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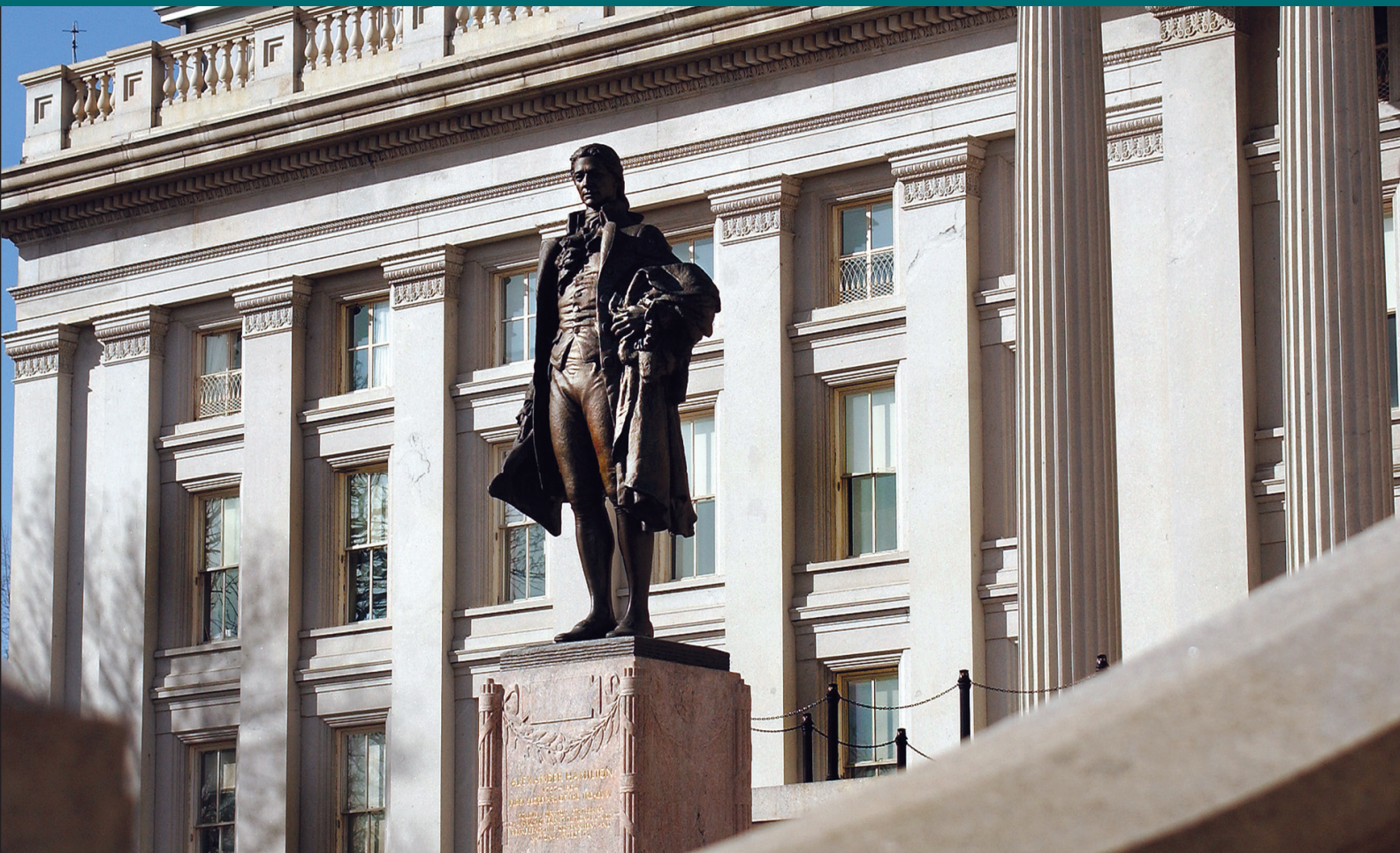
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Lyndon LaRouche: A Doctrine Concerning Man  
Kerry Trip Highlights U.S. Support for Jihadi Terror  
The Game Is Up: The Fed Is Bankrupt

**Draft Legislation To Restore  
The Bank of the United States**



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# EIR

## From the Managing Editor

What is the difference between a “credit system,” as Lyndon LaRouche discusses the concept, and the buying on credit that we see every day—the credit that generates speculative bubbles and ends in catastrophe? Perhaps the hardest thing to grasp is that a credit system—unlike a monetarist system—is *not about money*.

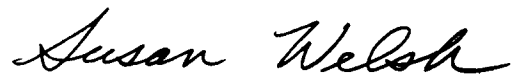
Our *Feature* by Michael Kirsch, with its draft legislation for Congress, will reward close study to clarify the matter. LaRouche had this to say about it on Feb. 27: “What has been done is to revive the conception of economy which was established as the founding basis for the Constitution of the United States. And [Kirsch] has done a lot of research in following through repeatedly, step-by-step, this process, to reestablish the actual understanding of what the Constitution of the United States actually intended.... He’s got a major report which is not going to end here. It’s going to continue and it’s going to radiate throughout the country and beyond, in the future. Because we’ve got a shocker to deliver: *the principle of the U.S. Federal Constitution*, which almost no student of the U.S. Federal Constitution, in recent years, has actually understood.”

The release of this report intersects growing support for reinstatement of the Glass-Steagall Act, the precondition for a credit system and a real economic recovery (see *National*).

In *Economics*, you see the flip side of the coin: what is happening because of the failure of governments, notably the U.S. government, to end British/Wall Street control of the financial system. The money-pumping policy of the Fed and other central banks is creating a hyperinflationary spiral, even as it drives nations into poverty and misery (we document the cases of Greece and Spain).

In *International*, we review hot spots such as Syria and Mali. The insanity of U.S. policy is vividly revealed in Secretary of State Kerry’s grandstanding with Syrian National Coalition head Moaz al-Khatib, who refuses to repudiate the al-Qaeda terrorists in his coalition (“We are all al-Nusra”). We are supporting the same jihadist who killed our people in Benghazi and elsewhere!

Finally, LaRouche offers “A Doctrine Concerning Man,” a provocative discussion of Classical culture, science, and what it means to be a human being.



## Cover This Week

*It's time for Alexander Hamilton to retake the U.S. Treasury! Sculpture by James Earle Fraser (1876-1953).*



Creative Commons/Karen Nutini

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*Returning the U.S. Economy to the Principles of the U.S. Credit System*
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## Classical Culture

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By Lyndon H. LaRouche, Jr.  
 "The misguided popular view, which is prevalent among today's so-called 'leading popular opinions,' is to be recognized as being, so-to-speak, both 'upside-down,' and 'inside-out,'" LaRouche writes. "For example: Classical musical composition, as typified by Johann S. Bach, and Classical drama and poetry, are essential elements of statecraft which have a uniquely essential part, in their role as preconditions, in providing such categorically essential elements of human culture as may be urgently needed, still, for the promotion of human progress and security."

## Editorial

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DRAFT LEGISLATION

**To Restore  
The Original Bank  
Of the United States**

Returning the U.S. Economy  
To the Principles of the  
U.S. Credit System

# Introduction to Draft Legislation

by Michael Kirsch

Only in brief periods of United States history has the government used its powers to create an economy operating according to the time constraints of growth, unifying the physical economy with the financial system, and thus allowing nation-building to be guided by the intent of future productivity. Only for brief periods—in 1789-1801, 1823-1830, 1861-1869, and 1933-1944—when the economy was operating under the guidance of a credit system policy, has the U.S. economy been properly conducted in accordance with the design of the Constitution.

In all other periods, nation-building was internally or externally attacked, and U.S. policy was subverted by monetarism. In each mentioned period, the credit system of the United States has been the means to break from that control, and to expand and develop the United States and other nations. It has been precisely the brilliant success and effectiveness of the U.S. credit system which has made it the object of attack and obfuscation.

Monetarism constantly looks backward to the past, with the aim of monetizing the results of past production, rather than the creation of new wealth. The credit system operates on confidence in the future. Rather than depending on past production, or stores of wealth, it creates wealth by tying the future completion of projects, and production of goods and manufactures, to the original promise. The currency of monetarism is formed by the liquidation of present goods into money. In the credit system, rather than the products of growth, growth itself is the currency.

Monetarism views debts as a burden to be immediately dissolved, and demands their payment in the present, at whatever expense to the future, and waste of the past. Within the credit system, debts are not self-evident objects; the action which generates value through the process of their extinguishment is included in their creation.

Monetarism measures all value by capital and labor, and gives to money a self-evident value. In the credit system, the measure of value is not capital or money, but the mental powers which increase the productive powers

of labor, which, in turn, increase productive output, thereby increasing the value of goods, labor, and capital. Productivity is therefore the measure of the value of capital. With increases of productivity, the cost of production decreases, and the value of currency increases.

Money can be converted into capital and goods, but credit, though itself not capital, increases the efficiency of capital. Credit makes the same quantity of capital or labor more efficient and productive; it causes an acceleration of wealth, a potential which surrounds existing capital at all times, and puts it into action. The value of national economies is thus defined by the organization of the relations of existing capital and the potential drawn forth by credit.

The credit system thus views the total economy as a productive system, and its essential aim is to promote increases in total efficiency and the productive powers of labor through investment in technological progress. It is expressed as a concordance between the laws of the representatives of the people, and the development of resources and industry of those people, defining a paradigm outside the imposed axioms and rules of monetarism.

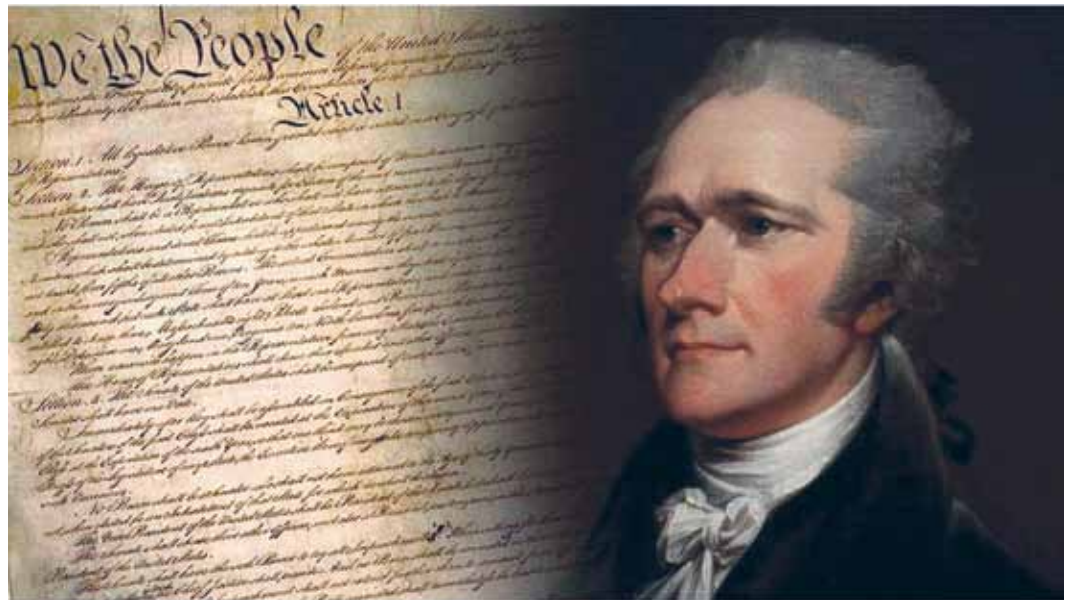
In the following pages, the key principles of the U.S. credit system will be demonstrated historically, and the necessary understanding to correctly administer its revival, through the included draft legislation, obtained.

## **Hamilton's Establishment of a Sound United States**

The U.S. credit system is not an optional feature, or an add-on to the Constitution. The necessity to organize a credit system was the chief driving cause for the creation of the Constitution.

The sovereignty gained with the Declaration of Independence gave the Congress the implied authority to control the interactions of trade with other nations to the benefit of domestic industry, to create a uniform currency among the states, to uphold the credit of the government by assuming all the powers requisite to the

*The creation of the United States as a sovereign nation was made possible by Alexander Hamilton's establishment of an economy based on a credit system, and not a monetary system, as existed under the imperial powers against which our revolution was successfully fought. Portrait of Hamilton by John Trumbull (1806).*



effectual administration of finances, and to make the states one unified economy. However, it was bold and immortal act of Hamilton, to use those implied powers.

During the war, the Bank of North America, formed by Robert Morris, Alexander Hamilton, and Benjamin Franklin, created an alternative currency to the depreciated Continentals, and credit for the government to secure victory in the war from 1781-1783. But the lack of union of the states did not provide the bank proper funding as a means to unite the states and fund the public debt. The great period of bankruptcy during and after the Revolutionary War, led Robert Morris, Alexander Hamilton, James Wilson, Gouverneur Morris, Benjamin Franklin, George Washington, and other founders to a shared commitment: A new constitution founded in accord with the Declaration was required, with sufficient powers agreed to by the people, rather than those imposed by a confederation of state sovereignties.

The Union was successfully formed only by Hamilton's conversion of monetary debts and a monetary currency into a credit currency, tying the nation's future to the success of all the states, and translating the action of making good on the debts, into the currency itself. The intention to make good on the debts defined the currency, the economy became a driver to build the nation, and the interests of the nation were fused with the Bank and that currency. The currency was not abstracted. In addition, the creation of a new bank, in the same action as funding the debt, through the powers to protect and encourage manufactures, gained in the first act of Con-

gress, created a financial system tied directly to the success of U.S. industry and internal improvements, as well as to the value and funding of the public debt.<sup>1</sup>

By these measures, Hamilton successfully transformed the United States from a money system, into a credit system, as the essential principle of credit is not government notes vs. a currency of gold and silver, but a unification of the powers of the economy behind the currency, such that the currency becomes a reflection of future growth.

The key feature of the Bank of the United States was a direct lending institution for economic growth, determining the guiding boundaries of the economy—not performing lending or discounts mediated by the concerns of commercial banks operating according to mathematical formulas about how quickly the economy should grow, according to supply and demand. It was a legislated institution, not separate from the rest of economy, but at its head. It linked private banking, and the interests of industrial investors and men of trade, directly to the economy.

By funding the national debt with import duties and domestic taxes, and by other powers of Congress, the debt became the basis for a currency of bank credit and bank notes circulating upon the credit of those funded

1. See Nancy Spannaus, "Alexander Hamilton's Economics Created Our Constitution," *EIR*, Dec. 10, 2010; and "LPAC Special Report, NAWAPA XXI: Great Project To Restore the American System," *EIR*, March 30, 2012.

debts, which made up most of the Bank's capital stock. Various debt certificates issued during the war were reissued as a representation of the new power of government in action, while the branches of the Bank accepted the new debt certificates as deposits and lent on the credit of expected manufacturing and industry. The provision for funding the debt of the United States threw into circulation an immense amount of capital, which gave life and activity to business. Hamilton wrote to Congress, in his 1791 *Report on the Subject of Manufactures*, of the effects of his system:

In a sound and settled state of the public funds, a man possessed of a sum in them, can embrace any scheme of business, which offers, with as much confidence as if he were possessed of an equal sum in coin. This operation of public funds as capital, is too obvious to be denied. . . . Though a funded debt is not in the first instance, an absolute increase of Capital, or an augmentation of real wealth; yet by serving as a new power in the operation of industry, it has within certain bounds a tendency to increase the real wealth of a Community.

Under Hamilton, money became subservient to credit, and the currency in circulation was almost entirely that which was tied to the future value of funded debt. Gold and silver fell into the background, and people preferred to use credit—the national bank notes, and notes of other state banks that rose into place to facilitate the growth of internal regions. Money, as such, defined as gold and silver, was a mere fraction of what was used for settling accounts, and as the banking system developed, gold and silver became relegated to .01% of all payments made in commerce and industry, and 1% of the value of transactions.

Hamilton's credit-based currency put into motion the active capital of the country. Reflecting on the system he had constructed, he wrote in his final *Report on Public Credit* in 1795:



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*Other than James Madison, James Wilson and Gouverneur Morris were the most active members of the Constitutional Convention. Wilson wrote the first draft of the Constitution. G. Morris wrote the Preamble, and rewrote the Constitution, with Hamilton, in its final form. Both worked with Robert Morris, Alexander Hamilton, and Benjamin Franklin in the formation and direction of the Bank of North America, upholding the credit of the Continental Congress through the Revolutionary War. Sculpture by Stuart Williamson.*

Public Credit . . . is among the principal engines of useful enterprise and internal improvement. As a substitute for capital, it is little less useful than gold or silver, in agriculture, in commerce, in the manufacturing and mechanic arts. . . . One man wishes to take up and cultivate a piece of land; he purchases upon credit, and, in time, pays the purchase money out of the produce of the soil improved by his labor. Another sets up in trade; in the credit founded upon a fair character, he seeks, and often finds, the means of becoming, at length, a wealthy merchant. A third commences business as manufacturer or mechanic, with skill, but without money. It is by credit that he is enabled to procure the tools, the materials, and even the subsistence of which he stands in need, until his industry has supplied him with capital; and, even then, he derives, from an established and increased credit, the means of extending his undertakings.

The purpose of Hamilton's policies, properly understood, is not monetary, but industrial and scientific. Hamilton viewed the currency not as wealth itself, but the constitutional responsibility of government to facilitate the scientific ingenuity and spirit of enterprise. In Hamilton's *Report on Manufactures*, he laid down



the essential principle of economy as a physical system of productivity. The primary measure of value is not capital, but the mental powers which increase the productive powers of labor, and thus increase the value of capital through increasing productivity and production. The determination of the value of goods, of labor, and of production is therefore those increases or decreases in the rates of productivity.

The credit system thus formed, augmented the means and ingenuity of the citizens to promote their own and the public welfare. The aim within the credit system was not to produce for the purpose of obtaining money, but to obtain credit as the means to increase the powers of labor. Innovations and inventions increase the profit of loans: They are not mechanical. Innovations further increase the productivity of the economy. Hamilton's action of turning monetary debts into credit debts became more valuable to the growth of the economy, than if the full monetary debt had been forgiven.

Hamiltonian economist Robert Hare wrote in 1810:

Under a strict system of law ... credit ... is preferable to money. The man who enjoys the one, has nearly an equal facility with him who commands the other, in the purchase of materials for trade, or manufacture. But the stimulus to industry, or exertion, is very different in the two cases. The mechanic who has a hundred dollars, can live without work so long as it lasts. He may spend the whole, or part, in his pleasures, or for his sustenance, and may work proportionally less. But the mechanic who can command credit to the amount of a hundred dollars, has nearly the same capacity to earn money, as the other; but his privilege will not sustain him in idleness, or dissipation. It can only be of use to him, through the medium of industry.

Prone in common with all substantial and hereditary wealth, to subside into channels rather ample than numerous, the precious metals flow through a country in large streams, which carry out as much as they bring in, and contribute more to partial magnificence, than to general fertility: while credit, springing up in innumerable self-created rills, diffuses a fertilizing influence throughout every region.<sup>2</sup>

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2. Robert Hare, "Proofs that Credit as Money in a Truly Free Country Is to a Great Extent Preferable to Coin," abstraction from a pamphlet written in 1810, published 1834.

It is essential to comprehend that the U.S. credit system is not merely a well-regulated currency in which credit is available through banks, but is the total organization, by the mind, of economy, toward growth. This is seen in the distinct policy which makes up all of Hamilton's reports on public credit, especially his final review in 1795.<sup>3</sup>

Hamilton's management of the Treasury shows an unending devotion to the management of finances according to this guiding principle: that the outcome of any debt payments, new Congressional laws, and expenditures, had to lead to an increase of productivity. The balance of payments of the debt coordinated through the Bank was continuously organized according to the principle of maintaining a diversion of surplus and revenues toward increasing economic growth.

According to the first act of Congress following his first *Report on Public Credit*, no debt of the government was to be handled as a self-evident, monetary debt, but was tied together with a future income related to increases in productivity, through the economy regulated and facilitated by the Bank.

Under President Thomas Jefferson and Treasury Secretary Albert Gallatin, from 1801 onward, the economy operated in explicit opposition to Hamilton's system; as before the Constitution, the U.S. economy became a pawn of foreign interests.

Gallatin had been the chief domestic opponent in Congress of Hamilton's management of the Federal budget toward productive increases, and the utilization of the debt as an instrument of public credit. He, in general, opposed Hamilton's entire program, and had voted against the Constitution in 1789, notably those powers of Article 1, Section 8, which provided economic sovereignty from the British Empire. Gallatin radically changed the policy of the Treasury Department and its relation to the Bank, directing the surpluses of economic growth toward the present and past, paying off the national debt as quickly as possible. The product of the banking system, and the increases of national income from productivity which had only been possible through the debt arrangements of Hamilton, were now thrown toward immediate extinguishment of the debt, cutting the ties of the economy to the future.

Therefore, although the Bank of the United States still existed, it was no longer the U.S. credit system.

