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Lyndon LaRouche on 'The Real Human Mind'
Why We Don't Need Wall Street
Centennial: Sun Yat-sen and the American Revolution

**NerObama Threatens *You*:
Stop Obama's Killing Spree**



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e-mail: eirns@larouchepub.com

www.larouchepub.com

www.larouchepub.com/eiw

Webmaster: *John Sigerson*

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Editor, Arabic-language edition: *Hussein Askary*

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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.

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EIR

From the Managing Editor

While your community, your home, a member of your family, might not now be targeted by one of Obama's drones, like the one pictured on this week's cover, given the President's recent killer-spree against American citizens, it could happen before too long. An exaggeration, you say? Obama has summarily executed three U.S. citizens in the past few weeks. But, you say, they were terrorists. Were they? How do you know? Since when, in this country, is it okay to carry out extra-judicial murders of Americans (or anyone, for that matter), without due process of law?

Since Bush-Cheney, actually. And now Obama, who ran for President as the "anti-Bush," with promises to change things in Washington, has shown himself to be even worse than the Satanic Dick Cheney. He is murdering willy-nilly, not only "suspected terrorists," and anyone else who happens to be in the vicinity, but heads of state as well. Okay, Qaddafi wasn't exactly the kind of guy you would want for your next-door neighbor, and he undoubtedly had carried out terrible crimes against his own people, but he was executed while fleeing from his attackers, in the most sadistic fashion, by NATO forces, with Obama's blessing. Could it be that somebody wanted to shut Qaddafi's mouth, permanently? What did he know? See this week's cover story for some answers.

This week's *Feature* reviews the state of the battle for Glass-Steagall, which is picking up steam, as the anti-Wall Street mass strike adopts the FDR measure as its battle cry.

In *World News*, Helga Zepp-LaRouche describes a "Eurozone on the Brink," as the governments of Europe sink ever-deeper into the maelstrom, and prescribe more of the same fascist snake oil that brought on the crisis in the first place. On the U.S. side, there is the "Case of the Bank of America," which, like the Euro-banks, is already among the walking-dead—the multi-trillions of dollars in derivatives it has dumped on its commercial operations won't save it.

Lyndon LaRouche's *Science* feature, "What Is Creativity, Actually?: The Real Human Mind," offers "A Timely Defense of Metaphor," and looks at the present crisis from the standpoint of "Galactic History."

And, in *History*, we celebrate the 100th Anniversary of Sun Yat-sen's founding of the Chinese Republic, modelled, of course on our own.



Cover This Week

A U.S. unmanned aerial vehicle (drone).



Creative Commons/Wordpress

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President Obama has claimed the right to kill at will—anyone, and anywhere—even American citizens. “It’s as if Obama is running his won worldwide ‘Murder, Inc.’” said LaRouche. But the actions of the neo-Nero, operating on behalf of the British Empire, have provoked condemnation and calls for investigation, from such disparate sources as Russian Foreign Minister Sergei Lavrov, the UN High Commissioner for Human Rights, and Andrew Napolitano, the conservative host of Fox TV’s “Freedom Watch,” to name but a few. The extrajudicial killings of American citizens, under orders from the President of the United States, go beyond even the criminal behavior of the Cheney-Bush regime, and put the necessity of Obama’s ouster front and center.

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The relevant evidence respecting life on Earth within our galaxy, over about the last 500 million years, writes Lyndon LaRouche, reveals an ordering of living processes during a lapsed time in which the progress of development from relatively inferior to superior forms of life, is characteristic of life itself, in opposition to the fraudulent "Second Law of Thermodynamics.

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NerObama Threatens *You*: Stop Obama's Killing Spree

by the Editors

Oct. 24—With the murder of three American citizens by airstrikes in Yemen, and the killing of Libya's head of state Muammar Qaddafi and his family members with U.S. and NATO drone strikes, U.S. President Barack Obama has entered into a new, and even more dangerous phase of his Nero-like behavior, demonstrating to the world again why he must be removed from office now.

Lyndon LaRouche said on Oct. 21, that Obama has claimed the right to murder anyone he chooses; he will kill anywhere in the world, and he doesn't care if the target is an American citizen, either. It's as if Obama is running his own worldwide "Murder, Inc." The only difference between Obama and the notorious gangster Meyer Lansky, is that Lansky was smart, and Obama is a homicidal maniac.

LaRouche emphasized that "Bugsy" Obama is not acting on his own. His worse-than-Nero behavior is being carried out on behalf of the British monarchy. Obama is acting as an instrument of the Roman imperial system, known as the British Crown. He is worse than Nero, because he has greater kill power at his disposal. Emperor Nero had no drones.

The British hand-picked Obama precisely because he was and is totally insane, LaRouche noted. His behavior as President cannot possibly be understood unless you start from the fact that he is criminally insane. Under British orders, Obama is engaging in open and flagrant Hitler-like actions. This factor of inhumanity, displayed in the cold-blooded assassination of Qaddafi

and his sons, as well as in the al-Awlaki family case, is caused by his insanity. Unless this lunatic puppet of London is removed from office, soon, LaRouche warned, something like a world war is going to erupt.

International Calls for Investigation

The condemnations of Obama's extra-judicial killings are coming from all sides—except from our own cowardly Congress in the United States. However, U.S. intelligence sources report that, behind the scenes, there is institutional awareness of the dangerous precedent that has been set by the invasion of Libya and the killing of its head of state, and that there is increasing discussion of the possibility of impeaching Obama.

Qaddafi was captured, and then killed on Oct. 20, after a U.S. Predator drone and NATO aircraft attacked and broke up a convoy of vehicles trying to leave the Libyan city of Sirte. Several of the vehicles were destroyed, killing 50 people. Although there are conflicting accounts, it is clear that Qaddafi was captured alive nearby, beaten, and probably tortured, and then executed with a bullet to the head.

Russian Foreign Minister Sergei Lavrov declared on Oct. 21, that the killing of Qaddafi was a violation of the rules of the Geneva Conventions during armed conflicts. According to Ria Novosti, Lavrov emphasized that "They should not have killed him." Lavrov also said that NATO's actions should be scrutinized for their lack of compliance with international law, since all Qaddafi was trying to do was to leave the scene.

The fact that UN Security Council Resolution 1973, based on protecting civilians, was turned into a justification for killing Qaddafi, which was not the intention of Russia and China when they voted for the resolution, is also increasingly coming under public scrutiny. Russian representative to NATO Dmitry Rogozin attacked the Western elation over the death of Qaddafi as sadistic. “The faces of the leaders of world democracies are so happy, as if they remembered how they hanged stray cats in basements in their childhoods,” Rogozin said.

On Oct. 20 Rogozin told Russian radio Echo of Moscow that NATO was directly involved in the operation to kill the former Libyan leader. “Apparently there were orders that oriented the military servicemen who are in Libya and that directed them to ensure the physical elimination of Gaddafi,” Rogozin said. He added that Russia must draw a conclusion from the existing situation: “We must bear in mind who we are dealing with in the face of Western democracies.”

Outside the Rule of Law

The UN High Commissioner for Human Rights (UNHRC) and a growing number of organizations are calling for a probe into Qaddafi’s death. Commissioner Navi Pillay has called for a full investigation of the killing. “We believe there is a need for an investigation,” said Pillay’s spokesman Rupert Colville. “The two cell phone videos that have emerged, one of him alive, and one of him dead, taken together are very disturbing,” he told reporters in Geneva. “You can’t just chuck the law out of the window,” he added. “Killing someone outside a judicial procedure, even in countries where there is the death penalty, is outside the rule of law.”

Christof Heyns, the UN Special Rapporteur on extrajudicial, summary, or arbitrary executions, said, “The Geneva Conventions are very clear that when prisoners are taken they may not be executed willfully and if that was the case then we are dealing with a war crime, something that should be tried,” according to an al-Jazeera report.

Human Rights Watch and other groups have called for an investigation of the circumstances of Qaddafi’s death, because if he was killed while in detention, it would constitute a serious violation of the laws of war.

South Africa’s envoy to the UN, Baso Bangqu, said on Oct. 21 in New York, that an investigation of Qad-



U.S. Air Force/Lt Col Leslie Pratt

What’s the difference between Obama and Nero? The Emperor Nero had no drones. Shown: a U.S. Air Force MQ1-Predator unmanned aircraft (drone), of the type used by Obama to carry out summary executions of U.S. citizens.

dafi’s death would be a “good idea.” South Africa is a member of the UN Security Council.

Obama Should Be Impeached

Barack “Nero” Obama had already established his eligibility for impeachment prior to his murder of Qaddafi. His launching of the Libya War, and instituting of the Super-Congress, both qualify him as a violator, not just a threatener, of specific provisions of the U.S. Constitution, as well as its Preamble. LaRouche has been joined by a handful of prominent personalities in pointing out this fact. Now the number is growing.

Andrew Napolitano, the conservative host of Fox TV’s “Freedom Watch,” said on Oct. 21, that Obama should be impeached over the murder of American citizen Anwar al-Awlaki, and if Congress won’t do that, then Obama should be indicted once he is out of office. In an interview with Newsmax.com, Napolitano said it doesn’t matter that Awlaki was probably guilty; the fact is, he was a U.S. citizen, and the Constitution bars his killing without due process.

“We live in a time in which the government recognizes no limits on its own power,” he said. “It doesn’t recognize the natural law. It doesn’t recognize the federal law. It doesn’t recognize the Constitution. . . . The President in the past couple of weeks became judge, jury and executioner for a very hated and probably guilty individual. But the Constitution says no person shall be denied life, liberty or property, much less an

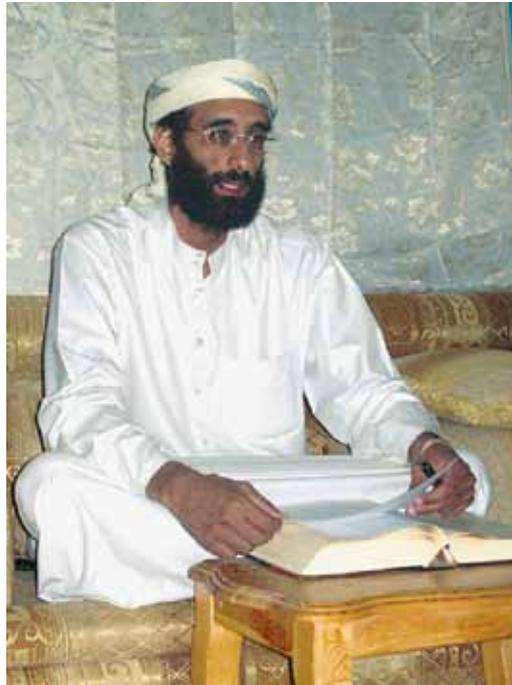
American—which this guy was—without due process of law. . . . *The killing of an American is unforgivable under the Constitution and it is an impeachable offense*” (emphasis added).

Napolitano said that he never hesitated to attack the Administration of George W. Bush, but that the Obama Administration, “notwithstanding the President’s lofty words as a candidate and even as President, has actually ratcheted up the police state; has ratcheted up the assault on personal liberties.” He said that Obama “is shredding the Constitution more so than George W. Bush did,” adding, “It’s not only this President who does it, but he is doing it in a more in-your-face, more obvious and, if I may, more boastful way.”

Liberal columnist and constitutional lawyer Glenn Greenwald, writing in Salon.com, a strong critic of Obama’s targeted killings, recently criticized Obama for killing a third U.S. citizen in Yemen. On Oct. 14, two weeks after killing U.S. citizens Anwar al-Awlaki and Samir Khan, the Obama Administration killed Awlaki’s 16-year-old son, Abdulrahman al-Awlaki, along with his 17-year-old cousin, and seven other people in a drone attack. The boy’s grandfather said that Abdulrahman and his cousin were at a barbeque and preparing to eat, when the U.S. attacked them by air and ended their lives.

“So here we have yet again one of the most consequential acts a government can take—killing one of its own citizens, in this case a teenage boy—and the government refuses even to talk about what it did, why it did it, what its justification is, what evidence it possesses, or what principles it has embraced in general for such actions,” Greenwald wrote. “Indeed, it refuses even to admit it did this, since it refuses even to admit that it has a drone program at all and that it is engaged in military action in Yemen.”

“Literally, the U.S. government is just continuously killing people in multiple countries around the world,” Greenwald continued. “Who else does that? Nobody—



Wikimedia Commons/Muhammad ud-Deen

Anwar al-Awlaki, killed by Obama in a drone attack Sept. 30, was probably guilty; but the fact is, he was a U.S. citizen, and the Constitution bars his killing without due process.

certainly nowhere near on this scale. The U.S. President expressly claims the power to target anyone he wants, anywhere in the world, for death, including his own citizens; he does it in total secrecy and with no oversight; and this power is not just asserted but routinely exercised. The U.S., over and over, eradicates people’s lives by the dozens from the sky, with bombs, with checkpoint shootings, with night raids in far more places and far more frequently than any other nation or group on the planet. Those are just facts.”

Obama’s Killing Machine

As *EIR* revealed last week,¹ Obama has adopted the fascist police-state measures put into place by the Cheney-Bush regime, and taken them to an even more extreme level in vio-

lating the U.S. Constitution. The launching of the war in Libya was itself a violation of the Constitution, which the Nero-like President justified by saying that consulting the Congress would just “get in the way” of exerting his (and his British masters’) will.

A number of new revelations about Obama’s expansion of the “counterterrorism” killing machine created by the Bush-Cheney Administration, are found in the new book *Top Secret America* by *Washington Post* reporters Dana Priest and William Arkin. While the focus of the book is the huge expansion of both the government’s national security agencies and the private contractors who supplement them, the book contains a considerable amount of material on the targeted-killing apparatus maintained by the military and the CIA, for which Obama became an enthusiast immediately upon taking office in 2009.

And it contains new revelations about how this apparatus is planning to target Mexico and the United States itself.

Obama’s unprecedented use of drones for targeted

1. Edward Spannaus, “The Coup Structure That Cheney Built, and How It Grew under Obama,” *EIR*, Oct. 21, 2011.

killings began shortly after he became President. This was especially the case in Pakistan, where there were 35 drone strikes in 2008; in 2009, there were 53; and 117 in 2010. Pakistani government agencies say that over 2,000 people, mostly civilians, were killed in the five years up to June 2011, including 938 in 2010 alone.

(Note that, according to journalist Nicholas Brinkerhoff, Predator drones were launched in Libya at least 145 times during the eight-month assault, more than twice the number launched in Pakistan.)

Priest and Arkin report that there are three separate “kill lists” maintained by the Obama Administration—by the National Security Council (NSC), the CIA, and JSOC (the DOD’s Joint Special Operations Command). The CIA operates in countries where U.S. isn’t officially conducting military operations, such as Yemen, Somalia, and Pakistan; targeted killings by the CIA in those countries require Presidential approval. In July 2011, according to Priest and Arkin, Obama took advantage of the political void caused by protests in Yemen to secretly order a dramatic increase in drone strikes against al-Qaeda in the Arab Peninsula (AQAP); this was unusual, they note, because the U.S. is not at war with Yemen, and Obama did not seek Yemeni approval.

Private contractors play a major role in these targeted killings; they fly the drones on takeoff and landing, but have to hand the controls over to a military or CIA officer for the kill. Much of the control operations for drone attacks takes place in the continental U.S., in northern Virginia, and at military bases around the country. Contractors also maintain the drone aerial vehicles, and have built and staff the global system that carries surveillance data from drones and satellites to processing stations in the U.S.

But the CIA’s targeted-killing campaign pales in comparison to that of JSOC, which has a much longer kill-list, and much looser rules, Priest and Arkin report. The Command, mostly operating in obscurity, flies ten times more drones than CIA, and has killed ten times more “al-Qaeda” operatives. Most of its killing was previously done by on-the-ground hunter-killer teams, but increasingly, drones, which are cheaper, are used.

JSOC became George W. Bush’s and now Barack Obama’s personal weapon against alleged terrorists, with little input from Congress, and almost no public scrutiny. The preference now is to kill suspects, and not give them a chance to surrender. After all, it’s hard to find a place to keep them with all the flap over secret prisons and the spotlight on Guantanamo.

Having grown massively since 9/11, under Obama, JSOC now has a force of 25,000, including an intelligence division of 3,000. It partners with British SAS and other countries’ special forces. Five thousand civilian contractors and 49 firms do top-secret level work for the Command.

A report published in the *Washington Post* on Oct. 23, said that it was JSOC which carried out the killing of 16-year old Abdulrahman al-Awlaki, a native of Denver, Colo., in Yemen on Oct. 14. The *Post* article, by Craig Whitlock, noted that one week after the airstrike, no one in the Obama White House, the Pentagon, or Congress, had taken responsibility for his death, or even publicly acknowledged that it happened. Whitlock also contrasted the official silence about the death of the 16-year-old, with the Obama Administration’s eagerness to trumpet the murder of his father Anwar al-Awlaki by the CIA two weeks earlier.

One anonymous U.S. official told the *Post* that this air strike was launched by JSOC, not the CIA. A “senior U.S. official” also told the *Post* that all individuals targeted by JSOC must be approved in advance by the NSC, contradicting the account in *Top Secret America* that “JSOC has the rare authority to decide which individuals to add to a kill list, and then to kill them.” But Obama has been personally involved with respect to Yemen. Priest and Arkin report that in 2010, Obama secretly ordered JSOC troops to Yemen, to kill leaders of AQAP, and that Command troops did kill scores of people on its hit list during a six-month period in 2010.

Is North America Next?

When Obama took office, “he cottoned to” JSOC immediately, according to Priest and Arkin, and he has used it far more than his predecessors to carry out targeted killings; now, its scope of operations is expanding.

This year, JSOC opened a 30,000 square foot command center in northern Virginia, to replicate the Command’s model for operations in still other countries. Mexico is top on its list of priorities, according to *Top Secret America*. JSOC wants to use its targeted killings, with night raids and drones, to go after drug- and weapons-trafficking networks in Mexico. This has been discussed in the White House, Pentagon, and CIA, but supposedly nothing has yet been approved.

And JSOC is creating “targeting packages” for raids and investigations, for use by other U.S. agencies such as the Immigration and Customs Enforcement agency

(ICE), in which JSOC would utilize its vast data-mining capabilities, including its own supercomputer, which contains vast amounts of data on U.S. citizens and residents. While JSOC supposedly operates within the confines of the law regarding data-collection on U.S. citizens, we have seen, with the Awlaki and related killings, just how quickly Obama is ready to cast aside U.S. law and the Constitution to crush those whom he considers his enemies.

Are you next?

A New War?

Obama's war against the American people does not exclude more foreign wars, of course. In the wake of the Qaddafi hit, there has been broad talk of targeting of Syria's Bashir Assad, and Iran's Ahmadinejad—not to mention Russian Prime Minister Putin! This is world-empire talk, reminiscent of Cheney-Bush, but coming straight from British-run Obama.

The most obvious Obama target is Iran.

Last week, the Obama Administration announced indictments of an alleged Iranian Revolutionary Guard official, along with others, in a plot to assassinate Saudi Arabia's Ambassador to the United States, Adel al-Jubair. The alleged plot involved Mexican drug cartel hit men, and plans to kill the Saudi diplomat while he was dining in a Washington restaurant.

The alleged plot was so amateurish and the details so vague that there was immediate skepticism about the story, from across the political spectrum. Andrew Napolitano of Fox TV likened the scheme to a Marx Brothers comedy, and charged that the entire story had actually been an elaborate FBI sting operation.

