosures of FBI and CIA abuses—which came out in the context of “Watergate”—it is usually forgotten that the first, pre-Watergate discoveries involved widespread *military* surveillance of civil rights demonstrators, anti-war protesters, and other Americans during the 1960s. (In the late 1960s and early 1970s, for example, Lyndon LaRouche’s political association was not only subject to widespread FBI dirty tricks and infiltration, but also military infiltration and surveillance. FBI informant reports were routinely circulated to military intelligence agencies.)

All that more or less officially came to an end, or at least receded into the background, during the Ford and Carter Administrations with the intelligence reforms of those years.

Bush I: Suspending the Constitution

Under the Administration of President Ronald Reagan and Vice President George H.W. Bush, a new “secret and parallel government” apparatus was created, which was only partially exposed during the Iran-Contra investigations. The willing “fall guy” for this apparatus was the grandstanding

Oliver North, who was never more than a flunky for Bush. In the first year of the Reagan-Bush Administration, North was detailed to the “continuity of government” program operating under Bush’s direction, which involved not only active-duty military and intelligence officials, but relied heavily on private companies run by retired military and intelligence officials. In 1987, the first major exposé of this program was published by the *Miami Herald*, which called it “a virtual parallel government.”

“Lt. Col. Oliver North,” the *Herald* reported, “helped draw up a controversial plan to suspend the Constitution in the event of a nuclear war, violent and widespread internal dissent, or national opposition to a U.S. military invasion abroad.” North was also involved in running “readiness” exercises, which included scenarios for massive social unrest following a global financial collapse.

When Rep. Jack Brooks (D-Tex.) raised the question of plans for suspending the Constitution, during the joint House-Senate Iran-Contra hearings, chairman Sen. Daniel Inouye (D-Hi.) asked that the matter “not be touched upon at this stage,” but that if members wanted to pursue it, “arrangements can be made for an Executive [secret] Session.”

These matters were never followed up by Congressional investigators, who preferred to focus on the flashier “arms for hostages” deals, while leaving this potential coup apparatus in place.

Of course, some in Congress were adamantly opposed to any investigations or restraints upon Executive Branch actions. Foremost among these was a Republican Congressman from Wyoming, Dick Cheney, who had entered Congress in 1979 after his stint in the Nixon and Ford White Houses. While in Congress, Cheney had been an eager participant in annual “continuity of government” exercises, during which he was flown to a secret bunker to practice setting up an emergency government.

Privatizing the Military

In 1989, when George H.W. Bush entered the White House, Cheney was made Secretary of Defense, and he took David Addington (a former CIA lawyer and top staffer for the House Republicans on the Iran-contra investigating committee), with him as his Special Assistant, later making him General Counsel for the entire Defense Department. Addington was Cheney’s hatchet man, purging the military of officers who resisted Cheney’s commitment to preventive nuclear war. Cheney was a fanatical opponent of the 1973 War Powers Resolution, and he urged Bush 41 to ignore both it, and the Congress, during the first Gulf War.

One of the institutional measures Cheney was able to take as Defense Secretary—in addition to abetting the launching of the Iraq War—was the policy of privatization of military functions. While this began on a small scale, the move toward relying on “private” (i.e., mercenary) forces has grown exponentially over the last 20 years, to the point where it is known that there are more “contractors” operating in the Iraq and Afghanistan war zones, than there are U.S. military personnel. The character of these private forces has been occasionally exposed in lurid detail—from brutal murders of civilians, to life-threatening lack of maintenance of fa-

cilities for troops. They are, in effect, the reincarnation of Hitler’s SS.

In specific, shortly after the first Gulf War, Cheney hired Halliburton, the Texas-based oil-equipment company, to conduct a top-secret study of the potential for outsourcing military operations to the private sector. Before Cheney left office in August 1992, Halliburton was given a five-year contract to provide logistical services for the U.S. Army.

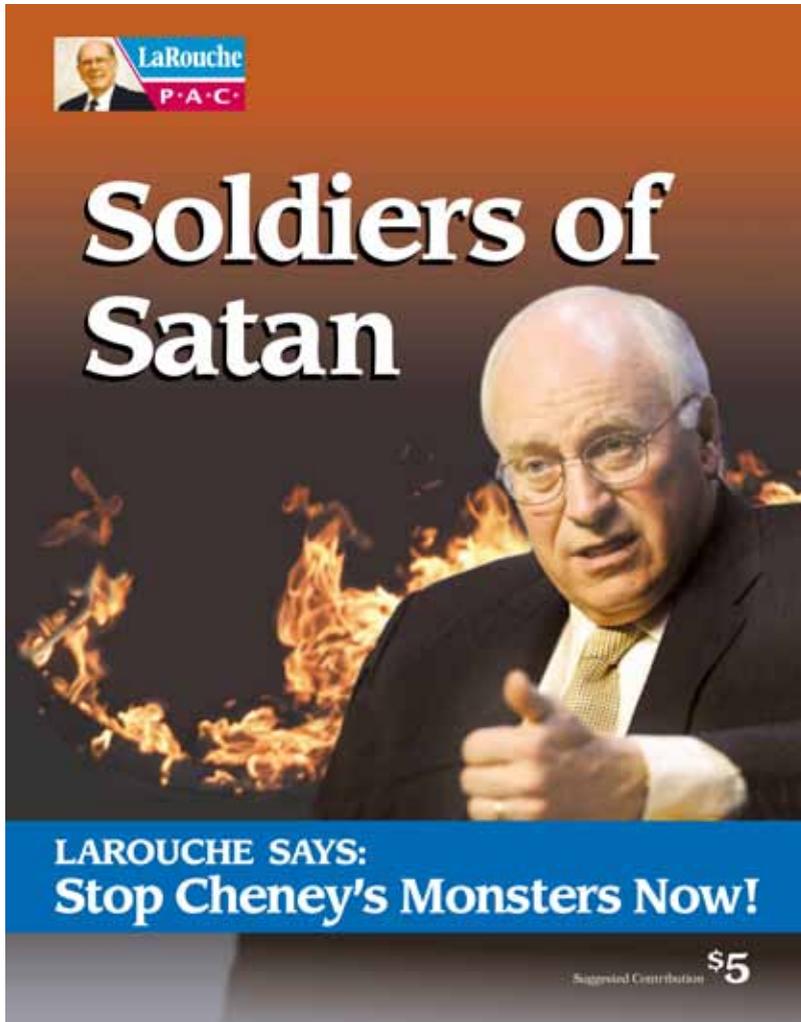
Conveniently, Cheney went to work for Halliburton from 1995 to 2000, when he selected himself to be George W. Bush’s running mate. Under the Bush-Cheney Administration, military contracting for logistic purposes, as well as for intelligence and “special operations,” was to reach levels previously unimagined, except perhaps in the fertile imagination of Dick Cheney, and de facto collaborators Felix Rohatyn and George Shultz (see Appendix).

Cheney’s *Führerprinzip*

Much later, in December 2005, after the exposure of the Administration’s illegal electronic spying program, Cheney came out with a blatant defense of his “unitary executive” policy—which is nothing more than the modern version of the Hitlerian *Führerprinzip* of absolute executive power. Cheney complained that “over the years there had been an erosion of Presidential power and authority,” reflected in, among other things, the War Powers Act, and a slew of post-Watergate measures which served, in his words, “to erode the authority [that] the President needs,” especially in the sphere of national security.

Cheney then pointed to the Minority Report of the Iran-Contra Committee, which, he said, was written by a guy working for him (Cheney); he was the senior Republican on the House side of the investigating committee, and one of his top staffers was David Addington. The Minority Report views, Cheney declared, “are very good in laying out a robust view of the President’s prerogatives with respect to the conduct of especially foreign policy and national security matters.” He went on to claim that, in this day and age, “the President of the United States needs to have his constitutional powers unimpaired, if you will, in terms of the conduct of national security policy . . . yes, I believe in a strong, robust executive authority.”

In the context of the time, when Cheney was facing a growing revolt from all sides—from Congress, mili-



This was issued in August 2005 by LaRouche PAC.

tary and intelligence agencies that he had used and abused, and the American people in general—Cheney’s in-your-face comments amounted to an admission that he had come back into government in 2001 fully committed to rule-by-decree and to rolling back the post-Watergate reforms.

Putting the Coup Structure in Place

The 9/11 attacks provided the opportunity that Cheney had been waiting and preparing for. He was ready to go to war, not just against “the terrorists,” but against the American people.

Despite Cheney and his gang’s dogmatic opposition to seeking authorization for war under the War Powers Resolution, Congress was going to give it to the Administration whether they asked for it or not. The White

House legal team—which operated de facto under the direction of Cheney and Addington—wanted an open-ended blank check authorizing the President to go to war against anyone, anytime, and anywhere; Congress wanted to restrict it to al-Qaeda and countries harboring them.

Then the White House tried to slip in language authorizing the exercise of military power and force within the United States. Then-Senate Majority Leader Tom Daschle refused to extend the field of battle to the domestic United States.

No matter. Cheney and company did so anyway.

Over the next few weeks, John Yoo, a lawyer in the Justice Department’s Office of Legal Counsel, drafted a series of secret memos, applying the Hitlerian “Unitary Executive” dogma, and contending that Congress could place *no* restrictions on the exercise of Presidential power in matters of war and national security.

This assertion of unfettered and unchecked Executive power provide the secret justification for dragnet arrests and detentions of well over 1,000 Arabs and Muslims in the days and weeks after 9/11, and the imposition of a blanket of secrecy over court proceedings and deportation hearings.

It provided the justification for detentions of alleged terrorists in secret prisons around the world, without any hearings or charges proffered against them—in violation of U.S. law and solemn treaty obligations. Before too long, this was being applied to American citizens and persons arrested on U.S. soil as well.

It provided the justification for torture, euphemistically called “enhanced interrogation techniques,” in violation of U.S. law and treaties, and U.S. military traditions dating back to the Revolutionary and Civil Wars.

It provided the justification for warrantless wiretapping and electronic surveillance of Americans by the military’s National Security Agency (NSA), in blatant violation of U.S. law including the Foreign Intelligence Surveillance Act. It is beyond dispute that this program came to involve the sweeping up of all electronic com-

munications—including telephone calls, e-mails, text messages, and all manner of computer activities.

It provided the justification for the resumption of military surveillance of U.S. citizens, on campuses and elsewhere, only a small portion of which has been disclosed to date.

While most of this was carried out in secret, with much of the activity known only to government officials and private contractors possessing high-level security clearances, other aspects of the ongoing coup against the American people were conducted out in the open. The most public aspects were the adoption of the Patriot Act by Congress in October 2001, and the unprecedented establishment of a permanent military command for the domestic United States.

The Patriot Act

The Bush-Cheney Justice Department started throwing together the so-called Patriot Act, first designated the “Anti-Terrorism Act of 2001,” within days of 9/11, much of which consisted of long-standing proposals which Congress had always refused to adopt into law. The Administration first demanded that Congress pass its package of emergency laws immediately, but many members of Congress, both Democrat and Republican, balked, and demanded time to read and analyze it, but the House nonetheless was presented with a new, 342-page version just before it was to vote, so that almost none of the Members knew what was in it, and it was passed almost without debate.

The Patriot Act:

- expanded the government’s right to conduct secret search-and-seizure operations;
- expanded the Immigration and Naturalization Service’s deportation and detention powers;
- permitted authorities to seize computer e-mail and voice-mail without a wiretap court order;
- allowed a nationwide roving wiretap order for all communications by an individual;
- allowed the use of criminal wiretap information for intelligence purposes, and allowed use of national-security electronic intercepts for criminal cases (which cannot legally be done now);
- permitted the Attorney General to issue an “administrative subpoena” for documents and records, in a terrorism or national security case, rather than requiring that the subpoena be issued by a duly convened grand jury, which is subject to judicial review.

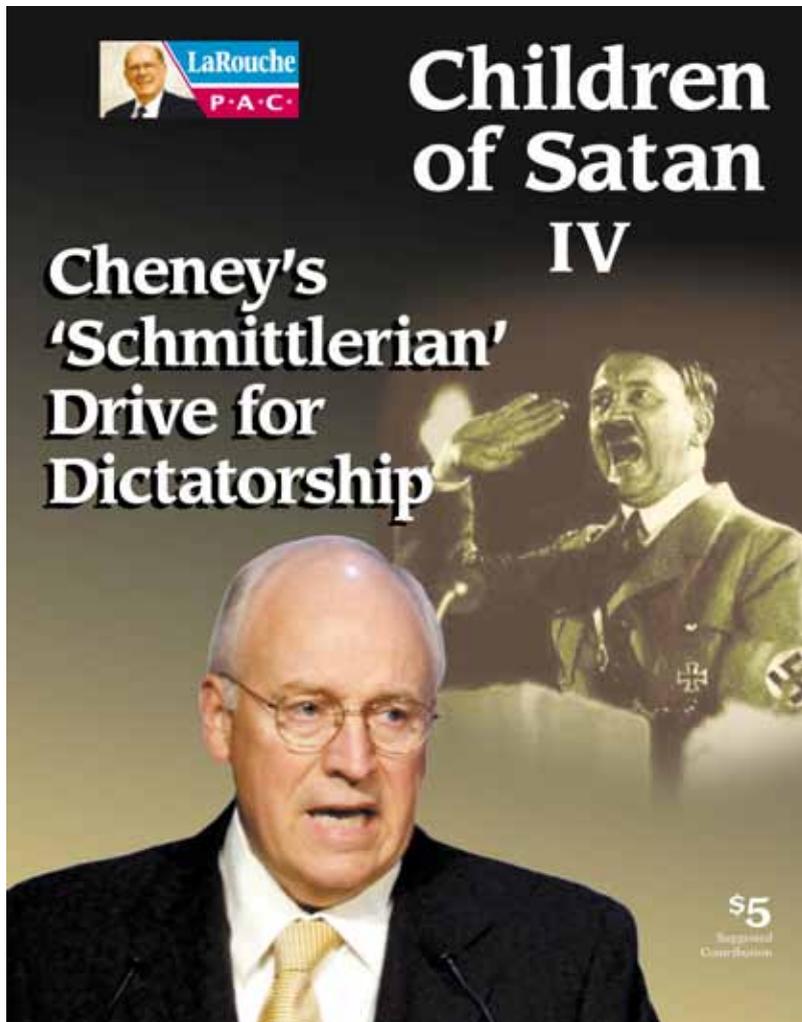
A number of the above provisions are made all the more dangerous, because of the expansion of the definition of “terrorism”—which can include civil disobedience, or any act of violence or threatened violence, not carried out for financial gain.

Among the most dangerous aspects of the Patriot Act was the elimination of the so-called “wall” between criminal and national security investigations. The “wall” had been erected precisely to prevent a recurrence of the FBI’s COINTELPRO (Counter-Intelligence Program) operations of the 1960s, in which the Bureau targeted groups and individuals for harassment and disruption, simply because they were deemed “subversive,” without any evidence of criminal laws being violated (except often by FBI *agents provocateurs*). The “wall” was intended to prevent intelligence gathered under the much looser intelligence standards, to be used for criminal prosecutions with their higher protections under the First, Fourth, Fifth, and Sixth Amendments. Contrary to the mythology spread by police-state proponents, the “wall” was never a problem for competent law enforcement, but its elimination permitted the FBI, National Security Agency (NSA), and other agencies to gather intelligence on U.S. citizens with virtually no restrictions.

The Patriot Act was renewed in 2006, with a three-year extension, to the end of 2009, for three of its most controversial provisions: (1) Section 215, the “business records” provision, which allows the FBI to obtain all types of financial records—telephone, e-mail, travel, credit card, etc.—without a subpoena; (2) roving wiretaps under FISA, using much looser standards than exist for criminal investigations; and (3) the “lone wolf” provision, allowing the use of FISA surveillance without showing any connection to a foreign power or international terrorism.

Obama’s Patriot Act

Opponents of the Patriot Act hoped that under the Obama Administration, they would finally be heard, and have a chance to roll back this detested law. They were to be bitterly disappointed. After a series of extensions, Obama cut a deal with Republicans in May 2011, to cram a bill down Congress’s throat extending the Patriot Act unchanged for four years (!)—without even holding hearings. Associated Press reported at the time that the idea was to pass the extension with as little discussion as possible, to avoid a protracted debate over



This came out in January 2006.

the powers that the Patriot Act gives to the Executive Branch, and over how those powers have been used.

At the same time, Obama also ducked hearings on the FBI and its powers, by extending FBI Director Robert Mueller’s term beyond the ten years allowed by law. Here again, the issue of FBI powers and practices was taken off the table until after the 2012 elections, just as was the Patriot Act. It now belongs to Obama—lock, stock, and barrel.

On Oct. 5, the *New York Times* and its reporter Charlie Savage sued the Justice Department for the Administration’s classified interpretation of the Patriot Act, particularly that relating to the “business records” section. Last May, after having received a classified briefing in the Senate Intelligence Committee, Sen. Ron Wyden (D-Ore.) warned his colleagues that there are

two Patriot Acts: one which Congress has approved, and a second, covert program based on the Obama Administration’s secret interpretation of the law—which is what the *Times* FOIA suit is seeking.

“When the American people find out how their government has secretly interpreted the Patriot Act, they will be stunned and they will be angry,” Wyden said, citing the public outrage that was sparked by the discovery of other secret surveillance programs, such as Project Shamrock which came to light in the mid-1970s, the Iran-Contra affair, and the Bush Administration’s secret program of warrantless wiretapping. Sen. Mark Udall (D-Colo.), also a member of the Senate Intelligence Committee, backed Wyden’s account, declaring that “Americans would be alarmed if they knew how this law is being carried out.”

U.S. Military Occupation

Another major shift toward a military coup took place in October 2002, when the Department of Defense stood up a new unified military command, the U.S. Northern Command (“NorthCom”), which, for the first time, created a command which would have the continental United States as its theater of operations responsibility (along with Canada and Mexico). When it was proposed earlier that year, then-Secretary of Defense Donald Rumsfeld claimed that this new command would “help the [Defense] Department better deal with natural disasters, attacks on U.S. soil, or other civil difficulties. It will provide for a more coordinated support to civil authorities such as the FBI, FEMA [Federal Emergency Management Agency], and state and local governments.”

LaRouche saw it for what it actually was. In a May 17, 2002 statement entitled “Northern Command: Crossing the Rubicon,” LaRouche warned that the establishment of Northcom was clearly a proposal to “cross the Rubicon,” that is, “a preparation to create a Caesarian military dictatorship over both the North American continent and the Caribbean, in imitation of the 49 B.C. action of Julius Caesar’s setting off that civil war among Roman military forces which led to 31

B.C. establishment of the Empire of Augustus Caesar” (see Appendix).

Part of NorthCom’s hidden mission, is to eradicate the last vestiges of the post-Civil War *Posse Comitatus* law, which prohibits the military from engaging in domestic law enforcement. A major part of this, is the integration of the state National Guard units—which came out of the 18th- and 19th-Century citizen militias—into the Federal military establishment. There are 11 generals from the Reserves and National Guard in NorthCom’s command structure, who have been activated and federalized under Title 10 of Federal law (normally, the Guard operates under state control, pursuant to Title 32 of the U.S. Code).

In their new book *Top Secret America*, *Washington Post* reporters Dana Priest and William Arkin write that the effect of NorthCom’s establishment and continuing expansion “is to have quietly transformed the Guard from 54 local entities into a single force shorn of the federal-state distinctions at the core of American governance since its inception.”

Another throwback to the 1960s is the expansion of “Operation Garden Plot,” the plan for deploying U.S. Army airborne divisions into U.S. cities to quell insurrections, which was done on a number of occasions during that period.

An August 1978 revision of Garden Plot placed some restrictions on the use of the regular military, and restricted Army Intelligence from gathering information on American citizens. Further revisions in 1991 clearly established a civilian chain of command over any deployment of regular armed forces to quell violence, placing the Attorney General in charge of the entire mission, and restricting military access to any intelligence prior to the President declaring a Federal emergency.

With the establishment of NorthCom, these restraints were dropped. Operation Garden Plot was mothballed, and replaced by ConPlan 2502. According to a report published by the U.S. Army War College, ConPlan 2502 “serves as the foundation for any Civil Disturbance Operation and standardizes most activities and Command relationships. Tasks performed by military forces may include joint patrolling with law enforcement officers; securing key buildings, memorials, intersections and bridges; and acting as a quick reaction force.”

While the command role of the Attorney General—

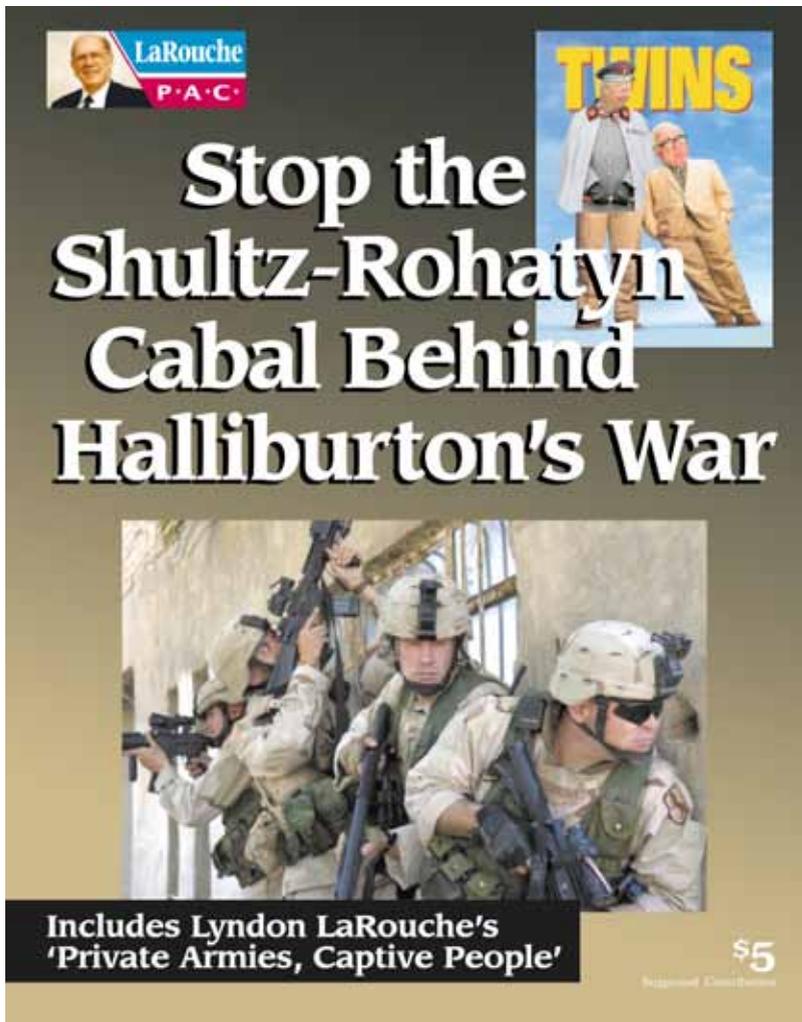
in conjunction with the Secretary of Defense—was retained under ConPlan 2502, the Army War College primer added that, “The restrictions of the *Posse Comitatus Act* no longer apply to Federal troops executing the orders of the President to quell the disturbance in accordance with the Rules of the Use of Force approved by the DoD General Counsel and the Attorney General.”

NorthCom has also become a major recipient and consumer of the ever-expanding intelligence and data-gathering operations conducted both by the U.S. government and private contractors. Priest and Arkin, describing the new NorthCom headquarters in Colorado and its amassing of data, write that, “The ultimate dream of those behind it is to be able to point to any block in any city in the United States and gain instant access to the expanding universe of digitized information for that location, from speed cameras to wireless network signals, street level photography and video, property records, electricity consumption, floor plans and security layouts, even traffic light sequences. Also incoming would be ultra-high resolution imagery that can peer into backyards, and other advanced technologies to pinpoint activity inside the walls of an office building, power station, or, with proper approval, a private home, from the living room to the bathroom to the children’s bedrooms.”

Domestic Intelligence Collection

Under the Obama Administration, the collection of all manner of information on citizens, and the sharing of such information—often nothing more than common gossip—between local police forces and Federal agencies, has accelerated. “Report Suspicious Activity” signs are ubiquitous in the Washington, D.C. metropolitan area. The “See something, say something” campaign threatens to create a nation of snitches. (Think East German Stasi, or Nazi Gestapo.) State and local police are increasingly utilizing individual identification technologies developed for military use in identifying enemies. And they all have access to an ever-widening array of computerized databases containing information on American citizens.

How extensive is this domestic intelligence apparatus? William Arkin’s calculation is there are now 3,984 Federal, state, and local organizations, each with their own counterterrorism responsibilities and jurisdictions, almost 1,000 of which have been created since 2001, or



This pamphlet was dated April 2006.

have become involved in counterterrorism since then.

Obama's Director of Homeland Security, former Arizona Governor Janet Napolitano, was a champion of building local intelligence organizations when she was in Arizona, and she is now in a position, from her perch at Homeland Security, to accelerate the creation of a massive database of information on U.S. citizens, drawing upon everything from neighborhood scuttlebutt passed on to local police, to high-tech electronic surveillance carried out by U.S. military intelligence agencies.

At a Senate Homeland Security hearing Sept. 13, and again before a House Intelligence Committee hearing Oct. 6, FBI Director Mueller, Homeland Security Director Napolitano, and National Counterterrorism Chief Matt Olsen, all testified, in deliberately vague

terms, about these massive databases which are increasingly being merged into one system. Two mechanisms for this are local multi-agency intelligence "fusion centers," and the Joint Terrorism Task Forces composed of local and Federal law enforcement.

Olsen also said that the National Counterterrorism Center (NCTC, part of the Office of the Director of National Intelligence), "is really an example of that effort where we have information collected overseas, information collected domestically by various agencies."

"It is all brought together and integrated at NCTC," Olsen said. "We have analysts from FBI, from DHS, from the CIA working together to look at that information."

"We've stood up a group called Pursuit Group to really help fill in the gaps, to look for less obvious connections between people and phone numbers and e-mail addresses to help us identify those individuals that might not be obviously connected," Olsen testified. "And then we pass leads to the CIA or the FBI as appropriate. . . . Certainly the legal changes that have been made, Patriot Act and other laws, have made it easier for us to do that."

Can you really believe that such extensive data-collection on U.S. citizens would not be used to compile "watch lists" of people to be picked up and detained under "emergency conditions," just as the FBI did in the 1950s and 1960s with much less sophisticated data-collection techniques?