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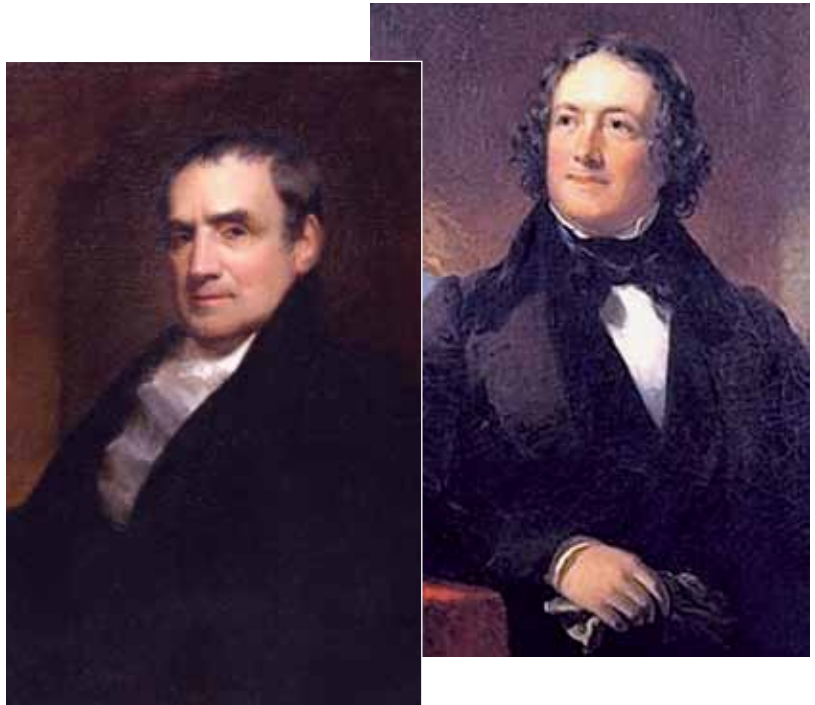
3. Alexander Hamilton, *Report on a Plan for the Further Support of Public Credit*, Jan. 16, 1795.

Amidst the more systemic decline in productivity thus generated, an outstanding feature was the depletion of the Navy and its virtual non-existence in the lead-up to the War of 1812.<sup>4</sup> The Jefferson Administration laid the foundation for the later, more radical “simple machine” of government of the Andrew Jackson Administration, which finally did away entirely with Hamilton’s system, a process facilitated by Aaron Burr, John Randolph, and others, reshackling the economy to the arbitrary axioms of monetarism and British East India Company interests.<sup>5</sup>

### Mathew Carey’s Revival of Hamilton’s System

Under the leadership of one of our greatest men, Mathew Carey—the Ben Franklin protégé who mastered the principles of economy in Hamilton’s *Report on Manufactures*—a team was organized to restore the Hamiltonian economy, of which the founding of a new Bank of the United States under James Madison was a part.<sup>6</sup> However, the existence of a Bank of the United States alone does not equate to a national credit system, and the re-establishment of Hamilton’s system was only successful with the direction of the Bank by the Hamiltonian, Nicholas Biddle. Beginning in 1823, and working under the leadership of Mathew Carey, Biddle restored a functioning national currency, from the effects of speculation caused by the destruction of Hamilton’s system.<sup>7</sup>

As under Hamilton, from 1823 on, the system was managed to constantly make credit agreements, not liquidate wealth for the present. Biddle’s principle was to maintain the economy’s operations within the time scale of the credit system, rather than allowing an excess demand for immediate payment, in particular



*Benjamin Franklin’s protégé Mathew Carey (left) and Nicholas Biddle, in 1823, established the Second Bank of the United States, on Hamiltonian principles. Portraits of Carey, by John Neagle (1825); Biddle, by William Inman (ca. 1830s).*

immediate payment in money. This allowed productive surpluses of all parties to be constantly absorbed into future growth and productive investment, expressed by greater facility of credit, not as idle wealth merely for increased consumption, i.e., the bane of money. The domestic economy was able to grow in relation to its productive power rather than by artificial controls.

The value of the currency was determined by increased rates of production, and the facility and security of investment of expanded production further consolidated credit. As more agricultural land was developed, as more manufacturing facilities became established, and as new transportation networks for agricultural produce and coal for manufacturing facilities were completed, the amount of bank credit that could safely be put into circulation through loans and discounts increased in proportion, doubling and tripling over that decade. The currency bore a proper relation to the real business and exchanges of the country, being issued only to those whose credit entitled them to it, increasing with the wants of the active operations of society, and diminishing, as these subsided, into comparative inactivity. The Bank currency was firmly backed by the productive sector, and its value increased, as the cost of

4. Gallatin decreased the debt between 1801 and 1812 by 80%, but then, in effect, increased it by 180%, due to the condition of the economy during the war, or a net 60% increase from where it had stood under Hamilton.

5. Michael Kirsch, “The Myth of Andrew Jackson Is Hereby Destroyed,” [www.larouhepac.com/andrewjackson](http://www.larouhepac.com/andrewjackson); *EIR*, Dec. 14, 2012.

6. Mathew Carey, “Essays on Political Economy; or The Most Certain Means of Promoting the Wealth, Powers, Resources, and Happiness of Nations,” Philadelphia, 1822.

7. Michael Kirsch, “The Credit System vs. Speculation: Nicholas Biddle and the 2nd Bank of the United States,” *EIR*, July 20, 2012.

production decreased.

This was the essential principle of paper credit, as opposed to paper currency, since no currency is substantial which does not unite the resources and growth of the real economy with its establishment and circulation. In contrast, central bank fiat currencies, as at present, become tools of subversion of national sovereignty, rather than national advancement.

Since the Bank had an established capability to direct and coordinate interactions of productive growth based on the credit of their completion, nearly any valid enterprise was facilitated through the credit of the Bank of the United States, in coordination with state and Federal governments, provided it was within the means of the regulated currency.

Within a few years of Biddle's reorganization of the Bank, the confidence of the people that the Bank of the United States would now be the dependable means for economic investment, gave the impetus to enterprise which led to the great expansion of canals and industries. Armies of industrious and capable men were encouraged to commence operations as merchants, manufacturers, and farmers, without sufficient capital at the outset to support their enterprise, leaning for aid upon the credit system. It was only because of this new confidence that new lands were settled with such speed, manufactures increased with such spirit, and canal projects built with such scope.

With the growth of the credit system, fewer and fewer payments were settled in cash transactions. As with Hamilton's maxim for public credit, that the creation of a debt should always be accompanied by the means of its extinguishment, so in all commercial banking under the Bank of the United States, the same principle was increasingly made to apply: that no self-evident debts be created, but credit agreements which ensure that circulation is returned by the debtors to the banks at a rate equal to that at which it is issued.

Under the proper functioning of the credit system, the meaning of debt was transformed. The debts of farmers were paid by next season's produce; the debts of merchants were paid through subsequent sales; and on the larger scale, the debt of states for infrastructure were paid by the future development of industries. The debt created for internal improvements, and personal debts in farming and manufacturing, were simply part of the growing economy under the credit system. The states which had incurred large debts for canals and roads planned to develop iron and coal industries and

new transportation routes for the products of the new lands. These newly developed lands and industries along the infrastructure routes increased income ten times over the initial investment.

## The Imposition of Monetarism

After the successful demonstration of the Hamiltonian credit system under the Second Bank of the United States, the only desire for radical *laissez-faire* banking and trade came from British agents, or those with allegiance to trade and commerce, rather than national industry. It was not an honest difference of view or opinion of the Constitution.

The controllers of Andrew Jackson intentionally destroyed the credit system, and the basic principles of physical productivity were replaced with theories of a hard-money currency in order to justify drastically reducing circulation.<sup>8</sup> Gold and silver were designated the true riches for the population to seek after; productivity was no longer deemed a measure of value; and it was preached that the nation, as a single economy, was not a valid reference point. Individual property and the "liberty" of wealthy land and slave owners were declared sacred. The fallacy of the "laws of the market" was imposed, supplanting the common good. The Martin Van Buren Administration demanded debts be paid in the present, at whatever expense to the future, and waste of the past. Valid credit agreements were attacked as spendthrift and the cause of the crisis, which was in fact created intentionally by the controllers of the Jackson Administration, and thereafter replaced with austerity as a means to appease "the market."

Under the imposed money system, debts are viewed in the present, with an abstract amount of debt and money deemed "proper" for the market, according to the false doctrine that the market will generate by itself the proper supply and demand for production, without a program of nation-building.

Legal tender issued by Abraham Lincoln was circulated on the same fundamental hypotheses as the notes of the Bank of the United States. Once again, under the Andrew Johnson Administration, Treasury Secretary Hugh McCulloch, working with Lincoln-deserter and British agent David Wells, artificially contracted Lincoln's legal tender, in opposition to the actual ability and needs of industry. Repeating exactly Jackson's and Van Buren's claims, McCulloch and his followers in the

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8. Op. cit., note 5.

Ulysses S. Grant Administration mocked the people, saying that the “over-production” of “the market” had caused the crisis, and that the previous economy had been excessive. The economy was thus sacrificed on the altar of monetarism.

Such, and later contractions and crises, as that in the 1870s, again after McKinley, again during 1929-1932, again, and again, and again, are caused by the intentional destruction of the industrial economy and associated credit system. Each time, sophisticated methods, akin to the feigned innocence of Jackson and Van Buren, are used to claim other causes.

### **The General Welfare and The Declaration of Independence**

Contrary to the myth of Andrew Jackson, the credit system of the Bank of the United States broke up the aristocracy of wealth, as idle capital was made available in loans and discounts, profitable to all parties. The credit system of the Bank of the United States meant that any citizen could compete with a wealthy capitalist; that it was the right of anyone with a spirit of enterprise to receive the means to increase productivity.

The Declaration of Independence demanded Hamilton’s credit system, for it is the intention of inalienable equal rights that the man qualified for commercial pursuits should embark upon them using capital obtained on interest; the man of skill in the manufacturing arts should have that scope given to his enterprise and usefulness which a confidence established between him and the money-lender is so well calculated to carry out; the farmer should strive to become the owner of the soil he cultivates by a purchase upon credit, depending upon the products of his labors to discharge the debt.

Guaranteeing equal rights is not simply providing a safety net. It is not equally distributing money. Equal rights means the ability to contribute to the productivity



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*A credit system, whose aim is to advance the productivity of the national economy, will uplift the conditions of life for the entire population, and lead to increasing skill-levels and productivity in the workforce. Shown: a skilled technician operates machinery in an auto plant.*

of the nation, and thus the right to go into debt for that purpose.

Government cannot create wealth directly by printing and coining money, because wealth is properly measured as the productivity of the economy. But a sovereign government can create a central institution which regulates the means of exchange of credit for the productivity of the economy. The responsibility, duty, and authority of elected representatives is to provide a vision for the country—not to control every operation, but to create the means to steer the ship of state towards national prosperity. Through the Hamiltonian credit system, the government thereby fulfills its responsibility by creating the means to enable the right.

With the right, the spirit of enterprise becomes animated through credit agreements. An increasing

number of all transactions becomes based on the modes of payment of the credit system, as the freedom and security of a person’s property becomes further established. Since the conduct of the worker ensures his ability to obtain the aid of capital, rendering his labor more productive and his condition improved, there are an increasingly large number of incentives for Americans to apply their property productively toward future aims. The moral character of citizens improves, improving in turn the efficiency of credit. In this way, the moral nature of society gives the credit system its power.

Without the credit system as intended and utilized by the Founders of the Constitution, Americans have always suffered an irony: that with a banner of equal rights waving over their heads, the demand to pay on the basis of existing or past wealth imprisons enterprise, disables the ability, and removes the right, to increase the power of their labor.

As American System economist William Elder put it in 1871:

A society without a credit system is simply savage. A business economy, whose capital should be limited to material property, would be a despotism of property . . . as dead as the insensate earth, where all that is precious is in the fixity of crystals, and all that is common, is as incapable as the rocks in which the gold and silver are confined.

### **The Lesson of the 1930s**

There is one crucial lesson to be drawn from the Franklin Roosevelt Administration's approximation of the Bank of the United States credit principle. It was necessary for the Roosevelt Administration to not merely reorganize the banks, but to establish a principle of credit, which did not otherwise exist. His administration reorganized the banks, not for the banks per se, but to make them capable of operating within the new context of the operating credit principle for which he was aiming, with a plan for "Credit Banks for Industry," which eventually became the expanded Reconstruction Finance Corporation (RFC). The 1934 Industrial Advances Act and subsequent RFC amendments and credit policies were a commitment to the success of the industrial recovery, from the decades of failed economic policies, which were brought about through the consolidation of Wall Street's and London's control over U.S. policy.

Understood correctly, Roosevelt's direct lending for industry, beginning in 1934, was not intended as a special function added to the economy, but as the building of a new economy, since the former economy had been destroyed by preceding decades which had replaced long-term credit agreements for industrial advancement with speculation. He achieved a functioning credit system with an increasing amount of the financial system linked to the economy, rather than linked to banks, which the Federal Reserve system had served.

### **Return to the Original Bank of the United States Credit System**

The U.S. credit system defines an economy bounded by increasing rates of productivity facilitated by credit lending, in which the rest of commerce takes second place. It is based on a currency in circulation representing future value, which ties the long-term intention of

the government to the ability to carry out that intention. It provides for a sufficient medium of future payments, governed by the chief institution of credit.

The credit system's currency allows the nation the leverage of capital based on how much physical trade it can support. The amount of currency and credit is regulated by this crucial principle, not by any mathematical formula.

Industrial credit policy may err, but it can never be excessive under the leadership of U.S. economists in the tradition of the American System, nor has it ever been.

This lesson must be learned now, or the nation will surely perish through lack of attendance to simple laws of productivity, and by allegiance to axioms completely foreign to our great legacy.

We are a nation impossibly chopped into pieces. Under Barack Obama, and largely since President John Kennedy, the bold action to put the nation before the interests of Wall Street, and foreign and supranational trade, has departed from the halls of government. Credit implies government vigor, power, and authority. The failure to use the authority of government will mean the loss of the nation. What is at stake is not a question of "limited government" or "big government," not a question of Democrat or Republican. The credit system is a matter of national prosperity.

Thankfully, the myths of monetarism have been thoroughly refuted countless times by such among our famed 18th- and 19th-Century economists as Benjamin Franklin, Alexander Hamilton, Mathew Carey, Daniel Raymond, Henry Carey, William Elder, Robert Ellis Thompson, and Stephen Colwell. Provided that chimeras are not debated, the advocates of the credit system have taken the field and can once again claim victory. If patriots would now align with these great economists, as Lyndon LaRouche has done, their opponents would have no ground on which to stand.

Government must reclaim its power to legislate the creation of a financial system that provides all citizens with the right to make use of their spirit of enterprise, a system of currency that gives every citizen a capability to increase his or her productivity, and the right to go into debt for such a purpose.

The Congress has repeatedly abdicated this power, maintaining the myth of Andrew Jackson. That myth has been destroyed; the government is now freed to restore the original Bank of the United States and the Hamiltonian credit system.

# Summary of Draft Legislation

The following draft legislation acts as a guide, which qualified directors and a Secretary of Treasury can utilize to carry out the preceding principles.

As with Hamilton's original bank, a portion of valid public debt of the government will be consolidated as capital of the Bank of the United States, with the addition of a subscription by the United States. The capital of the Bank thus will tie the making-good of the debt, to the future productivity of the economy. A portion of the capital will also be opened for subscription by state and municipal debt. Additional lending capital can be concentrated by selling obligations of the Bank, which are convertible into stock, the obligations being an investment backed by the United States with the guarantee of increased productivity, for a total of one trillion dollars capital of the Bank.

The Bank will serve as a place to concentrate all idle money, and to make it available as credit in the most efficient way possible. The Bank will receive deposits of the National Transportation Fund, circulating the fund as credit until needed for appropriation. Revenues for import duties applied on goods which crucial domestic industries currently produce, or which will be needed to be produced for new infrastructure within the United States, will be similarly circulated as credit through the various branches of the Bank.

As an institution especially formed for the purposes of credit, and whose role it will be to interface with the various credit cycles existent in the United States, these and other Federal revenues currently utilized by the Federal Reserve may be more wisely made use of by the discretion of the Treasury Secretary, by depositing them in the branches of the Bank of the United States. This amount will be substantial, both by what it achieves, and by the cancellation of the evil of speculation, which creates a society of bad morals.

The Bank will also accept deposits of funds that have been raised by states and municipalities for their own projects, making them available in the interim before they are expended in the states and municipalities, as an addition to the general credit fund of the Bank

of the United States. Rather than operating under the failed model of speculative investment houses, states and municipalities will be able to make a valid profit while securing their funds. The Bank will use its capital to purchase state and municipal bonds related to their own projects. Idle revenues will no longer be used for speculative purposes which end in disaster for cities, states, and the Federal government.

The Bank will lend for industries and manufactures which build the components of a new infrastructural system around the country. Various spin-off industries and orders related to Section 3 of the draft legislation will be facilitated by those commercial banks working with the Bank of the United States, and commercial banks will profit from discounting commercial securities related to the debt of industries and companies which will produce and circulate needed commodities. Large companies and corporations will no longer need to sell bonds and raise money from the shadow banking system, but will obtain reasonable accommodation from the Bank and other commercial banks with which the Bank cooperates.

The Bank will take up responsibility for large agricultural cycles, making loans to producers to finance the carrying and orderly marketing of agricultural commodities. With increasing industrial and agricultural exports creating new demand for raw materials and agricultural products, made possible by loans and discounts from the Bank, the board of directors of the Bank will track the cycles and circuits of domestic commerce, which will create profits for the Bank and other commercial banks. Debts will be balanced with the credits arriving in the Bank from the products of industry related to the initial debt; the time and terms of the original debt will be closely tied to the time of the commercial cycle. A vast circulating currency can be formed, as in Hamilton's original creation of the public credit system, as the securities of industry themselves will circulate as a means of payment to extinguish the various debts among parties, since the credit due to one party can be transferred to another.

The commercial banking system will be aided by the Bank through its bankruptcy reorganization procedures, under a reinstatement of the Glass-Steagall Act and related 1933 Banking Act provisions, raising capital stock of banks as necessary.

Unlike the Federal Reserve and other central banks, the Bank of the United States, in accordance with its original design, will not be at liberty to continuously

purchase debt of the United States, but only to sell an amount included in its original capital stock in due amounts and at appropriate times. It will therefore not be a machine of idle indebtedness, but will operate in accordance with Hamilton's original maxim of public credit related to the creation and extinguishment of debts.

### The Effects of the Legislation

After an estimate of needed industry and labor for completion of new infrastructure, voted on by the representatives of the people, the first investment cycle and credit emission for new projects will be organized to accomplish those tasks which will increase the potential of the economy for the next investment, such as plant and labor capacity. The boost of the economy created by that investment will alter the appropriate loans for the next cycle.

Millions of productive jobs will increase tax revenue from new tax receipts of newly employed workers. A much greater increasing revenue will come from the taxes on earnings of industrial corporations within the United States. The income of the nation shall shift from

consumer income to business income, and therefore the currency will be tied more closely to private industry. Similarly, consumer spending of the non-industrial sector of the population will account for a decreasing proportion of the financial system of the United States.

Numerous Treasury commitments which have been sunk to stave off attrition, or which are disbursed for infrastructure investment out of the annual budget, will be freed up, now serviced by loans from the Bank.

As a result of available credit, new infrastructure will increase national income from industry and agriculture. There will be gains reaped in foreign exchange by the yield of increased exports of agricultural, mineral, and manufacturing products.

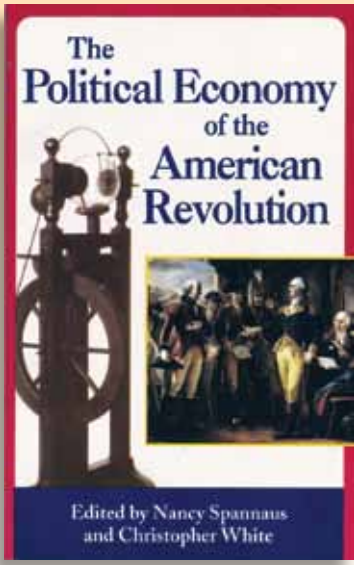
Within the context of the Bank of the United States providing credit, a proper system of commercial banking will make profit, not on mutual funds and other risky ventures, but on loans and the discounts between new industries and industrial and agricultural consumers in the United States.

The interest paid to banks will correspond to a portion of the surplus earned by productive citizens from the employment of loans. Loans issued by banks will be strictly tied to the production cycle for which loans and discounts are made. Banks will conduct loans that depend upon the profitable operation of the borrower, where employment will be provided and the security will reasonably assure ultimate liquidation of the loan.

Banks will become intermediaries to the agro-industrial economy and share in the profit made from converting raw materials into finished goods and increasing the output of the land. Commercial banks will profit from increased industrial orders within the national economy and for purposes of increasing its productive output. Investment and pension funds will redirect valid savings into these new productive enterprises, rather than the formerly speculative, derivative-related funds.

