

# EIR

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LaRouche: The Human Mind—Two Views  
Congress Must Stay, Act on Glass-Steagall, Obama  
Hunger Comes Home: Stop Gambling on Your Daily Bread!

**Glass-Steagall Rebirth Heralds  
'The Evolution in Our Species'**



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# EIR

## From the Managing Editor

The seismic shift that we began to cover four weeks ago—the break, by a leadership faction in London, away from the policies of financial and strategic doom, toward Glass-Steagall and war-avoidance—has continued, and has become, “the rumble of a coming virtual avalanche of spreading shifts away from global chaos.” So writes Lyndon LaRouche in the *Strategic Overview*, “Mankind’s Galactic World History, a Beginning: The Evolution in Our Species.”

Has the leopard changed its spots? Before you answer, read the transcript of a video interview with LaRouche, conducted with UK-Column Live, on July 27 (*International*). LaRouche is asked, why this sudden about-face in London to support of Glass-Steagall? Because, LaRouche says, “they realize that the game they were playing has run out of steam.” Therefore, they think, “We’ll make the sacrifice ... in order to save the whole show.”

On the Continent, meanwhile, there is a mad scramble to save what can’t be saved: the Euro system. In *Economics*, Helga Zepp-LaRouche writes that the European elites, notably Germany’s Angela Merkel and ECB head Mario Draghi, have announced they will create an “inexhaustible tap of liquidity” for the banks. Weimar Germany anyone? This is followed by a list of the London and Wall Street bankers who have come out for Glass-Steagall; a call to establish a new “Pecora Commission”; and a review of the new Fed study documenting the devastating impact on the U.S. banking system wrought by the repeal of Glass-Steagall.

Our *Feature* presents a shocking picture of what we face without a turn back to Glass-Steagall, national banking, and NAWAPA: in a word, *famine*. “Hunger has come home,” as our farms are faced with killing drought and heat, and worse: insane policies that divert food into biofuels.

In *National*, we cover the fight led by LPAC over this two-week period, to ram through Glass-Steagall (H.R. 1489), and to replace Barack Obama as the Democratic Party Presidential nominee—with only one month till the Convention. Next, Obama’s troubles have only deepened, as evidenced by the roasting of his Treasury man Geithner in Congress, over the Libor crimes.

In a fitting conclusion to the issue, LaRouche contributes “Music & Biology: The Human Mind: Two Views,” which continues his conversation about the fraud of “sense-certainty,” as against the truth of “metaphor.”



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*Apollo 17 crew members at Shorty Crater on the Moon, December 1972.*



NASA/Apollo 17 Crew

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By Lyndon H. LaRouche, Jr. There has been “a virtual avalanche” of shifts away from global chaos, signaled from high-level circles within the U.K., “like a sort of political land-slide.” This shift has resonated within the United States, and represents an abrupt “turn away from the looming shadows of global doom, to a rebirth of Glass-Steagall,” along with the hope of a shift away from thermonuclear doom. All this has “prompted a marvelous change in leading circles of our planet, a change which has now been set into motion.”

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By Helga Zepp-LaRouche. While leading spokesmen for the British financial establishment are calling for reinstatement of a Glass-Steagall system, Germany's Merkel & Co. is sticking to the crazy idea of trying to keep the corpse of the bankrupt system alive by printing money.

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MANKIND'S GALACTIC WORLD HISTORY, A BEGINNING:

## The Evolution In Our Species

by Lyndon H. LaRouche, Jr.

Saturday, July 28, 2012

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*During the course of the past week, the rumble of a coming virtual avalanche of spreading shifts away from global chaos, which had first been signaled within important circles within the United Kingdom, has come, like a sort of political land-slide, and echoed during this past week, within our United States of America. Since certain leading circles within the United Kingdom had abruptly launched their initiative for a turn away from the looming shadows of global doom, to a rebirth of Glass-Steagall, and since that hope of a turn away from thermonuclear doom, is now echoed from within our United States, mankind's power for making a future, has prompted a marvelous change in leading circles of our planet, a change which has now been set into motion.*

*What will actually happen next? I hear the echo from the distant voice of our own Benjamin Franklin: We have won something which appears to be on the way to the birth of something tantamount to the birth of a system of great republics—if we can keep it. Nothing so far is actually assured beyond the birth which has happened yet, but . . . mankind was never really a beast; we are, by nature, a creative being, with the power which no other, known living creature possesses: the power to recreate our own species on a higher level of creation than our species had ever known before. The future is giving birth to a new mankind; but, will it continue to live?*

*The first thunder over the horizon came with the announcement of a commitment to a still reverberating*

*Glass-Steagall reform within certain significant circles within the United Kingdom of England, Scotland and Wales. That is not the end of that change. Now, during the current week, an echo of that has resounded within the leading banking circles, and others, within our United States.*

*Nothing more is yet actually guaranteed. The child has been born: the question is, will it continued to live and grow? Nonetheless, something great has happened; now, that fact can never be taken away from the effect of its having happened. In that regard, we and our progeny must be followers of the great Johann Sebastian Bach in the sense that we shall now compose our future. This is our species' essential distinction from the lower forms of life, such as the beasts.*

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### I. The Principle: The History of The Future

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The time has now come, when we must discard the silly suggestion, that successive generations should “descend” from their parents. Sometimes that happens. It should not be the limit foreseen. Unfortunately, foolish people often tend to follow the idea of a descending direction of history.

“Descent,” in a certain sense, does predominate in the long history of the evolution of *living species other than mankind*, as it appears so to the present time. Mankind is, nonetheless, the intended design of a species,

our own, with a different consequence from all known other species. We, therefore, must cease to behave as if mimicking the beasts. We, of the human species, must accept our assigned devotion to perpetual progress, as if from the child of God, to that child's avowed descendant, not of death, but of the rebirth of mankind for a higher and more potent mission within this Solar system, and as higher within this galaxy than has been known to us heretofore.

That is no mere wish. It is, ultimately, the only principle worth knowing.

The parents will die; but, therefore, let them be assured, that what they had lived to do, need not have been wasted, that we are each dedicated to be creators, not wasters. Our current Sun has a prospective limit to its existence; but, that which we must bring about, through the creative progress of mankind, shall not have been wasted, whatever other change may occur. We are, and must be, henceforth, always dedicated to such truly creative missions as those which are to be classed as the duty of a mankind dedicated to the service of an implied, subsuming Creator. Let the best to be said of us be, that we have been truly devoted to the mission of endless creation.

Such is the proper destiny of mankind, a species unlike all others known to us presently. Of that much I am personally assured; that much is accessible to us, if we accept that destiny as being in and to the future. The humble developments set before us through the actions of some within the United Kingdom, and presently within certain similarly inspired circles within our United States, present us with the option of an escape from a particular kind of inferno of madness which has lately gripped our nations, most emphatically in the trans-Atlantic regions.

Let me, therefore, state the principled features of the case so referenced here this far. Let us explore those implications of the siege of Troy, which have haunted so much of mankind, for so long, on the account of that inherently destructive influence, which is aptly identified as the so-called "oligarchical principle."



*"I hear the echo from the distant voice of our own Benjamin Franklin: We have won something which appears to be on the way to the birth of something tantamount to the birth of a system of great republics—if we can keep it." Portrait of Franklin by Benjamin Wilson (1759).*

### ***'Beyond Glass-Steagall'***

In its bare-bones aspects, the practice of the Glass-Steagall law which was first set into motion under that title, under President Franklin Roosevelt, has been an urgently needed policy of individual nations and groups of nations, but is not a complete-able accomplishment in and for itself. Glass-Steagall at its best, as this was accomplished in a largely successful degree under President Franklin Roosevelt's administration, was merely a needed, auxiliary feature of a national-banking principle. To succeed in its proper intention, it must be an aspect of a national credit-system of banking and finance, dedicated to the realization of a principle of net physical-economic growth. In this latter respect, Glass-Steagall

functions through the creation of both new quantities and qualities of expanded physical investment, and, also, rates of per-capita physical output: measures which ensure the net increase of needed physical progress, per capita and per square kilometer, of each nation, and of mankind generally.

In the presently modern times, mankind has been delivered a qualitatively new power to exist within the range of our Solar system, and, implicitly, beyond. The transition of the quality of mankind's power within the range of our planetary orbit, and also the nearby planetary orbit of Mars and beyond, has presented us with the immediate prospect, within approximately a range of a single future generation, of the use of controlled thermonuclear fusion. Those higher orders of power, higher than nuclear fission itself, present mankind with powers of creativity far, far beyond what the society of today generally comprehends.

The immediately prospective options for mankind, as during the generations in their feasible course of development now, will change everything about mankind's hitherto established powers to exist; and, to achieve nobler roles within our Solar system, and beyond. It is the breaking of the limits of a tradition misconceived as if of squatting on Earth, which the present future now, actually proffers to mankind as a role in the

history of our Solar system and also beyond. We must, in turn, permit ourselves to recognize, and foster the greater destiny which lies beyond, as that is being proffered to present and future mankind, as through the implications of a proper apprehension of the meaning of Glass-Steagall when that practice is only typified as integrated with the uplifting of the productive powers of labor of mankind with the reach toward the Moon and Mars.

In the course of pursuing that mission which I have just summarized in these presently given terms, there remains much to be done here on Earth even under presently available means for progress on our planet itself. This points to a subsuming principle, a principle which spans life on Earth, but also with foresight into what is emerging beyond.



NASA

*“While the feasibility of human habitation of locations such as Mars, is under discussion, the necessity of preparing for the ‘defense of Earth’ from intra-Solar system and galactic factors, represents a class of challenge which already, currently, demands an efficient defense against human extinction or near-extinction from such hazards, as a practically important challenge for our future life on this planet.”* Shown: An artist’s rendering of future exploration of Mars’ polar region.

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## II. The Difference of Man from Beast

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When we have traced the coming and passing of the most ancient and presently known forms of life, excepting human life from that listing, all remaining considerations respecting known forms of life, excepting mankind, also have had a temporary existence as a form of expression of life. In that respect, our human species has shown a unique potential for functioning as a truly self-creative species. If, when and where, mankind has chosen to limit its species to a fixed capability of practice, our species is self-condemned to a threatened termination of its existence, just as the so-called “green policy” in some cultures presents the oncoming extermination of the population which adheres to that practice of species-suicide.

All parts of the human species which adopt the practice of a “zero technological growth,” are implicitly foredoomed to the same penalty of self-extinction as many lost tribes and nations have become largely extinct on that specific account, of fostering a thus- bestialized tradition.

That risk is not limited to the inhering doom of those cultures which practice “zero technological growth.” It is also a threat of doom to those cultures which practice restrained scientific progress. Growth of the human population and increase of scientific-technological practice, are inter-dependent considerations.

For example, human existence is not merely conditional on the conditions on Earth; the conditions on Earth are subject to changes in the changing conditions of life within the Solar system. In turn, the conditions for human life within the Solar system as a whole, are shaped by the cyclical and other changes within our galaxy. An increasing risk from pieces of rock and comets within the Solar system, is a current threat to be considered for such reasons as changes in the orbital pathways of our Solar system within the parts of the arm of the galaxy which affect conditional factors.

While the feasibility of human habitation of locations such as Mars, is under discussion, the necessity of preparing for the “defense of Earth” from intra-Solar system and galactic factors, represents a class of challenge which already, currently, demands an efficient defense against human extinction or near-extinction from such hazards, as a practically important challenge for our future life on this planet. Defenses from such hazards to Earth are a subject for mobilizations during the present time on out.

Although those problems which I have just men-

tioned are already matters requiring preparations put into place, already in the present time, “defense” is not the limit of our urgently needed pre-cautions. The continued existence of mankind within the bounds of not only Earth, but our Solar system, depends upon those defenses which could not be built without regard for galactic factors, in addition to defenses within the bounds of the Solar system itself. This defense, and other needed systemic advances in human practice point to the fundamental implications of mankind’s urgent development of thermonuclear-fusion and matter-anti-matter defenses. The urgency for developing such technologies for such purposes, combines with other considerations for the “peppering” (so to speak) of our Solar system with a vast and varied set of arrays of systems built into the Solar system. We, chiefly remaining on Earth for the immediately foreseeable times, will be, in effect, managing an extensive, even vast array of managed systems, scattered throughout our Solar system, by means of which mankind will exert remote control both over the means of action which we deploy within our Solar system and in pursuit of extending the range of the presence of living mankind within that larger domain.

At this present time, the most convenient modes of

thinking through such intra-Solar system and related obligations must be under extending a process of development which will express the general, practical deployment of means which are related to increasing emphasis upon applied thermonuclear fusion and matter-anti-matter potencies. The mere entry of methods for mankind’s management of such applications will require a change in mankind’s thinking respecting both the Solar system, especially within the range of the Mars orbit, and, therefore, a consequent shift of humanity’s view of our species’ existence, as depending, in increasing degree upon our ability, through “remote controls” and other relevant means, of operating systems of investigations, defenses, and so on, which will be means of human management-awareness which view the Solar system, more and more broadly, as located, remotely, from the vantage-point of those Solar-systemic and still-wider conceptual vantage-points.

This is no mere fiction. This is already a domain of practical action in “mankind’s defense,” and kindred considerations.

Mankind must first occupy our Solar system within the powers of our mind, and the instruments deployed on behalf of those duties. That duty has, implicitly, already begun.

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‘The Woman on Mars’ (excerpt)

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Franklin Roosevelt’s 1933 Glass-Steagall Act  
Alexander Hamilton’s Economics Created Our Constitution

MERKEL IS NOWHERE NEAR REALITY

## Banker Weill Experiences Damascus Road Conversion

by Helga Zepp-LaRouche

July 27—The most spectacular news of the week by far was the conversion of the former “most powerful banker in the world,” former Citigroup head Sandy Weill, from the “Saul” of deregulated megaspeculation to the “Paul” of the Glass-Steagall standard, i.e., a two-tier banking system. Thus the ringleader who led the attack on Glass-Steagall in 1999, together with Paul Volcker, Alan Greenspan, and Larry Summers, is following the example of a part of the British establishment, which, at the beginning of July, called for reintroduction of a full two-tier banking system in the tradition of Glass-Steagall.

And—will wonders never cease!—today the *New York Times*, which in the past had emphatically demanded the repeal of the law, joined the *Financial Times* and the *Los Angeles Times* in endorsing its reinstatement, writing: “Add The New York Times editorial page to the list of the converted. . . . Having seen the results of this sweeping deregulation, we now think we were wrong to have supported it.”

These dramatic developments were the highlight of



Creative Commons/David Shankbone

*Sandy Weill, former CEO of Citigroup, changed his tune on Glass-Steagall; why can't Chancellor Merkel do the same?*

a nationwide intervention, targeted on Washington, by Congressional candidates and activists of Lyndon LaRouche's Political Action Committee, in which thousands of people—Congressmen, Senators, mayors, city council members, county supervisors, trade unions, chambers of commerce, savings associations, and many others—were mobilized for the reintroduction of Glass-Steagall.

The backdrop to this dramatic about-face is obvious: The trans-Atlantic financial system is on the brink of disintegration—first, because it is hopelessly bankrupt; second, because its collapse could only be delayed in the short term by a hyperinflationary flood of money; third, because the biggest financial fraud in history, the manipulation of the Libor

interest rate, exposed the inherent criminality of the banksters; and fourth, because a hearing of the U.S. Congress on drug-money laundering by HSBC bank confirmed the allegations of former UN anti-drug official Antonio Maria Costa and Russia's top anti-drug official Victor Ivanov, that the whole trans-Atlantic fi-

nancial system would have gone bankrupt long ago without the massive money laundering for the illegal drug trade.

And now Sandy Weill, one who knows whereof he speaks, has pulled the ripcord!

### Scramble To ‘Save’ the Euro

Mario Draghi, head of the European Central Bank, however, is marching in exactly the opposite direction, preparing a “major market intervention,” a hyperinflationary “breakout,” and announcing that the ECB would “do everything it takes to preserve the euro.” This “everything” probably means a return to the unlimited purchase of bonds issued by states in crisis, a program that has been in abeyance for several weeks, plus the possibility of providing the EFSF (European Financial Stability Facility) with a banking license, which would allow it to provide liquidity to states and banks by printing money. In other words, Draghi will open up the money floodgates. Weimar 1923 sends greetings, but this time to all of Europe!

According to media reports, Spanish Finance Minister Luis de Guindos told German Finance Minister Wolfgang Schäuble in no uncertain terms that, in addition to the EU100 billion recently approved by the EU, Spain needs at least another EU300 billion—but not under the terms of a “bailout” and associated conditionalities. In Germany, the Constitutional Court in Karlsruhe has fortunately blocked a decision on the ESM (European Stability Mechanism), a permanent bailout fund that has not yet become law, until Sept. 12.

Nomura Holdings, Inc. has meanwhile informed its customers that Italy and Spain will request outside help “within weeks,” but that the ESM (whose constitutionality remains to be determined by the Karlsruhe ruling, along with other pending complaints) in its current form, is not sufficient to stabilize the southern



A 1923 cartoon in Weimar Germany shows Johannes Gutenberg stunned by the use to which his printing press is being put. Now European Central Bank head Mario Draghi and others want to do the same thing again—but for all of Europe.

Eurozone. Thus, not only Greece and Spain, but Italy too!

Draghi’s promise to save the euro at all costs—including hyperinflation, which would destroy everyone’s life savings—has met with considerable opposition within the Berlin ruling coalition, and especially from the Bundesbank, whose spokesman called financing by the printing press a “fatal route.”

Chancellor Angela Merkel and French President François Hollande, the day after Draghi’s announcement, said they would do everything to defend the Eurozone. According to *Le Monde*, there is a coordinated plan between the ECB and the EU governments to create an “inexhaustible tap of liquidity” from the ECB, the EFSF, and then the ESM, to supply the needs of states and banks.

This “inexhaustible tap of liquidity” means the imminent national bankruptcy of Germany, which the American agency Egan-Jones Rating—the only rating

agency that had foreseen the collapse of Lehman Brothers and the subprime mortgage securities—considers possible because of financial overload, and therefore downgraded Germany’s rating to A-.

### **Austerity Costs Human Lives**

What Draghi and the rest of the “save the euro” crowd are proposing means not only the bankruptcy of Germany and the dispossession of the German population, but this policy is already costing human lives. In Greece, for example, the budget is supposed to be cut by EU11.1 billion and, among other things, will set the ceiling on health-care costs at EU1,500 per person per year, which is of course sufficient only for short periods of treatment and little medication. The National Association of Kidney Patients warned, in a dramatic appeal, that “when someone does not have the funds, or has spent all their money or has sold all their property, they will be left to die.” Why? So that the speculators can keep on gambling!

Ms. Merkel, Mr. Schäuble, why do you not simply admit that the euro is a failed experiment; that the bailout policy was wrong and has only been used to benefit the banks; and that you should start immediately to govern according to your own oath of office? The only reason not to demand your resignation, is that it was the Red-Green government [Social Democratic Party-Greens] that introduced deregulation in Germany in the first place; the government has never distanced itself from deregulation and is now intervening all the more on behalf of the EU. Don’t you see that the continuation of your policy is leading Germany and all of Europe to catastrophe? If even a top Wall Street banker can make a 180° turn, why can’t you?

While in the United States, patriotic prosecutors and experts such as Eliot Spitzer and Neil Barofsky are ruthlessly demanding prosecution of Libor fraudsters and money launderers, the German financial oversight authority BaFin does not want “to draw rash conclusions from the scandal over interest-rate manipulation,” and does not even know whether this is the biggest financial fraud of all time. Instead, it is waiting for the EU Commission to make the first proposals for a so-called banking union, in September.

### **Who Knew?**

The question then arises: If U.S. Treasury Secretary Tim Geithner knew, no later than 2007, about the interest-rate manipulations, as Congress has just

learned, but did nothing about it, then what did the BaFin know? Especially given the fact that now Deutsche Bank has moved into the crosshairs of the investigation of Libor scandal? In the United States, the regulatory authorities are now themselves the subject of potentially criminal investigations.

It is high time for us in Germany to ask: Who knew the score about the Libor scandal and kept their eyes shut? Whose job would it have been to investigate the role of money laundering in the banking system?

Back in July 1995, the deputy general counsel of the New York Fed, John Moscow, was forced to resign because of a *New York Times* article in which he warned of the disastrous consequences of repeal of the Glass-Steagall Act. He pointed out the catastrophic risks that would result from a conflation of commercial banks, investment banks, and the insurance sector, because there would be no regulatory authority that could control the activities of the financial giants across state borders and internationally, if Glass-Steagall were abolished. It would be difficult to prosecute the “banksters,” the predatory bankers who would seek to enrich themselves at every opportunity.

Thus, no one can claim that it was impossible to foresee that the repeal of Glass-Steagall would lead to the same crimes that had already been exposed and punished by the Pecora Commission (1932-34). And anyone here in Germany who defends “universal banks” and claims that the two-tier banking system “is not in our tradition,” is simply lying and wants to maintain this criminal system; after all, until the early 1990s, the German banking system was so tightly regulated that high-risk speculation was completely impossible.

Key parts of the Anglo-American establishment have now drawn the conclusion that only a return to Glass-Steagall can prevent their own demise.

We in Germany must draw the conclusions and reject the ESM, which would create a lawless domain that would only invite in the mafias of the world, and also place the two-tier banking system on the agenda.

A two-tier banking system, immediate return to a new deutschemark, and a credit system for the reconstruction [program](#) for Southern Europe, the Mediterranean, and Africa: That’s the direction we must go. We also need a full mobilization in Germany for this program. There is life after the euro!

*This article was translated from German.*

# London, Wall Street Bankers for Glass-Steagall

July 31—*The following list of senior bankers calling for complete separation of retail from investment banking, on the Glass-Steagall model, reflects the sea-change which has occurred on this vital matter since early July, moving from London to the United States. Since the ex-Citigroup CEO Sandy Weill's announcement July 25, a whole slew of additional top bankers have come out to say they agree with him (of course, there's also opposition). By doing so, they are identifying themselves with a policy which has been almost entirely identified with Lyndon LaRouche's political movement, since at least September of 2008, when LaRouche issued a call for mobilization to restore Glass-Steagall. Finally, these bankers, many of whom were on the other side for years, were intelligent enough to recognize that reality demands bank separation now.*

*There have been other voices opposing the repeal and calling for the restoration of Glass-Steagall over the years, both from within Congress, and, in the U.S. banking community, most notably, former Kansas City Federal Reserve president Thomas Hoenig, who continues to speak up for re-enactment of the bill.*

**Sandy Weill**, former CEO Citigroup and a principal driver behind repeal of Glass-Steagall in 1999.

“What we should probably do is go and split up investment banking from banking, have banks be deposit takers, have banks make commercial loans and real estate loans, have banks do something that's not going to risk the taxpayer dollars, that's not too big to fail.” (July 25, 2012, CNBC, U.S.A.)

**Andrea Leadsom**, British Conservative Member of Parliament, and former senior banker at Barclays.

“The issue of a complete separation of retail and investment banking should also return to the agenda. It is right that the government should be the ultimate guar-

antor of retail deposits but that guarantee should not extend to high-risk transactions.” (July 20, 2012, www.andrealeadsom.com)

**Nikolaus von Bomhard**, CEO of Munich Re

“Ich bin Anhänger des Trennbankensystems” [I'm a fan of a separated banking system] (July 17, 2012, *Der Spiegel*, Germany)

**Peter Hambro**, chairman of Petropavlosk and scion of the Hambros Bank family.

“They should never have been together and now they should be split, completely.” (July 6, 2012, *Evening Standard*, U.K.)

**Lord (Paul) Myners**, former British Labour MP and City Minister, former CEO Gartmore Group.

“We need to go to what is known as a Glass-Steagall model, which is a complete separation...” (July 4, 2012, Channel 4 News, U.K.)

**Terry Smith**, CEO Tullet Prebon.

“The UK and the US must enact a Glass-Steagall Act and separate retail and investment banks. The only people who seem to have lobbied against such separation are bankers. Why are we listening to them?” (July 1, 2012, *Guardian*, U.K.)

**John Reed**, former Citigroup chairman.

“There is no societal benefit from integrating them [investment and retail banks].” (December 2011, *Financial World*, U.K.)

**Stanislas Yassukovich**, former chairman Merrill Lynch Europe.

“The megabank business model is indefensible.” (Nov. 24, 2011, CSFI “Views on Vickers,” U.S.A.)

**Lord (Nigel) Lawson**, former British Conservative MP and Chancellor of the Exchequer during the “Big Bang” (the U.K.'s period of rapid deregulation in the 1980s).

“...investment bank taking risks on the back of the taxpayer guarantee is a great scandal. I myself would have liked to see a complete separation between retail banking and investment banking.” (April 11, 2011, BBC, U.K.)

**Sir Brian Pitman**, former LloydsTSB chairman.

“The arguments in favour [of Glass-Steagall] are compelling.” (Oct. 24, 2009, *Daily Telegraph*, U.K.)

**Mervyn King**, governor of the Bank of England.

“There are those who claim that such proposals [for full separation] are impractical. It is hard to see why.” (Oct. 20, 2009, speech, U.K.)

# It's Past Time for a New Pecora Commission

by Bonnie James

July 28—In recent days, as the Libor-rigging “scandal of the century” unfolded, there have been numerous pointed references in the mainstream media to the FDR-era Pecora Commission. This refers to a set of hearings of the U.S. Senate Banking Committee, established in 1932 under President Herbert Hoover, to investigate the causes of the 1929 Crash and Great Depression that followed. But it was not until the election of Franklin Roosevelt in November 1932, that the hearings became a powerful weapon against Wall Street.<sup>1</sup>

In late 1932, the Committee hired, with incoming President Roosevelt’s backing, Ferdinand Pecora, a former New York district attorney with a reputation for fearlessness. Pecora was to put the most powerful Wall Street “banksters”—a term he coined—in “the dock,” to be tried before the American public.

One of the prime targets of the Pecora hearings was J.P. Morgan, both the man and the bank. Through its direct and interlocking directorships, Pecora said, Morgan had “incomparably the greatest reach of power in private hands in our entire history.” The hearings revealed that Morgan Bank maintained what it called “preferred lists” of powerful men in finance, business, politics, and public life, to whom it would offer securities at less than market value and provide other favors. Morgan insisted that these were simple business transactions, for which he expected nothing in return!

In taking on Morgan, along with Kuhn Loeb, Chase, National City Bank, and others, Pecora was serving notice to the British-based financier empire that, in the United States at least, its activities would be subject to the laws of the nation. Pecora’s efforts made possible the enactment of FDR’s major New

Deal legislation, beginning with the Emergency Banking Act, which closed the banks for an audit and stopped gold trading, and then the Banking Act of 1933, commonly known as Glass-Steagall, which founded the Federal Deposit Insurance Corp. (FDIC), and prohibited the mixing of commercial and investment banking.