Obama: 'Tougher than Bush'

Throughout his Presidential campaign, Obama railed against the torture and detention policies of the Bush-Cheney years, and vowed that those responsible for these atrocities would be held accountable. In fact, legally he had no choice. Torture is a crime under both U.S. law and international treaties, and under those treaties, the United States, like any other nation, is obligated to investigate and prosecute those guilty of torture and abuse of prisoners.

But by the time of his inauguration, he was already

talking about the need to “look forward” instead of backwards. By August 2009, Obama’s Attorney General Eric Holder announced that three categories of individuals would be totally immunized for their crimes: (1) the Bush-Cheney officials who ordered torture; (2) the Bush-Cheney lawyers who authorized it, and (3) the CIA and military personnel who carried out torture pursuant to Bush-Cheney guidelines and legal opinions.

But the whole thing was a charade anyway, which is illustrated by an account in *Top Secret America* quoting the CIA’s top lawyer, John Rizzo. Amidst much nervousness and anxiety at the CIA, as Obama’s inauguration approached, Rizzo says he got a message from the Obama team before Inauguration Day: “His people were signaling to us, I think partly to try to assure us that they weren’t going to come in and dismantle the place, that they were going to be just as tough as, if not tougher than, the Bush people.”

True, Obama declassified the Bush-Cheney directives on interrogations and torture, and banned harsh interrogation techniques, and he announced that he would close the Guantanamo prison camp—which he

then dropped as an active concern.

When all was said and done, the Obama Administration had “changed virtually nothing,” Rizzo said. “Things continued. Authorities [authorizations] 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.”

Obama: The New Cheney

The same thing happened in every other area of the Bush-Cheney apparatus.

- While pretending to wind down the wars in Afghanistan and Iraq, Obama started a third, in Libya, in which he went further than any recent President in ignoring the War Powers Resolution and by-passing Congress.

- Obama has sharply increased the number of targeted killings carried out by military special forces and the CIA, including a major increase in the use of drones for long-distance killing of suspected adversaries and anyone close by. He created a secret committee to determine who should be on the “kill list,” based upon the President’s say-so.

- We have already seen what he did to extend and consolidate the Patriot Act; along with this, domestic surveillance and the scooping up of all domestic electronic communications has continued and expanded. Any effort to challenge this surveillance in court is blocked by an aggressive assertion of “state secrets.”

- Obama, the champion of “openness,” waged an unprecedented war against whistleblowers, and has used the espionage laws to press heavy criminal charges in five cases, more than done by all previous administrations combined. Worse than Bush and Cheney; worse even than Nixon.

- Obama issued a Presidential Memorandum on Transparency and Open Government. But, as the authors of *Top Secret America*, who catalogued the skyrocketing growth of what they call a “parallel top secret government,” put it:

“As the glow of the inauguration faded, Obama embraced the intelligence-military-corporate apparatus too, and the enduring hidden universe continued to grow larger and more secret every day.”

This is the machinery, and this is the President, that pose an imminent, mortal threat to every American today, until this President is removed, and the coup machinery is dismantled.

10 Years Later

An LPAC-TV Feature Film

Eight months before the September 11, 2001 attacks, Lyndon LaRouche forecast that the United States was at high risk for a Reichstag Fire event, an event that would allow those in power to manage, through dictatorial means, an economic and social crisis that they were otherwise incompetent to handle. We are presently living in the wake of that history.

<http://larouchepac.com/10yearslater>



Weapons of War, or Tool of Repression?

by Carl Osgood

Oct. 17—For a dictatorship to “succeed,” it needs both psychological control over the population, and the means to eliminate its enemies at will. President Obama, who intends to make himself a dictator over the United States (on behalf of his British masters), has demonstrated access to both types of control, with the assassination of Anwar al-Awlaki by use of a remote-controlled armed Predator aircraft, the first time an American citizen has been murdered by Presidential decree.

When examining the usage of Predator and other types of drones for targeted killing, the astute critic has to ask, are these really weapons for warfare or for something else? The history of Israel’s war against the Palestinians in Gaza clearly shows that the Israelis have been using drones primarily as a tool of repression. One observer noted, on the website electronicintifada.com in February 2009—that is, a few weeks after the conclusion of the genocidal Operation Cast Lead—that “Current military use of UAVs [unmanned aerial vehicles] is limited by the need for relatively unchallenged airspace or prohibitively expensive stealth technology, as they have almost no defensive capability. Efforts to make air combat-capable UAVs are years away from equaling the capability of piloted aircraft. Until that happens, they will be exceedingly vulnerable in challenged airspace. Thus, UAVs remain an effective tool only when used by more militarily dominant nations, corporations and other entities.”

This brings to mind the German Stuka dive-bomber of World War II infamy. The Stuka was very effective both as a bomber and as a psychological terror-weapon in the early phases of the war, when German control of the air was uncontested, such as in Poland in 1939. But against an enemy capable of resistance, the Stuka proved useless.

As with the German terror-bombing tactics of World War II, the Israeli use of drones against subject popula-

tions, in this case the Arabs of Gaza and the West Bank, is nothing but an extension of British air power doctrine. While the Israeli drones don’t have sirens attached to them, as the German Stukas did, the knowledge that they’re up there, and can target you at any time, has just as powerful a psychological effect as the shrieking of the Stukas did in Poland.

“Palestinians say they know when an Israeli drone is in the air: Cell phones stop working, TV reception falters and they can hear a distant buzzing,” AP reported from Gaza City in 2008. “They also know what’s likely to come next: a devastating explosion on the ground.” The Israelis have been killing Palestinians with drones since at least 2004, and drones, both armed and unarmed, played a key role in the genocidal Operation Cast Lead in December 2008-January 2009.

The Israelis have also been busy peddling their drone technology around the world. At least three countries, Great Britain, Germany, and Canada, have purchased the Israeli Hermes surveillance drone for occupation duty in Afghanistan. The U.S. has also bought Israeli drones, and is a student of Israeli occupation tactics, as reported after the U.S. assault on Fallujah, Iraq in November 2004. U.S. Army officers had traveled to Israel during 2003 to study how the IDF ran the occupation of Gaza, and subsequently applied what they learned in Iraq. The exhibit hall at last week’s annual conference of the Association of the U.S. Army featured large displays by Israel’s two largest weapons-makers, Elbit Systems and Israeli Aerospace Industries (IAI), both hawking their wares, including their latest drone technologies.

Today’s *Los Angeles Times* features an op-ed by Michael Lewis, a professor of international law at Ohio Northern University School of Law and a retired Navy pilot, aimed at debunking certain “myths” about the use of drones. One of the myths he’s worried about is that drones might be used against the United States by Russia or China. Why not? “Drones are surveillance and counter-terrorism tools; they are not effective weapons of conventional warfare,” Lewis writes. “The unmanned aerial vehicles are slow and extremely vulnerable to even basic air defense systems.”

In fact, under Obama’s drive for dictatorship over the United States, drones are good for only one thing: Wellsian psychological warfare against the American people, and the extra-judicial murder of anyone who stands in the way. That’s what the Presidential murder of Awlaki demonstrates.

Wall Street Backed The Plot To Kill FDR

The history of the United States is dominated by the struggle to break free of the oligarchical system represented by the British Empire. From the Revolutionary War that created the nation, to the Civil War against the British-backed Confederacy, to the present day, this battle has been waged against the City of London and its partners on Wall Street. Several Presidents have been assassinated, other assassinations have been attempted, and the United States has been on the verge of an anti-republican coup d'état on more than one occasion.

The activation of a fascist movement against President Franklin D. Roosevelt is a case in point. We present the story here, drawn from *EIR* coverage by Jeffrey Steinberg (April 4, 2008) and John Hoefle (Feb. 13, 2009), with research contributed by Anton Chaitkin and L. Wolfe.

Fascism in the United States

While Italy, under Benito Mussolini, and Germany, under Adolf Hitler, are the most prominent fascist regimes in history, they were but creatures of a larger, global fascist drive. The fascist movement was active in the United States in the 1920s and '30s, and centered around Wall Street, as befitting a movement which could also be accurately termed bankers' socialism:

- Partners in **J.P. Morgan & Co.** funded both Hitler and Mussolini. Morgan partner Thomas Lamont, who described himself as “something like a missionary” for Italian Fascism, arranged a \$100 million loan for Mussolini in 1926. Lamont became chairman of Morgan in 1943.

- The Rockefellers' **Standard Oil of New Jersey** and **Chase Bank** had extensive ties with the Nazis, as did **International Telephone and Telegraph** (which built the German Focke-Wulf bombers). Standard Oil President Walter Teagle was a director of American IG Chemical Corp., a subsidiary of the infamous IG Farben of concentration-camp fame. In 1947, U.S. judge Charles Clark ruled that “Standard Oil can be considered an enemy national in view of its relationships with

IG Farben—after the United States and Germany had become active enemies.”

- The **du Pont family** was also hip-deep in the Nazi swamp. Irénée du Pont was “obsessed with Hitler's principles” and a “keen follower of the career of the future Führer in the 1920s,” reported Charles Higham in his book *Trading With the Enemy: An Exposé of the Nazi-American Money-Plot 1933-1949* (New York: Delacorte Press, 1983). Higham cited a speech du Pont gave in 1926, in which he advocated a race of supermen, to be achieved by injecting children with drugs. By 1933, the du Ponts were financing fascist groups in the United States, such as the Liberty League.

- In 1942, ten months after the United States entered World War II, the U.S. seized the **Union Banking Corp.** under the Trading with the Enemy Act. One of the directors of Union was **Prescott Bush**, the father of President George H.W. Bush. Prescott Bush was a managing partner of **Brown Brothers Harriman**, whose E. Roland Harriman was chairman of Union, and which represented the interests of the German Thyssen family in the United States.

A U.S. government investigation showed that Union was heavily interlocked with Thyssen's German Steel Trust, which produced a substantial portion of Nazi Germany's steel and explosives. The Steel Trust, Germany's largest industrial corporation, had been organized in 1926 by Wall Street banker Clarence Dillon, of **Dillon Read**. Dillon was a friend of Prescott Bush's father, Sam Bush. The majority owner of the Steel Trust was Fritz Thyssen, a prime sponsor of Hitler.

Enter: FDR

On Jan. 22, 1932, Roosevelt announced his candidacy for the Democratic Party Presidential nomination. The convention was scheduled for late June in Chicago. From the very outset, FDR was by far the favorite to win the nomination and the Presidency. However, the Morgan interests that owned the Democratic Party, through party chairman John Jakob Raskob and executive director Jouett Shouse, had other plans. They launched a “Stop Roosevelt” operation, employing a number of Morgan assets, and drawing upon party factions that had their own differences with FDR.

Morgan man Al Smith, the governor of New York, announced his candidacy on Feb. 6, creating a serious split in the New York Democratic Party. A number of “favorite son” candidates also entered the race, most

with the understanding that they would ultimately throw their support—at a price—behind either FDR or some rival, in the event that the convention was deadlocked. The Morgan strategy was to deny Roosevelt the nomination on the first series of ballots, and then draw support away from the New York governor, and toward their chosen “compromise” candidate, Newton D. Baker, Woodrow Wilson’s Secretary of War (1916-21), and later a lawyer for the Morgan interests in Cleveland, Ohio.

After several days of intense maneuvering by both sides, when the convention reconvened, on the evening of July 1, the Morgan-Raskob-Smith gang had been defeated, and Roosevelt became the nominee. The candidate took the unprecedented step of flying out to Chicago, to directly address the convention. His speech proclaimed his “New Deal” for America.

Attempted Assassination and Coup d’État

In the wake of FDR’s landslide victory over Herbert Hoover in the November 1932 general elections, the Morgan and City of London financier faction quickly regrouped. If they could not defeat Roosevelt by the manipulation of the ballot, they would use other means.

On Feb. 15, 1933, less than a month before Roosevelt’s March 4 inauguration as President, a “lone assassin” attempted to kill him, during a rally in Miami, Florida. An Italian immigrant unemployed laborer, Giuseppe Zangara, fired at the podium, just as Roosevelt was shaking hands with Chicago Mayor Anton Cermak. Cermak took the shot, and died several weeks later. While investigations into the shooting never developed evidence of a broader plot, interrogations of Zangara confirmed that he had intended to kill the President-elect, thus dispelling later claims that he had been sent by Chicago mobster Frank Nitti to kill Cermak, who had cracked down on his Capone mob rivals.



Library of Congress

J.P. Morgan, Jr., London’s principal operative on Wall Street, was among those who plotted the coup against President Franklin Roosevelt.

Starting in early 1933, leading operatives of the du Ponts, the Morgans, and the du Pont/Morgan-controlled General Motors, including the recently deposed Democratic Party honchos Raskob and Shouse, conspired to organize a military coup d’état against the President, claiming that Roosevelt was a “Jew Communist,” who would destroy the United States through New Deal hyperinflation.

Conspirators first contacted Maj. Gen. Smedley Darlington Butler (USMC-ret.) in July 1933, in an effort to recruit him to the plot. As he reported later to the McCormack-Dickstein Committee of the House of Representatives, they asked him to recruit an army of 500,000 World War I veterans to march on Washington and force Roosevelt’s resignation, then to impose a regime modeled on those of Mussolini and Hitler.

In September 1934, the plotters established the American Liberty League, with Al Smith, Raskob, and Morgan lawyer

John W. Davis joining the ranks of the Grayson Mallet-Prevost Murphy, Pew, Pitcairn, Rockefeller, and Lamont interests. To set the stage for the pro-fascist bankers putsch, Henry Luce’s *Fortune* magazine devoted its July 1934 issue to praise of Mussolini. Anglophile editor Laird Goldsborough penned a signed editorial, which proclaimed, “Fascism is achieving in a few years or decades such a conquest of the spirit of man as Christianity achieved only in ten centuries. . . .”

General Butler told Congress that he had been repeatedly approached by one of the Morgan operatives, Gerald MacGuire, who had spent seven months in Europe, at the start of 1934, making contacts with leading Synarchists¹ in Italy, France, and Germany.

1. Synarchism is a name adopted during the Twentieth Century for an occult freemasonic sect, known as the Martinists, based on worship of the tradition of Napoleon Bonaparte. From the early 1920s through

Hesitant to signal to that the Morgan gang was plotting a fascist takeover of America, MacGuire told Butler that the new movement, to save America from FDR, was modeled on the French secret military organization, Croix de Feu (Fiery Cross), which, he lied, was like America's Veterans of Foreign Wars or American Legion. In fact, the Croix de Feu was a hard-core pro-Fascist, pro-Nazi apparatus, which had failed in coup plots in France, and ultimately became part of the collaborationist Vichy regime.

Butler smelled the rat and took his story to the news media and Congress, resulting in a tremendous scandal. Working with *Philadelphia Record* journalist Paul Comley French, Butler substantiated every detail of the plot. In one meeting with French, MacGuire openly declared, "We need a fascist government to save the nation from the Communists." He explicitly endorsed Hitler's forced labor camps as the "solution" to unemployment in America.

When the American Liberty League formally announced its founding, the press was called in to the office of none other than "Stop-FDR" leader, Jouett Shouse, at the National Press Building in Washington. Shouse, who had headed Morgan's Association Against the Prohibition Amendment, had merely changed the masthead of the old AAPA.

FDR vs. the 'Economic Royalists'

Franklin Delano Roosevelt took a nation that had been devastated by the looting policies of the imperial bankers—the "economic royalists," as he called them—and restored the concept of national sovereignty. He saved the nation from the fascists, and still today, they have neither forgotten nor forgiven him for doing so. FDR whipped the bankers into line, using the hearings of the Senate Banking Committee con-



Maj. Gen. Smedley Butler (ret.) spilled the beans to Congress on the conspiracy to organize a military coup.

ducted by prosecutor Ferdinand Pecora, to expose the corruption and arrogance of Wall Street, thereby gaining public support to ram through a series of regulations and reforms.

A particular target was J.P. Morgan & Co., the bank which controlled a vast swath of America industry, from railroads to steel to raw materials and electricity generation. J.P. "Jack" Morgan, Jr., reputedly the richest man in the world, had shown his contempt for the government during the Pecora hearings in 1933, when he posed during testimony with a midget circus performer on his lap, a display of arrogance which cost him dearly.

Morgan was essentially a British bank, having begun as the New York branch of J.S. Morgan & Co. of London, a bank with close ties to the Venetian Rothschild banking interests. With a steady supply of European money, Morgan had led the fight to bankrupt the American System entrepreneurs and take over their operations. In this way, Morgan gobbled up railroads and industrial interests, combining them into trusts like U.S. Steel and General Motors. The Morgan partners viewed themselves as international bankers, above the laws of mere nations. They were not the only ones who did so, but they were the most powerful of the American branch.

Morgan, as we have seen, was instrumental in the plot to overthrow FDR in 1934. While the treasonous plotters were never prosecuted for their crime, for political reasons, the ramifications of their actions were not overlooked, and the Administration set out to break their power.

One way this was done was the passage of the Glass-Steagall Act, which prohibited commercial banks from engaging in the securities business. This Act forced the Morgan bank to split into two separate companies, the commercial bank J.P. Morgan and the investment bank Morgan Stanley.

FDR's actions were not punishment per se, but demonstrations that the law applied to the imperial financiers as much as it did to anyone else; that they were subject to the law, not above it. For that, he is hated to this day by the British empire.

1945, it was officially classed by U.S. and other nations' intelligence services under the file name of "Synarchism: Nazi/Communist," because of its deploying simultaneously both ostensibly opposing communist and extreme right-wing forces for encirclement of a targeted government. Twentieth-Century and later fascist movements, like most terrorist movements, are all Synarchist creations.

Private Armies, Captive People

by Lyndon H. LaRouche, Jr.

The following is reprinted from EIR, March 24, 2006.

March 21, 2006

In 2001 the Cheney-directed government of President George W. Bush, Jr., seized the opportunity created by the terrifying moment of the September 11th destruction of the World Trade Center buildings, to push through an attempted copy of the form of dictatorship which was given to the Adolf Hitler regime through Hermann Göring's organization of the burning of the German parliament, the Reichstag. The attempt was led by Vice-President Dick Cheney, on the same evening as that attack, to introduce forms of dictatorship which had been prepared in advance of that terrifying incident. These measures did not date from the January 2001 inauguration of George W. Bush, Jr., as President. This represented measures already underway in 1991, from the office of then Secretary of Defense Dick Cheney, under President George H.W. Bush.

Cheney was not fully successful in the proposals presented on the evening of September 11, 2001. Although important elements of the prepared plan for dictatorship were not pushed through at that time, important steps in the direction of tyranny were pushed through in the Patriot Act and related measures. Since that time, there has been resistance to such measures, from among leading Republicans as also Democrats; but, the corrosion of human Constitutional rights has been continued, step by step, on and on.

Briefly, as Jeffrey Steinberg presents these facts in the accompanying report, Cheney used his earlier position as Secretary of Defense under President George H.W. Bush, to push through legislation which represented the first of a still continuing series of attempts to take the control of the military and intelligence services out of the hands of government, and transfer these functions and powers to private corporations, as is merely typified

by the cases of Halliburton and Bechtel, then as now.

After leaving the office of Secretary of Defense, in 1993, Cheney walked over to take the leadership of Halliburton. Later, Bechtel-linked George P. Shultz, formed the team which was to become the Bush-Cheney government of 2001-2006. Cheney appointed himself Vice-President of the George W. Bush, Jr. government, and controller of virtual puppet-President George W. Bush, Jr. Cheney and long-standing Cheney crony Donald Rumsfeld, as Secretary of Defense, conducted the wars which Cheney's lies had launched. More, and more, and more of the powers of the U.S. military and military-related intelligence functions, were handed over to private enterprises of Halliburton, Bechtel, and their high-priced cronies, while the actual U.S. military and its regular intelligence services, were gutted almost into ruins today.

Yes, this is a case of massive financial corruption orchestrated by the Bush-Cheney Administration; but, there are worse kinds of corruption than merely stealing from the public. The use of such privatized powers for torture, murder, and fostering of what had been previously adjudged to be wholesale crimes against humanity; crimes akin to those of the Nazi and Pinochet regimes, are worse. Those are the crimes whose spoor leads to the doors of not only the current Bush-Cheney regime, but to the office of the Cheney of 1989-1993.

The image with which these Cheney-linked developments confront us today, is that of a system of "world government" (so-called "globalization"), in which private armies and private secret-police forces, all employed by private financial consortia in the image of Halliburton and Bechtel, operate a new form of world dictatorship, killing any persons or groups of persons who are disliked, and enforcing arbitrary laws crafted by private financial interests' bureaucrats, just as the Nazis intended to set up a global system of international Waffen-SS rule, had Hitler won World War II.

No one who claims to be both intelligent and well-informed has the moral right to pretend that this is not precisely the kind of threat which the cabal behind Cheney and his and his wife's London accomplices represents. Globalization, a form of world-wide elimination of the sovereign nation-state which is already far advanced, is a process of transfer of the power of sovereign nations to global syndicates of giant blobs of private financier interests, such as those typified by the globally predatory system of hedge-funds today. Today, hedge-funds composed of consortia representing world-wide assortments of private financier interest, are gobbling



EIRNS/Stuart Lewis

Felix Rohatyn and Donald Rumsfeld, along with George Shultz and Dick Cheney, form the core of the grouping that has been handing more and more of the powers of the U.S. military and military-intelligence functions, over to private companies—run by themselves and their cronies.

up, and often obliterating entire national private industries and public investments, from around the world.

Synarchist Financiers

The ideological hard-core of this is traced to figures such as the same, notorious Alexander Helphand “Parvus” who indoctrinated his dupe Leon Trotsky in the Synarchist (e.g., anarcho-syndicalist) doctrine of “Permanent War, Permanent Revolution.” You could also look up the facts concerning Trotsky’s doctrine of “Neither Peace Nor War” at Brest-Litovsk. This influence of Parvus over Trotsky was the genesis of the Trotskyist neo-conservatives associated with the circles of Carl Schmitt protégé Professor Leo Strauss of the University of Chicago and the doctrine of those followers of the Carl Schmitt dogma of Thrasymachus associated with the present-day U.S.A.’s Federalist Society.

The modern notion of financier-ruled world empire, takes its origins in the role of the Martinist freemasonic cult of Count Joseph de Maistre, which orchestrated the French Revolution through the hoax of the 1785 affair of the Queen’s Necklace, the July 1789 Siege of the Bastille, the Danton and Marat regimes, the Jacobin Terror, and the reconstruction of the personality of Jacobin Napoleon Bonaparte, a Robespierre asset, into the “Roman Imperial” image of Napoleon Bonaparte. This Thrasymachus-like image of Napoleon as emperor was the model of G.W.F. Hegel’s theory of the state, for the pre-fascist Romantic school of law of Hegel and his Berlin University crony Savigny, and such outgrowths

of that as the modern fascist doctrines of Nazi Crown-Jurist Carl Schmitt.

All of these systems are outgrowths of what was known as the oligarchical form of empire of pre-Roman Mesopotamia, the failed imperialism of Thrasymachus, of the Roman Empire, the Byzantine Empire launched by Diocletian, and the medieval system based on the alliance of Venice’s financier oligarchy and the Norman chivalry. Since the medieval Crusader partnership of Venice and the Norman chivalry, all Europe-

based empires of note have been primarily Romanesque empires of a financier-oligarchical power, such as the British East India Company’s system of rule during the late Eighteenth and early Nineteenth Centuries, empires modeled on the design proposed by that lackey of Britain’s Lord Shelburne, Gibbon.

The financial system of the British since 1763 to the present day, has been an Anglo-Dutch Liberal variant, based on the Venetian financier-oligarchical model, encased within an intent to establish a permanent imperial order to succeed where Rome had fallen.

The creation of the Synarchist organization in Nineteenth-Century France defined the model usually chosen from among leading private financier interests for any attempt to establish a world imperial rule based on the combination of the Venetian financier-oligarchical and Roman models. The name for that form of intended imperialism today, is “globalization.”

The intention is to create a world system, in which large financier syndicates, which exert greater power than any national government, actually rule the world instead of governments. The intention is to break the power of governments by degrees, and then use the first general financial collapse brought about by the current policies of the financier oligarchy itself, to establish a financial creditors’ imperial rule over technically bankrupt nations and their governments. This imperial system is called “globalization.”

That is the immediate threat to civilized forms of life, inside the U.S., and around the world, today.

The most powerful potential enemy of globalization is patriotism. If nations retain the power to govern, and to make laws according to the universal Christian and similar principle of protection of the general welfare, the power of usury is helpless in the face of justice according to natural law. Therefore, since a threatened nation's people will act to defend their rights under such circumstances, the instruments of physical power of the sovereign state are the most efficiently deadly foe of any attempted, imperialistic financier-oligarchical insolence. So, what Cheney has been doing, first as Secretary of Defense, then since 2001, and still today, has been to work to take the power of government away from the nation-state, and transfer that power to shoot to financier interests owned and used by the imperialist financier class. What Cheney has done to that effect, is therefore far worse than treason.

Rid ourselves of his position in government, urgently, now, while you still may, and restore the military, intelligence, and police functions of the nation back into the hands of constitutional government. Reverse immediately all legislation and other actions which perpetuate what is the intrinsic corruption associated with the legacy of the functional relations among Cheney, Rumsfeld, George Pratt Shultz, Halliburton, and Bechtel.

Threat to National Security

Rohatyn, Shultz, Cheney 'Privatization' Scheme

by Jeffrey Steinberg

This article originally appeared in the March 24, 2006 EIR under the headline: "Rohatyn, Shultz, Cheney 'Privatization' Scheme To Wreck U.S. National Security."

On Oct. 9, 2004, two leading American figures in the International Synarchy, George Shultz and Felix Rohatyn, teamed up in an assault upon the national sovereignty and national security of the United States. Under the auspices of George P. Shultz's Princeton Project on National Security, the Rohatyn Center for International Affairs at Middlebury College, and the Woodrow

Wilson School of Public and International Affairs at Princeton University, jointly sponsored a conference promoting "The Privatization of National Security," at the Middlebury College campus in Vermont. The conference brought together a dozen or so academics, former government officials, and retired military officers to chart out the vast expansion of the privatization of military functions, through PMCs—private military companies.

According to the Rohatyn Center's annual report of 2004-05, Shultz is the co-chairman of the Princeton Project, which is funded by the Ford Foundation, and "aims to move beyond the . . . standard ways of thinking about national security." Translated into plain English, Shultz and Rohatyn are leading the drive to eliminate the sovereign nation-state, by outsourcing to private multinational corporations, virtually all national security and military functions, including all non-combat and some core combat functions of the military itself.