Those who produce goods for industry, those who labor to build infrastructure, and those who produce goods for consumption, will receive legal priority over those who buy and sell goods in commerce and trade. Speculation, including on foreign exchange and interest rates, will be reduced as rapidly as regulations can be put in place. Tax-paying domestic manufacturers will receive those privileges currently granted to foreign nations and supranational cartels.

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# Draft Legislation

## To return to the original Bank of the United States.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

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### Section 1. Findings and Purposes

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(a) The United States must return to a credit system, as under the original Bank of the United States as operated under the guidance of Alexander Hamilton, and successfully directed by Nicholas Biddle, and used by President John Quincy Adams. Hamilton's credit program became the key to the establishment of a sound United States, and the extraordinary development of continental infrastructure. The success of the Bank of the United States rested on its lending for the future advancement of productivity and production.

(b) Due to the lack of a Hamiltonian national bank, and the mismanagement of the economy since the repeal of the Glass-Steagall elements of the 1933 Bank Act, the Federal Reserve is no longer a viable operation in and of itself, but is carrying out a policy of hyperinflation, which is actually suppressing lending by the banking system.

(c) After the re-implementation of Glass-Steagall banking regulations, the establishment of a Bank of the United States, operating as a commercial bank, will restore the valid profit to the commercial banking system which arises from manufacturing, industry, the increasing productivity of lands and soils, and most importantly, the building of infrastructure which expands and provides for such processes.

(d) Subscribers to the capital stock of the Bank will be assured the success of their investments by direct credit to national purposes, which will create the greatest increase of economic productivity. Without the security given to the financial system by the adherence to these proposed mechanisms of national credit, nothing could assure the value of any valid assets currently remaining within the banking system.

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## Section 2. Responsibilities and Authorization

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The Bank of the United States shall be authorized to: provide credit for major national projects of infrastructure including surface transportation and ports, water management and supply, drought, flood and storm protection, electrical energy production and distribution; to make loans to agencies of the United States created for such projects; enter joint ventures with agencies of other nations to provide credit for major international projects of new infrastructure; provide credit to state and municipal capital projects by purchase of municipal bonds as issued; provide loans to businesses and banks participating in such projects, and to cooperate with the United States Export-Import Bank to provide trade credits to businesses engaged in international infrastructure projects; to assist in the transition from a speculative to a production-based commercial banking system.

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## Section 3. Lending Priorities

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The following restrictions and priorities on loans and discounts made by branches of the Bank of the United States shall apply:

(a) That industrial and agricultural production and construction related to the following shall take priority in the lending of the Bank: a) Construction and other such companies contracted by acts of Congress related to national drought and flood control infrastructure, including agreements made with Canada for this purpose, for the construction of plant capacity, construction of storage reservoirs, canals, aqueducts, pipelines, pumping stations, power stations, lock and barge transit corridors, and railroad construction. b) Manufacturers of excavators and large-capacity trucks and other earth-moving equipment, heavy-capacity cranes, tunnel-boring machines, and drilling machines; manufacturers of large motors, large-capacity pumps, valves, fittings, intake and discharge headers; mining companies which mine limestone, copper, or maintain rock quarries; mills which produce cement, steel, aluminum, and copper; foundries and smelters engaged in heavy rolling, forming, and production of metallurgy components; manufacturers of machine tools; manufacturers of forebay, penstocks, head



gates, turbine wheels, impellers, generating units, switchgear, transmission lines; manufacturers of double-steel mitre gates and other components for waterways; manufacturers of pressure vessels and other components of nuclear power plants; and manufacturers of locomotives and rail lines. c) Agricultural producers of food for domestic consumption.

(b) The Bank shall have access to information on the progress of entities to which it lends for the purposes of this section, and be kept informed of the schedule of contracts according to acts of Congress associated with national water regulation, in order to alter its loans, as appropriate for the schedule and progress of developed plant capacity, production, and construction.

(c) The Treasury Secretary may, with authorization of Congress, subscribe to the stock of specific companies related to the priorities of Sec. 3, to be paid for by the future dividends which may accrue upon United States bank stock in the Bank of the United States.

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## Section 4. Domestic Exchange

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The Bank shall coordinate, regulate, and maintain a system of credit based on the inherent cycles of industry, agriculture, and trade.

(a) The Bank shall be authorized to discount any commercial, agricultural, or industrial notes, drafts, and domestic bills of exchange; shall make proper arrangements for all those who desire to adjust and set off debts without the use of cash; shall be authorized to correspond with institutions or individuals in foreign countries, in reference to the payment of balances, setting off debts, and to the export or import of dollars.

(b) If the Treasury Secretary determines it necessary to facilitate payments on credit between industries specified in Sec. 3, and to ensure that credits from discounted bills of exchange or promissory notes, or other commercial securities, as specified in this section are not diverted from their proper application to payments of debts of the trade for which they were created, the Bank may issue special notes, with the authorization of the Secretary of Treasury to be used for said discounts and not monetizable or payable in cash until the maturity of the note. Such notes may be deposited in a separate credit account, or may be receivable by the Bank or other commercial banks for satisfaction of any other debt to be extinguished until

they are paid, during the period before they mature. Such notes issued for domestic bills of exchange shall not be counted as notes in circulation against the capital reserves of the Bank of the United States or other commercial banks.

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## Section 5. Commercial Banks

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The Bank will have the following relations to commercial banks:

(a) Commercial banks shall not be eligible for loans or discounts or any other accommodation from the Bank of the United States and its branches, which are not operating under Glass-Steagall specifications.

(b) During the unwinding process which will be created by the Government's reimplementation of the elements of the 1933 Banking Act, related to the separation of banks by function into commercial and investment banks, and the associated prohibitions of underwriting investment securities and interlocking with security companies, etc., the Bank of the United States will be authorized to purchase preferred stock of commercial banks, in order to rehabilitate the capital structure of bank associations whose assets will have shrunk to such a degree, that their capital will be impaired.

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## Section 6. Capital

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(a) The Bank will have a capital of four hundred billion dollars, of which 20% shall be subscribed by the United States Treasury in two equal new issues of Treasury securities in 2013 and 2014; the remaining capital to be subscribed by holders of United States Treasury Securities, and holders of municipal bonds of Federal states or cities, by exchanging those securities for preferred stock of the Bank of the United States, provided all securities have a maturity above three years, which shall be guaranteed by the United States Treasury.

(b) The guaranteed dividend on preferred stock named in (a) shall be equal to the prevailing interest rate of securities of equivalent maturities, for the first five years of issue.

(c) The Bank of the United States shall be authorized further to raise capital liabilities for its project investments from the public, from commercial banks and business corporations, and from investment funds,

by issuing debenture bonds up to a total of two and a half times the Bank's capital stock, or \$600 billion, bringing its total capital to \$1 trillion; the bonded borrowing of the Bank of the United States shall have a guarantee from the United States Treasury; and the bonds of the Bank shall be qualified for purchase by commercial banks under Glass-Steagall Act standards.

(i) The Secretary of the Treasury is authorized to purchase any obligations of the Bank, and for such purpose, the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any U.S. securities. The Secretary of the Treasury, at the request of the Bank, is authorized to market for the corporation its notes, debentures, bonds, and other such obligations, using therefore, all the facilities of the Treasury Department now authorized by law for the marketing of obligations of the United States.

(d) The rate of interest on the debenture bonds named in Sec. 6(c) shall be the rate of interest on 30-year U.S. Treasury securities for the first five years of issue. Their maturity shall be 30 years for the first five years of issue, unless a different maturity shall be determined by Congress.

The United States Treasury shall create a sinking fund for guarantee of the capital stock of the Bank of the United States, allocating \$10 billion annually for the purpose; and a sinking fund for guarantee of the bonded borrowing of the Bank of the United States, allocating \$10 billion annually for the purpose.

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## Section 7. Circulating Capital

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The Bank of the United States shall:

(a) Be provided with an issue of interest-free U.S. Treasury notes for circulation, equal to the amount of its capital stock.

(b) Be authorized to receive U.S. government revenue deposits to its circulating capital:

(i) The National Transportation Trust Fund shall be authorized to deposit the revenues of the Federal gasoline tax into the Bank as they are received, and until such time as they are expended for surface transportation projects.

(ii) In the event that Congress will protect manufacturers of articles related to Sec. 3 from foreign laws, using the appropriate powers of Article 1, Section 8, of the Constitution, revenues from duties shall be de-

posited in the Bank of the United States.

(iii) All revenues from duties and other collected taxes deposited in the Bank shall be made available for lending purposes until drawn for appropriations by Congress; and other Federal fees, duties, and revenues may be deposited into the Bank as the Secretary of Treasury may determine.

(c) Require state and municipal agencies, which receive capital project support through purchase by the Bank of municipal capital bonds, to keep on deposit 5% of the proceeds of such bond purchases in the Bank of the United States, until the completion and final inspection and commissioning of the project involved.

(d) Be authorized to receive deposits of municipal project funds raised until such time as their expenditure is required by the states or municipalities for the projects involved.

(e) Provide the necessary facilities for transferring public funds deposited in the Bank from place to place, within the United States, whenever required by the Secretary of the Treasury, and for distributing the same in payment of the public creditors, without charge.

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## Section 8. Branches

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The directors of the said corporation shall establish an office of lending, discount, and deposit in each of the Federal Reserve Districts and in any other state where Congress may, by law, require the same.

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## Section 9. Directors

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There shall be twenty-five directors, annually appointed by the President of the United States, by and with the advice and consent of the Senate, the majority of whom shall be actively engaged in some industrial pursuit, or shall have had at least twenty years experience in industry or infrastructure. And the board of directors, annually, at the first meeting after their election in each and every year, shall proceed to elect one of the directors to be president of the corporation, who shall hold the said office during the same period for which the directors are appointed and elected. The president shall be required to assemble a staff with experience in the commercial banking, engineering, heavy construction, and scientific fields, which he or she shall direct to assess the feasibility, productivity,

and cost of investments; the Bank shall receive an annual authorization from Congress of \$1 billion for such purposes.

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## Section 10. Loans Specifications and Restrictions

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The Bank shall refer to the following provisions for a framework making loans:

(a) Maturity of loans and discounts should coincide with time periods of anticipated profitability and projected useful life of the facilities financed with such loans and discounts.

(b) The Bank may make loans for companies involved in manufacturing related to Sec. 3, for additional needs of capital expansion.

(c) The Bank may also extend the time of payment of a loan, through renewal, substitution of new obligations, or otherwise, with a maximum time for such renewal to be established by the Board. The Bank may make such further loans and contracts for the completion of projects or additions, improvements, and extensions necessary for proper functioning of the project and which will increase assurance of the borrower to repay the entire loan or loans.

(d) In addition to direct loans, it may make loans in cooperation with other lending institutions. The Bank may participate in such loans up to 50%.

(i) The Bank may discount for, or purchase from, any bank, trust company, mortgage company, credit corporation for industry, or other financing institution operating in its district; it may make loans directly to any such financing institution on the security of such obligations; and make commitments with regard to such discount or purchase of obligations or with respect to such loans or advances on the security thereof.

(e) In exceptional circumstances, when it appears to the satisfaction of the Bank that an established industrial or commercial business located in its district is unable to obtain requisite financial assistance on a reasonable basis from the usual sources, the Bank may make advances to, or purchase obligations of, such business, or may make commitments with respect thereto, for the purpose of providing it with working capital. The Bank may assist in developing and effectuating plans for the reorganization or refinancing of any such business, and in connection therewith, may act under proper appointment as receiver therefor, or in any

capacity similar thereto.

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## Section 11. Restrictions

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The following rules and restrictions shall apply:

(a) The total amount of the debts, which the Bank shall at any time owe, whether by bond, bill, note, or other contract, shall not exceed the sum of the capital stock of the bank and its deposits, unless the contracting of any greater debt shall have been previously authorized by a law of the United States.

(b) The Bank may sell and transfer for U.S. dollars any part of the public debt subscribed to the capital of the Bank, after a period of three years from its incorporation, but shall not be at liberty to purchase any public debt whatsoever, nor make any loan upon the pledge thereof; provided, that it shall not sell more thereof than a sum equaling one-fifteenth of the capital stock in any one year; nor sell any part thereof, without previously giving notice of its intention to the Secretary of the Treasury, and offering the same to the United States for the period of fifteen days, at least, at the current price, not exceeding the normal rates.

(c) Interest on the public debt portion of the capital stock paid to the Bank, beyond the dividends for the stockholders, shall be made available on deposit for lending purposes of the Bank.

(d) None but a resident citizen of the United States, shall be a director.

(e) Foreign stockholders shall have no influence over the decisions of the board of directors.

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## Section 12.

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The Bank of the United States is chartered as the agency of government, and the legislated means of carrying out powers of Congress in relation to the ends specified in Article 1, Section 8, of the Constitution, and nothing in this Act is to be construed for other purposes.

—*Paul Gallagher and Michael Kirsch wrote this legislation.*

# The Game Is Up: The Fed Is Bankrupt

by Dennis Small

March 5—In late February, the cat was let out of the bag: The Federal Reserve System of the United States is bankrupt. When the Fed's epitaph is written, it may well cite the cause of death as "the undue diversion of funds into speculative operations." The same applies to the thoroughly bankrupt U.S. banking system, guided by the Fed, and to the British Empire's entire trans-Atlantic financial system as well. As we will show below, the policy of endless hyperinflationary bailouts has finally come to the end of the line.

The public announcement of defunction came on Feb. 26. On that date, Bloomberg News reported that the New York-based risk analysis company MSCI had just completed a stress test on the U.S. Federal Reserve System, which found that, under the "adverse" scenario of a Fed "exit" from quantitative easing (QE)—i.e., selling off the \$3 trillion in assets that the Fed has accumulated as part of QE—the mark-to-market loss on the Fed's asset book would be some \$547 billion over three years. That is many times the value of the Fed's capital, and it means that the Fed is in fact *bankrupt*, by any honest accounting measure.

MSCI is the same high-roller company which the Fed itself uses to perform stress tests on the 19 largest U.S. banks. The current study, commissioned by Bloomberg News, applied the same criteria it uses on the banks, to study the Fed's own solvency. "The potential losses are unprecedented in the Fed's 100-year history," Bloomberg wrote in its wire.

The release of the MSCI study was impeccably timed to coincide, almost to the hour, with Fed Chairman Ben Bernanke's annual appearance before the Senate Banking Committee and the House Financial Services Committee, Feb. 26 and Feb. 27, respectively. None of the Congressmen or Senators on the committees were sufficiently emboldened to raise the issue of returning to Franklin Roosevelt's 1933 Glass-Steagall Act as the obvious solution to the looming catastrophe.

A few did take note, however, of the huge losses that would be suffered as the Fed unwinds its QE purchases, and Sen. Bob Corker (R-Tenn.) went so far as to shoot off an open letter to Bernanke the same day he testified before the Senate, demanding to know: "If interest rates were to rise and your securities portfolio were marked to market, is it not possible that you could be rendered insolvent, at least on a balance-sheet basis? And if so, what kind of risk would that present?"

When a ranking Senator of the United States publicly asks the chairman of the Fed if the Federal Reserve Bank is not "insolvent," you know that things have gone very far.

Members of the Congressional committees may have shied away from talking openly about what many admit in private, is the only workable solution to the system's bankruptcy: Glass-Steagall. But not so organizers for LaRouchePAC, who were all over Capitol Hill, even as Bernanke was testifying—urging adoption of HR 129, which calls for a return to

FDR's Glass-Steagall, and distributing the first 500 copies of LaRouchePAC's "Draft Legislation To Restore the Bank of the United States," the necessary companion-piece of a return to the Glass-Steagall standard (see p. 4).

The report of the Fed's bankruptcy comes as a shock only to those who have not followed Lyndon LaRouche's writings over the years (see box). But that reality now finally appears to be dawning on large numbers of major players within the trans-Atlantic financial community—including the Fed itself, the Wall Street

banking crowd, and their British senior partners—namely, that the Fed itself is flat-out bankrupt.

### **Easing Your Way into Bankruptcy**

The Fed is now reaping what it itself has sowed, at London's insistence, with its policy of hyperinflationary quantitative easing, in response to the 2008 blowout of the world financial bubble. From 2008, through the end of 2012, the Fed issued over \$2.5 trillion in new funds simply pumped into the banking system. In 2013, the Fed is on course to pump in an additional \$1 trillion, through QE. (The total bailout of the banks is much larger than that, by an order of magnitude; the QE is simply the new cash that the Fed has pumped in directly).

The argument put forth by the Obama Administration for public consumption to justify these bailouts, has been along the lines of: "Hey, we have to help out the banks, so that they can in turn resume lending to businesses and consumers." But that was neither the result, nor the real intention. Over the same period in which U.S. QE totaled over \$2.5 trillion, bank deposits did in fact rise by nearly \$1.7 trillion. But was this money then lent out by the banks? Of course not: It went to feed the speculative cancer. As a result, total bank lending *contracted* by nearly \$1 trillion between 2008 and 2012, at the same time that QE rose by \$2.5 trillion.

But the real problem is even worse than that, because a quick rule of thumb is that perhaps half, at most, of bank lending in any given year is actually productive. The other half is speculative by its nature, consisting of interbank lending, placing bets on mortgages, and so on.

Nor is this policy limited to the United States. The British Empire's entire trans-Atlantic financial system has been hollowed out by this same speculative lunacy.

In the United Kingdom, over the same period, the Bank of England has likewise issued some \$590 billion in QE, and bank deposits have also risen—by a dramatic \$1.1 trillion, a 42% jump. Bank lending predictably *fell* in the U.K. during this period, just as it did in the U.S., in this case, by some £80 billion (or \$125 billion, at the current exchange rate), a 5% drop.

The same holds true for the policy of the European Central Bank (ECB) for continental Europe. Over this same period, the European equivalent of QE—quaintly known as LTRO, or Long-Term Refinancing Operations—has weighed in with over \$1.3 trillion in new funny money, to try to bail out the bankrupt European

## **LaRouche in August 2009: The Fed Is Bankrupt!**

*During an Aug. 1, 2009, webcast, Lyndon LaRouche emphasized the need for a Third National Bank of the United States:*

First of all, I think we're going to have to recognize that the Federal Reserve System is, by any appropriate approach, bankrupt. It is a private corporation, which was created, unfortunately, by the U.S. government, in a certain manner of speaking, under Woodrow Wilson. It is bankrupt. Who is going to pay those debts? All this money issued is a debt. All this utterance is a debt. Who is supposed to pay? Who contracted to pay that debt?

I know that the Federal Reserve System is bankrupt. It covers up for its bankruptcy by printing money. This reminds us of Germany in 1923, doesn't it? Therefore, look, the point is, the United States has to have the guts to declare the Federal Reserve System bankrupt. That's the way to get at it. It is bankrupt, so let it prove that it has assets, to cover this utterance. If not, we put it into bankruptcy.

What we do is, we simply get rid of it by bankruptcy. Just take it off the books. It's bankrupt; it took itself off the books, by going bankrupt. Easiest way of skinning that cat. Now, then what we're going to have to do is, we're going to have to develop the Third National Bank of the United States.

banking giants, while bank lending continues to stagnate across Europe.

The combined picture for the entire trans-Atlantic financial system is summarized in (Figure 1). Cumulative QE hyperinflated the financial system to the tune of \$4.4 trillion by the end of 2012, and is soaring towards \$5.5-\$6 trillion in 2013. And all the while, bank lending has declined by about \$1 trillion.

As LaRouche has repeatedly warned: “The entire world system is in a crisis. It’s a general breakdown crisis which is centered in the trans-Atlantic community... [This is] a systemic rupture in the entire trans-Atlantic financial and monetary facade.”

### Derivatives: Double-or-Nothing Gambling

The last five years of QE hyperinflation, comes on top of the unleashing of the derivatives bubble with the 1999 repeal of Glass-Steagall, and that in turn was the follow-up to the 1971 demise of the Bretton Woods system and the systematic takedown of the productive economy in the wake of the Kennedy assassination.

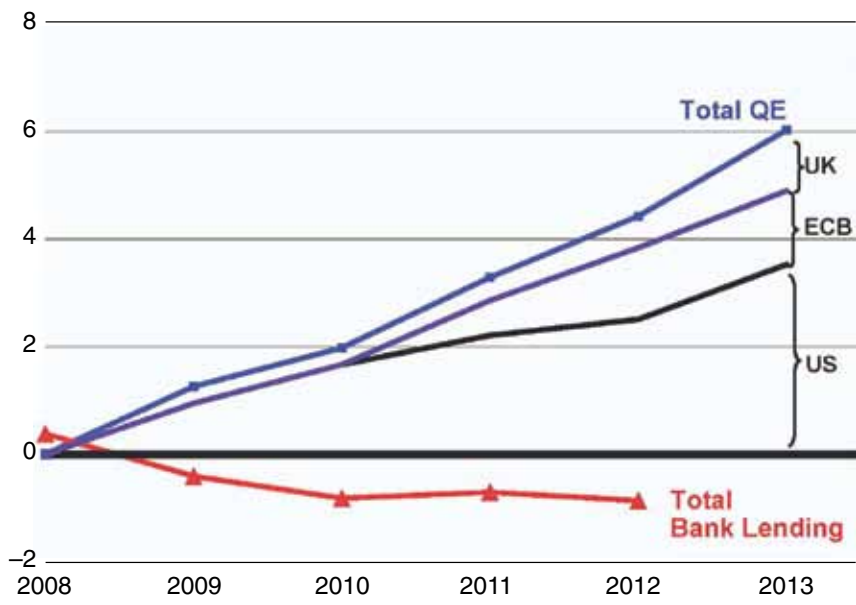
The derivatives aspect of the problem deserves a moment’s attention, since the most common question that comes up when angry citizens try to grapple with what is happening, is: “So what the hell are derivatives, anyway?”