The Iranian government, citing Interpol evidence, claimed that the alleged "mastermind" of the plot was not a member of the Revolutionary Guard's al-Quds Brigade, as charged by U.S. Attorney General Eric Holder, but actually, a known leader of the Mujahideen e-Khalq (MEK), a dissident Iranian group on the U.S. State Department's terrorist list, protected by the U.S. at their camp in Iraq, and formerly backed by Saddam Hussein.

While the assassination plot has been widely questioned, there is a clear message behind the charges: The Obama Administration continues taking its cues from Bush-Cheney, and contemplating action against Iran.

On Oct. 15, the *Washington Post* reported, in a lead front-page story, that the Iranian nuclear program was in disarray, according to two recent reports from the International Atomic Energy Agency (IAEA) and the In-

stitute for Science and International Security (ISIS). The Stuxnet virus continues to plague the Natanz nuclear facility, Iran's major enrichment plant; sanctions have cut off access to specialty metals that are vital for the manufacturing of new centrifuges; old centrifuges are breaking down from wear; the assassinations of four leading Iranian nuclear physicists—widely believed to have been carried out by either Israel or the U.S.—has further set back work.

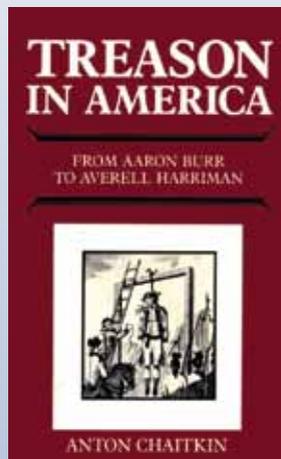
Furthermore, a senior U.S. intelligence source has reported that the recently updated National Intelligence Estimate (NIE) on Iran's nuclear weapons program has reaffirmed the November 2007 assessment that Iran halted work on a weaponization program in 2003, and there is no concrete evidence that the program has been resumed.

Under these circumstances, according to another senior intelligence source, not even Israel can justify strikes against Iran's nuclear sites. Thus, the alleged assassination plot comes at a moment when just such a pretext may be what the Obama Administration—and Israeli warhawk Prime Minister Netanyahu—need to justify a war that could blow up the planet.

Treason in America

NOW AVAILABLE ON KINDLE!

Anton Chaitkin's *Treason in America: From Aaron Burr to Averell Harriman* is an authoritative inquiry into the criminal apparatus of the British Empire and its arms in Wall Street, Boston, and the Confederate South—that usurped power in America.



The Kindle edition (from Executive Intelligence Review, 1999) is available at www.amazon.com for \$9.99.

A FOREIGN AGENT WITHIN OUR MIDST

LaRouche Explains: Why We Don't Need Wall Street

by Robert Ingraham

In a discussion Oct. 19, Lyndon LaRouche reiterated his view that, given the near-dead condition of the world financial system, “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.” But, he added, “Glass-Steagall alone does not contain the remedy, in and of itself, to save this economy.” Once Glass-Steagall is enacted, we must move forward to a credit system, 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.”

Right now, he pointed out, there is a campaign by Wall Street to intimidate people into opposing the drive for Glass-Steagall, 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 it. 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!”

At his May 8, 2010 webcast, LaRouche was asked, “Can the Federal Reserve unload all of this [\$2.3 trillion in speculative debt], without crashing Wall Street again?” He replied: “Why not crash Wall Street? We

don’t need it! We never needed it.”¹

The following report was written on Sept. 10, 2010.

Wall Street! The name alone conjures up images of fabulous wealth and power. J.P. Morgan, Cornelius Vanderbilt, Warren Buffet: the giants, the “smart” and “clever” men who showed how vast fortunes could be amassed. This is what we all have been taught: Wall Street is the heart and soul of the American economy. “What’s good for Wall Street is good for America.”

Rubbish! The truth is that the financial shenanigans on “Wall Street” have absolutely nothing to do with the real U.S. economy, what we as a nation produce, or the functioning of a properly regulated national banking system. We don’t need “Wall Street,” and if we don’t get rid of it now, we may not survive.

Americans are suffering from decades of brainwashing. Today, most people equate money with wealth. The idea of making money from speculative financial investments is taken for granted. Even patriotic Americans who are enraged at the Bush/Obama Wall Street bailouts, still fret that LaRouche’s proposals for bankruptcy reorganization and a return to Glass-Steagall regulations might “hurt my investments.” If you are one of those people, I have two things to say to you:

First, we are now facing a financial and monetary

1. See <http://larouchepac.com/node/14420>.



The model for all subsequent financial bubbles was the 1630s Dutch “tulip-mania,” in which speculation in rare tulip bulbs drove prices up so high, that a single bulb might cost more than a mansion in Amsterdam. This painting (c. 1640) by Hendrik Gerritsz Pot, shows the Goddess of Flowers riding in a cart with three men who are drinking and weighing coins. Following the cart are weavers, who have thrown away their equipment; in the background, the cart is shown disappearing in the sea.

collapse which will probably wipe out all of your investments, no matter how “clever” you think you are; the loss of those investments will be the least of your problems as the world is driven into a dark age; and the only chance you have to save your pensions, or savings, or even your life is to adopt Mr. LaRouche’s proposals, immediately.

Second, that we never should have gotten into this situation in the first place. The idea that the people of a nation should finance their livelihood and retirement through the use of speculative financial investments is insane. People didn’t used to think that way. Your grandfather didn’t think that way. Nor did his father before him.

I. A Dutch-Venetian Bulb Takes Root

Did you ever wonder how Wall Street got its name? Or how the dealings in financial securities began? Or what role Wall Street has played throughout the history of our Republic? “Wall Street” wasn’t there from the beginning, you know. Nor were the brokerage firms, the

“investment” houses, the hedge funds, or any of the rest of it. During the 17th Century, when the Winthrop/Mather leadership in Massachusetts carried out an economic revolution through the use of public credit, raising living standards, developing an iron industry, building infrastructure, and erecting the world’s first system of universal public education—all of this was done without Wall Street.

Despite today’s popular, but mistaken, views, the financial activities of Wall Street have absolutely nothing to do with the functioning of a proper economy. “Wall Street” is neither an American, nor even a so-called “capitalist” institution. It is something else entirely.

In the 17th Century, when European colonies were planted on the eastern seaboard of North America, the premier colonies,

those that represented a philosophical seedling that grew into the United States of America, were located in Plymouth and Massachusetts Bay. Based on the concept of the Common Good, and organized around a philosophical view of man as a rational, creative creature, under the leadership of the Winthrop and Mather families, Massachusetts developed the political and economic institutions which became the basis for the American Republic. Most of the other colonies were also founded, to one degree or another, by individuals seeking political or religious liberty. But not New York! From the beginning it was an outpost of empire.

Present-day New York City was founded in 1626 as New Amsterdam, a commercial colony of the Dutch West India Company. All of the Dutch colonies, in the Americas, Africa, and Asia, were strictly commercial colonies, tightly controlled by the two imperial Dutch maritime firms, the Dutch East India Company and the Dutch West India Company. The colonies were deployed to extract loot (raw materials, spices, furs, etc.) from the colonial territories. Emigration from The Netherlands to the colonies was generally discouraged, and manual labor was done almost exclusively by slaves.

The Dutch West India Company was headquartered in Amsterdam, in The Netherlands. Beginning in the early 17th Century, Amsterdam became the commercial and financial center and new power-base of the maritime/financial empire of Venice. Beginning with the founding of the Dutch East India Company in 1601, the creation of the Amsterdam Bourse (stock exchange) in 1608, and then the takeover of the African slave trade in the 1620s, Amsterdam became the capital of a global empire. Later, after the Dutch conquest of Britain in 1688, the operations of the empire were gradually shifted to London.

Not only was Amsterdam the seat of a maritime empire. It was in Amsterdam, and later in London, that the modern concept of monetarism was born, based on the empiricist theories of the Venetian Paolo Sarpi. Sarpi's prescriptions, which denied human creativity its role in producing tangible physical wealth, defined all economic processes in strictly statistical monetary terms. Money took on a separate existence, independent of, and even superior to, the role of government. Amsterdam became the center for these monetarist practices, the laboratory for the creation of the Amsterdam Bourse, futures contracts, options trading, and practices nearly identical to modern-day derivatives trading. For example, the famous "tulip mania": When speculation on tulip bulbs reached its peak in 1637, bulbs sold for more than ten times the annual income of a skilled craftsman. What would later emerge as "Wall Street" has its origins in these Amsterdam and post-1688 London financial practices.

Modern economists and academics argue that these Amsterdam-London developments heralded the dawn of modern "capitalism." Their arguments are echoed by those today who state that a continuation of speculative derivatives trading is also necessary. Balderdash! The speculative financial practices developed in Amsterdam and London, and later imposed by the British Empire on Wall Street, are monetarist practices of Empire, and are totally unnecessary for the functioning of a modern physical economy. As Alexander Hamilton proved in his Reports to Congress; as Abraham Lincoln reaffirmed with his greenback and related policies; and as Franklin Roosevelt revived in his New Deal: The American System of sovereign public credit is the most



In 1644, the Governor of New Amsterdam built a stockade (wall) at what was then the northern boundary of the colony, running from the Hudson to the East River. Later the wall was torn down, but the street that ran alongside remained, hence "Wall Street." This map by Johannes Vingboons (1665-70) shows what is now Lower Manhattan, with the "wall" running along the right-hand side.

powerful engine for physical economic and scientific advancement ever devised by the human species.

II. Built on Slavery: How Wall Street Got Its Name

The Dutch Empire was built on slavery. By the 1630s, the Dutch had taken over all of the Spanish and Portuguese slave fortresses in western Africa, and had been awarded the *Asiento*, by the Spanish Crown, establishing a monopoly on the importation of slaves into the Western Hemisphere. The main Dutch colonies, in Africa and Asia, were run entirely on slave labor. In Batavia (Jakarta, Indonesia) 52% of the population were slaves. In Cape Town, South Africa it was 42%, and in Colombo (Sri Lanka) and Makassar (Indonesia) it was 53% and 66%, respectively. A not-uncommon practice was to exterminate the uncooperative indigenous population and then bring in slaves to work the Dutch plantations.

The Dutch West India Company brought the first African slaves into New Amsterdam in 1626, during the colony's first year of existence. Under Dutch Rule, the total population of Manhattan was about 25% African slaves. Slavery quickly became—and remained—a cornerstone of the New Amsterdam, and later New York, economy well into the 19th Century. New York

Harbor became the primary destination in North America for the Dutch slaves ships operating out of their giant slave center on the Caribbean island of Curaçao.

As for “Wall Street,” in 1644, the Governor of New Amsterdam, Peter Stuyvesant, fearing a possible English attack from the north, decided to build a stockade (wall) at what was then northern boundary of the colony, running from the Hudson River to the East River. The stockade was built, with a street running parallel to it. Later the wall was torn down, but the street remained. Both the stockade and the street were built by slaves, imported from Africa by the Dutch West India Company. The name stuck, and today we have Wall Street. It would be more fitting to call it Slave Street, or perhaps Empire Street.

The British seized New Amsterdam in 1664, renaming it New York after the Duke of York, the brother of the English King Charles II, and the future King James II. James was also a senior director of the British Royal African Company, the leading British mercantile firm active in the African slave trade. Under British rule, slavery was massively expanded in New York, and the nature of the slave business changed. The Dutch primarily imported slaves to carry out manual labor in the colony.

The British made New York the hub of the slave-trading business. A law of 1665 confirmed Dutch slave titles, recognized slavery as a legal institution, and gave port and warehouse privileges to ships carrying slaves. The Duke of York’s representatives in New York—governors, councilors, and customs officials—were instructed to promote the importation of slaves by every possible means. New York Harbor became the primary colonial destination point for slaves shipped from the barbaric “seasoning houses” of Jamaica and the other British Caribbean possessions, and the Manhattan slave auction house became the largest in the colonies north of Virginia.

During the 18th Century, the British Empire became the greatest slave-running enterprise in the history of the human race, seizing total control of the African slave trade, and exporting more than 110,000 slaves in 1768 alone.



The British seized New Amsterdam in 1664, renaming it New York, and establishing it as the hub of the international slave-trade. The Manhattan slave auction house became the largest in the colonies, north of Virginia. Shown: the New York slave market, ca. 1730.

This Manhattan slave auction house, established in 1709, and known as the Old Slave Market (later the Meal Market), was located at the end of Wall Street, at the East River. New York City newspapers carried advertisements offering men, women, and children for sale at the auction house. After 1720, the market also became the center for transactions in other “commodities,” such as corn and grain, and it continued as the primary commodity and financial market of the colony until it was torn down in 1762.

There were other slave auction sites as well, including the Fly-Market, Proctor’s Venue House, Frances Tavern, and the Merchant’s Coffee House, the latter being the location in the 1790s of treasonous financial speculation against the currency of the new American government.

By mid-century, Wall Street was famous for two things: the large number of slave-trading establishments, and the site of the mansion of the slave-runner and pirate, Capt. William Kidd. Kidd’s mansion, built for him by the Livingston family, was located at 56 Wall Street.

Slave auctions continued until the 1790s, and many of the individuals involved in the slave business at these locations would move into financial speculation, during

and after the Revolutionary War. The slave traffic was such that, between 1732 and 1754, slaves accounted for more than 40% of all the immigrants into New York Harbor, not counting illegally smuggled slaves. By 1703, 42% of all New York households held slaves. Only one city in all of the colonies, Charleston, South Carolina, had a higher rate of slave ownership. This slave traffic affected the entire region. By 1756, slaves made up about 25% of the populations of Kings, Queens, Richmond, New York, and Westchester counties.

Not surprisingly, New York State was the last northern state to abolish slavery. Vermont, Massachusetts, Pennsylvania, and New Hampshire had all abolished slavery before the end of the Revolutionary War. New Jersey and Rhode Island came a little later. New York did not free its slaves until 1827. In 1777, at the first New York State Constitutional Convention, Gouverneur Morris called for the total abolition of slavery. Later, John Jay and Alexander Hamilton founded the New York Manumission Society to fight for abolition. In 1799, they succeeded in getting the state legislature to pass a law for gradual abolition, but after Hamilton's murder in 1804 by Wall Street asset Aaron Burr, delaying tactics kept slavery intact in the state for another 23 years.

III. Wall Street Treason: The Revolution and Its Aftermath

After George Washington's army was driven out of New York in 1776, British troops occupied the city for the remainder of the war, not leaving until Nov. 25, 1783. The ease with which the British maintained their occupation of New York was aided by the large number of loyalists (Tories) living in the city. In fact, when the British evacuated in 1783, they took 29,000 loyalist refugees with them, more than 40% of the population of the greater New York metropolitan area.

As American patriots fought for freedom from the British Empire, the British launched a massive financial



The British seized New Amsterdam in 1664, renaming it New York, and establishing it as the hub of the international slave-trade. The Manhattan slave auction house became the largest in the colonies, north of Virginia. Shown: the New York slave market, ca. 1730.

attack against the currency and credit of the Revolutionary government. Between 1777 and 1791, British leaders unleashed a speculative frenzy in the London markets, to drive down the value of the Revolutionary currency, the Continental, and to destroy the credit of the American government among the nations of Continental Europe.

In New York, in addition to printing huge amounts of counterfeit Continentals to depreciate their value, the British occupation authorities oversaw the creation of a market in financial securities to carry out this London-directed financial sabotage, this time on American soil. Meeting in several locations along Wall Street, Tory financiers conducted sustained speculative attacks against the currency and war debt that had been issued by the Continental Congress, with the intention of bankrupting the

Revolutionary government. This speculation continued after the war, exacerbating the economic crises of the new nation, from 1783 to 1789.

The gathering places for the speculators included Corre's Hotel and the Merchants Coffee House, the old-slave trading center, located at the corner of Wall and Water Streets. In 1792, a group of 24 speculators met at Corre's Hotel (what is today 68 Wall Street) and signed a contract, the Buttonwood Agreement, to establish a centralized financial exchange; they adopted a new headquarters for their activity, the Tontine Coffee House, also located at the corner of Wall and Water Streets, and newly constructed to function as a centralized financial market.

Later, in 1817, the Tontine speculators adopted a new constitution and renamed their organization the New York Stock and Exchange Board.

Many of these early speculators, such as John Sutton, Leonard Bleecker, and Andrew Barclay, bear names which still today disgrace the landscape of lower Manhattan. In 1791 and 1792, a group of these traitors, led by William Duer, the opium trafficker John Pintard, Alexander Macomb (one of richest men in New York City), and Walter Livingston, carried out two simultaneous speculative attacks against the institutions of the

new nation. The first of these involved the creation of a speculative bubble intended to destroy the Bank of New York, which had been created in 1784 by Alexander Hamilton, and the second was a speculative attack against the shares of the new national Bank of the United States.

These attacks, which led to a full blown market crash and panic in 1792, included, for the first time on American soil, imperial financial practices imported from Amsterdam and London, including “puts,” “calls,” short selling, and leveraged buying. Both Macomb and Livingston would later become intimate associates of the traitor Aaron Burr.

William Duer, the leader of this pack, was the son of a West Indies slave plantation owner, who had served with the British Army in India. Nominally a supporter of the American Revolution, he spent the war making a fortune buying and selling war supplies, and speculating on land and war debt. In 1789, he managed to get himself appointed Assistant Secretary of the Treasury, under Secretary Hamilton, but he clashed with Hamilton and resigned in 1791 to focus entirely on his private financial activity.

As Duer’s 1792 financial attacks against the nation’s credit intensified, Hamilton publicly responded, denouncing Duer’s activities as “not consistent with the Public Good,” and stating, “Tis time there should be a line of separation between Honest men and Knaves, between respectable stockholders and mere unprincipled Gamblers.” Duer, Livingston, and Macomb eventually went bust, with Duer spending the rest of his life in debtor’s prison.

Despite lying attempts by many Wall Street Tories to claim Alexander Hamilton as “one of their own,” the truth is that it was the 1804 murder of Hamilton by Burr, which cleared the way for the emergence of a London-directed Wall Street, as a subversive power within the United States throughout the 19th Century. The sovereign national banking system created by Hamilton was designed to ensure a regulated system whereby public credit would be deployed for the public good.

Paradigmatic of Hamilton’s intent was his use of the National Bank to finance the project of the Society for Establishing Useful Manufactures, to create the nation’s first major industrial center in Passaic, New Jersey. This was a pioneer project, to serve as the model for how credit could be used to finance the industrial and scientific development of the nation. Hamilton envisioned a system of national and state chartered banks

which would take in deposits of sovereign Federal debt and securities, and use those deposits as security for issuing a flow of credit into the productive economy.

The real patron saint of Wall Street has always been Aaron Burr, who counted among his closest friends and supporters many of the same speculators at the Merchants and Tontine Coffee Houses who were active in the treasonous attacks against the American currency. Burr would also create the Bank of Manhattan in 1799, in an attempt to destroy the national banking policies of Hamilton. Burr’s New York operations were paralleled by the creation of private banks by Alexander Brown in Baltimore (1800), and the opium trafficker Stephen Girard in Philadelphia (1811). These banks, and others that followed, were modeled on the British Empire system of private “merchant banks.” Brown’s bank, generally considered the first investment bank in U.S. history, opened a Wall Street branch in 1820, which later evolved into the infamous Brown Brothers Harriman. Later, when British agent President Martin Van Buren signed the Free Banking Act of 1838 into law, the sovereign banking institutions of the United States were almost totally destroyed.