In line with the Shultz-Rohatyn scheme—and under the umbrella of "privatization"—the so-called Global War on Terrorism (GWOT) of Secretary of Defense Donald Rumsfeld, former Deputy Secretary of Defense Paul Wolfowitz (now president of the World Bank), and Undersecretary of Defense for Intelligence Stephen Cambone, has already transformed segments of the U.S. military into a carbon-copy of Hitler's Allgemeine SS, deploying quasi-private bands of commandos around the globe with a license to kill, and engaging in a massive spying campaign against American citizens, far beyond anything Richard Nixon envisioned in his most paranoid moments.

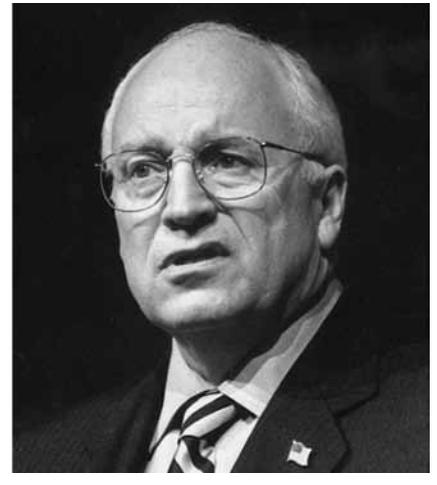
According to one well-placed U.S. military source, Rumsfeld has recently radically altered the personnel regulations of the Special Operations Command, allowing Green Berets, Navy Seals, Delta Force commandos, and other "spec ops" troops, to "temporarily" retire from the military service, go to work for private contractors, and later return to active duty—with no loss of rank or service time. If this report is true, Rumsfeld has smashed the wall of separation between active-duty special forces soldiers on the one side, and mercenaries and terrorists on the other.

Neo-Feudalism

The general theme of the Rohatyn-hosted conference was summed up by Peter Feaver, the director of the Triangle Institute for Security Studies at Duke University, who gushed, "In fact, what we're seeing is a



www.llnl.gov



EIRNS/Stuart Lewis

The “neo-feudal” scheme to privatize the U.S. military and knock down the last pillar of national sovereignty, has been associated with three names in particular (left to right): George Shultz, Felix Rohatyn, and Dick Cheney. Shultz and Rohatyn were key players in the Pinochet coup in Chile. In 1991, then-Secretary of Defense Cheney hired Halliburton to conduct a top-secret study on how America’s military operations could be outsourced to the private sector.

return to neo-feudalism. If you think about how the East India Company played a role in the rise of the British Empire, there are similar parallels to the rise of the American quasi-empire.”

Feaver is no mere think-tank quackademic. In June 2005, he was brought on to the National Security Council as a “special advisor for strategic planning and institutional reform,” a post he will hold at least through August 2006. Feaver was the principal author of the Bush Administration’s “National Strategy for Victory in Iraq,” a 35-page public document released by the White House on Nov. 30, 2005, as President George W. Bush was addressing the U.S. Naval Academy in Annapolis, Md. Feaver, whose Triangle Institute conducts public opinion polls on national security issues, argued that Americans could be snookered into accepting high rates of casualties and vast costs of war, for an indefinite period of time, so long as they were convinced that there was a plan for “victory.” No need to clue in the American people, or even the military brass, for that matter, on the fact that the goal is “neo-feudalism,” as he boasted in front of the Rohatyn-selected crowd at Middlebury.

In his own remarks on the final panel at Middlebury, Rohatyn, in his usual glib style, let the cat out of the bag: “I will address this issue as privatization and what goes with it, not if it’s good or bad, because I think it is here to stay and there’s no point in arguing that issue. And also because I think it will grow. I don’t think for a moment that privatization will stop with security services.... I believe it is inevitable that more and more

ranking officers will leave the Pentagon and go with private companies, and then go back to the military as contractors, with businesses that have far greater market values. Because one actor that you haven’t included here are the securities markets. And privatization, which is a dogma as well as a process, usually brings with it two other elements. One is deregulation and the other is a need for transparency.”

Rohatyn argued that, for the privatization of national security to work on a grand scale, it must be run by large multinational corporations—i.e., cartels—which are “regulated” by the invisible hand of the stock market: “The big companies have [legitimacy] because they are transparent, because they are listed on securities exchanges, because there is a sanction if they do something wrong. That doesn’t exist with the smaller players,” he said, making a pointed reference to the torture of prisoners at Abu Ghraib, where private contractors, hired as translators and interrogators, took part in the abuses.

Rohatyn concluded: “The issue of what is it that only the government can do: It’s probably to kill people. But I don’t think there are that many issues where the government can act where the private sector can’t play a role if it is properly overseen, and if the community of interests is protected.”

Sources familiar with the Middlebury conference say that the event capped an organizing drive for the “privatization of national security” that has been under way since the collapse of the Soviet Union. During the Presidency of William Clinton, Rohatyn, who served

briefly as Ambassador to France, was the leading champion of the privatization and outsourcing of as many Pentagon functions as possible.

In fact, from the outset, the “neo-feudal” scheme to privatize the U.S. military and knock down the last pillar of national sovereignty, has been associated with three names in particular: George Shultz, Felix Rohatyn, and Dick Cheney. Shultz and Rohatyn, sources close to the two men report, have been tight friends for a long time, perhaps dating back to their early 1970s collaboration on the Pinochet coup in Chile. At the time, Shultz held a string of Cabinet posts in the Nixon Administration, and Rohatyn, the chairman of the New York-London-Paris brokerage house, Lazard Brothers, was an outside director of International Telephone and Telegraph (ITT), the major corporate sponsor of the coup. Along with then-Secretary of State and National Security Advisor Henry Kissinger, Shultz and Rohatyn were key players in the CIA-backed overthrow and murder of Chilean President Salvador Allende, and the installation of the military junta of Gen. Augusto Pinochet.

Cheney and Halliburton

According to numerous published accounts, in 1991, shortly after “Operation Desert Storm,” then-Secretary of Defense Dick Cheney hired the Houston, Texas-based oil equipment company Halliburton to conduct a top-secret study of how America’s military operations could be outsourced to the private sector. All told, Halliburton received \$8.9 million to conduct the study, which to this day, remains classified. One Congressional source described the study as “the crown jewels,” and forecasted that, so long as Cheney is around, the content of the Halliburton privatization plan will remain buried.

The New Yorker’s Jane Mayer filled out the picture of the early Cheney-Halliburton collusion in a Feb. 16, 2004 story: “As Defense Secretary,” she wrote, “Cheney developed a contempt for Congress, which, a friend said, he came to regard as ‘a bunch of annoying gnats.’ Meanwhile, his affinity for business deepened. ‘The meetings with businessmen were the ones that really got him pumped,’ a former aide said. One company that did exceedingly well was Halliburton. Toward the end of Cheney’s tenure, the Pentagon decided to turn over to a single company the bulk of the business of planning and providing support for military operations abroad—tasks such as preparing food, doing the laundry, and cleaning the latrines. . . .

“Halliburton was paid \$3.9 million to write its initial report, which offered a strategy for providing support to twenty thousand troops. The Pentagon then paid Halliburton five million dollars more to do a follow-up study. In August 1992, Halliburton was selected by the U.S. Army Corp of Engineers to do all the work needed to support the military during the next five years, in accordance with the plan it had itself drawn up.”

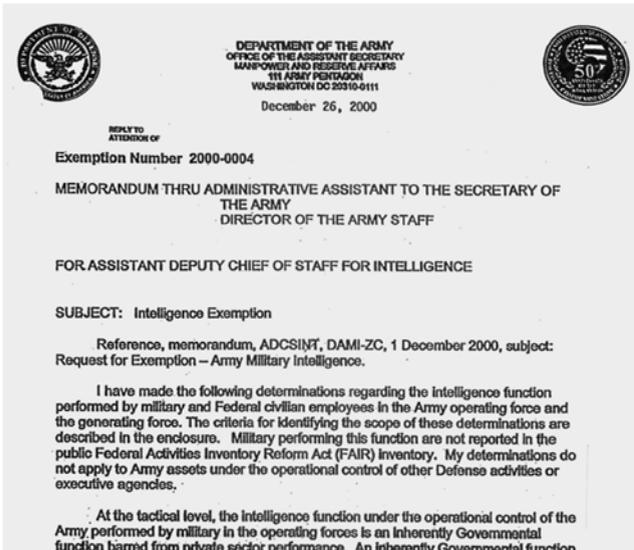
In January 1993, when the Clinton Administration came in, Cheney supposedly briefly flirted with the idea of running for the Republican Presidential nomination in 1996. He soon dropped that idea, and instead, was hired by Halliburton as its CEO. Urban legend has it, that Cheney was picked for the Halliburton post by a group of corporate executives, during a fly-fishing vacation in Canada. but Cheney’s earlier “special relationship” with Halliburton, while Secretary of Defense, certainly suggests that his post-Bush Administration future may have been sealed before he left office.

Over the five-year period from 1995-2000, Cheney took in \$44 million in salary as Halliburton CEO. When he left the company to become George W. Bush’s self-selected Vice Presidential running-mate, he arranged a deferred compensation deal that has given him an average of \$150,000 a year in supplemental income, and stock options currently valued at over \$18 million.

However much Cheney benefitted from his Halliburton relationship, the company truly made out like bandits. According to data compiled by the Center for Public Integrity, a public interest research organization in Washington, between November 2001, when the United States launched the invasion of Afghanistan, and June 2004, Halliburton raked in \$11.4 billion in Bush-Cheney Administration contracts. Nearly two years later, those figures have certainly moved toward \$15 billion in taxpayers’ money. The next largest contractor, Parsons Corp., which has a long history of overseas U.S. government heavy construction projects, received under \$5.3 billion during 2001-04.

Halliburton has truly evolved into a “New East India Company” under Cheney and Rumsfeld. Halliburton personnel have been on the ground in every combat zone of the post-Cold War period, from Mogadishu in Somalia, to the Balkans, to the Persian Gulf and Afghanistan.

They lead the pack, but they are not alone. All told, an estimated \$150 billion in Pentagon funds has been passed along to “PMCs” since the start of the Bush-Cheney Administration. In Iraq alone, Pentagon audi-



Assistant Secretary of the Army for Manpower and Reserve Affairs Patrick T. Henry's memo, in December 2000, argued that jobbing out intelligence functions to private contractors was a "risk to national security."

tors have been unable to account for \$200 million in funds passed out to contractors, according to one well-placed government source. Those missing funds don't even take into account billions of lost dollars, in the form of overcharging by contractors.

Beyond the staggering dollar figures, Cheney and Rumsfeld have presided over a massive privatization of military functions, from logistical support, combat engineering and interrogations, to the actual deployment of battlefield surveillance drones (unmanned aerial vehicles—UAVs) and other core combat functions.

When it was time for the Pentagon to update the Army field manual on the role of private contractors in combat zones, they even outsourced that project—to Military Professional Resources Incorporated (MPRI), one of the first U.S. companies established exclusively to conduct privatized military operations.

Dan Guttman, a Fellow at Johns Hopkins University, who works with the Center for Public Integrity, told *The New Yorker's* Mayer that after five years of Bush-Cheney cuts in government jobs, replacing them with PMCs, "contractors have become so big and entrenched that it's a fiction that the government maintains any control."

Peter W. Singer, a Fellow at Brookings Institution—an attendee at the Shultz-Rohatyn Middlebury conference, who authored a 2003 book, *Corporate Warriors*—warned, "We're turning the lifeblood of our

defense over to the marketplace."

Retired Air Force Col. Sam Gardiner zeroed in on another critical factor driving Cheney, Shultz, and Rohatyn to push the privatization of national security: their commitment to a strategy of imperial perpetual war. "It makes it too easy to go to war," Gardiner warned. "When you can hire people to go to war, there's none of the grumbling and the political friction." Gardiner told Mayer that he is convinced that, without the ability to draw on well over 150,000 PMC contractors in Iraq, Cheney et al. might never have succeeded in selling the Iraq War to Congress, because the invasion and occupation would have required well over 300,000 troops—precisely the number that Gen. Eric Shinseki told Rumsfeld would be needed to do the job. (For his candor, Shinseki was sacked as Army Chief of Staff.) "Think how much harder it would have been to get Congress, or the American people, to support those numbers," Gardiner concluded.

Rumsfeld's Private Domestic Spy Agency

During the Clinton years, Congressional Republicans led the drive to privatize and outsource government activities, and they found an ally in Vice President Al Gore, who was given the Clinton Administration "reinventing government" portfolio. In 1998, Congress passed, and President Clinton signed into law, the Federal Activities Inventory Reform Act (FAIR). The language of the law was explicit: "To provide a process for identifying the functions of the Federal Government that are not inherently governmental functions." FAIR, however, explicitly exempted the protection of U.S. territories and interests from the category of functions that could be possibly outsourced to the private sector.

To underscore the point, and preempt any attempts to privatize military intelligence functions by the incoming Bush-Cheney Administration, on Dec. 26, 2000, Assistant Secretary of the Army for Manpower and Reserve Affairs Patrick T. Henry wrote a memorandum to the Secretary of the Army, the Director of the Army Staff, and the Assistant Deputy Chief of Staff of the Army for Intelligence, in which he said:

"I have made the following determinations regarding the intelligence function performed by military and Federal civilian employees in the Army operating force and the generating force.... At the tactical level, the intelligence function under the operational control of the Army performed by military in the operating forces is an inherently Governmental function barred from private sector

performance. An inherently Governmental function includes those activities that require either the exercise of discretion in applying Government authority or the making of value judgments in making decisions for the Government. The gathering and analysis of intelligence as described above requires the exercise of substantial discretion in applying Government authority because intelligence at the tactical level is integral to the application of combat power by the sovereign authority.”

Henry then added: “At the operational and strategic level, the intelligence function (less support) performed by military personnel and Federal civilian employees is a non-inherently Governmental function that should be exempted from private sector performance on the basis of risk to national security from relying on contractors to perform this function.”

Counterintelligence Field Activity

Any pretense of maintaining strict limitations on the use of private contractors in military intelligence activities ended on Sept. 11, 2001. Five months after the irregular warfare attacks on the World Trade Center towers and the Pentagon, on Feb. 19, 2002, Secretary of Defense Rumsfeld signed Directive 5105.67, establishing the Department of Defense Counterintelligence Field Activity (CIFA). CIFA’s Mission, as spelled out in the Directive, was “to develop and manage DoD Counterintelligence (CI) programs and functions that support the protection of the Department, including CI support to protect DoD personnel, resources, critical information, research and development programs, technology, critical infrastructure, economic security, and U.S. interests, against foreign influence and manipulation, as well as to detect and neutralize espionage against the Department.”

While CIFA’s budget is classified and there is no public information about the size of the unit, its director, David A. Burt II, recently told the *Washington Post* that 70% of CIFA’s employees are private contractors. One Pentagon source said that CIFA has, at minimum, 1,000 full-time personnel.

A fact sheet, posted on CIFA’s Pentagon website in 2002, confirmed that the secret counterintelligence coordinating unit had gone operational. CIFA’s Directorate of Field Activities (DX), the fact sheet said, “assists in preserving the most critical defense assets, disrupting adversaries and helping control the intelligence domain.” According to a Dec. 19, 2005 *Washington Post* story by Walter Pincus, CIFA’s “roles can range

from running roving patrols around military bases and facilities to surveillance of potentially threatening people or organizations inside the United States.” According to the CIFA fact sheet, the DX also provides “on-site, real time . . . support in hostile areas worldwide to protect both U.S. and host-nation personnel from a variety of threats.”

CIFA’s Counterintelligence and Law Enforcement Center, another of its nine directorates, “identifies and assesses threats” from “insider threats, foreign intelligence services, terrorists, and other clandestine or covert entities,” according to the fact sheet.

And CIFA’s Behavioral Sciences Directorate “has 20 psychologists and a multimillion-dollar budget” to support “offensive and defensive counterintelligence efforts. The Directorate has also provided a “team of renowned forensic psychologists [who] are engaged in risk assessments of the Guantanamo Bay detainees,” according to a CIFA biography of Dr. S. Scott Shumate, the directorate chief.

Part of CIFA’s expanded operational mandate involved the centralization of raw information on possible terrorists targetting military facilities both inside the United States and abroad. On May 2, 2003, Deputy Secretary of Defense Wolfowitz issued a memorandum that circulated among the top Pentagon brass, designating CIFA as the lead agency in a program called TALON (“Threat and Local Observation Notice”). Wolfowitz’s memo stated: “While DoD has an established process to identify, report, and analyze information regarding foreign terrorist threats, we have no formal mechanism to collect and share non-validated domestic threat information between intelligence, counterintelligence, law enforcement and force protection entities and [to] subject that information to careful analysis for indications of foreign-terrorist activity. A new reporting mechanism, the ‘TALON’ report, has been established to provide a means to capture non-validated domestic threat information, flow that information to analysts, and incorporate it into the DoD terrorism threat warning process. A TALON report consists of raw information reported by concerned citizens and military members regarding suspicious incidents. Information in TALON reports is non-validated, may or may not be related to an actual threat, and by its very nature may be fragmented and incomplete. The purpose of the TALON report is to document and immediately disseminate potential threat information to DoD personnel, facilities and resources.”

The Wolfowitz memo designated CIFA to “incorpo-

rate the information into a database repository and provide full database access to the Defense Intelligence Agency, Joint Intelligence Task-Force Combatting Terrorism (JITF-CT) in order to support its terrorism warning mission.” CIFA was placed directly under the control of Undersecretary of Defense for Intelligence Cambone.

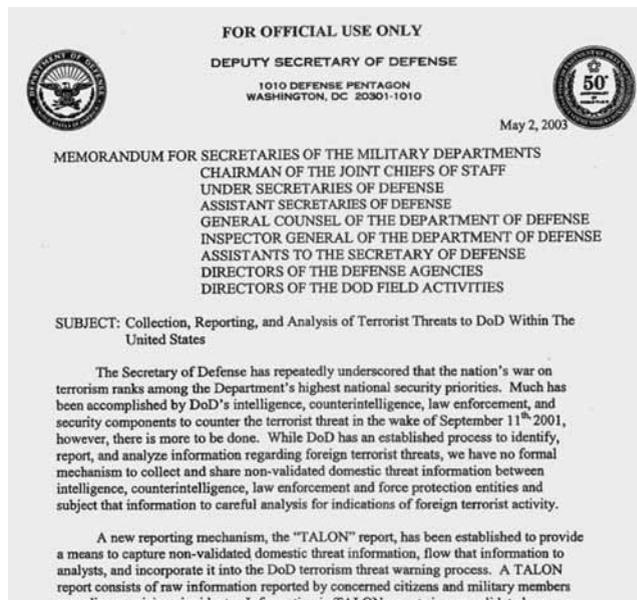
The lid at least partially blew off the CIFA story in December 2005, when NBC News got hold of a secret 400-page Defense Department document, tracking some of the TALON reports. The document exposed the tip of what appears to be a massive domestic surveillance program, targetting antiwar groups and other political activists, with no al-Qaeda or other terrorist links.

The physical surveillance activities, documented in TALON reports, are backed up by state-of-the-art computer “data-mining” systems that cross-grid scores of government and commercial databases, containing credit information, employment records, and other personal data on potentially millions of law-abiding Americans. There is widespread suspicion that part of the Pentagon’s Total Information Awareness (TIA) program, an early Bush-Cheney Administration data-mining project headed by disgraced Iran-Contra figure Adm. John Poindexter, which was ostensibly shut down, may now be housed within CIFA.

George Lotz, a retired U.S. Air Force colonel who was Assistant Secretary of Defense for Intelligence Oversight from 1998 through May 2005, told NBC, “Somebody needs to be monitoring to make sure they are not just going crazy and reporting things on U.S. citizens without any kind of reasoning or rationale.”

If this all sounds like “Clockwork Orange” on steroids, it is. The PMC industry has now established its own trade association, to promote the privatization of war. And in the best tradition of H.G. Wells double-speak, the global association of corporate mercenaries calls itself the International Peace Operations Association. Outfits like MPRI, Blackwater, and ArmorGroup, which have private “boots on the ground” in every major conflict zone on the planet, make up the founding core of the “peace operations” group. Their mission statement: “IPOA believes that there is a better solution: The prospect for long-term, sustainable peace in many of the world’s troubled spots today increasingly depends on skilled private companies and organizations specializing in peace operations.”

Postscript: A month after the Middlebury College event, Felix Rohatyn co-authored a commentary, published in the *Financial Times* on Nov. 17, 2004, “The



Deputy Secretary of Defense Paul Wolfowitz’s memo, in May 2003, advised the top Pentagon brass on the TALON program, run by the DoD Counterintelligence Field Activity. Seventy percent of CIFA employees are private contractors.

Profit Motive Goes To War.” “The past decade,” he gloated, “has witnessed a quiet revolution in the way the US projects its power abroad. In the first Gulf war, the ratio of American troops on the ground to private contractors was 50:1. In the 2003 Iraq war, that ratio was 10:1, as it was for the Clinton administration’s interventions in Bosnia and Kosovo. As these figures reflect, key military functions have been outsourced to private companies; both Democratic and Republican presidents alike have steadily privatised crucial aspects of US national security. For a rough sense of the magnitude of this shift, Halliburton’s total contracts in Iraq to date are estimated at \$11bn-13bn, more than twice what the first Gulf war cost the US.”

“In the history of warfare,” Rohatyn continued, “sub-contracting and the deployment of mercenaries are nothing new. The British built an empire with contracted soldiers, developing a citizens’ army only in the latter half of the 19th century. But there are two major structural differences between the 19th century British and 21st century US empires. First, publicly quoted companies now conduct private military operations. Second, the market for this force is now genuinely global, which raises new accountability and normative concerns.”

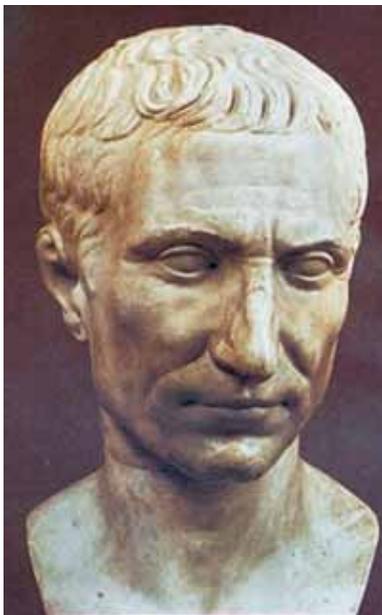
Research for this article was contributed by Roger Moore and Edward Spannaus.

The Northern Command Crosses The Rubicon

by Lyndon H. LaRouche, Jr.

Reprinted from *EIR*, May 24, 2002.

May 17, 2002—The proposal for the probably unlawful, U.S. Army Northern Command (“USNORTHCOM”), when taken in its current strategic-policy-setting, is clearly a proposal to “cross the Rubicon,” a preparation to create a Caesarian military dictatorship over both the North American continent and the Caribbean, in imitation of the 49 B.C. action of Julius Caesar’s setting off that civil war among Roman military forces which led to 31 B.C. establishment of the Empire of Augustus Caesar. In today’s world, it is a preparation for the Pentagon to cross the Potomac one morning, to place the U.S. Attorney-General and his minions in power, reducing the President himself to a ceremonial, or even lesser figure in the configuration.



1. The Roman Precedent

There is no stretching of the comparison in this choice of an historic parallel for the currently pending adoption of USNORTHCOM, Following the 212 B.C. murder of Archimedes, during the Roman conquest of the most powerful obstacle to them, in what is today’s southern Italy, the Roman legions conducted a rampage of military conquests and continually aggravated looting throughout the Mediterranean littoral.

During this period, through, and beyond the period of the attempted social reforms by the Gracchi, Italy underwent an accelerating change in its social charac-

ter, paralleling the recent thirty-five-odd years transformation of the U.S., from its 1861-1965 character as a producers’ society, to its post-1965 shift into becoming an increasingly parasitical and decadent consumer society. Typical of the decadence of the Roman social order since the beginning of the Second Punic War, was the consolidation of the power of an emergent, new ruling class, one based on the combination of wealth and power acquired through looting abroad and the spread of slavery. Italy shifted into becoming a parasites’ economy, subsisting by looting conquered peoples, and maintaining political support for the Roman

regime at home through instruments of moral, political, and economic decadence akin to the mass-media-entertainment culture of the U.S. today. The attempted reforms by the Gracchi, were the last significant effort to reverse the tide of decadence.

The defeat of the Gracchi, through assassinations conducted by the so-called democratic party representing the Roman predator class, unleashed a succession of civil wars within the Roman military class. Cicero’s leadership against the Cataline conspiracy was the last significant effort to halt that process. Julius Caesar’s rise to power through the toppling of Cicero, unleashed the process leading, through a constant state of civil warfare among Rome’s military commanders, into Octavian’s seizure of

power as Augustus Caesar. Amid this process, Julius Caesar’s crossing of the Rubicon had broken the barrier which had shielded the city of Rome itself from the direct, full force of Nazi-SS-style military dictatorship.

The U.S. *posse comitatus* doctrine of law may be properly viewed as the U.S. government’s recognition of the danger of allowing the circumstances under which corrupt elements of the Federal government might act to established a military dictatorship in the U.S.A. To breach that *posse comitatus* rule, under the circumstances of presently rampant, rising, crisis-stricken decadence in the U.S., is, in effect, to “cross the Rubicon.”

Look at those present circumstances against an important lesson from the past.

2. The Utopian Degeneracy of America

1. Under the radiating influence of H.G. Wells (*The Open Conspiracy*) and Wells' pact with Bertrand Russell, the idea of setting up a parody Roman-imperial style world government grew. From Wells' first published proposal, in 1913, for the development and use of nuclear weapons to terrify nations into abandoning national sovereignty in favor of world government, and the subsequent notion of using air power, as in Wells' fictional *Things to Come*, to deliver such weapons, a massive corruption spread among the English-speaking military and others. The dropping of two nuclear bombs on Hiroshima and Nagasaki, in 1945, gave impetus to the policy of "preventive nuclear war" (using air power) as set forth in Russell's September 1946 theses published in his lackey Leo Szilard's *The Bulletin of the Atomic Scientists*. Around this idea, there grew up the phenomenon which President Dwight Eisenhower came to describe as a utopian "military-industrial complex." What Eisenhower referenced thus, is a complex of foundations, universities, military circles, and corporate oligopolies of military-industrial concentration, around Russell's 1938-founded Unification of the Sciences project.