That is a very good question.

Financial derivatives are, by far, the largest component of all financial aggregates in the world. Figure 2 shows the growth of these aggregates from 1980 to 2005, which, at that point, totaled just shy of \$1 quadrillion (a thousand trillion), according to EIR’s best estimate. Today the total is probably closer to \$1.5 quadrillion—although the number is essentially meaningless, as are the derivatives themselves.

The point is, that the total fi-

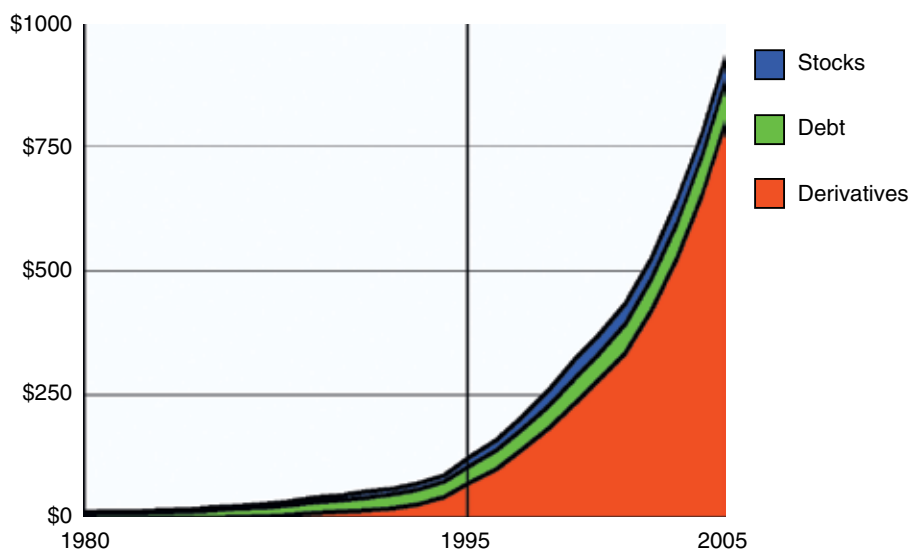
FIGURE 1  
Trans-Atlantic QE and Bank Lending



Sources: Federal Reserve, European Central Bank, Bank of England

ancial aggregates are *not* made up principally of all of the stock markets in the world (overvalued as they are), nor of all the government, corporate, and personal debt in the world (as overvalued as that is). The lion’s share—more than 80% of the total—is financial derivatives.

FIGURE 2  
World Financial Aggregates  
(\$ Trillions)



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So, again: What the hell are derivatives, anyway?

Derivatives have been described, accurately, as essentially a way to lie and cover up a loss that has already occurred. Rather than facing up to the loss, and recognizing, “I guess I have to pay up or declare bankruptcy if I can’t pay the debt,” the speculator instead borrows more money in order to place a bet (a derivative) to cover up the loss by speculating on some hypothetical future gain. When that second loss comes due, he again covers the loss by a further bet, in the hopes that eventually he won’t have to pay the increased loss.

Another way of describing derivatives, is the case of the gambling addict who is always losing at the roulette table, and rather than pay up and call it a day (and face the wrath of his wife, or his boss), instead says: “No, let’s play double-or-nothing!” And when he loses again, he again insists frenetically: “Double-or-nothing! Double-or-nothing!”

In short, derivatives are double-or-nothing speculative bets designed to cover up massive losses, de facto bankruptcy, that are being suffered throughout the economy.

But at a certain point, the game is up, and reality asserts itself. That point is now.

### Reality Strikes Wall Street and London

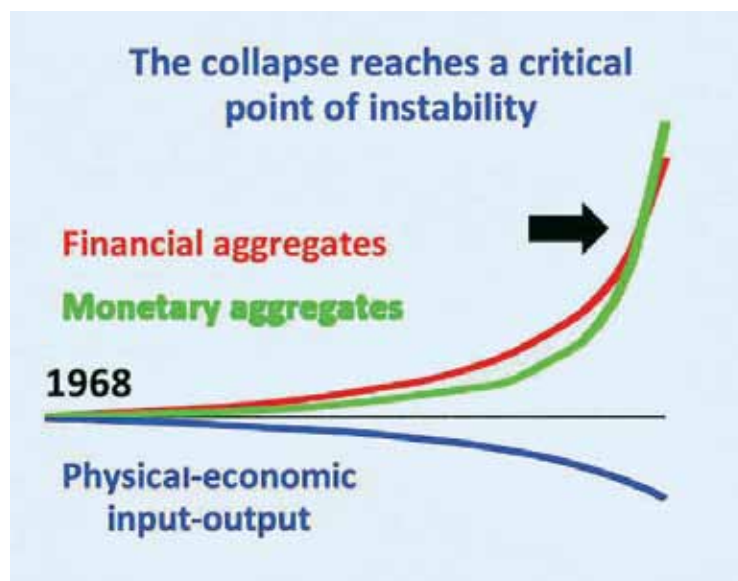
That realization is behind the public barroom brawl over financial policy that has broken out in world banking centers, from Great Britain, to the United States, to Japan and China, over how to address the hyperinflation “meteorite” that is about to strike Planet Earth.

In the U.K., Moody’s, on Feb. 22, downgraded the government’s debt rating from AAA to AA1, in the wake of a stronger-than-usual vote in the Bank of England’s Monetary Policy Committee on further quantitative easing (three members of the MPC voted in favor, including Governor Mervyn King; six voted against). In Japan, Prime Minister Shinzo@am Abe visited Washington to discuss, among other things, his plan to use “hyper-easy monetary policy” to try to revive the Japanese economy. And in the United States, Fed governors and economists are warring openly over whether or not Bernanke’s QE policy will unleash uncontrolled hyperinflation.

Growing numbers of panicked U.S. bankers and

FIGURE 3

### LaRouche’s Typical Collapse Function



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economists are now pointing out that, since the Fed has gotten in so deep with QE, if and when it tries to stop the process and sell off all or part of its asset book, it will trigger a sharp rise in interest rates and a consequent plunge in the value of the Treasuries and MBS toxic assets it now holds.

The warning surfaced at the Jan. 29-30 meeting of the Fed’s Federal Open Market Committee (FOMC), where “many” members of the Committee openly disagreed with Bernanke’s policy of unlimited QE.

On Jan. 31, Bill Gross of PIMCO, the world’s largest bond trading company, published an article, “Credit Supernova,” warning that a hyperinflationary firestorm had been created, with no end in site.

Then on Feb. 5, the Treasury Borrowing Advisory Committee (consisting of 15 top Wall Street bankers) also raised the danger of a QE “exit” blowing out the Fed itself.

And on Feb. 22, at a New York meeting of the University of Chicago’s U.S. Monetary Policy Forum, a group of four monetary economists, headed by Frederic Mishkin (a former Fed governor and co-author of other writings with Bernanke) presented a paper warning that QE had gone so far, that an eventual Fed “exit” from QE could lead to serious losses in the Fed asset book, and unleash further severe inflation. Mishkin further warned that the public attacks on the Fed “are the worst I’ve

seen in my 40 years as a monetary policy economist.”

Bernanke’s rejoinder to all of the alarmed criticism, sounds for all the world like what Lehman Brother’s CEO Richard Fuld was saying in 2007 and 2008, before Lehman imploded in September 2008: *We don’t have to mark-to-market. We’re the Fed. We can always print more funny-money to cover our skyrocketing losses. We can keep doing this forever.*

Double-or-nothing, anyone?

### LaRouche’s Triple Curve

The only thing that is *actually* surprising about the looming hyperinflation, is that people are surprised to discover it. LaRouche has been warning about this for decades, and providing a programmatic solution.

The single best pedagogical tool for understanding the hyperinflationary implosion that is underway, remains LaRouche’s famous “Triple Curve” or “Typical Collapse Function” (**Figure 3**), which he first presented at a 1995 seminar at the Vatican—nearly two decades ago.

First, it is necessary to dismiss the usual textbook definition of inflation as poppycock. The idea that inflation is “more money chasing fewer goods” is nonsense. It is a mistake to try to locate the process of hyperinflation today in a simple expression, such as rising prices on the consumer market. There is no question that that is going on as well—just look at the doubling of the price of gasoline at the pump during Obama’s watch, or the soaring prices of food at the supermarket. But what is actually going on with hyperinflation, is more like a giant pressure-cooker, where a huge explosive charge is building up within the financial aggregates themselves. Sooner or later, the pressure cooker will blow, and then the hyperinflation will transfer rapidly, explosively, into the consumer and producer economy itself.

Now look at LaRouche’s Triple Curve. First of all, these should not be viewed as three independent curves. They are aspects of a single unified process: You have the rate of growth of financial aggregates; the rate of growth of monetary aggregates (which, at a certain point, exceeds that of the financial aggregates, if you have a cancerous bubble developing, as we have today); and then you have the third curve, reflecting the real physical economy.

This is where LaRouche’s science of physical economy is absolutely unique, in its understanding of the relationship of the financial side to the third, lower

curve of physical economic input/output. And it is where most people have difficulty digesting what LaRouche is getting at.

This third curve has nothing to do with Gross Domestic Product (GDP). GDP does not reflect the actual physical economy. GDP is a monetary calculation, based on what the market will bear, on “effective demand”—in other words, on whatever sells. Thus, you have the spectacle of the International Monetary Fund stating explicitly, in published documents, that drug production in countries such as Colombia must be included in the calculation of GDP. Why? Because it sells! If it sells, somebody wants it. That is called “effective demand,” and therefore it has to be counted in GDP.

So, GDP is a completely phony (not to mention, amoral) measure. It’s phony because its content includes actually unproductive and destructive things such as, for example, drug production—or, for that matter, payments made to the economics profession for teaching this garbage at universities, which is just as destructive, if not more so, than the drugs themselves.

But GDP is also false in its axiomatics. The premise is that there’s a one-to-one monetary calculation that can be made, a scalar monetary unit of account, that can be used to describe a physical economy. But what actually is involved in physical economy, is that the only source of true wealth, and therefore the only metric, is the expansion of the productive powers of labor.

The crucial question in the success or failure of a physical economy is the degree to which adopted policies increase the productive powers of labor, that is to say, the efficiency of man’s general activity based on creative advances in science, technology, and Classical culture. This in turn drives the discovery and dissemination of production technologies, of rising energy-flux densities, that allow man to transform his relationship to the universe, of which he is a leading part.

That intentional, directed improvement in the productive powers of labor is the only actual metric that applies to a physical economy. It is, however, a *changing metric*. It is not a ruler or yardstick where you can say that one unit equals one unit equals one unit. Rather, the metric changes, because the physical economy which it is measuring also changes in its essential characteristics, as with any living organism. A physical economy is a dynamic process, where the driving force



of creativity itself changes the essential parameters of the physical economy.

In LaRouche's Triple Curve, the monetary and financial aggregates (on the one hand), and the physical input-output (on the other hand), are *incomensurable* processes: They are not measurable with the same metric. Note, in that regard, that the Triple Curve does not show absolute values for any of the curves, but rather *rates of change*.

Under today's typical collapse function, what is happening, as Shakespeare's Hamlet put it, in a similar context, is that "the time is out of joint." There is a fundamental disconnect or disjointedness between the cancerous growth of monetary and financial aggregates (such as derivatives), and the collapse of the actual physical-economic process, as reflected in energy-flux density and the ability of the human species to reproduce itself at a higher level for the next period, to increase the potential relative population density of our species.

For this reason, there is no explanation, no understanding, and certainly no *solution* to the problem of hyperinflation without the concepts underlying LaRouche's Triple Curve pedagogy.

## Successful Genocide

Let us now turn to look at some of the results of the British Empire's policy in terms of that physical economy.

In evaluating these results, people will often comment: "Oh, gee, the policies of the IMF and the Troika have failed; they haven't produced the recovery they promised they would produce." Or, "The Federal Reserve policies have failed; why, they have led to a bad situation, and the danger of hyperinflation."

But the contrary is true. The IMF's policies have not failed; they have *succeeded*—because the *intent* of their policy has been to kill people. The Fed policies have been completely successful, because the intent of the policy was never to bring about some sort of an economic recovery. The intent was to produce exactly the hyperinflationary bailout and genocide which it is in fact producing.

Greece today is not an IMF *failure*. It is a success story! They're killing off the population, which is what these policies were intended to do. The publicly stated British imperial policy is depopulation, and that is precisely what they are achieving.

There are many ways that one can approach the question of physical economy, but none better than looking at what is going on with the labor force. This is the single, best way to get at the concept behind the third curve of LaRouche's Triple Curve.

If it is the case that the only actual source of wealth is an increase of the productive powers of labor, then clearly, the most important thing to do in an economy is to generate, not only new jobs for youth, but *productive*, high-technology jobs for youth, and to educate young people and train them so that the overall scientific level, the Classical cultural level, the technological level of the society is rising. In that way, society can mobilize technologies embodying rising energy-flux densities, and achieve leaps in the overall productive powers of labor.

Now, take a look at youth unemployment today, under the British Empire's euro and Troika dictatorship. In the case of tortured Greece, youth unemployment hit 62% in early 2013. In the case of Spain (**Figure 4**), in little less than a decade, total official unemployment (which actually understates the true situation) has risen to about 26% of the total labor force. That is bad enough, but if you look at what has happened to youth unemployment, people between 18 and 24, by the end of 2012, over 50% of the total youth

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—Lyndon LaRouche,  
Feb. 11, 2013

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labor force was unemployed. And the projection is that by the end of this year, that will hit 60%.

Now, stop for a second and think about what that means. What does it mean for the survival of a country or an economy, when close to two-thirds of youth have been thrown on the scrap-heap? They don't have jobs, let alone productive, or high-tech jobs. They have no future! This means that the country is being killed; it is being destroyed.

And I ask you: What is the difference between this destruction of a country, and the concentration camps of Adolf Hitler—which, like the Troika policy, was inspired by the British? There is absolutely no systematic difference between the two. What is going on is genocide, pure and simple; and it is intentional genocide.

In **Figure 5**, we show those countries in Europe where official youth unemployment today exceeds 20%—half of the EU27 roster of nations. Spain and Greece are the future of all Europe, and of the entire trans-Atlantic system, under the policies of the Fed, the Troika, and their British senior partners.

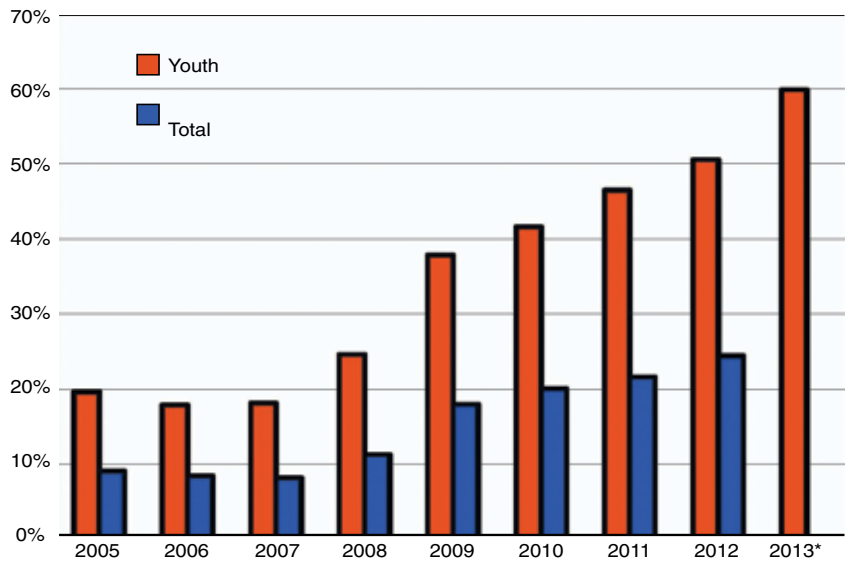
That is why LaRouche has repeatedly stated that the only choice that the world has today, is between a return to the Franklin Delano Roosevelt Glass-Steagall principle of 1933, or genocide.

That Glass-Steagall principle is presented in the very first sentence of the 1933 bill, which serves as a kind of preamble and conceptual summary of the whole document—in much the same way as the Preamble to the U.S. Constitution presents a single, unifying statement of intent. The Glass-Steagall bill states:

“An act, to provide for the safer and more effective use of the assets of banks, to regulate inter-bank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.”

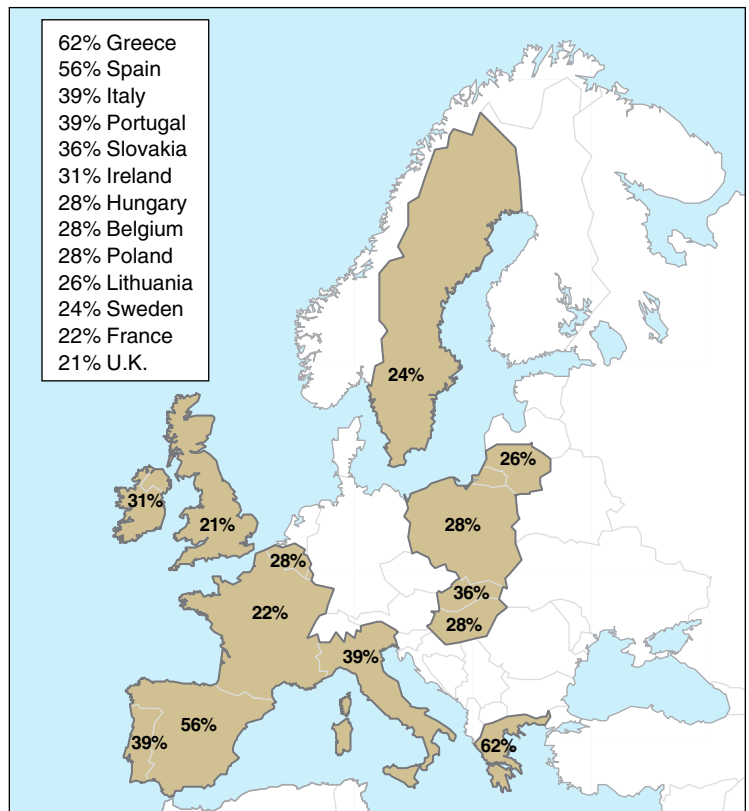
That would indeed be a worthy epitaph to write on the tombstone of the defunct Federal Reserve System of the United States.

**FIGURE 4**  
**Total and Youth Unemployment in Spain**



Source: Bank of Spain

**FIGURE 5**  
**Countries of the EU27 With More than 20% Youth Unemployment**



Source: Eurostat

# EU's Greek Policy Is 'Regime Change' By Warfare Against the Nation-State

by Dean Andromidas

Feb. 28—The Greek national daily *Hellada* published a hard-hitting interview on Feb. 25 with Helga-Zepp LaRouche, the founder of the Schiller Institute and chairwoman of the Civil Rights Solidarity Movement (BüSo) in Germany. The paper, in its Feb. 23-24 edition, had published an article by Dr. Nicolas Laos citing Lyndon LaRouche's Feb. 16 warning that the trans-Atlantic financial system is in a hyperinflationary explosion.

Zepp-LaRouche's interview is a crucial intervention into the explosive situation in Greece, which has become the first humanitarian catastrophe the European Union has inflicted upon one of its member states. Despite vigorous protests for years, the austerity policy of the European Union and IMF have charged ahead unchallenged by any political opposition with a viable alternative. Zepp-LaRouche provides that alternative.

Laos, a well-known commentator, began the two-page interview with an introduction on the LaRouches and their political movement. All the questions were sharp and highly relevant to the current international strategic and financial crisis. They included the request to comment on the causes of the financial and economic crisis afflicting Europe, and especially the Eurozone, "where huge state-imposed austerity programs are implemented," together with bank bailouts; and a request "to articulate a robust policy of socio-economic development."

Zepp-LaRouche did all this, and more. (See box)

## 'Social Euthanasia'

The European financial oligarchy is inflicting on Greece the worst humanitarian catastrophe since its occupation by the Nazis in World War II. In a demonstration in front of the Greek Ministry of Finance Feb. 26, blind Greek protestors accused the government of carrying out "social euthanasia," by dramatically cutting

their pensions and other benefits at a time when there is high unemployment.

"Unemployment, poverty, and social isolation threaten the majority of the families with disabled people," said the Association of the Blind in a statement, according to the daily *Kathimerini*.