Glass-Steagall helped keep the bankers in check and the financial system sound, until the 1980s, when its restrictions began to be eroded by Fed chairmen Paul Volcker and Alan Greenspan; by 1999, with the passage of the Gramm-Leach-Bliley Act, Glass-Steagall was overturned, and the disastrous results are now writ large, in the ongoing disintegration of the trans-Atlantic financial system.

*EIR* has written extensively, and virtually exclusively among U.S. publications, until now, about the Pecora hearings, especially in the wake of the 2007-08 financial crash; Lyndon LaRouche and the LaRouche Political Action Committee (LPAC), joined by Helga Zepp-LaRouche and Jacques Cheminade in Europe, have issued numerous calls for new Pecora Commissions and a return to Glass-Steagall. On May 17, 2010, Helga Zepp-LaRouche issued an “Urgent Appeal To American Patriots on Glass-Steagall.”

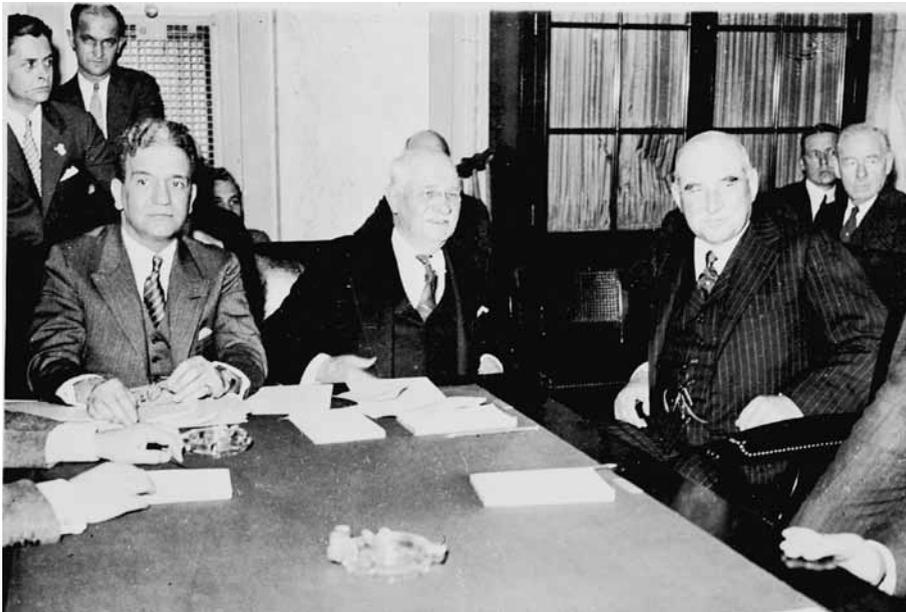
Now the genie is out of the bottle. Here are a few examples of the recent press coverage, followed by excerpts from *EIR*’s record.

## A Relentless Grilling

• **Truthout**, July 16, 2012: “JPMorgan Chase CEO Jamie Dimon’s hearings before Congress last month were strikingly similar—in circumstances if hardly in results—to the 1930s Senate Banking Committee hearings known as the Pecora Commission. Headed by Sicilian immigrant Ferdinand Pecora, the investigation into the causes of the Wall Street crash of 1929 resulted

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1. See Lonnie Wolfe, “The Morgan Fascist Coup Plot and How FDR Defeated It,” [[EIR](#)], Aug. 11, 2006.



National Archives

*J.P. Morgan was one of the prime targets of the Pecora hearings. Morgan, said Pecora, had “incomparably the greatest reach of power in private hands in our entire history.” Shown (l. to r.) Chief Counsel Ferdinand Pecora (the deadly serious one); Banking Committee chair Sen. Duncan Fletcher (D-Fla); banker J.P. Morgan.*

in, among other regulatory checks, the Glass-Steagall Act of 1933 and the founding of the Securities and Exchange Commission. . . .”

- **Telegraph** (London), Liam Halligan, July 21, 2012: “Where is our modern-day Pecora Commission—the Congressional hearings held in the 1930s that unearthed and demystified the frauds, scams and abuses that culminated in the Wall Street crash? Where is our truth and reconciliation commission to get to the bottom of what happened, punish the guilty and stop sub-prime happening again?”

“A former assistant district attorney from New York, Ferdinand Pecora had intellect and stamina in abundance. His relentless and expert grilling of bankers and regulators, fully open to the public, electrified Depression-era America. Pecora was the immigrant son of a Sicilian cobbler, outside the establishment, which is why his investigation was fearless and, ultimately, effective.

“The famous financiers and banking scions, they didn’t faze Pecora. His probings exposed the murkiest corners of Wall Street, catalysing genuine reforms and restoring public trust in bankers and banking, so laying the foundations for America’s post-war prosperity and financial stability.”

- **MailOnline** (London) July 25, 2012: “When the

*Economist* magazine starts using terms such as “Banksters” and the *Financial Times* wonders in its editorial column why no one of significance in the UK has been prosecuted over banking scandals, something serious is afoot.

“The *Economist’s* use of the term Banksters . . . has a historical resonance. . . . It is a coinage that dates back to the Pecora Commission, a series of hearings into the causes of the Wall Street crash of 1929.

“Those hearings, led by lawyer Ferdinand Pecora, were public eviscerations of the leading bankers of the day that made the appearance of Bob Diamond in front of MPs look genteel.

“They led to the passage of the Glass-Steagall Act that separated

casino banking from the humdrum retail variant, a piece of legislation that ran to only a few pages, in stark comparison with the thousands of pages of Basel capital regulations spawned these days.

“Yet in the five decades during which Glass-Steagall held sway, there were no systemic bank collapses and many observers blame the dismantling of the rules by President Clinton as a key cause of the financial crisis. . . .”

- **Washington Post** Barry Ritholtz, Jan. 25, 2012: “A modern Pecora Commission could right Wall Street wrongs.

“... Recall that Ferdinand Pecora was the fourth chief counsel for the Senate committee that investigated the Wall Street crash of 1929 and subsequent Depression. He was appointed in 1932 and received broad investigatory powers in 1933. His report ran thousands of pages. Thanks in large part to Pecora’s findings, Congress passed the Glass-Steagall Banking Act, which separated commercial and investment banking; the Securities Act of 1933, which established penalties for filing false information about stock offerings; and the Securities Exchange Act, which created the Securities and Exchange Commission to regulate the stock exchanges. Nearly 50 years of financial stability followed. . . .”

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## And from EIR's Archives

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**Oct. 10, 2008:** It's Time for New Pecora Hearings.

"On Sept. 18, 2008, Lyndon LaRouche heartily endorsed House Resolution 1452, introduced on Sept. 17, by Reps. Marcy Kaptur (D-Ohio) and Scott Garrett (R-N.J.), 'Establishing the Select Committee on Financial Bailouts.' The legislation, which LaRouche dubbed a new 'Pecora Commission,' would create a Select Committee on Financial Bailouts, to investigate the recent actions of Treasury Secretary Hank Paulson, Federal Reserve chairman Ben Bernanke and others, in engineering the taxpayer bailouts and bank takeovers of Bear Stearns, the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), Merrill Lynch, American International Group, Lehman Brothers, and others...."

"LaRouche's reference to the Pecora Commission hearkens back to a set of widely publicized hearings, held in 1933, under the direction of the Chief Counsel of the U.S. Senate Committee on Banking, Housing and Urban Affairs, Ferdinand Pecora...."

• **Jan. 9, 2009:** End the Bailouts! New 'Pecora Hearings' Now! GMAC 'Bank' Deal Is Blackmail, by Paul Gallagher.

"...The equivalent of the 1932-34 "Pecora hearings," which laid the House of Morgan's 1920s crimes bare before the American people, is necessary *this month*, to stop the bank bailouts so that real economic investment can begin...."

"LaRouche PAC TV produced a nine-minute video on the crucial role that hearings like those headed by New York District Attorney Ferdinand Pecora played in launching President Franklin Roosevelt's '100 Days.'"

"'This GMAC scandal shows the need for an immediate creation of a "Pecora Commission," right now,' [Lyndon] LaRouche said...."

• **Jan. 16, 2009:** Only Bankruptcy Reorganization Will Revive the World Economy, by Helga Zepp-LaRouche.

"...It is therefore all the more urgent that an investigative commission be convened, on the model of the Pecora Commission in the United States in the 1930s, as I called for last week. Because the fact that the agreement adopted by the Grand Coalition in 2005 incorporates an institution expressly created so that Germany could enter into the international securitization market—True Sale International (TSI)—obviously puts a damper on hopes that that the government will

voluntarily admit to a gigantic mistake...."

"But the wind could quickly shift with the incoming U.S. administration. The *New York Times* ran an op-ed on Jan. 6 by historian Ron Chernow titled 'Where Is Our Ferdinand Pecora?' calling for Obama to set into motion a far-reaching investigation of the collapse of the financial markets, and, just as Pecora did, in 1932-34, to lay the groundwork for new laws forbidding these abuses...."

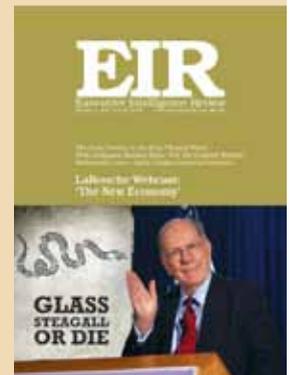
"Pecora Commissions are needed today in every country in the West.... In the United States, preliminary hearings are already under way in the House Financial Services Committee, on the need to reorganize these agencies...."

• The Defense of National Sovereignty: What a New Pecora Commission Must Do, by John Hoefle

"...The original Pecora Commission, an investigation into the financial machinations which led to the Great Depression, conducted by the Senate Banking and Currency Committee from 1932 to 1934, exposed the way in which a cabal of powerful bankers dominated the U.S. economy, and manipulated it to suit their own goals. The investigation was run by Ferdinand

### Lyndon LaRouche On Glass-Steagall and NAWAPA:

The North American Water and  
Power Alliance



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

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

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Pecora, a former prosecutor who hauled some of the most prominent bankers in the nation before the committee and revealed them to be, under their pompous, self-righteous veneer, a pack of self-serving, arrogant, and corrupt hyenas who had little regard for the interests of the nation and its people. In doing so, Pecora smashed the myth of public service the bankers and their publicists had so carefully crafted, and helped build the public support President Franklin Roosevelt required to force Congress to pass tough regulatory reforms....”

• **Feb. 13, 2009:** Sen. Richard Shelby Calls for New ‘Pecora Hearings.’

“...[A]t a Feb. 4 Senate Banking Committee hearing, the committee’s ranking Republican, Sen. Richard Shelby of Alabama, called for hearings modelled on the famous Pecora hearings of 1932-34, that brought the pro-fascist predecessors of today’s financiers to task, and laid the groundwork for President Franklin Roosevelt’s putting the ‘economic royalists’ in their place. Here are excerpts of Shelby’s opening statement:

“...This committee should, I believe, and must, conduct a full and thorough investigation of the market practices, regulatory actions, and economic conditions that led to this crisis....

“...The best precedent, I believe, for this type of investigation that our current economic situation demands, is the year-long investigation of stock market abuses the committee conducted during the Great Depression. The so-called ‘Pecora hearings’ produced a detailed report, exposing a wide range of abuses on Wall Street. This committee heard testimony from hundreds of witnesses, producing nearly 12,000 pages of transcripts from over 100 hearings. The investigative staff was made up of dozens of individuals, and included attorneys, accountants, and statisticians, conducting scores of interviews and sworn depositions. The committee subpoenaed corporate records, and heard testimony from the heads of Wall Street and industry, including three days of testimony, I’ve been told, from Mr. [J.P.] Morgan himself....

“The record that the Pecora hearings established ultimately laid the groundwork for the passage of the Securities Acts, and the creation of the Securities and Exchange Commission....”

### **Pecora Takes on ‘The Lion of Wall Street**

• **March 13, 2009:** Why a New ‘Pecora Commission’ Is Urgently Needed, by Jacques Cheminade (from

a speech to the Schiller Institute conference in Rüsselsheim, Germany, Feb. 21-22).

“The year is 1933. On one side is J.P. Morgan, Jr., the ‘Lion of Wall Street,’ who comes to testify grudgingly. On the other side, Ferdinand Pecora. He enjoys it.

“On a hot July afternoon, Ferdinand Pecora asked Morgan if he had paid income tax in 1930. Morgan was silent. Pecora was silent. Finally, the Lion of Wall Street replied, ‘I can’t remember.’ The same question was asked for 1931, then 1932, and received the same answer—‘I can’t remember.’

“Then Pecora gathered his papers, and revealed that J.P. Morgan had paid no income tax—ever. And had done nothing illegal. It was perfectly legal!

“Treasury Secretary Andrew Mellon (‘Andy,’ to the ladies), stressed Pecora, had inserted enough clauses in the tax code, so that Morgan and his like would never pay taxes. Al Capone would *never* have gone to prison, had he known ‘Andy’ Mellon better. Pecora then showed that the total taxes paid by the entire House of Morgan, not only J.P. Morgan, but the entire House of Morgan, and its partners, in the previous five years, was a single payment of \$5,000 in 1931.

“Then came the list of J.P. Morgan’s and his associates’ properties. They controlled most of the American economy, with their British friends. And then came J.P. Morgan’s preferred list, by which a bank’s influential friends, including former President Calvin Coolidge, participated in stock offerings at steeply discounted rates. Their full control of the American economy was then exposed.

“This was before the United States Senate Committee on Banking and Currency, where Ferdinand Pecora was chief counsel for an investigation of Wall Street banking and stock brokerage practices, after the 1929 Crash. Pecora was born in Sicily, the son of an immigrant cobbler. He was originally a progressive Republican—he was not a Democrat—and was appointed in the last months of the Herbert Hoover Presidency. His expertise as a hard-nosed assistant district attorney in New York County, had been to shut down more than 100 ‘bucket shops.’ These bucket shops were something peculiar to the United States of those days: They were fly-by-night brokerage houses, illegal brokerages based on bets on futures thrown into buckets, the primitive precedents for derivatives.

“Pecora, in his state position, was helped by John T. Flynn, an Irish-American journalist, and Max Lowenthal, a Jewish lawyer. No WASPs needed apply.

The American Republic was striking back against the Empire. . . .

“Pecora had been hired for \$255 a month by the Senate committee, and was earning less money than most Wall Street mandarins disbursed weekly in pocket money. And he defrocked the high priests; he ridiculed the high priests, making them seem small and greedy, exactly as they were. Pecora had become then an American folk hero.

“Roosevelt’s March 4 Inauguration speech against the ‘modern money-changers’ was given in the conditions created by Pecora and the Pecora hearings. The fight was fierce. . . .

“... Pecora and his hearings were like a bolt of lightning, illuminating the dark—what was behind the scenes. Pecora, exposing the frauds, exposing the issuance of fictitious capital, gambling with money at the expense of human lives, gave people the sense that they had a defender in Congress, and another one in the Presidency—smart, and caring for them, caring for the people. . . .”

• **Aug. 14, 2009:** Looting of Fannie and Freddie Demands New Pecora Commission, by John Hoefle.

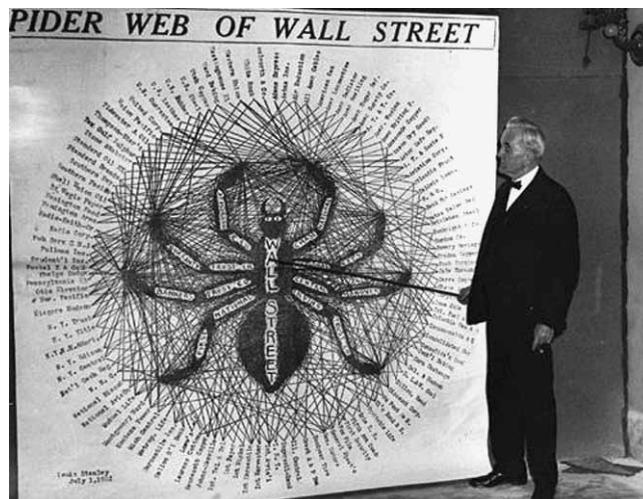
“... Given the level of criminality which brought the global financial system to its collapse, and the level of criminality which has allowed financial institutions to continue to operate after that collapse, it is imperative that the cases of Fannie and Freddie be thoroughly investigated by a new Pecora Commission—one that, unlike Nancy Pelosi’s sham, is worthy of the name.”

• **Dec. 3, 2010:** Ferdinand Pecora Takes on Wall Street and Wins a Victory for the American System, by Glenn Mesaros. (A review of *The Hellhound of Wall Street: How Ferdinand Pecora’s Investigation of the Great Crash Forever Changed American Finance*, by Michael Perino.)

“... By the time Pecora finished his work for the Senate Banking and Currency Committee in 1934, New York Stock Exchange president Richard Whitney was on his way to Sing Sing state prison in upstate New York for bunco fraud. . . .

“By the time Pecora took control of the Senate Banking Committee hearings in early 1933, the unemployment rate was 25%; 38 states had closed banks; and 25% of the population had lost their savings.

“... Pecora had prosecuted Wall Street ‘bucket shops’ during his tenure, for selling fraudulent securities, but had been passed over for the District Attorney



During the hearings, Sen. George Norris (R-Neb.) presented a large wall chart in the form of a spider web (above), showing the eight large banks which constituted a Wall Street web of intrigue dominating American finance.

job for being too honest. . . .

“The country was reaching a boiling point. . . . [Sen. Peter] Norbeck [R-S.D.], and others, were in no mood to continue to placate Wall Street, and they gave Pecora the power to issue tough subpoenas, on Feb. 8, 1933, to National City, and other Wall Street banks. This gave Pecora a mere 12 days to visit the banks himself, and examine the innermost ‘minute books’ of the Wall Street titans, in preparation for the hearings. . . .

“The dam broke in the national press, as the *New York Times* feigned outrage, while the Midwestern press called for the blood of the ‘banksters.’ Sen. Burton Wheeler (D-Mont.) declared that the only way to restore confidence in the financial system was to treat the banksters as Al Capone would.

“The influential journal *The Nation* observed, ‘if you steal \$25, you’re a thief. If you steal \$250,000 you’re an embezzler. If you steal \$2,500,000, you’re a financier.’

“Senator [George] Norris [R-Neb.] released a large wall chart in the form of a spider web, showing the eight large banks which constituted a Wall Street web of intrigue, dominating American finance. Even President Hoover chimed in, saying that ‘these men have done the American people more damage than all the incidental operations of Al Capone ... who had the merit of confining his robbery ... to the wicked.... These men are not bankers, they are banksters ... who are traitors to our institutions and national ideas.’ . . .”

# Glass-Steagall Vs. the Casino

by Paul Gallagher

July 30—Tim Geithner’s Treasury must have been busy “reaching out” to bankers and journalists on July 26 and 27.

Geithner had just been shocked, in his July 25 House testimony, to find himself hit with multiple questions about restoring the Glass-Steagall Act, by members of the House Financial Services Committee. Geithner, along with Rep. Barney Frank (D-Mass.), twice, since mid-2010, has been in the middle of killing off any Congressional “green shoots” of Glass-Steagall’s re-enactment, by far-fetched arguments, backed up with threats. But now the demand for Glass-Steagall was being raised from every corner of the country—often mobilized by Lyndon LaRouche’s political action committee (LPAC)—and from influential bankers in the United Kingdom, and the House was starting to sound serious about it. Geithner, on his way to Europe to plan the next “big bailout bazooka” with European Central Bank head Mario Draghi, had to be alarmed.

And so, starting July 27, financial columnists, along with some Wall Street banking lobbyists, began to take to the airwaves and print to “debunk the Glass-Steagall myth,” now—as one of them desperately put it—“believed by millions of Americans.”

These worthies are all saying or writing the same thing: Had Glass-Steagall not been repealed in 1999, had we maintained its separation of commercial from casino banking, that would not have prevented bank collapse and bailout, because the biggest failures—investment bank Lehman, insurance company AIG, money-market fund Reliant—were not affiliated with commercial banks, but they triggered massive bailouts.

This, not coincidentally, has been Geithner’s own public argument against Glass-Steagall, when forced to address it as his loyalists are now.

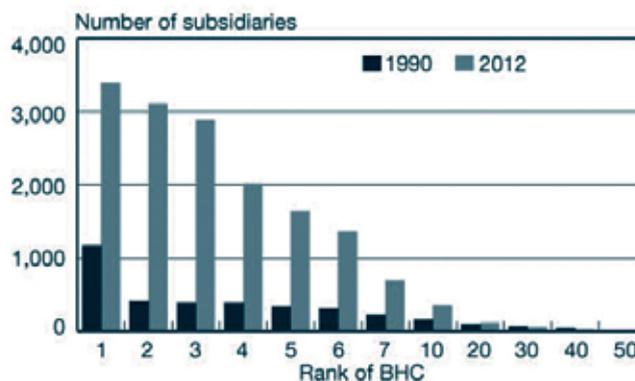
They might as well argue, when Spain’s bloated BBVA or Banco Santander goes belly-up by September, and multi-trillion-dollar new bank bailouts are launched to “prevent” chains of bank collapses, “Well, that has nothing to do with Glass-Steagall; that’s a *European* bank”!

In fact, when Glass-Steagall was still in full force through the early 1990s, European “universal banks” were prohibited from doing business in the United States, because their structure and securities activities violated Glass-Steagall. But by 2008, the Federal Reserve was bailing them out with hundreds of billions, to the point that its \$600 billion “QEII” (Quantitative Easing II) bailout went overwhelmingly—perhaps entirely—to European banks.

The objective of restoring the Glass-Steagall Act is not to stop failures of speculative securities operations. It is to stop bailouts triggered by those failures; and to separate, protect, and regulate commercial banks so that they do not pour their large customer deposit-based capital into securities operations.

Glass-Steagall, for 60 years, had barred commercial banks from direct investment of any but a tiny fraction of their capital and surplus into speculative securities; and, from any large lending to merchant institutions that were so speculating. Had Glass-Steagall been in force in the first decade of this century, the big commercial banks would not have been trading “financial de-

Organizational Complexity of Large U.S. Bank Holding Companies



Sources: National Information Center; FR Y-10.

Note: Data are as of February 20, 2012, and December 31, 1990, and include the top fifty bank holding companies (BHCs) at each of these dates. See our paper, “A Structural View of U.S. Bank Holding Companies,” for more details.

derivatives” securities with Lehman and AIG on a massive scale; nor, like JPMorgan Chase, lending heavily to Lehman during its last months.

### **The Impact of Repeal**

A report by three economists for the New York Federal Reserve Bank has made clear what a dramatic impact repealing Glass-Steagall had on the activities and investments of the large commercial banks’ holding companies (“large BHCs”). Feeding into the Congressional mobilization for Glass-Steagall last week, the report was released July 20, and noted particularly by New York Members of Congress.

The report is “Peeling the Onion: A Structural View of U.S. Bank Holding Companies.” It shows very large increases in the size, complexity, and speculative operations of these BHCs in the post-Glass-Steagall period, beginning in the mid-1990s, when its regulation of commercial banks was drastically loosened by then-Fed Chairman Alan Greenspan. (Greenspan’s campaign to destroy Glass-Steagall lasted far longer and with greater tenacity than that of Citigroup’s Sanford Weill. Unlike Weill, don’t look for Greenspan to realize or admit that the current global crisis requires restoring Glass-Steagall.)

The New York Fed’s report was covered July 23 in a Bloomberg News article, which drew its obvious Glass-Steagall implications.

“[Bank] critics including Thomas Hoenig, a Federal Deposit Insurance Corp. board member, say the biggest firms are too complicated to manage,” Bloomberg noted. “The 1999 repeal of the Depression-era Glass-Steagall Act was the main catalyst for the biggest banks getting bigger, the Fed study concluded. The assets of the largest lenders have since tripled to \$15 trillion. Hoenig has called for reinstating Glass-Steagall, which separated investment and commercial banking, while [Sen. Sherrod] Brown’s proposal would limit asset size.”

What the N.Y. Fed study showed is that after Glass-Steagall was weakened by Greenspan in the 1990s, leading to its repeal, the biggest U.S. bank holding companies started to explode the number of their subsidiary units. These typically rose from 100 or 200 (mainly for cross-state and foreign banking), to 2-3,000 by 2011, as big banks bought and created huge networks of subsidiaries, subject to overlapping but different regulatory regimes.

This is historically typical of investment banks, the

New York Fed authors note, so Goldman Sachs and Morgan Stanley still lead the pack with 3,000 or more subsidiaries each; but matched now by JPMorgan Chase among the huge formerly commercial banks.

The six biggest U.S. commercial banks created, in the period since Glass-Steagall’s weakening by Greenspan and its repeal, more than 10,000 subsidiaries overall, “using the legal structures to pay lower taxes and escape tighter regulation.”

### **Bank Deposits into Shadow Capital**

Even more importantly, as the study shows with asset tables, after Glass-Steagall’s repeal the big bank holding companies shifted capital and assets from their commercial banks into the growing maze of securities and derivatives units, hedge funds, wealth management, etc., units they created or bought. By 2011, some 23% of Bank of America’s \$2.15 trillion in assets were in such “casino” units; 32% of Citigroup’s \$1.875 trillion in assets had gone gambling; as had 14% of JPMorgan Chase’s \$2.265 trillion in assets.

The N.Y. Fed authors don’t make the point as such, but that was the origin of the huge growth of the so-called “shadow banking sector” in the ten years up to 2007’s start of the financial crash.

As for the pure gamblers, Goldman Sachs and Morgan Stanley, which were allowed in 2008 to have bank holding company licenses and set up commercial banking units—they have 89% and 90%, respectively, of their assets in securities, derivatives—casino banking generally.

Bloomberg’s coverage, again citing FDIC’s Hoenig, also took up the implications for the Dodd-Frank Act’s so-called “power to resolve” (wind up) such huge banks failing in a crisis. “It’s harder for regulators to use such powers to scale back the largest financial firms, rather than specific laws that would disassemble them, such as Glass-Steagall, Hoenig said. ‘In good times, it’s very hard to break them up. Anything but very bad times, it’s very hard to justify the breakup, because it requires the presumption that they will bring the system down.’”

With a new explosion of the financial system about to be detonated in the Eurozone banks, we either put Glass-Steagall back to work right now, breaking up and regulating those commercial banks, or we’ll see new bailouts printing trillions of dollars, with hyperinflationary effects like Germany in 1923.

HUNGER COMES HOME

## Stop Gambling on Your Daily Bread!

by Marcia Merry Baker

July 30—Hunger has come home. In addition to the 46 million Americans now getting food relief (SNAP) from the Agriculture Department, now the situation is fast-developing for all Americans, where the food won't be there to be bought.

The food supply crisis is occasioned by the extreme drought and heat wave in North America (**Figure 1**)—which we report in detail in the accompanying map-series on the United States. But the cause of the supply crisis, is the imposition of casino-economics domestically, and for world-wide agriculture for decades.