2. Around these utopian conceptions, and figures such as John J. McCloy, Leo Szilard, and Harvard's "Old Fagin," Professor William Yandell Elliott, and the pack of "Artful Dodgers" typified by Zbigniew Brzezinski, Samuel P. Huntington, and Henry A. Kissinger, the rising tide of utopians projected a new style in military forces, and in warfare, modelled upon the twin precedents of the Roman imperial legions and the Nazi international Waffen-SS. Thus, we have seen protracted warfare, like that of decadent ancient Rome, in post-MacArthur Korea and in post-Eisenhower, and post-Kennedy Indo-China. Post-Eisenhower détente, as associated with McCloy, Kissinger, et al., typifies the institutionalization of a permanent state of warfare akin to practice under the Roman imperial legions.

3. Following the globally turbulent, 1961-1964, initial phase of post-Eisenhower unleashing of the utopian policy, the recent thirty-eight years have been dominated by an intentional transformation of the U.S. and its allied partners from the successful, 1945-1965 interval of post-war economic reconstruction as a producer society, into the increasing, 1966-2002 decadence of a presently doomed form of consumer society.

4. Just as the increasing decadence of the Roman

citizen, under the rule of the new wealthy class, made possible the citizen's corrupted submission to the conditions following the Second Punic War, so the irrationality of a so-called "post-industrial," consumer society, has introduced the same descent into ever-deeper decadence which has afflicted the populations of Europe, the Americas, and Japan, most notably, over the course of the 1966-2002 interval.

5. A qualitative up-shift in the implementation of this post-1965 pattern of decadence, was unleashed during the interval of the 1989-1991 collapse of the Soviet system. The English-speaking utopian leadership took that change as the occasion for lurching toward the foreseeable establishment of an English-speaking, global parody of a Roman Empire, a process called "globalization" in a post-nation-state world. In mimicry of ancient imperial Rome, these utopians intend to use a new type of professional military force, modelled in fact upon the Nazi international Waffen-SS, as an instrument of perpetual warfare deployed, under the cover of utopian modes of air-power, on a global scale.

3. 'Eripme' Is Empire Written Backwards

It is typical of today's Wall Street and Federal Reserve System, that they forecast backwards. The glory of U.S. power toward which they yearn, is the glory we enjoyed in the past, during and immediately following World War II. In their dreams, they look backwards, and call it the future. These are the augurs of the "No Future" society, who are viewing the prospect before their backward eyes from their perch at the brink of doom. The economic system on which they perch is doomed.

That is not to suggest that the nation, or civilization generally is necessarily doomed. It is the utopians' monetary-financial system which is doomed. Under new leadership, comparable, more or less, to what President Franklin Roosevelt symbolizes, the economy and the nations could recover, through a process of reconstruction, to prosperity and safety. The utopians' system could not survive. The danger is, that they might have sufficient power to take the rest of the world down with them. The USNORTHCOM proposal expresses the intention to bring about, in fact, exactly such doom for this nation and much of the rest of the world, if not all, besides.

Today's utopian "Miniver Cheevys" have arrived on the stage of current history, much, much too late.

PUTIN IN BEIJING

Russia and China Pursue Ties In Space, Nuclear, Transport

by Rachel Douglas

Oct. 17—The 16th Regular Russian-Chinese Prime-Ministerial Meeting, held between Premier Wen Jiabao and Prime Minister Vladimir Putin on Oct. 11-12, resulted in 17 bilateral cooperation documents, and an affirmation of “strategic partnership” between these two great Eurasian powers. If augmented by the right kind of policy from the United States, Russian-Chinese cooperation of the type committed to by Wen and Putin—prioritizing transport, nuclear power, and the economic development of outer space, as the key areas for growth—could become the engine of economic recovery that the world so desperately needs.

Lyndon LaRouche addressed the potential embodied in the agreements, during LPAC-TV’s Weekly Report on Oct. 12. “We have in Russia, China, and potentially India, but Russia and China are more likely to lead in a process like this now,” said LaRouche, “the basis for a trans-Pacific economic orientation. Europe, for the moment, doesn’t function. All the governments of Central and Western continental Europe are not functional now, under this financial swindle of which they’re victims. They’ve lost their sovereignty, they’ve given up their national sovereignty in favor of the euro system. So the trans-Atlantic region, momentarily, does not function. But China and Russia, and implicitly India would join; ... we have a trans-Pacific orientation, which is typified by the NAWAPA [North American Water and Power Alliance] project for the Western and Central United States.

“Therefore, we have the immediate prospect, and the Russians and Chinese are doing it now, for a partnership of the United States with Russia and China, and other nations of the trans-Pacific region, to revive the world economy, and thus bring Europe back into its proper role as an economy. ... We’re at the point where that can occur. And what we need is the imagination, not just fantastic imagination, but the imagination to see the truth, what we can do: If we can get this President out now, while we still have a country, then we will be able to inspire people in the United States. We know, because they want employment, they want real employment, they want real economy, and we can give it to them. We, ourselves, and especially in cooperation with Russia and China, who are the major powers in the Pacific region, together with us. And therefore, we have an option for going back to a civilized form of life. ... We, the United States, together with Russia and China, are the potential linchpins of the salvation of civilization on Earth.”

Strategic Cooperation

Eight of the bilateral agreements were signed in the presence of the two prime ministers on Oct. 11. Both Putin and Wen, at a press conference after they met, stated their commitment to shifting Russian-Chinese economic cooperation increasingly into high-technology areas, and to projects that will have an impact throughout Eurasia. Both emphasized the role of the Shanghai Cooperation Organization (SCO), whose



Government of the Russian Federation

Russian Prime Minister Vladimir Putin's visit to Beijing, where he met with Chinese Premier Wen Jiabao and other top leaders, affirmed the two nations "strategic partnership," with numerous economic deals. Here, Putin (left) and Wen seal their agreements with a handshake, Oct. 11, 2011.

members include both nations plus Kazakstan, Kyrgyzstan, Tajikistan, and Uzbekistan (plus India, Iran, Mongolia, and Pakistan as observers).

The centerpiece agreement was titled the Memorandum on Cooperation between the Governments of the Russian Federation and the People's Republic of China in the Sphere of Economic Modernization. This document mandates joint development of the Russian space industry, nuclear, and aviation industry technologies for use by China, as well as Chinese high-speed rail and ship-building projects in Russia.

China Daily, in its Oct. 14 report on the joint communiqué released by Putin and Wen, emphasized that the Russian-Chinese relationship has become one of "strategic cooperation." Their bilateral energy-sector

cooperation is "not confined to the supply of oil and natural gas," the Chinese paper underscored. Deputy Prime Minister Igor Sechin, who has handled the sometimes tense Russian-Chinese negotiations on Chinese payments for current Russian oil deliveries, as well as delivery and price issues related to potential Russian natural gas sales to China, visited China's Experimental Fast Breeder Reactor, a joint project in nuclear technology which was one of the projects agreed on during Putin's last visit, in October 2009.

"The readjustment goes with the two nations' domestic strategies for economic development," observed *China Daily*, "especially as Russia is seeking to diversify its economy and lessen its reliance on exports of energy and raw materials." Other areas of cooperation referenced in the joint communiqué are nanotechnology, new materials, bioengineering, energy conservation, telecommunication, aviation, and aerospace.

The space agencies of the two countries have drafted and adopted a follow-up cooperation outline for 2013 and beyond, it said, while the leaders agreed to the "establishment of an innovation chain that ranges from joint research to commercialization and industrialization of China-Russia research output." They will also support the free entry of high-tech enterprises to both countries' high-tech parks and create necessary conditions for the cooperation between innovation institutes of both countries. According to the communiqué, the two nations are also discussing building a special economic zone somewhere in Russia. "Cooperation in capital, logistics, and energy could be boosted in the zone," said Jiang Yi of the Chinese Academy of Social Science.

In his remarks at the press conference, Wen noted that China has become Russia's largest trade partner, with trade, as measured in monetary terms, to reach \$70 billion this year. The two countries plan to nearly triple that level by the year 2020. Wen welcomed the start-up of oil deliveries through the new Chinese-Russian spur of Russia's East Siberia-Pacific Ocean pipeline. He then said:

"We intend to further deepen our cooperation in such important areas as space, the aircraft industry, coal mining, electric power, construction of trans-border infrastructure, water management, environmental protection and agriculture. China and Russia intend, in communication with other SCO members, to strive for progress toward a solution of improving transport within the SCO, creating an SCO Development Bank, as well as humanitarian cooperation and other new cooperative successes in the framework of the SCO."

Putin likewise stressed the extension of cooperation into new areas: “We intend to support close cooperation in production, creating promising technological alliances, and implementing infrastructure products, while increasing mutual capital flows. Our goal is to diversify our trade and economic ties. We have created a whole set of tools for achieving these goals, including the Investment Cooperation Plan, as well as the Program for Cooperation between the Regions of the Far East, Eastern Siberia, and Northeast China.”

(The latter program, when first unveiled in 2009 by Presidents Dmitri Medvedev and Hu Jintao, already listed over 200 joint projects; according to Deputy Prime Minister Alexander Zhukov, who represented Russia in talks with Vice Premier Wang Qishan at the Sixth China-Russia Economic Forum on Oct. 10, twenty-eight of those projects have been completed, while 60-some are in the process of implementation.)

In early October, Putin had published an article in *Izvestia* on the upcoming transformation of the Russia-Belarus-Kazakhstan Customs Union into a single economic space and, eventually, a Eurasia Union. There he established a regional context for all of Russia’s economic cooperation in Eurasia, including with China: “We suggest creating a powerful supranational union capable of becoming a pole in the modern world, and, at the same time, an effective bridge between Europe and the dynamic Asia-Pacific Region.”

Scientific Frontiers

In his remarks after meeting with Wen, Putin added, “The emphasis will be on increasing new technologies and skilled jobs. Today we paid particular attention to issues of investment and promising areas, above all, those where we have a significant amount of scientific groundwork already done, as well as resources and manpower. This means space exploration, telecommunications, machine-building, the aviation industry, the agro-industrial complex, and, of course, military-technical cooperation.”

Russia’s growing recognition of China’s rapid technological advance is a key element in way their bilat-



Creative Commons/Lina Zernova/Bellona

China will benefit from Russia’s leadership in nuclear energy, space, and aviation. “We shall develop closer cooperation in nuclear power . . . on the basis of the most advanced, modern technologies in the world, so that we shall reduce potential risks practically to zero,” said Putin. Shown: Leningrad nuclear power plant 2.

eral economic relations will proceed, wrote Vladimir Radyuhin, veteran Moscow correspondent of the Indian Foreign Ministry-connected daily, *The Hindu*, in an Oct. 11 report on Putin’s visit. “Russia still possesses advanced technologies but cannot put them to production because of outdated equipment and high labor costs,” he quoted Dr. Mikhail Karpov of the Moscow Institute of Asia and Africa, regarding the Memorandum on Modernization. Thus the most important result of the Modernization agreement “will be the establishment of manufacturing facilities in China based on Russian technologies.”

Radyuhin also cited Zhukov, who said that Russia sees the Memorandum on Modernization agreement “as a two-way traffic road.” The *Hindu*’s author wrote: “China will benefit from Russia’s leadership in nuclear energy, space and aviation, while Russia will take advantage of Chinese superiority in high-speed rail transport, shipbuilding, power generation equipment and alternative energy production. The Kremlin hopes to kill three birds with one stone: speed up technological renovation, promote growth in Russian regions along the 4,000-km border with China, and mitigate growing imbalances in bilateral commerce. . . . While machines and equipment do not exceed 5% of Russian supplies to China, they account for more than half of Chinese exports to Russia.”

As recently as last year, Radyuhin wrote, one senior Kremlin official claimed that “China can hardly help us modernize because it pursues extensive growth based on cheap labor.” President Medvedev’s visit to the Shanghai World Expo in September 2010 laid that outdated perspective to rest.

Dr. Andrei Ostrovsky, deputy director of the Institute for Far East Studies (Russian Academy of Sciences), said, in an interview published on the eve of Putin’s trip, that the composition of Russia’s exports to China had slipped even further toward raw materials in recent times. The share of machinery in Russia’s exports to China, he stated, is currently only 1.5%, as against 49% in the other direction.

Aware of China’s optimistic plans for space exploration, including industrialization of the Moon, Putin identified the two countries’ space industry cooperation as exemplary of an area in which the raw materials tilt could be cured. In an interview with the Chinese state television channel CCTV, Putin presented space cooperation as an economic driver:

“As you understand, this is a perfect example of a high-tech business. And if we manage to convert this experience into joint space exploration projects, both Russia’s and China’s technological level will only increase. It’s not only about the production of rockets and commercial launches in the interests of third countries. It will spur the development of a whole chain of other businesses, like satellite scanning of the Earth... We’ve made significant progress in the development of the Glonass navigation system. . . . Apart from the satellite fleet, we have to develop the ground infrastructure. It’s an area where we would greatly appreciate the help of our Chinese partners, with their technologies, advanced production facilities, and qualified experts. It will boost the sales and beef up production, but also it will have an indirect positive impact on the economy in general, streamlining logistics for transportation by land, sea, or air. There are multiple applications. I think our progress in this area will not do any harm; on the contrary, it will open up new horizons.”

Reviewing various areas of energy cooperation, Putin, at the Oct. 11 press conference, mentioned oil and gas, saying that matters had reached the “final stage” before agreement on the modalities of selling Russian natural gas to China. But he especially went into nuclear power: “We shall develop closer cooperation in nuclear power, and I emphasize that this will be on the basis of the most advanced, modern technologies

in the world, so that we shall reduce potential risks practically to zero. Our cooperation is not limited to just building plants. We have outlined cooperation in scientific research, and in preparing and implementing promising projects.” Hydroelectric and “alternative” power were also on the agenda. Both prime ministers welcomed the increasing use of the yuan and the ruble in bilateral trade.

Joint Investment Fund

Among the other agreements signed during the week were a Memorandum of Understanding on Increased Cooperation in the Sphere of Agriculture, between the respective agriculture ministries. Two investment-related documents were titled “Framework Agreement between the [Russian] Bank for Development and Foreign Economic Affairs (Vnesheconombank, or VEB) and the China Development Bank”; and “Memorandum of Intent between the Bank for Development and Foreign Economic Affairs (Vnesheconombank), the Russian Direct Investment Fund, and the China Investment Corporation, To Cooperate on Establishing an Investment Fund.”

According to the Russian government daily *Rossiyskaya Gazeta*, the investment fund project has been in the works since last Winter, when Medvedev, at the Davos World Economic Forum, announced plans to create a sovereign fund to “share risk with foreign investors through joint investment in projects to modernize our economy.” In May the Russian State Duma allocated 62.2 billion rubles (approximately \$2 billion) to establish the Russian Direct Investment Fund (RDIF). The head of the China Investment Corporation sits on the RDIF’s advisory board (as do representatives of the Korea Investment Corporation, the Kuwait Investment Authority, and various money-center investment funds including Apollo Global Management, Warburg Pincus, and the Blackstone Group).

Kirill Dmitriyev, head of the RDIF, visited China in August to negotiate creation of the new Russian-Chinese fund. The fund’s size of \$4 billion was confirmed during Putin’s trip. *Kommersant* reported on a memo from organizers of the new fund: “Contributions of \$1 billion to the Russian-Chinese Investment Fund (RCIF) will be made by the Russian Direct Investment Fund, a new \$10 billion state fund set up to attract foreign direct investment into Russia, and China Investment Corporation, a sovereign \$410 billion fund. The rest will come from outside investors, mainly Chinese, in the next 18 months.”

According to the Russian economic weekly *Expert*, Dmitriyev said Oct. 11 that the RCIF's first deals will be finalized within the next six to nine months. Its resources will be directed, Dmitriyev added, into non-raw-materials sectors of industry, including nuclear power, aerospace, pharmaceuticals, and telecommunications.

A deal for \$1.5 billion of Chinese investment in a new aluminum smelter, to be built by Russian Aluminum at Tayshet (where the Baikal-Amur Mainline splits from the first Trans-Siberian Railroad), was finalized during Putin's trip.

Transport Corridors

Some of the most far-reaching discussions of the Chinese-Russian cooperation potential took place on the eve of Putin's trip, at a conference of Russian and Chinese officials and scholars, held in Russia's Sakhalin Island region. Speaking at a press conference in Yuzhno-Sakhalinsk on Oct. 11, at the close of a two-day conference, participants told of their discussions about expanded infrastructure cooperation in northeastern Eurasia. Interfax and *Rossiyskaya Gazeta* were among the media reporting on the event, held under the title, "Russian-Chinese Cooperation in Northeast Asia: Toward Sustainable Development and Mutual Prosperity." It was the first such event between representatives of the two countries to be held on Sakhalin Island.

Academician Mikhail Titarenko, head of the Far East Institute of the Russian Academy of Sciences, spoke at the press conference. He has a long record of advocacy for the Eurasian Land-Bridge, going back to the 1996 conference held in China (see *EIR*'s 1997 Special Report, "The Eurasian Land-Bridge"). Titarenko, who waged a long and intense fight against the prejudice of some in Russia that the Chinese land-bridge routes would be developed to the detriment of Russia's Trans-Siberian, said that he was glad to welcome "Chinese interest in creating a transcontinental transport corridor from Southeast Asia to Europe through Russia," according to Interfax. The news agency quoted Academician Titarenko: "China recognizes this corridor through Russia, and is even offering certain efforts to develop this project. But, in order for this corridor to work, the Trans-Sib must be able to



Creative Commons/Polar Bear

China's superiority in high-speed rail transport, including maglev, will be of tremendous benefit to Russia. "The Kremlin hopes to kill three birds with one stone: speed up technological renovation, promote growth in Russian regions along the 4,000-km border with China, and mitigate growing imbalances in bilateral commerce," wrote The Hindu. Shown, the Shanghai maglev train.

provide rapid container shipments, which it currently cannot; it needs to be modernized."

According to *Rossiyskaya Gazeta*, an official of the Development and Reforms Committee of Liaoning Province in China, taking part in the conference, informed the Sakhalin regional government that Chinese investors are prepared to build a new seaport at the city of Poronaysk on Sakhalin Island. The deputy chairman of the Sakhalin Region's government, Sergei Khotochkin, cited existing cooperation between Sakhalin and China's northeastern regions on construction materials and the coal industry.

The *Gazeta* report highlighted remarks by another Far East Institute scholar, Anatoli Klimenko, about the need to upgrade the Shanghai Cooperation Organization, because of the "extremely difficult period" the world is entering, as shown by events in Northern Africa and Southwest Asia. He called for "completely revising the charter of the SCO, to lift it to a new level of competence, adequate to the challenges of this time." The head of the Chinese delegation, who is the director of the Institute for Russia, Eastern Europe, and Central Asia of the Chinese Academy of Social Sciences, said that he would take these ideas about upgrading the SCO to the relevant leaders in China.

The Russian-Chinese partnership in their border areas may potentially extend into strategically crucial projects

around the Pacific Rim: ultimately the Bering Strait and the Arctic. Already now, there is progress in cooperation in the development of the Korean Peninsula, where the renovated North Korea-Russia railway, a future part of the northern route of the Eurasian Land-Bridge via the Trans-Siberian Railway, had a test run before hundreds of officials of the two countries on Oct. 14.

The restored track, after three years of work mostly financed by Russia, once again links Russia's Far Eastern border town of Khasan to North Korea's northeastern port city of Rajin (Rason). Hundreds of North Korean and Russian officials attended the ceremony in a North Korean border railway station to celebrate the opening. "Rajin port will be a new center that will attract cargo from the Asia-Pacific region," said Valeri Reshetnikov, senior vice president of Russian Railways. Russia will eventually link the 54-kilometer-long railway line with the Trans-Siberian Railway. As part of the project, Russia is scheduled to complete a new container terminal at the Rajin port by next year.

Michael Billington, Mary Burdman, Dorothea Bunnell, and Ron Castonguay contributed reporting for this article.

Quality of Ideas To Shape Mass Strike

by Nancy Spannaus

Oct. 18—The rallying of hundreds of thousands of people in the streets of an estimated 1,500 cities worldwide over the recent weekend, demonstrates without a doubt that the global mass-strike process is alive and well. Increasing numbers of people from all walks of life are holding "Wall Street" and the international financial oligarchy behind it responsible for the fact that they are being crushed, and they are standing up for their right to a future. Despite the occasional successes by anarchists, or outright agent provocateurs who create violent incidents; groups of self-described leftists left over from the 1968 period; and the dominance of today's degenerate "entertainment" culture, the clear impulse behind these gatherings is an undogmatic search for the ideas which will create a future worthy of human beings.

The interventions of the LaRouche Political Action Committee (LPAC) into these events over the past month have sought to directly address this underlying social process. The two leaflets circulated by LPAC, starting Oct. 15, demonstrate the approach, which the LPAC website (www.larouchepac.com) summarizes as "A Curriculum for a Revolution." The leaflet by LaRouche Democratic Congressional candidate Rachel Brown (Mass.) declares that "Glass-Steagall is the Tool for Development," and situates the battle for restoring Glass-Steagall as the crucial blow to destroy the British Empire. An accompanying leaflet by Basement leader Sky Shields asks "How Do We Get There? Well, You're Going to Have to Make Some Changes," takes on the explicitly anti-human tenets of Empire ideology, which have so infected American culture since FDR's death. Both leaflets contain links to a selection of educational videos.

So far, the success of the LPAC intervention can be seen dramatically in the prevalence of the demand for Glass-Steagall, which demand has surfaced far and wide, and continues to be listed as the lead "demand" by various OccupyWallStreet groupings, as in Chicago. The dominance of that demand—which directly

THE EURASIAN LAND-BRIDGE

An *EIR* Special Report

**'The New Silk Road'—
locomotive for worldwide
economic development**

(1997) 260 pages \$100
(EIR 96-007)

Available from

EIR News Service

P.O. Box 17390 Washington, D.C. 20041-0390

Phone: 1-800-278-3135

or www.larouchepub.com



LPAC-TV

The worldwide mass-strike process is alive and well, but in desperate need of leadership. Here, LaRouche Democratic Candidate Dave Christie addresses an Occupy Wall Street rally in Seattle, Oct. 11.

intersects an escalating drive in the Congress for passage of H.R. 1489, a bill that would re-establish President Franklin Roosevelt’s principle—has sent a wave of fear through the top layer of the banking community, which is doing its best to try to prevent this measure from being adopted, with a Hitler-style coup high on its list.

Will they succeed? It depends a great deal on how rapidly Americans rally behind LPAC’s leadership, and move to oust Obama and implement Glass-Steagall.

Hungry for Ideas

Reports from LPAC teams and supporters around the country on their interventions at the “Occupy” events reflect a wide variety of responses, but the fundamental one is that the young people, in particular, who are there are hungry for ideas. Literature tables set up with the Obama Moustache sign, calls for Glass-Steagall, and huge maps of NAWAPA and other great projects for development, bring over a steady stream, if not a swarm of people looking for solutions to the crises they are protesting against. In numerous cases, where “old leftists” of the Boomer generation, who are prejudiced against LaRouche, have tried to shut down the tables, younger people in the crowd have intervened to squelch any such censorship.

LPAC’s presentation of Classical music, or classi-

cally performed versions of Negro Spirituals and American patriotic songs, has been a very effective means of raising the level of discussion, and state of mind, at many of the Occupy events. This often leads to a discussion of how today’s degenerate culture has contributed to bringing on the current crisis.

While support for Obama is skin-deep, if that, the embrace of environmentalism, today’s Zeitgeist, has led to intense discussions, and educational. Once engaged in one-on-one conversations, many of those who espoused “green” ideology can be brought to reason, as in the case of one person in Detroit, who said, after discussion: “I can see how environmentalism is a genocidal economy policy used by the left, and how right-wing austerity and privatization is being pushed by the right.”

Overall, LPAC organizers report very high recognition of, and support for, the demand to reimpose Glass-Steagall, whose repeal in 1999 is now almost universally seen as a major trigger for the financial bubble and subsequent blowout. Both the “left” and so-called “right,” such as the supporters of Rep. Ron Paul’s (R-Tex.) anti-Federal Reserve movement, are enthusiastic about cracking down on the banking speculation. Of course, as could be expected, very few of the demonstrators actually understand the content of FDR’s Glass-Steagall reform, in terms of its role in mandating a fi-



LPAC-TV

The success of the LPAC intervention into the mass strike can be seen in this flyer, distributed by OccupyWallStreet in New York: Its chief demand is “Reinstate Glass-Steagall.”

financial system oriented to credit for the physical economy, rather than the maintenance of a monetary system. The role of educating the protestors on that principle falls to the LPAC organizers, who are convening teach-ins and video showings in cities around the country.

On the International Front

While this wave of the international mass strike was kicked off in the United States, with the Occupy Wall Street tactic in New York City, the phenomenon has never been a U.S. creation. Not only the Arab Spring upsurge, but also the self-named Indignados movement in Europe have played a direct inspirational role in getting the U.S. street actions going.

As the U.S. activity has increased, the European demonstrations have once again been on the rise—especially as the epicenter of the international bankruptcy crisis now resides on that continent. The non-stop murderous austerity packages, and demands for dictatorship, are

global force.” There were demonstrations in some 80 Spanish cities on Oct. 15, the largest being Madrid (no estimates of numbers), and Barcelona (60,000). The



EIRNS/Will Mederski

More and more people, especially youth, are recognizing that Obama has to go, if we are to win the fight against the Wall Street predators, and reinstate Glass-Steagall. Here, LPAC organizers engage people at a mass rally against Obama in Washington, D.C., September 2009.

spurring action—but LaRouche associates in Europe note that the fact that many ordinary Americans are now taking to the streets has also had a palpable moralizing effect on the Europeans—especially when they are also briefed on the motion toward reimposing Glass-Steagall sweeping the U.S.

One of the major international highlights was in Spain, home of the Indignado spark, where the Oct. 16 *El Pais*, Spain’s leading newspaper, headlined the events, “The ‘Indignado’ Movement is reborn as a

online daily Publico.es reported that, “One of the most emotional moments of the event . . . was when a group of musicians of the M15 movement, the Symphony Orchestra, played Beethoven’s Ninth Symphony before a totally silent plaza. After the performance, musicians and demonstrators raised their hands and instruments in the air and chanted ‘These are our arms!’”

In Mexico City, the LaRouche Youth Movement was present at a rally of about 500 people, and Ingrid Torres spoke at some length from the podium on LaRouche’s Seven Steps to Recovery.