In fact, the entire country is being subjected to "social euthanasia." Eurostat, the European Union's statistical office, reported that fully 31% of the Greek population was at risk of poverty or social exclusion in 2011. These figures include 30.4% of children under the age of 18; 31.7% for those 18 to 64 years of age; and 29.3% of senior citizens over age 64. One could easily add 5 to 10 percentage points to the figures. Over the past year these figures have only increased.

Unemployment as of November 2012 reached 27%, up from 26.6% the month before, according to the Hellenic Statistical Authority (ELSTAT). Youth unemployment (ages 15-25) was 61.7%. These are the highest figures in Europe. In a country of fewer than 10 million people, thousands are losing their jobs every day. These figures do not include the unemployed among small business owners, such as shopkeepers, who form 15% of the workforce.

## Health Cuts = Mass Murder

As a direct result of the "reforms" devised by the Troika of overseers from the European Union, the European Central Bank, and the International Monetary Fund, which suck out all available funds to assure the debt payments to the bailout fund, Greeks are being murdered by lack of medical care.

The London *Guardian* revealed that life-saving drugs have almost disappeared from the shelves of pharmacies and hospital dispensaries. Multinational pharmaceutical companies, including Pfizer, Roche, Sanofi, GlaxoSmithKline, AstraZeneca, Roche, and



Courtesy of George D. Vardangalos

*A general strike in Athens' Syntagma Square on Feb. 20. Analysts see larger social explosions on the horizon.*

Sanofi, have stopped shipments of these drugs to Greece because of nonpayment. The country's social insurance funds and hospitals owe pharmaceutical companies EU1.9 billion, going back to 2011. In turn, the government owes Greek hospitals and the insurance fund EU3 billion. The shortages include medications for arthritis, hepatitis C, and hypertension, cholesterol-lowering agents, anti-psychotics, antibiotics, anesthetics, and immunomodulators used to treat bowel disease.

Dimitris Karageorgiou, secretary general of the Pan-Hellenic Pharmaceutical Association, said, "I would say supplies are down by 90%. The companies are ensuring that they come in dribs and drabs to avoid prosecution. Everyone is really frightened. Customers tell me they are afraid of losing access to medication altogether." He said many are also worried that insurance coverage will dry up.

"Around 300 drugs are in very short supply and they include innovative drugs, medications for cancer patients and people suffering from clinical depression," said Karageorgiou. "It's a disgrace. The government is panic-stricken and the multinationals only think about themselves and the issue of parallel trade, because wholesalers can legally sell them to other European nations at a higher price."

"Lines will form in the early morning or late at night when you're on duty," said Karageorgiou, who is based in Thessaloniki. "And when the drugs aren't available, which is often the case, people get very aggressive. I'm

on duty tonight and know there will be screaming and shouting, but in the circumstances, I also understand. We have reached a tragic point."

Under the orders of the Troika, the government has cut the pharmaceutical budget from EU3.7 billion in 2011 to EU2.44 billion in 2012, and now the Troika is expected to demand that it be cut to EU2 billion in 2013.

Leonidas Chrysanthopoulos, a retired Greek ambassador who held senior positions in the Foreign Ministry, sent a scathing open letter Feb. 14 to European Commission vice

president Olli Rehn, denouncing the EU policy as "wrong and ineffective . . . from the time it was first adopted in 2010." He charged that the policy had led directly to the "increase of unemployment from around 16% in 2009 to 28% today, increase of the debt, increase of poverty, creation of food lines, increased suicides, unburied dead, etc.; nothing was done by the EU, IMF and the European Central Bank to correct the situation. Austerity can no longer work on a population that can no longer afford to pay taxes to a State that cannot give anything in exchange. And we are speaking about a member-state of the EU, which is being destroyed in order to be saved."

Charging that the policy has violated the EU's own Lisbon Treaty, which calls for protecting "human dignity, freedom, democracy, equality, the rule of law, and respect for human rights," he concluded that the "solution can only be one. That is to zero the Greek debt, which is about 3% of the EU's GDP, and allow Greece, through a program of reform, to achieve growth."

## **A Social Explosion**

With the economy set to collapse even further this year, warnings of an imminent "social explosion" are being heard from very senior Greek policy circles. In reality, the explosion has already begun. Since the first of this year, strikes and demonstrations have been taking place throughout Greece. One day it is a group of doctors protesting the fact they haven't been paid in

months and that cuts health are making it impossible for them to save people's lives. On another it is teachers, the disabled, pensioners, or students.

Earlier this month the two big trade union federations held a 24-hour nationwide general strike, bringing 100,000 demonstrators to a rally in front of the Greek Parliament. The farm unions staged a month-long protest in February. After talks broke down between farmers and the government, because it has all but ignored

their demands, they called for a rally in Athens on March 5.

On Feb. 25, the opposition party Independent Greeks spokesman Panos Kammenos called on the Greek people to "send a message of resistance" against the austerity policies of the government, which has been "faithfully following the dictates of a foreign junta," meaning the Troika.

The question is when with these protests will turn

## Zepp-LaRouche to Hellada

In her interview to Dr. Nicolas Laos of the national daily *Hellada* published Feb. 25, Helga Zepp-LaRouche pointed to the paradigm shift, especially in the trans-Atlantic world, "away from production based on scientific and technological progress, toward monetarism and the idea that 'money makes money,' after President Nixon's abolition of the Bretton Woods System, the creation of unregulated offshore markets, and the adoption of floating exchange rates." Since then, "a completely unregulated derivative market of virtual assets has mushroomed," exceeding the real economy by orders of magnitude.

As for Europe, she said: "The imposition of the euro system as the 'price to pay for German unification' was never done with the intention of a creating a prosperous European economy, but rather to have Europe revert to a feudal, deindustrialized state under a supranational dictatorship, as various admissions by Giuliano Amato, Jacques Attali, or Claude Juncker confirm. The present crisis in the Eurozone is not an accident of a well-intended policy, but the result of an intended 'regime change,' away from sovereign nation-states, toward feudal dictatorship, in which the EU became the junior partner of an Anglo-American-dominated empire, which is just another way of saying 'globalisation.' All European peoples have become the victims of this policy. The Greek people were obviously the hardest hit, but Germany is also being destroyed."

As for the economic policy to be implemented, Zepp-LaRouche called for immediate Glass-Steagall-

type reform: complete separation of commercial from investment banking, with toxic assets being written off rather than paid by the taxpayers. That must be followed, she said, with the creation of a credit system, and the "buildup of the real economy through well-defined great projects, such as NAWAPA for Canada, the U.S., and Mexico, and the "Development Program for Southern Europe, the Mediterranean, and Africa," elaborated by the Schiller Institute.

Laos's second question elicited comments on the "asymmetric expansion of so-called financial capitalism vis-à-vis the real economy" and the need for technological breakthroughs to revolutionize the economy. Here, Zepp-LaRouche expanded on the intention of both "Helicopter Ben" Bernanke of the Federal Reserve and Mario Draghi of the European Central Bank to go for a hyperinflationary policy, as a means of paying off private speculative debts at the expense of the population, a policy that must be stopped immediately.

Zepp-LaRouche referred to the recent meteorite explosion over Russia and the asteroid flyby, which delivered a wake-up call to all, since impacts of large asteroids or comets could wipe out the population of Earth. "Human beings, however, are the only species capable of creativity and of understanding the physical principles of the universe at large. Therefore we can meet these challenges in principle, if we change our present policy course. Space exploration and manned space travel are not an option; they are mandatory in order to solve the problems we face. The recent landing of the Mars rover Curiosity gives us every reason for optimism, and to believe that we are only at the beginning of the age of space colonization."

into a mass revolt that could lead to the collapse of the government. In an interview to the *New Statesman*, the above-mentioned Ambassador Chrysanthopoulos warned, “At a certain moment, quite soon, there will be an explosion of social unrest. It will be very unpleasant.” Referring to recent fire-bombings and attacks on offices of the ruling New Democracy party, he again warned that when new, retroactive (unpayable) taxes come due in the coming months, “there will be further increases in armed actions. There will be bloody demonstrations. These actions are condemnable, of course, but I feel that this sort of armed activity will increase as long as the government continues to impose oppressive measures against the Greek people.”

Chrysanthopoulos revealed that the government has hired private security companies, because “the Greek government does not trust the police, whose salaries have also been cut.”


Seeing the potential for a military coup, Chrysanthopoulos said that the government has sought assurances from the military that it would not intervene in case of a social explosion.

Another senior Greek security specialist, [Tassos Sy-](#)

[menidis](#), academic advisor to the Athens-based Research Institute for European and American Studies, also warned that the social unrest could lead to “spontaneous combustion,” painting a scenario in which “mass demonstrations overwhelm police truncheons and tear gas and succeed in sacking government buildings, threaten politicians, and even lay siege to Parliament. Shots by retreating police kill demonstrators.” This could lead to disintegration of the government, since it would not be able to rely on the Armed Forces for help, because they too have become victims of the austerity.

The resulting anarchy would be the direct consequence of Greece having “reverted to a stage of underdevelopment, deprivation, and pauperization through the means of asymmetrical economic warfare conducted by lenders...”

The catastrophe facing Greece is the same that awaits all of Europe, unless, as Zepp-LaRouche stated in her interview, a Glass-Steagall reform is immediately implemented and a new credit system created to make the LaRouche [“Program for an Economic Miracle in Southern Europe, the Mediterranean Region, and Africa”](#) a reality.



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# Momentum for Glass-Steagall Explodes on the State Level

by Nancy Spannaus

March 2—On Feb. 28, South Dakota became the first U.S. state to pass a resolution, in both houses of the legislature, urging Congress to reinstate the Glass-Steagall law of 1933, which enforced the separation of commercial from speculative banking. By the end of the next day, March 1, resolutions demanding that Congress restore FDR's Glass-Steagall Act had been introduced into ten state legislatures, one-fifth of all the states in the Union, in what is emerging as a national steamroller in favor of immediate action to free the United States, and implicitly, the world, from the bailout system.

While the Obama Administration, acting especially through Senate Majority Leader Harry Reid (D-Nev.), and Wall Street, are exerting excruciating pressure on Congress to try to prevent passage of both Rep. Marcy Kaptur's H.R. 129, which would restore Glass-Steagall, and the introduction of a companion bill in the Senate, the Administration is being outflanked by LaRouchePAC's campaign in the states. Confronted with the impossible economic conditions created by the speculative economy, and an insistent constituency led by LaRouchePAC, leaders on the state level, both Republicans and Democrats, are grabbing for a solution, and are determined to exert whatever pressure is necessary to get Congress to act.

Just this last week, resolutions to restore Glass-Steagall were introduced in Alabama and Washington State, which brought the total to ten. These states thus join Maryland, Pennsylvania, Rhode Island, Kentucky, and West Virginia—where resolutions are pending—as well as Virginia and Montana, where they had been introduced and

tabled. Action in a number of other states is imminent.

Meanwhile, the pace of sign-ups on H.R. 129 has begun to increase as well, with more than ten additional Congressmen signing up this week. The total is now 28 co-sponsors (including three Republicans) plus Kaptur.

## **South Dakota Takes the Lead**

By a vote of 67 to 2, on Feb. 28, the South Dakota House of Representatives joined the State Senate, and passed a resolution calling on Congress to reinstate Glass-Steagall. The implementation section of Senate Concurrent Resolution 6 reads as follows:

NOW, THEREFORE, BE IT RESOLVED, by the Senate of the Eighty-Eighth Legislature of the State of South Dakota, the House of Representatives concurring therein, that the Congress of the United States is urged to enact legislation that would reinstate the separation of commercial and investment banking functions that were in effect under the Glass-Steagall Act (Banking Act of 1933). That Act prohibited commercial banks and bank holding companies from investing in stocks, underwriting securities, or investing in or acting as guarantors to derivative transactions, in order to prevent American taxpayers from being called upon to fund hundreds of billions of dollars to bail out financial institutions.

The resolution, as passed, will be delivered to the



LPAC/Matthew Ogden

*Members of Congress were confronted by a large LaRouchePAC banner Feb. 28: “Sequester Wall Street, Pass Glass-Steagall.” A team of organizers visited Congressional offices, and distributed 500 copies of LPAC’s recently released “Bill To Restore the Original Bank of the United States.”*

South Dakota delegation in Congress. U.S. Rep. Kristi Noem (R), and U.S. Senators John Thune (R) and Tim Johnson (D), who is the chairman of the Senate Banking Committee.

State Rep. Patty Miller, the leading co-sponsor of SCR6 in the House, gave a passionate speech, motivating passage of the bill. There were no rebuttals, and the vote represented a virtual acclamation (see box).

### The Movement Spreads

The broad level of support from members of both parties, reflected in the sponsorship and passage of the bill in South Dakota, is being replicated in numerous other states.

Take West Virginia. On Feb. 27, House Resolution 15, “Expressing support of the House of Delegates urging Congress to enact H.R. 129, the ‘Return to Prudent Banking Act of 2012,’” was officially put on the docket in the West Virginia lower house. Democrat Mike Manypenny is chief sponsor, with 31 co-sponsors (out of 100 members), comprising 26 Dems and 5 Republicans.

The resolution has been referred to the Rules Committee. While only one co-sponsor is on Rules, he has significant influence as the head of the Finance Committee. LaRouchePAC organizers are now working on a parallel resolution in the Senate.

Then there’s Alabama. Rep. Tom Jackson, a Democrat, introduced H.J.R. 121 on Feb. 28, with 18 co-sponsors, two of them Republicans. The resolution urges “Congress to support efforts to reinstate the separation of commercial and investment functions in effect under the Glass-Steagall Act.”

On March 1, Washington Senate Joint Resolution 8009 was introduced by Democratic Senators Bob Hasegawa and Maralyn Chase, asking that “Congress enact legislation that would reinstate the separation of commercial and investment banking functions that were in effect under the Glass-Steagall act.” The resolution has been

referred to the Committee on Financial Institutions, Housing & Insurance.

### Moving on Congress

It is no secret that LaRouchePAC has been the driving force behind this national movement to reinstate Glass-Steagall, the step Lyndon LaRouche has identified as the first of three necessary measures to save the nation (the others being restoring the credit system, and NAWAPA).<sup>1</sup> While other forces, especially leading banking spokesmen such as FDIC vice-chair Thomas Hoenig, have been carrying out their own organizing drives, LaRouchePAC has been coordinating a nationwide effort, which includes bringing letters from, and delegations of, constituents into Washington, D.C., to increase the pressure for immediate action on Glass-Steagall and the whole program.

On Feb. 28, Congress was confronted by a lobbying effort, with the banner “Sequester Wall Street, Pass Glass-Steagall,” 500 copies of LaRouchePAC’s recently released “Bill To Restore the Original Bank of the United States” (see p. 4), and a delegation of a dozen citizens, including LaRouchePAC organizers, from

1. See [www.larouchepac.com](http://www.larouchepac.com) for more on Glass-Steagall, a credit system, and NAWAPA.



Pennsylvania. The organizers fanned out across the Capitol to confront and educate their representatives, visiting the offices of 11 Congressmen and 2 Senators.

In some cases, the meetings had immediate results. The next morning, one of the Congressmen whose office they visited added his name to HR 129. Three of his constituents had been in the delegation, and had hand-delivered a letter to him from a retired Pennsylvania state rep, urging him to sign on.

The delegation targeted their own representatives, as well as those from the districts of co-sponsors of HR 73, the Pennsylvania Glass-Steagall resolution. While there were only three scheduled meetings, the delegation also dropped in on a number legislative offices.

Most of the meetings were with Congressional aides, some of whom were rude and arrogant. But the citizens were not deterred in the slightest. They countered the standard line about how we don't need Glass-Steagall because Dodd-Frank and the Volcker Rule are adequate, or that Glass-Steagall won't stop quantitative easing, and other nonsense. Members of the delegation spoke up about the reality of mass unemployment, the lack of American manufacturing, the increasing poverty rate, and the murderous insanity of American taxpayers being fleeced to bail out the derivatives bubble.

Far from being discouraged, these Pennsylvania activists were determined to do more. And their efforts are being replicated nationwide.

## Rep. Patty Miller: Vote for a Future

"I am very happy that a majority of legislators have co-sponsored SCR6. This is truly a bipartisan effort, with Republicans and Democrats co-sponsoring in large numbers. The professions of the co-sponsors mirror those of our South Dakota citizens. SCR6 has been signed by farmers, ranchers, Native American leaders, teachers, engineers, bankers, pastors, lawyers, small business owners, and health professionals. Also, there are co-sponsors in nearly every district, spread all across the state.

"SCR6 states that a return to the Glass-Steagall Act, which protected our nation for 66 years, would, and I quote, 'prevent American taxpayers from being called upon to fund hundreds of billions of dollars to bail out financial institutions.' I believe that every one of our constituents would agree that their tax money should not be used to bail out the gambling debts of speculators.

"SCR6 urges Congress to vote for the reinstatement of Glass-Steagall. 'The Return to Prudent Banking Act of 2013,' HR129, has been filed in the U.S. Congress by Marcy Kaptur (D-Oh.) and Walter Jones (R-N.C.), with a growing list of co-sponsors. The original Glass-Steagall bill was, of course, passed in 1933, after the stock market crash of 1929 had plunged the nation into the Great Depression.

"Our own Peter Norbeck, born in Redfield, S.D., who served in this State Senate, then as South Dako-

ta's Governor, and finally in the U.S. Senate, was one of the most important people in getting Glass-Steagall drafted and passed. He was the Chairman of the Senate Banking and Currency Committee and got two resolutions passed in 1932, and an even tougher one in 1933, authorizing his Committee to investigate speculative banking practices. He hired Ferdinand Pecora, who had been a district attorney, to lead the investigation. A March 9, 1933 editorial in the *Plankinton S.D. Mail* reads: 'The Senate Banking Committee headed by Peter Norbeck, is doing some fine work digging into the Wall Street robbers called bankers.'

"As we vote today, we already face a blowout of the economy more terrible than that which confronted Peter Norbeck in the 1930s. Federal Reserve Chairman Ben Bernanke, as *Forbes Magazine* wrote in January, 'is on a buying spree . . . snapping up \$40 billion a month of mortgage backed securities (MBS).' The collapse of the economy in 2007-2008 started, as everyone knows now, with that MBS market, and since Glass-Steagall had been repealed in 1999, the MBS banksters' gambling debts were bailed out by we, the American taxpayers. Now, with thousands of foreclosed homes back on the market, Bernanke, who is on his way out of office, is planning the same trick again. Dallas Federal Reserve Chairman Richard Fisher said about this, 'Don't sit on the same hot stove twice.'

"I hope you will vote yes for SCR6 today, urging Congress to support and pass the reinstatement of Glass-Steagall (HR129), and help secure your own fiscal health, and a future for our children and grandchildren."

# Woodward Challenges Obama's Contempt for Congress—and Truth

by Nancy Spannaus

March 5—“We’ve come to a point where Obama is now being put to the test, and he may not make it,” declared Lyndon LaRouche in his webcast on March 1 ([www.larouchepac.com](http://www.larouchepac.com)). Obama is losing his nerve, and journalist Bob Woodward has put him to the test—by calling him out on his blatant lies on sequestration, and then on his threats against those who challenge him.

“We’re going to have to not jump to conclusions,” LaRouche added, “except to notice that *all is not well*” in Obama’s camp, and this also puts us to the test.

For if the American population and its Congress continue to tolerate Obama’s violations of the Constitution, the President will lead the country into destruction, most likely by nuclear war. The President’s blatant contempt for Congress’s policy role, and for Constitutional and international law, in the midst of the ongoing economic and financial breakdown crisis, is a giant step toward dictatorship, which must be challenged now, or never.

Back in 1974, the U.S. Congress recognized the mortal threat to the Constitution from President Richard Nixon, and forced him to resign, rather than face inevitable impeachment. As many, from across many political divides, have pointed out, Barack Obama’s crimes are much worse than those of Nixon, even to date. The challenge to Obama by Woodward, a key player in bringing down Nixon, has raised the question of Obama suffering the same fate.

But, are there still enough patriots with the determination and power to remove Obama Constitutionally from office?

## The Woodward Challenge

Woodward’s challenge to Obama had two key aspects. The first was his daring to declare Obama a liar, when the President claimed it was the Republicans who came up with the sequestration scheme. The second was his decision to go public about the Obama Admin-

istration’s reaction—first a screaming fit of abuse, and then an e-mail, both from White House official Gene Sperling, telling the renowned senior reporter that he would “regret” taking the position he had against the Obama line.

As Woodward was quick to note, a more vulnerable, less established reporter could easily be intimidated by such behavior—and undoubtedly some have been. [Daily comic strips portray Obama threatening drone strikes against his critics.] Indeed, Woodward’s speaking out immediately prompted two other reporters to reveal that they too, or their publications, had been subject to threats from the Obama Administration for publishing stories contradicting Obama.