It was said that “market forces” would provide food and other necessities, as codified in the 1995 startup of the World Trade Organization (WTO). This was cover-up jargon all along, on behalf of certain financial/commodities networks—best called the neo-British Empire—which bludgeoned governments to impose floating currency rates and financial deregulation, including a set of destructive practices for agriculture, involving “free” (rigged) trade, elimination of food reserves, import dependency through “global sourcing,” cartelization, forced engagement of farmers and ranchers in betting—through futures, hedges and advanced contracting, privatized seeds and agro-research, monoculture, and wild speculation.

These practices were imposed, in place of prior, nation-serving policies of parity-pricing and other kinds of security for farmers and ranchers, policies which also provided to the public a secure and plentiful food supply, with reserves and directed scientific research. For example, in 1988—a terrible drought year in the United States, in which 40% of the corn crop was ruined—there was a year's supply of corn on hand! Right now, there is effectively *no corn carryover* from prior years, and we are weeks away from the next harvest, which is being ruined by drought. The WTO has decreed

FIGURE 1

# North American Drought Monitor

June 30, 2012

Released: Thursday July 19, 2012

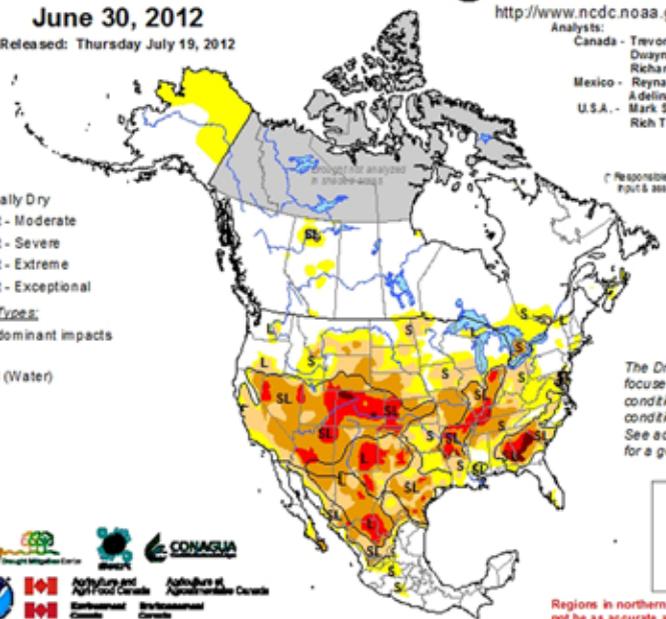
<http://www.ncdc.noaa.gov/nadm.html>

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 A Delina A Baril  
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\* Responsible for creating analyst's footprint assembling the (U.S.-CAN) map)

**Intensity:**  
 D0 Abnormally Dry  
 D1 Drought - Moderate  
 D2 Drought - Severe  
 D3 Drought - Extreme  
 D4 Drought - Exceptional

**Drought Impact Types:**  
 ~ Delineates dominant impacts  
 A = Agriculture  
 H = Hydrological (Water)



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text for a general summary.



Regions in northern Canada may not be as accurate as other regions due to limited information.

USDA

that “reserves” and carryover only “distort” free markets.

The market-forces-will-feed-you outlook also decreed over the past four decades, that it would be “uneconomical” to build up irrigation projects, large-scale water conveyance, nuclear-powered desalination, and similar systems, which would assist and protect agriculture. In particular, in the 1960s—a policy turning point period, after the assassination of President Kennedy—the North American Water and Power Alliance (NAWAPA) continental-scale water-diversion project for the western drylands, was halted.

Now we are hit with a severe and extensive drought. During the week ending July 24, fully 64% of the continental United States was classified as experiencing drought, according to the Federal Drought Monitor. The current pattern is the worst since 1956, in the judgment of the National Oceanic and Atmospheric Administration. Huge losses of corn, soy, and other crops, decimation of cattle herds, feed shortages for hogs and poultry, and other effects are rippling through the food chain. Prices are soaring. Once meat supplies from the current mass cattle slaughter are consumed this Winter, there will be severe beef shortages.

This calls the question: Will we allow monetarism

to continue, even to the point of famine? Or will the Glass-Steagall law be re-instated quickly, restoring the basis for expanding sound credit for rejuvenating actual agro-industrial progress, and busting up the present system of financial gaming and looting, which has been allowed to undermine our very means of physical existence for far too long.

What is required, in the spirit of the original Glass-Steagall Act—which was associated with jobs and production programs at the time (the TVA, Hoover Dam, rural electrification, soil districts, etc.)—are economic measures to build up the physical conditions of infrastructure and output capacity

of the nation, both for short-term emergency measures because of the drought, and for priority projects “on the books” of states and localities, and most of all, for launching the large, long-term continental-scale project of [NAWAPA XXI](#).

## Emergency Action: Physical Economy

For the farmbelt and food supply, the emergency measures needed are: Ban speculation and derivatives on food and farm commodities on the Chicago Mercantile Exchange (CME Group) and all exchanges. Institute food-price controls at necessary points along the food chain, and on key farm inputs—fertilizer, chemicals, seeds, fuel. Preempt attempted price gouging in the name of the drought.

Create price stability for farmers and ranchers through immediate floor prices for their commodities, especially meat, and institute parity-based pricing for their output across the board. Intervene in the current crisis, with grants, low-interest loans, and related assistance, to help producers to retain productive capacity, especially farmers and ranchers, to save breeding stock.

Put a dead-stop to the use of corn for biofuels, extending immediate support in the process to any farm producers who are involved in the ethanol facilities or

supply lines, so their actual farming operations, livelihood, and output potential can be protected for the food chain.

The policy fight on this way of thinking, is now joined in Washington, D.C. around the crucial question of Glass-Steagall, and when will it be re-instated. Anything else is just perpetuating gambling, and making way for starvation.

## Cancel Gambling

The spirit of this fight came out in the July 25 hearing of the House of Representatives Agriculture Committee, on “swaps” and derivatives. Many members of the 46-person committee denounced the out-of-control speculation taking place, and the patterns of criminality that go along with it—the Libor-rigging, the blowout of MFGlobal and Peregrine, and the vast volumes of betting on the markets, disconnected to any purpose of physical commodity sales and actual usage.

Rep. Collin Peterson (D-Minn.), the ranking Democrat, zeroed in on this in his opening remarks, saying that Congress did wrong to authorize gambling in 2000. He denounced the Commodities Futures Modernization Act of 2000, the companion law to the 1999 Graham-Leach-Bliley act which repealed Glass-Steagall. He said that the CFMA Act deregulated futures markets, giving “legal certainty” to swaps, which went from \$80 billion to \$600 trillion in eight years. “This is gambling. We gave it legal certainty. Look at what we did. When we did Dodd-Frank, we didn’t bite the bullet.”

Peterson stressed that the New York Federal Reserve (during the chairmanship of Timothy Geithner) knowingly presided over the Libor rate-rigging. The Commodity Futures Trading Commission (CFTC) was not contacted by the N.Y. Fed on the infractions. He said, “The whole damn system is set up to benefit Wall Street. I’m tired of it.”

Peterson is one of 7 members of the 46-person Committee, who have co-signed H.R. 1489, to revive Glass-Steagall. Committee chairman Frank Lucas (R-Okla.) identified Glass-Steagall, as passed in 1933, as the law which separated commercial from speculative banking, after this policy was called for by Rep. Chellie Pingree (D-Me.), who then said, “For the record, I am in favor of Glass-Steagall.” Pointing out that even former Citigroup head Sandy Weill now calls for Glass-Steagall to come back, Pingree said, “We should reinstate Glass-Steagall.”

The focus on getting in Glass-Steagall, and stopping

all the financial bailouts and gambling, throws into perspective the two very specific policy fronts affecting agriculture and food at the Federal level: the inadequacy of the Obama Administration’s relief-as-usual disaster program announced on July 23, which remains squarely within the “markets” mentality; and the fight to get a new five-year farm bill into effect, before the 2007 bill expires Sept. 30. Nothing is worse for farming than uncertainty.

All of these matters taken together, in terms of the absolute certainty that our very food supply is now threatened, means that policy-leaders—from the ranks of citizen-farmers and ranchers, the public, and elected officials—need to change their thinking, and end once and for all, the bewitchment that *monetarism*—the ideology that money is economic value—is true. It’s an evil lie. One way to understand the pathology of monetarism, is to look briefly at agriculture over the last 50 years.

## When the Food System Still Worked

As of the early 1960s, it was still possible in the United States, for a good farmer to make a living for his family, and the next generation, by farming alone—without off-farm jobs, winning the lottery, or other non-farm income or support. This then, provided food security for the nation. What characterized that situation are the following features:

**National food self-sufficiency policy.** The role played by the Federal government was to conduct programs to ensure that there was an ample food supply, and food reserves (through the mechanism of the Agriculture Department’s Commodity Credit Corporation (CCC)—founded in 1933 under the Franklin Roosevelt food/farm support initiatives).

To keep farming stable year to year, there were still agriculture pricing programs in effect, based on parity-pricing (keeping farmers’ income on a par with general incomes, and for the farmer to make a decent profit, by having prices for his output cover his costs of production). The agriculture parity policy was first implemented under FDR, and retained—though in partial effect, after World War II.

So-called “over-production” of any one commodity in any year, never caused a supply-and-demand whack against the farmer, because of the CCC intervention, and income/price maintenance for farmers.

**Resource base development policy.** As of the 1960s, the commitment to Earth and space science was in effect, and improvements in the resource base for ag-

riculture were underway. Army Corps of Engineers projects were under construction in many watersheds. For example, the Raystown dam and flood control project on the Juniata River in central Pennsylvania, a tributary of the Susquehanna River in the large Chesapeake Bay watershed. In the upper Missouri Basin, President Kennedy dedicated the Oahe Dam in South Dakota in 1963, part of an intended ladder of dams for flood control, and a network of irrigation systems.

The NAWAPA was under discussion for the go-ahead by Congress. In tandem, dozens of nuclear power plants were in line to be built. There was no ethanol program; putting food to use for fuel was considered laughable as well as immoral. The low energy-flux density of biofuel, in contrast to fossil and nuclear, was evident.

Therefore, the farm sector could foresee ample, inexpensive power, water, and land improvements. Only transportation—rail and inland waterways—were lagging behind.

**Science: crop and livestock genetics improvements**, and related research, were conducted in the general interest by networks based in the U.S. Land-Grant university system, collaborating with public and private centers worldwide. There was a continuing impact from the groundbreaking work in the Green Revolution done by Dr. Norman Borlaug and associates. India became food self-sufficient in 1974, for the first time in modern history, after the deprivations and famine under the British Empire. The principle in U.S. law and tradition, which disallowed patenting of food seeds, the means to life, remained in effect.

**Mutual-interest trade policy.** Trade relations were set between individual nations. There was no supranational body of authority over sovereign national interests. Domestically and internationally, attempted monopoly and cartelization were curbed by anti-trust laws. The legendary grain cartel firms—Cargill, Bunge, Louis Dreyfus, and the upcoming Archer Daniels Midland—were large, but still under constraint of standing law.

**International advancement.** In conjunction with the U.S. commitment to increasing food for a growing population, much of the world was characterized by development, or attempted growth. The best example is Africa. There were yearly increases in absolute tonnage of food on the continent, and per capita increases.

Meantime, the U.S. was entirely food self-sufficient, and a food exporter, apart from the deep tropical products of coffee, coconuts, cocoa, and the few others.



*The Constitutional mandate to “promote the General welfare” includes the right of our citizens to an adequate food supply. That right has been trampled by the monetarist “free-market” dogma. Shown: “Freedom from Want,” Norman Rockwell (1943); part of a series illustrating President Franklin Roosevelt’s “Four Freedoms.”*

### **Money as the Metric**

Over the next 10 to 20 years, every one these features was subverted, and eventually rolled back entirely, leading to the crisis we have today.

Why did farmers and ranchers, and the eating public comply? They were told: “Go modern. Go for the money. The markets will provide.” A quick snapshot of the degradation which then ensued, can be inferred by reviewing a short list of the relevant changes in law and new programs by decade.

**1970s:** In 1971, floating currency rates were established, ending the fixed-exchange rates policy of the post-war Bretton Woods system, and ushering in price volatility and speculative bubbles. Farmers and food-consumers were repeatedly slammed.

A series of deregulation measures was imposed on transportation in the U.S., leading to rail takedown and

drastic loss of transport service in the farm sector. In 1974, U.S. shipping law was changed, to allow any foreign vessels into U.S. ports, a precursor to the commodity globalization ahead.

Contrived environmentalism was institutionalized in the National Environmental Policy Act (adopted Jan. 1, 1970), along with other laws, and greenie propaganda promoting the lies that resources were fixed, human activity fouled the Earth, and scientific and technological advances were bad.

Legal changes began to further privatize control over agricultural research and food seeds. The 1970 Plant Variety Protection Act paved the way for private interests to patent food seeds, for the first time in U.S. history.

In 1979, a national tractorcade of over 6,000 farmers drove into Washington, to protest the worsening conditions for family farmers.

**1980s:** Mass demonstrations by farmers continued against the increasingly impossible price conditions, as parity-based policies were phased out, and double-digit interest rates were imposed by Fed chairman Paul Volcker. Thousands of family farms were bankrupted.

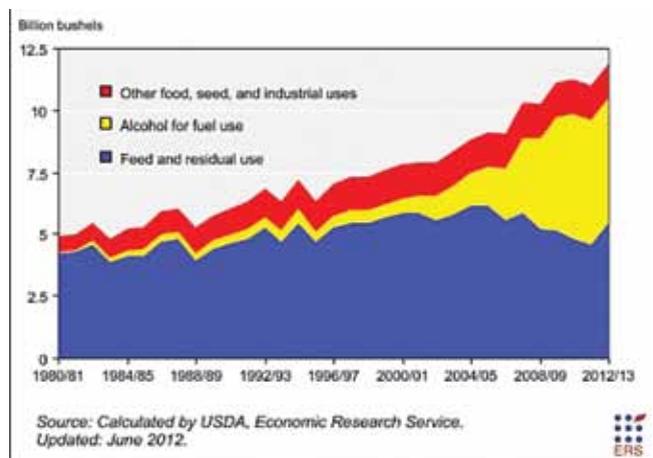
In 1986, international talks to impose global commodity control began in Uruguay in the name of the UN GATT-General Agreement on Tariffs and Trade. The cover-story used, was that agriculture policy needed to be “reformed” and “modernized,” i.e., brought under a one-world trade authority, and global multi-national control. Farmers were told that you don’t need parity, nor national food sovereignty. Instead, you farmers must plan to compete on world markets, and you will do well. The motto of the 1988 Montreal Round was, “One World, One Market.” The United States re-defined its national food security policy, to be *access to world markets*, and not self-sufficiency.

**1990s:** In 1992, the North American Free Trade Act (NAFTA) went into effect, eliminating national sovereignty for Canada, the United States, and Mexico.

1995: The WTO went into effect, eliminating national food sovereignty for eventually 155 member-nations. WTO rules outlaw national food reserves, outlaw support for farmers, and outlaw any protectionism for domestic food processing, as “trade distorting” and impermissible. The WTO “financial services” policies call on nations to take down national banking and credit, and accept globalized financial operations.

1996: The U.S. passed the “Freedom To Farm” Act, a radical free-trade law, called by farmers, “Freedom To

FIGURE 2  
**U.S. Domestic Corn Use**



Fail.” A new Risk Management Agency went into operation in the USDA. Extensive outreach operations were conducted by the USDA and collaborating agencies, to engage and train farmers and ranchers in using futures, derivatives, forward contracting, and other financial dealing, as a savvy agriculturalist.

**1999:** The Glass-Steagall Act was repealed.

**2000s:** In 2000, the Commodity Futures Modernization Act (CFMA) went into effect. It deregulated derivatives and other bets sold over-the-counter, that is, off the exchanges, which otherwise would be regulated as futures, under the authority of the Commodity Exchange Act of 1936. Huge balloons of multi-trillions of notional value of OTC derivatives ensued, traded by banks and financial securities firms, especially credit default swaps, until in 2007-08 came the first big blow-out.

The U.S. food supply now is entirely food-import dependent, except for the bulk commodities (wheat, corn, soybeans) going into the cartelized global grain trade. The number of family farms has fallen dramatically in the last 30 years.

In 2005, the Federal Renewable Fuels Mandate was enacted, in tandem with the push for corn for ethanol. Farmers were told, “This is where the money is. Forget science. Forget economics. Go for the money.” Farmers not only sold corn for ethanol, but formed cooperatives and partnerships to build and own ethanol and biodiesel facilities.

### ‘Risk Management’: Farmers as Gamblers

By 2010, the entire farm sector was completely transformed, all towards more vulnerability for the

farmer and rancher, and more threat to the food supply. At the same time, the pattern of weather extremes has intensified, in line with larger patterns in the solar and galactic systems.

According to monetarism, how is the farmer and rancher supposed to react? By being “farm smart” and relying on financial “risk management.” The Risk Management Agency described what farmers must do, in an April 2012 press release, announcing a new RMA round of farmer-training seminars this year: “RMA helps producers manage their business risks through effective, market-based risk solutions. RMA’s mission is to promote, support, and regulate sound risk management solutions to preserve and strengthen the economic stability of America’s agricultural producers.” In particular, crop farmers can turn to various types of insurance, though livestock producers can’t.

Both draft five-year farm bills in Congress extol risk management. The measure passed by the House Agriculture Committee is titled FARRM—Federal Agriculture Reform and Risk Management Act. The Senate-passed bill is praised by Agriculture Committee chair Sen. Debbie Stabenow (D-Mich.), as a shining example of risk management policy.

Now look at what this monetary ideology forces on the farmer—betting and gambling, not only on his own livelihood, but on *your* food supply. Take the case of a Midwestern corn and hog producer. Begin last Winter.

To begin with, you bet on the weather. This year, you knew we were overdue for a drought, but you prayed it wouldn’t come. Then you gambled on how much corn to plant. You knew national corn stocks were low, so you hoped that the corn prices would remain firm, even if a lot of farmers decided to plant to the hilt this season. So you decided to go ahead on the gamble.

You invested in planting as much acreage as you could, and figured for a yield of 200 bushels of corn an acre (a high average)—investing in the fertilizer, seeds and all that was required to achieve do it. The input costs were high.

You took out crop insurance, and gambled on how much of it to pay for—pay a lower monthly premium, and get reimbursed at a lower rate (maybe 35%) if your crop failed; or pay a bigger premium, and get a high-end rate, maybe 85%?

Then you gambled on when to plant. The Winter was mild, so you planted early. But soon, some of your fields showed trouble, so you gambled that they would

have yield problems, and you went to the expense of re-planting them.

Now it’s May and June, and the Agriculture Department reports that your fellow farmers have planted a huge area of 96 million acres of corn (the largest since 1937), and the national corn-yield average is expected to be a high 166 bushels per acre. The futures price per bushel tanks. You have some corn in storage from last year, so you gamble that you’d better sell most of it now, given the huge crop that might come in this Fall. You get \$5.50/bushel. Then within weeks, under the reports of the impact of the spreading drought, the corn price soars up to \$6, then \$7, and higher. You sell out the last of the corn you have left in your bins from 2011. The price climbs even higher.

Now you wonder: How far will the price go up, relative to how much the Fall harvest will be hit by drought? You decide to forward sell some of your crop, at what seems like a great price for Fall futures delivery. You sell 60 bushels per acre out of your original expectation of getting 200 bushels/acre.

But soon, the weather gets even hotter and drier. Your crop doesn’t pollinate properly. It’s withering. You figure you’ll be lucky to get 100 bushels an acre, or even 60. Maybe even no crop at all. You’ll be stuck to find corn with which to lose money, to fulfill your advance sales. You could even cut your parched corn down now, and chop it for silage to be fed to cattle. But you don’t have cattle anymore.

Corn futures prices are now over \$8 and heading for double digits. The weather forecasts are bad. You hope and pray for rain.

Worse, you needed your own corn, and solid crop sales, for your family partnership’s hog operations. There is no insurance for livestock losses. All your immediate family members are already working off-farm jobs, to cover farming losses, so there’s no help there.

With the skyrocketing corn prices, you are now losing money on every pig you are fattening. You can’t even locate a reliable feed supply. There’s no corn. You have to decide to quit or not. The farrowing operations are starting to send their sows to slaughter—the breeding stock. The same kind of process is happening in cattle.

What should you do? Can you try to “win” because everyone else fails, and you’re the last man standing?

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# Drought Conditions 'Everywhere Bad'

by Marcia Merry Baker

July 27—The drastic extent and food-loss impact of this year's drought and heat wave across the farmbelts of United States are indicated in the map series shown here, done in July by Federal agencies responsible for monitoring agriculture, food, weather, and atmospheric conditions. We have a fast-worsening food-supply crisis. Instead of merely a terrible regional disaster—as happened last year in the parched Southern Plains areas of Texas, Oklahoma, New Mexico, and Arizona—likewise in northern Mexico, resulting in huge losses of cattle and crops; we now face a nationwide and continental-scale disaster. This year is “everywhere bad” in the United States.

Moreover, any crop disaster in the United States is automatically an international catastrophe, since so much of the world's corn, soybeans, and wheat output has wrongly come to be concentrated in the States, as monoculture was imposed over decades of globalization, undercutting food sovereignty and development among the world's individual nations. Of the world's annual corn output, for example, the U.S. accounts for over a third.

As shown in **Figure 1**, as of July 23, there were 1,297 counties designated by the Department of Agriculture as official “disaster areas” out of the total of 3,000-plus counties in the United States. These farming disaster counties are spread over 29 states, as shown in Figure 1. Not all, but most of the counties are hit by drought. A much smaller number, declared as agricultural disasters, have damage from hail, freezing (as in Michigan), and flooding.

The widespread drought pattern is clear from **Figure 2**, the U.S. Drought

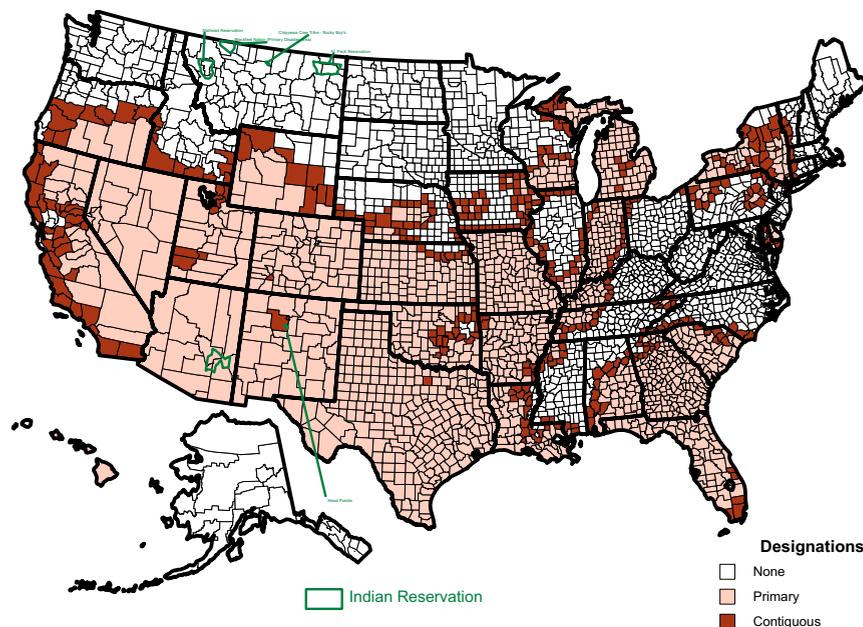
Monitor (July 24), issued weekly. Areas of “severe, extreme, or exceptional” drought are now extensive in the heart of the Midwest Farmbelt. In other words, the disaster counties are not only concentrated in the Southwest—known as the “Great American Desert,” since that term originated in the early 1800s—but also extend into the heart of the Cornbelt, into the High Plains Wheatbelt, as well as affecting the Southeastern states, home to specialty crops and orchards, such as peanuts and peaches, as well as to corn, soybeans, and general mixed farming. *Over 85% of all U.S. agriculture production is experiencing drought conditions.*

The Secretary of Agriculture is authorized to designate counties as disaster areas, on grounds of crop damage and farm income losses, in order to make Federal disaster assistance programs available to farmers and ranchers. As the map of Secretarial Designations shows in Figure 1, there are whole states now in the disaster category—the latest being Missouri—among the leading corn, soybean, cattle, and hog-producing states.

## Corn Crop Hard Hit

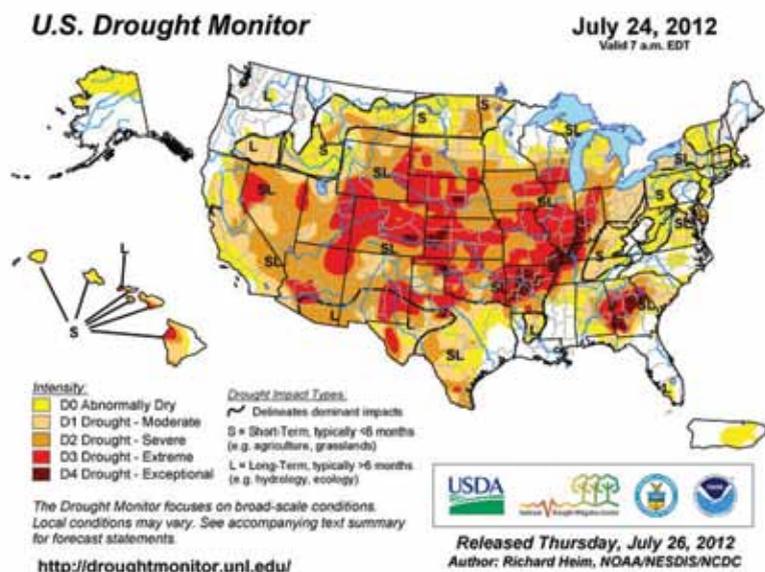
The current drought zone encompasses both the Winter Wheatbelt (centered on Kansas) and Cornbelt (centered on Iowa), as well as the top soybean produc-

FIGURE 1  
**Counties Designated as Disasters by the Secretary of Agriculture, as of July 25, Crop Year 2012**



Source: U.S. Department of Agriculture

**FIGURE 2**  
**Pattern and Severity of Drought Conditions in the United States, July 24, 2012**



tion region of the Midwestern United States. However, as of July, the losses in corn are causing the most immediate concern, for many reasons, but especially because corn carryover supplies from the last harvest are already below the danger level, and livestock and the entire food chain (starch, oil, sweetener, cereal, corn flour, citric acid, among many products) depend on corn. Also, Winter wheat is already gathered in, with varying rates of loss. Soybeans, which also are manifesting damage, mature later on.

Drought is devastating this year's corn crop. First, look at the extent. The map in **Figure 3** (July 17) shows the major and minor areas of corn cultivation in the United States—accounting for 88% of the annual harvest; most all of this area is in drought (cross-hatched on the map).