IV. Wall Street-Boston-Chicago

Following the 1815 Treaty of Paris which ended the Napoleonic Wars, the City of London established a global dominance in monetary and financial affairs unlike anything previously known in human history. The imposition of the British Gold Standard in 1821, the post-1815 ascendancy of the House of Rothschild, and the creation of the British Opium Trade as the world’s biggest business, taken together, established a top-down British imperial financial dominance, which lasted throughout the century—the sole exception being the U.S. Presidency of Abraham Lincoln, and the following period of industrialization, until 1873.

Huge amounts of British money flowed into the United States, and that money was used to create two new nests of traitors as partners for Wall Street: the drug runners of Boston, and the speculators of Chicago. This British financial invasion exploded in the 1820s with the operations of Barings Bank, and then ratcheted up again in the 1830s, when the Rothschilds opened offices in New York, Philadelphia, and Baltimore.

In 1835, N.M. Rothschild & Sons was named the official European agent for the U.S. government by

President Andrew Jackson. By the 1840s, there was a total domination of U.S. financial markets by London institutions (similar to the Dutch financial takeover of London after 1688). By the time of the American Civil War, all of the networks of treason on Wall Street, in Boston, and in Chicago were controlled by strings leading back to London.

Boston

Beginning in the 1790s, the British Empire, which, in the 18th Century, had controlled the largest slave-trading operation in human history, began shifting its business from slaves into narcotics. From 1800, until the end of the American Civil War, opium became the largest single commodity traded worldwide, and this trade was entirely controlled from London, and conducted through the British East India Company.

Beginning in the 1790s, a group of Americans entered the trade as junior partners to the British, operating under the protection of, and sometimes in partnership with, the British Levant Company and the British East India Company. These Americans included Stephen Girard, George Blight, John Latimer, and James Benjamin Wilcocks in Philadelphia; John Jacob Astor and Thomas Smith in New York; and a network grouped around Alexander Brown in Baltimore. But the largest concentration of these drug runners was in New England; these included James and Thomas Perkins, John Cushing, John Peabody, William Gray, Philip Ammadon, and the extended families of Cabot, Sturgis, Russell, Higginson, and Forbes. These Boston drug traffickers were known as the “Boston Concern,” and they are the lineal ancestors of what is known today as the “Boston Vault.”

Anglophile to their core, the New England drug-runners made two attempts to destroy the United States. The first was an 1804 conspiracy to elect Aaron Burr to the Governorship of New York, and then have New York and New England secede from the Union. This was foiled by Hamilton, who helped secure Burr’s defeat in the New York election, leading to the murder



Beginning in the 1790s, the British began shifting from trade in slaves to dope. The largest concentration of the drug-running outfits was in Boston; they were known as the “Boston Concern”—the ancestors of what is known today as the “Vault.” Shown: opium clipper ships.

of Hamilton by Burr later that same year. The second was the convening of the Hartford Convention in 1814—while the United States and the British Empire were at war—to organize for New England secession and entrance into an economic and military alliance with the British.

These drug-running traitors became agents for the upper echelons of the British Empire. From the beginning, their operations were financed by Barings Bank of London. By no later than 1820, the premier British dope bank Jardine-Matheson & Company underwrote most of the American opium operations.

The families of these Boston Brahmins, many of them “latecomers” to New England and enemies of the republican heritage of John Winthrop and Cotton Mather, developed huge fortunes and power, which they have continued to deploy to this day as the partners of their fellow traitors on Wall Street.

Chicago

It was in Chicago that the worst features of the Dutch/Venetian financial model were brought into the United States, and, again, those financial practices were used by the British Empire to wage war against the American System of Economics, as well as to wreak massive damage against the United States during the 1861-65 Civil War.



Jeremy Kemp

The worst features of the Dutch/Venetian financial model were incorporated in the Chicago Board of Trade (shown here in 1993), which opened in 1848. Within a few years, less than 3% of all futures contracts on the CBOT actually resulted in a commodity being delivered. The other 97% was pure speculation.

In 1848, the Chicago Board of Trade (CBOT) opened as the first centralized “futures market” in the United States. The argument in favor of futures is that they allow a merchant to sign a contract with a farmer to take delivery of a commodity (e.g., wheat or corn) at a fixed price at a future date. However, once the CBOT opened its doors, the number of these “real” contracts was quickly dwarfed by a secondary, speculative market, where contracts were bought and sold, over and over again, as speculative instruments, long before the delivery date. Within just a few years after its opening, less than 3% of all futures contracts on the CBOT actually resulted in a commodity being delivered. The other 97% was pure speculation. This trading became known as “wind wheat,” because the contracts being bought and sold represented “nothing but air.”

Parallel to the creation of a secondary speculative market in futures contracts was the emergence of options trading. Although officially prohibited by the CBOT, options trading flourished, with many of the options trading rooms (“bucket shops”) staffed by CBOT members. This was pure financial gambling, where speculators could wager on prices of contracts, without actually owning anything, neither the futures contract nor the commodity. In Chicago, this trading in fictitious options became known as “privileged trading.”

Options trading was invented at the Amsterdam Bourse in the early 17th Century, and was one of the main contributing factors that produced the tulip-mania crash.

It is worth stating again: This is monetarism. These are not economic practices! They are practices of empire. The insiders, the powerbrokers may get rich, but this activity produces no tangible wealth whatsoever for the nation as a whole, and leads ultimately to precisely the kind of financial breakdown we find ourselves in today.

During the American Civil War, there were large-scale food shortages throughout the nation, and great difficulty in securing adequate food supplies for the Union troops. By 1861, the CBOT had a stranglehold on grain and other food contracts from the American Midwest, and between

1861 and 1864, the speculators drove basic food prices up more than 100%. This treason jeopardized supplies to the army in the field, and created an enormous financial burden on the Federal government. In addition, it resulted in food riots, social discontent, and anger against the Lincoln Administration in the months leading into the 1864 election.

During this period, most Midwestern grain and meat prices were closely tied to the price of gold, which in turn was manipulated by the “Gold Room” on Wall Street. In the background was the City of London, with the largest gold reserves in the world. Through their control of the global gold trade, these London masters were able to wreak havoc with the gold and commodity markets in the United States, at any time of their choosing.

After the Civil War, Wall Street interests created several of their own commodity exchanges, including the Produce Exchange and the Cotton Exchange, modeled on the CBOT. The Cotton Exchange brought in large amounts of post-war Southern money, as well as Southern speculators, many from New Orleans. A number of these Southerners then went on to found Wall Street investment banks, such as Lehman Brothers.

These actions of the CBOT, the New York commodity exchanges, and similar institutions continued unchecked until 1936, when Franklin Roosevelt signed

into law the Commodity Exchange Act. That Act, designed in particular to secure adequate food supplies for the American people, imposed strict Federal regulation on all futures trading, and outlawed all options trading, a ban which was not officially revoked until 1981.

V. Abraham Lincoln

By the start of the Civil War, American financial institutions, including stock markets, exchanges, and banks, were under almost the complete control of the British Empire. British banks held more than \$250 million in American financial securities outright, including state and Federal debt, bank stocks, and related stocks on the New York Stock Exchange, not to mention that the nominally American speculators and drug-runners who ran these institutions had been in the hip pocket of the British Empire for several generations.

By 1861, well more than half of the money invested in Wall Street came either from Britain or from the cotton planters of the Southern states. When Lincoln issued the call for volunteers to fight the Southern Rebellion, the Mayor of New York, Fernando Wood, submitted a proposal to the New York City Council calling for the city to secede from the Union and declare itself a free city, so that it might continue its profitable cotton trade with the Confederacy.

On Dec. 28, 1861, as Union troops battled the Confederacy, the New York Associated Banks suspended specie (gold) payment to the U.S. government. They reneged on gold payments already owed to the Federal government, and even suspended gold payment to their depositors. In a meeting with President Lincoln in Washington, the bankers stated they would only resume gold payments for government bonds if Lincoln agreed to a bankers' (i.e., London) dictatorship over the nation's finances. Unlike Barack Obama's sniveling subservience to Wall Street, Lincoln responded by throwing the bankers out, and proceeded to establish a national system of federally regulated, chartered banks independent of Wall Street control, erecting the highest



Alexander Gardner

On 1861, as Union troops battled the Confederacy, the New York banks suspended gold payments to the U.S. government. In a meeting with President Lincoln, the bankers demanded control over the nation's finances. Lincoln threw them out, and established his famous Greenback policy, independent of the British gold standard. Lincoln is shown here at the site of the Battle of Antietam, 1862.

protective tariffs in U.S. history to promote industry, and enacting a law to utter hundreds of millions of dollars of Federal currency (Greenbacks) independent of the British gold standard.

Within days of these actions, Wall Street traitors began massive speculation in gold, for the purpose of destroying the new Federal currency and bankrupting the Federal government. In January of 1862, the New York Gold Room was established at the New York Stock Exchange to conduct this assault. When newspapers began leveling charges of treason against these operations, they were moved out of the Stock Exchange, but continued unabated at Gilpins News Room, located at the corner of William Street and Exchange Place. It was still referred to as the Gold Room.

Throughout the North, pro-Union newspapers denounced these New York speculators as "General Lee's left wing in Wall Street," and Lincoln himself said, "What do you think of those fellows on Wall Street who are gambling in gold at such a time as this? For my part I wish that every one of them had his devilish head shot off."

In 1864, the Lincoln Administration shut down the New York Gold Room by making transactions in gold futures illegal. But the traffic went underground, and reappeared after the assassination of President Lincoln, when a new Gold Exchange was opened by J.P. Morgan,



President Franklin Roosevelt, in 1933, broke with the British gold standard, passed the Glass-Steagall Act and other programs that were intended to defend U.S. economic sovereignty, and to eliminate the London/Wall Street speculative financial practices in the U.S.

Horace Clark, and Levi Morton. From 1865 until 1910, the biggest futures market in the United States was the New York market in gold futures, as the British, utilizing their domination of the international gold markets, relentlessly continued their efforts to undermine the post-1865 industrial and scientific revolution created by the nationalist economic policies of the Lincoln Administration.

VI. Franklin Delano Roosevelt

If one looks at the sweep of President Franklin Roosevelt's actions between 1933 and 1945, particularly those actions at the very beginning and the very end of his Presidency, his intention, his purpose, for those actions is very clear: at the beginning, to reassert America's sovereignty over its own economic affairs and crush the Tory faction within the United States; and at the end, to use the post-war power and influence of the United States to eliminate the worldwide political, economic, and financial institutions of empire, and to secure global hegemony for the principles of the American Revolution.²

2. See the LPAC video "1932," at <http://www.larouchepac.com/1932>.

On the first point: Roosevelt's action in 1933 to break with the British gold standard, along with the subsequent passage of the Glass-Steagall Act, the establishment of the Securities and Exchange Commission, the FDIC, and the Commodities and Exchange Administration were all aimed at defending U.S. economic sovereignty and eliminating the speculative financial practices of empire inside of the United States.

On the second point: Roosevelt's war-time clashes with Winston Churchill, his anti-colonial post-war perspective, his original vision for the United Nations, and his intended role for the Bretton Woods Monetary System as a vehicle to dismantle the global financial rule of London all demonstrate the clarity which Roosevelt had about the historical mission of the

American Republic.

Roosevelt—frequently and publicly—identified the Wall Street enemies of his Administration as "Tories" and "Economic Royalists." Those are scientifically precise terms, not wild epithets. Roosevelt knew in 1933 that the work of the American Revolution was not finished. Since his death, and particularly since 1971, "Wall Street" has done everything in its power to overturn Roosevelt's policies.

We end with a statement from Franklin Roosevelt, delivered to the Democratic National Convention, at Chicago, on July 2, 1932:

"Out of every crisis, every tribulation, every disaster, mankind rises with some share of greater knowledge, of higher decency, of purer purpose. Today we shall have come through a period of loose thinking, descending morals, an era of selfishness, among individual men and women and among Nations. Blame not Governments alone for this. Blame ourselves in equal share. Let us be frank in acknowledgment of the truth that many amongst us have made obeisance to Mammon, that the profits of speculation, the easy road without toil, have lured us from the old barricades. To return to higher standards we must abandon the false prophets and seek new leaders of our own choosing."

Support Grows for Glass-Steagall, At Home and Abroad

by Nancy Spannaus

Oct. 25—The clamor for the reintroduction of President Franklin Roosevelt’s Glass-Steagall law, which now is represented by Rep. Marcy Kaptur’s (D-Ohio) H.R. 1489 in the U.S. House of Representatives, has grown exponentially since the eruption of the Occupy Wall Street (OWS) movement in mid-September. As a result of the three-year-long intensive campaign by Lyndon LaRouche and his political action committee for reinstating Glass-Steagall, many of those who have gone into the streets to “protest” the depredations of Wall Street against the American population, have raised the banner of Glass-Steagall, as the principled alternative to the bailouts and looting by the international banks.

Hence, the demand for returning to the separation of commercial from investment banking, with specific reference to Glass-Steagall, figures in the list of demands of OWS demonstrators, often reaching the top, and is also included in the 99PercentDeclaration, a call for a National General Assembly on July 4, 2012, issued on Oct. 7 by the OWS movement. Demand Number 16 begins: “Immediate reenactment of the Glass-Steagall Act and increased regulation of Wall Street and the financial industry by the SEC, FINRA and the other financial regulators, and the commencement of a Justice Department criminal investigation into the Securities and Banking industries’ practices that led to the collapse of the markets, \$700 billion bail-out, and financial firm failures in 2007-2008, introduction of a small financial transaction fee to collect a tax on each and every stock trade and all other forms of financial transactions....”

Of some interest also, is the fact that a petition was posted on the White House’s new “petition” site, from an individual in Chicago, calling for reestablishing the separation between commercial and investment banks, à la Glass-Steagall, on Sept. 22. Nearly 14,000 people have signed that petition in a matter of a month.



House Committee on Education and Workforce Democrats
Rep. Marcy Kaptur’s H.R. 1489, a bill to revive Glass-Steagall, now has 49 co-sponsors; and is a leading demand of the Occupy Wall Street movement.

H.R. 1489

Thanks to the gumption of Kaptur, and her initiating co-sponsors, Republican Walter Jones (N.C.) and Democrat James Moran (Va.), however, the demand for restoring Glass-Steagall is an active legislative option in the House of Representatives. In all, there are now 49 sponsors for H.R. 1489, a short bill which would repeal Gramm-Leach-Bliley and revive the Glass-Steagall standard. The Members of Congress represent 24 states of the Union, and include many members of the Black Congressional Caucus and the Progressive Caucus, as well as a handful of Republicans.

Here is the full list:

Marcy Kaptur (D-Ohio)

James Moran (D-Va.)

Walter Jones (R-N.C.)

John Conyers (D-Mich.), former chair, current rank-



LPAC-TV

The National General Assembly of OWS issued a demand on Oct. 7 for “immediate reenactment of the Glass-Steagall Act” and a “criminal investigation” of the practices that led to the collapse of the markets in 2007-08, and the \$700 billion bailout.

ing member House Judiciary Committee; Dean, Congressional Black Caucus

Jesse Jackson Jr. (D-Ill.)

Lynn Woolsey (D-Calif.), former co-chair, Progressive Caucus

Jim McDermott (D-Wash.)

Louise McIntosh Slaughter (D-N.Y.), ranking member, House Committee on Rules

Edolphus Towns (D-N.Y.), former chair, House Oversight and Government Reform Committee

Maxine Waters (D-Calif.), former chair, Congressional Black Caucus

Marcia Fudge (D-Ohio)

Kurt Schrader (D-Ore.)

Danny Davis (D-Ill.)

Roscoe Bartlett (R-Md.)

John Garamendi (D-Calif.)

Dennis Kucinich (D-Ohio)

Peter Visclosky (D-Ind.)

Jan Shakowsky (D-Ill.)

Barbara Lee (D-Calif.), former chair, Congressional Black Caucus; former co-chair, Progressive Caucus

Mike Coffman (R-Colo.), chair, Balanced Budget Caucus

George Miller (D-Calif.), former chair, current ranking member, Education and the Workforce Committee

Hansen Clarke (D-Mich.)

Fortney Pete Stark (D-Calif.)

Michael Capuano (D-Mass.), ranking member Fi-

nancial Services Subcommittee on Oversight and Investigations

Rep. Charles Rangel (D-N.Y.), former chair, Committee on Ways and Means

Rodney Alexander (R-La.)

Raul Grijalva (D-Ariz.), co-chair, Progressive Caucus

Daniel Lipinski (D-Ill.)

John F. Tierney (D-Mass.)

Donna Christensen (D-V.I.)

Al Green (D-Tex.)

Bob Filner (D-Calif.)

Tammy Baldwin (D-Wisc.)

Peter Welch (D-Vt.)

John Olver (D-Mass.)

Larry Kissel (D-N.C.)

Yvette D. Clarke (D-N.Y.)

Chellie Pingree (D-Me.)

Michael H. Michaud (D-Me.)

Henry C. “Hank” Johnson (D-Ga.)

Zoe Lofgren (D-Calif.)

Peter DeFazio (D-Ore.)

Keith Ellison (D-Minn.)

Rosa DeLauro (D-Conn.), co-chair, Democratic Steering and Policy Committee

Wm. Lacy Clay (D-Mo.)

Bennie G. Thompson (D-Miss.), ranking member, Committee on Homeland Security

Loretta Sanchez (D-Calif.)

John Lewis (D-Ga.)

Tim Ryan (D-Ohio)

The Senate

And in the U.S. Senate? What is known is that both Maria Cantwell (D-Wash.) and John McCain (R-Ariz.), who introduced a Glass-Steagall amendment to the Financial Reform bill in 2010, and fought a losing battle against the treachery of President Obama and the Treasury to get it passed, have publicly declared their intention to reintroduce their bill, which would function as a companion to H.R. 1489. But so far, they have demurred.

It doesn't take a genius to conclude that the Administration is pulling out all the stops to prevent these Senators, and others, from putting Glass-Steagall on the agenda again. Threats, promises, financial pressure—the President who loves to brag about killing his enemies is not going to hesitate to use brutal means to

defend the British Empire, and its junior partners on Wall St., from the Glass-Steagall threat.

Institutional Upsurge

As a trip to the Glass-Steagall page of the LaRouchePAC website (www.larouchepac.com) will elaborate, the motion in Congress has been the result of an extensive mobilization within constituency groups throughout the United States, particularly labor unions and political clubs.

A number of significant *national* unions have endorsed Glass-Steagall and contacted their representatives to act for it, including the International Association of Machinists and Aerospace Workers and the AFL-CIO. They have been backed by nine state AFL-CIO Councils (New Jersey, Kentucky, California, Wisconsin, Minnesota, Iowa, North Carolina, West Virginia, Ohio), as well as dozens of local trade union councils, many of them representing the building trades. The National Farmers Union is also on the record supporting reinstating Glass-Steagall, along with several of its state affiliates, who have specifically demanded action on H.R. 1489.

The national League of United Latin America Citizens, the oldest organization representing Americans of Hispanic descent, also endorsed H.R. 1489 at their national convention at the end of August.

While the motion on the political side has been slower, it is significant. More than 10 local Democratic clubs in Washington State, most of them in the Seattle area, have passed resolutions in favor of H.R. 1489.

Only two statewide Democratic Central Committees have passed resolutions in favor of H.R. 1489—Louisiana and Washington State. But a number of local committees, including in Oregon and Texas, have also passed resolutions. Much of the initiative is being taken by local activists independent of LPAC, and it is highly likely that many more resolutions have been passed than LPAC is aware of.