Glass-Steagall to the Fore

The success of this global movement ultimately depends upon its effect—specifically, whether it brings about the immediate implementation of

Glass-Steagall in the United States, and the subsequent moves toward establishing a Hamiltonian credit system for a global recovery. In fact, those forces within the Occupy Wall Street movement who are attempting to squelch that demand, are worse than useless; they are acting as saboteurs, whether they know it or not.

Only the clear and principled perspective being put forward by LPAC, and especially the six LaRouche Congressional candidates, represents a competent leadership.

In Europe, the movement for Glass-Steagall is also moving ahead with striking success. In France, the demand for restoring Glass-Steagall—thanks to the efforts of LaRouche associate Jacques Cheminade’s Presidential campaign there—is now part of the Socialist Party electoral program. In Germany, leading Social Democrats are also mouthing the words, if not necessarily sharing the intent.

And then there’s Denmark, where the very small political party headed by the LaRouche movement, coming off an election campaign by Danish Schiller Institute (SI) chairman Tom Gillesberg, who campaigned

on the slogan “Glass-Steagall—or Chaos,” has brought the demand for this FDR measure into astonishing prominence. On Oct. 18, Gillesberg was brought in as an expert on Glass-Steagall in a 20-minute debate on national radio and television. Danish Radio Program 1 contacted Gillesberg, asking him to explain what Glass-Steagall is, and why it should be adopted, after the issue had been raised at the Occupy Denmark, and other Occupy Wall Street-related demos.

This capped activity over the previous few days, when three articles appeared on the SI’s Glass-Steagall campaign: *Berlingske Tidende* published a report about Institute Vice President Feride Istogu Gillesberg’s speech calling for Glass-Steagall at the demonstration; the *Copenhagen Post* ran an interview with organizer Hans Schults from the demo; and *Information* printed an excellent full-page article with interviews of six Danish and American economists based on Tom Gillesberg’s “Glass-Steagall—or Chaos!” campaign posters from last month’s election.

Real success, however, means actual implementation of Glass-Steagall in the United States—before an unstoppable blowout takes place.

Seven Necessary Steps for Global Economic Recovery

A 40-minute feature video presenting Lyndon LaRouche’s Emergency Program to End the Global Depression

<http://larouchepac.com/node/19282>



1. FORCED RESIGNATION OF BARACK OBAMA & IMMEDIATE PASSAGE OF GLASS-STEAGALL



3. FOR LACK OF REAL ASSETS REMAINING, ISSUE HAMILTONIAN CREDIT FOR NATIONAL PROJECTS



5. IMMEDIATE NATIONAL MOBILIZATION FOR THE CONSTRUCTION OF THE NAWAPA PROJECT



6. ENGAGE LATENT LABOR FORCE FOR SUBSIDIARY PROJECTS SUCH AS TRANSPORT AND NUCLEAR



2. DIVISION OF FICTITIOUS FROM REAL LIABILITIES ACCORDING TO GLASS-STEAGALL STANDARD



4. THE ONLY BAILOUTS WILL BE HONEST BAILOUTS FOR THE BANKRUPT CITIES AND THE STATES



7. EXTEND COOPERATION INTERNATIONALLY TO MEXICO, CANADA, RUSSIA, CHINA AND OTHERS

Obama's Permanent Warfare Policy Leaves U.S. with Permanent Casualties

by Carl Osgood

The overwhelming evidence proves beyond doubt that war is a disease that kills and maims, not just by tearing apart soldiers' bodies but also by ravaging their minds.

—Penny Coleman,
Flashback: Posttraumatic Stress Disorder, Suicide, and the Lessons of War, 2006.

Oct. 15—There is no doubt that the wars in Iraq and Afghanistan, have produced a large population of what we shall call the mentally maimed—combat veterans who are victims of post-traumatic stress disorder (PTSD) and invisible brain injuries, who are likely to be crippled for the rest of their lives. War is, indeed, a disease, especially as conducted over the last 100 years, when nearly every war on the planet has been the product of British Imperial geopolitics, intentionally designed to keep the world perpetually in conflict.

The 21st Century, so far, has known nothing but war, and the two Presidents of the United States in this period, George W. Bush and Barack Obama, have been willing participants in the perpetual war policy that has seen not only the wars in Iraq and Afghanistan, but the spread of war into Pakistan and Libya; the use of armed unmanned drones to assassinate suspected terrorists, including at least two American citizens, in the Arabian Peninsula and the Horn of Africa; as well as the implementation of police-state measures at home. And the war policy has produced many casualties among those Americans who have been called to fight these wars, and who will need to be cared for, for decades. This is to say nothing of the millions of Iraqis, Afghans, and those of other countries who have also suffered traumatically from these wars.

According to an Oct. 1 report compiled by Veterans for Common Sense (VCS), a veterans' advocacy organization, out of nearly 712,000 discharged Iraq and Afghanistan veterans who have sought Veterans Administration (VA) medical care, 367,749 of them, fully 52%

of total patients, are suffering from a mental health condition. Of those, 211,819 are potential PTSD patients. Out of a grand total of more than 2.2 million service members who have deployed to the two wars, 941,743 have deployed more than twice.

Therefore, the rate of potential PTSD cases among service members who have deployed is approaching 10%. Of the more than 1.4 million discharged veterans, 624,266, or 43%, have filed disability claims with the VA, with 107,718 approved, and another 133,595 awaiting a decision.

The numbers, which VCS compiled from reports obtained from the Departments of Defense and Veterans Affairs through FOIA requests, tell only part of the story, however. If lost limbs and shrapnel wounds were the signature injuries of past wars, then the “invisible wounds” of traumatic brain injuries and post traumatic stress disorder are the signature wounds of the current wars. These invisible wounds are even more dangerous because they are often not immediately diagnosed.

“The truth is, because we don't see these injuries . . . they don't receive the same level of attention as amputations, burns, shrapnel injuries,” said Army Vice Chief of Staff Gen. Peter Chiarelli at a conference in Washington, on Sept. 24. “There is simply a bias, and I really mean that there is a bias, either conscious or subconscious toward invisible wounds and injuries. . . . It exists everywhere, including in the medical community.”

The presence of that bias was underscored by an article in the journal *Nature* on Sept. 21, describing a link between repeated blast exposures, and the early onset of dementia. Sharon Weinberger, a Carnegie fellow at Northwestern University's Medill School of Journalism, reports that there is an increasing body of evidence that “suggests that the repeated concussions” have left soldiers and Marines “with an invisible, subcellular-level form of traumatic brain injury that not only impairs their day-to-day functioning, but also increases their long-term risk of developing neurodegenerative diseases.”



U.S. Army/Staff Sgt. Ben Navratil

According to a leading veterans' organization, more than half of Iraq and Afghanistan vets who seek medical care from the VA are suffering some form of mental health problems, with PTSD accounting for a majority of those. Shown, an Afghanistan vet (foreground), diagnosed with mild traumatic brain injury, takes part in rehabilitation exercises.

Weinberger cites a case study by Dr. Bennet Omalu, a forensic pathologist at the University of California at Davis, and the chief medical examiner for San Joaquin County. Dr. Omalu was able to perform an autopsy on a young man, a veteran who had been exposed to multiple blasts during two deployments to Iraq. He had committed suicide at age 27, after experiencing memory problems, mood disorders, and self-control problems. Upon examining the young man's brain, Dr. Omalu found abnormal accumulations of the tau protein associated with Alzheimer's disease and other dementias.

Brain Science Is Hard

The first soldier suicides associated with the war in Iraq occurred only a few months after the U.S. invasion in March of 2003. By August of that year, the Department of Defense was reporting "non-hostile" deaths of soldiers by firearms. Perhaps some of those deaths were accidents, but the problems consequent to trauma have only grown since then, despite the attention drawn to the problem since. The suicide rate among soldiers, a key indicator of mental conditions, has gone up almost continuously over the past several years and is now higher than the rate in the general population. Stigma about seeking help, which the

Army has publicly attacked for several years, remains an acknowledged problem. So why does this remain such a difficult issue?

Chiarelli, responding to that question from this reporter at a panel discussion during the annual conference of the Association of the U.S. Army on Oct. 10, said that the science of the brain is much less advanced, relatively, than the science of fixing broken limbs and shrapnel wounds. "The evidence-based types of research that have to be done take time," he said. "I hate it, but they take time."

Brig. Gen. Colleen McGuire, a military law enforcement specialist, added

that the Army has had difficulty understanding when disciplinary problems exhibited by a soldier might actually be a manifestation of post-traumatic stress or even traumatic brain injury. "Are we compounding the problem when we hold them accountable when, in fact, they're ill?" she asked.

Dr. Kathleen Chard, a clinical psychologist at the VA in Cincinnati, said that the problem of stigma isn't just a military problem, but a societal problem. She added that if the stigma can be overcome, there are effective treatments for all kinds of post-traumatic stress that would allow affected individuals to return to a normal life.

"The brain is the most complicated organ in the human body," said Dr. David Hovda, a neuroscientist and director of the Brain Injury Research Center at UCLA. "Trauma is the most complicated type of disease where stress is induced. It's not surprising to me that this is difficult." He noted that it has taken 15-20 years for the National Football League to accept the fact that concussive brain injuries are a serious risk for football players, and then, only because the science was irrefutable. By comparison, the Army has moved much more quickly. "We've provided an opportunity to protect these individuals at a period of their lives when they're most vulnerable," he said.

Are Blast and Sports Injuries the Same?

Most of the research of the past four decades or so on concussive brain injuries has been done in the sports realm, not only with football players, but also boxers. “The relationship between TBI [traumatic brain injury] and dementia/Alzheimers disease is well founded,” said Dr. Hovda. In boxing, the condition brought on by repeated concussions over time even has a name: *dementia pugilistica*. “The elephant in the room that nobody is addressing is this,” he said, “Is blast concussion TBI the same injury that we’ve been seeing in the civilian world? If they’re completely different, then all the research we’ve done may not apply.”

Dr. Hovda indicated that he believes that “whether it’s a blast or a car accident, the way the cells respond in the brain is probably the same.” Dr. Omalu, in an e-mail to *EIR*, agreed. “The mechanisms of cellular injury are the same in both scenarios and basically involve acceleration-deceleration injuries,” he wrote. “PTSD due to blast injuries has the same disease outcome and disease pathology as [chronic traumatic encephalopathy] due to sports injuries.”¹

Not everyone agrees that this is the case. One veterans’ advocate who has been active in this area for nearly a decade, and who asked not to be named, strongly disagrees with Dr. Hovda and Dr. Omalu. He argues that the research on sports injuries does not apply, because the mechanism of injury is totally different. The sports injury is about deceleration of the brain, but the mechanism of a blast injury is a shockwave that travels through the body. “When blast injuries occur, they encompass the entire brain not just the point of impact the brain is squeezed like a lemon as it contracts and expands due to the shock wave the mechanism of injury is different, therefore the injury is different,” he says.

Unlike a sports injury or an automobile accident, there may not be a mark on the head from the point of impact, but there will still be an injury, and, unless the soldier is bleeding from the ears or the nose, he will be under pressure to return to duty, and may not self-report right away or at all.

It’s the War Policy, Stupid!

However this question is resolved, the underlying issue is the war policy itself. According to the Defense

1. Chronic traumatic encephalopathy is a condition brought on by the abnormal buildup of tau protein in the brain cells. Tau impairs abnormal functioning and eventually kills brain cells.

and Veterans Brain Injury Center, as of Aug. 15, 2011, more than 220,000 veterans of the two wars had been diagnosed with traumatic brain injury, although it seems likely that there are a large number of undiagnosed cases still out there. Will all of these individuals develop early onset dementia? Probably not. But enough of them will, according to Weinberger, and the Army and the DoD are alarmed about the implications.

The Army’s recent focus on the problem has produced a great deal of research in the last few years, perhaps even the possibility of being able to diagnose TBI before a soldier leaves the battlefield, making treatment within the first few hours possible. With that research, Chiarelli said, “not only will you help soldiers, but also high school girl soccer players,” and many others who suffer or are at risk of concussive types of brain injuries. But will this research help those soldiers who didn’t get the help they needed when they needed it? “I don’t know,” Chiarelli said. “I do know we have to keep trying.”

Which brings us back to the political question of the wars themselves. For most of the last eight years, the Army was under such pressure to provide forces for the occupation of Iraq, and then Afghanistan, that every one of its combat units was either deployed or preparing to deploy. Unit commanders let slide all kinds of problems that ordinarily would have made a soldier unfit for duty, including disciplinary problems and unresolved medical issues, because of the pressure to provide combat-ready units for overseas deployment.

The Army, as an institution, was also very slow to respond to those “invisible injuries” that its soldiers were suffering, for the same reason. The much vaunted all-volunteer force has played a negative role in this process, as it has meant that only about 1% of the American population has carried the burden of these wars. Not only has the lack of a draft facilitated this problem, but also, the privatization of many functions that were once performed only by military personnel. These facts mean that the wars have not become the political issue that the Vietnam War became in the late 1960s.

So, the G.W. Bush Administration, and now the Barack Obama Administration, are able to conduct these wars with minimal political consequences, leaving open the prospect of more such wars in the near future, and many more permanent casualties.

—*cjosgood@att.net*

Bank Bailouts Lead Europe Deeper into the Crisis

by Alexander Hartmann

If nearly all official institutions agree that a certain measure is absolutely necessary to overcome the crisis, one must assume—given the present state of mind of our governments and of the financial world—that exactly this measure (a) will do absolutely nothing to alleviate the crisis, and (b) in all likelihood, will lead into an even bigger crisis, and that very soon.

Thus, all of “official” Europe was shaking in their boots and crying “Crucify them!” when the Slovak Parliament last week voted against enlarging the EFSF (European Financial Stability Facility) bank bailout fund. And when this led to the collapse of the Slovak government and, then two days later, the Slovak Parliament, with a new majority, did finally pass the EFSF enlargement bill, shouts of “Hosanna!” were heard.

So, there is euphoria among the governments and banks, at least for the time being, but this is likely to be short-lived, because it can no longer be denied, that even the enlarged EFSF is much too small to fill all the holes on the balance sheets of the banks.

In fact, the European elites are well aware that we are faced with a systemic crisis. European Central Bank (ECB) head Jean-Claude Trichet declared, in the European Parliament on Oct. 11, that the Eurozone crisis has “reached a systemic dimension,” and that “We are at the



WEF/www.swiss-image.ch/Monika Flueckiger

European Central Bank chief Jean-Claude Trichet admits that “we are at the epicenter of a global crisis,” and that the collapse has reached a “systemic dimension.”

epicenter of a global crisis.” The sovereign-debt crisis has spread to the banking sector, as well as “to some of the larger EU countries,” said Trichet, and he warned of “a rapidly rising risk of significant contagion that threatens financial stability in the EU.”

And because this is the case, there is a plethora of proposals for what is to be done, to overcome the crisis “for good.”

One of the proposals that one hears most often is the idea of turning the EFSF into a bank that can use ECB credits and all the other banking techniques to leverage its capital by a factor of five or seven, so that it can intervene with the force of EU3-4 trillion.

In a similar vein, the giant Allianz insurance corporation—which also plays a mastermind role behind the attempts to create a new financial bubble based on “ecological” scams like DESERTEC—has issued a strategy paper. According to the *Wall Street Journal* of Oct. 11, quoting Allianz’s Paul Achleitner and Michael Diekmann, the plan was presented to the Eurozone governments half a year ago, but was rejected then by the German government in particular, which saw certain legal problems, but, according to the *Journal*, “the plan is now also being taken seriously by Eurozone governments.” Allianz is in consultations also with the “Troika” (the ECB, IMF, and European Union), and has the support of Deutsche Bank, Munich Re insurance, as well as some French banks, and Goldman Sachs.

According to this scheme, the EFSF is not supposed to be used as a lender, but as a bond insurer, which would expand the impact of the EFSF, which currently has a lending capacity of EU440 billion, to cover more than EU3 trillion in bonds. But, one has to remember what became of bond insurer AIG: the biggest bankruptcy in American history.

In fact, the proposal is just about what U.S. Treasury Secretary Tim Geithner demanded at the recent EU finance ministers’ meeting in Poland—and what was flatly rejected by the EU governments at the time. But since, the U.S. government and the banks have increased their political pressure, so that the proposal has now resurfaced.

The Devil’s Circle of Bailouts

Albert Einstein defined as insanity, when someone keeps repeating the same experiment, and expects to eventually achieve a different result. Well, the policy of trying to bail out the banks and speculators, who have created bubbles by miraculously multiplying their money, by driving this miraculous multiplication of money to ever new records, will, in the end, always lead to the same result, namely, that the amount of money circulating is multiplied in relation to the real economy, which ultimately is bound to lead into hyperinflation. And of course, from one round to the next, it becomes more difficult to prevent the newly created bubbled from popping.

This creation of more and more bubbles is being accompanied by brutal austerity measures that will accelerate the shrinking of the real economy, and hence its ability to pay back debt, as we can see in the cases of Ireland, Greece, Portugal, Spain, and Italy. How can a country that is forced to shrink its real economy by 10-20%, pay back a load of debt, increased by scores or hundreds of billions, if it was already insolvent beforehand?

Hence, it shouldn’t be surprising when rating agencies, sooner or later, react to a bailout package for a country by downgrading it—and the creditor banks—which will ultimately lead to the next round of bailouts.

After four years of one such bailout after another, there are some voices a little less insane, that are demanding an “orderly bankruptcy” for countries like Greece, in order to adapt the debt load weighing on these countries somewhat to the state of their real economy, and to reduce the amount of “toxic” securities in the banks’ portfolios.

But as long as the governments jointly commit themselves to “keeping the banks afloat,” the debt will only be passed around—from Greece to the banks, and from the banks to the guaranteeing governments, which have to come up with new bailout packages, as soon as the banks admit that the value of their “assets” is really much less than what they have on their books. And with these new bailouts, new bubbles are being created, the popping of which will lead to new bailout packages.

At the same time, we hear demands for a “European economic government,” to manage the mess and force the austerity measures upon governments and citizens that try to resist.

We Need Glass-Steagall!

It is obvious that this circle does not lead out of the crisis, but only deeper and deeper into it. And indeed, there are more and more voices in Europe—not the least because of the campaign by Lyndon LaRouche and his co-thinkers around the world—that are calling upon the governments to separate the deposits and regular banking activities of the population from investment and speculation activities.

In the U.S., there are now at least 46 Members of Congress who are co-sponsors of Rep. Marcy Kaptur’s bill (H.R. 1489) to reinstitute Glass-Steagall, Franklin Roosevelt’s Banking Act of 1933, which is a top demand of the “Occupy Wall Street” movement.

In France, where Presidential pre-candidate Jacques Cheminade and the Solidarité et Progrès party are cam-

painging for a Glass-Steagall-type two-tier banking system, there is a lively debate among financial experts about the need to re-regulate the banks and to separate their commercial and investment (speculative) activities.

In Austria, the Working Group Christianity and Social Democracy (ACUS) is demanding the creation of a two-tier banking system and of a credit system for the real economy, similar to what was called for (but not acted upon) by Austrian Finance Minister Maria Fekter, at the recent Alpbach Forum. The call was formulated by ACUS director Michael Lauer, as part of the mobilization for a global day of action against the bank bailouts.

Even the German Green party, the most faithful foot soldiers of the international financial community, had to recognize that the idea of a two-tier banking system is gaining support within their own ranks. At their next party convention in Kiel, there will be a vote on a proposal to slice the big banks into smaller, regional and local banks, which would then give credits to regional and local “green” projects, as part of what they call a “Green New Deal.”

This is fully on the line peddled by Social Democratic chairman Siegmur Gabriel, and would certainly be the platform of a new, “red-green” government, in

case the present conservative-liberal government of Chancellor Angela Merkel collapses. But it would hurt the real economy even more, so that the disproportion between the productive economy and the financial bubble would only grow further.

This proposal totally misses the point. The task is not to make the banks smaller: The legitimate banking activities must be separated from any form of speculation, and the governments must withdraw their protection from the speculative part of the financial world. This will force them to revalue and write off their worthless paper “assets.” Then, the real work begins—to revive and rebuild the real economy.

Already, Russia and China have embarked on a course to build up their economies with a high-tech program to develop the Russian Far East and Siberia, in order to secure the raw materials supply for humanity for the coming generations.

As Lyndon LaRouche has stressed, repeatedly, this thrust of the Eurasian great powers creates a unique possibility for the United States—provided President Obama is forced out of office, soon enough—to join Russia and China in an alliance for a global economic recovery, which would be open to all other nations.

Lyndon LaRouche On Glass-Steagall and NAWAPA

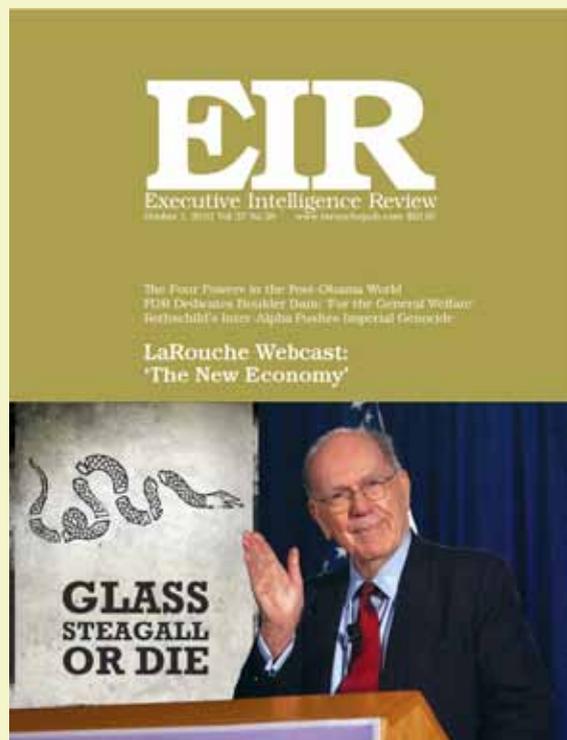
The North American
Water and Power Alliance

“The greatest project that mankind has ever undertaken on this planet, as an economic project, now stands before us, as the opportunity which can be set into motion by the United States now launching the NAWAPA project, with the preliminary step of reorganizing the banking system through Glass-Steagall, and then moving on from there.”

“Put Glass-Steagall through now, and I know how to deliver a victory to you.”

Subscribe to **EIR Online** www.larouchepub.com/eiw
1-800-278-3135

For subscription rates: <http://tiny.cc/9odpr>



European Troika Is Committing Genocide Against the Greeks

by Dean Andromidas

Oct. 14—It is official: The brutal austerity being forced on Greece constitutes genocide. A report appearing in the prestigious medical journal *The Lancet* reveals that Greeks are “losing their lives” because of the cuts in health care that are being dictated by the Troika, the debt collectors of the European Commission, the European Central Bank, and the International Monetary Fund. The price Greece is paying for having to implement the “memorandum” that the government signed in return for the latest so-called “bailout” is the lives of its citizens.

Although there are no statistics on how many lives have been lost due to these policies, there is no doubt that death rates are already in the thousands. This alarming report is not about “underdeveloped” “Third World” countries, but a nation in the heart of Europe. It is an indictment of the governments of the trans-Atlantic nations that are willing to force genocide upon their own populations to save a toxic financial system, which is dragging this planet into a new Dark Age.

Make no mistake: This genocide is intentional, part of the British monarchy’s policy of radical reduction in the world’s human population. The plight of Greece is the future of the entire trans-Atlantic world. It is a wake-up call to especially the people of the United States, that the weapon of a restored Glass-Steagall bill must be wielded to crush this bankrupt financial system once and for all.

‘A Greek Tragedy’

Entitled “Health effects of financial crisis: Omens of a Greek Tragedy,” the *Lancet* report was authored by Dr. Alexander Kentikelenis and Dr. David Stuckler from Cambridge University, Prof. Martin McKee from the London School of Hygiene and Tropical Medicine, and several others. Their data are drawn from official Greek government and EU statistics on income and living conditions.

They examine the period between 2007 and the first half of 2011, pointing out that the debt crisis has led to the increase of unemployment from 6.6% in May 2008 to 16.6% this May. Youth unemployment increased from

18.6% to 40.1% over the same period. One can add that unemployment is expected to top 20% by the end of the year. From 2007-10, the debt increased from EU239.4 billion to EU328.6 billion, or to 142.8% of the gross domestic product. One can again add that it is expected to increase to as much as 200% by the end of this year.

Because of the demands by the Troika for budget cuts and “reform” of the health sector, the budgets of public hospitals have been cut by no less than 40%! This is at a time when the loss of employment has forced more and more people into the overburdened public health system. In fact, the authors report that there was a 24% increase in 2010 alone and another 8% increase in the first half of 2011 in the number of admissions to public hospitals, with a corresponding decrease of admissions of 25-30% to private hospitals.

Many people cannot even afford the nominal EU5 payment required to be treated at a public hospital’s outpatient clinic. The hospital situation has gotten immensely worse, given the fact that several pharmaceutical companies, including the Swiss group Roche, have stopped supplying Greek hospitals because of unpaid debts.

There has been a dramatic increase in the number of Greeks seeking care from volunteer street clinics that have sprung in the big cities, primarily for the thousands of illegal refugees. But now, Doctors of the World estimates that the percentage of Greeks seeking attention from street clinics has increased from 3% to 4% before the crisis, to 30% today.

“There are signs that health outcomes have worsened, especially in vulnerable groups,” according to the *Lancet* report. There was a 14% rise in the number of Greeks reporting their health as “bad” or “very bad” between 2007 and 2009. Many of the unemployed cannot afford medication, including diabetes sufferers who cannot afford insulin, which means they are condemned to death.

The study revealed that suicides rose by 17% between 2001 and 2009, while an unofficial 2010 figure quoted in Parliament mentions a 25% rise compared



Creative Commons/apas

Greek youth and the trade unions are speaking out against the EU austerity measures that are killing people every day. This is a demonstration in Thessaloniki on Sept. 10. Inset is Prime Minister George Papandreou, whose capitulation to the international bankers has made him an unpopular figure.

WEF/swiss-images.ch/Moritz Hager

with 2009. The health minister reported a 40% rise in the first half of 2011 compared with the same period in 2010.

“The national suicide helpline reported that 25% of callers faced financial difficulties in 2010 and reports in the media indicate that the inability to repay high levels of personal debt might be a key factor in the increase in suicides,” the *Lancet* authors write. “Violence has also risen, and homicide and theft rates nearly doubled between 2007 and 2009.”

HIV infections rose significantly in 2010, with injection drug users (IDUs) accounting for half of the rise. The numbers are on course to rise by 52% this year. Many new infections are also linked to increased prostitution and unsafe sex. Heroin use rose by 20% in 2009, according to estimates from the Greek Documentation and Monitoring Center for Drugs. Budget cuts in 2009 and 2010 have meant the loss of a third of the country’s outreach programs, which forces addicts to seek admission to overburden public hospitals.