U.S. farmers planted a large area of 96.4 million acres to corn this year. This is very high, amounting to about a third of all crops sown. But the corn yield prospects are falling drastically week by week. In early July, over 25% of the crop came into its pollination period—lasting about 10 days, ahead of the norm, because it was planted early, after the mild Winter. But that was the very time

when dry, hot, windy conditions hit, and deterred the pollen and silks (hairs on the cob) from uniting.

Even the U.S. Department of Agriculture (USDA)—notorious for unreliable statistics—has put its latest national bushels-per-acre estimate down to 146, way below its earlier (and baseless) figure of 166 bushels per acre. For thousands of farmers, the yield prospects are zero. They are chopping the plants for silage.

The July 23 weekly “Crop Progress” report had to state that 45% of the nationwide corn crop is now rated as poor to very poor. In Illinois, the second-largest corn-producing state, 66% is rated poor; in Indiana, the fifth-largest, 71% is poor; in Missouri, 79% poor.

### Cattle Hard Hit

Along with the parched corn fields, pastures, hay and other fodder are also dried up in the drought. **Figure 4** shows that 75% of the cattle inventory of the nation is within the boundaries of the large area experiencing drought (as of July 24).

Ranchers and farmers face impossible expenses to provide water and feed under the drought conditions.

**FIGURE 3**  
**U.S. Corn Areas Experiencing Drought**  
 Reflects July 17, 2012 U.S. Drought Monitor data  
 Approximately 88% of the corn grown in the U.S. is within an area experiencing drought, based on historical NASS crop production data.



FIGURE 4

### U.S. Cattle Areas Experiencing Drought

Reflects July 24, 2012  
U.S. Drought Monitor data

Approximately 75% of the domestic cattle inventory is within an area experiencing drought, based on NASS 2007 Census of Agriculture data.



They are losing animals to the fierce heat, and are sending mass numbers to slaughter.

The number of cattle (dairy, beef, all types) in the United States as of July, was estimated at 97.9 million head, by the USDA, the lowest number since 1973, when such estimates began to be made twice yearly (January and July). The cattle herd as of July is down 2% from last year at this time, and far below the 115 million head of 30 years ago, which level is naturally fewer than required today.

### Keep a Perspective: You Create Nature

What this state-of-emergency picture calls us to understand, is that our vulnerability to weather extremes and damage comes from the man-made disaster of the lack of development of resources which would allow us to withstand, and even ameliorate, adverse weather. To protect agriculture and produce plentiful food involves construction and use of such practices such as irrigation, continental-scale water conveyance, creating freshwater from nuclear-powered desalination, climate-controlled protection for livestock, high-tech food preservation, etc. All of these involve providing and organizing ever higher volumes of power and organization for agricultural processes. Even “protected agriculture” in the Arctic is entirely feasible.

Because these projects have been blocked for decades, during the global-casino era of money-market-

based policies, we are now seeing food losses on a far larger scale than needs to be, because of the current North American drought. This underscores the urgency of launching NAWAPA XXI (see below), and initiating short-term emergency food and farm measures in the same spirit.

We must re-instate the historic imperative for development, affirmed in the Constitution and founding of the United States. Look at a few instances of U.S. history, concretely, in terms of the achievement of successively higher platforms of agro-industrial productivity, and the leaps in food output. In the 19th Century, the settling of the Midwest, out from the Atlantic coast, created vast new grain and meat production centers. In the 20th Century, California’s fabulously productive Imperial Valley was created out of a desert, as a result of the Colorado River Basin water-management system.

Less known, is the story of Iowa. It lies between two mighty rivers—the Missouri and Mississippi, which form its western and eastern boundaries—and, left to its “natural state,” Iowa fields tend to swampland. But the decades of intervention by farmers—even up to the present time—have underlain Iowa’s black-earth soils with extensive drainage pipe systems (tiling), to create one of the world’s most productive croplands. Iowa has the highest percentage of its area under cultivation of any state.

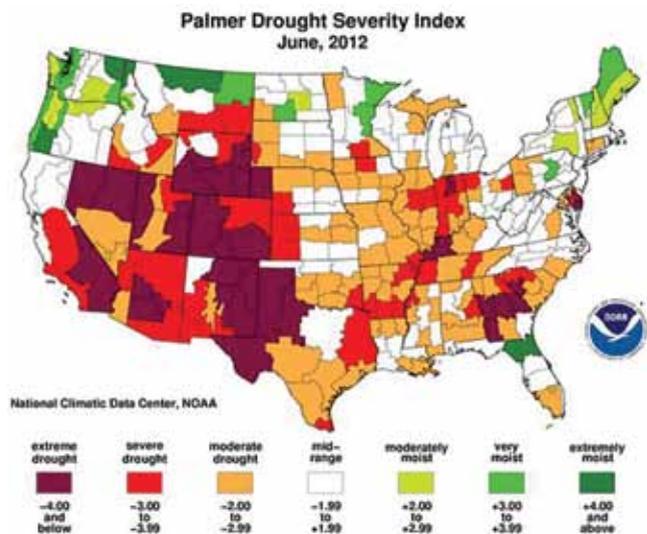
These examples document the principle that *man’s applied creativity creates the natural environment*, including in extreme weather.

### Don’t Panic; Dump Greenism

In this regard, it is absolutely essential—even therapeutic—to reject any form of the greenie assertion now making the rounds in the headlines, that today’s terrible drought must be seen as verification of the hoax of mankind’s culpability for global warming and planetary heat death. This myth has been cooked up and deployed for the purpose of deterring the discovery and application of high-technology advances—the very kind of activity we require for protection against adverse weather.

In particular, there is no grounds for a panic-response to the drought, to think that it is unprecedented, or record-breaking, if not apocalyptic. The appropriate scientific and historical perspective on today’s drought was presented July 21 by Peter Martinson, known as the

FIGURE 5  
**Pattern and Severity of Drought in the United States, June 2012**



National Climatic Data Center, National Oceanic and Atmospheric Administration  
*The Palmer Drought Severity Index (Figures 5-7) attempts to take into account the duration and intensity of long-term drought-inducing circulation patterns, while it measures water balance, considered as water supply (precipitation), demand (evapotranspiration), and loss (run-off). The three maps represent the years 1934, 1956, and 2012.*

Weatherman of the LaRouche Political Action Committee’s R&D team, in an LPAC-TV *Weather Report*, in the LPAC “Mastering Forces of Nature” series.

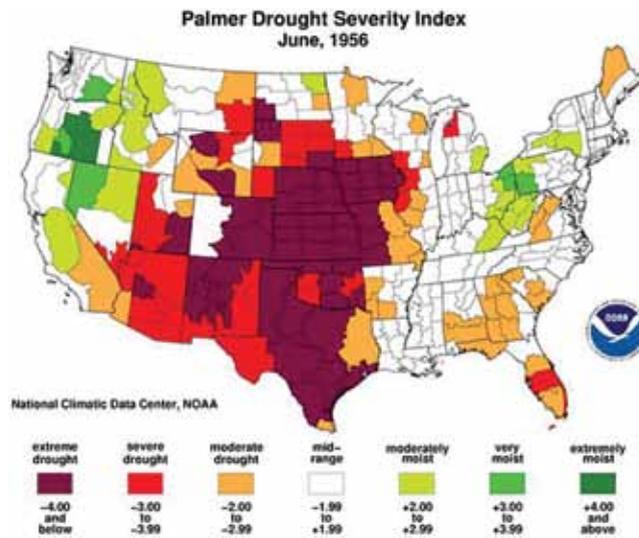
Martinson used the maps in **Figures 5, 6 and 7**, showing snapshots of the drought severity of today, from the 1956 drought, and from 1934, in the Dustbowl period.

He gave this background explanation: “Our planet is really old. Recorded human history goes back perhaps 10,000 years. Recognizable humans stepped out on the Earth, maybe 2 to 3 million years ago. The Earth itself is well over four and a half billion years old. . . . [Our records for the] measurements of climate go back only about 200 years, at best. Compared to 4 billion years, 200 years is equal to approximately zero.

“So in order for this panic alarm of man-made global warming to work, they depend on your willingness to be bowled over by ‘record-setting’ temperatures, or ‘record-setting’ drought . . . but none of these records are over a few decades old.

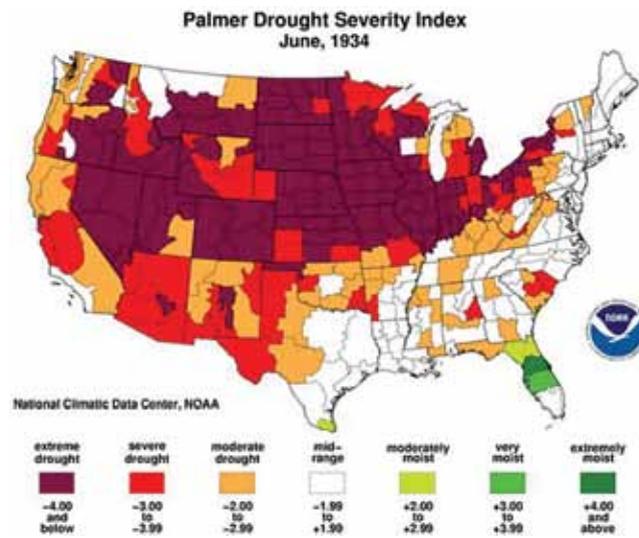
“Take the current American drought. Now this drought is terrible. We may lose our corn crop for the year. But we had a much worse drought back in the

FIGURE 6  
**Pattern and Severity of Drought in the United States, June 1956**



National Climatic Data Center, National Oceanic and Atmospheric Administration

FIGURE 7  
**Pattern and Severity of Drought in the United States, June 1934**



National Climatic Data Center, National Oceanic and Atmospheric Administration

1950s. And we had a much worse drought yet in the 1930s, during the great Dustbowl. But that’s not even a hundred years ago. We probably had much worse in the deep, deep past. . . .”

*marciabaker@larouchepub.com*

# LaRouchePAC-TV: A Tour of NAWAPA XXI

*LaRouche PAC-TV released a new online video, "NAWAPA XXI" on July 27, by Michael Kirsch, Dennis Mason, Spencer Cross, and Diana Wong. The title refers to the proposal for a North American Water and Power Alliance, to bring water that flows from the rivers of Alaska and Canada into the sea, southward to the driest areas of the United States and Mexico. Originally drafted in 1964, NAWAPA was never built, for political reasons. But with the scorching droughts of recent years, it is more urgent than ever, and the LaRouchePAC team has been working intensively to update and upgrade it for modern implementation.*

*The LaRouchePAC website describes the film as "an executive in-depth 30-minute tour of NAWAPA XXI, produced for water specialists, farmers, policymakers, and others who will be able to put their weight behind this life-like vision of the future."*

*We publish here the beginning and the end of the video, to give an idea of this vast project, and to encourage you to watch it for yourself.*

We live on a continent whose western part has a wide discrepancy of rainfall distribution due to the particularities of the Pacific Ocean weather system. The area stretching from Alaska and Yukon down to Washington State has 40 times the annual river runoff of the Southwest and Northern Mexico. To move some of this runoff to areas where there is little, it appears at first glance that a very long canal or pipeline would be required. Closer inspection shows that such a canal is already built! More specifically, there is a continuous stretch of naturally made canals, in the form of Rocky Mountain trenches and valleys, stretching from

southeast Alaska through southern Idaho, roughly 2,000 miles.

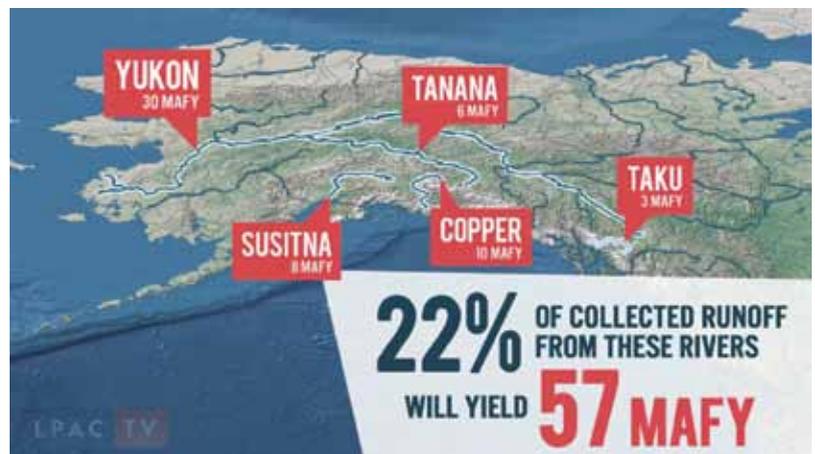
All that is required is the construction of 31 dams, and a 2,000-mile route utilizing these topographical features can deliver 11% of the runoff water of Alaska, British Columbia, and Yukon to bring a new source of surface water to the U.S. Southwest and Mexico, that will last as long as the rain continues to fall in the northern mountains of the continent, an amount capable of doubling food production, saving cities, farms, and industries across the Southwest, and securing livelihoods for generations to come. The construction of the northern storage and power system will bring with it the independence and industrialization of Alaska, the rapid development of British Columbia, and the general de-

FIGURE 1  
Alaska Rivers



"NAWAPA XXI" video, LPAC-TV

FIGURE 2  
British Columbia Rivers



"NAWAPA XXI" video, LPAC-TV

FIGURE 3



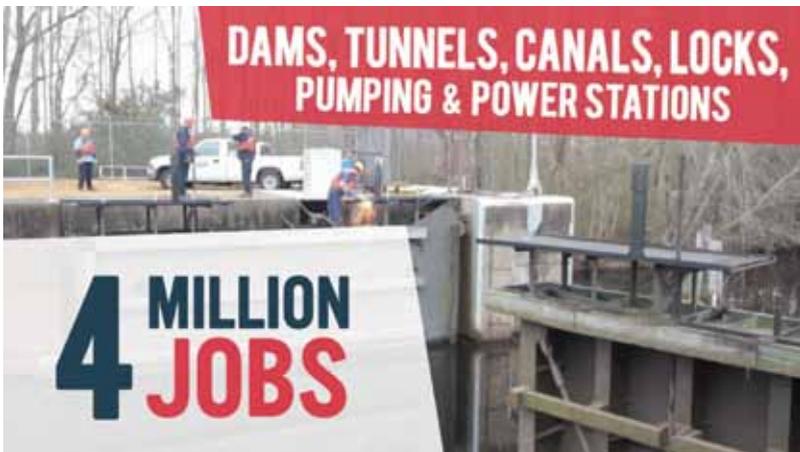
"NAWAPA XXI" video, LPAC-TV

FIGURE 4



"NAWAPA XXI" video, LPAC-TV

FIGURE 5



"NAWAPA XXI" video, LPAC-TV

velopment of the continent as a whole. Implementing the project will save and revive vital industries and technological capabilities, and create millions of long-term, productive jobs.

*[The video proceeds to give an overview of the NAWAPA XXI plan, starting with the 2,000-mile storage reservoir system from Alaska through Idaho, and working southward to Mexico. The concluding two sections follow.]*

### Transportation Corridors

Returning to Canada, a major addition to the main storage route described integrates with the proposed development of British Columbia and supplies the Canadian prairies with needed water. Peace River runoff and other Mackenzie Basin streams, as well as potential flows from the runoff of the far North, would make possible a barge canal across Canada, connecting existing rivers with a 730-foot-wide canal large enough for barges, stretching from the man-made Williston Lake, created by B.C. Premier W.A.C. Bennett, all the way to Lake Superior. Sufficient water supplies will be drawn from the canal for the needs of Alberta, Saskatchewan, and Manitoba, and a branching barge canal will cross through the Dakotas and link up with the Missouri and Mississippi river systems, designed for flood control as well as for shipping and irrigation.

The seaway will stabilize the levels of the Great Lakes when excess water is available. Branching off from the canal, a seaway between Lake Winnipeg and Hudson Bay, and a canal between Georgian Bay and James Bay would create cheap transport routes for resource development. The extension of waterways into areas where existing access is achieved only by expensive overland transport, will open vast new areas to accelerated settlement and development.

Barge traffic connecting Lake Williston

to a navigable Fraser River, through locks near Prince George, would make British Columbia an inflection point for world trade, and allow for material processing within the province, making use of the extensive 32 GW of surplus hydro-power possible through the system.

For the efficient construction of the NAWAPA XXI reservoirs, canals, pumping and power stations, the completion of the Alaskan-Canadian rail system, studied under former Alaskan Gov. Frank Murkowski, is immediately available for construction during the design, pre-construction, and site preparation phases of NAWAPA XXI. Two routes from Dease Lake to Fairbanks, and Fort Nelson to Fairbanks will neatly service their construction and supply. During the period of construction of NAWAPA XXI, Alaska and British Columbia will break away from the status of raw material exporters and begin processing their own resources, becoming self-sufficient with local industries and new supply lines.

### Summary Benefits

The system's dams, tunnels, canals, locks, and pumping and power stations will alone require 27 billion cubic yards of earth moved, 3 billion cubic yards of concrete, and 440 million tons of steel. The estimated machine production and material production for the construction machinery on-site, as well as the system components, will require 4 million jobs. Additional rail supply lines from a revived Midwest manufacturing belt to the West, and those lines running to the North, new power stations, and the new industries required for the task, will increase this by millions more. With modern technologies, the NAWAPA XXI design presented here could be done as fast as labor and plant capacity could be allocated for the task, in as little 15-20 years.

In addition to the benefits stated, numerous other benefits will result. There will be an increase in national income from agriculture, livestock, mining, and manufacturing; an overall increase in land values will result in irrigated land, while related industrial and urban land values will increase in proportion. Recreational activities will increase with the formation of scenic and navigable waterways. The increase in commerce and industry will be tremendous; tax receipts of the three nations will rise; and each country will reap gains in foreign exchange by the yield of increased exports of agricultural, forest, and mineral products. The

process set into motion by the project will serve as the basis for a restoration of the public credit system, with a functioning system of bank lending for productive economic activities.

Making the decision to enact NAWAPA XXI will create a new generation of productive citizens, making good on our debt to the World War II generation, on whose productive wealth we have too long relied, and left nothing for the generations to come.

*See the documentary "[NAWAPA 1964](#)" for the history of the proposal. The LaRouchePAC Special Report "NAWAPA XXI" is available in PDF form at [www.larouchepac.com/NAWAPAXXI](http://www.larouchepac.com/NAWAPAXXI), and print copies are available from LaRouchePAC for the suggested contribution of \$100. Call 1-800-929-7566 to order.*

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## LaRouchePAC Draft Bill

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# North American Water and Power Alliance XXI Act

To bring a vast untapped source of water for the agricultural, industrial, and municipal needs to the Great American Desert area of North America, and construct such a system of water management as will be of great benefit to all three nations, the United States, Canada, and Mexico;

To relieve the continuing, long-term spread of drought and desertification in the western half of the North American continent, and the exhaustion of long-utilized supplies of water needed for human habitation and activity, by providing increased water supplies for irrigation, navigation, recreation, and commercial uses;

To begin steps toward the construction of a 21st-Century version of the continental water management plan called the North American Water and Power Alliance, studied by a United States Senate Select Committee under Senator Frank Moss of Utah, in order to secure the livelihoods of the peoples of the continent through ample supply of freshwater, regulation of flooding, and new navigation systems;

To form new sources of public credit through the

development and future completion of the NAWAPA XXI plan; and for these purposes:

To create a Congressionally authorized body, "North American Power and Water Alliance XXI Authority," with the authority to design the most efficient means of utilizing excess rainfall in Alaska, British Columbia, and Yukon, through a Rocky Mountain Reservoir System, for the primary purpose of agricultural use in the U.S. Southwest and Northern Mexico, and for the additional purposes of improving the navigability and providing for the flood control of River Basins involved in a continental water management plan; to provide for greening and forestation of arid regions of the Great American Desert, and the proper use of marginal lands in all lands encompassed by the NAWAPA XXI continental water management plan.

## **1. Treaty Agreements and Formation of Authority**

This Act provides that during a period of 12 months following its enactment:

a) A new engineering and feasibility study of the continental water infrastructure scheme known as the North American Water and Power Alliance, improving on the original feasibility studies of this continental project done in 1964 by the Parsons Engineering Company and other engineering firms, shall be carried out; and

b) negotiation will be conducted by the Department of State and the Department of Interior, with the neighbor nation of Canada, with the goal of a joint credit and cooperation agreement by the United States and Canada for the building of NAWAPA XXI over a period of 20 to 30 years.

This Act provides that within no more than 12 months after its enactment, an authority shall be created under the terms of the Act, entitled the North American Water and Power Alliance XXI Authority, whose purpose is to organize the construction of the continental NAWAPA XXI water management scheme. This Authority shall be overseen by a Board of 9 commissioners, at least 5 of whom shall be appointed by the President and confirmed by the Senate, including one representative of the U.S. Army Corps of Engineers and one representative of the Bureau of

Reclamation, and one representative of the State of Alaska. On the assumption that the negotiation of a credit and cooperation agreement between the United States and Canada has been successful, 4 commissioners shall be appointed by the Prime Minister of Canada, of whom 1 shall represent the province of British Columbia.

## **2. Powers Requisite To Design**

The Authority, in coordination with said treaty agreement with Canada, shall design the most efficient means of transferring 22%, or 72 MAFY, of runoff water from Alaska, British Columbia, and Yukon to the U.S. Southwest and Mexico, for the long-term needs of agriculture, industry; and 22% of Mackenzie Basin water to serve Canadian prairies and a barge canal from British Columbia to Lake Superior, and designed in such a way as to make use of continental topographical characteristics for gravity flow in order to generate a surplus of hydroelectric power where possible.

And for this purpose, the Authority shall be authorized to study the transfer of water from Pacific watersheds to the Yukon River Basin, and from the Yukon River Basin to the B.C. Pacific watershed, into the Fraser River Basin, to the Columbia Basin, to the Great Basin, to the Colorado Basin, into the Rio Grande Basin, and the California Water Resources Basin.

And for this purpose, the Authority shall be given access to satellite data from relevant government agencies for the determination of optimal route of transfer, and all other scientific information necessary in order to devise and design a plan with facilities sufficient to transfer up to 22%, or 72 MAFY, from rivers in Alaska, Yukon, and British Columbia, through the Rocky Mountains into the United States.

And for this purpose, the said facilities and any other system components shall be designed with the most advanced technologies in mind, with regard to the machines used, as in tunneling, dam construction, and canals, as well as the materials to be used in all system components, using the most advanced methods of construction and implementation.

And for this purpose, the Authority shall design a control system which will use the utmost diagnostic and other technology available to forecast and monitor flows and levels in all proposed reservoirs, canals, and tunnel systems in final design, capable of centrally con-

trolling deliveries of water in coordination with the system, and all facilities under its control, for year-round steady delivery of water, as the amounts are agreed upon by the U.S. and Canada according to the final treaty agreements and water allotments between States and Provinces.

And for this purpose, resources shall be allocated for the design phase, such that the final design phase will take no longer than 12 months, unless the Board submits problem areas whose physical challenges require an extension of design for an additional 6 months, after which time, another extension must be requested by the Board.

### **3. Powers Requisite to Pre-Construction Manufacturing and Infrastructure**

The Authority shall have the power to call upon government agencies of both Governments to obtain reports on present capacity of both economies; to determine needed components from industry; and, as they become certain, on the design and quantities of needed material, to deliberate with agencies in order to effect a rapid employment program toward the preparation phases of construction, such as supply lines and manufacturing facilities which will be required in the U.S.;

The Authority shall have the power to arrange contracts for specific industrial production as the magnitudes and types of material production and machine production are clear and will be ready upon the implementation, for the pre-construction of needed components by industries;

The Authority shall have the power to plan and construct supply lines of highways, rail, and navigation canals necessary for construction of dams, tunnels, and other components, and contract those rail lines which are required.

The Authority shall have the power to coordinate labor training with the needs of the project, and such programs will be started immediately after the treaty agreements are completed in consultation with the Authority, after no longer than 2 months of initial design, and all sectors of labor training shall be employed including heavy machinery, general machine tool design, hydropower generation, etc.

The directors of the Authority are hereby directed to report to Congress their recommendations not later than June 30th 2013, for the unified development of

the continental management system and its requirements.

### **4. Powers Requisite to Construction**

The Authority shall have the power to construct such dams and reservoirs, in the river basins determined for the transfer of water from Alaska, Yukon, and British Columbia into the United States and Northern Mexico; and the construction of tunnels, canals, and reservoirs necessary to distribute the collected water in the most effective way, as determined by the agreed-upon design and treaty agreement.

The Authority shall have the power to construct dams and reservoirs, in any river basin required to affect the delivery of water to the Prairie Provinces, simultaneously affecting water supply to maintain a barge canal between Lake Superior and British Columbia, and to construct a navigation and irrigation system through North and South Dakota, also fashioned to control destructive floodwaters in the Mississippi and Missouri drainage basins;

The Authority shall have the power to acquire or construct powerhouses, power structures, transmission lines, navigation projects, and incidental works in all the above river basins, and to unite the various power installations into one or more systems by transmission lines.

### **5. Powers Requisite to Financing**

The Authority shall be capitalized by an initial investment of the United States Treasury in the amount of \$10 billion, which shall consist of a special issue of Treasury securities; and by the Government of Canada Treasury in an amount not to exceed \$10 billion.

The Authority shall be authorized, over a period of 5 years following its establishment, to issue NAWAPA XXI Authority Bonds under the guarantee of the United States Treasury, combined with NAWAPA XXI Authority Bonds under the guarantee of the Government of Canada Treasury, up to an amount not to exceed \$400 billion, and for a maturity not to exceed 50 years, paying an interest rate to be set by the Board of Commissioners in consultation with the Treasury.

The Authority shall be authorized, during a second period of 10 years following, to issue additional NAWAPA XXI Authority Bonds under the guarantee of the United States Treasury, combined with NAWAPA XXI Authority Bonds under the guarantee of the Gov-

ernment of Canada Treasury, up to an amount not to exceed \$400 billion, and for a maturity not to exceed 50 years, paying an interest rate to be set by the Board of Commissioners in consultation with the Treasury.

For the issuance and sale of these bonds, the Authority may be assisted by a National Bank of the United States, created for the purpose of combining public Federal credit and private investment capital for purposes of funding important projects such as NAWAPA XXI. It may also be assisted, during the period of creation of that National Bank of the United States, by Federal Reserve purchases of its bonds in the course of Federal Reserve open market operations.

The Authority shall be authorized to tender and let contracts for construction and servicing of the hundreds of water, power, and rail transportation projects necessary to build NAWAPA XXI, to U.S., Canadian, Mexican, and international companies. At least 70% of the contracting by the Authority shall be done with companies the majority of whose operations are in the United States, Canada, or Mexico.