There is also a certain amount of momentum within local political jurisdictions in favor of Glass-Steagall, as cities and counties face the axe of budget cuts that will devastate the conditions of life of their citizens. The endorsements include the major cities of Buffalo,



EIRNS/James Rea

Support for Glass-Steagall is growing internationally as well, thanks to be organizing of the worldwide LaRouche movement. Here, the BüSo, led by Helga Zepp-LaRouche, organizes in Potsdam, Germany.

N.Y.; Harrisburg, Pa.; Elizabeth, N.J.; and Middlesex County, N.J. In addition, a number of smaller cities in Ohio (Lorain, Parma, and Portsmouth), Pennsylvania, New Jersey, West Virginia, and Texas have considered and passed resolutions for H.R. 1489.

On the International Front

As a result of the efforts of the international LaRouche movement, there is a growing chorus of support for the reinstatement of Glass-Steagall globally, but especially in Europe, where it is clear that reinstatement of the law in the United States would unleash a wave of supportive actions on the continent. We include here only those who reference Glass-Steagall by name, and omit variants such as “ring-fencing,” and general statements for separating banking functions.

The following list gives a flavor of that support:

Belgium: Prof. Paul De Grauwe, University of Louvain

Eric de Keuleneer, former supervisor the Belgian Banking Oversight Agency, and professor at the Solvay Business School of the Free University of Brussels

MP Dirk Van der Maelen, vice president of the Flemish Socialist Party of Belgium

Denmark: Christen So@torensen, economist, professor, and former member, Danish Economic Council,

declared his support in a statement issued Oct. 7.

Ecuador: Pedro Paez, head of Ecuador's Presidential Commission for the Design of a New Regional Financial Architecture, endorsed a global Glass-Steagall reform on a radio show Sept. 13.

France: Former Prime Minister Michel Rocard called for reinstating Glass-Steagall in a full-page article in *Le Monde* on Oct. 4.

Jacques Cheminade, Presidential pre-candidate of the Solidarity & Progress party

Germany: Helga Zepp-LaRouche, chairwoman of the BüSo party, issued a call for a global Glass-Steagall system on Aug. 12, which has been signed by a number of political leaders, professionals, economists, and entrepreneurs from Germany and Austria, among other nations. The call and list can be found at www.schiller-institute.org.

Over the recent days, however, there has been an institutional shift in Germany, toward a major public debate on what is called the "Trennbankensystem," literally a two-tier banking system, as opposed to the "universal bank" system which has ruled Europe since the 1980s. Even Finance Minister Wolfgang Schäuble (CDU) wants to split up investment and commercial banking, reported the German paper *Die Freie Welt* on Oct. 22.

Schäuble's reported shift follows a very public declaration by the head of the opposition Social Democratic Party Sigmar Gabriel toward separating investment banking from commercial banking, which began with a prominent interview in *Der Spiegel* Oct. 1, and was trumpeted in a parliamentary speech in mid-October. As Gabriel put it: "I want to hang a big sign on the door of the investment banking sector reading 'State guarantees end here.' I don't have anything against people who want to speculate with their money. Nor do I forbid anyone from going to the casino. But when gambling goes awry, speculators should be liable, and no innocent third parties."

Great Britain: *Daily Telegraph* economic columnist Liam Halligan has repeatedly called for reinstatement of Glass-Steagall.

Italy: Sen. Oskar Peterlini submitted a resolution to the Senate calling for the restoration of a Glass-Steagall system on June 17, 2010. It was co-sponsored by 14 other Senators, from both majority and minority parties.

In the Chamber of Deputies, The Hon. Catia Polidori presented a resolution calling for a return to Glass-

Steagall in June of 2010. It received support from 24 other Deputies, but has not moved forward.

Deputy chairman of the Finance Committee of the Italian Chamber of Deputies Sergio D'Antoni endorsed Glass-Steagall in an interview with *EIR* on July 30, 2011.

Mexico: Sen. Alfonso Elias Serrano, PRI, and Sen. Arturo Herviz Reyes, PRD, have signed Zepp-LaRouche's call for a global Glass-Steagall.

Sweden: Swedish parliamentarians Valter Mutz and Annika Lillemets, of the Environmental Party, submitted a motion in the parliament for Glass-Steagall on Oct. 4.

Parliamentarians Ulla Andersson and Jonas Sjöstedt published an op-ed for Glass-Steagall in the newspaper *Göteborgsposten* on Aug. 10.

Switzerland: Leaders of the Swiss People's Party and the Social Democrats have called for, and introduced legislation for splitting commercial from investment banks, with specific reference to the Glass-Steagall precedent. So far, the legislation has been defeated, but *EIR* has been told by forces involved that the bill will come up again in November.

Finish Off the Speculators Now:

Cap Food Prices!



The approaching food crisis demands that the U.S. government heed the warnings of Lyndon LaRouche and follow in the steps of Franklin Roosevelt. Shut out the speculators and fix food prices now.

<http://larouchepac.com/node/18381>

EUROZONE ON THE BRINK

Governments Avoid Solution, Lash Out Against Each Other

by Helga Zepp-LaRouche

Oct. 21—All efforts to keep the imploding trans-Atlantic financial system alive somehow, by a combination of printing money, fascist austerity measures, colonization of the states in deficit, and flagrant violation of the law, are not only doomed to failure, but also threaten to plunge Western civilization into catastrophe in the near term, and to destroy the entire social fabric of our European nations and America. There is only one way to prevent collapse into Hell: the immediate introduction of a two-tier banking system—on the model of the former U.S. Glass-Steagall system—as the indispensable first step of a whole packet of measures. But it must be *done*, not just talked about or commissions set up to look into the idea.

A public controversy has broken out between French President Nicolas Sarkozy and German Chancellor Angela Merkel, over whether the European Financial Stability Facility (EFSF) should have the full status of a bank, and, through “leveraging,” become a perpetual motion machine of wonderful money-multiplication, or should it “only,” as an insurance institution, guarantee 20 or 30% of new sovereign loans, a sort of money-printing machine with a tight hand-brake. This clash, plus the unprecedented series of deferred summit meetings and cancelled government declarations, tell an unmistakable story: The Euro-system is totally and irrevocably finished!

France is afraid that without EFSF funds, and with the 50% “haircut” that the German government wants for Greece and other nations that are in crisis, French banks will face a dramatic downgrading, and this will

undoubtedly cause a chain reaction. In Germany, on the other hand, memories of the hyperinflation of 1923 are part of the national memory: a time when the life savings of the population were brutally expropriated.

Meanwhile, it has also finally dawned on a number of economists that leveraging an EFSF with the status of a bank would be a bottomless pit, and Germany would have to pay the lion’s share of bailout funds, since it is the largest of the four countries in the Eurozone that have a trade surplus—and therefore Germany’s own debt would be driven up. This in turn would have dramatic consequences: hyperinflation, poverty, and social explosions.

Political Fight in Germany

Some sections of the governing German Christian Democratic Union/Christian Social Union (CDU/CSU) and the Free Democratic Party (FDP) are now insisting on the right not only of the parliamentary budget committee, but of the whole Bundestag, to have a say in what is going on—as reconfirmed at the beginning of September by the Federal Constitutional Court. They are making an effort, as hopeless as it is politically impotent, to somehow defend German interests within a collapsing system.

Others in these parties, and especially in the opposition Social Democratic Party (SPD) and the Greens, see the intensification of the crisis as a welcome excuse to accede even more sovereignty to the EU bureaucracy in Brussels, and thus to blatantly violate the interests of



EU

French President Nicolas Sarkozy and German Chancellor Angela Merkel in Brussels, Belgium, June 23, 2011. Their discussions are becoming more acrimonious as the crisis in Europe deepens.

the German people by handing over their fate to an oligarchic dictatorship, which is loyal only to the financial sector and their own privileges. Finance Minister Wolfgang Schäuble is one of these people, with his proposal for a European fiscal union.

As usual, however, it is the Greens who win first prize for their sophisticated mass brainwashing. Jürgen Trittin,¹ of all people, tried to drape Europe in a worn-out cloak of fine words about “democracy,” by calling for the participation of the entire Bundestag in the debate over the EFSE. The reality is that the former Red-Green [Social Democratic-Green] coalition government bears full responsibility for the deregulation of the financial system, which is responsible for the crisis, and it is now once again the Greens and the SPD that want to give up even the last shreds of sovereignty to the Brussels dictatorship.

To demand the introduction of a two-tier banking system, as SPD chairman Sigmar Gabriel is doing, at the same as calling for eurobonds or a unified European finance ministry, proves that the principle of Franklin Roosevelt’s Glass-Steagall Act is absolutely not understood. And if the Greens then to try to jump off the moving train by calling for a commission to investigate—by September 2012 (!)—whether a two-tier banking system would be the right thing to do, then their catastrophic denial of reality respecting the immediacy of the breakdown crisis surely cries out to Heaven.

1. Co-chair of the Green parliamentary caucus.

A Europe of the Banks

The only honest thing for the established politicians to do would be to admit the complete bankruptcy of their own policies. Instead, French President Sarkozy was following in the footsteps of the man he has called his favorite politician, François Mitterrand, when he unequivocally accused Germany of destroying the euro, thus making it conceivable that conflict will break out on the continent again. What a farce and what a lie! It was precisely Mitterrand’s blackmail of Chancellor Helmut Kohl in 1989-90, demanding the euro as the price for German reunification, and threatening him with war and a new Triple Entente against Germany, that brought us the

disaster of the euro. All of this is reported by Jacques Attali in his biography of Mitterrand, among other places.

In their unbridled zeal to serve the interests of the financial gamblers and the banks, against the people, thereby piling up huge national debts, the proponents of the EU dictatorship obviously don’t give a hoot that they are destroying everything—the entire social fabric, social cohesion, the last vestige of people’s confidence in politicians, and, above all, the European idea.

Is this a Europe we really want, where the EU Commission under Horst Reichenbach sends hundreds of “experts” to Athens with executive powers, to take over the government—people who “speak Greek, but are not on the side of the Greeks”? This colonial policy leads to hatred, despair, and hopelessness. The chairman of the organization of small businesses in Greece, the GSEVEE, issued an urgent appeal to stop the brutal austerity policies that will only lead to “further closures, unemployment, poverty, higher deficits, and even more debt.” The head of the GSEE trade union federation charged the deputies of the ruling party, before the vote on the new austerity package: “If you have even a spark of humanity, decency, pride, and a Greek soul, you must reject this bill.” They obviously did not listen to him, since they voted for the measures that are driving the country further into ruin.

This brutal austerity not only costs lives; it can only be enforced with fascist methods. We now know from the U.S. Congress that the unconstitutional “Super Congress” has actually been given the task of cutting

\$6-7 trillion (!) over the next few years, most of it from social spending. This would result with 100% certainty in the shortening of the lives of many people and an increase in the death rate. A group of 16 Congressmen around Rep. Maxine Waters (D-Calif.) responded immediately to this outrageous prospect with a bill calling for rescinding the “Super Congress.”

Given the outrageous events that are taking place in the trans-Atlantic area, where even the semblance of democratic rules of the game, the parliamentary process, or compliance with national constitutions are being trampled underfoot, we should be on the highest alert. Even the former chief economist of the European Central Bank, Otmar Issing, warned recently in the business daily *Handelsblatt* that the current transfer of taxpayers’ money had no democratic legitimacy whatsoever. And when *Bild* newspaper announces “a very big catastrophe” and “fat inflation” because of the euro crisis, then even the least political person on Earth should wake up.

There Is an Alternative

Notwithstanding all the contrary media propaganda, there is only one way out: We must immediately implement a two-tier banking system in the tradition of Franklin D. Roosevelt’s Glass-Steagall Act, with the aid of which, starting in 1933, he was able to bring the United States out of the Depression. Commercial banks and legitimate needs of the population must be placed under state protection, whereas toxic securities from the investment banks, hedge funds, etc., and the shadow banking sector must be canceled, because the attempt to maintain this virtual, speculative domain would only lead to short-term hyperinflation, thereby destroying the entire national wealth.

This first, essential step must immediately be followed by the creation of a credit system in the tradition of the American System of economics, as introduced by Alexander Hamilton, the first Treasury Secretary of the United States, and reaffirmed by Abraham Lincoln and Franklin D. Roosevelt, and as applied by the Kreditanstalt für Wiederaufbau (Reconstruction Finance Agency), among others, to



Protesters in Athens, October 2011. The European Commission wants to send in 100 “experts” to impose the level of austerity that no democratically elected government could impose. Job qualification: “to speak Greek, but not be on the side of the Greeks.”

finance the German economic miracle.

In the United States, there is growing support for H.R. 1489, the bill introduced into the House of Representatives by Rep. Marcy Kaptur (D-Ohio), which is co-sponsored by 48 Congressmen and supported by more than 200 national and regional organizations. If Glass-Steagall is introduced by the United States—and this could very happen very soon—this must be the signal for Europe to do the same thing.

In most European nations, a wide-ranging discussion about the two-tier banking system has also broken out, which is exclusively due to the efforts of the BüSo² and its sister organizations in these countries. What is needed now is not a mish-mash of a two-tier banking system combined with eurobonds, fiscal union, or a European economic government within the context of a hopelessly bankrupt system, but the BüSo’s full program.

This means: the two-tier banking system as a first step, a credit system in the tradition of Alexander Hamilton, fixed exchange rates, a New Bretton Woods system, national sovereignty over the currency in the form of a new D-Mark, and the expansion of the World Land-Bridge and other high-technology areas for reconstruction of the global economy.

2. The Civil Rights Solidarity Movement, of which the author is the national chair.

The Case of Bank of America: Defeat The Cannibals, Before They Eat Us

by John Hoefle

Oct. 24—The world as we know it is breaking apart. Behind the smoke and mirrors of official statements, news reports, and related propaganda designed to make us believe that our financial system still stands, the battle rages over what must be done before the smoke clears, and the people of the world see what has been done to them.

The financial oligarchy, acting through that historical continuity of evil known today as the British Empire, knows that it needs a global financial dictatorship, one sufficiently brutal to carry out its genocidal intent to reduce world population from 7 billion people to under 1 billion. Mass murder, through policy, war, starvation, and neglect, is on the agenda, as is destroying the cultural and political structures that stand in the way.

On the other side stands humanity, straining to cast off the chains imposed upon us by the oligarchy, and move forward to structures which promote equality and fairness for peoples of all nations. It is the relentless force of this desire for freedom, that terrifies the oligarchy and fuels its murderous rage. If humanity wins, the oligarchs and their ancient system lose.

For most people, this force manifests itself as impulse, more emotion than intellect. But it is real—far more real than the derivatives and other phony financial values the oligarchy would have us destroy ourselves to protect.

The British Empire calls its destruction of the world for its own selfish purposes the “Great Game.” The nature of that game is clearly visible in Europe, where nations are being ordered to surrender what remains of their sovereignty, and impose brutal austerity on their people, in the name of financial policy. We see the same thing in the United States, where the people are being sacrificed to the banks, and a police state established to enforce the austerity planned for the future.

Either humanity breaks free, defeating the empire through the reimposition of Glass-Steagall, a credit system, and economic development, or the world col-

lapses into chaos. That is the reality behind the smoke and mirrors.

The Treasonous Fed

The Federal Reserve was established in 1913 by the British Empire and its agents in America, as part of its never-ending battle to reverse the American Revolution and the principles that revolution let loose upon the world. In the oligarchical system, the bankers run the world through their control over money and finance. Nations, just like people, are enticed into taking on great debt, and then that debt is used to control them.

The American System, established by Alexander Hamilton, is just the opposite, with the nation controlling its finances through credit, and controlling the banks through tight regulation. The Fed was established as a Trojan Horse, its nominal “independence” a direct attack on the American System.

The traitorous, oligarchical nature of the Federal Reserve can be seen in the way it has spent trillions of dollars to bail out banks and markets around the world, working to protect the system while throwing taxpayers to the wolves. The Fed is not helping the American economy; it is looting it on behalf of its imperial masters.

The most recent example of this is the Fed’s approval of a scheme in which Bank of America would move some \$22 trillion of derivatives from its holding company into its commercial bank subsidiary. The derivatives come from Merrill Lynch, which Bank of America had acquired during the Panic of 2008. Although history has shown that allowing commercial banks to speculate in derivatives is an insane idea, the Fed—a staunch defender of derivatives—approved the move, over the strenuous objections of the Federal Deposit Insurance Corporation (FDIC).

The counterparties on the Merrill Lynch derivatives wanted the bets moved inside the commercial bank because that’s where the money is, in the form of the

bank's huge deposit base. That is, *the derivatives speculators are maneuvering to raid those customer deposits, in precisely the manner Glass-Steagall was passed to prohibit.* And the Fed is helping them do it.

The Destruction of Banking

Bank of America Corporation's commercial bank, Bank of America National Association, is already overloaded with derivatives. As of mid-year, the holding company had \$75 trillion in derivatives, of which \$53 trillion were already in the commercial bank. Putting the remaining \$22 trillion inside that bank should not be permitted, but the level of derivatives is already well past the danger line. (Derivatives are a lot like nuclear weapons; after a certain point, having more makes no real difference. Dead is dead.)

What Bank of America has done, is the norm among the big derivatives banks. The biggest, JP Morgan Chase & Co., has \$79 trillion in derivatives, 99% of which are in its lead commercial bank, JP Morgan Chase Bank. Rounding out the top five, after Morgan Chase and Bank of America, are Morgan Stanley, with \$56 trillion; Citigroup, with \$55 trillion; and Goldman Sachs, with \$53 trillion. Four other banks top \$1 trillion in derivatives: HSBC North America, with \$3.9 trillion; Wells Fargo, with \$3.7 trillion; Bank of New York Mellon, with \$1.4 trillion; and State Street Corporation, also with \$1.4 trillion. With the exceptions of Morgan Stanley and Goldman Sachs, all these banks have virtually all of their derivatives exposures inside their commercial banks; at Goldman, it's 89% inside the bank, while at Morgan Stanley it's 3%.

These derivatives are just gambling bets, with no real value on their own. The main purpose of derivatives was to allow the financial oligarchy to build a giant financial bubble, turning what was once the most advanced industrial economy in the world, into a now-bankrupt casino. The derivatives game also allowed for the creation of a handful of giant banks, banks which view the global casino as their markets, and the local economies they supposedly represent as suckers to be looted for gambling money. And should the big boys be unable to cover their gambling debts, the Fed rides to the rescue—with even more taxpayer money.

In this manner, the Fed, the oligarchy, and the Inter-Alpha Group of banks, have destroyed the U.S. banking



Bank of America's scheme to move trillions in derivatives into its commercial bank subsidiary—approved by the Fed!—is a giant raid on customer deposits by the speculators, in precisely the manner that Glass-Steagall was enacted to prohibit.

system, and taken control over the issuance of credit inside the United States, and most of the world. They have done this deliberately, to stop progress and preserve their ancient, evil system.

Eating Their Own

Today the big four U.S. banks—Morgan Chase, Bank of America, Citigroup, and Wells Fargo—contain about half of the bank deposits in the United States. They are, it might seem, at the height of their power, dominating the market, taking their profits, while passing their losses to others. But looks are deceiving, for they are creatures of a system which is dead.

Think of the financial oligarchy as a pack of wolves which grew large during a period when food was plentiful, but is far too large to be viable when the food supply suddenly collapses. For the banks and other financial institutions, the days of the bubble were heady indeed, and the number of players expanded significantly, as the money flowed endlessly. Then the bubble popped in the Summer of 2007, its after-effects surfacing more publicly over the next year. The markets seized up, as did the losses, as “investors” stampeded for the exits.