“Since January 2011 we have seen a more than 1,000% rise of HIV among intravenous drug users,” says Eleni Kokalou, who works in the Infectious Diseases Department of Evangelismos Hospital, according to the *Guardian* on Oct. 10. “Lack of preventive services at community and primary level and funding cuts for the few existing ones, like the syringes exchange program for IDUs, has contributed greatly to the rise,” she said.

The report concludes: “Overall, the picture of health

in Greece is concerning. In an effort to finance debts, ordinary people are paying the ultimate price: losing access to care and preventive services, facing higher risks of HIV and sexually transmitted diseases, and in the worst cases losing their lives. Greater attention to health and health care access is needed to ensure that the Greek crisis does not undermine the ultimate source of the country’s wealth—its people.”

A separate study, conducted by the consumer protection group KEPKA, reports that there has been an increase from 2.61% in 2006 to 19.91% in 2011, of consumers reporting that they have changed their dietary habits because of the economic crisis. People’s diets are reverting to those of decades ago where red meat or pork is now eaten only once a week, while lamb, a Greek favorite, only once a month, while people are eating out less often.

Greece is already under the threat of a population collapse. The population growth rate is 1.7 to 1.8%. With high unemployment, especially the more than 40% youth unemployment, a young couple cannot even afford an apartment, let alone raise a family. Moreover, many young Greek professionals are leaving the country. Greece is going back almost 50 years, to the time



Gregory Asmolov

Russian analyst Mikhail Dmitriev (inset), addressing a conference on the island of Rhodes, said that there are “huge opportunities” for shipping alliances between Russia and Greece. Shown here is the port of Aegina, another Greek island.

when the nation was impoverished, and the lack of opportunity for a better life led large numbers of young people to emigrate.

The Troika’s Nazi Bureaucrats

With the stroke of a pen, the Nazi bureaucrats sent millions to their deaths. “We were just following orders,” they told the Nuremberg prosecutors after the war. Setting aside any doubt that the Troika bureaucrats are on a par with those Nazi bureaucrats, the leading Greek daily *Kathimerini* (Oct. 12) interviewed Matthias Mors, the European Commission representative of the Troika. The interview appeared under a picture of the gray-suited, prune-faced Mors alighting from his chauffeured limousine.

In response to a question on whether the Troika “dictated” to the government what it has to do, Mors said that the Troika only defines the budgetary targets. “[What] exactly should be done is a choice of the government. We are not imposing any particular choices on the government.” In other words: We don’t say who should be killed, just how many.

When asked whether he thought Greece’s debt were sustainable, he answered, “In terms of debt sustainability, I would say the situation has not fundamentally changed compared with our analysis in June,” i.e., the debt should be paid despite the fact that Greece’s debt is already heading toward 120% of GDP, and is expected to approach 200% by the end of the year.

Asked whether the laying off of public sector work-

ers, on top of tax increases, budget cuts, and other austerity measures, is politically sustainable, Mors replied: “We are fully aware that this is very tough. But I would say that we are at a critical moment, where Greece has to convince the international community and the other euro area members that it is willing and able to reach the objectives that it has

committed itself to. Therefore, it is crucial that these measures are implemented... This is very difficult, very painful, but we must make that effort.”

Mors called for the government to make more cuts in the health sector and to consider cutting the minimum wage, which is less than EU4 an hour or EU739 a month, or half of that of the Netherlands, France, and Great Britain.

The Troika has just finished its quarterly review of the Greek government’s implementation of the memorandum, which will be the basis for deciding whether the next EU8 billion tranche of the bailout will be handed out. The Troika even more cuts and tax increases, including 30,000 additional job cuts in the public sector, on top of the 200,000 that have already been eliminated; additional cuts in public-sector pay on top of the 20% across-the-board cut implemented last year; a draconian 250% increase in the property tax; and the increase in the income tax that forces people who make as little as EU5,000 a year—less than the minimum wage—to begin paying income tax.

The tax with the Orwellian name “solidarity tax,” of 1-4% of taxpayers’ income, which was supposed to be for only one year, has now been extended for the next two years. This is in addition to the 23% value added tax on all goods and services.

The Greeks Will Fight

The announcement of these cuts drew an immediate angry response from the trade unions.

“When they hear this, people will definitely revolt,” said Ilias Iliopoulos, general secretary of the ADEDY civil servants union. “Everyone is at the end of their tether. The Summer’s over and they know they can’t

take any more. From now on things are going to get aggressive. [The international inspectors] can't really expect us to take this lying down. Every day more and more Greeks are being pushed into penury. Our country is being turned into a poor house. And all for [financial] targets that are being continuously missed. We're in a vicious cycle. It can't go on."

The trade union movement has been conducting rolling strikes for weeks, including occupation of government ministries. So unpopular is the 250% property tax, which is being collected through the property owners' electricity bills, that union workers blocked the state utility offices where the bills are printed. They have vowed to refuse to shut off the electricity of any one who cannot afford to pay the tax. Both the private- and public-sector trade union federations have called for a 48-hour general strike on Oct. 19-20, to coincide with the parliamentary vote on the latest austerity measures.

Even the Greek Orthodox Church has come out and attacked the government. On Oct. 7, the Holy Synod called on the government to spread the burden of the crisis evenly. Enough burdens on our brothers on low wages and pensions. Enough of the taxes and cuts to low wages. Enough of the armies of the unemployed. Go after the tax dodgers and make checks on capital." Metropolitan Nikolaos of Mesogea and a number of other church leaders called for the government to introduce relief measures, particularly those in the greatest need. "If they cut the power off even from one person, then we will cut the power to all our churches," the bishops said. "We will perform wedding ceremonies with candles."

The Strategic Context

The Greek people will resist, just as they resisted the Nazis; but to win they need the help of a United States that will use a Glass-Steagall reform against the financier oligarchy, and that will join a Pacific alliance for development of the physical economy, with China and Russia, which could drag Europe to the only path of economic salvation.

It is important to note that Russia has invited Greece to join in this development perspective. Mikhail Dmitriev, president of the Center for Strategic Research in Moscow, speaking to a conference on "New Horizons for Economic Relations in Investment Policy, Commerce and Tourism," held Oct. 1-2 on the Greek island of Rhodes, offered Greece the opportunity to join this alliance.

In a broad-ranging presentation on how Russia could contribute to the revival of the Greek economy, Dmitriev

pointed to "Russia's expertise in freight and passenger traffic," and suggested that Greece could join in one of Russia's key projects for expanding its Trans-Siberian Railway. "Russian investments in Greek railways could form a synergy with another ambitious project—to extend the Russian 1.520 [meter rail] gauge¹ to Bratislava and Vienna. This new link could generate mass container transit from East Asia to the heart of Europe via the Trans-Siberian Railway. For the Greek railways, this project could open new, enormous freight-traffic opportunities and revitalize the national rail system." But Dmitriev pointed out that there is opposition to the plan, saying, "Our EU counterparts are still not convinced."

Dmitriev also said there are "huge opportunities to build up shipping alliances" between the two countries, given that Greece is the number one shipping operator in the world by deadweight, and number four by number of merchant ships, and that Russia is number five by number of merchant ships. This could also include investments in Greece's ports and improving links with Russia's Black Sea ports.

He also mentioned agriculture, in which Russia "remains an almost untapped export market for Greece," since Greece produces certain agricultural commodities not produced in Russia. Dmitriev said that Greek food is very popular among Russia's "Perestroika Baby Boomers," those born in the late 1980s.

It should be noted, however, that current EU agricultural policies are destroying Greece's agricultural sector.

Commenting on Dmitriev's offer, a Greek source involved in developing stronger economic relations with Russia, said that the Russians and Chinese want to develop rail links from Shanghai to Western Europe. He added that China has already leased part of the Greek port of Piraeus, and is using it as one of its main entry points into Europe, and that Greece could become part of this Eurasian transportation loop. He lamented the fact that the current Greek government has rejected this offer, obviously under orders from the EU and the creditor banks. The source charged that the government is acting like "traitors."

In fact, the latest rumor is that the government wants to literally *give* the railways to the French, to pay off Greece's unpayable debts! "Here the Russians want to invest real credits into Greece, but this government is giving the railway away simply to pay down the debt which is totally unpayable," the source exclaimed.

1. Most countries use a 1.435-m rail gauge, which has historically complicated railroad connections between Russia and its neighbors.

Step Six: Reawakening the Potential of The Workforce for Transport, Nuclear

by Nancy Spannaus

On Aug. 24, 2011, Lyndon LaRouche outlined a Seven-Step program as the only possible solution for the present threat of a global breakdown crisis. Having presented the overview in our Sept. 2 issue, and in-depth attention to Steps One, Two, Three, Four, and Five—the removal of Obama from office and re-enactment of Glass-Steagall; the reinstatement of the Glass-Steagall standard; the application of Alexander Hamilton's credit system; "honest bailouts" for the bankrupt cities and states; and NAWAPA (North American Water and Power Alliance)—we now turn to Step Six, the reawakening of the latent potential of the U.S. workforce around transport and nuclear.

LaRouche described it this way:

"[F]irst, there are other things to be considered: What we have to do, in order to rebuild this nation, and this includes the NAWAPA project—just NAWAPA itself implies that—we have to build new kinds of transportation systems, in order to get the materials into the area where the NAWAPA construction is occurring. And we have to move materials from the area in which it can be produced.

"For example, major transportation systems: The best opportunity for major transportation systems, is the states which were once known as the automobile-manufacturing region. That includes New York State; it includes Ohio; it includes Indiana, Illinois, and out to St. Louis, that area. This area is essential for building, with high skills, where existing skills are there, either latent or active, where these skills can provide the means of transportation which is integral, and other things which are integral to the development of the NAWAPA system. So this then becomes a multiplier growth factor in the U.S. economy. That is a crucial point."

The Physical Deficit

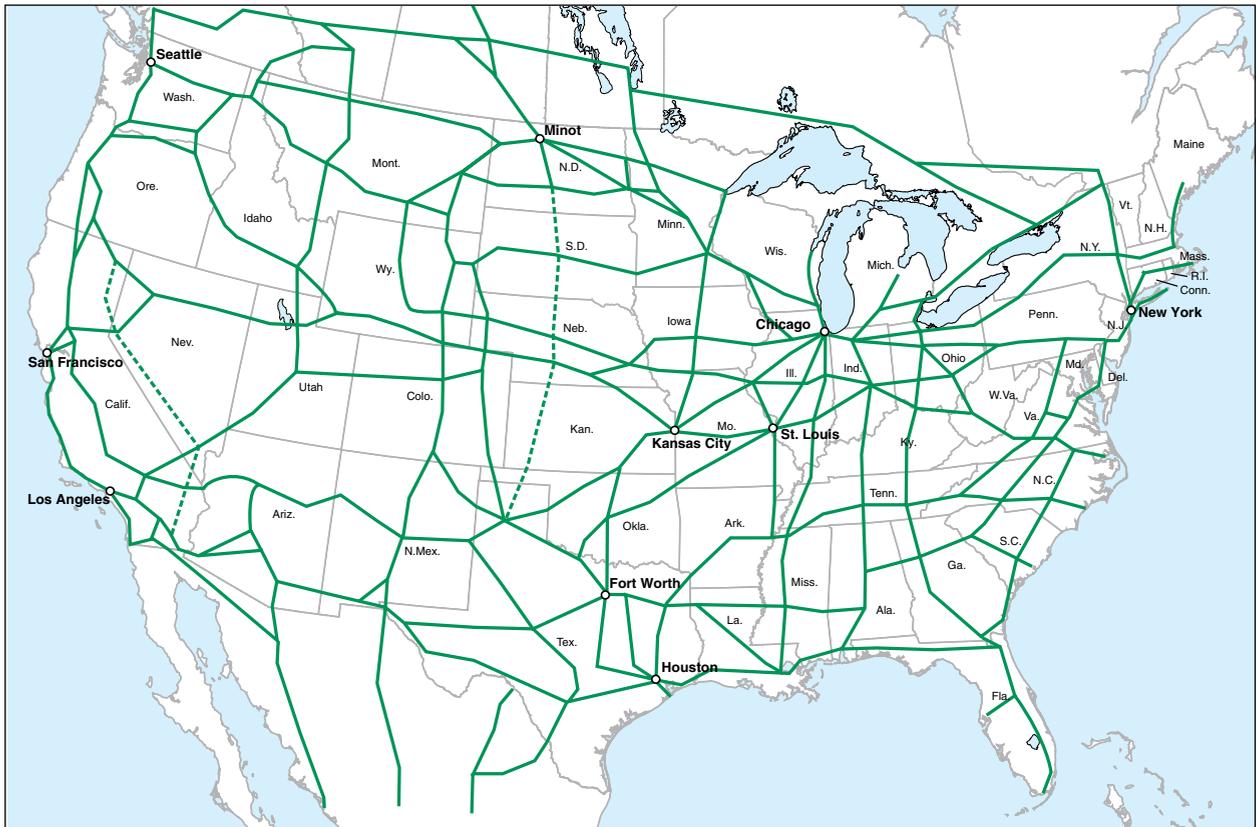
Over the past 40 years of deindustrialization, the United States has increasingly lost the potential for carrying out a great project of economic development. Physical plant and equipment have been shut down, rail lines have been shut, power production has been oriented to conservation, and the skilled workforce of engineers and machine-tool workers which was once the envy of the world has been sidelined; those workers are dying off, without replacements. If the United States is to reverse course, and experience an economic renaissance, a radical shift is required.

The first areas in which the deficit must be addressed, are in power production and transport. Today's U.S. electrical grid is already strained, unable to simply maintain regular service, due to lack of maintenance, technological upgrading, and expansion. To begin to produce the amount of power that will be required for both NAWAPA's components, and the inputs into it, will mean moving to a higher platform of power production, namely nuclear fission power—on the way to nuclear fusion.

Take this example from NAWAPA itself: The LaRouchePAC's Basement Team estimates that the 2,450-foot Idaho Saw Tooth Lift would require 26,000 MW of power. While the original Parsons plan¹ called for this to be met by the 23,000 MW that would be generated by hydropower along the Clearwater river (which drops 2000 feet after the Ice Harbor Dam), nuclear power would be more efficient. Sixty-five 400 MW modular nuclear plants, such as the GE-Hitachi PRISM, would be needed. The settlement of northern and remote regions of the continent will lead to the long-awaited use

1. NAWAPA was originally proposed to Congress by the Ralph M. Parsons Company in 1964.

FIGURE 1



The reindustrialization of the United States demands both an upgrading and expansion of the rail transport system. Here, a plan for a 42,000-mile-long network of national electrified rail, proposed by engineer Hal Cooper and endorsed by EIR.

of ultra-efficient, high-temperature nuclear process heat for synthetic hydrocarbon fuels, efficient chemical processing, and water desalination.

But clearly the need is much broader. Simply to gear up production for the materials required to build this huge water-management system will mean a significant expansion of electrical-power production, as factories reopen. And one of the top areas of new electrical needs will be the transportation network required to move materials and people to the construction sites: The U.S. rail grid must be hugely expanded and electrified.

Given the shrinkage of the U.S. rail system over the past decades, not to mention its increasing decrepitude, there is no way that the system could accommodate the surge of demand which NAWAPA would represent. However, as the accompanying map shows, plans exist for how to utilize current trackage or rights-of-way to create a 42,000-mile national network of electrified rail, which could transport both the people and the freight required to the areas where they are needed,

many of which areas have no modern transportation networks at all.

Specifically for NAWAPA, there are the following needs:

- Various Union Pacific and Burlington Northern Santa Fe rail lines from the Midwest into Idaho will need immediate double- and triple-tracking.
- The Canadian Pacific routes servicing the Fraser River and Rocky Mountain Trench areas will need immediate double-tracking.
- The Alaskan-Canadian rail system must finally be completed, with two routes of double-tracked line connecting Prince George to Fairbanks, and Dawson Creek to Fairbanks, for a total of 2,200 miles of track.
- 975 miles of double track to connect Fairbanks, Alaska with Egvekinot, Chukotka, including a 60-mile-long tunnel and/or bridge crossing the Bering Strait.

Even more daunting is the scale of the freight which will have to be transported on these new, improved rail lines. For example, LPAC estimates the need for pro-

ducing and transporting:

- Hundreds of millions of sacks of cement; nearly 100 million tons of steel; tens of millions of tons of copper and aluminum; and a vast array of new machinery required to construct the project and move approximately 32 billion cubic yards of earth;

- Equipment for drilling 50 tunnels with a total distance of over 1,000 miles, displacing 860 cubic yards of rock, employing an unprecedented use of tunnel-boring machines, and possibly new techniques;

- A massive amount of heavy electrical equipment, involved in: a) power generation stations, including forebay, penstocks, head gates, turbine wheels, generating units, and switchgear, and b) pumping stations, including large motors, large capacity pumps, valving, fittings, intake & discharge headers.

A Reindustrialization Program

LaRouche and his political movement, from its inception, have been fighting to save, and revolutionize, the industrial capacity of the United States. Our efforts started in the 1970s, and included the establishment of the Fusion Energy Foundation, the National Democratic Policy Committee, the Strategic Defense Initiative, and myriad other emergency programs for Great Projects in water management, transportation, power production, and urban development.

Despite these efforts, the high-technology centers of the United States have been systematically gutted over the past 40 years, including aerospace, machine tools, and engineering.

In May of 2006, when it became clear to LaRouche that the last concentration of high-technology machine-tool capability in the U.S. economy, the auto industry, was about to be gutted, LaRouche's Political Action Committee launched an all-out drive to counter this move. LaRouche drafted the Economic Recovery Act of 2006, which called for creation a Federal Public Corporation, by Congress, which would act, as in World War II, to take over threatened sections of the auto industry, and finance their retooling for immediate appli-



TVA

The Tennessee Valley Authority board has authorized completion of one unit at the Bellefonte nuclear site near Scottsboro, Ala. (shown here). A full recovery program will require hundreds of such plants to be constructed, starting immediately.

cation to the urgent needs of the nation, including refurbishing waterways, reversing the depletion of aquifers, aggressive development of high energy-flux-density power sources, and reorganization and development of mass transportation.

As part of organizing for this bill, *EIR* did a major study of auto capacity in the United States, pointing out the massive amount of industrial space, much of it richly supplied with machine tools and with machines of both high precision and flexibility, which was threatened with destruction, as well as the valuable skilled labor force about to be thrown on the scrap heap. In summary:

“The planned shutdowns will cost 75,000 skilled industrial jobs directly; and through immediate radiating effects on smaller supply plants and machine-tool shops, 300,000 more. What is about to be shut represents, in automobile-industry terms, the capacity to build 2.5 million or more cars and light trucks a year. But in terms of urgent national economic investment, it represents a unique industrial capability to build the United States ‘a new national infrastructure’ of transportation, power, and so forth.”

What LaRouche was proposing was not a simple “save the auto industry” program, but something akin to what President Franklin Roosevelt did in his wartime mobilization: converting a capability currently being used to maintain a consumer economy, to one driving forward and carrying out a leap in technological and

productive performance—as in the conversion of auto plants in the 1940s into airplane-producing factories; and in the 1960s, to the creation of components for the Apollo Program for space exploration.

Such an upgrading, when applied to transport and power, represents the higher-level platform of productivity required for, and consistent with, the NAWAPA Great Project. In transport, the first steps in increased efficiency are the measures necessary for electrification of the rails, to be followed as soon as possible by installation of magnetically levitated (maglev) trains, and eventually vacuum tubes. In power, the requirement is a massive surge in construction of nuclear power plants, while abandoning the insane waste of resources in “renewables” and market-based “reforms.”

However, thanks to cowardice in the Congress, in particular, the shutdown of auto went ahead. More than 200 GM, Ford, and Chrysler production facilities, of all sizes and functions, have been closed since 2006. A few have been reopened, as Obama continues to showcase, but many have been destroyed, and some even converted to amusement parks!

Where Is the Manpower?

Which brings us to the most crucial question of all for Step 6: Where will the skilled manpower be found to accomplish these tasks?

Worse than the destruction of physical plant and equipment needed for the massive building projects ahead, has been the destruction of the labor force. Nearly one-half million skilled workers lost employment in the aerospace sector, for example, even before Obama’s recent elimination of NASA manned space flight. And hundreds of thousands of skilled workers have been eliminated from the automobile industry just over the last decade.

EIR’s late 2010 review of the auto industry provides a small slice of the picture.

When Obama took office in January 2009, auto-makers and suppliers employed 713,600 workers, a loss of 45% of the workforce since 2000. By June of 2010, the industry had lost another 43,000, bringing the total to 680,900. That was half of the workforce a decade before.

Starting in the Fall of 2008, the Federal government—first Bush, then Obama—began to “bail out” the auto industry; and Obama hasn’t stopped bragging about it since. But these bailouts are not only minuscule in comparison to the numbers lost, but the average

wages and benefits of those being brought back to the factories are dramatically lower—a de facto lowering of labor capacity.

Looking more broadly than at auto per se, the Commerce Department reports a huge loss of the nation’s most skilled workforce over the first decade of the 21st Century. Among electrical machinery workers and engineers, for example, 222,000 jobs were lost between 2000 and Summer 2010—37% of national employment in those skills. Sixteen percent of jobs among electrical power machinery producers have been lost. Similar or higher percentages obtain among civil and heavy construction engineers—the very categories of workers required for the Great Project which will uniquely reverse the decline of the U.S. and world economy.

How many jobs will be needed in order to do the production, construction, and planning work for the transport and power needs of NAWAPA? LPAC’s Basement Team estimates that a few million will be required immediately, with concentration in this high-skilled area. What can be done?

The first step is to bring those workers who have been furloughed back onto the job. In many cases, they will have to function as trainers for young people who have been so miseducated that they can’t possibly do the work on their own. Some of this training will be in the nature of Civilian Conservation Corps camps, for youth who will have to begin with jobs requiring lower level skills, but will study to catch up. Other such training will be “on the job,” as the factories get orders to gear up once again.

The crucial additional point is that we have no time to waste. The older, retired members of the engineering workforce are generally the most skilled, and they are rapidly getting beyond the age of being able to work, or are dying. They must be immediately put to work reproducing their skills in younger generations, in order to get the economic boom launched.

The United States today is, of course, desperate for a “jobs” program, to deal with the devastating level of unemployment, poverty, and collapse of the living environment. Once NAWAPA is adopted as a mission, the need for productive employment in necessary ancillary areas, such as power and transport, will more than fulfill that desire for jobs—probably bringing us into a labor shortage immediately, and certainly a shortage of skilled labor. In some sense, we will be in a situation parallel to that of our early Republic—where once again, we put our highest value on human creative labor and ingenuity, in order to build the nation.

Monsanto, Bill Gates, et al.— Food Police for Genocide

by Marcia Merry Baker

Oct. 14—Amidst today’s world food crisis, the dramatic degree of control over seeds and crop genetics by a select few mega-firms in the agro-chemical cartel, is as much an outstanding crime, as are the more obvious conditions of shortages, speculation, and hyperinflation. These companies claim patent rights to seeds and crop traits. It is important to grasp the underlying principle involved in their crime: *There is no moral basis for ownership of patent rights over lifeforms of any kind. You cannot patent a food. You cannot patent the means to life.*

The fact that patent rights over seeds and plant-breeding methods came about in the last 40 years under globalization, is a testament to the evil of the financial British Empire. Food seed patents were prohibited in the United States until the 1970s, when U.S. law and practice were increasingly subverted. Three current events underscore the menace of allowing this wrongful practice to continue.

In September, a U.S. court gave yet another win to Monsanto, for its claim that a farmer violated the company’s patent rights to biotechnologically engineered soybeans. This is par for the course for Monsanto and cohort companies, which run terror campaigns of investigations and lawsuits in the U.S. farmbelt.

Secondly, in September, India announced that it will file suit against Monsanto, through its government agency, the Biodiversity Authority, to try to stop Monsanto’s patent-assault on eggplant (brinjal), one of the staples of the national diet. The government is expected to charge Monsanto with bio-piracy of indigenous Indian eggplant germplasm, which the company then used to genetically engineer new strains, so it could patent the resulting vegetable varieties.

Thirdly, on the international policy

front, Microsoft mogul Bill Gates and his fellow philanthropo-fascists are becoming more and more flagrant, while representing Monsanto and the agro-cartels, in dictating food policy to nations. The way it works is that the Bill and Melinda Gates Foundation, the Rockefeller Foundation, and a few others, are controlling the purse strings for research funding on key projects in rice, potatoes, wheat, and many other staples at colleges and formerly independent research centers, all the while, working in league with Monsanto and the agro-cartel firms to maintain their “intellectual property rights” to food patents, and global food sourcing. The signature Gates line is: We want to help the “smallholder farmer.”

The Gates nexus has set up a network of new agencies and initiatives to impose cartel control policy, over and above nations. For example, in April 2010, Gates and Treasury Secretary Tim Geithner announced the formation of a Global Food and Agriculture Initiative, administered by the World Bank. In 2006, the Gates and Rockefeller Foundations set up AGRA—the Alliance for the Green Revolution in Africa—which functions to police research and food policy on that continent.



The perversion of U.S. patent laws, beginning with a 1980 Supreme Court decision, has allowed Monsanto and other agro-chemical mega-cartels to claim patent rights to seeds and crop traits. Between 1998 and 2006, Monsanto sued 2,391 farmers in 19 states, and runs “Field Checks” to police farmers, who are suspected of violating its patents.



Senthikumar Aanand

The government of India has announced that it will file suit against Monsanto in an effort to stop the cartel's bio-piracy—a patent-assault on eggplant (brinjal, shown here)—one of the staples of the national diet.

In September, Gates personally briefed the Group of 20 ministerial meeting in Washington, D.C., on his view of “development” and food policy; he is to provide a report on this to the G20 meeting in November in Cannes, France.

Monsanto, Gates, and others are part of the commodities wing of international financial and political interests best understood as a neo-British East India Company—furthering plantation agriculture and famine. Their policies are genocide, all the more odious, as they present themselves as champions of science and agriculture, when their intent is scarcity and death. Gates calls it “reducing population to balance with limited resources”—jargon for opposing any and all programs which would build up agro-industrial productivity and nation-states, such as large-scale water management, soil fertility, nuclear power, and transportation systems. In Fall 2009, Gates personally a book, *Millions Fed: Proven Successes in Agriculture Development*, which used fake pro-food rhetoric, from his depopulation vantage point.