The Authority may also contract directly with the U.S. Army Corps of Engineers and AmeriCorps for construction of projects, preparation of sites, and development of national parks and recreation areas associated with NAWAPA XXI facilities.

The Authority shall also be empowered to purchase bond issuances by states of the United States, whether new issues or existing bonded debt or a combination of both, for purposes of allowing states to participate in construction of NAWAPA XXI, and to carry out their other important infrastructure projects.

In order to service its equity capital and bonded debt, the Authority shall have the full use of all revenues from a) the sale of electric power generated at its hydropower, nuclear, or other facilities in excess of that power necessary for the operation of its water management projects; b) the sale of water for irrigation, industrial use, or urban use; and c) transit fees on its navigation canals.

The Authority's revenues are estimated to be roughly equal to the costs of construction of NAWAPA XXI, over a period considered of 30 years. This estimate is based on the most recent cost study, done in 2008 at the Economics Department of San Jose State University, of implementing the original 1960s NAWAPA plan, today. This Act contemplates the construction of NAWAPA XXI over a period as short as 15-20 years due to the great urgency of need for its very

large addition of water, for the increase of food growing and maintenance of an expanding population, and urgency of its contribution to rebuilding the economies of the North American nations.

Beginning 2 years after enactment of this Act, the United States Treasury and the Government of Canada Treasury shall provide quarterly to the Authority, from any Federal tax revenues the two countries shall be receiving from economic activity associated with the Authority's projects, additional revenue which will assist the Authority in servicing its equity capital and bonded debt.

## **6. Powers Requisite to Operation**

The Authority is hereby directed, in the operation of any dam or reservoir in its possession and control, to regulate stream flow for the purposes of maintaining the delivery of runoff water for irrigation in the U.S. Southwest and Northern Mexico, and for promoting navigation and controlling floods.

The Authority shall operate out of the central control system so designed and constructed, and is authorized to manage all contracts for the delivery of water, and operate the control system to regulate the deliveries of water to maintain steady delivery as a whole, according to the forecasting and monitoring system established, and is authorized to make the needed adjustments to the system as are found necessary to achieve steady and sufficient deliveries of water as agreed upon.

The Authority is empowered to construct, lease, purchase, or authorize the construction of additional aqueducts or irrigation systems from the main systems constructed for water storage and delivery in order to connect to new users in the river basins in which the project's main reservoirs and canals are constructed.

For the purpose of maximizing the usefulness of runoff waters of the continent for agriculture, the management division of the control center is hereby authorized to maintain a division of the control center in collaboration with government agencies for most effective use of agricultural water, and to engage in forestry and agriculture programs which give incentive to sale of water for specific purposes, including, but not limited to:

- a) Coordinating with agencies to promote water use for forestation and maximum greenery in areas where drought or flood damage is a problem, or where potential agricultural land could benefit from specific types of plants to best

repair the land and to encourage increased yield of crops.

b) Investigating methods of maximizing evapotranspiration in areas around reservoirs in order to increase the usefulness of water delivered to each basin, and for this purpose, contracting with commercial producers for the production of such plants and materials as are necessary for these programs of experimentation and land-covering for greening the arid regions.

c) Arranging with farmers and farm organizations for large-scale practical use of methods of land-cover programs for the directed use of water to encourage preferred climate trends, in particular in arid regions, to encourage accelerated greening, and to study planting methods for this purpose. Scientific institutions which study the effect of moisture in arid regions toward effecting changes in local climate and weather patterns, will collaborate in planning specific types of land-cover for specific regions in which water is sold, to direct the desired changes in precipitation, and moisture levels.

(d) Cooperating with national, state, district, or county experimental stations or demonstration farms, with farmers, landowners, and associations of farmers or landowners, for the employment of new forms of plant engineering for the purposes of climate control and increasing evaporation, and prevention of soil erosion, in the Great Basin, Colorado Basin, Rio Grande Basin, California River Basin, and Nelson River Basin.

The Board is authorized to provide and operate facilities for the generation of electric energy in order to avoid the waste of water power, beyond the needed delivery of 22%, or 72 MAFY, to the United States and Mexico, and 22% of Mackenzie Basin and other water to Canada, as well as pumping requirements; and therefore, to transmit and market such power, and thereby, so far as may be practicable, to assist in liquidating the cost or aid in the maintenance of the projects of the Authority.

It is the policy of the Governments of the United States and Canada, so far as practical, to distribute and sell the surplus power generated to increase industrial development of remote areas of the continent where development is constrained. The Authority is empowered to construct, lease, purchase, or authorize the construction of transmission lines within transmission distance

from the place where generated, and to interconnect with other systems.

The President of the United States and the Prime Minister of Canada shall, from time to time, as the work provided for in this Act, recommend to Congress and to the Canadian Parliament such legislation as they deem proper to carry out the general purposes stated in this Act, and for the especial purpose of bringing about in said river basins and adjoining territory in conformity with the general purposes of 1) the maximum amount of farmland restored and brought into development; 2) the maximum amount of food and agricultural production; 3) the maximum development of the Pacific, Fraser, Mackenzie, Nelson, Mississippi, Missouri, Hudson, and St. Lawrence River Basins for navigation purposes; 4) the maximum generation of electric power consistent with irrigation requirements, flood control and navigation; 5) the proper use of marginal lands; 6) the proper method of agricultural development, greening and reforestation of all lands in said drainage basins suitable for these purposes, and 7) affecting the economic development of the peoples of the North American Continent.



**NAWAPA 1964**

PUEBLO, COLORADO  
AUGUST 11, 1964

Released on Thanksgiving 2011, the LPAC-TV documentary "NAWAPA 1964" is the true story of the fight for the North American Water and Power Alliance. Spanning the 1960s and early '70s, it is told through the words of Utah Senator Frank Moss. The 56-minute video, using extensive original film footage and documents, presents the astonishing mobilization for NAWAPA, which came near to being realized, until the assassination of President Kennedy, the Vietnam War, and the 1968 Jacobin reaction, killed it

... until now.

<http://larouchepac.com/nawapa1964>

# No ‘Done Deal’ in Syria, as Thernuclear War Looms

by Ramtanu Maitra

July 31—As thousands of Sunni terrorists from Britain, the Arab world, the Maghreb, and South Asia converged on the outskirts of Syria’s most populous city, Aleppo, planning a violent confrontation, the Syrian military was poised to counter the terrorist offensive. According to some analysts, the battle for Aleppo is a decisive one for Syrian President Bashar al-Assad. U.S. Defense Secretary Leon Panetta, who is visiting the region and is known for mouthing what the White House wants him to say, told reporters aboard a military plane en route to Tunisia, that “if they [the Syrian military] continue this kind of tragic attack on their own people in Aleppo, I think ultimately it will be a nail in Assad’s coffin.”

Major players in this conflict are already planning a post-Assad Syria. Reuters reported on July 31, citing a statement from Turkish Prime Minister Recep Tayyip Erdogan’s office in Ankara, that a 36-minute phone call took place between Erdogan and U.S. President Barack Obama on July 30. The two heads of states discussed “how they could work together to speed up political transition in Syria,” the statement said. “In the talks, they took up the co-ordination of efforts to accelerate the process of political transition in Syria, including Bashar al-Assad leaving the administration and the meeting of the Syrian people’s legitimate demands.”

However, unlike what Erdogan or Obama would like to consider a done deal, the Syrian conflict is head-

ing towards chaos, which could lead to full-fledged war in the region, posing even a threat of thernuclear war. The reasons are the following:

First and foremost, the strategic goal of the Anglo-American puppet-masters who are stoking the war has nothing to do with Syria per se, but with destroying *national sovereignty* as the fundamental principle of world relations. This is the stated goal of the British monarchy and its hangers-on internationally. The target is not so much the small nation of Syria, with its 22 million people and few resources, but superpowers Russia and China.

## Out of Control

It is widely accepted around the world that most of the “Syrian rebels” are not Syrians at all. They are a contingent of Sunni terrorists, some of whom belong to the Muslim Brotherhood, while others come from a mish-mash of terrorist groups, spawned and nurtured since 1979, when the Soviet Union invaded Afghanistan. These terrorists, who have been bunched loosely under the banner of al-Qaeda, are funded by Saudi Arabia, Kuwait, and Qatar, and a few other nations, and are being used by Britain and the United States. The groups’ primary objective is to establish a Wahhabi extremist variety of Sunni Islamic rule, even an Islamic Caliphate, throughout the Islamic world, from northern Africa to Russia’s northern Caucasus.



White House Photo/Samantha Appleton

*Turkish Prime Minister Recep Tayyip Erdogan (right) with President Obama, Dec. 7, 2009. Erdogan's dream of building a Greater Turkey by helping to oust Syria's Assad, will likely hoist him on the petard of Kurdish separatism.*

Those, such as Saudi Arabia, Kuwait, and Qatar, who are funding these terrorists, are doing so primarily for two reasons. The first is the elimination of Shi'ite power, led by Iran's political influence, on the Arabian peninsula. The second objective is to protect their fragile monarchies, which are coming increasingly under attack from their own citizens. By sidling up to the old colonials, such as Britain and France, and the most powerful protector of the colonial powers, the United States, these fragile regimes are clinging to the hope of maintaining their decrepit monarchies. In order to meet these colonials' needs, as a *quid pro quo*, the Saudis, Qataris, and Kuwaitis are infusing their oil-generated surplus cash into the bankrupt colonial powers of Europe.

This policy has sharpened the Shi'a-Sunni conflict, a conflict that remained dormant within Islam for centuries, and has been exploited ruthlessly during the last century by Britain, in particular, to expand its Empire, which needed cash and control of waterways vital for its global maritime trade and troop movements.

As a result, Iran has been isolated, and the Arab world, with the exception of Syria and Iraq (particularly when Saddam Hussein was in power) has abandoned what was previously the burning issue: the occupation of Palestine by Israel. In essence, the Saudis, Qataris, and Kuwaitis have become the local supporters of Israel's occupation of Palestine. Iran, the world's leading Shi'a nation, along with Syria and Iraq, became the pri-

mary backer of the Palestinians, invoking the fury of the colonial nations and the United States.

This means that Iran and the Shi'as in the region consider the Syrian conflict an existential threat posed to them by the West and its bag-carriers in the Arab world. Some analysts openly say that the road to Tehran goes through Damascus: that the forces that are adopting terrorist means to destroy Syria will pounce upon Iran once their present objective is attained.

### **Why Russia Will Resist**

Two other global powers besides the United States—Russia and China, Russia in particular—may oppose such a takeover, by meeting the challenge using full force, including their nuclear arsenals. There are reasons why Russia will be left with no choice

but to use force.

To begin with, Syria had long been a Russian ally, defying the colonial powers' designs.

In 2007, Moscow announced that its Navy would be revived and that it would build up a constant naval presence throughout the world's oceans. This was reaffirmed by then-Prime Minister Vladimir Putin on Feb. 20, 2012, when he vowed to restore Russia's "blue-water Navy." Once one of the world's most powerful forces, the Russian Navy now has few ships regularly deployed on the open seas. In this context, the Russian interest in Syria is vital.

Under a 1971 agreement during the Soviet era, Russia maintains Syria's Mediterranean port of Tartus. The port, which has been in serious disrepair since 1992, is Russia's only access to the Mediterranean. Moscow has plans to modernize Tartus to accommodate heavy warships after 2012. In February 2010, Russian Adm. Vladimir Vysotsky told RIA Novosti news daily that "Tartus will be developed as a naval base. The first stage of development and modernization will be completed in 2012," adding that it could then serve as a base for guided-missile cruisers and even aircraft carriers. According to Russian Navy experts cited by RIA Novosti, the facility is being renovated to serve as a foothold for a permanent Russian naval presence in the Mediterranean.

Moscow is aware that one of the objectives of the colonial forces, and the United States, is to prevent

Russia from developing this important naval base. On July 26, the news agency DNA reported that Syrian rebels had threatened to attack Russia's naval base. The British- and French-backed Free Syrian Army, whose soldiers are mostly non-Syrians and terrorists from various nations, issued a threat: "We have a warning for the Russian forces: If they send any more weapons that kill our families and the Syrian people we will hit them hard inside Syria."

Secondly, Russia does not want to see Syria used to re-route the energy corridors in the Caspian Basin and the Mediterranean Basin. If Syria were to fall to the Saudis, Qataris, and others who are avowed enemies of Iran and Russia, these routes would be changed to reflect a new geopolitical reality. At the expense of Iran, oil from the Persian Gulf could also be rerouted to the Mediterranean, through Lebanon and Syria.

Moreover, Russia is already a victim of the Saudi/British-promoted extreme form Islamism inside Russia. The current decade-long war in Afghanistan, brought about and deliberately prolonged by the United States and NATO, has enhanced the jihadi threat in Russia's southern flank, as well as in the Northern Caucasus. Now, the Islamic threat has raised its head even in the Volga region, a very important economic area of Russia.

A full-fledged takeover of Syria by the jihadis will further increase the jihadi threat not only to Russia, but also to China. These guerrillas—trained, armed, and sustained by their controllers through "charities" and drug banks such as HSBC—have been shifted from one area to another (from Afghanistan to Iraq, Yemen, Somalia, Libya, Syria, etc.) to meet their controllers' requirements; they will no doubt be unleashed in and around Russia and China. This is a serious threat that neither Russia nor China can ignore, and it has been reflected in some of the recent deliberations of the Shanghai Cooperation Organization (SCO), a Eurasian organization led by Russia and China.

### **The 'Turkish Delight'**

The Syrian conflict is taking place, of course, in a region where things are already particularly unstable. Take Turkey, for instance. Unlike the savory "Turkish delight," what Turkey's Prime Minister Recep Tayyip Erdogan will taste soon, if Assad falls, will be most unsavory. It is likely that Erdogan, driven by his dreams of revival of a neo-Ottoman Empire and Turkey becoming the leader of the Islamic world, has been blinded by the

"realities" that have been implanted on the ground. The ingredients that concoct the most unsavory aspect of those realities point clearly to wide-ranging regional warfare, which could lead to the dismemberment of Turkey in the not-too-distant future. And, that future could be most brutal.

Erdogan's Greater Turkey dream may lead to a Lesser Turkey. This is the reality that Erdogan fails to see and that his recently acquired friends in the West, as well as Saudi Arabia and Qatar, will never tell him.

While Erdogan has resorted to sending more troops, armored personnel carriers, and missile batteries to the Syrian border to satisfy the terrorists, whose on-the-ground controllers operate from within Turkey, the Kurdish groups in Turkey, some of which are downright terrorists; plus a large number Kurds from Iraq working under the Kurdistan Workers Party (PKK); and the pro-Assad Kurdish Democratic Union (PYD) in Syria, have begun to coordinate preparations to launch their demand for a separate nation of Kurdistan. Their demand will include a chunk of Iraq and Turkey, and a part of Syria bordering Turkey. The terrorism and bloodshed that would ensue from such a campaign could also lead to a worldwide war.

As we observe the goings-on in Syria, Erdogan's Air Force continues to bombard the Kurds in Turkey. None of that draws the media's attention, but it means one thing for sure, which is the hardening of the Kurds' resolve to hit Turkey whenever they can.

The problem that Erdogan and his Saudi-trained banker-President Abdullah Gul face is that they, and their party, the AKP, have been intensely involved in trying to undermine the Kemalist ideology in Turkey, which has predominated since the secular rule of Mustafa Kemal Atatürk (1923-38), the founder of the Republic of Turkey. In order to fulfill their dream of re-establishing an Eastern-oriented Ottoman Empire, as opposed to Atatürk's efforts to move Turkey toward the West and keep it a secular nation, the first target of Turkey's neo-Islamists (of which Erdogan is one) was the military. If, indeed, Erdogan achieves the goal of weakening the military, it is a foregone conclusion that Kurdistan will come into existence, sooner or later. And, to his surprise, Erdogan will find that the "friends" he aligned with in order to dismantle the Syrian regime of Bashar al-Assad and spread chaos all around, are in the front line, pushing the cause of an independent Kurdistan.

# Mofaz Warns Against Netanyahu's Iran War

by Michele Steinberg

July 28—In a blistering attack on Prime Minister Benjamin Netanyahu today, former Israeli Chief of Staff and ex-Defense Minister Shaul Mofaz said that an Israeli strike on Iran's nuclear facilities would be "catastrophic" for Israel. An Israeli attack would not stop Iran from developing a nuclear bomb, said Mofaz on Channel 2 radio, according to the *Jerusalem Post*, and the attack was likely to lead to war. Mofaz, who left the short-lived mega-coalition with Netanyahu's right-wing forces on July 17, also denounced Netanyahu and his Defense Minister Ehud Barak as "manipulative" for constantly repeating that a nuclear Iran is an "existential threat" only to Israel. Mofaz insists that Iran, armed with nuclear weapons, is a concern for all nations, and there can be successful diplomacy to prevent Iran from developing nuclear weapons. Other top Israeli military and intelligence figures have recently spoken out against Netanyahu's war plans, including Israeli Defense Forces (IDF) Chief of Staff Benny Gantz; Yuval Diskin, the former head of Shin Bet, the internal security service; and two former Mossad directors, Efraim Halevy and Meir Dagan.

The Mofaz interview was the culmination of a week-long series of statements warning against an Israeli strike on Iran, after Netanyahu used the July 18 terrorist bus bombing in Bulgaria, in which five Israeli tourists were killed and 20 or more injured, as a pretext to threaten Iran with retaliation. Netanyahu's war threat, made on U.S. national television on July 22, was coupled with an unsuccessful plot to break up the Kadima party (of which Mofaz is a member) in the Knesset—a plot that Mofaz has called "political bribery."

## Netanyahu Threatens War

Over the last week, there has been a stream of statements coming from Netanyahu and Barak threatening war on Iran.

On July 22, in an interview on Fox TV, Netanyahu

was adamant that Israel knew, based on "rock-solid intelligence," that the attack in Burges, Bulgaria was carried out by Hezbollah—which he described as the long arm of Iran. Though Netanyahu could not provide definitive identification—or even the name—of the alleged Bulgaria bomber, he insisted that Iran and Hezbollah, working together, had attempted or carried out terror attacks in 24 countries across five continents over the last two years—most of them against Israeli targets. He asserted that an identical plot in Cyprus against Israeli tourists had been foiled as recently as one week earlier.

Then, mocking the ongoing P5+1 (UN Security Council Permanent Five plus Germany) talks with Iran as not succeeding even "by one inch," in slowing down Iran's non-existent nuclear bomb program, Netanyahu continued his threat to unilaterally ensure Israel's safety by preventing an Iranian bomb. (As Mofaz and others have said, Netanyahu's plan would jeopardize Israel's safety, not ensure it!)

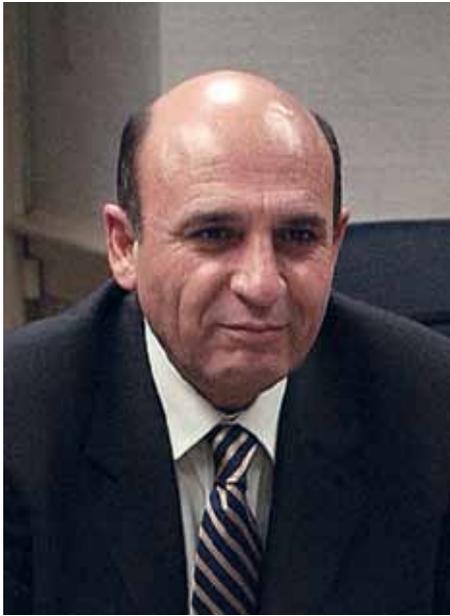
On July 25, Netanyahu told the graduates of the IDF National Defense College that the best defense against Iran's alleged nuclear missile threat is Israel's ability to attack Iran, as reported by the *Jerusalem Post*.

At the same graduation ceremony, Defense Minister Barak asserted, as he has before, that a nuclear Iran is more dangerous than an Israeli strike. "I am well aware of the difficulties and complexities involved in stopping Iran from obtaining nuclear weapons, but it is abundantly clear to me that dealing with the [alternative] situation when it unfolds would be substantially more complex," he claimed. Diplomacy was not enough "to stop Iran's nuclear program.... The U.S. understands that the State of Israel, and only the State of Israel, is responsible for its fate."

## Mofaz Responds with Warnings

By the time Barak and Netanyahu made their war threats at the IDF graduation ceremony, Mofaz had delivered several ominous warnings about the danger of unilateral war.

"Kadima will not set out on operational adventures that will endanger the future of our young women and young men and the future of the citizens of Israel in the State of Israel," Mofaz said at a press conference on July 23, reported the *Times of Israel*. The press conference was held after Netanyahu had failed to break up the Kadima party parliamentary bloc for orchestrating a defection of several Knesset members.



White House/Pete Souza

Former Defense Minister Mofaz (left) has strongly warned against an Israeli military strike on Iran, but Netanyahu (right) is using the terrorist attack in Bulgaria as a pretext to rattle the sabers against Iran.

According to Israeli sources reported on Israel's Channel 2 news, one of the reasons for Netanyahu's attempt to split Kadima was to bring enough Cabinet members into his government coalition to give him the needed majority vote to launch the preventive war attack.

Asked about this, Mofaz confirmed that if Netanyahu had succeeded in splitting Kadima, and bringing the rebels into his coalition, it "would have encouraged" Netanyahu to take military action.

As *EIR* wrote in its July 20 issue<sup>1</sup>, "A senior U.S. intelligence official has warned, ironically, that with the shift to support for Glass-Steagall taken by a powerful faction in the City of London, the danger of a war provocation emanating from opposing factions, in both Britain and the United States, has actually increased the danger of general war in the short term." The article concluded that the "Guns of August can be silenced if Obama is removed from office, by Constitutional means, before the start of the Democratic Convention on Sept. 3."

Israel's attack on Iran would be one trigger for that war, which would be aimed not at Iran, but at China and Russia, as *EIR* founder Lyndon LaRouche has repeatedly warned.

1. See Jeffrey Steinberg, "Trans-Atlantic War Faction Pushes Back," *EIR*, July 20, 2012.

## The Return of Eretz Israel

Words and threats are not the only signs that Israel is bracing for war. In the last several months, Netanyahu has escalated the process of grabbing up all the land possible in the Palestinian Occupied Territories, in preparation for an upcoming British Empire-inspired war. The secret policy of Netanyahu's government has long been "Eretz Israel," Greater Israel, and Obama is his greatest ally in this racist, *lebensraum* policy that is torturing and murdering Palestinians under the very eyes of the willfully blind international community.

Eretz Israel is the right-wing expansionist doctrine that led to the Israeli invasions of Lebanon

in 1978-82, and an Israeli occupation of Palestinian land that has lasted more than 20 years; the doctrine enshrined in the charter of Netanyahu's Likud Party, that the "Jewish State" of Israel's borders go from the Mediterranean Sea to the Jordan River; and the doctrine that Netanyahu will never mention publicly—his plans for "anti-terrorism" attacks to seize "buffer zones" in Southern Lebanon under the guise of defense and retaliation against Hezbollah, or in Sinai as security against "al-Qaeda in the Sinai."

Netanyahu, Barak, Foreign Minister Avigdor Lieberman, and their regime, see themselves outside the boundaries of international law (the UN has passed numerous resolutions mandating a return to the 1967 borders), knowing that the Anglo-American war faction will protect their aims. They will expand settlements; they have revived a decades-old, discredited "legal opinion" that Israel "owns" the entirety of the occupied Palestinian territories, and they have declared dominion over the Al-Aqsa Mosque in Jerusalem, through the voice of government legal advisor Yehuda Feinstein, who declared that Al-Aqsa "is an inseparable part of the Israeli territories."

## Legitimizing the Occupation

The front end of the expansion of settlements is Netanyahu's Levy Committee, appointed in January, with

the lofty name, the “Committee To Examine the State of Construction in Judea and Samaria,” the biblical terms favored by the “Yesha Council” and settlers who pledge that they will never leave the Zionists’ “God-given” lands.

On July 9, the Levy Committee declared that international law does not apply to the lands between Israel’s 1967 border and the Jordan River, therefore, Israel is not an “occupation” force. The settlements which have grown to include a population of over 300,000 on the Palestinian side of the 1967 line should stay, the Committee asserts, and the Israeli government should have Jews settle on all the land they want.

The committee report claims that “Jordan’s assumed sovereignty over most of Judea and Samaria after the 1948 War for Independence was not legally recognized by the international community, meaning that Israel did not occupy the same land during the Six-Day War in 1967.” With that simple lie as a premise, the Levy Committee also says that Israeli Jews are legally entitled to buy all the land they want in the West Bank, and that within a limited time frame—possibly five years—all Palestinians and Jews must provide proof of their property claims or lose every right to the land forever.

The Levy Committee recommendations have to be approved by Israeli courts and the Attorney General, and are not binding, but Netanyahu is already ignoring Supreme Court rulings to shut down the settlement of Migron, which was to have been vacated in March 2012. Furthermore, Bibi welcomed the findings over “Judea and Samaria,” deliberately using the biblical language.

The Obama Administration whimpered a protest, while giving a green light to Netanyahu’s expansionist policy. From the Republican side, the policy is just as revolting. During the week of July 9-13, Ari Fleischer, the former White House press spokesman for Bush and Cheney, and Matt Brooks, the executive director of the Republican Jewish Coalition, travelled to Israel to court money and votes from the 150,000 American Jews who are eligible to vote in the U.S. elections. “We don’t want an administration that ... criticize[s] Israel for building in its eternal capital of Jerusalem ... for building its settlements in lands that Israel is developing,” said Brooks, according to NPR radio July 17.

A cocky Fleischer added that American Jews living in Israel are natural GOP supporters: “It’s like hunting gefilte fish in a barrel.”

New from **EIR**

## The British Empire’s Global Showdown, And How To Overcome It

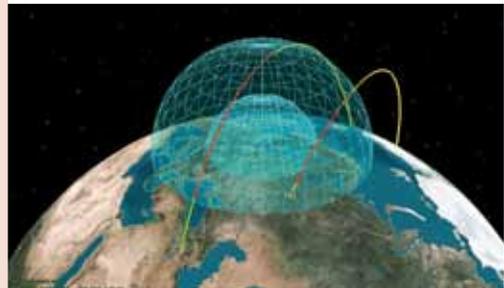
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### The British Empire’s Global Showdown, and How To Overcome It



June 2012

# Sane People Are Looking for Solutions, To Prevent Thermonuclear Armageddon

Mike Robinson, host of “UKColumn Live,” broadcast this video [interview](#) with Lyndon LaRouche on July 27, 2012.

**Mike Robinson:** Lyn, before we talk about current events, for people that aren’t familiar with your work, could you give us a short introduction, maybe tell us how you got started in political activism? Was there any event in particular that caused you to leave your “day job”? Or was this just a general process from teenage years? How did that come about?

**Lyndon LaRouche:** I think it might be described as an “itch,” which started in my adolescence, and went on to the end of World War II; and I got into forecasting, and economics in general, and also very much political material, on the unusual side, but I think the more relevant side.