That stampede was halted, temporarily, by the unprecedented bailout operations launched by the Fed, the U.S. Treasury, the European Central Bank, and others. Vast losses were transferred from the private sector to the governments and their taxpayers. By bankrupting the governments, the banks bought themselves a little

time, but not much, since the governments also owe the banks huge amounts of money. Not only were the governments loaded down with new debts, but their tax bases were rapidly eroding as their economies shut down, a process that accelerated with the austerity demands. You can move the debt around all you want, roll it over, repackage it into new forms, ad nauseam. What you can't do, is repay it.

So the banking system is like our pack of wolves, with far more institutions than it can support now, even before the oligarchy wipes out six-sevenths of the world's population. The downsizing has already begun, through layoffs, mergers, and the shutting down of smaller firms—but that is not enough. Some of the big players are going to have to go. The oligarchy will soon begin to eat its own, as it is already eating us.

Focus on the System

We are beginning to get a taste of this, with all the maneuvering around Bank of America. The bank is hopelessly broke, and should be broken up into a number of smaller banks, but the same can be said about all of the trillion-dollar banks. But that breakup must be

done in the context of the reorganization of the financial system as a whole. To single out one bank, blame it for problems that are systemic in nature, and then punish it while leaving the system untouched, is a fool's game.

One of the oligarchy's favorite tricks is selling poison as medicine. They create a crisis, then use that crisis to implement solutions that just make things worse. They built the bubble that way, triggering a series of crises, with more deregulation and less oversight after each one. They did this over decades, until there was no more effective regulation. Then, after that process blew up the world, they did it again, using the crisis to destroy nations and their peoples through the bailout.

Today, they are openly demanding that the nations of Europe surrender their sovereignty as a solution to the crisis. Fascism is on the rise, in Europe and the United States. We are told it is to save our economy, or save us from terrorism, but it is really the imposition of the British Empire's global dictatorship.

It is time to break with this oligarchic system, before it destroys us.

johnhoeft@larouche.com

Lyndon LaRouche on Glass-Steagall and NAWAPA:

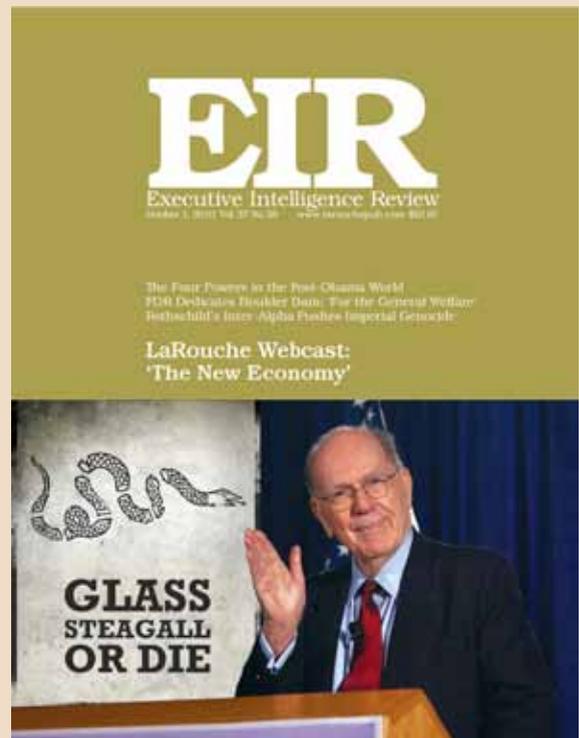
"The greatest project that mankind has ever undertaken on this planet, as an economic project, now stands before us, as the opportunity which can be set into motion by the United States now launching the NAWAPA* project, with the preliminary step of reorganizing the banking system through Glass-Steagall,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

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*The North American Water and Power Alliance



Step Seven: A Global Fixed-Exchange Rate and Great Development Projects

by Jeffrey Steinberg

Oct. 22—Before his untimely death in April 1945, President Franklin Delano Roosevelt was moving to secure a postwar world, free from the tyranny of European colonial empires, and dedicated to the rapid development of the entire planet, through cooperation among perfectly sovereign nation-states. British Prime Minister Winston Churchill, on many occasions during the war, went apoplectic over FDR's oft-stated commitment to end colonialism as the price that Britain would pay for American intervention to defeat Hitler.

With Roosevelt's death, that vision died as well. Elements of the President's grand design had been put in place already. Contrary to all fraudulent accounts, the Bretton Woods system of fixed-exchange rates among the world's currencies was an FDR policy, rammed through over the hysterical objections of Great Britain's representative at the conference, Lord Maynard Keynes.

The United Nations Charter was another Roosevelt accomplishment. The fact that he insisted that both the Soviet Union and China be included among the five permanent members of the Security Council reflected his commitment to incorporate the Asian-Pacific region in the postwar order—as allies against any efforts by Britain, France, and others to revive European imperialism and colonialism, which had already brought on two world wars in the first half of the 20th Century.

Had FDR lived, it is likely that his vision for the postwar world would have trumped British efforts to create the Cold War divide, and revive their imperial system of permanent wars, looting, and genocide.

These initial steps—the Bretton Woods system and the UN Charter—were but pieces of FDR's grand vision of postwar recovery, independence and prosperity, for all of mankind. With his death, that larger vision was all-but destroyed, until a still-pending future date when a full revival of the American System is achieved.

We are now at a point where humanity faces certain

doom—unless that FDR American System vision can be fully realized with the final destruction of the British imperialism and colonialism that FDR so detested.

Lyndon LaRouche has championed the completion of FDR's mission for mankind, based on the same love of humanity—and hatred for the oligarchical system that would, at this time, wipe out 80-90% of mankind, if given the opportunity.

The seventh point of LaRouche's emergency recovery plan¹ focuses on precisely this unfinished American System global agenda: cooperation among the United States, Canada, Mexico, Russia, China, and other nations to rebuild the planet around a series of interconnected great development projects, including the North American Water and Power Alliance (NAWAPA); the Bering Strait Tunnel, establishing a high-speed rail link connecting all of Eurasia, the Western Hemisphere, and Africa; NAWAPA-type water-management projects for Africa and other regions of the world, to secure abundant food for all mankind.

These and other such projects, including international cooperation on an extraterrestrial imperative of space exploration and other science-driver programs such as fusion power, will require an immediate Glass-Steagall-based overhaul of the bankrupt global financial system, and its replacement with a fixed-exchange rate-credit system.

Then...

In 1946, Elliott Roosevelt published *As He Saw It*, a wartime account of his father, FDR's vision for a postwar world. He wrote the book based on his experiences as one of the President's military aides, accompanying FDR to most of the wartime Allied conferences. As his

1. The first six of LaRouche's Seven Necessary Steps appeared in *EIR*, beginning Sept. 9, through Oct. 21, 2011.



FDR Library

Had FDR lived, it is likely that his vision for the postwar world would have trumped British efforts to create the Cold War divide, and revive their imperial system of permanent wars, looting, and genocide. Here, President Roosevelt visits Liberia in 1943, during the war. With him is President Edwin Barclay (at the wheel).

son, Elliott was in the privileged position of sharing private conversations with his father, in addition to his participation in many of the formal sessions with Churchill. *As He Saw It* was both an inspiring affirmation of FDR's commitment to a postwar world free from the evils of colonialism and imperialism, and a dire warning that Roosevelt's vision had been abandoned and overturned by his successor, Harry S. Truman, in the span of just one year.

Even prior to the formal U.S. entry into World War II following the Japanese attack on Pearl Harbor, FDR had made clear to Churchill that the United States would not expend its treasure and blood to restore prewar colonial spheres of control.

On Aug. 10, 1941, during a four-day meeting between FDR and Churchill in Newfoundland, Canada, to draft the Atlantic Charter, the U.S. President spelled out, in unambiguous terms, his postwar vision. It made Churchill's blood boil.

As Elliott Roosevelt recounted it, FDR told Churchill, "I am firmly of the belief that if we are to arrive at a stable peace, it must involve the development of backward countries. Backward peoples. How can this be done? It can't be done, obviously, by eighteenth century methods. Now..."

At which point Churchill interrupted—"Who's talk-

ing eighteenth century methods?"

FDR resumed: "Whichever of your ministers recommend a policy which takes wealth in raw materials out of a colonial country, but which returns nothing to the people of that country in consideration. Twentieth century methods involve bringing industry to these colonies. Twentieth century methods include increasing the wealth of a people by increasing their standard of living, by educating them, by bringing them sanitation, by making sure they get a return for the raw wealth of their community."

Churchill tried to change the subject, but FDR was relentless in driving the point home. He continued, "I can't believe that we can fight a war against fascist slavery and at the same time not work to free people all over the world from a backward colonial policy. The peace cannot include any continued despotism. The structure of the peace demands and will get equality of peoples."

Six months before this first of many confrontations with Churchill, FDR had delivered his famous Four Freedoms speech—his Jan. 6, 1941 State of the Union address to Congress, in which he stated in clear terms what a postwar world would look like.

"In the future days, which we seek to make secure, we look forward to a world founded upon four essential human freedoms. The first is freedom of speech and expression—everywhere in the world. The second is freedom of every person to worship God in his own way—everywhere in the world. The third is freedom from want—which, translated into world terms, means economic understandings which will secure to every nation a healthy peacetime life for its inhabitants—everywhere in the world. The fourth is freedom from fear—which, translated into world terms, means a world-wide reduction of armaments to such a point and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbor—anywhere in the world. That is no vision of a distant millennium. It is a definite basis for a kind of world attainable in our own time and generation. That kind of world is the very antithesis of the so-called new order of tyranny which the dictators seek to create with the crash of a bomb."

With Franklin Roosevelt's untimely death on April 15, 1945, his grand vision for the postwar world was

profoundly undermined. His successor, Vice President Truman, quickly became a pawn of Churchill and the British, in their scheme to extend the war by pitting the United States against the Soviet Union. What evolved as a 50-year Cold War was actually Britain's fallback option. Lord Bertrand Russell, in his infamous *Bulletin of Atomic Scientists* article of 1946, had called for a preemptive American nuclear attack on the Soviet Union, as a crucial step toward world government—i.e., a new world empire.

Presidents Eisenhower and Kennedy both attempted to revive the FDR mission for mankind, and end the Cold War conflict, but their efforts fell short, and JFK was assassinated when he moved to halt the American involvement in the Indochina War.

LaRouche Revives the FDR American System Vision

In the mid-1970s, Lyndon LaRouche launched a bold effort to fully revive the global vision, last best expressed by Franklin Roosevelt. In 1975, following the Nixon Administration's collusion with Britain to end the Bretton Woods fixed-exchange-rate system, LaRouche called for an international debt moratorium, and the establishment of an International Development Bank, to replace the bankrupt International Monetary Fund system.

LaRouche's proposal was introduced before both the UN General Assembly and the Non-Aligned Movement (NAM) summit in Colombo, Sri Lanka the following year, and was embraced by the NAM.

LaRouche had issued a draft Middle East Peace and Development Act, also in 1975, calling for the creation of an Arab Development Bank, to use Persian Gulf oil revenues to finance regional development, utilizing the scientific and technological resources of Israel, and the large skilled and semi-skilled labor force of Egypt, to develop the region's infrastructure, with heavy emphasis on water. LaRouche had argued that, after nearly a century of European colonialism under the Sykes-Picot



In 1975, following Nixon's junking of the Bretton Woods system, LaRouche called for an international debt moratorium, and the establishment of an International Development Bank. At a Schiller Institute conference in January 1988, LaRouche called for a New Bretton Woods. He is shown here speaking at that conference, with Helga Zepp-LaRouche (left), and former Guyanese Foreign Minister Fred Wills.

agreement and other schemes, the Arab and Israeli populations had been so divided by manipulated hatred that only a cooperative development plan would lay the true foundations for regional peace.

When both Arab and Israeli diplomats expressed strong interest in the LaRouche proposal, then-Secretary of State Henry Kissinger personally moved to shut down the proposed dialogue, threatening "food war" against any country that participated in any such regional development plan. The City of London and Wall Street continued to maintain their vise-grip control over the oil revenues of the Persian Gulf region, and manipulated a succession of wars in Southwest Asia that continue to this day.

Strategic Defense Initiative

In 1977, LaRouche introduced another strategic flank in the effort to revive the American System vision of global peace through development. He proposed collaboration between the United States and the Soviet Union on the development of new physical principle defenses against the threat of thermonuclear weapons. The proposal for scientific and technological cooperation between the world's two superpowers echoed President Eisenhower's earlier "Atoms for Peace" plan, but went far beyond it, to advance a vision of cooperation among the leading nations of the world, centered on a science-driver program for revolutionary advances in mankind's mastery over the universe.

LaRouche's proposal was embraced by President Ronald Reagan in his March 23, 1983 televised address to the nation, in which he announced his Strategic Defense Initiative. Unbeknownst to most people, even inside the Reagan Administration, LaRouche had conducted two years of back-channel exploratory discussions with Soviet officials, at the behest of the Reagan National Security Council.

Unfortunately, even as President Reagan had come to embrace the LaRouche plan, a British agent—Yuri Andropov—had become Premier of the Soviet Union. Andropov rejected the Reagan offer, as did his successor, Mikhail Gorbachov. As LaRouche warned in 1983 that it would, the rejection of the Reagan SDI offer vastly accelerated the collapse of the Soviet Union and the Warsaw Pact. By 1991, within two years of the fall of the Berlin Wall (an event that LaRouche had forecast in a 1988 press conference in West Berlin), the Iron Curtain had collapsed altogether.

At that moment, LaRouche and his wife, Helga Zepp-LaRouche, founder and president of the Schiller Institute, launched a campaign, along with colleagues, to seize the moment of opportunity and rebuild the East-West economic links. The LaRouches first proposed a "Productive Triangle," linking Paris, Berlin, and Vienna, via an integrated system of high-speed rail, canals, and roads, to focus on rebuilding the shattered economies of the former Warsaw Pact nations, by utilizing the industrial resources of the still-advanced European industrial heartland.

In a short period of time, the LaRouche proposal was extended into the Eurasian Land-Bridge, a plan for the integration of the entire Eurasian landmass, via high-speed rail and development corridors, stretching from China, Japan, and the Koreans in the Far East, to the Atlantic Ocean ports of Western Europe.

The Eurasian Land-Bridge idea included links, through Southwest Asia, into Africa, where a series of high-speed rail, nuclear power, and water management projects would, at last, fulfill FDR's vision of an African continent developing and prospering.

And now...

We have now reached a moment, at which the cumulative impact of London's imperial revival, following the death of FDR and the assassination of JFK, has brought the entire planet to the brink of total collapse into the kind of genocidal New Dark Age promoted by the likes of the British Royal Consort, Prince Philip.

Unless the LaRouche seven-point recovery plan is implemented, in its entirety, there is an immediate danger of a global holocaust, brought on by the disintegration of the trans-Atlantic financial and monetary system. Such a collapse of the trans-Atlantic region would soon devastate China and other Asia-Pacific nations, despite the fact that they are in relatively stronger condition.

LaRouche's seventh point would address this immediate, existential crisis of mankind, by launching the kind of coordinated development plans that have been presented, time and time again, over the past 35 years, beginning with LaRouche's original International Development Bank proposal of 1975.

Once the U.S. Congress, free from the Obama Presidency, passes the reinstatement of FDR's original Glass-Steagall Act, separating commercial banks from brokerage and insurance and hedge-fund operations, the American people will be freed from tens of trillions of dollars in Wall Street and City of London gambling debts. The United States will have a restored commercial banking sector—but vastly undercapitalized. At that point, Congress will approve the issuance of trillions of dollars in credits, disbursed through the commercial banking system under a Hamiltonian Third National Bank of the United States, for earmarked development projects.

One immediate priority would be the launching of the NAWAPA project, which would involve a treaty agreement with Mexico and Canada, for the joint development and expansion of North American water resources. NAWAPA alone would create nearly 10 million productive jobs in the United States, and millions of productive jobs in Canada and Mexico. Within a short time, the western region of North America would become an agro-industrial breadbasket.

Under Prime Minister Vladimir Putin, expected to be reelected as Russian President next year, an idea first proposed in 1905, to build a tunnel underneath the Bering Strait, has been revived. The estimated \$65 billion development project would establish high-speed rail, oil and gas, and fiber optic links between the Russian Far East and Alaska. An estimated 3,000 miles of new high-speed rail would begin the process of fully integrating Eurasia with the Western Hemisphere. Russia has already initiated plans to integrate the Trans-Siberian Railroad with the Trans-Korean Railroad, extending the transport and development corridors to both China and the Korean peninsula.

All of these great projects would require treaty

agreements among participating nations, and would require that the Glass-Steagall reforms, passed through the U.S. Congress and signed into law, would be the model for similar reforms around the globe. A worldwide system of treaty agreements, among sovereign nation-states, each having established an American System-modeled credit system and national banking, would herald a period of global peace and prosperity, never before seen.

Special priority would be given, in the spirit of FDR, to those areas most victimized by European colonial looting and genocide, starting with Africa. The Transaqua project, modeled on NAWAPA, would transform Africa into a breadbasket for the world, providing the water-resource requirements of central Africa. A treaty among the Nile River nations would further harness the Horn of Africa, now torn by British-manipulated conflicts and genocidal starvation, into an area of the greatest agricultural productivity on the planet.

Nuclear power—fission and fusion—would transform the world’s energy grid. Areas of Africa, the Indian Subcontinent, and Ibero-America, now suffering from energy and water shortages and mismanagement, would

be brought into the modern era through the construction of small-size nuclear power plants, which would greatly boost agricultural productivity, even as modern agricultural techniques and technologies were being gradually integrated, through education and training of the local populations.

With mankind on the road to prosperity and maturity, leading nations of the planet would also set their sights on the broader universe, through a vastly accelerated program of manned space exploration.

Under a global credit system, based on the original American System of Benjamin Franklin, Alexander Hamilton, Mathew and Henry Carey, and Friedrich List, the world can enter into an era of peace and prosperity. There is no reason that the wartime vision of Franklin Roosevelt should not be fully realized. This time around, there is no middle ground, no alternative pathway for mankind’s survival.

Even before the next generation of scientific discoveries have been realized, mankind will have to decide: survival or destruction. LaRouche’s Seven Point Plan or British-led genocide.

The moment of choice has arrived at our doorsteps.

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>



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



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



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



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

Cheminade Calls for Program Of ‘Combat and Reconstruction’

PARIS, Oct. 22—Jacques Cheminade, leader of the French Solidarity & Progress (S&P) party, launched his Presidential campaign at a major conference on Oct. 15-16 near Paris, on the theme “A great construction project for tomorrow—a world without the City of London or Wall Street.” In a broad-ranging speech, filmed by several TV stations, Cheminade, a longtime associate of Lyndon LaRouche, placed his campaign in the context of the extremely dangerous strategic situation worldwide, as the financial system collapses. The event had been announced in an AFP wire, which was picked up by other media, including the national all-news public radio France Info, Europe 1, and the *Journal de Dimanche*.

Following Cheminade’s keynote address, Helga Zepp-LaRouche addressed the conference (see below).

In a discussion after the conference, Cheminade pointed to three aspects that made him particularly optimistic: first, that 350 people had attended (in spite of a major rugby match the same day); second, that most of them stayed throughout, and paid close attention; and third, the quality of the many questions asked and the number of people who volunteered to work on the campaign.

A Declaration of War

Cheminade opened his speech with a declaration of war against the financial empire: “I am going to begin with heavy words: We are at war. It is not visible, but the war is declared, insidious, and destructive. A conglomerate of financial interests operating out of the City of London and Wall Street dominate the world of today. The law they obey is short-term profit, possession, cupidity, social demolition and manipulation of minds. . . .