While of course the White House denied it was threatening anyone, its defensiveness could not be missed. National Economic Council director Sperling was sent out to appear on three Sunday TV talk shows March 3, and every attempt has been made to say that fences are being mended with Woodward. But the fact remains that Obama is exposed as a liar—Woodward has not backed down—and a very thin-skinned one at that. As LaRouche pointed out, Obama is not even acting as the effective dictator he was groomed by his British sponsors to be.

At the same time, the aura of the Nixon precedent is not going away.

## Contempt

*Washington Post* columnist Kathleen Parker took up the comparison in a much-reprinted March 3 column, in which she concluded: “This is no tempest in a teapot, but rather is the leak in the dike. Drip by drip, the Obama administration has demonstrated its intolerance for dissent and its contempt for any who stray from the White House script. Yes, all administrations are sensitive to criticism and all push back when such criticism is deemed unfair or inaccurate. But no president since Richard Nixon has demonstrated such overt contempt.”

Parker’s charge of contempt by Obama could be documented in many ways. Contempt for the Constitution in going to war without Congressional approval; declaring Congress out of session (when it was not) in order to make recess appointments; refusing to comply with requests for documents necessary for Congressional oversight and the Senate’s role in advice and consent on Cabinet nominations. And that’s just for starters.

At present, only a handful of Senators and Con-

gressmen have challenged Obama’s dictatorial habits. Most notable is Rep. Walter Jones (R-N.C.), who has introduced a House Concurrent Resolution (HCR 3), co-sponsored by Rep. Dan Benishek (R-Mich.), reiterating any President’s obligation to follow the Constitution on declaring war—or face impeachment. The full House vote to hold Attorney General Eric Holder in contempt, for withholding documents under Executive privilege, is also an ongoing challenge.

On the Senate side, the issue is more immediate. The White House has shamelessly stonewalled on demands for documents on what actually happened in the Benghazi killings of Sept. 11, 2012, and on releasing documents requested by members of the Senate Select Committee on Intelligence, related to the Justice Department’s decisions authorizing Obama’s killer drone strikes, including against American citizens. Yet, the White House demands a vote approving its nominee for CIA Director, current Counterterrorism Advisor John Brennan, without having given the Senators the information they have demanded.

In this case, some of the opposition to the President is bipartisan. Senators Ron Wyden (D-Ore.) and Rand

Paul (R-Ky.) have both drawn a line in the sand with their demand for a release of the criteria on which the Obama Administration believes it can kill American citizens. Senator Paul has repeatedly indicated that he will do “everything” in his power to delay the confirmation of Brennan on this issue. Senator Wyden, who is on the committee that is scheduled to vote on Brennan imminently, has been joined by other Democrats in his demand for information on the drone killings—although others, like Committee chairwoman Dianne Feinstein, are clearly prepared to submit to Obama’s demand for confirmation.

As for the Benghazi documents, the leading opponents are outside the Select Committee. Both Senators John McCain (R-Ariz.) and Lindsey Graham (R-S.C.) appeared on the Face the Nation TV show March 3, to stress that, contrary to the Constitution, the President and Brennan have not answered the relevant questions on Benghazi (and in McCain’s case, on torture policy), and therefore should not be confirmed without White House compliance with Senate demands.

### Who Will Abandon Party Politics?

Democratic consultant Pat Caddell raised the relevant question in an opinion piece published March 4 by Fox News: Will any Democrats “be willing to publicly put the country ahead of Barack Obama’s White House?”

Caddell said that in his own experience of 40 years in politics, only Obama rivals Nixon for “fundamental disingenuousness.” Caddell wrote, “While Barack Obama may not share the Nixon pedigree, he and his White House are the closest thing to the Nixon regime of any that we have seen since then—both in the extent of their paranoia and their willingness to suppress the truth and push the boundaries of law.”

Without mentioning the word impeachment, Caddell pushes Democrats to show some conscience, saying, “During Watergate, there were a number of Republicans who were willing to stand against the President of their party in defense of the United States of America. Sadly, as a Democrat, I must confess that today there is no Democratic Senator or member of the House who appears to be willing to publicly put the country ahead of Barack Obama’s White House.”

LaRouche, characteristically, was more forthright. “Obama is a person who should be impeached,” he said in his March 4 discussion with the LaRouche Policy Committee. And the nation is running out of time to do it.



**Sam Vaknin**, author of *Malignant Self-Love*, is interviewed in a 46-minute LPAC-TV video, on President Obama’s narcissistic personality disorder, a condition which Vaknin says is increasingly controlling the President’s mental outlook. Agreeing with Lyndon

LaRouche, Vaknin believes that Obama poses a grave danger to the United States and the world, unless he is immediately removed from office.

<http://larouchepac.com/node/19464>

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# National News

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## Both Parties Demand Documents on Drones

March 2—Members of the House Judiciary Committee from both parties are demanding the release of the still-secret memos from the Obama Administration that lay out the presumed legal basis for targeted drone killings overseas of American citizens. The Feb. 27 hearing of the committee on the topic of those drone killings, as well as comments made to reporters on the sidelines, showed the frustration of both Republicans and Democrats with regard to those memos, and the general lack of cooperation from the White House.

Committee chairman Bob Goodlatte (R-Va.) noted at the outset that the Department of Justice refused to provide the memos requested by the committee, and that Attorney General Eric Holder refused to testify at the hearing.

Ranking member John Conyers (D-Mich.) began his opening statement by declaring that there are serious Constitutional considerations at issue, and the committee has jurisdiction. After noting the correspondence between the committee and the Department of Justice, Conyers said that the committee has reached a bipartisan consensus: It requires those documents in order to fulfill its oversight responsibilities.

Conyers went on to say that, not only is he not convinced of the legal rationale for killing American citizens overseas, which involves both the Fourth Amendment against unreasonable search and seizure, and the Fifth Amendment right to due process, but that he's not even convinced that the killing of non-U.S. citizens is legal. He said that it's not clear that Congress intended for there to be such targeted killings under the 2001 Authorization to Use Military Force.

"All we are seeking is information to which we are duly entitled," Conyers said. "I don't think that the Attorney General of the United States can decline to come before this committee on a subject that is so clearly in our jurisdiction."

Chairman Goodlatte responded that

he shares Conyers' concerns, and he promised to work on both sides of the aisle "to see what we can do to bring about better cooperation, because we are seeking information that this committee is entitled to."

A number of members of the committee hinted to reporters, afterwards, how they might "bring about better cooperation" from the Obama Administration. According to the *Huffington Post*, discussion is underway within the committee on a possible subpoena of the Justice Department.

Eleven memos are known to exist, of which the DoJ has provided a few to the House and Senate Intelligence Committees, but none to the Judiciary Committees. "There is a lot of dissatisfaction on the committee with the idea that American citizens can be put on a kill list without any apparent process," Rep. Bobby Scott (D-Va.) told the *Post*.

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## Obama Proclaims: 'I Am Not a Dictator'

March 1—Richard Nixon: "I am not a crook." (1973)

Barack Obama: "I am not a dictator." (2013)

In response to a question from CNN's White House correspondent Jessica Yellin at a news conference at the White House on March 1, about why he hadn't locked Congressional leaders in a room to reach a deficit-reduction deal, Obama said:

"Jessica, I am not a dictator, I'm the President.

"So, ultimately, if Mitch McConnell or John Boehner say, 'I have to catch a plane,' I can't have Secret Service block the doorway."

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## Sharpest U.S. Income Drop Since 1959

March 2—Data released by the Commerce Department and from a study commissioned by Bloomberg news, show re-

cord drops in incomes and savings, including the largest drop in disposable income since 1959. "The slump in incomes in January was the biggest since January 1993," reported Bloomberg March 1. And although there was an "expected" drop due to the end of the "payroll tax holiday," the reality is that the drop was twice as big as "expected." In January, the savings rate dropped from 6.4% to 2.4%.

The most dramatic drop was in inflation-adjusted "disposable income"—the money left over after taxes—which had the sharpest fall in over 50 years. Disposable income "dropped 4% after adjusting for inflation, the biggest plunge since monthly records began in 1959," Bloomberg reported.

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## Jones Urges Release of Secret 28 Pages on 9/11

Feb. 26—Rep. Walter Jones (R-N.C.) today posted a letter to his website calling for the release of the redacted 28 pages of the report of the Congressional Joint Inquiry on 9/11. Dated Feb. 14, the letter is addressed to the Republican and Democratic leaders of the House Permanent Committee on Intelligence.

"I want to thank you for conducting the very important hearings last week on the killing of U.S. Ambassador Chris Stevens and the three other State Department officials during the Benghazi attack on September 11, 2012," he wrote.

"In light of those hearings, I urge you ... to recommend a declassification of the 28 pages of the Congressional Joint Inquiry report describing what role the Saudi Arabian government had in the terrorist attack on 9/11. As you know, former Senator Bob Graham has conducted extensive research into this issue and has been nationally recognized and interviewed for his belief that these 28 pages should be declassified.

"The families of the victims of 9/11 have a right to this information, as do the American people...."

## POLICY IN SHAMBLES

# Kerry Trip Highlights U.S. Support for Jihadi Terror

by Jeffrey Steinberg

March 4—Secretary of State John Kerry’s inaugural trip to the Middle East has only served to highlight both the insanity and the collapse of Obama Administration policy towards the Syria crisis in particular, and to the region as a whole. Sources close to former Senator Kerry have told *EIR* that the newly installed Secretary of State is already experiencing a rude awakening, that he has inherited a mess stemming from White House policy failures dating back to the beginning of the Obama Administration and earlier.

Among the most visible examples was Kerry’s joint press conference in Rome Feb. 28, with Syrian National Coalition head Moaz al-Khatib, who responded to the Secretary’s vaunted upshift in aid with a rant attacking those, implicitly including Kerry, who differentiate between the Syrian terrorists (such as the al-Nusra jihadis formed from al-Qaeda in Iraq) and his own opposition coalition.

According to senior U.S. intelligence sources, the CIA station chiefs in Turkey and Jordan have recently provided blunt assessments that Washington has lost control over the Syrian rebels that Washington and allies have been backing for the past two years, in an effort to overthrow the Assad government, on the model of the disastrous regime-change in Libya.

The Libya regime-change caper effectively turned the country over to the most radical al-Qaeda-linked terrorists and neo-Salafists. Now the U.S. is pushing forward with a policy that will do the same in Syria. Ac-

ording to a recent U.S. intelligence finding, the Syrian opposition is now overwhelmingly under the control of radical Islamists who hate the United States, and advertise that they are in Syria to “fight the Americans.” The earlier beliefs that Washington could vet and control a secular, multi-sectarian opposition, which would retain much of the existing governing structure, minus the Assad clan, have proven to be delusions.

The new priority for Washington, according to the intelligence finding, is that unless the jihadis are defeated, Syria will degenerate into a failed state, or the Saudi-backed Islamists will succeed in creating some kind of Islamic Emirate of Syria, which will make Iran under the Ayatollahs appear to be modern and stable in comparison.

### Funding for an ‘Islamic Emirate’

Despite this assessment, the Obama Administration continues to pursue the delusion that it is possible to simultaneously maintain the commitment to overthrow the Assad regime and defeat the jihadists. This policy blunder was front and center last week, when Kerry, on the eve of his Middle East visit, announced that the United States would provide \$60 million in additional non-lethal aid to the rebels.

Leaving aside for a moment the sleight of hand here—which is that the U.S. is approving, if not encouraging, the massive flow of arms and funds from its Saudi-Gulf “allies”—let’s look at what such funds



U.S. State Department

*Secretary of State John Kerry's joint press conference in Rome Feb. 28, with Syrian National Coalition head Moaz al-Khatib (shown here), makes clear that the Obama Administration is sinking U.S. foreign policy in the same swamp that has spawned the terrorist upsurge throughout North Africa and the Middle East.*

would actually be supporting.

According to a wide variety of sources—from National Public Radio (NPR) to various intelligence professionals—the monies will be going to areas under the control of the rebels, i.e., the best-armed and best-funded of all the fighting groups, typified by the al-Nusra Front. Already, these groups are receiving vast amounts of money from the Saudis, Qataris, and others to set up Islamist schools, medical clinics, food kitchens, and other social services in large portions of northern Syria under rebel control. The Saudis have typically used these institutions as means of recruiting terrorists.

A recent NPR story on a northern Syrian region controlled by the “opposition” reported that, in addition to trying to provide the basics of life to residents, the jihadis who dominate the area are waging war against local religious monuments, including violating the graves of Islamic philosophers revered by the local population. The tension has gotten to the point that local militia now feel compelled to guard the gravesites of their local heroes, against the fanatics who want to rip them up.

The remarks of al-Khatib, nominal president of the Syrian National Coalition, at the press conference with

Kerry, also left little to the imagination about his view of terrorist dominance in the war against Syria, and echoed his remarks, at the Morocco meeting of the Friends of Syria group, in response to the Obama Administration’s blacklisting of the al-Nusra Front on Dec. 12, 2012: “The decision to blacklist one of the groups fighting the regime as a terrorist organization must be re-examined.” On the following Friday, mass demonstrations erupted in Syria around the slogan “We are all al-Nusra.”

According to the State Department transcript, on Feb. 28, Khatib blustered:

“We speak of terrorism. I said to the ministers of foreign affairs that there are three questions we, as Syrians, are tired of and I, as a president, am tired of. Speaking of terrorism, no terrorists in the world have such a savage nature as that of the Syrian regime. That’s one.

“Two, chemical weapons—the destruction by the regime in Syria, while using all sorts of weapons, is much more harmful than any chemical weapon.

“Number three is minorities. The regime has always presented itself as a regime that protects minorities. What I say to you is go to Lebanon and see what the Syrian regime did to the minorities in Lebanon when it occupied Lebanon. This is all I want to say regarding this.

“Concerning the fighters, the mass media pay more attention to the length of the beard of a fighter than to the massacres. Days ago, the blood of children was actually kneaded into the dough with which the bread was made after the massacre. And this is more important than the length of the beard of the fighters. There are people who carry ideas that are strange to our society. We are against all sorts of opinions that want to impose themselves or to destroy the social fabric of Syria.”

This, from a organization whose members boast of suicide bombings, beheadings, and other well-documented atrocities against anyone who opposes them.

Khatib followed with a list of demands from the opposition, which includes the creation of humanitarian corridors to Homs, al-Dara’a, and other parts of north-

ern Syria; that Assad leave as the precondition for any negotiations to end the conflict; and, of course, ending the ban on the provision of weapons to the opposition, among other things.

### **Who Gets the Weapons?**

The rationale of U.S. policy is to provide funds to the secularists to compete with the jihadists for the “hearts and minds” of the Syrian people who are living under rebel control. But the reality is that the Anglo-Saudi bloc is funding a permanent population war in Southwest Asia, and Washington is incapable of defeating that effort by merely supplying small quantities of money to compete.

Unless Washington faces up to the much bigger problem of a London-Riyadh policy of promoting a new Hundred Years War to wipe out the vast majority of people living in the Eurasian crossroads of the Near East and Persian Gulf, and extended all the way into South and Central Asia, the U.S. is doomed to be the biggest loser in this new Great Game.

Already, Washington’s efforts to direct the flow of new weapons into rebel areas in the south of Syria bordering on Jordan, to tilt the balance of military power within the rebel camp, has failed miserably. The *New York Times* revealed last week that, at Washington’s behest, Croatia has been funneling vast quantities of combat weapons to the rebels. Even through the weapons have been routed through Jordan, ostensibly to go to units of the Free Syrian Army under the command of secular Syrian Army officers who have defected from Assad, and have been “vetted” by CIA personnel on the ground, the vast majority of these weapons have found their way into the hands of al-Nusra and related jihadist fronts operating in the North.

The bottom line is that the rebels have rejected Washington’s efforts to draw fault lines between the hard-core jihadists, backed by Saudi Arabia and other Gulf states, and the more secular Ba’athist elements.

### **No Local Situation**

Before Kerry met with Khatib and announced stepped-up American aid to the rebels, he had stopped for consultations in London, the first stop on his first international tour. With Kerry at his side, British Foreign Secretary William Hague told a press conference on Feb. 25 that “we must significantly increase support for the Syrian opposition. We are preparing to do just that.” Thus, while in London, Kerry promised, too, that

the Obama Administration is “determined that the Syrian opposition is not going to be dangling in the wind wondering where the support is or if it’s coming. And we are determined to change the calculation on the ground for President Assad.”

The implications of this policy were immediately pointed out, as they have been before, by Russian Foreign Minister Sergei Lavrov, after his meeting with Kerry in Berlin. Back in Moscow, Lavrov warned that the Syrian opposition was being unduly influenced by “extremists who are betting on a military solution to the Syrian problem and are blocking any initiative leading to a dialogue. . . . No one will solve the Syrians’ problems for them, but in order for this solution to be discussed, it’s necessary to sit down at the negotiating table.”

And, after Kerry’s announcement, the Russian Foreign Ministry charged that the U.S. plan to aid the Syrian opposition promotes extremists who have no interest in peace talks and are determined to seize power through force. “The decisions taken in Rome, and also the statements that were voiced there, both in spirit and literally, encourage the extremists to take power by force regardless of would-be inevitable suffering of ordinary Syrians,” said Foreign Ministry spokesman Alexander Lukashevich in a statement posted on the ministry’s website on March 1. “In our view, the urgent task of today is to immediately halt the bloodshed and violence and turn to a political dialogue.”

Russian President Vladimir Putin and Secretary Lavrov have previously been even more explicit about the fact that the U.S. is now funding those very terrorist groups which launched 9/11, and killed four Americans in Benghazi, Libya.

Even more important, they have pointed out that the violation of the UN Charter through unilateral military action against Syria, or any other nation, will escalate the conflict in the region—and potentially threaten Russia’s own security. *That* would be a real “red line” for international conflict, leading toward thermonuclear war.

### **The Egypt Angle**

Another visible sign of the failure of American policy was the refusal of all of the secular Egyptian opposition leaders to meet with Kerry during his visit to Egypt, a key American ally. The visit was highlighted by cartoons in Egyptian opposition newspapers depicting Kerry as a member of the Muslim Brotherhood, the

London-based Islamic secret society of which President Mohamed Morsi is a member. The new U.S. Secretary of State was treated as *persona non grata* by the real revolutionaries of Tahrir Square.

Behind this snub, is the fact that the Obama Administration has put its political weight behind what is broadly experienced in Egypt as a Muslim Brotherhood dictatorship, complete with a reign of terror against the opposition that includes extrajudicial murders, imprisonment, torture, and the like. The victims of that new oppression—ranging from former IAEA head Mohamed ElBaradei, to the secular National Salvation Front leader Ahmed el-Borai, to al-Wafd party leader El-Sayyid el-Badawi—refused to meet “so as to not allow a foreign party to dictate its will on Egyptians,” as el-Borai put it.

Indeed, back on Nov. 22, 2012, ElBaradei responded to President Morsi’s declaration of emergency powers by declaring that Morsi had “appointed himself Egypt’s new pharaoh. A major blow to the revolution that could have dire consequences.”

This alienation of the Egyptian public from the United States is bound to get much worse, if Kerry’s declaration of economic policy in Egypt on last week’s

trip is followed through. Kerry insisted that Egypt agree to new IMF conditionalities, including raising taxes and cutting energy subsidies—the very same kind of austerity that led to popular rage against the Mubarak regime and its backers.

### Learning the Lessons

Washington’s failure to learn the lesson of Libya, where the overthrow of Qaddafi launched a holy war that has torn apart much of northern Africa, and fueled the massive flow of weapons into Syria, is going to haunt the Obama Administration, and the West more broadly, until a major corrective is implemented. That means, for starters, that Washington must break from the Anglo-Saudi policy of promoting permanent war/permanent revolution throughout Eurasia and Africa, and bring an immediate halt to the regime-change fantasies.

So long as Obama’s crimes in Libya and in the cover-up of the Anglo-Saudi hand behind the Sept. 11, 2001 attacks remain unchallenged, there is no chance of such a policy correction.

And that is the nightmare that John Kerry has inherited.

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# Lavrov: No Progress On U.S. BMD Systems

March 1—Russian Foreign Minister Sergei Lavrov, after meeting with U.S. Secretary of State John Kerry on Feb. 26, denied widespread media reports that he and Kerry were expected to find common ground on a planned U.S. ballistic missile defense (BMD) system in Europe. The reports were based on a *Kommersant* article that cited unidentified “diplomatic sources on both sides.” “There are no grounds for such reports whatsoever,” Lavrov said, according to Interfax on Feb. 27.

He alluded to President Obama’s failure to further U.S.-Russia cooperation, as discussed six years ago at Kennebunkport, Maine: “If we cannot agree on a joint system, as Russia has proposed more than once starting 2007, when President Putin visited the U.S.,” Lavrov said, “we surely should talk not about new declarations, but about guarantees that this system will not be directed against the Russian nuclear potential, which can be verified based on impartial military-technical criteria.”