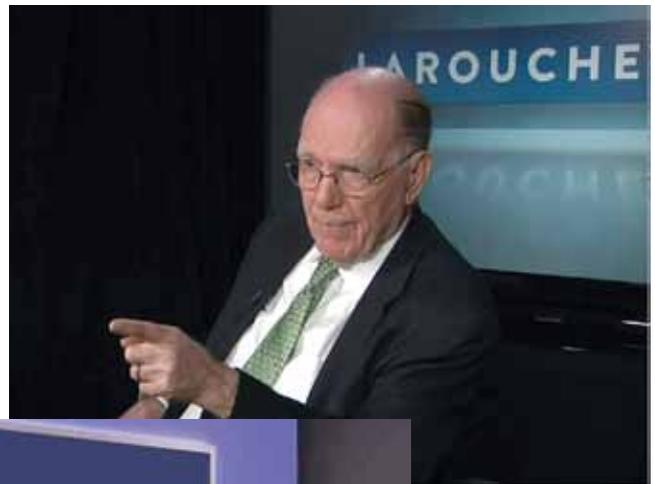
## Shift in Britain on Glass-Steagall

**Robinson:** Okay. In terms of what’s going on today, where do we start? You know, we’re looking at potentially, economic Armageddon, fueled by a collapsing financial system; we’re looking at potentially, a real Armageddon, if what’s happening in Syria escalates much further. How do you see the next few weeks playing out, particularly in the financial system? And what steps do we need to take, in order to solve this insanity in the world?

**LaRouche:** Well, you have also, currently in the United Kingdom, something that started recently from a number of leading circles; there were quite prominent people who came to decide that this Glass-Steagall approach was absolutely necessary for the economy. And it’s more than just for the economy: It is necessary! As a matter of fact, Europe

will disintegrate without Glass-Steagall, and we don’t want to have that.

So therefore, the question is, what are we going to do about the war threat? And my view is that the only way to deal with the war threat, is not to have one, because we’re getting into a period now, where if major powers come into conflict, through minor powers, we’re going to get a kind of warfare we can’t deal with. And that is deadly. We’re going into a new kind of warfare, which many people don’t realize what it is: If we get a countdown to shooting in the Middle East, with Russia on the one side and others on the other side, this



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UKColumn

Host Mike Robinson interviews LaRouche.

*Lyndon LaRouche:  
“We must, first of all, stop this collapse of the world economy; we must stop some of this bloody warfare; and we must actually learn to cooperate rather than kill.”*

thing will go to thermonuclear war, and we must not have that!

So therefore, first of all, you want to stop the thing; and secondly, what is the alternative, that can bring nations together, in new forms of cooperation, to avoid this kind of catastrophe? And actually, Glass-Steagall, as proposed by some people in Britain, is *extremely* important. The fact that we can organize an economic recovery—which can be done; there are some difficulties in doing so, but nonetheless, it can be done—and if we can do that, instead of getting to war, I think we could handle the situation rather nicely.

**Robinson:** Why do you think this faction in the City of London has suddenly—? You know, these were people who up until quite recently were arguing against Glass-Steagall, actually; why do you think they’ve suddenly come out and begun to argue for it?

**LaRouche:** Because they’re very intelligent. And they realize that the game they were playing has run out of steam and can not be continued. They know that there’s going to be a disaster, in some quarters in London and so forth; they say, you have to have it, because the alternative is the impossible. Therefore, “We’ll make the sacrifice,” is what they’re saying, effectively, “in terms of some people’s income, which is largely gambling sort of income, and we’ll do that in order to save the whole show.”

And that’s the kind of thing that great people, or people of larger intelligence, will tend to do, when faced with a crisis of this type. When I look at the list of people who are on this team, I recognize what their past is. And I recognize that they have come to a point where they have had differing views and policies in the past, but what’s changed is, they realize that what they were doing before, can no longer work. So they’re going to do it. And they’ve posted to the United States to do it.

And we in the United States *should* be doing it—the sooner the better—and on this Libor crisis, and the sooner we do that, the sooner we can get on with other kinds of cooperation that we have to have, with other nations as well; because we *must*, first of all, stop this collapse of the world economy; we must stop some of this bloody warfare; and we must actually learn to cooperate rather than kill.

### What Is a Credit System?

**Robinson:** I think Glass-Steagall is a good first step, if we can actually get it implemented. But that

alone isn’t going to solve our economic problems. I know that LaRouchePAC has a number of policies, a number of campaigns running, for the United States, at least, which would restart the economy in the U.S. Can you give us an overview of what else is required, other than Glass-Steagall?

**LaRouche:** What you have is a situation which goes back to the time of the founding of the United States under its Constitution, in which we set up a new kind of a system, as opposed to a monetarist system; an economic system which is based on credit. The idea is, that if you can borrow money, or create value, you can use that to do something which will generate more wealth than you’ve paid in, for this sort of process. Then you can have a growth pattern.

The problem today is, in the trans-Atlantic world, with all this crazy investment in wild money, we’re at a point where we’re in hyperinflation. We’re in a hyperinflation in the trans-Atlantic region, beyond anything known in history today. The reason we’re able to do it, is because of the political power behind that. But what’s going to happen, is that this financial system is going down. And the people in London and so forth who are for Glass-Steagall, have come to an understanding of this, and have also come to an understanding, by proposing cooperation with the United States, that if the United States and the United Kingdom *agree* on this measure, we can both come out of this alive, and this can extend our ability to other parts of the world.

We’ve reached a point, where the weapons of choice are thermonuclear fusion, not to say matter-antimatter, but those are the things on the agenda. The United States, and to some degree the United Kingdom, but less so, is the only nation that has the power to launch a genuine thermonuclear war against, say, Russia and China, and also India. So there’s the danger. And mankind might live, some people might live, through a thermonuclear exchange, but the civilization would not. Because the aftereffects of the blast of thermonuclear weapons, launched under such warfare, would be such that probably the human species would not exist after that, as a result of the consequences of that kind of warfare.

So we’ve got to come to the point where we realize that, yes, we will have conflicts on issues, we will have policy conflicts, but we will manage them, so we do *not* get the danger of thermonuclear fusion as warfare.

**Robinson:** Okay. You mentioned a creditory



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*LaRouchePAC organizing for Glass-Steagall and to dump Tim Geithner, in New York City, July 18, 2012.*

system, and I think that this is may be one of the questions that you're asked most often, but it's one of the concepts that people seem to have trouble grasping: Can you expand on what you mean by a creditary system rather than a monetary system?

**LaRouche:** Well, the idea is, when we talk about money, are we talking about credit, or are we talking about gold or some surrogate for gold? In other words, does value lie in a currency, or does it lie in the productive powers of labor—productive powers meaning *actually* productive, not just the ability to produce something, or do some work?

And therefore, we have, essentially, since the middle of the 1960s in the United States—and it's been pretty much the same throughout the rest of the world—there has been a long-term decline, a real declivity, in the productive powers of labor, in effect, in the world. Now, we have some growth in China, but China's growth is dependent upon the world market. If the world market, the trans-Atlantic region, goes under, China goes under. If the trans-Atlantic region goes under, Russia goes under, and that's not to mention other countries.

So therefore, what we need now, if we clean that up with Glass-Steagall, we're going to find we have a very small amount of monetary emission available to main-

tain the economies. Therefore, we have to go someplace else; not having any real money, or value out there, we're going to have to borrow. And how do we borrow? A *government* creates the responsibility for the selection of *credit*; this credit, if it's used and applied to the purpose of increasing production, then, you have paid for what you borrowed.

So the whole business in this thing, is to find ways of borrowing on credit, by nations. In other words, a nation goes into debt, uttering credit. Now, we must carefully select what we do, to make sure that the credit we use actually will repay itself *in terms of productivity*. And that's what we're up to, in this fuss in the United States today, the fuss against Libor, which is both a United Kingdom and a U.S. problem right now.

**Robinson:** Yes, well, on Glass-Steagall itself, most people understand that a separation of the investment, speculative arm of banks from the retail arm of banks, a complete separation, rather than this ring-fencing idea of the Vickers Report. And it's interesting to note that the Libor scandal would have actually happened within the ring fence. So the ring fence wouldn't have prevented that kind of activity at all. But, once those banks are separated, are you arguing that the majority of the debt that is therefore outstanding stays with the investment banks, and they can basically fail as much as they like? And nations effectively write off most of the bailout debt that exists?

**LaRouche:** Yes, essentially. There was a place for these private banks, but the point was, that they were presumed to be on their own responsibility, and therefore, would not gamble recklessly. What we did with the repeal of Glass-Steagall in the United States, was we opened the gates for wild speculation, wild monetarist speculation, with no reason whatsoever. And we now have—all the bubbles in the past, are modest compared to what this bubble is.

Certain people who are powerful politically have



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*NAWAPA will bring currently wasted water from Alaska, Yukon, and British Columbia southward to the parched areas of the southwestern United States and northern Mexico.*

been able to force the bubble on nations. Now, the point has come, that more and more people of responsibility and influence have recognized that this bubble must go.

The problem is, that when we clean up the bubble, most of the so-called money available, in both categories, is not too valuable. It's bankrupt. So therefore, our problem is that we do not have, in the existing banking systems—the legal part, the clean part—enough credit to accomplish a regrowth of the economy. Therefore, governments must go into debt: *governments*—because only governments are responsible for this kind of problem; governments must go into debt, by making investments or funding investments, *which are actually useful in terms of their physical productivity*, to meet the needs of the population, to meet the needs of nations, the physical needs of nations.

And therefore, we have to go to what was called a credit system, which was used, actually, in two cases in the United States. One was the original Massachusetts Bay Colony, which had a credit system which worked. But then they got crushed, and therefore the credit system went away. This was revived by people like Benjamin Franklin, and then others who followed, in forming the U.S. Federal Constitution. We found that

that the costs of the war were such, that we had no way, with the ordinary money, of keeping the United States functioning, once it had won the war.

So therefore, we recognized that we had to go to a credit system, where the Federal government would go into debt, which it could repay, because it would use the money that it had created, as credit; this would provide for actual physical growth, and therefore, we would have a higher rate of growth than the cost of maintaining the credit uttered for it. That's the principle of the system.

### **The NAWAPA Plan**

We have also one thing in the United States, which we're pushing very much: NAWAPA, the North American Water and Power Alliance, with Canada, the United States, and northern Mexico. We now have tremendous problems in terms of water shortages in the central areas of the United States, and similar kinds of problems. So now, the NAWAPA project involves 4 million jobs, very high-skill jobs at the top, and this system, in North America, would ensure an immediate process of *rapid, accelerating* recovery.

So, if we take these kinds of projects, which are

government-funded projects on credit, if the credit is properly managed, we can develop a recovery of economies. We can extend that to other parts of the world, as well, particularly if we are cooperating.

For example, if we are cooperating with China, which is one of the big export factors, in terms of European production, and India's significant in that way, also, then we can bring these nations into cooperation with us, under suitable agreements, where we can use credit for *physical* improvements in the economy, which will warrant the investment we're making.

It's an option. It's the only real one available right now, and I'm pushing for it all.

**Robinson:** Just so that people in Britain that aren't familiar understand, is NAWAPA a massive irrigation program, isn't that correct?

**LaRouche:** It's more than that. It's power, it's everything. In the case of water, it's not just using more water, or getting more water. The problem is, say, in the Western part of the United States, which was usually water-shy, now, we have a situation in a major crop-growing area of the United States, the water table has sunk! It's been drained. A foolish policy was used, of drawing down the water-supply level in the Western Plains and similar areas. Now, we have a non-functional area. We have a food shortage in the United States, which is crucial. There are various factors involved, but the basic thing is, we didn't prepare for this.

What we do, essentially, is we take a certain amount of water, we manage it, all the way from Alaska, down into northern Mexico, we manage that water. We manage it, and actually, to such effect, that we actually *increase* the effective water. Because, going across the entire territory of the United States, from the Pacific to the Atlantic, you have a certain flow of rainfall patterns; if you stabilize the rainfall patterns, you find that you have probably 2.7 times the amount of water you're going to recycle, because water is not used up, it's just recycled; and if you recycle it frequently enough, you can increase your supply.

Originally the system was proposed in 1964, it [the proposal] was fully in place. It never worked because of the war in Indo-China. The thing was just dropped. The proffer still exists. The improvements which we have designed now, are based on thermonuclear power and things of that sort as well. But we have the capability of increasing the actual water available, by recycling of water through this kind of process, that we can now in-

crease the actual ability to grow crops and do other kinds of things, by this kind of management.

This involves the use of, today, nuclear power. We have a nuclear capability in the United States, which is sort of postponed, but it's still there, potentially. This also means that Canada has a great potential. As you know, if you look at the territory, if you look at what's there, and what's not been developed, you have the possibility. It's important to preserve some of these areas, important for the future of mankind. You have a development in the trans-Pacific region now: China and Russia in particular, but other nations as well; Japan is coming on. And so forth. So we have a tremendous growth potential, in which NAWAPA is a crucial element.

We've also indicated that we have a need for restoring industrial production in the areas of the United States where this was traditional. My immediate estimate, is we could start with 4 million jobs in the United States, on NAWAPA. We could get automatically, 2 million jobs in short order, to restore the kinds of high-skill production which we used to have, and which have been in decline recently. That does not mean that we're going to be rich, and happy, and fat, all at once. It *does* mean that we're going onto a growth program, in which we will be able to *pay* for the credit we use, to develop these programs.

And that's the optimistic view. It has to be a realistic one. It's going to be a tough haul, but we can win.

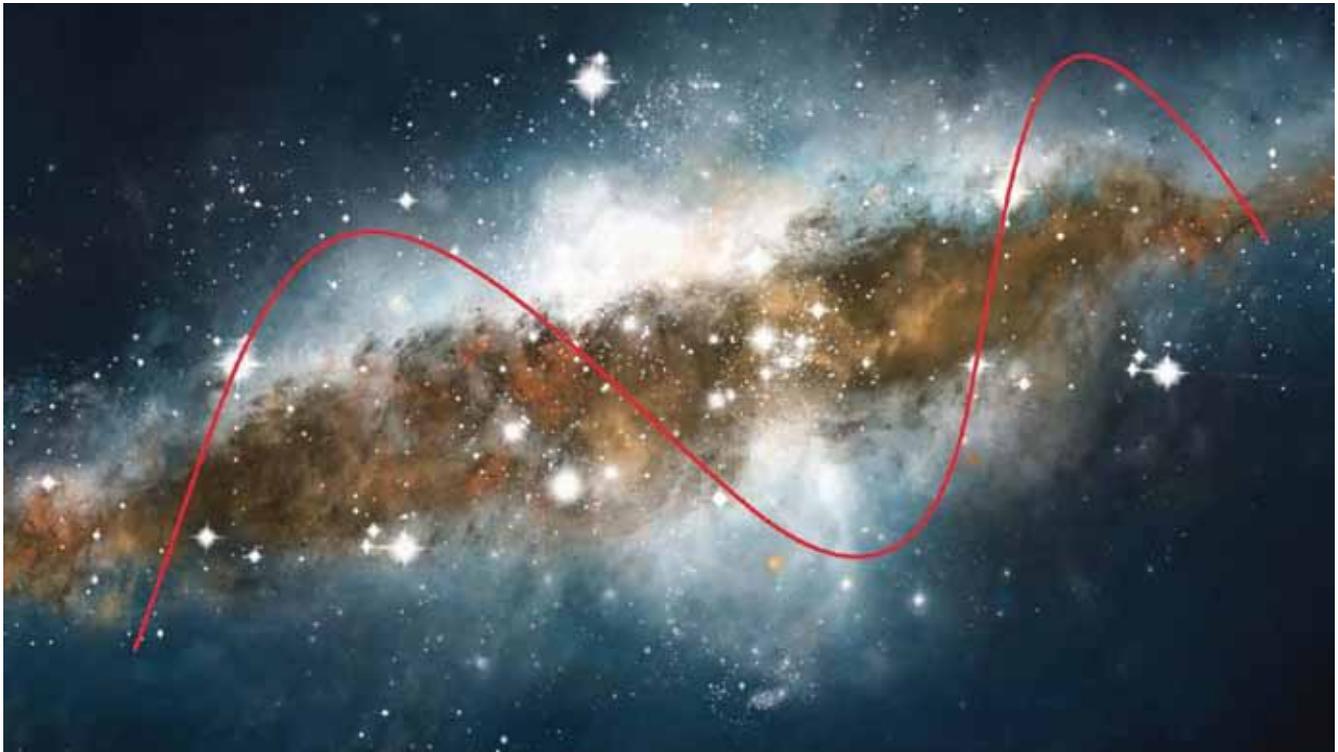
And I think what happened in the United Kingdom on Glass-Steagall, and the announcement that was made from there [Britain], by those figures, is extremely important. Because that increases the feasibility of the kind of recovery program, which the world needs now.

### **Raise the Energy-Flux Density**

**Robinson:** And of course, looking at NAWAPA—there are similar projects, the PLHINO [North West Hydraulic Plan] in Mexico, and various similar projects; and I see Russia's in a very similar situation, with regard to drought, as the United States, so they must have plenty of opportunity there for developing similar projects.

And so, what you're saying is, we use these types of projects to drive real productive growth in the economy, rather than this monetarist growth nonsense that the news normally discusses?

**LaRouche:** And, this all involves the space program! We actually have to concern ourselves, because



NASA/LPAC-TV

The red dot shows a representation of our Solar System moving through the galaxy, in an approximately 62-million-year cycle. We're heading for an area, said LaRouche, where the cosmic rays are going to become "a little more ferocious than in ordinary times"—something mankind has to prepare for.

we're going through an area in the galaxy, that is, the Solar System is going through a part of the galaxy which is becoming a little more ferocious than it was in ordinary times. One of those bumps that go around as the Solar System bounces around the circuit out there.

We also have major problems, like how far we will go at putting human beings on Mars. It's questionable. We will probably go there anyway, but the point is that we have to actually develop defenses, and also things which are just positive, which will be operating from the range of the Mars orbit. And these things are necessary for defense of mankind, against the danger of large rocks and similar kinds of things coming in on us in dangerous ways, and also other kinds of problems.

So mankind will actually be using, over the coming generation, much more thermonuclear fusion as a power source, for defense and for other purposes, and beyond that, who knows? But I think mankind has a destiny in managing our Solar System—at least, the inner parts right now, and who knows what, beyond?

**Robinson:** You've mentioned thermonuclear power a number of times. If you would, explain why nuclear

power and thermonuclear power, and particularly moving toward fusion energy, is something you consider so important. And why we should drop this notion of windmills, for example?

**LaRouche:** Well, it doesn't work! If you use windmills, you will actually sink the population of the world.

What you need, essentially, is what we call energy-flux density: increase of energy-flux density. You see, mankind is not an animal. To meet mankind's needs, we have to increase the energy-flux density of the power used. We have now just reached the threshold, with nuclear power, which is the transitional phase, going into thermonuclear power. This changes the potential of mankind in dealing with both the Earth and the Solar System, increases the potential by great orders of magnitude.

Mankind, you know, is different from the animals: The animals don't use fire. What makes the difference, is mankind uses fire. *No animal does that*, just mankind. And we increase our power; the history of mankind is that we've increased our power from fireplaces by cavemen, and things of that sort; we've increased the power, and we find that we can change the character

of land-area, we can restore destroyed land-areas, all these things. But they all require a greater intensity of power.

We've come to the time where, for military purposes, we have gone into thermonuclear fusion as a *weapon*, and that kind of thing: *Mankind can not survive*. What we have to use that for, is for these kinds of needs, and to protect man, against big rocks coming toward the North Pole, which might just eliminate mankind altogether. We have to be able to do that, and we *can* do that. That is, it's on the list of possibilities, very credible possibilities. We just have to think about it.

### Youth Need Reason for Optimism

And the other thing which really is a problem: our youth. We see it in the United Kingdom; we see it more directly in the United States: The degeneration, the cultural and moral degeneration of successive generations of young people in the United States, since, say 1964, has been a process of decay of the moral and intellectual capabilities of the human species, and the morality of it. We have a situation, as we know—the United

Kingdom has it, continental Europe has it, we have it—we have a population which is *degenerating morally*. And of all the other things that might threaten us, in the end, the greatest threat is the immorality which is gripping these younger generations of youth, in successive generations.

We've got to restore optimism, *real optimism*, productive optimism, in our populations. Otherwise, mankind is in danger.

**Robinson:** I was going to come to that, because in the U.K. over the last 40 years, we've seen education standards systematically destroyed. And if you say that we've reached this point over a period of 30, 40 years, then the question is, how long does it take to reverse that? And if it is the same length of time that it takes to reverse that, how do we deal with the fact that, obviously, a lot of the skills that older generations have, will be dying out over that period?

**LaRouche:** I think that what we have to use is this: From a European standpoint, we had a dark age, and that was succeeded in the 15th Century by a Renaissance of progress. And then, that broke down from 1492 on, into this religious warfare nonsense, which went on from that point up into 1648, with the Peace of Westphalia. Then, we went back into more war.

As a matter of fact, we have had, in reality, contrary to the usual explanations, we've had a system of world war, since the time that Bismarck was kicked out of office. We actually went into the war against Indo-China and so forth, and all these other wars, with the pauses in between great wars. What we've been going through is one great war, since the time that Bismarck was kicked out of office, until the present time.

And what we're in now, we're still in, is a world war. This time, we're at the point of thermonuclear war, and this direction in warfare, since that time, can not be tolerated any more.

### War Threat over Syria

**Robinson:** Let's discuss Syria for a second, because the Syrian conflict needs to be looked at in a broader sense, because of the encirclement of Russia: That is the case, is it not? And there seems to be an influx of funding and training for al-Qaeda-related activity in the whole region to the south of Russia. And I just wanted to see if you have any comment on that.

**LaRouche:** Yes. This actually came from certain people in Saudi Arabia, who were involved in what

## Planetary Defense

Leading circles in Russia have made clear their intent to judo the current British-Obama insane drive towards war, by invoking the principle of Lyndon LaRouche's Strategic Defense Initiative (SDI). Termed the Strategic Defense of Earth, the SDE would focus on cooperation between the U.S.A. and Russia for missile defense, as well as defense of the planet against the threat of asteroid or comet impacts.

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became known as 9/11, this tragic event in New York City. And, also, I was involved with the United Kingdom in some degree, in discussions, with the BBC and so forth, in trying to avoid the second Iraq War, which many of us considered absolutely wrong. And the second Iraq War unleashed a series of developments, one after the other, the spread of a permanent process of warfare, of *needless, worthless warfare*, which accomplished nothing, and spread *destruction* in that whole region!...

And some people still want to have an imperial system of nuclear warfare, or thermonuclear warfare; and it just can not be done. And all of our people, like our Joint Chiefs of Staff in the United States, and other people in other parts of the world, *understand that we can no longer go to this kind of warfare!* That we have to understand that there are issues to be dealt with, but there are other means, and better means, to deal with them.

We can settle things, we can *avoid* going to thermonuclear war. And the case right now, is that once the President of the United States had launched this crazy war in Libya, and then intended to go directly into Syria and into Iran, that was when the sane people of the nation, of the world, said, "Cut it out! Stop it! We can not go into this area. We have better means of agreement which we can negotiate."

And if we use our heads and have the right politicians, we can deal with these problems. It doesn't mean all the conflict is going to go away, but we can manage the conflict in such a way, that it does not become destructive.

We've got to get to that point. The Russians have done an excellent job. What they've done, in terms of dealing with the approach to this question of Syria, was an excellent job. What they and our Joint Chiefs of Staff in the United States have done, is, that for about 10 months, they have prevented World War III, *nuclear World War III*.

And any sane person on this planet, who is not just blind to all reality, *does not want to have that conflict*. We have people in the United States, and in the United Nations, who are willing to put the world into this kind of panic, this homicide, which the human species might not survive. *We don't need it*.

As we demonstrated in the case of these folk in the United Kingdom who have gone to Glass-Steagall, and who have shown *what thinking people can do* to solve what seem to be insoluble problems, and the coopera-

tion between the United States and those in the United Kingdom who agree with this, they are *absolutely precious*. Because they set the pace, among rational people, for trying to find real solutions, which are not thermo-nuclear extermination.

**Robinson:** So you have a very positive view of Putin's role in preventing this escalating further?

**LaRouche:** Yes. There's no need for it. If we look at the continent, and look at the economic needs—. For example, Russia is in a crisis, in a sense, for known reasons. Well, Russia also has a great potential, despite this crisis. China has a great potential, *but*, the potential largely involves exports into Europe and other places. So therefore, if this part of the world, the trans-Atlantic region, goes under, the trans-Pacific region goes under, too. For related reasons.

So, we've come to a point that we've got to manage the peace of the planet, and realize that there are issues. These issues can be addressed without going to thermonuclear confrontation. And we just have to sit down and say, "That's it! You politicians, get that out of your system! We're not going to do it! Come to your problems with other suggestions, use your heads, use your mind, don't be wild and try to prove what an ape you can be."

## Youth and the Future of Science

**Robinson:** Okay, good. Would you be able to tell us something about the activities of the Basement Team and the youth movement, and give us some idea of the scientific work that they're doing, and what the purpose of that is?

**LaRouche:** Well, the human species has always been characterized by using fire, which is the distinction of the human species from everything else—beginning maybe 2 million years ago, or something of that sort. And so, progress is a necessity; progress involves things like increase in energy-flux density, which has been the course of mankind's successes, going to higher orders of energy-flux density.

Mankind is the only species that does that, that could do it. Animal species absolutely can not. Other forms of life can not. And therefore, we have to recognize that that's the case, and that is what I'm involved in largely, just this sort of thing: What are the measures, what are the technologies we must develop, what are the systems we must install, to meet the rising requirements of mankind? And the fact is, you know, 2 billion



This LaRouchePAC video in 2011 shows a Basement Team discussion of the need for Glass-Steagall—and moving beyond it to scientific breakthroughs in the universe.

years from now, the Sun will no longer be here! At least on present forecasts.

And even now, even though mankind has only been around for about 2 million years, nonetheless, we have to think as human beings, about the human species, its long-term future, and we realize that we have to constantly improve our power to deal with these various kinds of problems, step by step.

We need a progressive view of what mankind potentially is. And I would say, within the next generation, we should actually be using thermonuclear fusion power for a one-week trip from the Moon to Mars. As to how many human beings will be there, that's another question. But we shall put instruments there; we should do things in that vicinity which are very essential for the protection of mankind *on Earth*, and dealing with some of the problems which Earth faces. Not just us, but Earth itself faces in this period. And those kind of directions. And the kind of scientific, and related, and social education for our young people, is indispensable, for this purpose to be fulfilled.

**Robinson:** And so, what is the scope of the scientific work that they are doing at the moment, then?

**LaRouche:** I think it goes pretty far. Not in detail, you know, but you go back to the 1890s and the beginning of the 20th Century, and you look at people like Einstein, and people like Planck and so forth, and you realize that it's a few great minds, usually, who take the leadership in generating the stimulation for science.