“I want to present to you today a program of combat and of reconstruction. A combat we must win, not for the pleasure of winning, but to be able to reconstruct. It is possible to get out of the crisis from above, by mobilizing the best of our resources and reviving the best of

all that our history has contributed.

“However, those resources are not being mobilized today, and that is why I am running, to try to reorient the dynamic of the Presidential campaign by raising a challenge which could change the course of events, provided you help me. I have very little financial means, few established networks. My means are limited to . . . you, every one of you, here in this room, and those whom you can mobilize.”

Cheminade described the multiple techniques that are used to corrupt and demoralize the population, so that “they have lost their self-esteem and the esteem for the society in which they live.”

He stressed that republican education is the pillar of a sound state policy, the most important objective of any society being to develop its citizens: “The main enemy is this empire, its make-up and how it works. So, we have to fight the enemy and remoralize, by so doing, those who have been hit by the system, those who are indignant and in revolt because they have a sense of what justice should be, but have no project because they have been deprived of culture and have let themselves be conditioned and somewhat corrupted.”

Cheminade’s Project

My project, he said, “is a vast construction project for tomorrow, a world without the City or Wall Street. . . . France needs a project which mobilizes, and redirects money towards productive investments in education, research, health care, public works, and thus creates qualified jobs. This project has to combine a domestic policy based on development of everyone’s creative powers, to a foreign policy based on development of all countries and all peoples.

“For that, we have a trump card. We have to exploit the intrinsic weakness of our enemies—the monetarist British or Anglo-American Empire, with its accomplices and subjects in continental Europe, and in particular, in France. At the end of the day, its only recourse



EIRNS/Julien Lemaître

At the conference announcing his Presidential campaign, Jacques Cheminade issued a declaration of war against the financial empire, and outlined the measures necessary to defeat it, and rebuild the world economy.

is the financial pump... This financial pump has created the conditions for hyperinflation.”

To maintain these conditions, Cheminade added, the empire “needs a supranational financial dictatorship in Europe, and if you listen very carefully, behind the word ‘federalism,’ you can hear the word ‘feudalism.’ It means austerity, rigor—in other words, the destruction of society’s bases. Such austerity and rigor implemented by Chancellor Brüning in Germany, between 1930 and 1932, created the conditions for Adolf Hitler to come to power, with the financial help and support of an ancestor of the Bush family. So our trump card is to exploit this weakness, and the fact that no one supports this system unless he is corrupt and disoriented, or conditioned. So we have to pull him out of this conditioning and this corruption.

“Our second trump card, is what we can awaken here in France, with those who are waiting for us, and what is deep-rooted in our history... Then, we have the young people, committed to justice, who are awaiting references, horizons, and politicians who are ready to fight without hypocrisy or careerism. They will ask: ‘What weapons do we have? How are we going to combat this empire, which is considered far away, but is in fact very near?’”

The first of these weapons, is Glass-Steagall, said Cheminade, “the separation of investment banks gambling on the markets, from deposit and credit banks

which serve the depositors and finance, or should finance, the economy. It’s not a technical measure, it’s a choice, a political weapon. This choice would divest the investment banks of their capacity to create money...

“In other words, those investment banks will quickly be bankrupt. And it’s preferable that it be done in an orderly, civilized way, rather than the chaotic way towards which we are now headed by doing next to nothing... Glass-Steagall is therefore a clean-up job, to clean out the Augean Stables.

“After that great clean-up, we will not have enough

solvent banking institutions and liquidity to finance those projects. So, a system of productive public credit will have to be set up, because putting the speculators out of the business will not lead mechanically to a law of producers.

“The state has to recover its role, instead of being robbed as it has over the past 30 years, and launch great projects by creating a favorable environment for enterprises using high-technology production. That is the way to eliminate unemployment, by creating skilled jobs in research, development and production. The system of productive public credit requires a complete change in the way of thinking, out of the current liberal, monetarist matrix, in a society obsessed with having and possessing.”

Another point Cheminade stressed was the need to put an end to the corrupt neocolonial connivance in Africa (a policy nicknamed *Françafrique*, “*fric*” being slang for money); by adopting great projects, a major plank of his platform. While *Françafrique* would build a prestigious Presidential palace in some African capital, or a show-case sports stadium, Cheminade calls for replenishing Lake Chad, constructing the Jonglei Canal, and the implementing the Roudaire Plan for North Africa.

A Real Debate

The afternoon session, in addition to featuring Zepp-LaRouche, brought together three well-known,



EIRNS/Julien Lemaître

Cheminade described the multiple techniques that are used to corrupt and demoralize the population, so that “they have lost their self-esteem and the esteem for the society in which they live.” Here, organizers campaign in Aix-en-Provence for Glass-Steagall and a New Bretton Woods.

independent-minded economists, who have all gone after the insanity of the current financial system in their own way, calling for an end to the market’s dictates to states, and greater regulation for the good of the population. They were François Morin, economics professor, former member of the General Council of the Banque de France, and author of a recent highly popular book titled *A World Without Wall Street*, which recognizes the role of Jacques Cheminade in the introduction; Henri Sterdyniak, one of the authors, in September 2010, of a “Manifesto of Terrified Economists” which blasted the austerity policies of EU governments and gathered thousands of signatures; and Eric de Keuleneer, professor at the Solvay Business School of Economics in Brussels, who also spoke at the Schiller Institute’s conference in Rüsselsheim in July. The panel was presented and moderated by Christine Bierre, editor-in-chief of *Nouvelle Solidarité*.

A lively debate among the panelists and with the audience followed. While all agreed on the need to prohibit derivatives trading and speculation on sovereign debt, there was a lack of clarity on the issue of public credit creation, as opposed to a Keynesian approach. In a subsequent intervention, Cheminade wholeheartedly supported the attack by Professor Morin on the Mont Pelerin Society and the von Hayek school, which condemn any state intervention in the economy.

This was followed by a panel of S&P spokesmen on what a Cheminade Presidency would adopt as great projects: Karel Vereycken proposed a massive improvement of inland water transport and rapid aerotrain transportation throughout France; Benoît Chalifoux called for fourth-generation nuclear power to be developed; and Rudolph Bierent and Sébastien Drochon presented the case for the immediate moving of French space efforts out of low orbit and into a lunar base and Mars exploration.

A Europe of the Fatherlands

Helga Zepp-LaRouche then gave a broad overview of the current situation, with many historical references. She described how, over a 40-year period, a policy of economic and social self-destruction had been forced on the nations of Europe, through the forced introduction of the euro and the “green” anti-nuclear and anti-industrial policies.

“Now, it is clear that Europe can only survive if we go back to a Europe of national sovereign republics, a ‘Europe of the Fatherlands.’ she said. “But how should we accomplish this? We can’t wait till 2012, because the crisis is now.”

She then pointed to the preparations for a coup against the Constitution in the United States, by the forces behind President Obama. But at the same time, she noted, there are calls for investigations, or an impeachment against Obama, and a growing movement for the implementation of the Glass-Steagall.

“This is total war,” she said. “And the fight for Glass-Steagall is also totally powerful, totally different than here in Europe at this point. You have the H.R. 1489 bill by Marcy Kaptur [D-Ohio]. Today, the 47th co-sponsor signed, John Lewis [D-Ga.], a close collaborator of Martin Luther King, who, on the before the dedication of the King Memorial in Washington, de-



EIRNS/Julien Lemaitre

Helga Zepp-LaRouche called for the creation of a “Europe of the Fatherlands,” to replace the bankrupt euro-system, which is now imposing a bankers’ dictatorship over the nations of Europe.

cided to sign this. More than 200 national and regional organizations have joined it and their numbers are growing daily.”

Then, she described the rapid moves by the Russian and the Chinese governments, to enhance their economic cooperation with the aim of developing the Russian Far East and its vast resources. Zepp-LaRouche referred to China’s reformer Sun Yat-sen (see article this issue), who used the ideas of the German economist Friedrich List—a declared proponent of the “American System”—to draft plans for the economic development of China.

Now, these ideas are being revived, with the offer to the United States to participate in these developments. She continued:

“But even something more fundamental and exciting is going on, and that is, that all of these shifts, and the breakdown of the Atlantic, oligarchically dominated system of the British Empire, means that we are at an end of an epoch: The British system is collapsing. There

is nothing which will prevent this from happening. So the danger of a dark age does exist.

“But, the new era is coming: You can be 100% certain of that, because the laws of the universe are the proof that a new era of mankind is coming. The only question which we have to determine is if this will occur in our lifetime, or if it will occur three or four generations afterward. And you know, I’m a little bit egotistical: I would like to live to see this! But it will come, for sure.”

Referring to space pioneer Krafft Ehrlicke’s concept of the “Extraterrestrial Imperative,” she ended her speech with a tremendously optimistic perspective for the future, if we manage to turn around the current paradigm:

“Krafft Ehrlicke—you know, he was the man who developed the rocket for the Apollo Project of Kennedy—at the end of his life, appreciated very much our work, by saying that he was absolutely convinced that scientific progress *is* the mission of man in the universe, but that it absolutely had to be connected with artistic beauty, with the aesthetical education of man, and with the combination of great scientific discovery with great Classical art.

“And that is a beautiful thought, because that is the thinking of creativity, and people who have tasted this, what Nicholas of Cusa called, ‘having tasted the sweetness of truth,’ such people will throw away all the other sweetnesses, and all the other foods which might have delighted them before, because they recognize that having participated in this divine creativity, is what makes us human.

“Now to imagine how a world, and soon, a universe, would look like, where people really have a desire, a passionate desire, to exhaust their own creative potential—this is a vision of the future which I think you absolutely need. But if you think about it, I think the mission of our generation and the people who are our contemporaries today, is that we have to create a political and economic order which is in cohesion with the laws of the universe: And that will be the new era of mankind.”

This was followed by one and a half hours of discussion.

Cheminade closed the packed two-day conference with a call to all participants to seize this unique moment of crisis to become active, to mobilize for his campaign, and beyond.

WHAT IS CREATIVITY, ACTUALLY?

The Real Human Mind

by Lyndon H. LaRouche, Jr.

October 15, 2011

I have recently published two items on what presently appear to have been the rarely understood, deep principles of the human mind: the first on the most rarely understood subject of the human mind (in my “Three Steps to Recovery?”);¹ the second, a September 30th video broadcast on the subject of the physical principle of economic credit. Both of those two elements, when they are combined, encompass the essential principles of an economy treated as a subject-matter of physical science, rather than what is customarily, but mistakenly, identified as “economics.” For this occasion, I have combined certain selected elements, from each, as representing, when combined, the most essential clues to understanding the general breakdown-crisis which grips the trans-Atlantic world, and beyond, at this present moment.

THE SUMMARY:

In brief, the following, principled observations to be considered are relevant.²

1. Lyndon H. LaRouche, Jr. **EIR**, “Three Steps to Recovery,” vol. 38, no. 40, October 14, 2011.

2. Read these opening remarks from the vantage-point of Nicholas of Cusa’s **De Docta Ignorantia**.

1. Johannes Kepler on: **(a)** *vicarious hypothesis*, as continued by his elaboration of **(b)** *the principle of gravitation*, the latter as knowledge which is to be derived from the ironically juxtaposed, but commonly essential nature of those two phenomena underlying all competent modern physical science.
2. As in conjunction with: **(c)** *the notion of causality*, as expressed by the action of a willfully continuing **(physical)** transition from a relevant past condition, into a relevant future one, as being the primary phenomena to be referenced.
3. This means the notion of **(d)** *(qualitatively) ontological change*, which links that which might be interpreted as a sequence of **(e)** *two presumably continuously successive physical states of existence*, from departure, towards arrival, as a single, indivisible state of existence.
4. In other words: we have **(f)** Heraclitus’ notion, *that nothing exists (“physically,” “ontologically”) but change*. Compare this with **(g)** the case of Plato’s **Parmenides**. Compare this with **(h)** Albert Einstein’s notion of “space-time,” [i.e., “space as such,” like “time as such,” does not exist in the real universe.]
5. Read the preceding argument as **(i)** equivalent to the notion of Heraclitus that “*nothing exists but [the ironical quality of] change as such*.”
6. *Read the foregoing nine points of reference from the exemplary standpoint of such precedents as the clos-*



NASA

Not only is Earth and its population known to us as an expression of our galaxy, but the weather and related systems of our planet are the also those of that galaxy, which defines the context of developments within our Solar System. Shown: M81, a nearby spiral galaxy, similar to the Milky Way, photographed by the Spitzer Space Telescope (2004).

ing paragraph of Percy Bysshe Shelley's *A Defence of Poetry*.

A Timely Defense of Metaphor

My profession is that of *the science of physical economy*, in which I read processes in terms of "**physical time**," rather than "**clock time**." That same notion is traced in known history as the thesis of Heraclitus' "nothing exists but change." In other words, *nothing exists but a physical change as the notion which provides us with a notional choice of a measure of time, and of time as a measure of change in quality, rather than of a simple magnitude.*

As I have emphasized in my September 30, 2011 *National Address*, the measure of the progress of the human species as a species with universal implications, is to be found, uniquely, in the expression of society's relative equivalent of increase of the productive powers of labor of the relevant human population, per capita and per square kilometer.

However:

Since the malicious practice of reductionism by such wretches as the unscrupulous mathematician Rudolf Clausius, much of the practice conducted in the

name of "science," has been abused by the widely taught, but nonetheless fraudulent proposition known presently as "A Second Law of Thermodynamics." This intentionally fraudulent, but, unfortunately, widespread belief among the credulous has polluted much of what is presently, even often, mistaken for a "scientific truism." The motive of that fraud by Clausius et al., is rooted in the doctrines of what is defined as *the oligarchical principle*.³

The relevant evidence respecting life on Earth within our present galaxy over a fairly defined half-billion years, shows an ordering of living processes during a lapsed time in which the progress of development from relatively inferior to superior forms of life shows us a conclusion respecting the "history" of living systems. This is the pattern from lower to higher forms of life-systems: the progress of "natural selection" depends upon advances to higher qualities of species-

types under conditions of required "historic" advances in effective energy-flux density of living types.

The prototype of creatures such as the rabid reductionist Clausius, is to be located in European history as the worshipers of the mankind-hating, Olympian Zeus, a legendary Zeus whose frankly pro-Satanic definitions of the Olympian "gods" versus "mortals," are defined by such examples as the four most notable precursors and representatives of the Roman empire's succession of principal models. Those models are those of Rome itself, Byzantium, the "old Venetian (medieval) system," and the "New Venetian" system of imperialism (e.g. British Empire) up through the present day. These traditionally "pro-Satanic" cultures, such as the British empire since the 1763 "Peace of Paris," typify "the oligarchical model" which is the most flagrant ex-

3. Cf. Footnote inserted by editor Heinrich Weber to **Bernhard Riemann's Gesammelte Mathematische Werke** (1902), p. 293. Weber's note is typical of reductionist mathematicians, such as Weber apologist Rudolf Clausius, a Clausius typical of those lacking in comprehension of the standpoint of an actually physical science. Cf. **Riemann Werke**: pp. 283-286. "*Es führt dies hinüber in das Gebiet einer andern Wissenschaft, in das Gebiet der Physik, welches wohl die Natur der heutigen Veranlassung nicht zu betreten erlaubt,*" [p. 286]. [This leads us into the realm of another science, into the domain of physics, which the nature of the current proceedings do not permit us to enter.]

pression of a modern expression of a pro-Satanic practice for society still today.

In Galactic History

Not only is Earth and its population known to us as an expression of our Galaxy which immediately contains life on Earth, but the weather and related systems of our planet are the “weather systems” of that galaxy which define the pre-conditional context of developments within our Solar system. The best estimates presently available are known to relevant specialists as matters within the bounds of this galaxy which locate our species’ habitation within the bounds of a recent several millions of years. The same generality of relevance for the presently knowable preconditions of the human species’ roots and development within the bounds of the our Galaxy, tends to confirm the above-indicated outlook of Heraclitus,⁴ and also Plato, later.

Time as Paradoxical

Now, turn your attention to the closing paragraph of Percy Bysshe Shelley’s *A Defence of Poetry*.

There are chiefly four, more typical kinds of “time” to be considered at this point in the account. (1.) “Time” of coincidental physical events as such have been, or are becoming inferred from what is, or has been presently known, or presumed, as a relevantly, currently sensory experience. (2.) “Time” of man’s merely attributed, rather than directly, or mistakenly experienced events. (3.) “Time” for which an event attributed to a future human experience (or, condition) is relevant. (4.) The latter of these four, including the particular instances of *the experience of prescience*, is the subject on which the crucial features of the concluding paragraph of Shelley’s *A Defence of Poetry* are focussed.

There are, of course, also, falsely presumed types of events available for each of those four cases. The fourth case is the most interesting, and, also, most significant. My own rather generous, and relatively unique competence in my long-standing practice as representing a most successful experience as an economic forecaster, stands out for the importance of its implications here. This is to be afforded the additional importance attributable to my uniquely relevant, increasing successes in economic forecasting, since Summer 1956 into 1957.

The commonplace, systemic error shown by most among my “notable professional rivals” during the

1956-2011 interval to present date, lies in their mistaken emphasis on the notion of “simple time,” otherwise dubbed as either “clock time,” or its likeness. For the sake of needs for clarity at this point, a discussion of the relevant, thorough distinction of “physical time” from “clock time,” as of temporary memory blocks, is essential.

Essentially, the physical universe is changing, or, better, being changed. This notion provides a useful, and fair definition of the problem to be considered here.

Since the Murder of President JFK

Since the death of President Franklin Roosevelt, there was a relatively steep decline in the physical economy and also the morality of our United States. Despite the excellent improvements contributed by President Eisenhower, relative to the wretched President Harry S-no-middle-name Truman, the thrust for a stated return to the practiced outlook of President Franklin Roosevelt, was aborted, and that abruptly, all as a result of the intended effects of President Kennedy’s assassination which sent the U.S. economy into a pattern of generally accelerating decline since President Kennedy’s death, up through the present date. Although there have been fluctuating rates of decline since that assassination, the worst under such Presidents as George W. Bush, Jr., and, worst of all by a far-far stretch, Barack Obama, the pattern has been continually downward, physically and morally, although at varying rates, from the first of the two leading Kennedy assassinations, to the present time.

Since the time of President John F. Kennedy’s assassination, the rates of physical change of the manifestly productive powers of labor inside the U.S.A. (among others), have continued as a long-term downward trend in net physical terms per capita, as accompanied by a net physical decline in physical terms of net productive output and productivity per capita, while the nominal monetary rates per capita have been increasing relative to physical terms of physically productive output, and simply over the passage of time. Under Presidents George W. Bush, Jr., and Barack Obama, the downward trends have been accelerated into a current state of pure clinical, mass-murderous, monetarist insanity dumped upon both the nation as a whole physical entity and per capita.

The amount of nominal monetary aggregates has been accelerated at the same time that the worthlessness of the nominal monetary income and debt has now crashed to a level that the entirety of the national debt of

4. var.: Heraclitus.

the trans-Atlantic sector of the northern and middle regions' indebtedness is currently lodged within a virtually total bankruptcy of the present supply of nominal forms of money-supply of those nations which is now to be considered as relatively absolutely worthless, when that matter is considered relative to the net physically definable purchasing power.