Subversion of Patent Law, Food Policy

A short history of U.S. law concerning food crops shows how the traditional governing principle—that seeds and genetic advances, inherently part of the

means to life, are not appropriate for patenting—was overturned over the past 40 years, on behalf of the private financial and political interests behind the food commodity cartels.

The milestone developments:

In 1930, the Plant Patent Act (PPA) was passed, to give some marketing protection (such as exclusive rights to the name of a new hybrid rose) to those marketing flowers and ornamentals, but the PPA *specifically excluded any plant that could be considered a food crop from any patent protection.*

However, in 1970, the Plant Variety Protection Act (PVPA), for the first time, gave some private rights for specific varieties of food crop seeds, in the form of certificates, *not patents*, for periods of up to 25 years. Still, farmers and researchers could save, re-plant, and experiment with the seeds.

Then came a 1980 Supreme Court decision approving patenting of living organisms, opening the door to patenting of any life form, under total private control. In 1985, the U.S. Patent Office ruled that plants could be protected under the powerful concept of the industrial patent, meaning no exemptions for farmers or researchers. University-based, and other public science labs were devastated.

Over the 1990s, sweeping “patent rights to life” were granted, with Monsanto in the lead for soybeans and cotton. In 1998, Monsanto started its GMO alfalfa work with the University of Montana, from which Monsanto got its Roundup Ready alfalfa. Broad genetics patent rights, including for food grains, have also been included in the GATT/WTO “intellectual property rights” treaties.

Rearguard actions by Congress—including the 1994 Plant Variety Protection Act, and certain court cases—attempted to restrict this trend, but with little effect. (The PVPA set up a system of 20-year certificates for new plant varieties, whether or not they were genetically modified.)

Then, in December 2001, a U.S. Supreme Court decision (*JEM Ag Supply, Inc. v. Pioneer Hi-Bred International Inc.*, Dec. 10, 2001) gutted both the 1930 Plant Protection Act and the 1994 PVPA, thus opening the door for any plant or animal to be patented under the strict Utility Patent law, no holds barred.

Between 1998 and 2006, Monsanto sued 2,391 farmers in 19 states, according to a tally kept by the Center for Food Policy, and this pattern has continued over the last five years. In Canada, Monsanto set up its “Field

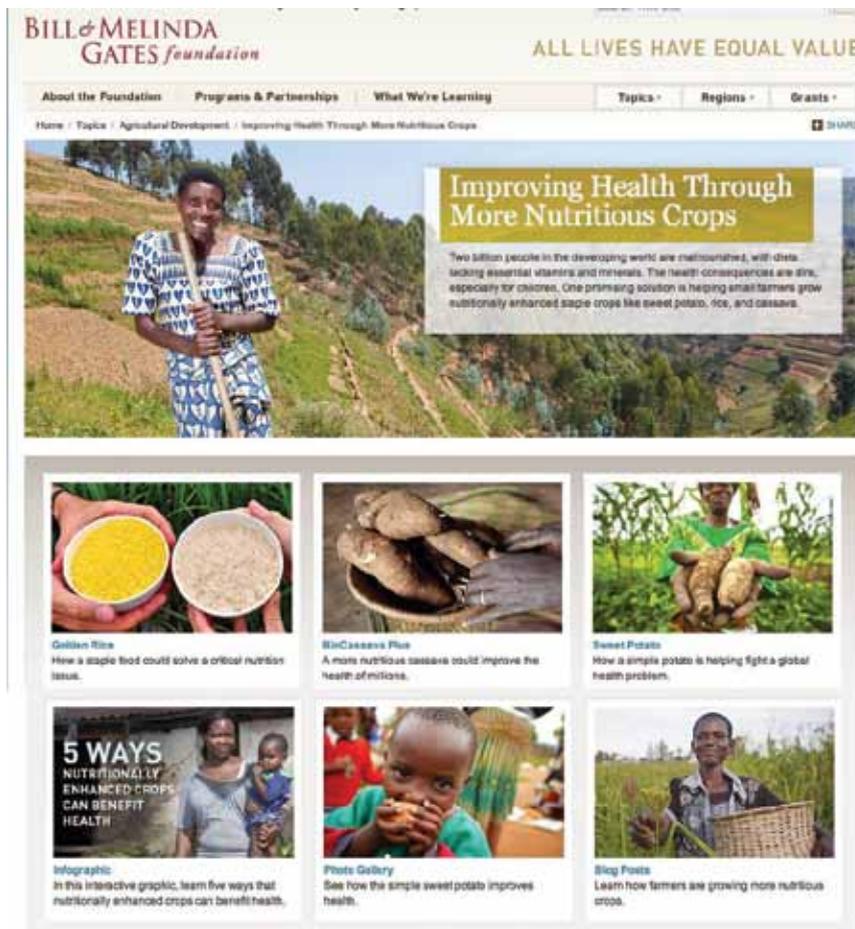
Check” program in 2003, deploying brigades of gumshoes to investigate farmers. The company’s patent enforcement division is reported to have a full-time hit-squad of 75 attorneys and staff, with a multimillion-dollar budget. The St. Louis-based detective firm McDowell and Associates does the field investigations.

Monsanto v. Indiana Farmer

The recent case of *Monsanto v. Bowman* in Indiana, is exemplary of the company’s modus operandi, and the corruption of the government institutions which allow it. On Sept. 21, the U.S. Court of Appeals for the Federal Circuit in Washington, D.C., upheld a lower court ruling that Monsanto could claim \$84,456 from Indiana farmer Vernon Bowman, charging that he withheld and planted soybean seeds which had Monsanto-patented traits in them, without permission of, or payment to, Monsanto, even though Bowman bought the seeds up-and-up from a grain elevator as a “mixed bag” bulk purchase, of what are termed “commodity seeds”—i.e., undifferentiated seeds. This type of seeds is explicitly okay for a farmer to buy from the elevator, as is, even under the current cartel-serving law.

But how and why Monsanto decided to investigate and pounce on the farmer is this: Bowman, who had for years paid Monsanto fully for soybeans for his first planting, would occasionally do a second-generation planting of grain-elevator mixed-bag seeds. Occasionally, from that harvest, he would hold some over for another planting. Monsanto sued him. Bowman’s legal comeback was that “patent exhaustion” applied, a long-established ruling.

But Monsanto beat the farmer. The rotten Appellate decision said, “While farmers, like Bowman, may have the right to use commodity seeds as feed, or for any other conceivable use, they cannot ‘replicate’ Monsanto’s patented technology by planting it in the ground to create newly infringing genetic material, seeds and plants.”



Monsanto, the Gates Foundation, et al., are part of the commodities wing of international financial and political interests best understood as a neo-British East India Company—furthering plantation agriculture and famine. Gates calls it, “reducing population to balance with limited resources.”

Seed Cartel

Monsanto is based in St. Louis, with an international workforce of 21,035, in 404 facilities, in 66 countries. Of that, there are 10,317 employees in the United States, where the company has 146 facilities in 33 states. An associate of Monsanto, Dr. Roger Beachey, was appointed by President Obama in 2010, as the Science Advisor to the Agriculture Department.

The other most prominent names in the tight seed and agro-chemical cartel include DuPont/Pioneer Hi-Bred, Syngenta, DowAgroSciences, Bayer Crop-Science, and BASF.

The DuPont Chemical Co., since 1999, has owned Pioneer Hi-Bred International Inc., based in Johnston, Iowa, and the largest seed corn company in the world. It sells a range of crop and forage seeds in 70 countries. The original seed company was founded in 1926 in Iowa

by Henry Wallace, later Agriculture Secretary and Vice President for Franklin Delano Roosevelt. Wallace developed topline hybridization methods for corn, and, by 1940, 90% of the U.S. crop was from hybrid seeds. He fully backed the standing U.S. law, that food seeds could not be patented. Wallace's firm was commercially and scientifically successful, based on sound methodology of crop breeding, and a reliable high-yielding product, free of weed, insect, dirt, and other problems.

Syngenta, based in Basel, Switzerland, operates in 90 countries, with a workforce of 26,000. Technically, it is only 11 years old, but its provenance goes much further back. It was formed in 2000, from the merger of Novartis Agribusiness and Zeneca Agrochemicals. Novartis was itself formed by the merger of the legendary Swiss chemical firms, Sandoz and Ciba-Geigy. Zeneca Agro came out of the British firms ICI (Imperial Chemical), and AstroZeneca.

DowAgroSciences LLC is based in Indianapolis, Ind., a subsidiary of The Dow Chemical Co. It was formed in 1997 as a joint venture between Dow's agriculture sciences division and the Eli Lilly Co., but now is wholly owned by Dow. Among the famous seed brands are Pfister and Mycogen.

BASF Plant Science, based in Limburgerhof, Germany, was established in 1998, as a centralization of all the agriculture bio-technology capacity of the long-standing BASF Chemical Co. BASF Plant Science has a 700-person research effort, focusing on plant genetics and patentable traits, in collaboration with the mega-seed companies. For example, in July 2010, the firm signed a major partnership deal with Monsanto for the development of new patentable wheat traits by 2020. The two companies' press release noted that, "Wheat is the world's second largest commodity crop after corn," and they intend to focus on developing new crop strains they can patent and market.

BayerCrop Science, based in Monheim, Germany, is the second-largest pesticide firm in the world. It operates in 120 countries, with 20,700 employees, making and selling fungicides, insecticides, and other plant protections, while also working on new bio-engineered formulations of plant life, and treating and selling seeds.

The Real Question of Science

The question of the science involved in genetically engineered, or bio-technologically engineered foods at this point in human history, is *not* whether GMOs (ge-

netically modified organisms) are unsafe, nor whether the biotech firms are violating rules of the game, for testing and marketing genetically modified (gm) seeds, etc. The question is: Why are we allowing genocidalists to control research and to "own" food?

Many of the gm crop seed formulations are producing spectacular results, such as drought-tolerant corn. But imagine what we might be doing for humanity, if the lines of R&D were being pursued for the objectives of advancing knowledge and its applications for the benefit of civilization, and not for the next patent claim, and mega-profiteering.

For example, no consistent research has been done over the last five decades on developing rust-resistant wheat varieties. Such a priority had no place on the seed cartel R&D agenda. In the 1950s, Dr. Norman Borlaug, the Green Revolution hero, developed a rust-resistant variety for the strain of the disease which was ruining up to 40% of the North American wheat crop in certain areas. At that time, Borlaug issued a call for continued research on new varieties of resistant wheat, to be ready for the next outbreak of wheat rust. The work was never done. The outbreak occurred in Uganda in 1999, and now the UG99 strain of wheat rust is spreading toward India. There is a scramble to devise a resistant variety, which may or may not succeed in time.

Moreover, the cartel grab of control over plant research and seed supply, has gone hand-in-glove with cartel imposition of monoculture—the practice of single-cropping, year after year, in large areas. Look at the vast soy fields of Brazil, for example. A handful of processing and marketing firms—Cargill, Dreyfus, Bunge, ADM—constitute a cartel which dominates international trade in commodities resulting from the so-called "global sourcing" of food.

Using the same or similar crop seeds and chemicals—whatever their merits, under these conditions, year-on-year, is bound to contribute to the potential of emergence of superweeds, superbugs, and other problems. More than 20 states in the South and Midwest are now reporting localized spread of superweeds (pigweed and other types), and resistance to Roundup, Monsanto's brand of glyphosate herbicide. An Iowa State entymologist has found instances in northeast Iowa, of corn borers being resistant to the formerly effective strain of GMO corn, which carried a trait-ability to exude an insecticide which would kill the borer. Monsanto has sold rootworm-resistant biotech corn since 2003.

KEY POLICY PAPER UNCOVERED

How Ben Franklin Organized Our Economic Independence

by Anton Chaitkin

There are in every country certain important crises when exertion or neglect must produce consequences of the utmost moment. The [present] period . . . [is] clearly of this description.

Our money absorbed by a wanton consumption of imported luxuries, a fluctuating paper medium substituting in its stead, foreign commerce extremely circumscribed and a federal government ineffective [and] disjointed, tell us . . . plainly that further negligence may ruin us forever.

An extraordinary meeting was held at Benjamin Franklin's home on Friday, May 11, 1787, to hear an outline for the economic policy and national mission that the United States Constitution should be designed to carry out.

The tight-knit grouping of American nationalists who had directed the Revolutionary War would use this policy paper to instruct the delegates to the Constitutional Convention, scheduled to open three days later.

The essay begins with the words quoted above, which speak to us with special urgency in the present world crisis. It has never been published since 1787, and has been retrieved from an archival copy for the present report. It is entitled "An Enquiry into the Principles on which a Commercial System for the United

States Should be Founded, Read before the Society for Political Enquiries, Convened at the House of His Excellency Benjamin Franklin, Esquire, in Philadelphia May 11, 1787."

After Franklin and his colleagues approved it, the then-anonymous author, Philadelphia merchant Tench Coxe, dedicated it thus: "To the Honorable the Members of the Convention, assembled at Philadelphia for federal Purposes, this Essay is most respectfully inscribed by Their obedient and Most humble Servant, The Author, May 12, 1787."

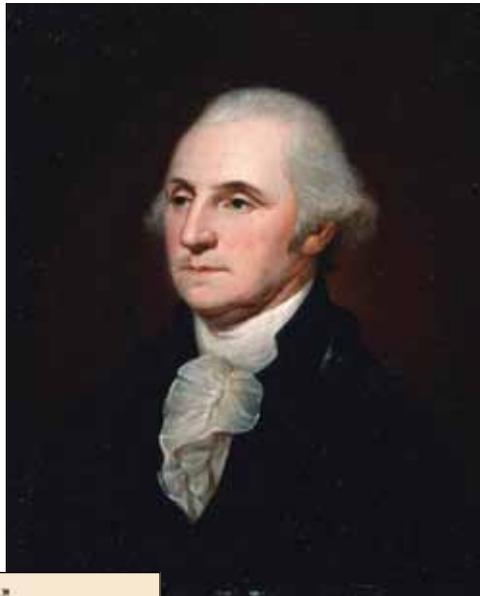
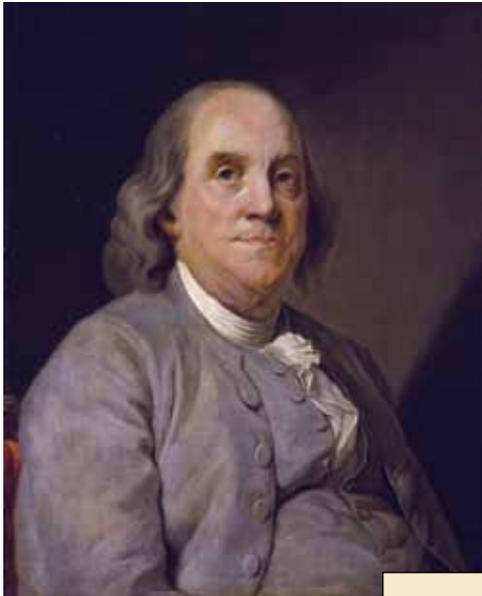
It was printed as a 52-page pamphlet over the weekend and published Monday, May 14, 1787, the day the Constitutional Convention officially opened, and was distributed to each delegate to the Convention.

The pamphlet sets forth a nationalist program guide to survival, contrary to the British doctrine of Free Trade and submission to the empire.

The new U.S. national government should have "prohibitory powers . . . enabling Congress to prevent the importation of such foreign commodities, as are made from our own raw materials."

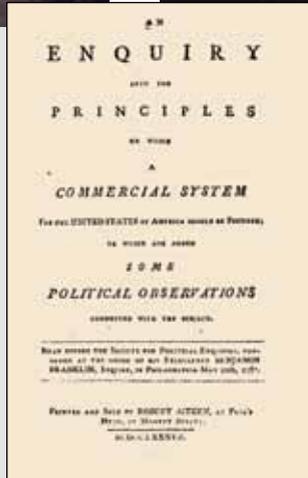
It should promote the creation of machine-powered industries such as "casting and steel furnaces" utilizing water power, and it is "probable also that a frequent use of steam engines will add greatly to this class of factories."

The "great *natural powers* of the country will [oth-



Our money absorbed by a wanton consumption of imported luxuries, a fluctuating paper medium substituting in its stead, foreign commerce extremely circumscribed and a federal government ineffective [and] disjointed, tell us ... plainly that further negligence may ruin us forever.

An Enquiry...



This 1787 pamphlet was distributed at the Constitutional Convention by Benjamin Franklin and his Revolutionary allies. Never published, it was the work of the Society for Political Inquiries, led by Franklin, who, together with George Washington, ran the finance, military policy, and diplomacy of the American Revolution. (Portrait of Franklin by Joseph Siffred Duplessis, 1785; Washington by Rembrandt Peale, 1819.)

The pamphlet concludes by stressing that the national government must have taxation power and regulatory powers to carry out “the restoration of public credit.”

The Society for Political Inquiries which published the Coxe paper had been organized by Benjamin Franklin late in 1786, following the call for a Constitutional Convention issued at the prior Annapolis Conference. Franklin, then the governor of Pennsylvania, had employed Tench Coxe as a delegate of the state to the Annapolis Conference.

The Society for Political Inquiries was an arm of the central group of nationalists, led by Franklin and George Washington, who had together run the finance, military policy, and diplomacy of the American Revolution.

erwise] remain inactive and useless. Our numerous mill seats ... [for making] flour, oil, paper, snuff, gunpowder, ironwork, woolen cloth, boards and [ships] ... would be given by providence in vain” (emphasis in original).

Promoting and protecting “a manufacture of *our own produce*,” and our fisheries, and our coastal merchant shipping, “ought not by any means be sacrificed to the interests of foreign trade, or subjected to injury by the wild speculations of ignorant adventurers.”

The Federal government must be able to veto state laws that interfere with this forceful national development policy. And rather than letting the South remain a de facto colonial sector of the British, the government should see to it that “the produce of the southern states should be exchanged for such manufactures as can be made by the northern.”

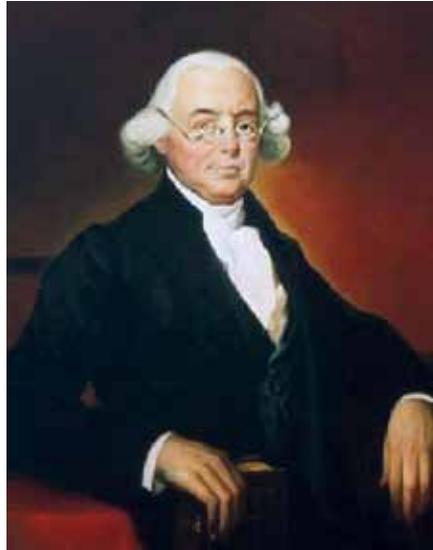
The Leadership that Met that Day

This close-knit group of leaders had taken charge of the Revolution, beginning in June of 1775, two months after the patriots’ first battles with British forces in Massachusetts.

Meeting in Philadelphia, the Continental Congress officially created the Continental Army on June 14, 1775, and appointed Washington its commander the next day.

On June 30, the Pennsylvania Provincial Assembly, also meeting in Philadelphia, created a provisional military government, taking power away from the last sitting colonial Governor, John Penn.

Benjamin Franklin was appointed president of this military government, the Committee of Safety, and Robert Morris was named vice president. Morris pre-



support. For the next decade of war and its aftermath, Franklin and Morris would remain in constant trans-Atlantic correspondence, sometimes more than daily.

In December 1776, Congress fled to Baltimore ahead of British forces advancing on Philadelphia. It left Morris in charge of the Union's executive government, and responsible for supplying the Army.

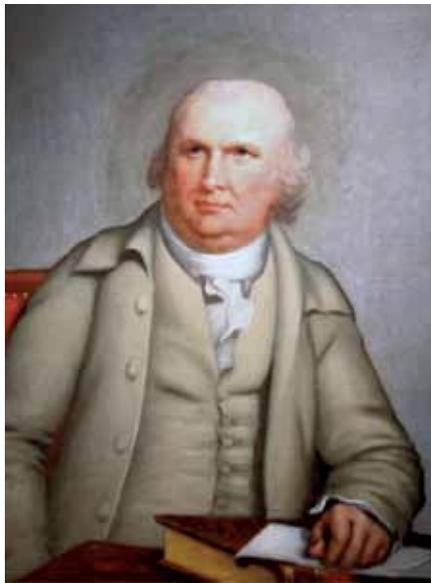
Within days, General Washington asked Morris for funds for an intelligence service, and to

pay his destitute soldiers. On the next morning, Morris supplied the cash raised from private sources. Later, Franklin negotiated the 1778 treaty of alliance with France, and arms and money began flowing to the American war effort through official channels.

Franklin and Washington, along with a few other brilliant and fiercely patriotic men, who assisted and coordinated affairs with

[I] proposed that the Secretary of Foreign Affairs, the Commander-in-Chief, the Secretary of Congress, and my assistant Mr. G. Morris ... should meet every Monday evening for the purpose of communicating to each other whatever may be necessary and for consulting and consorting measures to promote the service and public good....

Robert Morris, diary entry, Dec. 3, 1781.



Franklin and Robert Morris (right) led the Secret Committees on Trade and Correspondence. Morris's two closest associates, who would write much of the Constitution, were Gouverneur Morris (above, left), spokesman for the Continental Army in Congress; and James Wilson (above right), later a founding Justice of the Supreme Court. (Portrait of Robert Morris by Robert Edge Pine, 1785.)

sided over an array of private merchant operations in America and abroad, built up since the 1750s in coordination with Franklin's networks for political intelligence and commerce. Franklin and Morris, delegates to the Continental Congress, led the Secret Committee of Trade (arms procurement) and the Secret Committee of Correspondence (seeking foreign backing for the conflict with Britain). Military supplies for Washington's army would be acquired through the combined authority of Congress and the Morris-Franklin channels.

After declaring American Independence, the Congress sent Franklin to Paris to secure European military

them, became the core of the nationalists who led the country through the Revolution into the successful formation of the United States Government.

General Washington's confidential secretary and intelligence aide Alexander Hamilton, then in the field with the Continental Army, would become famous as President Washington's Treasury Secretary.

Robert Morris's two closest associates and advisors, who would write most of the Constitution, were Gouverneur Morris (no relation), spokesman for the Continental Army in Congress, and later the American ambassador to France; and James Wilson, later a founding justice of the Supreme Court.

The New Yorker Hamilton was “adopted” by Franklin’s nationalist Philadelphians. At the outset of the Revolution he had begun calling for securing American independence by national control of credit and action to establish manufactures.

Despite their diligence, despite French aid, the credit of the Union had collapsed by 1781, the states were staggering under impossible debts, and international trade was frozen by a British naval blockade. There was at that time no real executive branch of government.

Hamilton proposed that Congress appoint Robert Morris the Financier (or Superintendent of Finance) of the United States, and that it also create the offices of Secretary of War and Secretary of Foreign Affairs. Congress voted unanimously in February 1781, to appoint Morris the Financier, and also head of the office of Marine, running the Navy.

That Summer and Fall, Morris strategized with the French Navy. With huge sums on his own credit, Morris organized supplies for Washington’s army all along the line of their march to Yorktown, Virginia, where they and the French were to deliver a knockout blow.

The British army of Lord Cornwallis surrendered at Yorktown in October 1781. But the British blockade continued, the American economy was devastated, the army was exhausted and near mutiny.

In this weak and increasingly dangerous situation, the nationalist leaders put together the nucleus of a functioning national executive. Congress appointed Washington’s aide-de-camp Gen. Benjamin Lincoln as Secretary of War, and Morris’s close associate Robert Livingston of New York as Secretary of Foreign Affairs.

Morris noted in his diary (Dec. 3, 1781) that he had organized the first session of a de facto U.S. executive branch, which was to meet weekly in his office:

“[I] held a conference with the Secretary of War, the Secretary of Foreign Affairs, the Commander-in-Chief [Washington], the Secretary of Congress, and my assistant Mr. G. Morris, wherein [I] proposed that the same persons should meet every Monday evening for the purpose of communicating to each other whatever may be necessary and for consulting and consorting measures to promote the service and public good. I communicated to them Dr. Franklin’s letters etc. We had a gen-

eral conversation as introductory to the business.”¹

Morris’s assistant James Wilson took part in this small governing group, as did Hamilton, who had resigned his military commission after his heroism at the battle of Yorktown. Hamilton was hired as an official receiver of taxes in New York state under the authority of Robert Morris.

The Bank of North America

In his first official act as Financier, Morris proposed to Congress a plan for a national bank, which he, Hamilton, and Wilson had worked out together in the preceding months.

The Bank of North America would help organize the desperate national finances by taking deposits, issuing bank notes that would not depreciate, and lending funds to the government. In his explanatory letter, Morris proposed “That it be recommended to the several States . . . to provide that *no other bank or bankers* shall be established or permitted within the said States, respectively, during the war.”²

The Continental Congress chartered the Bank of North America, based in Philadelphia, to begin operations Jan. 7, 1782. Morris’s main business partner Thomas Willing (Tench Coxe’s brother-in-law) was president; James Wilson was a board member and the attorney for the Bank, as well as for the French military in America. Through Franklin, the French government shipped across \$400,000 in silver to start up the Bank.

The treaty with Britain formally ending the American Revolutionary War was signed Sept. 3, 1783. But the nominally independent U.S.A. was threatened with catastrophe. To prevent American creation of independent industry, the British immediately began dumping cheap manufactures in U.S. markets, selling goods at lower prices than they charged inside England, despite the costs of ocean transport.

Morris and Hamilton proposed a 5% national tariff

1. *Diary of Robert Morris* (University of Pittsburgh Press online edition). An excellent resource for this period is Charles Rappleye, *Robert Morris, Financier of the American Revolution* (New York: Simon and Schuster, 2010).

2. “Proceedings on the Incorporation of the Bank of North America: Letter from Robert Morris with the Plan of the Bank, May 26, 1781”; in *Legislative and Documentary History of the Bank of the United States, Including the Original Bank of North America* (Washington: Gales and Seaton, 1832), p. 11.

on imports to finance the otherwise destitute government and to begin to protect American manufacturing. But various anti-national state leaders opposed giving Congress the power to tax.