Then you have a lot of other people who are inspired by that, hopefully, with the help of educational institutions of the relevant type.

And mankind will enjoy seeing that we're not just individual persons; we are a species of a very special kind, unique as far as we know, in the universe. And our problem is, that we live and die, but we don't just die: The purpose of our living is to extend the future, the development of mankind in the future, from our own lives. So, instead of thinking that we're just born, live, and

then get dumped in the grave, and then that starts all over again, the point is, that mankind's progress, from generation to generation, *must* be progress. It must be from step to step. And we should rejoice, in particular, in finding ourselves occupied in doing just that!

So far, in the record as I know it, we have a great ebb in science. There's much less science, real science, than there ever was before, in a long time. We have to revive that! And we have to take these young fellas, who we are ruining in the streets of the United States—and I presume in the United Kingdom too—take these younger people, and give them a sense that they're going to do something *better* than was done by the generation before.

Once they can be brought to catch onto that idea—they should respect their parents and grandparents, yes—but the parents and grandparents should be looking forward to another generation which is going to carry things further. It's the optimism about the succession of the progress of the human condition, which I think is the necessary motive. And the few people who actually do that, or take the lead in this sort of thing, as Einstein, for example, and Planck did, they are precious.

### **Dope, Inc. and HSBC**

**Robinson:** To just bring things full circle in a sense, I wanted to just mention HSBC and the recent news regarding money-laundering at HSBC. And of course, you've been talking about that—I think it was 1996, you began the *Dope, Inc.* research? Is that right?

**LaRouche:** Well, actually in the latter part of the 1970s, was when we really got into that.<sup>1</sup> Of course, that's always been my attitude.

**Robinson:** You must feel fairly vindicated for all the criticism that there has been over that publication [Dope, Inc.], that finally, at last, "the truth is out"?

**LaRouche:** Yeah, it is out. But we've always had it out. You know, I'm from the Second World War generation; that was when I first got involved in those kinds of things. And since that time, it's been a horror-show, especially since, I would say, the 1960s. But in the 1970s, it became really established.

And I've seen the cases. I've seen whole nations being destroyed by this drug problem. I've seen what happens in, for example, Indo-China, what happened there. What happened in China earlier. What happened in this whole war area in the Near East, going down into South Asia and so forth. This is a nightmare.

When I see our own children on the streets, I see our own children, just living, and see the degeneration, the despair. You look at the lack of employment, of meaningful employment among young people, and you look at our streets, and what's happening there. You say, "We're being destroyed." And that's a problem.

And you look at, for example, Southwest Asia. Look, we went in there to start a drug panic! This happened with the second Iraq War, it started to spread that; and we've destroyed whole sections of Asia, and other parts of the world with this practice. And we just have to discipline ourselves: We can't tolerate it any more! We don't need it, it doesn't do any good for anybody. Get rid of it!

**Robinson:** We know that in Afghanistan, more or less, as soon as the British and U.S. troops moved into Afghanistan, the opium production that had been, effectively, shut down, started right up again, with a vengeance. But it gives a very good indication of what is really going on in Afghanistan. I don't know if you know this, but in the U.K., we are now growing opium poppies on U.K. farms, because we can not find enough opium on the planet for our health service. So you do have to ask the question, when we've got record amounts of drug production in Afghanistan, it's pretty obvious what the intention was, whenever we went in there.

**LaRouche:** I was in a crucial part of that. When the

second Iraq War was being proposed by the former Prime Minister [Tony Blair], I was one who, together with some people in Britain, were strongly opposed to this nonsense. I think we correctly foresaw what would happen if we went into that kind of war in Asia again.

I look at the troops of various countries, particularly my own United States, and see what the process is, the grinding up of these troops, these American citizens. Again, and again, and again, in a meaningless, brutish war, with no purpose. And all it does, is it takes and grinds up more and more of the people in Asia and other parts of the world.

The time has come; we *do* have, as nations, and if you take United Kingdom forces, the United States and other nations, if they decide they're going to stop that, it can be stopped. And we can recover our economies again, and our nations again.

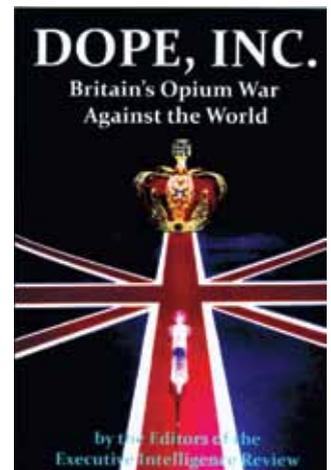
**Robinson:** Okay, Lyn. That's all we have time for at the moment. Thank you very much for your time, and we hope to do this again soon.

**LaRouche:** Good to be with you.

## DOPE, INC.

Is Back In Print!

Dope, Inc., first commissioned by Lyndon LaRouche, and the underground bestseller since 1978, is back in print for the first time since 1992. The 320-page paperback, includes reprints from the third edition, and in-depth studies from *EIR*, analyzing the scope and size of the international illegal drug-trafficking empire known as Dope, Inc., including its latest incarnation in the drug wars being waged out of, and against Russia and Europe today.



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1. The first edition of *Dope, Inc.* was published in 1978.

# LaRouche: Congress Must Stay, Act on Glass-Steagall, Obama

by Jeffrey Steinberg

July 31—Lyndon LaRouche has called on the Members of the U.S. Senate and House of Representatives to postpone the August recess until some vital tasks are accomplished—tasks that will decide the very fate of this Republic.

The first order of business is the immediate passage of Glass-Steagall, currently before the House (H.R. 1489—The Return to Prudent Banking Act) with nearly 80 co-sponsors, which is picking up political momentum in the wake of the stunning shift by former Citigroup chairman Sandy Weill in favor of the bank separation. LaRouchePAC is engaged in an all-out, on-the-ground mobilization in Washington—fed from around the country—to ram it through.

The second, more challenging order of business, is the issue of the U.S. Presidency. The nation's political leaders in Congress must squarely face the fact that President Obama's continued tenure in office—and his nomination as the Democratic Party standard-bearer in November—is a clear and present danger to the nation. That reality must be discussed, and viable alternatives found—which include eliminating the miserably unqualified current Republican front-runner as well.

## The Threshold of Impeachment

President Barack Obama has committed a number of documented high crimes and misdemeanors, which rise to the threshold of qualification for impeachment, but have yet to be taken up by Congress. To mention just a few of the most obvious:

- President Obama brought the country to war in Libya in flagrant violation of Article I, Section 8 of the U.S. Constitution, which gives Congress the exclusive authority to declare war.

- President Obama has presided over a weekly meeting to select targets for extrajudicial assassination around the world—including American citizens. A United Nations Special Rapporteur on Extra-Judicial Killing has described the President's actions as worthy of investigation as war crimes and crimes against humanity, which would warrant prosecution at the International Court of Justice in The Hague.

- Obama White House and campaign officials have leaked highly sensitive national security secrets, blowing ongoing intelligence programs, and jeopardizing the lives of U.S. intelligence officers and assets—in order to boost Obama's poll ratings.

- President Obama invoked Executive Privilege to cover up his White House and Justice Department involvement in Operation Fast and Furious, a botched covert program, which led to large numbers of weapons “walking” into the hands of Mexican drug cartels, and resulting in the murders of at least two U.S. law enforcement officials. The House of Representatives has found Attorney General Eric Holder guilty of contempt of Congress for his stonewalling and cover-up.

The issue of the White House leaks of national security secrets, in particular, has gained traction in recent days. In mid-July, Sen. Dianne Feinstein (D-Calif.), chair of the Senate Select Committee on Intelligence,



Sen. Dianne Feinstein, who chairs the Select Committee on Intelligence, charged that the White House has leaked national security secrets. On Fox TV July 24, Feinstein said “I can tell you, without any doubt, that we have lost [human] assets because of this.”

spoke at the World Affairs Council of Washington, D.C. and openly pinned the national security leaks on the White House. This followed closed-door sessions of the Senate Select Committee, in which top officials from both the Pentagon and the intelligence community reported that their own investigations had ruled out any possibility that the leaks came from their services.

Rep. Lamar Smith (R-Tex.), chair of the House Judiciary Committee, has written to President Obama, demanding permission to interview seven current and former White House staffers who are among a list of a dozen suspects in the leaking. So far, the White House has not been forthcoming.

In a scathing attack on the President and his White House team on July 29, Democratic pollster Patrick Caddell wrote that former White House political director David Axelrod must be interrogated on his knowledge of the sources of the leaks, based on a recent TV interview, in which he denied that President Obama was responsible for the leaks, but did not exclude the possibility that White House staff did the leaking. Axelrod, who allegedly left the White House 18 months ago, must answer the questions, “What does he know, and how does he know it?”

### LaRouche Warning

LaRouche explained his demand for Congress to remain on the job for as long as it takes:

“We’re approaching, in fact, the condition in which

developments, first in England, on Glass-Steagall, and secondly, an outburst, including from Sandy Weill, here in the United States, have now made it clear that the security of the United States can no longer tolerate a continuation of the present kinds of policy under this Administration! And therefore, it is necessary that we postpone these [Congressional] vacations, in order to get at this issue. Because, obviously, if the facts as shown are true, and they can be shown to be true, then this President has to be thrown out of office, *for the sake of the future existence of the United States.*

“But that case has to be proven. We can not throw people out of the Presidency, simply on impulse, on emotion. We have to *test the question, adequately*, to satisfy

everybody who’s reasonable, that it was necessary to throw the bum out. It may take the form simply of suspending him, in some way or other, by proceedings, that is, the impeachment process, but we will have to have a new candidate for Democratic nominee for President, in the coming weeks. . . .

“And it certainly is worth a couple of weeks of further discussion, in preparation for Sept. 3. By Sept. 3, we should know whether we want this President or not! But we have to have a fair shake at it.”

Sept. 3 is the starting date of the Democratic National Convention, which is being treated by the Obama machine as a gigantic rubber stamp, despite increasing unrest among Democratic constituencies. These include sections of the AFL-CIO, which has announced that it is not giving its traditional monies to fund the Convention (being held in non-union Charlotte, N.C.), and holding a pro-labor rally on Aug. 11 in Philadelphia.

But, if Congress can be forced to do its job *now*, Democrats need not re-nominate Obama. Nothing but cowardice prevents the party from returning to the practice of an open convention, where the selection of a nominee who is not under threat of impeachment, nor a danger to the nation, is chosen on a platform to rescue the United States, starting with Glass-Steagall.

Any honest, and somewhat intelligent Democrat figure, chosen on that basis, could uncork the political process for the good, and deal with the emergency the nation faces, LaRouche argued. It can and must be done.

# Geithner, Before Congress, Is Pinned on Libor Coverup

by Nancy Spannaus

July 28—While members of the LaRouche Political Action Committee (LPAC) rallied outside the Capitol, Treasury Secretary Timothy Geithner had to face some pointed questions about his complicity in covering up the Libor interest-rating fixing crime last week. Geithner appeared before the House Financial Services Committee on July 25, and the Senate Banking Committee July 26, to present the annual report of the Financial Stability Oversight Council. Instead, by the conclusion, he found himself pinned into admitting that he had failed to act to stop a financial crime—a crime which, in reality, led to widespread suffering, and even deaths, in localities through the U.S. and Europe.

On the eve of the testimony, the New York Federal Reserve Bank, which Geithner headed in 2007-08, was served with a third request from the Oversight and Investigation Subcommittee of the House Financial Service Committee, on the issue of the Libor crime. Subcommittee chair Rep. Randy Neugebauer (R-Tex.) demanded all communications about Libor from August 2007 to the present, among all New York Fed employees, and between them and employees of any of the 18 banks that set Libor rates, and any U.S. and foreign government agencies.

Geithner may have hoped to avoid the issue, but he was pressed repeatedly to answer the most embarrassing question: “Did you report the criminal behavior of the rigging of the Libor rate to the Department of Justice?” After hemming and hawing at some length, he was forced to admit: “No, I did not.”

This admission lays Geithner open to prosecution. For not only did some of the e-mails so far released by the Bank of England indicate that he was involved in setting the fraudulent rates, but he also was under obligation, as a Fed official, to report criminal activity. And, as former Special Inspector General of the TARP bailout program, Neil Barofsky, has pointed out in repeated public appearances, “This [Libor-rigging] was a scheme to defraud. This is textbook securities fraud.” If

Geithner refused to report it, and in fact used the fraudulent figures, he is guilty of a coverup, or worse.

Will Geithner be held responsible for Libor-rigging, and other crimes he committed for Wall Street and London bankers under the Obama Administration? That will largely depend on the decisions taken by the political forces now coalescing around LPAC in favor of Glass-Steagall and a new credit system, in the weeks ahead.

## House Members Confront Geithner

The Treasury Secretary’s appearance before the House Financial Services Committee opened with a bang, created by the shock effect of the announcement by former CitiGroup CEO Sanford Weill that he now thinks it’s necessary to reinstate Glass-Steagall banking separation. One of the first questions to Geithner, from Rep. Carolyn Maloney (D-N.Y.), addressed the Weill statement.

This is “absolutely huge,” she said. She then asked Geithner for “a detailed answer in writing on what does this mean to the financial crisis if investment banking and banking had been separated, what would that have meant for AIG, for Bear Stearns, for Lehman, for Wachovia, for all the big banks.”

Rep. Walter Jones (R-N.C.) followed up, stating that “the two worst votes I made in the 18 years I’ve been in Congress were, the Iraq war, which was very unnecessary, and the repeal of Glass-Steagall.” He then asked Geithner, in light of reported losses at JPMorgan, “Isn’t it time to have a discussion and debate about the reinstatement of Glass-Steagall?” Jones added that he had joined Rep. Marcy Kaptur in co-sponsoring H.R. 1489, which calls for reinstating Glass-Steagall, and called for a hearing in the committee on the measure.

Reps. Bill Huizenga (R-Mich.), Stephen Lynch (D-Mass.), and Steve Pearce (R-N.M.) also asked Geithner for his response to Weill’s call.

In answer to Jones, Geithner came out against reinstating Glass-Steagall, arguing that it had been considered during the deliberations on Dodd-Frank, which he



CSPAN

*Facing a fusillade of angry questions about his role in the criminal Libor-rigging scheme, from members of Congress, Treasury Secretary Geithner squirmed and offered evasive answers, but his crimes are catching up with him, and with his boss, President Obama.*

described as “tough” legislation. He then appealed to the Congressmen to “give those reforms a chance to take effect and work.”

### ‘When Did You Report?’

Many Congressmen also confronted Geithner with his criminal complicity in the cover-up of the Libor fraud.

Committee chair Spencer Bachus (R-Ala.) asked Geithner, when did he report the Libor rate-fixing to the Treasury and to the Justice Department, and to whom? Geithner avoided answering the question in respect to the DoJ, and said that he had reported it to the President’s Working Group on the Financial Markets in 2008, when he was head of the New York Fed. When Bachus asked the question raised by Barofsky, on why Geithner used the Libor rate, which he knew was fraudulent, in the AIG and TALF (Term Asset-Backed Securities Loan Facility) cases, Geithner answered: “We chose Libor at that point, as did many others” (the “everyone was doing it” defense).

Rep. Jeb Hensarling (R-Tex.) followed up on this line of questioning by pointing out that Geithner’s “early response” to knowledge of the Libor rate-fixing “was to keep using it.” He took issue with Geithner’s

statement that “it was our best choice.” “How can a number you know was manipulated be the best choice?” Hensarling also forced Geithner to admit that he was not obligated to use the Libor rate.

Other Republicans followed suit. Rep. Scott Garret (N.J.) pointed out that Geithner had never once mentioned to the committee, in multiple appearances, that the Libor rate was fixed. Nor had he mentioned it during the entire debate over Dodd-Frank.

When Rep. Randy Neugebauer (Tex.) revealed that there are reports of e-mails about the fixing of the Libor rate dating back to the Fall of 2007, Geithner claimed that he only remembered hearing about it in 2008, but said that he is reviewing his earlier e-mails. Neugebauer stressed that what was involved was not merely a structural problem but fraud, and, referring to the comments by the former

special counsel to the Financial Crisis Inquiry Committee (Angelides Commission), asked Geithner, did he not have an obligation to make a criminal referral?

While a number of Democrats were soft on Geithner’s responsibility for Liborgate, Brad Miller (D-N.C.) zeroed in on the fact that the e-mails reveal not just an opportunity for manipulation of the rates, but a criminal act. He then repeated the question first posed by Bachus, which Geithner had not answered. “Did you report this to Justice?” Geithner initially tried to squirm out of answering by saying that he did not know what the New York Fed staff did. When Miller pressed him and asked specifically whether he, Timothy Geithner, had reported it to the Justice Department, Geithner had to answer: “No, I did not.”

### Before the Senate

The Senate Banking Committee’s treatment of Geithner the next day, as of Fed chairman Ben Bernanke last week, was much more polite than the House Committee’s. And only one Senator brought up the Glass-Steagall bombshell dropped by Sanford Weill on July 25.

Sen. Richard Shelby (R-Ala.), the Ranking Member, after establishing that Geithner knew in May 2008, if

not before, that the rigging of Libor involved three U.S.-based banks, asked, “Did you follow up after notifying the Working Group [of bank regulatory agencies] and the Bank of England; did you notify the Attorney General of the United States, the Justice Department?” Geithner equivocated: “We are—the New York Fed, my colleagues back—my former colleagues are carefully looking through all the records of what the—who the—whom the New York Fed staff informed at that point.” Shelby cut in, “Did *you*, sir, as president of the Bank, did you personally inform...?” Geithner: “No, I—I did...”

Sen. David Vitter (R-La.) reprised many of the same questions and elicited the same non-answers. Vitter and Shelby challenged Geithner for using the Libor rate he knew was rigged, to set the interest rates for the TARP and other bailout programs. But neither cited the clear statements by Bank of England governor Mervyn King, Commodities Futures Trading Commission chair Gary Gensler, and others, that Geithner never raised an alarm about Libor-rigging with any of them. Nor did they demand to know why Geithner never mentioned a word about Libor-rigging in his many testimonies before Congressional committees since 2008.

Sen. Mark Warner (D-Va.), not a Glass-Steagall supporter in the past, raised it near the end of the hearing: “A very interesting comment by one of the architects of the collapse of Glass-Steagall, yesterday, to say, ‘Let’s put Glass-Steagall back, in case...’—you know, interesting—interesting transformation there.” Warner said that the banks’ stock market equity was trading way below book value in their oversize state, and maybe the market was saying size may not be an asset; he might have been interpreted as asking Geithner to comment on the case for Glass-Steagall.

But Geithner lied in response, “You know, Congress thought about this question long and hard in considering financial reform.”

In reality, the Obama Administration, in league with Rep. Barney Frank (D-Mass.), did everything their British controllers demanded, double-crossing Sen. Maria Cantwell (D-Wash.) and Sen. John McCain (R-Ariz.), whom they had promised at least a full Senate vote on their Glass-Steagall amendment, and instead prevented a debate on the measure. The British government, at that time, May 2010, had communicated to Washington that the re-adoption of Glass-Steagall would be considered an “aggressive act.”

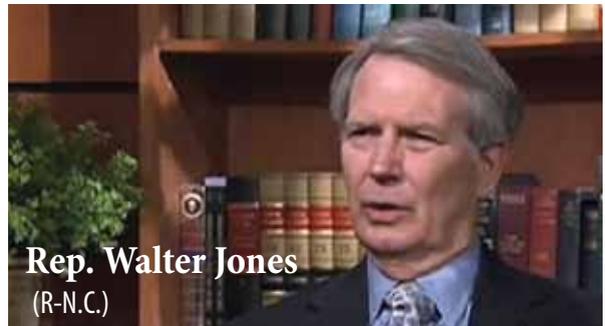
Obama, Geithner, et al. thus moved to kill its reinstatement.

### Will There Be Action?

Now, in the face of the European blowout, a significant faction of the British establishment has changed. Will that shift lead to Geithner (and Obama) being dumped?

The evidence of wrongdoing in the Libor case, of course, is still being accumulated, as reflected in the document requests by Representative Neugebauer. In his July 23 letter, Neugebauer homed in on the *regulatory* responsibility of the New York Fed. (Note that Geithner has testified that he has not functioned as a regulator—one statement that indeed seems to be true.) The letter to the New York Fed, under Geithner during the relevant period, states: “The documents you provided to the Subcommittee revealed that the NY Fed was made aware that certain financial institutions were ‘not posting honest LIBOR’ rates... *What is less clear in your response is how the NY Fed dealt with admissions of market manipulation by Libor contributing banks. As you know, the role of government is to ensure that our markets are run with the highest standards of honesty, integrity, and transparency. Therefore, any admission of market manipulation—regardless of the degree—should be swiftly and vigorously investigated*” (emphasis added).

But there are sufficient other instances of malfeasance that testify to why Geithner and Obama must go. The time is overripe.



**Rep. Walter Jones**  
(R-N.C.)

He asked Secretary Geithner at the hearing on July 25, “Isn’t it time to have a discussion and debate about the reinstatement of Glass-Steagall?” He has amplified his position in interviews published in EIR. See [EIR](#), May 18, 2012 and [EIR](#), Oct. 14, 2011.

MUSIC & BIOLOGY:

## The Human Mind: Two Views

by Lyndon H. LaRouche, Jr.

22 July 2012

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### **Preface:**

*This is to be heard in the mind of the reader, according to no intended choices of punctuation differing from those which I prescribed for being heard in the reader's mind as I have written here. There lies the authentic meanings of what I have thought, in writing this here. The distinctions so emphasized, are crucial for a proper comprehension of the content presented. Shakespeare is to be imagined as hearing, from wherever he may be found presently.*

*The subject of the ontological basis for defining the concept of the human mind, had come up again, as what has appeared to be, a persistent continuation of what should have been finally resolved, as the agreed conclusion reached between Max Planck and Wolfgang Köhler. Planck had concurred, systemically, with Köhler's principle, that of the systemic unity of the function of the human mind. The unsettled aspect of what was, only nominally the same subject-matter, is what I shall identify as that matter still at issue, below, actually, on a different (and dubious) subject. That other subject was presented by some as a differing, actually reductionist-leaning view, found among some persons. The difference was expressed, as what I had encountered as an uncertainty, by some observers, respecting a still unsettled distinction, of "mind," from "brain."*

*In any case, certain positive advances in that subject-matter strongly merit re-examination presently.*

*In my own, rather long-standing, and now matured view of the matter,<sup>1</sup> I had tended to enjoy the privilege, of a certain degree of indifference, to such quibbles from critics of Köhler's argument on the subject of the unity of mind. Nonetheless, speaking of ontological matters, it has remained of relatively crucial significance, to point out, that the relevant professionals had failed to grasp the concept of mind, as Köhler and Planck had done. The issue so posed, here, is a subject-area which requires some carefully chosen insights. At bottom, the subject remains, essentially ontological, not literary, in its nature.*

*The treatment is of the same subject-matter, as by Johann Sebastian Bach, Arthur Nikisch, and Wilhelm Furtwängler; all of which continues to be of first-rate relevance. So, Bach's **Preludes and Fugues**, presents us with a crucially relevant case of the ontological issues, the issue of the ordering of present and future in the actual communication of ideas.*

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### **I. An Ontological Issue**

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The most direct route of investigation for locating, and understanding the problem which I am considering here, must begin with attention to certain, crucial questions, questions which arise from distinctions respect-

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1. Which had originated as an adolescent rejection of Euclidean geometry.

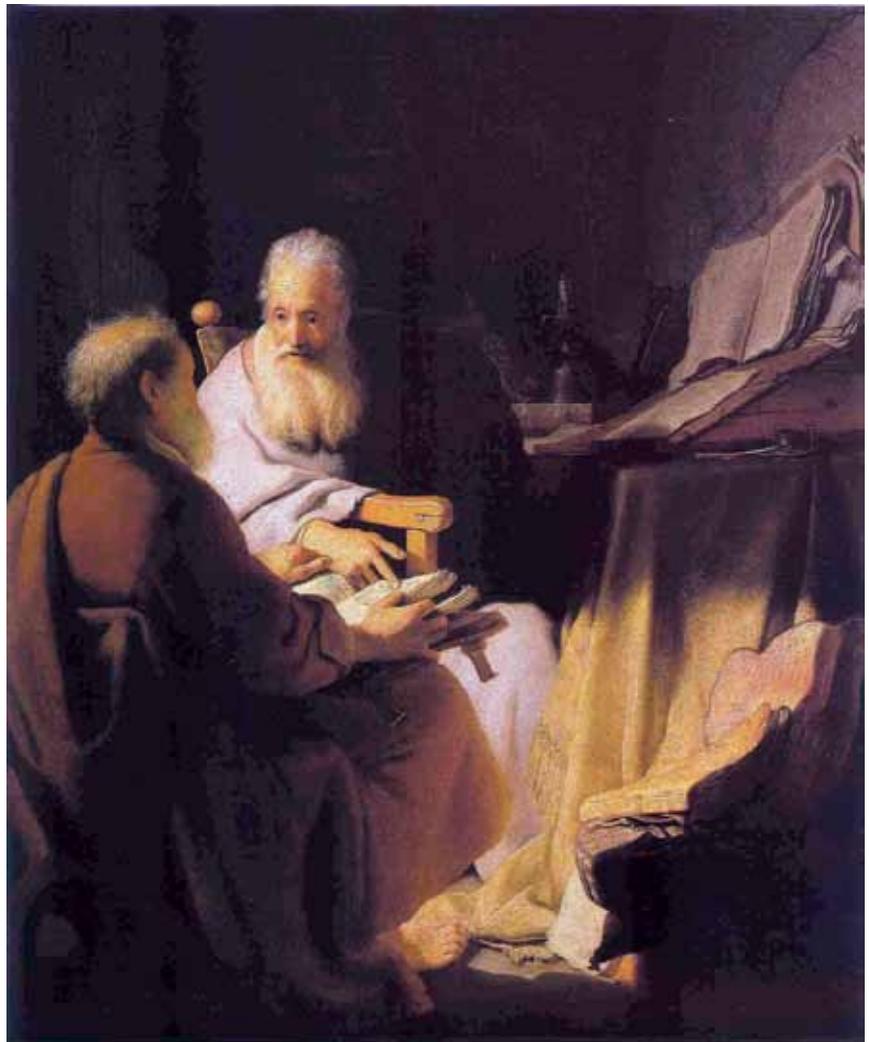
ing the contrast, between a competent insight into sense-perception as such, and the reductionist's degree of dependence on *a-priorist* notions. For the purpose of locating the distinction between the two, insight versus literally mathematical arguments as such, the latter are close to, or perhaps worse than useless, that as a matter of principle. The means required, for the purpose of such distinctions, must include provision for an escape from that contemptible trap, which is describable as "literal sense-perception," as such.