## ‘Out To Destroy Russian ICBMs’

Along the same lines, Vladimir Kozin, a member of an interagency working group attached to the Russian presidential administration and a researcher at the Russian Institute of Strategic Studies, wrote a hard-hitting article in the *Moscow Times* Feb. 28, warning that the U.S. BMD systems are out to “destroy Russian intercontinental ballistic missiles,” and advising that instead of trying to surround Russia, the United States should be working *with* Russia to defend the Earth from meteorites and similar dangers.

Kozin’s piece is an unusually detailed analysis that rips into President Obama’s phony offers of reducing offensive systems, and shows that Obama is covering up the buildup of tactical nuclear weapons at the same time as the BMD systems are being put in place.

“U.S. operational missile defense systems to be deployed in Romania and Poland in 2015 and 2018, respectively, are not designed to intercept potential ballistic missiles launched by Iran—the reason that

the U.S. gave for introducing the missile shield,” Kozin writes. “This is the task of the missile defense systems of the United States and its allies deployed in the Gulf region. *The only purpose of the U.S. missile defense equipment deployed in Europe is to destroy Russian intercontinental ballistic missiles* [emphasis added].

“The fact that our country is never mentioned in the missile shield program as a potential participant, proves that it is aimed at Russia. Russia is missing from both the NATO Missile Defense Action Plan and the U.S. and alliance’s ‘rules of engagement’ concerning the use of anti-ballistic missiles, endorsed shortly after the NATO Chicago summit last year.”

Kozin also throws in some very pointed questions, such as: “Why has the U.S. Air Force completed building new underground warehouses at 13 air bases in six NATO member countries to store precision nuclear air bombs designed to destroy hard targets?”

Moscow and Washington should agree once and for all, Kozin writes, “not to use nuclear weapons first against each other and not to deploy their missile defense systems near the borders of the other country. Russia has repeatedly declared its willingness to show restraint in the area of missile defense. A refusal by both sides to use nuclear weapons in a first strike would make the deployment of American missile defense systems at the ‘forward lines’ illogical and set an example of real cooperation for other nuclear states.

“Obviously, Russia and the U.S. would maintain their right to deploy and upgrade their infrastructure for the interception of ballistic missiles on their territories.

“But Washington should renounce its plans to implement not only the fourth but all the other phases of its current missile defense program. This means calling off the second phase, which has already started, and canceling the third as well. If Washington stops implementation of the fourth phase only, it will not meet the national security interests of Russia. In this case, the U.S. and NATO missile defense system will be deployed anyway.”

In conclusion, Kozin puts the Strategic Defense of Earth question onto the table. “Quite frankly, instead of thinking how to encircle Russia with nuclear and missile defense weapons,” he writes, “the American side should think about how it can work together with us and other interested parties to prevent meteorites from raining down on our planet.”

# Italians Vote Against Euro-Austerity But Lean Toward Jacobinism

by Claudio Celani

March 1—On Feb. 24-25, Italians elected a new Parliament. The good news is that the vote was a plebiscite against the EU-dictated austerity. The bad news is that the popular outrage against austerity is in danger of being channeled into a protofascist movement. The fragmented political outcome of the vote makes no stable government possible. This is bad news for the euro system, whose bailout strategies are based on assuring the implementation of austerity programs. However, it is also bad news for Italy, as the most likely perspective is that the voters will have to go to the polls again, after a few months of a fragile government and a worsening economic and social situation. That makes the danger of a fascist takeover a very concrete perspective.

Let us look into the good news first. Mario Monti, the former Goldman Sachs advisor-cum-prime minister, who was installed as EU-*Gauleiter*, is out. After having destroyed the Italian economy in just one year, Monti had thrown off the technocratic hat and founded his own political party, hoping to become the “third force,” and the decisive player in a center-left coalition government. Monti received less than 10% of the vote, and is now irrelevant.

With Monti out, the idea of having a EU-receiver-ship government in Rome as an alibi for the ECB-run euro bailout schemes has evaporated. In case of a new run on Italian bonds, the ECB cannot come to the rescue by implementing its OMT (Outright Monetary Transactions) policy, i.e., purchase of sovereign bonds, because that program is tied to harsh austerity measures. After the Feb. 25 vote, no Italian government will implement those measures. Thus, the death knell is ringing again for the euro.

“The electoral earthquake has been perceived in Berlin,” wrote the French daily *Le Monde* on Feb. 27, quoting a “minister of the Merkel government” who said, “It is an evident signal that with mere austerity

programs you do not get a durable popular consensus in Europe.”

Luxembourg’s Foreign Minister Jean Asselborn summarized the panic, describing the Italian elections as “a catastrophe for the euro and the European Union.” Furthermore, as Ambrose Evans-Pritchard wrote in London’s *Daily Telegraph* on Feb. 27, “The great fear is that the European Central Bank will find it impossible to prop up the Italian bond market under its Outright Monetary Transactions (OMT) scheme if there is no coalition in Rome willing or able to comply with the tough conditions imposed by the EU at Berlin’s behest. Europe’s rescue strategy could start to unravel.”

It was not only Monti, but all the parties that supported the former prime minister’s austerity cabinet, which were severely punished. The Democratic Party lost one third of its votes, and Silvio Berlusconi’s PDL party lost half. The Christian Democratic Party UDC, which had joined Monti in a coalition, almost disappeared.

Most of those votes went to the real winner of the elections, comedian Beppe Grillo’s M5S (Movimento Cinque Stelle/Five Star Movement). With 25.55%, the M5S is the largest party in the Lower House (Chamber of Deputies). Second came the Democratic Party with 25.42%, and third the PDL with 21.56%.

Italian voters also punished other parties hit by scandals, such as the Lega Nord, which saw its vote halved in Northern Italy. The Lega scored a limited victory by electing its secretary general Roberto Maroni as governor of the Lombardy Region. Former Economy Minister Giulio Tremonti, who has campaigned for Glass-Steagall and had his own slate campaign under the Lega Nord symbol, made it into the Senate. The Lega was part of an electoral alliance with the PDL, and thus its votes are counted as part of the center-right coalition.

Due to Italian election laws that give a majority



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*The big winner in the Italian elections was the clownish Beppe Grillo and his Five Star Movement. Grillo pretends to be a man of the people (as Mussolini did), but pushes austerity and war: "We will be poor, but united," he says.*

bonus to the largest coalition, M5S has been granted fewer seats than the center-left coalition led by Pier Luigi Bersani and the center-right coalition led by Berlusconi (109 vs. 345 and 125, respectively), but it is decisive for a majority in the Senate. Here, the center-left coalition got 105 seats, the center-right 98, Grillo 54, and Monti 18. A majority in the Senate requires 158 votes. Thus, neither the center-left alone, nor with Monti, has a majority in the Senate. Coalition leader Bersani must seek an alliance either with Berlusconi or with Grillo. Democratic Party voters would approve a coalition with Grillo, and not with Berlusconi, but Grillo has made clear that he wants no alliance.

Grillo will use the impasse to dictate the program to a transitional government, his strategy being to go for early elections and win an absolute majority.

And this brings us to the very bad news. The paradox is that while the Italians voted EU-*Gauleiter* Monti out, and Berlusconi back onto the stage (good news for some), unless this window of opportunity is used to implement a Franklin Roosevelt-like program to reverse the economic crisis in the immediate days ahead, the mass-strike movement that determined that election result will be channeled in support for a fascist dictator-

ship. Grillo aims at implementing such a dictatorship, starting with imposing the agenda for the next government.

The agenda of the next government was indicated by the *Financial Times* on Feb. 27, and has been reiterated by other relevant sources, such as financier Carlo De Benedetti and journalist Barbara Spinelli, both leading members of the European supranational elite. The agenda includes the elimination of traditional parties, through "cutting the cost of politics," e.g., eliminating public financing and electoral reimbursements for parties; and reducing salaries for Members of Parliament. It also includes a new election law and a law against "conflict of interest" (aimed against Berlusconi).

A transitional government which would implement those reforms while the economic and social crisis continues to unravel would mean the definitive end of political parties, and would guarantee an election triumph for Grillo in the next elections.

Rumors are that State President Giorgio Napolitano is working to have a facsimile of Monti run such a transitional government, which would adopt the Grillo-British agenda. The name of Giuliano Amato, the author of the Lisbon Treaty, has been floated as possible leader

of a technocratic cabinet. Napolitano would use again the blackmail of “the markets” to force Parliament to support such a transitional government.

A diplomatic incident has already formed a bond between Grillo and Napolitano. Grillo said that Napolitano had won his respect through the way he reacted to German Social Democratic Chancellor candidate Peer Steinbrück, who had stated that “two clowns” had won the elections in Italy. Napolitano had cancelled his planned dinner with Steinbrück on Feb. 27, during Napolitano’s visit to Berlin.

Grillo’s platform has long been blessed by the Obama Administration. First, U.S. Ambassador to Italy David Thorne had a private meeting with Grillo, and sent a laudatory report to Washington, months ago. Secondly, Obama’s campaign strategist Michael Slaby met Grillo’s campaign strategist and controller Gianroberto Casaleggio last December in Rome. “We had a talk. I listened to his ideas on individuals’ power, on how persons can participate. These are interesting things for everybody, and in fact my position has been more [one of] listening to someone who is trying to include people.”

Then, on Feb. 28, Thorne organized a meeting between Secretary of State John Kerry and a group of personalities who were supposed to explain to him the “Grillo phenomenon.” According to an account in *La Stampa*, former Prime Minister, EU Commissioner, and Goldman Sachs alumnus Romano Prodi gave the main briefing. “Kerry and Thorne were well prepared on the Grillo phenomenon, which has dominated the rest of the discussion. According to sources who participated in the meeting, nobody demonized the [Five Star] Movement, and Prodi gave a detailed briefing on its organization.”

The Obama Administration, Wall Street, and the City of London have known for some time that Grillo does not represent a threat to the financial establishment. Grillo, contrary to widespread accounts, is not even opposed to the euro. His voters might be, but he never called for Italy to leave the euro. He called for a referendum, knowing that in order to accomplish that, the Constitution must be changed. For Italy to leave the euro, you don’t need a referendum or constitutional change: You need a government law and a Parliament vote. *Basta*.

Indeed, Grillo’s economic guru was interviewed in *La Stampa* today, saying that they are against leaving the euro, and that concern number one is the “ecological footprint.”

“‘We never said that we want to leave the euro; it would be a bloodbath, and we would end up like Argentina,’ says Mauro Gallegati, a professor of Macroeconomics at the Ancona University. ‘There are two options: either a real political-monetary Union or two euro zones, one for Germany and stronger countries, and another one for weaker countries.’ Gallegari is currently working on a paper with Joseph Stiglitz, ‘which should condense the economic philosophy of the M5S: If we want the whole world to expand at the current levels of the United States of America, we would need 4-5 more planets as big as the Earth.’”

Grillo does not have a clearly defined program. However, his anti-growth, anti-science, and neo-malthusian ideology is well explained in a book he wrote with his web-manager and controller Casaleggio, entitled *We Are in a War*, published in 2011. Grillo-Casaleggio say that a world war is inevitable, and that that world population will collapse to 2 billion. Grillo’s opposition to industry and infrastructure projects, such as the Turin-Lyon high-speed railway, is consistent with this genocidal target.

Grillo is not even against austerity, contrary to what his voters believe. The municipality of Parma, where his M5S took over the administration last year, has been cutting the budget worse than Monti has done at the national level. They even laid off the Parma Theater orchestra, and this in Giuseppe Verdi’s hometown, in the bicentenary of the great composer’s birth!

“We will all be poorer but more united [*solidale*],” Grillo recently said. As under Mussolini’s Fascism. Mussolini slashed workers’ wages but built a system of Spartan welfare. Italians were poor but “*solido*.” And marched behind a clown.

The only way to avoid a repetition of that, would be to use the current window of opportunity for a government that implements an FDR-style program of economic recovery, with visible results in a matter of months. This can be achieved by marching out of the euro, establishing a sovereign credit system and protections for national credit, national currency, and national production, and starting a few large projects able to halve unemployment in six months. Unfortunately, no leader and no coalition is standing up for that.

“What is happening in Italy is just the beginning of a much more radical change,” Casaleggio said in an interview with the London *Guardian* March 1. “It’s a change that is going to touch all democracies.”

# Tony Blair Intends Mali Intervention To Trigger a Generation of War

by Lawrence K. Freeman

Feb. 11—In a Feb. 3 BBC interview, Tony Blair, the despised representative of the British imperial faction, boldly presented Britain’s long-term policy for North Africa. The former prime minister left no doubt that he intends to use the ongoing crisis in Mali to ignite a multi-decades-long military campaign—a new “Thirty Years War”—under the guise of fighting international terrorism.

When Blair was asked about Mali, how long “are we in there for?” he responded, “We are certainly talking about a generation.” Blair went on to compare the battle against “militant Islam” to “the fight the West had over a long period of time with revolutionary communism.” Blair admitted that the terrorists will return after Western military forces leave, and that, as insurgents are pushed out of one country, they will move to another, creating a battlefield across what he described as the “northern parts of sub-Saharan Africa.” What Blair conveniently did not discuss was Britain’s special relationship with Saudi Arabia in the spread of the Salafist and Wahhabite movements behind al-Qaeda and other jihadi extremists.

At the Munich Security Conference (Feb. 1-3), NATO Secretary General Anders Fogh Rasmussen echoed Blair’s intent of permanent war and destruction, when he declared that NATO has the right to deploy its forces anywhere around the world, “wherever and whenever, the Allies judge their security interest are at stake,” adding, “When I look at our world, I see an arc of crisis from the Sahel to Central Asia”

Thus it’s clear for all to see—those with the courage to face the truth—that the toppling and murder of Libyan President Muammar Qaddafi was a decisive factor in the military takeover of northern Mali, which has led to the expansion of war throughout the region.

While elements of the French institutions, including the military, have their own independent reasons for intervening into Mali, if they fail to take into account Blair’s publicly stated intentions for North Africa, they could be dragged into an extended no-win military campaign. Their blind-spot would be failing to recog-

nize that the British royal family’s zeal for population reduction (i.e., genocide) in Africa, guides Great Britain’s operational strategy.

## Asymmetric Warfare Will Grind Up Africa

Now that France has announced its intention to begin the withdrawal of its 4,000 troops in March to avoid further casualties, the new, more dangerous phase of the war begins. Insurgency and counter-insurgency will dominate the terrain, as ethnic-religious and “skin-color” passions are exacerbated, making countries ungovernable. As a result, Africans—not Europeans or Americans—will die in increasing numbers.

Already, we have seen the deployment of suicide bombers, inevitably to be followed by improvised explosive devices (IEDs). Showing how tenuous the nature of France’s military achievements may turn out to be, in the northern Mali city of Gao, insurgents have counter-attacked French and Malian troops, preceded by two suicide blasts. While the French initially seemed to have driven the rebels out of this city of 86,000, two weeks earlier, the reality is that it has proved more difficult than it initially appeared. While the jihadist insurgents were driven out of key cities in northern Mali, disappearing into the desert, they will no doubt soon return to launch protracted guerrilla warfare.

No firm date has been given for France’s pullout of its main forces, since it is as much a political decision as it is a military one. If there is no improvement of the economic, social, and military situation, London and Washington can be expected to intervene in the war, with their special forces and aerial assaults. It is clear that the Status of Forces agreement between the U.S. and Niger, along with the U.S. search for additional locations to construct drone bases in other African countries, portends more aggressive use of drone warfare.<sup>1</sup>

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1. Since this article was written, President Obama has ordered the deployment of 100 troops to operate a drone base in Niger.

African troops are to be delegated the far tougher task of rooting out the jihadists at some point in the future. West African and neighboring nations, plus Malian soldiers, are hoping to create a force of over 8,000 troops. However, more than a month after the French initiated their campaign, only a small percentage of African soldiers are engaged in combat, with the exception of almost 2,000 Chadian troops. Otherwise, the majority of African troops are ill-equipped and poorly trained for warfare of this type, and will be heavily dependent on air-power support. Presently they are not capable of effectively responding to the new phase of asymmetric warfare, which will result in African soldiers and civilians alike being ground up in Blair's generational long war.

Algeria is the last bastion against the jihadists extremists in the region, and represents, potentially, the best-equipped and strongest force opposing them.

The insurgents are moving north to hide in the Adrar des Ifoghas mountain range on the border between Mali and Algeria, considered one of the harshest regions in Africa—comparable to the Tora Bora mountains of Afghanistan for al-Qaeda—where the battlefield is strewn with sophisticated weapons taken from Libya after Qa-

addafi's execution. One can see where North Africa is heading in the lawless/ungovernable conditions of Libya today, brought about by President Obama's successful implementation of Blair's regime-change policy, in alliance with the same al-Qaeda forces that the West is fighting in Mali.

### Grow Food, Not Dope

The underlying cause of the crisis in Mali, and the spread of the jihadist extremists in the region, has never been recognized, and therefore, never been addressed. The failure of the U.S. counter-terrorism program, which has spent over \$1 billion since 2005, is but one glaring example of the absence of a long-term strategic approach, which should be based on creating a better future for the African people. Mali's instability is mirrored across the continent, with many nations on the verge of a crisis that could have far worse consequences than what we are witnessing in Mali today.

The dominant causal factor behind weak governments in Africa, is the lack of physical-economic development. The measure of progress is not the amount of natural resources exploited, nor quick profits that can be made, nor the number of elections held; but rather,

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*the improved ability of a nation to increase the productive powers of its citizens to produce increasing real wealth that will raise the standard of living of the present society, and create the conditions for qualitative improvements for future generations to enjoy.*

The failure to provide credit for investment in vitally needed infrastructure to accomplish these ends, is the greatest crime and act of stupidity by the West. The lack of such pro-growth policies is condemning Africans to death, and creating fertile soil for the growth of insurgency.

Instead, North and West Africa have been turned into a haven for drug transshipments to Europe, and for all types of criminal activity.

According to the UN Office on Drugs and Crime report in 2009, “60 tons, mostly cocaine, pass through the desert every year,” providing a source of income for jihadists and governments alike. One informed speaker at the African Center for Strategic Studies in Washington recently reported that cocaine labs are appearing in North Africa, which indicates drug *production*, not only transshipment. Russia’s Novosti agency reports that in Mali, a new recruit to the insurgents can make \$900 per month, compared to the \$1,100 per year for an average Malian.

Colin Freeman of the London *Daily Telegraph* writes that cocaine “is flown to Guinea Bissau then moved thousands of miles across the Sahara to Algeria, Morocco and Libya,” and that the U.S. Drug Enforcement Administration “proved a direct link between terrorist organizations and international trafficking.” He also reports that the city of Gao, where there is heavy fighting, “has long been one of the main drug transit points.”

Given these conditions, qualified experts understand that there are no military means to effectively deal with the crisis in the Sahel-Sahara region, where 10-15 million people, according to UN reports, are suffering from food shortages.

Over a decade ago, when I was organizing U.S. farmers, I coined the slogan “Grow food, not dope,” which is applicable in Africa today. For without a paradigm-shift for peace and economic growth, away from economic collapse and war, Africa is headed for disaster.

But, the real issue does not lie in Africa, but in ourselves: Are we able to impose, in the United States and in Europe, a new economic system, in which the development of Africa will be one of the common aims of humanity?

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## A Reality Check for Cameron’s India Quest

by Bhaskar Menon

*The following article by senior Indian columnist Bhaskar Menon was posted on the website IntelliBriefs, at the conclusion of British Prime Minister David Cameron’s Feb. 18-20 visit to India. Reprinted with permission from the author (edited by EIR, with subheads added).*

Feb. 21—Prime Minister David Cameron of Britain began his three-day visit to India by invoking the “huge ties” between the two countries of “history, language, culture and business.”

One wonders which particular aspect of the shared history of the two nations he found supportive of his current quest for broadened economic linkages.

Could it be what the East India Company did after bribing its way to control of Bengal, the richest province of Mughal India? Within a decade of the so-called “Battle of Plassey” (Pilashi) in 1757, Bengal lay in ruins. The destruction of its economy was so severe, a third of the population, some five million people, died of starvation in the first of the great “man-made famines” British rule spread across India. A conservative estimate of the overall toll of such famines is 100 million.

Or perhaps Mr. Cameron found inspiring the theft of the fabled Kohinoor diamond after the British defeated the Sikhs almost a century later. Maharaja Ranjit Singh’s 11-year-old grandson went with the diamond to Britain where it became part of the “Crown Jewels” and he was comprehensively debauched with drugs and sex to disable his potential as a leader.

Or maybe the Prime Minister is enthralled by the post-1857 “pacification” that involved the indiscriminate slaughter of some 10 million civilians—men, women and children.

Mr. Cameron’s historic admission that the 1919 Jallianwalla Bagh massacre was a “deep shame” does not begin to address the long line of British atrocities in India, most of which remain officially unacknowledged.

edged. They are systematically ignored or downplayed even in works of history by British scholars supposedly engaged in the pursuit of truth.

That is true not just of the colonial era. There is no honest British account of the cold-blooded manipulation of communal violence that led to Partition, the killing of well over a million people, and the biggest migration in history as 14 million people were forced from their ancestral lands.