Franklin responded angrily to reports of the “anti-tax” arguments raised against the right of the people to a national self-government. He wrote:

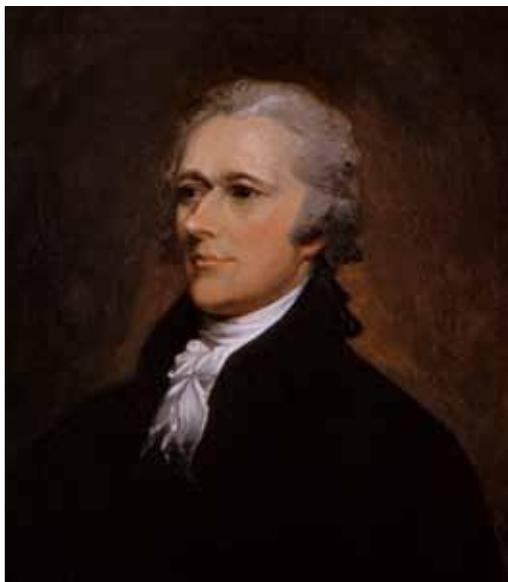
“All Property, indeed, except the Savage’s temporary Cabin, his Bow, his Matchcoat, and other little Acquisitions, absolutely necessary for his Subsistence, seems to me to be the Creature of public Convention. Hence the Public has the Right of Regulating Descents, and all other Conveyances of Property, and even of limiting the Quantity and the Uses of it. All the Property that is necessary to a Man, for the Conservation of the Individual and the Propagation of the Species, is his natural Right, which none can justly deprive him of: But all Property superfluous to such purposes is the Property of the Publick, who, by their Laws, have created it, and who may therefore by other Laws dispose of it, whenever the Welfare of the Publick shall demand such Disposition. He that does not like civil Society on these Terms, let him retire and live among Savages. He can have no right to the benefits of Society, who will not pay his Club towards the Support of it.”³

Without governmental power to tax, America was collapsing.

On news of the Paris peace treaty, the American army disbanded, starving and in rags.

Independence Hall, the home of Congress, was mobbed by soldiers demanding payment, who held the Congressmen hostage. Hamilton, then in Congress, negotiated with the soldiers and with the Pennsylvania state government. But he could not get protection for the U.S. government, and the Congress fled to Princeton, New Jersey.

The shock from this half-decade crisis of weakness and bankruptcy would give fire to the nationalist leadership, to fashion a powerful government for a Continental republic.



In the battle to create a strong central government, New York delegate Alexander Hamilton, a core member of the Franklin-Washington circle, wrote the report of the Annapolis Meeting of Commissioners to Remedy Defects of the Federal Government. (Portrait of Hamilton by John Trumbull, 1806.)

“Commissioners [are] to meet at Philadelphia on the second Monday in May next, to take into consideration the situation of the United States, to devise such further provisions as shall appear to them necessary to render the constitution of the Federal Government adequate to the exigencies of the Union.”
Alexander Hamilton

The Constitution

“To free ourselves from foreign power.”

Franklin returned to the United States in 1785, acclaimed for having steered the French alliance that secured American independence. He was chosen President of The Supreme Executive Council of Pennsylvania, i.e., governor of the state, an office which he held through 1788.

The nationalists were now in motion.

Washington became president of the Potomac Company, which aimed to connect the Potomac and Ohio Rivers, and open up the West to settlement. The General got Maryland and Virginia to incorporate the Company, and commissioners from the two states met in 1785 at his home, Mount Vernon, to negotiate jurisdiction over the canal route.

On the public rationale that wider representation was needed to deal with larger issues involved in the projected canal, James Madison—then a staunch nationalist—and other Virginians called a convention for Annapolis, Maryland for September 1786.

Governor Franklin appointed Robert Morris, Tench Coxe, and three other Pennsylvania delegates to this

3. Benjamin Franklin to Robert Morris, Dec. 25, 1783 (<http://press-pubs.uchicago.edu/founders/documents/v1ch16s12.html>).

Annapolis Meeting of Commissioners to Remedy Defects of the Federal Government. Only Coxe actually attended the conference from Pennsylvania.

New York delegate Alexander Hamilton wrote the Annapolis meeting's report, calling on all the states to appoint "Commissioners, to meet at Philadelphia on the second Monday in May next, to take into consideration the situation of the United States, to devise such further provisions as shall appear to them necessary to render the constitution of the Federal Government adequate to the exigencies of the Union."

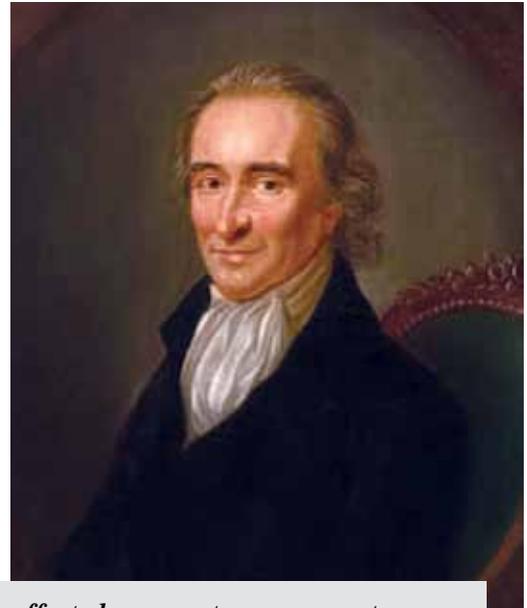
Washington and his friends chose the date for the proposed Convention to coincide with the scheduled Philadelphia meeting of the Society of the Cincinnati, the group for the officers of the American-French alliance against Britain, in which Hamilton was a leader.

The nationalist Society for Political Inquiries first met at the City Tavern on Feb. 9, 1787. The 42 original members included Robert Morris, Gouverneur Morris, James Wilson, Franklin's son-in-law Richard Bache, scientist David Rittenhouse, physician Benjamin Rush, and other allies of Franklin, Washington, and Robert Morris.

The essay setting forth the rules for the Society, written by "Common Sense" Revolutionary author Thomas Paine, specified that the Society was to meet every two weeks at Franklin's home. The rules-essay included the following nationalist manifesto of the need to go beyond nominal independence, and to break from mental and political chains to the British Empire:

"Accustomed to look up to those nations, from whom we have derived our origin, for our laws, our opinions, and our manners, we have retained with undistinguishing reverence their errors with their improvements; have blended with our public institutions the policy of dissimilar countries; and have grafted on an infant commonwealth the manners of ancient and corrupted monarchies. In having effected a separate government, we have as yet effected but a partial independence. The revolution can only be said to be complete, when we shall have freed ourselves, no less from the influence of foreign prejudices than from the fetters of foreign power. When breaking through the bounds, in which a dependent people have been accustomed to think and act, we shall probably comprehend

The essay setting forth the rules for the Society of Political Inquiries was written by "Common Sense" author Thomas Paine. It included a nationalist manifesto on the need to break from the mental and political chains to the British Empire.



In having effected a separate government, we have as yet effected but a partial independence. The revolution can only be said to be complete, when we shall have freed ourselves, no less from the influence of foreign prejudices than from the fetters of foreign power.

Thomas Paine

the character we have assumed and adopt those maxims of policy, which are suited to our new situation."⁴

The Revolutionary officers grouped as the Society of the Cincinnati opened their national meeting on May 7, 1787. Running simultaneously with the Constitutional Convention, their proceedings would add to the nationalists' message that true independence from Britain, a strong Union, and a vigorous national government must emerge from the Convention. Washington chaired both meetings, while staying in the home of Robert Morris.

Hamilton nominated Maj. William Jackson as Secretary of the Convention. Jackson had been Washington's military aide, and the agent of Robert Morris in England; he had also participated in the Society for Political Inquiries May 9, 1787 meeting, planning for the Constitutional Convention.⁵

4. *Life and Works of Thomas Paine*, Vol. 4 (New Rochelle, N.Y.: Thomas Paine National Historical Association, 1925), pp. 311-312.

5. *Book of Minutes of the Society for Political Inquiries*, held by the Historical Society of Pennsylvania.

As the Constitutional Convention progressed, the pro-nationalist delegates steering the meeting caucused at the Indian Queen tavern, located next door to Franklin's home and printshop, and they picnicked under the trees at Franklin's home.

Two months into the Convention (on July 26, 1787), Franklin's allies met to form the Pennsylvania Society for the Encouragement of Manufactures and the Useful Arts. The new group was led by Society for Political Inquiries members Coxe, George Clymer, and Thomas Fitzsimmons; and by Mathew Carey, whose *American Museum* magazine published the essays of Franklin, Coxe, the Inquiry Society, and the Manufacturing Society.

Members of both groups assembled for meeting of "friends of domestic manufactures" Aug. 12 at the University of Pennsylvania, to hear a report on the progress of the Convention, and an address by Coxe stressing the need for the nation to promote "machines ingeniously contrived."⁶

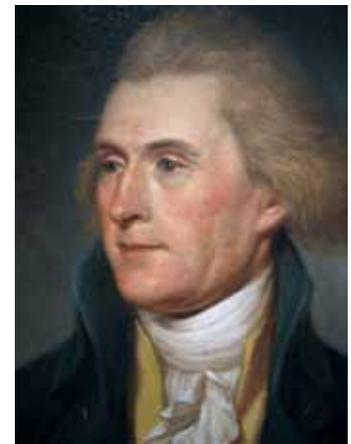
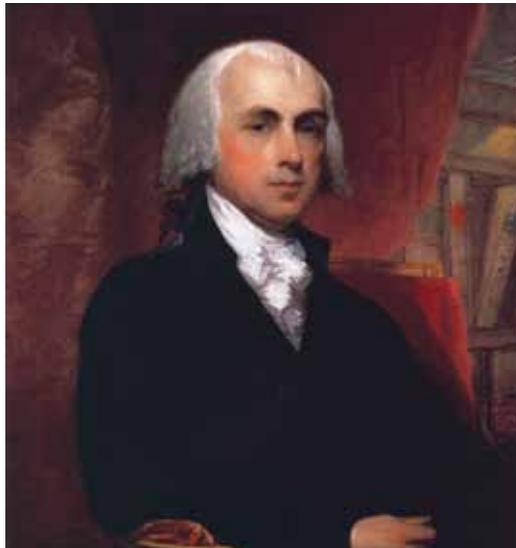
Here was the Philadelphia-based political movement for industrial development and American national survival, begun by Franklin, and continuing through several generations, until after the 1879 death of Mathew Carey's son, economist Henry C. Carey.

The Authors

"Who wrote the Constitution?" is a question not often seriously asked.

In later times, when the point of view of America's Founding nationalists was obscured, Anglophile, Southern Confederate, and Wall Street apologists asserted, as supposed fact, that James Madison was the main author, the "Father of the Constitution."

During and just after the Revolution, Madison was an indispensable, forceful Virginian ally of the central



During and just after the Revolution, Madison (left) was an indispensable ally of the central Washington-Franklin nationalist group, and often, a political partner of Hamilton. But, not long after the Convention, his commitments shifted, in accord with the Southern plantation set to which he and Thomas Jefferson had adapted their views. (Portrait of Madison by Gilbert Stuart, 1804; Jefferson by Charles Wilson Peale, 1791.)

Washington-Franklin nationalist group, and a friend and often political partner of Hamilton. But the notion of Madison's authorship of the Constitution was later useful to the anti-nationalists. Not long after the Convention, his beliefs and commitments shifted, in accord with the Southern plantation set to which he and Thomas Jefferson had adapted their views.

It was very useful for Southern acceptance of the Constitution that the so-called "Virginia Plan" was the first outline for a central government brought into the Convention, as a point of departure for the deliberations. According to Madison, it had been worked out in preliminary discussion among Washington, Madison, and the other five Virginia delegates. The national structure called for in this plan was in many ways analogous to most of the state constitutions already adopted: a two-house legislature, with separate executive and judiciary departments.

The New Jersey delegation countered with a call for a weaker central government. Hamilton came back with a proposal to virtually eliminate state governments, which effectively corralled the delegates toward the "more moderate" nationalist agenda.

The Constitution as agreed to differed from the Virginia plan in several important features. Several crucial

6. Jacob Cooke, *Tench Coxe and the Early Republic* (Chapel Hill, N.C.: University of North Carolina Press, 1978), p. 103.

points in our present scheme of government were chiefly the work of James Wilson. (Franklin, then 81 years old, gave his own speeches to “my learned colleague” James Wilson to read, adding authority to Wilson’s role as a Convention spokesman for the governmental philosophy of the nationalists.)

Madison’s plan suggested two branches of legislature, the second branch (later called the Senate) to be appointed by the first (House of Representatives). In the ensuing debate, it was proposed by anti-democratic “states rights” advocates, that the House and Senate be appointed by the state legislatures; the Senate was to resemble somewhat the British House of Lords. Wilson and Madison together led the successful fight for a popularly elected House, and Wilson defeated the proposal for property ownership as a requirement to qualify voters in Congressional elections.

As to the Senate, Wilson disagreed that the British government could serve as any model for the U.S.A. “Our manners, our laws, the abolition of entails and primogeniture, the whole genius of the people are opposed to it.” But his argument for a Senate directly elected by the people was defeated; the legislatures would appoint Senators until Wilson’s proposal became law in 1913, in the 17th Amendment to the Constitution.

The preliminary Virginia Plan would have left the country with a fatally weak Federal Government, without a truly independent executive or judiciary.

The Virginia Plan called for an undefined “national executive” to be chosen by the Senate. Wilson proposed that the executive branch be headed by a single person, with strong and clearly defined powers. As a member of the Committee of Detail, Wilson was the principal author of the first (Aug. 6) draft of the Constitution, in which this executive chief was styled “the President of the United States.”

The first draft was turned over to a Committee of Style and Arrangement, consisting of Hamilton, his close ally Rufus King, Gouverneur Morris, Madison,

and Connecticut delegate William Johnson, an advocate for small states happy to compromise with the nationalists.

The plan was shifted to make the Federal government less like the British system, in which a parliament, controlled by an oligarchy, may make and break governments at will. The President would be elected by the people through the Electoral College, not appointed by Congress, and the Supreme Court judges would be appointed by the President with Senate consent.

That agreed to, this committee asked Gouverneur Morris to write the finished text. Morris himself composed the Preamble, in which the people of the whole nation, rather than the separate states, here state the purpose of their new government:

“We the People of the United States, in order to form a more perfect Union, establish Justice,

insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.”

The Revolutionary War for Ratification

The drive to win the votes of the states for this Constitution was coordinated nationally by Hamilton, assisted by Robert Morris, Gouverneur Morris, and Madison. Hamilton recruited Madison and New Yorker John Jay to help him write the influential pro-Constitution newspaper essays which became known as the “Federalist Papers.”

The ratification fights in Pennsylvania and Virginia point up the strategic war between the nationalists, whose Constitution completed the Revolution, as against the agents of the British imperial system who, first, fought to block the Constitution, and, later, would claim that nationalist measures were unconstitutional.

In the Virginia ratifying convention, Revolutionary orator Patrick Henry led the opposition. Henry warned the delegates that, under the strong central government

We the People of the United States, in order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.

*Preamble to the Constitution,
composed by Gouverneur Morris*

of the proposed Constitution, “They’ll free your niggers!”⁷

Slave-owner George Mason, who argued that the Constitution wasn’t sufficiently abolitionist, nonetheless complained that the Constitution would make it legal to tax slavery out of existence.

But the ardent nationalist law teacher George Wythe, who chaired the Committee of the Whole at the Virginia ratifying Convention, opposed Patrick Henry and his followers. Earlier, Wythe had written the rules for the Constitutional Convention in Philadelphia, working with Hamilton and another delegate. Wythe was an experimental science colleague of Franklin’s, a professor of Greek who taught Aeschylus, and Plato, and the mentor to Kentucky’s great nationalist leader Henry Clay. Wythe later declared, as Virginia’s chief judge, that the Constitution and the Bill of Rights had made slavery illegal; he was soon thereafter assassinated.

Under Wythe’s strong chairmanship, Madison supervised the nationalist effort at the Virginia ratification convention, and coordinated efforts with Hamilton, sending messages back and forth by pony express, to New York’s ratifying convention. Hamilton had the same close coordination with John Sullivan and John Langdon in New Hampshire, and with Rufus King in Massachusetts. Robert Morris and Gouverneur Morris travelled to Virginia to personally assist at the convention.

The ratification fight within Pennsylvania was the first American theater of political operations for immigrant Geneva aristocrat Albert Gallatin. His family had helped arrange for the sale of Hessian mercenaries to King George III for the war against America. Now operating in backwoods Western Pennsylvania, Gallatin ran the opposition to that state’s ratification of the plan for an American national government.

Henry Adams wrote in his admiring biography, “Mr. Gallatin never changed his opinion that the President was too powerful; even in his most mature age he would probably have preferred a system more nearly resembling some of the present colonial governments of Great Britain.”⁸

The Pennsylvania legislature attempted to call a state ratification convention, but it was stalled by the

7. George Morgan, *The True Patrick Henry* (Philadelphia: Lippincott, 1907), p. 353, citing Hugh Blair Grigsby.

8. *The Life of Albert Gallatin* (Philadelphia: Lippincott, 1879).

Gallatin clique, which staged a walkout, preventing a quorum. Pro-Constitution laborers and tradesmen went to the houses of two of these anti-federalists, broke in, and dragged them to the State House, delivering them into the assembly room for the vote.

At the ensuing convention, Gallatin and his floor captain John Smilie battled Franklin’s Philadelphians, and lost two to one.

Gallatin promulgated the British-originated “Free Trade” economic doctrines that would be used against the Administration of President George Washington. As U.S. Treasury Secretary from 1801 to 1813, in a Federal government whose establishment he had opposed, Gallatin would respond to British naval assaults and terrorism by systematically dissolving the U.S. armed forces.

The Sovereign Nation

The new United States Federal Government first convened, temporarily, in New York City, where Washington was inaugurated President.

The first substantive legislation of the Federal Congress, the Duty Act, begins, “Whereas, it is necessary for the support of government, for the discharge of the debts of the United States, and the encouragement and protection of manufactures, that duties be laid on goods, wares and merchandises imported.” The Act had been introduced by Madison as a revenue measure with low tariff rates and no real thought to protection of manufactures. But Philadelphia Congressman Thomas Fitzsimmons offered an amendment, designed by his advisor Tench Coxe, that gave the legislation the protective spirit enunciated in the introductory clause.

Passed by the founding U.S. Congress and signed by President Washington on July 4, 1789, to associate nationalist economics with Independence Day, the Act imposed tariffs on imported steel (\$10 per ton), nails (\$20 per ton), cast iron, coaches, boots, shoes, hats, clothing, cables, cords, fish, liquors, and luxuries. It discriminated in favor of American shipping.⁹

Two months later, President Washington appointed Alexander Hamilton as the first U.S. Treasury Secretary, and asked him for a program for the transformation of America by modern industry, to reorient the country away from the de facto colonial system of plantations.

9. See the Duty Act at Annals of Congress; Statues At Large; 1st Congress, Session I, Chapter 3, 1789, pp. 24-27.

Coxe, author of the nationalist instructions to the Constitutional Convention, was appointed Assistant Treasury Secretary, and did the detail work for Hamilton's famous "Report on Manufactures." But it was Hamilton, a man of passion and true genius, who gave to this "Report" and his other state papers the distinct *American economic theory*, in opposition to Adam Smith and British imperial dogma.

Smith's 1776 *Wealth of Nations* had warned Americans not to try, by government action, to escape from their destined role as a plantation economy and supplier of raw materials to Mother Britain, the seller of manufactures to America.

Hamilton replied that America would not accept this as her destiny, that manufacturing skill would elevate American culture and national power, and keep it independent of the empire.

As contention arose between the nationalists and those identified with the plantation system, a *Great Compromise* was reached in 1790, arranged by Hamilton, Jefferson, Madison, and Robert Morris.

Of the three compromise points hammered out, the first two are well known: 1) The permanent capital of the United States would be located within slave territory, on the banks of the Potomac River between Maryland and Virginia. 2) In exchange, the slave-owners would not oppose the assumption by the Federal Government of the Revolutionary War debts of the individual states; this gave the national government real power over the credit of the country, holding out the promise that an industrial economy would one day overwhelm and eliminate slavery.

Point three of the 1790 Compromise stipulated that for the Republic's first decade, from 1790 until 1800, while the City of Washington was being built, Philadelphia, the power center of Franklin's nationalists, would be the national capital.

Thus it was that George Washington, as the U.S. President, resided in a Philadelphia house belonging to Robert Morris; that the world-renowned Bank of the United States, modeled on the Revolutionary War's Bank of North America, was established in Philadelphia; and that the ideas and culture of revolutionary na-



The first substantive legislation of the Federal Congress was the Duty Act. An amendment designed by Tench Coxe—author of the nationalist pamphlet to the Convention—was adopted, giving the legislation its protective spirit. It was signed into law by President Washington on July 4, 1789. (Portrait of Coxe by Jeremiah Paul.)

Whereas, it is necessary for the support of government, for the discharge of the debts of the United States, and the encouragement and protection of manufactures, that duties be laid on goods, wares and merchandises imported.

From the Duty Act, designed by Tench Coxe

tionism were infused into the founding Administration of the republic.

Today we are confronted with an economic nightmare in the collapse of the predatory, "globalist" financial system that has come to replace the *Constitutional* system founded with the United States. That original system was established in a war against the empire. The economy, and that Constitution, can only be restored together.

Recommended Further Reading

Nancy Spannaus, "Alexander Hamilton's Economics Created Our Constitution," *EIR*, Dec. 10, 2010.

H. Graham Lowry, *How the Nation Was Won, America's Untold Story*, Vol. 1, 1630-1754, Executive Intelligence Review, 1988.

Glass-Steagall Now, or You're Doomed

“There is no other issue on the table that means anything in terms of the survival of this nation and the people in it, than Glass-Steagall. If it’s not enacted, you are doomed, period,” said Lyndon LaRouche in a statement issued Oct. 19.

Once Glass-Steagall is enacted, we must move forward to a credit system, LaRouche continued, along the lines of the Hamiltonian system embedded in our Constitution. “What I’m proposing is a return to the policy of the Founders of the United States.”

The bill currently before the U.S. House of Representatives (H.R. 1489) to restore FDR’s Glass-Steagall, has 47 co-sponsors, plus sponsor Rep. Marcy Kaptur (D-Ohio). No Senator has yet introduced a companion bill. As of yet, there is not the political support needed to ram the bill through in time.

Right now, there is a campaign by Wall Street to intimidate people into opposing the drive for Glass-Steagall, said LaRouche, using the outright lie that enacting Glass-Steagall will close every bank in the United States. “This is a damned lie, and only damned fools believe in it.” LaRouche intends to destroy this lie.

LaRouche: “Because Glass-Steagall will not sink all the banks. It will sink about six big, fat banks which ought not to be banks at all. And the sooner they’re wiped out, the better! That’s *good* for you!

“The fact is, you’re going to have thousands of other banks, which are *not these merchant banks*. And what we’re going to do is two things: We’re going to *eliminate* the obligations of those banks, those honest banks which are real banks, to this kind of illegal kind of obligation. We’re essentially going to exterminate the merchant banking system, in the present form it exists. Not by going

out and exterminating, but simply by taking away all the pleasure of their money.

“Now, as a result, we’re going to have banks which will still *exist*. Of commercial banks, and commercial banking institutions, or things like commercial banking institutions, under similar law—we’re going to have them. But what are we going to do? Well, the Federal government is going to put this whole system through a bankruptcy reorganization, and two measures will be taken: First of all, we will protect banks which may be insolvent, but are still viable as banks. We’re going to keep them alive. We’re going to supply, under the Hamilton rule of the Constitution, we’re going to go back and supplement the present financial system, with a banking system, which is a federally guaranteed banking system.”

As for the Federal Reserve, “we’re going to replace that by going back to a Hamilton national banking system, based on a *credit system*, which is the U.S. system.

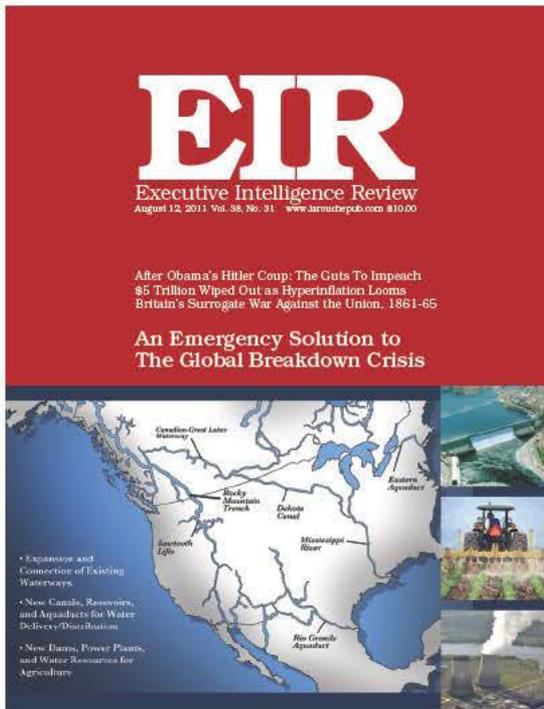
“Under that system, the Federal government will utter authorization for Federal credit, both to banks, which are solvent banks, competent banks, and for projects which are in the national interest, especially productive employment projects. NAWAPA is one of the most typical of those large projects which will save the United States.”

“The Act of Glass-Steagall, *if followed through* by an Act, a restoration of a Third Bank of the United States, as applied under lessons learned under Franklin Roosevelt, with projects such as NAWAPA, means that the collapse of mercantile banking system, the elimination of that *entire system; the obliteration of every one of those so-called banks*, will be the greatest bonanza that the people of the United States has experienced in practically a century.”

SUBSCRIBE TO

EIR Executive Intelligence Review

EIR Online



EIR Online gives subscribers one of the most valuable publications for policymakers—the weekly journal that has established Lyndon LaRouche as the most authoritative economic forecaster in the world today. Through this publication and the sharp interventions of the LaRouche Movement, we are changing politics worldwide, day by day.

EIR Online

EIR Online includes the entire magazine in PDF form, plus up-to-the-minute world news.



I would like to subscribe to **EIR Online**

(e-mail address must be provided.)

- \$360** for one year
 - \$180** for six months
 - \$120** for four months
 - \$90** for three months
 - \$60** for two months
- Send information on receiving **EIR** by mail.

Name _____
 Company _____
 Address _____
 City _____ State _____ Zip _____ Country _____
 Phone (_____) _____
 E-mail address _____

—EIR Online can be reached at:

www.larouchepub.com/eiw

e-mail: **fulfillment@larouchepub.com**

Call **1-800-278-3135** (toll-free)

I enclose \$ _____ check or money order

Make checks payable to

EIR News Service Inc.

P.O. Box 17390, Washington, D.C. 20041-0390

Please charge my MasterCard Visa

Card Number _____

Signature _____

Expiration Date _____