In the case of the United States itself, even under the installation of a return to a Glass-Steagall standard, and even including a simple recognition of the current worthlessness of the merchant-banking sector, neither the monetary economies of the U.S.A., nor western and central Europe could survive under any present effort to maintain their present monetary systems. The only feasible remedy for the present crisis-conditions would be a return to the U.S. constitutional principle of a credit system prompted by the immediate adoption of the Glass-Steagall law.

In general, since the August 1971 termination of the Franklin Roosevelt-founded Fixed-Exchange-Rate System, the trans-Atlantic system has been on an accelerated rate of downward trend through the time of the present arrival at a condition of imminent general breakdown-crisis of the current trans-Atlantic system. We have thus reached the point, in those indicated sectors, at which any effort to perpetuate the present British system and that of its presently captive U.S., would mean a sudden, very early, general, mass-genocidal collapse of the level of population throughout the trans-Atlantic systems, a collapse which would then overtake the remainder of the populations of the planet in its entirety, a genocide on the global scale proposed, to less than one billion potential survivors, demanded, chiefly, by the circles of the British royal family.

The Credit System & Recovery⁵

The only possible present recovery of the U.S. economy from the presently accelerating general economic breakdown-crisis, would be the combination of immediate re-enacting of the original, Franklin D. Roosevelt Glass-Steagall law, combined with the indispensable supplementary measure of replacing a monetary system by a credit system based on the original principles of the U.S. Federal Constitution.

The present trans-Atlantic money systems are al-

5. Cf. Henry C. Carey, **The Credit System in France, Great Britain, and the United States** (1838). Republished by Augustus M. Kelley (1974).

ready hopelessly bankrupt, and could never survive even the immediate future, if the attempt to do so were made under those nations' present terms of practice. If President Obama remains in office during even the immediate terms of practice, it is absolutely certain that the United States would now soon cease to exist.

At the present time, the continued existence of our United States republic depends upon the immediately summary ouster of President Barack Obama and the immediate return to the policies traced to their origins in the strategic policy-outlooks of the administrations of such U.S. Presidents as Franklin Roosevelt, Dwight Eisenhower, and John F. Kennedy. This means, in fact of actual practice, the policies of Franklin Roosevelt, John F. Kennedy, and others who shared the outlook of President Franklin Roosevelt.

This means the dedication of policies among nations to a fixed-exchange-rate credit system, rather than any sort of monetarist system. Otherwise, the nations of the trans-Atlantic regions are already as much as doomed to an early general breakdown-form of general physical-economic collapse.

LPAC VIDEO

TO BE OR NOT TO BE: A GALACTIC QUESTION



If we recognize that to man is granted a higher identity, above the simple perceptions of our mere mortal coil, an identity consistent with the greatest achievements of Classical arts and science, then we must locate our mission not in what is, but in what must become.

<http://larouchepac.com/galactic-question>

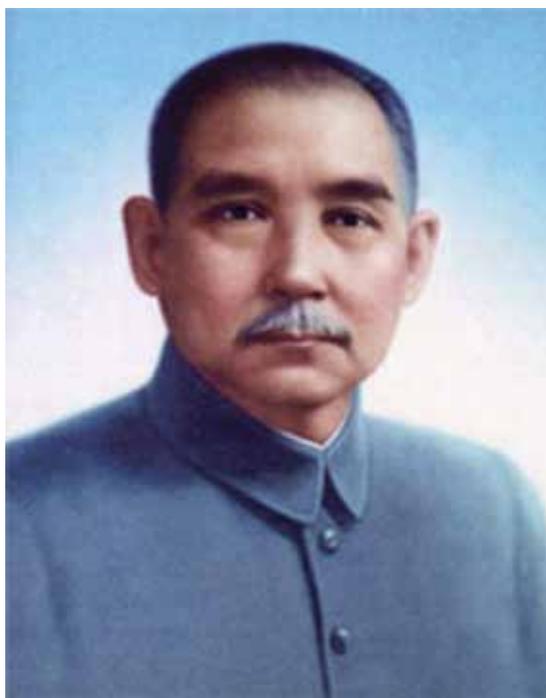
100TH ANNIVERSARY OF THE CHINESE REPUBLIC

Sun Yat-sen's Legacy and The American Revolution

by Robert Wesser and Mark Calney

Editors' introduction: The People's Republic of China and the Republic of China are currently celebrating the 100th anniversary of China's republican revolution, which in 1911 overthrew the Manchu Qing dynasty, ending 2,000 years of autocratic monarchy in that vast land. The leader of that revolution was Dr. Sun Yat-sen (1866-1925), a great statesman who well deserves to be honored for his vision of the industrial development of China, as well as for his passionate commitment to the ideals of the American Revolution.

Lyndon LaRouche has often stressed the present-day importance of U.S. collaboration with China and other Eurasian nations, as the core of an alliance to topple the bankrupt British/Brutish imperial system and bring about a new global credit system, in the interests of all mankind. Most recently,¹ he wrote that the U.S.A.,



Dr. Sun Yat-sen (1866-1925)

Russia, and China “are the leading partners on which the world’s people must rely for [the] immediate years now ahead . . . in bringing humanity into a system of emerging world-wide initiatives expressed as sovereign nation-states of our planet and expressed as what must also emerge as the role of mankind in the Solar system and beyond.”

A U.S.-China partnership today is not an option, but an historic necessity for the survival of this nation and civilization as a whole. Yet most Americans today have little, if any, idea of the actual role of U.S. patriots, mainly based in Hawaii, in supporting Sun Yat-

sen and helping to organize the national liberation cause of the Chinese people.

The very feasibility of a modern sovereign Chinese Republic grew out of a global strategic battle, led by the fiercest proponents of the American Revolution. The success of the American Revolution ultimately depended on liberating the entire planet from London’s

1. Lyndon H. LaRouche, Jr., “Three Steps to Recovery?” *EIR*, Oct. 14, 2011.



Xinhua

Under a portrait of Sun Yat-sen, Chinese leaders mark the centenary of the 1911 republican revolution, in the Great Hall of the People in Beijing, Oct. 10, 2011. There's more to the story of Sun's life than most Americans—or Chinese—know.

empire of usury, colonial exploitation, and slavery. The creation of a world-wide alliance of sovereign nation-states thus became a strategic necessity, if the inalienable rights to “life, liberty, and the pursuit of happiness” were in fact to be secured for all of mankind.

It may come as a surprise to Americans that Dr. Sun's program for China, the “Three Principles of the People” (Nationalism, Democracy, and People's Livelihood), was inspired by Abraham Lincoln's dedication to “government of the people, for the people, by the people,” in his Gettysburg Address. (See box, below, for Sun's 1912 appeal to the American people.)

Sun wrote in his 1917 *Vital Problem of China* that the wealth of the British Empire was dependent on the brutal exploitation of abundant slave-labor and extractable resources of the countries of South and East Asia: If one could break this slave-labor empire through the liberation of these countries and the creation of modern sovereign nation-states in Asia, then this oligarchical system could be crushed. This was precisely what the 1911 Chinese Revolution was all about.

In his 1919 book *The International Development of China*, he outlined his plans for transforming the nation. Sun wanted to use the most advanced technologies available, making China a modern industrial state. He called for building 160,000 kilometers of new railways, 1.6 million kilometers of paved roads, and many new cities, including two new “Grand Port” cities the size of London and New York. China's hinterlands were to be colonized and developed.

His aim was also to eliminate what he understood to be the economic roots of a new world war. “The recent World War,” he wrote, “has proved to Mankind that war is ruinous to both the conqueror and the conquered, and worse for the Aggressor. What is true in military warfare is more so in trade warfare. I propose to end the trade war by cooperation and mutual help in the Development of China. This will root out probably the greatest cause of future wars. The world has been greatly benefitted by the development of America as an industrial and commercial nation. So a developed China, with her 400 millions of population, will be another New World in the economic sense.”

Dr. Sun's life and work were commemorated by the Beijing government on his 130th birth anniversary in 1996,² when then-President Jiang Zemin declared that “the goal of invigorating China he sought all his life and the prospects of a modern China that he had in mind are bit by bit becoming a reality that has even exceeded his expectations in many ways.

“Dr. Sun Yatsen left the Chinese nation and the Chinese people many valuable ethical assets, particularly a rich legacy of patriotic ideas, revolutionary will, and an enterprising spirit—a heritage that is worthy of our efforts to always learn, inherit and carry forward.”

The following report is abridged from the articles by Robert Wesser, “The American Roots of the Republic of China,” *New Federalist*, March 22, 1999; and Mark Calney, “Sun Yat-sen and the American Roots of China's Republican Revolution,” *New Federalist*, March 30, 1990.

An American Outpost In the Pacific

In 1879, the 13-year-old Sun Yat-sen arrived from China at the Hawaiian or “Sandwich” Islands (henceforth referred to here as “Hawaii”) to stay with his brother, who had emigrated there to become a planter and landowner. That is where our story begins.

2. Mary Burdman, “Beijing Celebrates Legacy of Sun Yat-sen,” *EIR*, Dec. 6, 1996.

In 1879, this isolated archipelago was a battlefield in the war between the British Empire's slave-labor apparatus and Benjamin Franklin's international American Revolution project. By the time Sun arrived there, this "crossroads of the Pacific" had become a strategic outpost of this project, deployed through a series of American missionary excursions.

This missionary project was organized by the American Board of Commissioners of Foreign Missionaries (ABCFM), established at Farmington, Conn., in 1810. A key figure of the ABCFM was Franklin ally Rev. Jedediah Morse who, after the British takeover of Harvard College, had set up the Theological Seminary at Andover in 1805, which served as the recruitment and educational base of operations for this international missionary project.

Along with Morse, other founding board members of the ABCFM included *The Federalist* papers author and former Supreme Court Chief Justice John Jay, and Congressman Elias Boudinot IV, the leading House member of President George Washington's inner circle, who had helped secure the appointment of Alexander Hamilton as first Secretary of the Treasury. Boudinot's father, Elias

Boudinot III, had been a member of Ben Franklin's *junto* in Philadelphia, and had built Philadelphia's Second Presbyterian Church with Franklin in the 1750s.

Most of the leadership of the ABCFM grew out of a fierce battle between the Americans and the British over the control of the New York State frontier. The British (as well as the French) were notorious for their brutal corruption and exploitation of native Americans, organizing and in many cases participating in massacres of pro-independence frontier settlements. By contrast, the principled American approach was typified by missionary leader Samuel Kirkland, who established a highly successful school for Oneida Indians in 1793 in Clinton, N.Y. Later, the school became known as the Hamilton-Oneida Institute (today Hamilton College), named for its trustee Alexander Hamilton.

On March 30, 1820, the American mission-ship *Thaddeus* landed in Hawaii, carrying a group led by Hiram Bingham and went to work. Within two years, after the arrival of Scottish missionary Rev. William Ellis, a written Hawaiian language using five vowels and seven consonants was created. By January 1822, mission printer Elisha Loomis ran off the first

Sun Yat-sen to Americans On the Civil War

Sun Yat-sen's 1912 appeal "To the Friends of China in the United States of America":

We understand too well that there are certain men of power—not to include for the present, certain nations—who would view with a greater or lesser satisfaction an internal rupture in the new Republic [of China]. They would welcome, as a move toward the accomplishment of their own ends and designs, a civil war between the provinces of the North and the South; just as, 50 years ago, there was applause in secret (in certain quarters) over the terrible civil strife in the United States.

Americans of today who were alive in those dark days of the great republic will remember the feelings in the hearts of the people—the bitter and painful

thoughts that arose from the knowledge that foreigners were hoping and praying for the destruction of the American Union.

Had the war been successful from the South's standpoint, and had two separate republics been established, is it not likely that perhaps half a dozen or more weak nations would have eventually been established? I believe that such would have been the result; and I further believe that with the one great nation divided politically and commercially, outsiders would have stepped in sooner or later and made of America their own. I do not believe that I am stating this too forcibly. If so, I have not read history nor studied men and nations intelligently.

And I feel that we have such enemies abroad as the American republic had; and that at certain capitals the most welcome announcement that would be made would be that of a rebellion in China against the constituted authorities.

This is a hard statement to make; but I believe in speaking the truth so that all the world may know and recognize it.



The East India Company's Opium War against China, 1939. On British orders, Hawaii later allowed the mass importation of both Chinese slave labor and opium—measures that the Americans and their allies there fought to abolish.

Hawaiian-language book, an eight-page speller. For 20 years (1822-42), Loomis's press never rested, printing Bibles, spellers, psalters, and primers. With a written language established and the presses rolling, the Hawaiian mission, augmented with reinforcements from Boston, transformed the people of Hawaii forever.

By 1824, the ABCFM missionaries had over 2,000 pupils enrolled in their schools. By 1826, they had trained 400 native teachers, who assisted in teaching over 25,000 students, and by 1831, 1,100 schools were educating 40% of the entire population of the Islands. By 1843, the mission had converted 27,000 Hawaiians to Christianity.

Although none were quite as successful as those in Hawaii, American missions ultimately reached Thailand, Africa, the Middle East, Armenia, Greece, India, Ceylon, and China.

Fighting the British Slave System

While the British Empire and its North American Confederate allies plotted the dismemberment of the American Union, the countries and peoples of the Pacific and Far East likewise came under brutal assault by the

British/French-led colonial powers. At the conclusion of the First Opium War and the 1842 Treaty of Nanjing, the policy of the British Crown was clear: If you resist the British East India Company's dope-slavery "free-trade" empire, you will be crushed by the full force of the Her Majesty's gunboats.

As the Royal Navy bombarded China's relatively defenseless coastal cities to ruin, Hong Kong was forcibly ceded to the Empire, and the port of Shanghai forced open to foreign (i.e., British) control. The British ultimately seized four major Chinese cities (in addition to Canton), while their French allies gobbled up Vietnam, Cambodia, and Laos.

It was precisely in this period (1842) that Andover Theological Seminary graduate Rev. Samuel Chenery Damon arrived on the scene in Hawaii. Damon will be a key figure in our story.

In 1833, at the request of American mission leader Hiram Bingham, the ABCFM had established a Seaman's Friends Society to counter the influence of British Consul General Richard Charleton's personal organization of pirates and sailors deployed in terrorist gangs to carry out violent attacks and assassination attempts on American missionaries.

In 1842, Damon was sent to Hawaii to run a project, and he proceeded to carry out this critical American intelligence function for the next 40 years, during the period encompassing the American Civil War. Using the missionary presses, Damon established a newspaper called *The Friend*, which became the source of Pacific news and intelligence, as well as a major vehicle through which to promote the American cause throughout Asia. Damon became the center of an extensive American Pacific intelligence network and, through constant communication with American merchant and Naval captains, received and passed on critical news and intelligence.



*Samuel C. Damon
(1815-85)*

After an unsuccessful attempt by the Royal Navy to seize Hawaii by force in 1843, the British escalated their "free-trade" warfare on the islands, through the

promotion of a Chinese slave labor-based plantation system, cartel land-grabbing, and opium. British and Confederate agents also played the “ethnic card,” constantly fomenting racial tensions between the Americans and the native Hawaiians and other ethnic populations of the Islands. Samuel Damon, fully conscious of this British/Confederate project to bust up the racial harmony in Hawaii, wrote on the eve of the American Civil War:

“We shall continue to [live in racial harmony] in our confident belief, if we continue to treat man as man, irrespective of color or race; but a war will come when the wicked doctrines of the *London Times*” are allowed to prevail.

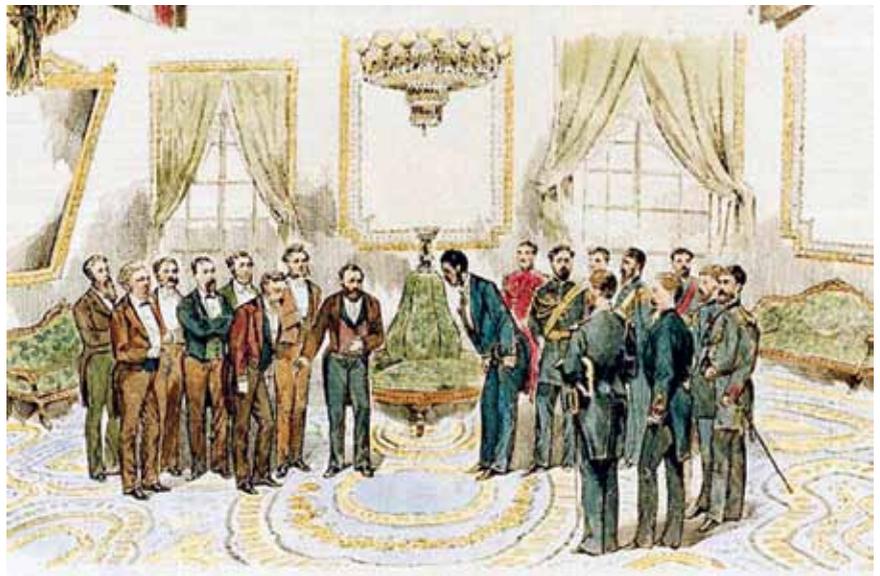
To counter these “wicked doctrines of the *London Times*,” Damon and others launched a campaign to promote the cause of the American Union in its battle against the British Empire and the Confederacy.

A Union Flank

The Union battle against the Confederacy in Hawaii took the form of a war on the British slave system of the Pacific: the purchasing and selling of “stocks” of Chinese coolies. The powerful and highly organized sugar cane interests in Hawaii (the “planters”) were organized by the British-run Royal Hawaiian Agricultural Society to pass a “Masters and Servants Law” allowing mass “importation” of Chinese slave labor. Ultimately, almost 2,000 Chinese coolies (virtually all men) had been brought to Hawaii as part of this “trade.”

In the spirit of Alexander Hamilton, Hawaiian Treasury Secretary Garrit Judd initiated a government-sponsored project to provide land and cheap credit to all “commoners” who wished to settle and develop agriculture. Judd’s “Great Mahele” (division of land) was aimed at busting up the land monopolies of the planters, and eradicating the Chinese slave-labor system in Hawaii.

Damon, to implement this program, initiated a project of organizing the newly arrived Chinese population on the Islands. In 1868, at Damon’s request, an ABCFM-sponsored Chinese organizer arrived in Hawaii and began travelling with the Americans from

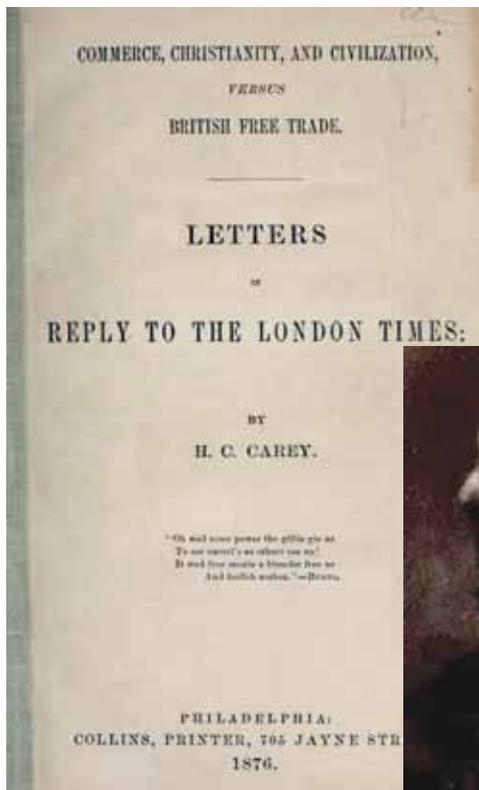


American President Ulysses S. Grant greets Hawaiian King David Kalakaua in 1874. They signed a “reciprocity treaty” for economic relations of mutual benefit.