The key word for all such discussions, is "metaphor." For example, as one of the greatest scientists in modern history, Johannes Kepler, treated the principle of metaphor in creating the only originally competent insight, into the principle of gravitation (despite the failings of some otherwise well-qualified scientists, on that subject). Let us now proceed accordingly.

The predicament which this fact represents, is to be traditionally addressed, by assuming, that the object of sense-perception, is merely a shadow of reality, as in the role of metaphor in Classical drama, such as, for example, the role of Birnam Wood in Shakespeare's **Macbeth**, or, as taken from the core of a most crucial soliloquy, from Act III, of Shakespeare's **Hamlet**, as follows:

"But, that the dread of something after death—  
That undiscovered country, from whose bourn  
No traveller returns—puzzles the will,  
And makes us rather bear those ills we have  
Than fly to others that we know not of?  
Thus, conscience doth make cowards of us all;  
And thus the native hue of resolution  
Is sicklied o'er with the pale cast of thought;  
And enterprises of great pith and moment,  
With this regard, their current turn awry,  
And lose, the name of action—"<sup>2</sup>

2. Thank you, Shakespeare! That was helpful.



*"It is the Classical, poetical method, which carries the mind into proximity with what might be judged as truthful, even if not perfectly so." Rembrandt, "Two Old Men Disputing" (1628).*

The action, thus, is typical of all profound moments in Classical drama, as in **Hamlet**, and as in the closing scene of **Macbeth**. To convey meaningful conceptions, especially in matters bearing on my subject in this report, it is essential to assist the audience's access to understanding of the actual intention, through aid of the reflection of some potently influential, shadow, whose true image lurks, as if hidden, beyond the reach of sense-perception. This demands sensitivity to pre-science of a moving, imagined shadow, which mimics the thought of unseen, and unheard, marching feet. Such was Kepler's certainty of the unseen motive of a planetary domain. Such is the true principle of metaphor. I explain.

The issue is a matter of a double-error. The problem

to be avoided is the commonplace ignorance which is commonly expressed as a childish adoption of what you might take for certainty, a misplaced confidence, in what you, customarily, mistakenly, presume as being, in fact, as an experienced pseudo-certainty. A pseudo-certainty which you may also experience as your self-deluded confidence, respecting the efficacy of your

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*But, that the dread of something after death—  
That undiscovered country, from whose bourn  
No traveller returns—puzzles the will,  
And makes us rather bear those ills we have  
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Thus, conscience doth make cowards of us all;  
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Is sicklied o'er with the pale cast of thought;  
And enterprises of great pith and moment,  
With this regard, their current turn awry,  
And lose, the name of action.*

—Hamlet, Act III, Scene 1

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own motives. Without the contrast represented by those two, you would actually *know*, essentially, *nothing*. It is by the—shall I not say, “vicarious hypothesis,” so presented? That you might be enabled, as Kepler was enabled, to solve the riddle in which the two, counterposed actions—yours and theirs—might touch upon a reality found, uniquely, in the domain of metaphorical counter-position.

That is the method required, for the discovery, by mankind, of a convergence of provable truth, which can be wittingly experienced, only through mankind’s experience of history, as since the belated rediscovery of the real-life Troy.

The considerations which that method employs, are to be the discovery of, the otherwise unknowable reality, with which mankind is, very often confronted. These are, thus, to be made known, with an allowable degree for a discoverable margin of error.

Only the long sweep of an unfolding, of an actual history, as, often, only the greatest poets and playwrights have presented an insight into reality, could provide the basis for the relevant convergence which is required for an experience of the truth. It is by this

method, when driven forward by a passion for the discovery of a truth opposing all obstacles to relevant insight, that mankind is enabled to prosper through the uncovering of those otherwise unsensed processes, the which we may regard as insight into actual “history,” as of the Bach, Nikisch, and Furtwängler who have demonstrated those relevant, Classical poetic principles, which underlie true insight, into history.<sup>3</sup>

Hence, it is the Classical, poetical method, which carries the mind into proximity with what might be judged as truthful, even if not perfectly so. It is the progress toward advances in discovery of truthful forms of knowledge and practice, as in the case of the great Passions of Bach combined as a single, growing intention, which is what we might have wished to adopt as “the heritage of the principle of history.”

Thus, there is no “outside authority,” which is not subject to the effects of those changes within that universe which we inhabit, or which we might seek to inhabit. What rules us, is that view considered as an authority governing truth and falsehood, alike. We must reconcile ourselves, to the reality, that we are enveloped by what we may call, universal creation. This to be

done, by virtue of attention to our active relationship to the seeking of the discovery of the actual universality which envelops our existence. It is that universe—*that universe!*—which demands our self-development, as if in the self-improvement of our universe, that done toward the effect of serving the higher intentions defining our responsibilities, as we might choose to say, to serve.

That latter prospect, is that which confronts mankind, as our presently living moment, of universal history. That is what merits the Classical poet’s name for a scientific quality of truth. Fiction, at its best, is thus deprived of its own best hiding places, and thereby made free. Such has been shown by the work of such as Bach, Nikisch, Furtwängler, and Planck, Einstein, and Wolfgang Köhler. The profession varies, but the mission remains the same.

In the preceding set of opening remarks, I have removed certain gratuitous, relatively incomplete, and probably wrong presumptions respecting our existence in this universe. What this accomplishes, is to assist us

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3. E.g., Bach’s St. John and St. Matthew passions.

in pushing aside useless questions (useless, because there is virtually nothing presently known about them, which we might be enabled to exploit successfully, until we have progressed, to know better). Keep trying, but only honestly, within the bounds of an extended discovery of real history, through the aid of the great Classical dramatist, who is a better authority, respecting the pathway to truth, than any other historian. That leaves us with the advantage, of un-cluttering our ability to know what could be foreseen, and, thus, to know better for the time being.

In my immediately preceding remarks, I do not exaggerate in the least. The following argument, must be interpolated here.

### ***What Is It That We Actually Know?***

I think it more than fairly said, of people whom I know, that, as a matter of general custom, they sometimes tend to make themselves ignorant, by claiming to know too much collateral stuff for them to digest, or, too little to reveal any truth; and, therefore, if they claimed less, they might have learned, actually, much more. The case of metaphor, which I had just presented here, is typical, of that case.

The pestilence called sense-certainty, is among the leading causes of virtual stupidity respecting the important subjects for mankind. By seeking to know what sense-certainty could not know, merely in and of itself, one ends up virtually knowing actually nothing but that which the ordinary reporters might pretend to believe. The latter is typified by the errors associated, with those investigators, who are my implied subject in this report. Hence, the necessity of the reliance on the principle of metaphor, as Kepler, for example, defined it.

We do not actually know, as we might imagine that we know sense-certainty itself. We must uncover, as such as Planck and Köhler had done, that which lies beyond the seemingly impenetrable sensual boundaries of the sense-perceptual existence as such. We must be content, on this account, exactly as Kepler presented the case in the course of his discovery of the principle of universal gravitation.

Sometimes, not pretending to know more than you actually know, is the available opening to genuine scientific progress, as in the instance of the work, approaching, or somewhat beyond the Nineteenth Century and somewhat later achievements of Max Planck, Albert Einstein, and, then, V.I. Vernadsky and Wolf-

gang Köhler. Removing the rubbish, helps to create a better neighborhood for honest ideas. That is what, for example, Johannes Kepler had accomplished, as in his intentional following of the greatest mind of two or more centuries, Cardinal Nicholas of Cusa, before him.

I am not recommending “generalities.” They claim too much, without actual reason, and bury themselves, like cheap popular dramas, under a mass of “nothings.”

### ***Practicing Science***

Take the illustrative cases of what have been my own successes as a forecaster in economy, as against my putative rivals. The rivals seek to claim the ability to command the future from within the past, as through reliance on past experience, and thus tend to complain that the future is implicitly unknowable. This, of course, was precisely the same argument made against Johann Sebastian Bach: actually, living persons of true consequence, dwell in the future, not the past.

How could you know the future, if you are clinging fanatically to deductions from the past? Take Bach’s method, for an example, as the accomplished scientist and musician, Max Planck would do, or the violinist Albert Einstein, or all the greatest musical composers from Bach through Johannes Brahms. Bach insisted, by the virtue of his practice, on composing only for the sake of the future contained within his own compositions, and protested against those pompous dullards confined to an either deceased or never-born past. There is nothing eccentric in this principle; the difference of man from beast, is that man has the unique capability of not only knowing how to determine the future, but to live in it, rather than, as Romantics do, making other people’s “potties” for pleasing the appetites of the past.

### ***A Case from Present History***

It is essential for the competent scientist, like the really serious dramatist, to compose what are in practice, if not “literal fact,” a reflection of principled truths, truths which attempt to deal with the consequences which the present actually inserts into the future, as all great Classical tragedy adopts that policy as a mission to be delivered to the future of the present. There is a truthful, if nonetheless, sometimes seemingly ordinary way, of treating this subject; this goes directly, as, also otherwise, to the principle of the human’s potential abilities, to foresee, the meaning which is the surrogate of the actual future.



*"The mental disorder which I encounter, frequently, among my young associates, and also numerous others, is the inability to grasp the fact, that the only thing in life, for mankind, is the birth of the future." Thomas Eakins, "Baby at Play" (1876).*

This, for example, addresses, more or less precisely, the most dangerous and commonplace blunders which appear in the shaping of opinion among my own youthful associates' sometimes occasional lack of ability either to recognize, or to cope with the idea of an actual future which is looming as a threat ahead of them. This is the fundamental principle of competent physical science, of the study of history, and the crafting of victory in warfare.

On this account, the mental disorder which I encounter, frequently, among my young associates, and also numerous others, is the inability to grasp the fact, that the only thing in life, for mankind, is the birth of the future. Deductive people, often seem to be very much like those virtually dead, but still living people whose dominant characteristic is the lack of a practical approach to dealing with a future which they have yet to meet, but which is moving to take them over sooner than they might allow themselves to imagine. For them, the future lies only in the proximate consequences of dumbed-down past experience.

Specifically, the problem which I have just pointed out, is a very real, and very important one. It is not really what might be classed as "a natural error," but one which is, rather, commonly "unnatural" under con-

ditions such as those of prevalent forms of "popular" opinion presently. The effect of this is often met as the prevalent incompetence among our current generations of "the professional economic forecasters," who rely upon what is defined by "statistical forecasters" whose nominally professional commitment is to the worship of statistical "death." They worship "statistics," which means that they possess no rational insight into the scientific actuality of the existence of a future (unless they had committed the relevant crime, themselves).

"Tell me what is en route to happening within some part of the decade immediately before them, rather than their typical inclination to adduce the existence of the future from a past which exists no more." Such are the putrid effects of the typical notion of "lessons from past experience." The fooled person, adduces the future as a simple extension of the past and present, most of them preferring to shun the present, in favor of memories "carbon-copied" from experiences of past times.

Think of deceased great artists, statesmen, and true heroes from times recently past. Which, young or old?—might prove to have been the more valuable to the cause of humanity? It is the deed in history of past and future, which is the standard of truth, if one can discover the identity of the actual author. If one has not worried about the outcome of one's life, more in terms of benefits delivered to others, as in the future, more than what is the immediate experience of now. "Truth," for most Americans, for example, presently, is little better than what they find it convenient to say in the presence of the proximate persons in the practice of the policy of lies one tells as a matter of, "Go along, to get along."

The United States of America, among other nations, is presently ensnared in the gravest threat of virtually global, and also a thermonuclear warfare which would

be horrible, in fact, and even in the imagination of current history in this immediate time. In the present situation, for example, you, if you are among young adults, or slightly older, you are faced with things beyond your present ability to contribute a competent assessment of the challenges which lie immediately before you. You will not be prepared to reckon with what is true, that which is now placed immediately before you: until you have subjected yourselves to a truly deep, and truthful reassessment of your notion of a currently real, and, perhaps, presently awful experience among nations.

This consideration is of crucial significance for those confronted with the reality which I have set forth as my foresight into the experience confronting you at this time. Like the oncoming of World War II for us now, as on what we came to name “Pearl Harbor Day,” certain past events, such as that one, have a certain similarity, loom now as a change in life-style, for you presently. Whether it is to be a new general war, as serious, or more serious than World War II since Pearl Harbor, remains uncertain; but, the immediate threat is already there. Whether there is war, or not, for us, the psychological requirements for encountering such an onset are already there for you.

Consider the matter which I have introduced as the subject of this report at the outset here, as already an expression of the set of options which I have identified here, this far. By not failing to face the realities of foreknowledge seen by the person whose mind is already in the future, the most monstrous past events in future history might have been averted.

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## II. How To Meet Your Future

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We meet, whether directly, or in spirit, on the threshold of the most ominous developments in, perhaps, all known history, or even worse. Therefore, now, let us turn to consider matters in terms of certain more easily digested precedents, such as excerpts from **Macbeth** and **Hamlet**, precedents which some think, mistakenly, to have been relegated to past history, or only to the domain of the imagination.

This time, instead of coming on stage, imagine leaving the stage at the close of the performance.

Now, both here and there, you are filled with a sense of the close of warfare, or its like, as contrasted with the beginning of the experience. What, then, would be your judgment as to how you might have reacted once you

were freshly filled with memories of the outcome of that recent experience? Judge yourself as the veteran coming out of that war. What are you presently willing to recognize as your state of mind, as you had been caught up in the already rising fury of warfare in progress now, as contrasted with your outlook a short time before the beginning of what is already that war now in progress? What would you wish to have now foreseen at the latter point, and during the early days of the still-oncoming process of that warfare in a future which, for the sake of our consoling self-delusion, seems not to exist?

Are you like the stubborn sinner, who did not believe in the existence of Hell: or, more likely, something which might fit its likeness?

My key point here, as in the preceding chapter, is to induce you, now, to anticipate the experience of the contrasted states of mind, at the end, and then the beginning. What does the “you” which is now older, think of the state of mind before you recognized the certainty of your being pulled into the onset of the experience? (“If I had only known then. . .”) That is exactly where many of our young adults fail emotionally, that often rather smugly and otherwise at the present time. You could not fool me; I was there.

That is only an essential part of the report I am presenting here. There is a much deeper issue to be considered.

### *The Deeper Issue*

I bring you, again, to the subject of the distinction of the process represented by the birth through death of an individual person, into the broader domain of the continuity of successive generations. The subject is, therefore, the distinction of the individuation of the personality, as from self to offspring (biological, or otherwise), and ancestors, too. The work of society, is not defined as the work of a particular individual, but, rather a mission which is represented by a sequence of lives, a sequence, a process, which embodies, and thus transcends, individual mortality.

Presuming that the present population does not permit such as President Barack Obama to lead the world into thermonuclear self-extermination, as Obama presently threatens to do, the current thrust toward the realization of Solar-systemic missions, which scientific development has placed into position within the nearby planets and beyond, will intensify family ties, rather than lessen them.



*“The increased role of human individuals in space, and in related exploration and development, enhances the significance of the individual beyond anything in the customary reach of the individual’s and the individual family’s social importance during the remainder of this present century.”*

There are several factors to be taken account in this connection. The most significant of these factors will be the virtual eruption in individual productivity, which means those effects on individual productivity which such as the progressive development of thermonuclear fusion, and beyond, confers as a power deployed by a massive increase in the individual human’s power in the Solar system.

Furthermore, the increased role of human individuals in space, and in related exploration and development, enhances the significance of the individual beyond anything in the customary reach of the individ-

ual’s and the individual family’s social importance during the remainder of this present century. The effect, will be expressed in terms of a sense of mission, a development which greatly expands the significance of the role of both the individual and the family far beyond past histories. This will be effected by the leap into thermonuclear fusion, and beyond, leaps expressed in a method. In effect, history itself will speed up, far beyond anything imaginable presently.

This far, in this present chapter, I have referenced your imagination. Now, consider the more probable likeness of the actual truth.

### ***Now You Must Face the Music***

The irony of sense-perception, is, first of all, that it is in a certain, very important respect, a lie, but only if you believe in the wrong way. From a scientific standpoint, there is nothing really surprising in that fact, especially if you had thought through the inherent factor of self-deception associated with a notion of certainty in the matters of human sense-perception. The lie, in such a case, is not sense-perception itself. Sense-perception, properly respected for what is, should be recognized, and often promptly: it represents a set of signals, so to speak, which fully sane persons do not ignore.

Then, that much said. Shall we say, “Granted the music, what is the song?” Or, some might ask, “Is the truth we do not know presently, as innocent as we might wish to believe?”

The question which I have just posed, does not signify, for me, at least, that there is intentional malice in our lack of direct means provided by creation for discovering a fuller truth. I think quite to the contrary. I might be considered pessimistic by some, in having said that; but, there is no such outlook existing in my opinion. The matter of issues to be considered, runs in the following summary outlook. We know, to the credit

of leading scientists, as, notably, since the time of Nicholas of Cusa, that mankind has the means within us to produce capabilities which are tantamount in effect to added supplements to what is named as “sense-perception” beyond the initial array of the inborn. At precisely this moment of writing here, I change the subject of what is called “sense-perception,” and do that radically, to the following effect.

The history of physical science has presented the practice of science with means which “attach themselves,” so to speak, to the given senses. In the history of physical science, beginning with the specific distinction of mankind, that of the willful employment of fire, mankind’s knowledge has never been limited to the so-called “standard array” of sense-perceptions. The instant that mankind has extended the willful use of fire to change man’s effective conditions for controlling the use of fire as a qualitatively new dimension of willfully changing man’s nature itself, the existence of mankind has ceased to be defined by mere sense-perception; the role of mind has transformed the practical nature of the human species, and, therefore, generated an addition of definitions of the nature of the human species which is expressed by efficient means beyond the existence of the initial array of biological senses.

Indeed, progress in certain among the applications of the development of man’s culture, has enabled us to develop both prosthetical and comparable “artificial” means, whose application has replaced injured or failed natural senses and other parts of the living human’s body. We can only estimate how medical science, for example, might go toward further success in this direction. The point to be emphasized here, is that such developments in human behavior, have demonstrated a categorical species-difference of man from beast. That, however, is only the first consideration to be taken into account.

While we can account for prosthetic substitutes among non-human life-forms, that, considered by itself, does not define the case. The crucial case lies in not only those specific kinds of prosthetics which are essential for activating added dimensions of the human nervous system’s range of applicable powers of mind in the category of instruments such as the effects of Johannes Kepler’s discovery and development of categories of mental capabilities which do not exist among beasts, nor in categories of what exist among any other known living species, and, probably never will.

A typical demonstration of this fact, is shown in the fraud which the late Bertrand Russell introduced to the misled, bestial types of adaptations typified by the foolish claims of Russell’s dupe, Alexander I. Oparin. Mankind is self-defined as unique with respect to all known others as being a creative being in the universe, as like no other known to us presently. That might be stated

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*We have, lately, been confronted with the essential need, for the continued existence of the human species, of mankind’s accelerating progress in the role of increasing the science-dependent capabilities for the very continued existence of the human species.*

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otherwise, as pointing in the direction of the actual meaning of the “human soul,” more or less precisely as in the collaboration between Max Planck and Wolfgang Köhler.

That is a relatively “bare-bones” argument. The implications go much further, and, also, deeper. The functions of the human mind go much further and deeper than I have argued in this present chapter, thus far. Mankind itself has generated entirely new equivalents for “biological” categories of mental capabilities whose characteristics are those of a typical function specific in to the notion of the human soul.

### ***What, Therefore, Is Religion?<sup>4</sup>***

The often-heard, pathetic sort of discussion of religious beliefs of mankind, is what is fairly considered as a belittling of the Christian, in particular, estimation of the capabilities with which mankind’s innate creative powers are endowed. There is, for example, a helpful reference on the subject of my complaint found in the work of Philo called “of Alexandria.” What is put in some relative jeopardy on this account, is the belittling of mankind which can be traced efficiently to the evils inherent in the oligarchical system, a system which employs the device of the belittling of the human “under-dog” for such purposes as the cause of serfdom.

We have, lately, been confronted with the essential

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4. I Corinthians 13: 12-13.

need, for the continued existence of the human species, of mankind's accelerating progress in the role of increasing the science-dependent capabilities for the very continued existence of the human species. We can not, under existing circumstances, continue the imposition of practices comparable to slavery or serfdom on our planet. The very continued existence of the human species is becoming conditional on such means to secure continued human existence, not only within the range of current trends for Earth in the galaxy presently, not only within the galactic pattern Earth is entering presently, but, rather soon at increasing risk to Earth's existence within the Solar system itself.

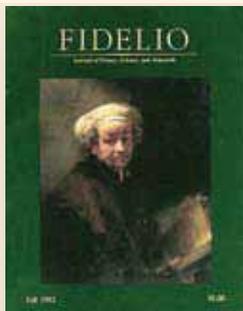
These dangers could be addressed by science-driven progress. The notion that a Creator would have desired the extermination of the human species, would be a terribly evil delusion by the proponents of such a cause.

The categories of human-driven advances in qualities of the means on which continued human existence depends, can therefore be attributed to the monsters who conducted the siege of Troy and the siege's outcome, but not to honest human beings. Further, there is no speculation, but only fact, in stating that the oligar-

chical system's record is that of something evil.

In any case, while the immediate prospects of mankind's continued existence under a science-progress increase of the relative energy-flux density of applied power per capita and per square kilometer on Earth itself, is the prospect for nations under sane rule, there is a danger of a future dysfunctional state for human existence on Earth. Naturally, mankind must enhance the conditions of life for our species, and we must favor the likeness of a "running start" for meeting the indicated ultimate contingency. This means a great deal of development of the human species itself is required in advance of the time (within the currently estimated two billions years left for the Sun) for securing and moving the entire "circus company" to new premises. Hope for a happy outcome is highly desirable, but that will take a bit of doing, especially if we are unduly laggard.

However, that much said on that, on this occasion, our obligation, beginning now, for example, is to proceed with that long-term development a human species far more capable of doing its duty in the universe, than is within our reach at this time. The best advice, is to enjoy a long journey.



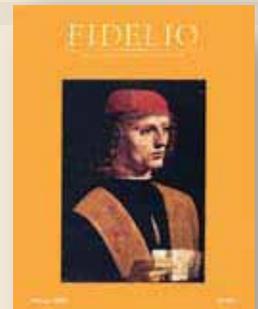
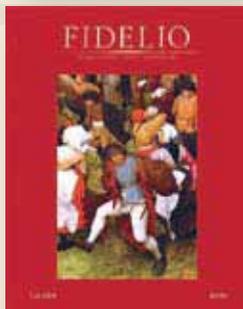
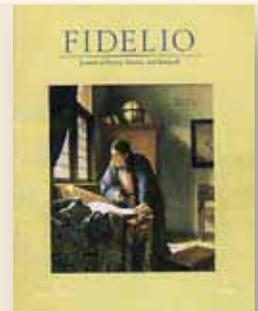
# FIDELIO

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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### *‘A First Obligation To Serve’*

There is no hint of exaggeration in comparing the current world crisis in all its dimensions, to that which the world faced from the Hitler regime in 1940. Then, the Hitler regime, having been put in power by evil financiers in London and Wall Street, was on a full-fledged military offensive which threatened the world with a new form of slavery. Today, the still surviving British financial empire threatens to bring down civilization itself, by insisting on the continuation of a doomed system which condemns the entire world to chaos, starvation, and war—perhaps even thermonuclear war.

Now, as then, it is the role of the U.S. republic which will determine the success or failure of the financial oligarchy’s plans. Will U.S. leaders emerge in time to stave off disaster, to implement the only program that can do so, that laid out by economist Lyndon LaRouche? Or will they remain passive as a de facto British puppet, Barack Obama, takes the United States itself into oblivion?

In 1940, our nation, and the world, were fortunate to have President Franklin Roosevelt at the helm, prepared to take the responsibility to do what was required. The question today, is whether sufficient political forces, small as they are in number, can mobilize themselves to do the same. The small number is not a problem; society’s leadership is always concentrated in a relative handful. The question is the quality of the thinking and commitment of that leadership—and that remains in question.

In an extraordinary speech to the Democratic National Convention in 1940, Franklin Roosevelt expressed the outlook and commitment required for victory then, and now, in a very personal way. It is the same challenge which confronts all Americans today, all of whom are called to respond to the crisis by changing their priorities to those which

humanity demands. Hear the words of FDR:

“In the face of the danger which confronts our time, no individual retains, or can hope to retain, the right of personal choice which free men enjoy in times of peace. He has a first obligation to serve in the defense of our institutions of freedom—a first obligation to serve his country in whatever capacity his country finds him useful.

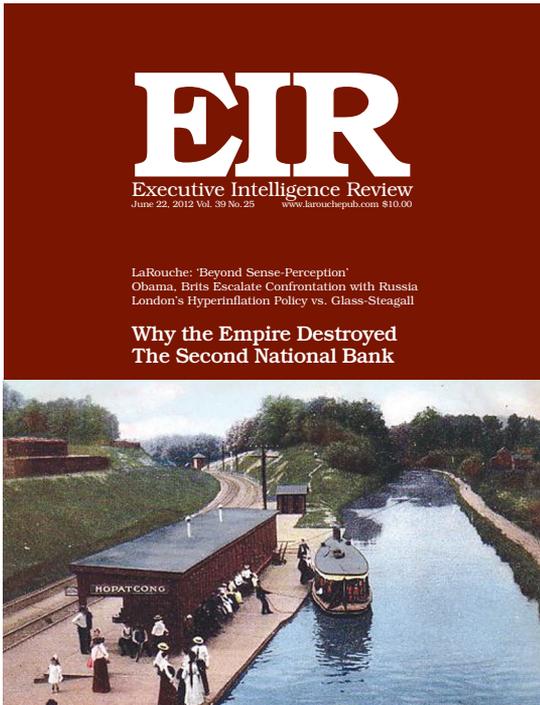
“Like most men of my age [FDR was 58 at the time—ed.], I had made plans for myself, plans for a private life of my own choice and for my own satisfaction, a life of that kind to begin in January 1941. These plans, like so many other plans, had been made in a world which now seems as distant as another planet. Today all private plans, all private lives, have been in a sense repealed by an overriding public danger. In the face of that public danger all those who can be of service to the Republic have no choice but to offer themselves for service in those capacities for which they may be fitted.”

FDR, of course, concluded this speech by agreeing to serve a third term in the Presidency, one that could truly be said to have inflicted such damage to his physical health, that he died prematurely. He not only had led a victorious war effort, which made the United States the world’s industrial powerhouse, but a campaign for justice on all fronts, as his “Four Freedoms” Inaugural of 1941 laid out.

Today, we have no FDR, but our potential for victory is clear. A faction of powerful financiers has embraced part of the necessary program to save civilization; Obama is on the ropes; the LaRouche program for recovery is the talk of the Congress, and capitals around the world. What is required is for the nation, starting with its political leadership, to find the strength inside themselves to act.

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