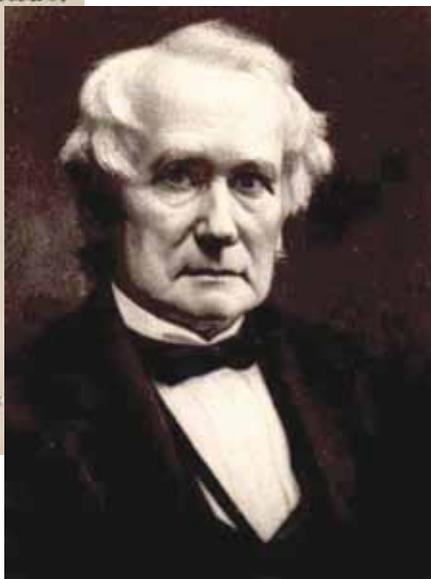
island to island, to visit all of the Chinese coolie “communities.” For those who “desired to be taught, and whenever teachers [mostly Hawaiian] could be found,” they organized makeshift schools and study sessions.

In the United States, the unprecedented nationalist mobilization of military and economic power required to defeat the British-backed Confederate insurrection against the American Union, unleashed one of the greatest explosions of scientific and economic progress in modern history. The Union victory demonstrated to the world that the principles of American System economics, applied under republican constitutional law, were capable not only of crushing oligarchical attacks, but could also generate unprecedented rates of scientific and technological advances in “promoting the general welfare” of mankind.

The impact of the Union victory was soon felt in Hawaii. After the Civil War, in 1872, the first Hawaiian King travelled to the United States to sign a “reciprocity” treaty with President Ulysses S. Grant. It is important to know that the tactic of “reciprocity treaties” was the American System’s answer to British free trade. Instead of undercutting a targeted nation with cheap goods and slave labor, the reciprocity treaties were negotiated to organize a “community of principle,” whereby nations could trade on the basis of bolstering each other’s economies. The 1872 treaty was aimed directly at the British, as it included a clause whereby Hawaii promised never to lease or sell any port or land



American System economist Henry C. Carey and one of his many pamphlets against "British free trade."



in the kingdom to any power but the United States!

In 1876, the year of America's Centennial, Lincoln ally and economist Henry Carey articulated the American System approach to China and other countries under the British boot. He circulated his pamphlet *Commerce, Christianity and Civilization Versus British Free Trade: Letters in Reply to the London Times*, which is striking for its scathing attack on the British East India Company's murderous opium-pushing policy against China, as demonstrative of the actual nature of British free-trade, and so-called "Christian" principles.

Comparing the barbarity of the British Empire to that of ancient Rome, Carey identified the Union victory over the Confederacy and slavery as an effective liberation of the United States from "British free-trade despotism," creating in America "a growth of internal commerce that places the country fully on a par with any other nation of the world."

Sun and the Americans

In 1883, Sun Yat-sen, then 17 years old, entered Oahu College (on whose board sat Samuel Damon) in his final year of a four-year stay in Hawaii. He had spent

the three previous years at the Iolani Bishops School in Honolulu, run by the Anglican Church, where he learned English, military exercises, music, and mathematics, and was introduced to Christianity. He also was most certainly introduced to heavy anti-American British propaganda by the school's principal, Bishop Willis, a staunch monarchist and outspoken opponent of the U.S. annexation of Hawaii. Sun's decision to attend the American-missionary-run Oahu College in 1883 (children of American missionaries also attended this school) was his first "break" with the British Empire.

At Oahu, Sun was introduced to Western medicine and the principles of American government, and considered going to the United States for future study. This ended abruptly, however, when his brother Sun Mei became upset at Sun's leaning toward Christianity and the West, and sent him back to China. At the Hong Kong-based Church of England Diocesan School, Sun met another young American missionary of the ABCFM, who baptized him a Christian.

In 1886, Sun Yat-sen returned to Hawaii and, through discussions with Frank Damon, the son of Samuel

Damon, and others, decided to return to Hong Kong for further study, possibly of medicine. Frank Damon raised the necessary money from his American/Hawaiian networks for Sun's return voyage to China.

In 1887, Sun entered the newly opened Hong Kong Medical School, where he studied for the next five years. It was here that he held extensive discussions with his fellow Chinese students, including Lu Hao-tung (the first martyr of the revolution, killed in the Canton uprising of 1895), on the necessity of a republican revolution in China. Now a man in his early 20s, Sun became so notorious for his anti-monarchist views, that he and four fellow medical students were labelled the "four arch rebels."

In 1875, 120 Chinese students from Canton had been sent to Hartford, Conn., to master modern American industrial and military engineering. Organized by a group of Confucian Chinese nationalists (the "reformers"), in collaboration with American missionary W.A.P. Martin and others, this U.S.-Chinese exchange program was part of a much broader project to establish "polytechnic" academies adjacent to military arsenals

and sovereign Chinese-run industrial projects throughout China.

By the late 1880s, some of these polytechnic schools had become military academies staffed by American and German instructors, to train Chinese cadre in military strategy, industrial sciences, astronomy, chemistry, and physics.

The Chinese organizer of this program was the famous Confucian scholar Li Hungchang, who in 1887 was designated by American Careyite Wharton Barker to head up an American project to create a Chinese National Bank. Barker was an outspoken proponent of the dismemberment of the British Empire and was a key operative of the “Philadelphians,” the American “national party.” He proposed that the Chinese-American national bank be established in order to finance the rapid modernization of China’s infrastructure.

Earlier, in 1880, Barker had been involved in negotiations with the Russian Imperial Government to assist in building warships for the Russian Navy in “immediate preparation on the part of Russia for a maritime war with England and closer political relations with the people and the Government of the United States.”

Barker’s “China modernization project” included a system of Chinese-run national railways and telegraphs, in which “the advantages resulting from such a system readily suggest themselves. Among the most obvious of these may be named the greater commercial prosperity of the nation, the improvement in the general condition of the population that must result from intercommunication between the inhabitants of the village sections. . . .”

Barker concluded that only the creation of a sovereign Chinese National Bank could generate the required credit to finance “all government loans for such public purposes as the construction of railways, the working of mines, and the contracting for supplies needed for such undertakings.”

Barker’s National Bank project was aborted in 1888 by pressure from the British on the Manchu Chinese government. Nonetheless, many Chinese political and military leaders allied with Sun’s 1911 Revolution came out of this operation, and its many participants lay



Wharton Barker (1846-1921)

the basis for Sun’s later publication of these infrastructure projects in detail in his 1919 *National Reconstruction of China*.

The Eve of Revolution

On Aug. 1, 1894, war broke out between Japan and China over Korea. Sun and his co-conspirators saw that a defeat for the Manchus by Japan offered the perfect opportunity for a revolutionary overthrow of the monarchy and the establishment of a republic. Accordingly, Sun immediately left for Hawaii to raise the money from Chinese nationals there to finance the revolution.

During this period, however, Hawaii had descended into a virtual

state of civil war between Damon’s pro-Union networks and a British-Confederate operation organized by ex-Caribbean gun-runner Walter Murray Gibson. By 1882, Gibson had weaseled his way into the confidence of the Hawaiian King, convincing him that his destiny lay not with the Americans, but rather in leading a racially defined, British-backed “Polynesian Empire” throughout the Pacific. Showing its true colors, the Gibson “ethnic Polynesian Empire” gang rammed laws through the 1886 Hawaiian Assembly “regulating” (i.e., legalizing) the opium trade. Within months, the opium traffic on Hawaii grew leaps and bounds.

To counter this operation, a small but vigorous opposition called the Reform Party was formed by Lorrin Thurston (grandson of the first ABCFM missionary, Asa Thurston) and another “missionary child,” Sanford Dole. Through their multinational Hawaiian League, established in January 1887, the Americans rapidly organized “rifle clubs” all over Hawaii, bracing for confrontation with Gibson and his dope-pushing syndicate. By 1887, after ten years of constant political mobilization, combined with the firepower of the American rifle clubs, the Reform Party and the Hawaiian League succeeded in running Gibson out of the Kingdom.

Finally, in 1894, the year of Sun’s return to the Islands, the Reform Party seized the entire government directly by force of arms and established the Republic of Hawaii, with Sanford Dole sworn in as the first President.

In this environment, the Americans, and especially

the Hawaiian Chinese community (educated and organized for over 25 years by Samuel and Frank Damon), were predisposed more than ever towards the promotion of republicanism internationally. Upon Sun Yat-sen's return to Hawaii, he lost no time in organizing his family and friends to support the revolutionary overthrow of the Manchus in China.

On Nov. 24, 1894, a meeting of approximately 30 people took place in Honolulu, establishing the conspiratorial Hsing Chung Hui (Restore China Society). All members were required to take an oath, placing their hands on the Bible while calling for the "overthrow of the Manchus, the restoration of China to the Chinese, and the establishment of a republican government."

The Restore China Society had an initial Hawaiian membership of just over 100 people, but it spread like wildfire among the Damon-organized Hawaiian Chinese. Some of Sun's closest collaborators, such as his lifelong confidant and bodyguard Chang Chau, came from among the Hawaiian Chinese. Even Sun's brother was finally convinced, and helped to finance the Chinese Revolution. Local chapters quickly sprang up all over the Islands, organized anywhere there were 15 people who were willing to join the Society. This mode of organizing became the model for similar chapters on the Mainland, as well as among overseas Chinese in Europe, the continental United States, and elsewhere in Asia.

According to Sun collaborator Chung Kun Ai, it was Frank Damon who suggested that the Restore China Society "take up military training to fit ourselves for leading the revolution in China." Using wooden rifles, former Danish captain Victor Bache began military drill instruction twice a week for Society members, on the lawn of the home of Frank Damon.

By the end of 1894, with major setbacks to the Manchus by the Japanese in southern Manchuria, the time was ripe for an uprising. In January 1895, after receiving a letter from revolution financier and publisher Charlie Sung, Sun Yat-sen sailed from Honolulu for Hong Kong. Accompanying him from Hawaii to join the revolution were core members of the Restore China Society recruited from among the Hawaiian Chinese, along with several Western "specialists" and "military men," who were recruited to participate in the uprising in Canton. Henceforth, Hong Kong became the headquarters for the Restore China Society.



Sun Yat-sen (with arm raised) and comrades establish the Restore China Society in Honolulu, Hawaii, Nov. 24, 1894. Their aim was to topple the monarchy and establish a republic.

Although the 1895 Canton uprising failed, and Sun was forced to flee to Japan, a 16-year international organizing drive was undertaken by him and his collaborators to establish a Republic of China. During this period, he travelled throughout Europe, Asia, and the United States, establishing Restore China Societies (later re-named Teng Meng Hui, or, loosely translated, "the Common Oath Society"), all modelled on the original chapters in Hawaii.

Exile and Return, to Victory

After a successful escape from kidnapping by the Chinese Legation in London, Sun spent two years in exile in Europe, the first six months of which were devoted to studies of history and literature. This is when he developed the key principles of the Chinese revolution: the *San Min Chu I* or "Three Principles of the People," derived from Abraham Lincoln's concept of "government of the people, by the people, and for the people."

In October 1903, as the prospects improved for revolution in China, Sun returned to Hawaii, making a speech on Dec. 13 which declared that nothing short of a revolution would save China.

The *Pacific Commercial Advertiser* newspaper covered the event:

"...Dr. Sun believes that the Chinese nation will rise in the might of four hundred millions of people and overturn the Manchu dynasty forever. It is his hope also

that upon this Far East revolution a republic will be erected, for Dr. Sun likens the vast provinces of the Chinese Empire to the States of the American Union, needing only a president to govern all alike.”

Sun’s plans to go to Japan were altered when Japan declared war on Russia on Feb. 10, 1904. Instead, he organized a trip to the United States. In order to circumvent the Geary Exclusion Law—prohibiting Chinese immigration of any kind!—he took advantage of the fact that Hawaii was now a U.S. Territory and became a citizen of the United States of America! (Through the assistance of his American friends in Honolulu, on March 9, 1904, he signed a deposition certifying that he was of Hawaiian birth.) He departed for San Francisco from Honolulu on March 31, on another organizing tour.

His seventh and last trip to Hawaii was in early 1911, during his third world tour. From there, he traveled back to the U.S. and was in Kansas City when word arrived that Gen. Li Yuenhung had secured Wuchang and Hankou on behalf of the republican Revolutionary Army. Within a few months, most of the country fell to the republicans.

On Jan. 1, 1912, Sun Yat-sen returned to China and

was inaugurated the first President of the Republic of China.

His Chinese friends in Hawaii immediately cabled Prince Kuhio, the Delegate to the U.S. Congress from the Territory of Hawaii, to assist in procuring U.S. recognition of the Republic of China. The United States was the first nation to give the new nation formal diplomatic recognition.

Recommended Reading

Edward D. Beechert, *Honolulu: Crossroads of the Pacific* (Columbia, S.C.: 1991)

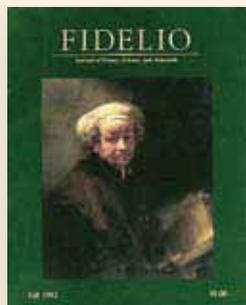
Anton Chaitkin, “The ‘Land-Bridge’: Henry Carey’s global development program,” *EIR*, May 2, 1997

Gavan Daws, *Shoal of Time: A History of the Hawaiian Islands* (Honolulu: 1974)

Ralph S. Kuykendall, *Hawaii: A History, from Polynesian Kingdom to American State* (Englewood Cliffs, N.J.: 1961)

Toy Len Chang, et al., *Sailing for the Sun: The Chinese in Hawaii, 1789-1989* (Honolulu: 1988)

Nancy Bukeley Webb, *The Hawaiian Islands, from Monarchy to Democracy* (New York: 1956)



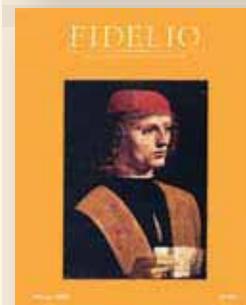
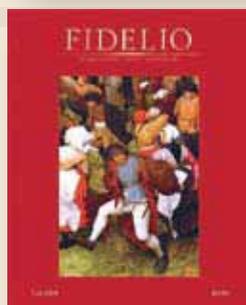
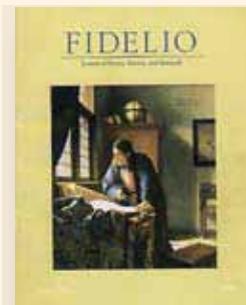
FIDELIO

Journal of Poetry, Science, and Statecraft

From the first issue, dated Winter 1992, featuring Lyndon LaRouche on “The Science of Music: The Solution to Plato’s Paradox of ‘The One and the Many,’” to the final issue of Spring/Summer 2006, a “Symposium on Edgar Allan Poe and the Spirit of the American Revolution,” *Fidelio* magazine gave voice to the Schiller Institute’s intention to create a new Golden Renaissance.

The title of the magazine, is taken from Beethoven’s great opera, which celebrates the struggle for political freedom over tyranny. *Fidelio* was founded at the time that LaRouche and several of his close associates were unjustly imprisoned, as was the opera’s Florestan, whose character was based on the American Revolutionary hero, the French General, Marquis de Lafayette.

Each issue of *Fidelio*, throughout its 14-year lifespan, remained faithful to its initial commitment, and offered original writings by LaRouche and his associates, on matters of, what the poet Percy Byssche Shelley identified as, “profound and impassioned conceptions respecting man and nature.”



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<http://www.schillerinstitute.org/about/orderform.html>

Republic versus Empire

President Barack Obama, a servant of the British Empire, is not only murdering those he designates as enemies—without any pretext of law—but he is murdering the very idea of the American Republic. If he is not stopped, one of the noblest accomplishments of all mankind will have been destroyed, for generations to come.

The United States republic was a product of ideas generated by great thinkers, ranging from Plato, to Nicholas of Cusa, to Gottfried Wilhelm Leibniz, the Mathers, and Benjamin Franklin. In many respects, the Treaty of Westphalia, signed on Oct. 24, 1648, distills those principles as they have been developed in the modern nation-state.

At the Peace of Westphalia, ending the Thirty Years War, Austria, France, Sweden, the German Electors, and the States of the Habsburg Empire, agreed 1) that priority was to be given to *the Benefit, Honor and Advantage of the other*, and 2) that unless all that had been committed since the beginning of the troubles was to be thrown into *a perpetual Oblivion*, the continuation of the Thirty Years War was going to destroy civilization. The laws of retribution were to be ended, and the law of mutual cooperation among peoples was to be established as the means of maintaining international justice and peace.

Need we say that the Empire faction never accepted these principles? That rejection has been played out primarily, although not only, through the actions of the Empire based in the British Isles in fomenting war after war with the intent of wiping out this noble idea of the nation-state, and of man himself, and especially the premier republic, the United States of America.

In recent decades, toadies for the British financial Empire have not been shy about stating their intent to destroy the Treaty of Westphalia. Henry

Kissinger, Tony Blair, the rulers of the European Central Bank—they all demand that “outmoded” national structures be superceded by what amounts to the international law of the jungle, whose dictates are determined by an international community of bankers.

Now add to that collection of scoundrels, the criminally insane Barack Obama. From the very beginning of his Presidency, Obama has made a mockery of his oath to the U.S. Constitution, by choosing a path of overriding basic Constitutional rights, in the name of “national security” and “economic necessity.” Now he has taken that pattern to even more barbaric depths, by carrying out crimes, such as the murder of a 16-year-old American citizen, without cause, and the assassination of a head of state, without benefit of trial, or basic humanity.

Worse yet, Obama and his controllers believe they can count on the degradation of the U.S. population to ensure that these barbarities are applauded, rather than condemned by the public. Obama will not do what is necessary to reverse the global economic breakdown crisis, but he is perfectly happy to go to the Rose Garden to gloat about the latest assassination of those whom his Administration has put on the target list to die.

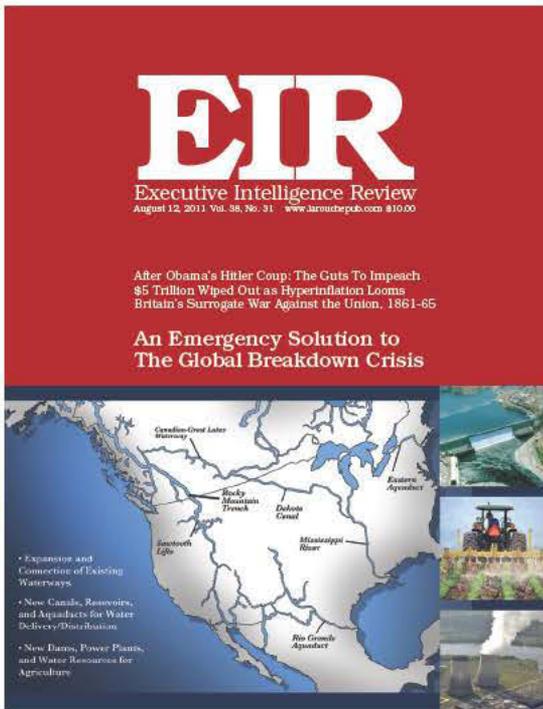
That raises the crucial question: Are there enough patriots, with enough influence, in the United States, to stand up for the actual principles upon which our republic was founded? If so, they will immediately move to Constitutionally remove Obama from office, and save the nation from physical-economic demise, by instituting President Franklin Roosevelt’s Glass-Steagall principle, and a credit system for reconstruction.

It’s a question of Republic vs. Empire: Where do you stand?

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