Nor is there admission that Britain created Pakistan as its proxy in South Asia, and that it is the real sponsor of the terrorist “war of a thousand cuts” against India.

### **Control of the Drug Trade**

Such denial is not to safeguard national pride and honor. It is to hide the fact that Britain has maintained its imperial interests in the region, and indeed, globally, without benefit of the apparatus of colonialism. This has been achieved primarily by keeping control of the illicit trade in drugs, which Britain pioneered in the 18th Century by exporting Indian opium to China. It is now far and away the most lucrative sector of the world economy, with revenues of over \$500 billion annually.

In South Asia, the control of the drug trade has involved the use of the ISI, Pakistan’s notorious spy agency, established in 1948 by a serving British Army officer, to godfather Al Qaeda and the Taliban. Together, they have kept Afghanistan as the lawless badlands necessary to produce opium; it now supplies over 90 percent of the world’s illicit supply.

Where Britain does not maintain operational control of drug trafficking, as in Latin America, it provides money-laundering facilities. . . .

The global money-laundering system Britain put in place as its colonies dwindled is the core element of its new Empire. It consists of a string of tax havens around the world operating with London as a global hub. The system now caters to all sorts of criminals, ranging from super-rich tax evaders and corporate bigwigs hiding the proceeds of mis-pricing of trade to mafiosi engaged in garden variety organized crime.

The tax haven system washes an estimated \$2 trillion annually into the “legitimate” world economy. According to a recent report from Washington-based Global Financial Integrity, an NGO headed by a former World Bank economist, it also drained about \$6 trillion out of poor countries over the last decade. Adding up the estimates made by a number of experts indicates that the total of illicit assets in tax havens is some \$30

trillion, double the GDP of the United States. . . .

Against this background, Mr. Cameron’s push for India to open up its financial sector to British investment should be seen as an invitation to national suicide. His vision of a string of “business centres” round the country to facilitate British-Indian trade should be seen in the same light.

### **Worse Than Attila the Hun and Hitler**

So what is the future of the British-Indian “partnership”?

It is difficult to see how we can build one when Britain is using its proxies to subvert and destabilize India. Perhaps the only way to make a new beginning is to be utterly blunt about Indian perceptions of, and expectations from, Britain.

Britain should stop whitewashing its colonial record and consider the grim reality that its Empire was the bloodiest construct of power the world has ever seen. In Africa, Asia and the Americas, no nation has been as oppressive of other races. Britain was by far the leading slave trader out of Africa and transporter of indentured labor out of Asia. It has killed with famine, sword and fire more people than Genghis Khan, Attila the Hun, Hitler or Stalin. In the defense of its imperial interests it has precipitated two World Wars and is now presiding over an empire of crime that drains the poorest countries of their hard-earned wealth. During the days of Empire and now, treachery has been a staple in Britain’s international relations.

How can Britain respond to such criticism?

At the minimum it can review its history books and initiate soul-searching among academic propagandists of the imperial record like Niall Ferguson, touted by *The Times* of London as the “most brilliant British historian of his generation.” A “Truth Commission” such as the one that eased South Africa out of the apartheid era might help. So could a national discourse on the value and meaning of life. In that journey of mind and spirit, the British might find useful guides in the Sermon on the Mount, the Eightfold Path, and the Bhagavad Gita. In terms of state policy, a renewed British-Indian relationship will require Britain to withdraw support from terrorist groups and insurgencies, wind up its involvement in the drug trade, and stop running the global black market.

If all this seems a very tall order, it indicates how far Mr. Cameron’s proposals stand from Indian perceptions of reality.



## A Doctrine Concerning Man

by Lyndon H. LaRouche, Jr.

February 22, 2013

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*What has often been passed off to us as being our human species' conventional view of the universe, has often been merely a literal interpretation of an experience of merely sense-perception as such. The crucially important question which that experience should have posed to mankind, is, therefore: could individual sense-perceptions be either literally true; or, to what relative degree are they merely correlatives of a quality of sensory experiences such as those associated with the distinctions of pleasure from pain? My subject-matter here, is related to the fact of the inherent error of any presumption to the effect that a particular sense-perception, as such, has an inherently "literal" meaning of "wrongness" or "rightness" **on its own particular account.***

*The misguided popular view, which is prevalent among today's so-called "leading popular opinions," is to be recognized as being, so-to-speak, both "upside-down, and inside-out." The fact is, that the appropriate proof can not be found in any collection of mere facts of sense-perception as such; but only, on the contrary rule: **the validity of evidence must be derived, not from so-called "facts as such," but only from the role of a proof of truths of relatively universal principles, such those of Max Planck and Albert Einstein in their time.** Which is to say: The validity of facts depends upon the experimental demonstration of those universally proven cases which supersede the uncertainty inhering in any simple collection of facts. Such proof is typified by what is proven to be universal principles, such as Johannes Kepler's discovery of the principle of "vicarious hypothesis," an hypothesis which touches the greatest of the known issues currently faced by mankind.*

*However, there are also certain other extremely important aspects of*

*the matter to be considered, aspects which reach far beyond hitherto conventional notions respecting the notion of "a physical economy."*

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## Chapter 1: The Principle of the Drama *Per Se*

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Experience among such as human, other living, and non-living entities inhabiting what appears to be a common space, invites a special set of categories among some special ironies inhabiting what appears to occupy a common domain.

At first glance, the intention of my report here, this far, might therefore appear to some persons, to depend upon a certain variety among commonly experienced sense-perceptual effects. These include quasi-random experiences for which relatively no adequate consideration has been sustained, this far, respecting the ironies among ontologically different qualities of sense-perceptions, as for the case in which the content of such a collection is considered as a whole class in and of itself. Consider, for example, the startling irony of any attempted principled distinction of "physical science" from "Classical artistic composition," if and when both might be usefully considered as relatively truthful by intention in some functionally related way.

This is demonstrated, most simply, by the case of what are the relative, categorical separations of *the subject of Classical artistic composition* from what might be described as the subject-matter of what is rightly called "merely physical science." Whereas, the ranges and varieties of sense-perceptions for those thus contrasted categories, are manifold; the fact persists, that the entire range of the cognizable set of sense-perceptions might otherwise be treated as if implicitly united as part of an indivisible, universal fabric, as if it were one in which the combination of Classical artistic and so-called physical experiences were to be resolved by their being defined as if a single domain which must be considered as if indivisible.

For example: Classical musical composition, as typified by Johann S. Bach, and Classical drama and poetry, are essential elements of statecraft which have a uniquely essential part, in their role as preconditions, in providing such categorically essential elements of human culture as may be urgently needed, still, for the promotion of human progress and security.

This quality of ironical unity which I have just described, was implicitly noted by Bernhard Riemann and

by some relevant cases among his contemporaries and followers in physical science. It is to be noted, that the unified state of what were otherwise distinguished matters, could be continued for as long as what was known as the strictly Classical tradition in both Classical-artistic and physical-scientific activity, still persisted under the common reign of a somewhat general influence, as, for example, as associated with a continuing influence associated commonly with such names as Johannes Brahms, Max Planck, and Albert Einstein.<sup>1</sup>

When that intellectual territory within modern history is traced from the time of the influence of the related figures of Filippo Brunelleschi and Nicholas of Cusa, and is taken as a point of historical reference, and, when several stunning achievements of Cusa's follower Johannes Kepler are included, both physical science, and Classical composition expressed as in the evolutionary progress in the Classical arts, are thus shown to be not only inherently inseparable, but also qualitatively distinct features of a general and profound quality of a single, as if seamless body of integrated physical science and Classical artistic composition combined, all of which must be conceived as a single, inseparable body of scientific practice.

### *Art & Physics*

Take, for an example, the case of the set of the later plays of Shakespeare, as beginning with developments associated with the presentation of Shakespeare's **Henry V** as a relevant subject-matter. I have emphasized that selected case for its included, forceful attention on the function of Shakespeare's assigned category of *Chorus* throughout that drama as a whole, as from the very outset. That much said in opening, now, compare the actual commonality of the method of the composition of Friedrich Schiller's **Wallenstein** trilogy, with the method emphasized by Shakespeare for the function of *Chorus* in **Henry V**.

Now, compare what I have just identified as the functions performed as for **Henry V** and **Wallenstein**, for the stage, with what I shall demonstrate to have been the related cases of Johannes Kepler's *Vicarious Hypothesis* and the general principle of *Classical Metaphor*, as, for example, the **Preludes**

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1. Bernhard Riemann, **On the Subject of the Hypotheses which Underlie Geometry**: "This would lead into the domain of another science, the domain of physics, which the nature of today's proceedings do not permit us to enter."

## and Fugues of Johann Sebastian Bach.

Thus far, we have thus placed under consideration, the general notion of a higher reality than that of the visible drama on stage: reality is now to be located in a reality which exists only off the literal stage: which only exists within a realm of pure irony, which, in turn, can only be experienced off stage when the subject is properly situated specifically within the range of the imagination of the audience, and, hopefully, also the

adopted roles assigned to each of the players on the stage, all of this as now to be more imagined than as seen and heard by the audience.

What I have already referenced here as the case of Kepler's *Vicarious Hypothesis*, takes us more directly into the essence of the matter now under consideration. "Is the principle which Kepler presents by that means, a product of a substance of sense-perception of 'matter as such,' or, is it 'a principle of the universe?'" From the

## Shakespeare's 'Henry V'

### *The Prologue:*

**Chorus:** O for a Muse of fire, that would ascend  
The brightest heaven of invention,  
A kingdom for a stage, princes to act  
And monarchs to behold the swelling scene!  
Then should the warlike Harry, like  
himself,  
Assume the port of Mars; and at his  
heels,  
Leash'd in like hounds, should famine,  
sword and fire  
Crouch for employment. But pardon,  
and gentles all,  
The flat unraised spirits that have dared  
On this unworthy scaffold to bring forth  
So great an object: can this cockpit hold  
The vasty fields of France? or may we  
cram  
Within this wooden O the very casques  
That did affright the air at Agincourt?  
O, pardon! since a crooked figure may  
Attest in little place a million;  
And let us, ciphers to this great accompt,  
On your imaginary forces work.  
Suppose within the girdle of these walls  
Are now confined two mighty  
monarchies,  
Whose high upreared and abutting fronts  
The perilous narrow ocean parts  
asunder:  
Piece out our imperfections with your  
thoughts;

Into a thousand parts divide on man,  
And make imaginary puissance;  
Think when we talk of horses, that you see them  
Printing their proud hoofs i' the receiving earth;  
For 'tis your thoughts that now must deck our kings,  
Carry them here and there; jumping o'er times,  
Turning the accomplishment of many years  
Into an hour-glass: for the which supply,  
Admit me Chorus to this history;  
Who prologue-like your humble patience pray,  
Gently to hear, kindly to judge, our play.



*The Battle of Agincourt*

standpoint of Nicholas of Cusa's **De Docta Ignorantia**, and, accordingly, the intention of Kepler on the same account, it is an expression of a principle within the present experience of what is a part of a universe.

That approach to the subject now placed immediately under consideration here, is the relatively more fruitful one for the short term ahead. What are to be distinguished, as by merely raw popular opinion as what may be identified as the respectively separate subject-matters of so-called fact and fancy, are now united under metaphor: two, nominally distinguished domains, are being as if a fusion of two domains of the imagination: the sensed versus the imagined, are now fused into the combined reality which is the actual experience of the combined powers of the human mind. Neither medium truly exists as a proper experience without the concurrence and conjunction of the other.

Take as an example of the distinctive principle, the essentially absolute difference of the musical intention of such composers as Haydn, Mozart, Beethoven, Schubert, Schumann, and Brahms, as contrasted to the relatively depraved Franz Liszt and Richard Wagner, and also the latter's continued expression in the quality of Twentieth Century clownishnesses. The crucial demonstration of the absolute difference between the two classes of sets, is located most efficiently in its essentials, with the specific sets of **Preludes and Fugues** of Johann Sebastian Bach.

Crude estimates fail to recognize an essentially categorical distinction between the "Classical" and the so-called "Romantic."

Therefore, with that point now stated, return attention to the example of Shakespeare's stage, with repeated emphasis on the implications of the "adjustment" of method encountered in the role of the *Chorus* in **Henry V: The command to imagine! A command delivered to the players as to the audience, delivered to both by the means of the suggestion of pointing toward a directed quality of action.**

The difference between sterile, if noisy clowns, and the Classical artist's performance, is to be located, thus, "within the domain of the creative imagination." That now said: Hold up, right now!

Is the "imagination," so defined thus far, relatively defective when compared with the proceeds of a "so-called direct" sense-perception itself? Ask that question again! Who communicates better? The professional actor working in a Classical mode, or an ordinary participant in a conversation?

### **Who Is Addressing Whom?**

We often hear ourselves speaking aloud, or as if to ourselves; therefore, what do we hear being said, and to whom, or to what effective end?

Or, when we are listening, what are we hearing? How does that differ from what our intention is as part of an audience? What is the efficient content of that attempted communication, either to us, or from us? What are we demanding, from whom, and to what intended effect?

In the instance of a Bach fugue, the utterances are governed by a principle which permits no margin for careless direction. The same confronts us with a play of Shakespeare, with a Classical poetical composition, and so on. The order so directed is compelled by the relevance of its circumstances; even the composer is properly compelled by the rules which the composition's order compels. It is the composition which compels; but, it is the ordering of the design of the composition, which also compels; hence, a certain lawfulness demands a compensating, correlated ordering in both our intentions and actions respectively.

I have a surprise here for some of you. Consider a case of that quality to be found in the instance of the policy of General Douglas MacArthur in the prospect of the Inchon landing in Korea. Had General MacArthur not secured the command decision he had made, it must be said, still today, that a relatively horrid disaster would have been added to the strategic situation at that juncture.

### **The Legacy of Inchon!**

Even after the success at Inchon, even relatively later than the Inchon victory, when the case had been proven, the stubborn critics refused to accept the clearly demonstrated need, not only to win at Inchon, but to prevent the British wish to bring on a nuclear conflict there. Fortunately, while the British intention for an expanded war was continued, the U.S.A.'s Dwight Eisenhower acted to the effect to bring the situation there under strategic control. The later assassination of President John F. Kennedy, cleared the way for that long war in Indo-China whose consequences prepared the way for what British imperial interests demanded as a long moral decline in the U.S.A. and its economy up through the presently disastrous situation in the trans-Atlantic region and the lurking threat of thermonuclear war beyond today.

Worse, through the agency of the present British

Queen of England, she has now secured, through the assistance she had secured from two successive U.S. Presidents, George W. Bush, Jr., and, now, Barack Obama, that the world is presently gripped by a criminally insane combination of measures of global genocide aimed to bring about a general collapse of the population of the planet from seven billions human beings, to little more than the vicinity of one billion. That intention is a currently accelerated target which has been publicly decreed, and that repeatedly, by the current British Queen Elizabeth and her former Prime Minister, the same mass-murderously-inclined Tony Blair who participates in steering the policies of the leading world “food-killers,” President Barack Obama and the current Queen of England; theirs are policies intended for an accelerating rate of mass-death in the U.S.A. and elsewhere, policies of mass-death currently intended throughout the planet, an intention which is now a policy presently very much in accelerating practice, globally.

The properly most shocking fact about all this, is that the government of the U.S.A. itself, as of other nations, is currently posing a wild state of hyperinflation throughout the trans-Atlantic regions and beyond, which is already the gravest threat to the continued existence of the human species ever yet actually posed to modern human knowledge.

However, for myself at this moment, my subject here, in this present report, has a particular aspect, an aspect which addresses that most shocking evidence just referenced, but in a relevant, but nonetheless indirect way. Obviously, I do not share command over the policies of the current U.S. Presidency, nor the present, very-much-imperial, British Empire. My personal abilities are far more limited, but, nonetheless, must be addressed as a subject of scientific and related strategic considerations best suited for the information of our relevant patriotic agencies.

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## Chapter 2: Who Are We?

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The fact told to us from putatively credible sources, has been that the continued existence of our Sun can not be expected to continue beyond two billions years. More saddening than that, is the likelihood that our species will not be able to continue the habitation of this Solar system for anything near to two billions years. The only significant presently known source of conso-

lations, is that the noëtic characteristics of our human species provide us, if we are willing, with the potential of an accelerating rate of human power for self-development which would put into the proverbial hands of mankind rates of increase of forms of higher energy-flux density which might provide our species with new options to be delivered in a timely fashion. That presumes that we have a reasonable expectation of new places of residence in a relatively timely fashion.

We have good reason to be optimistic about the potential which may lie before our species. I point to the foolishness of empires and similar tragedies in the known past of our species to date. The greatest degree of avoidable losses of options are attributable to the reigns of oligarchical systems such as those from the Roman Empire through to its present descendent, the British empire of the present moment. Indeed, there is virtually no systemic difference in performance between the collapsed Roman Empire of its time, and the British world empire under Queen Elizabeth II presently.

Moreover, the rate of development of successively higher orders of the prospective increase of energy-flux density, from nuclear fission through thermonuclear fusion and matter/antimatter fluxes, provides encouragement for mankind’s prospects within this galaxy or beyond. The principal obstacle to such progress is met in oligarchical phenomena such as those from the original Roman empire to the British empire of the present time.

That is not the end of the subjects for immediate discussion on that account presently.

We are now, despite the British-controlled puppet-President Barack Obama, impelled to accelerate mankind’s practiced ability to bring menacing features of regions internal to the inner planetary circles of our Solar system under human management. It is clear that the greatest threat immediately before us, has been the fruit of our own damned foolishness in tolerating oligarchical follies such as those of the British Queen and her present American puppet-President, Barack Obama.

Note, for example, scientist Edward Teller’s earlier efforts on behalf of defense of Earth against both asteroids and the much more than merely deadly hazards threatening mankind, such as nuclear warfare. The virtual shutting down, by President Barack Obama, of the full program of NASA, has greatly increased the risk to the continued human habitation of planet Earth.

The increasing difficulties in efforts to supply effec-



*The meteor explosion over Chelyabinsk, Russia, Feb. 15, 2013. The threat posed by such near-Earth objects is increasing, and requires urgent international action.*

tive defense of life on Earth, difficulties which were already increasing during the 1970s, but had entered a threatened collapse-phase with the retirement of President Ronald Reagan, now pose a monstrous threat to continued human existence. We have gone backwards in net physical-economic capabilities since the close of the 1960s.

The most severe loss of potential came with the collapse of the Soviet Union, not only because of the Soviet collapse in and of itself, but also through the continuing, systemic dissolution of the array of both the formerly or still nominally sovereign nation states in the central and western states of Europe.

However, that much said this far, the situation immediately before us, is dominated, in one degree or another, by the increasingly challenging circumstances which now confront us increasingly from relatively nearby Solar regions. Some relatively radical options must be introduced in relatively nearby regions of the Solar system. The time for such achievements is already more than overdue, and, correspondingly urgent.

It is already past time that we take correspondingly urgent measures done in the name of “defense of Earth.” The options available are, fortunately, better than present economic circumstances might imagine.

### ***Cleansing the System***

On the surface of economic matters presently, the U.S.A., western and central Europe, and beyond, are

presently gripped by the worst hyperinflation in known world history. The first remedy to be secured, must be the obliteration of the monstrous and utterly fraudulent hyperinflation of the present financial markets of the trans-Atlantic regions. The hyperinflation must be simply annulled, thus wiping out virtually entirely the greatest mass of fraudulent financial claims ever conceived by mankind. My associate, Dennis Small, has summarized the causes and nature of that fraudulent debt.<sup>2</sup>

The elementary features of the required measures include the simple cancellation of the essentially merely speculative and fraudulent debt of the trans-Atlantic and other merely speculative financial indebtedness. The essential reform required is accomplished by two typical measures required for the United States itself, but also suitable models for the urgent reforms of economies of the Americas and Europe, for example. First, a renewal of the original Glass-Steagall reform instituted under U.S. President Franklin Roosevelt, as augmented by the addition of a Federal credit-system used to fund a continuing upsurge of physical-economic expansion per capita and per square kilometer of territory.

The other elements of debt are simply to be annulled as being fraudulent in their essential nature. A monetarist system must be replaced promptly by a credit system, with strong emphasis on increase of energy-flux density per capita and per square kilometer.

Without those measures’ introduction presently, the greatest mass-death rates ever known will bring on the sudden mass-death rates, if not even the extinction of the human species. We are already, presently, on the brink of such a wave of mass-extinctions of the peoples of the nations. The corrective actions must be taken now. You have already run virtually out of time. My associate Dennis Small has already supplied the most crucial evidence needed for such an emergency action.

2. [www.larouchepac.com/node/25602](http://www.larouchepac.com/node/25602)

# Accept This Russian Offer!

The Russians have done it again. The head of the Russian Presidential Administration, Sergei Ivanov, has called for the “entire world community,” to “jointly build a space threat protection system, since individual countries are unable to achieve that on their own.”

It’s high time the United States accepted this offer.

Ivanov’s proposal echoes that of numerous other high-level Russian officials, especially that of former Russian Ambassador to NATO Dmitri Rogozin, in the Fall of 2011, when he called for the adoption of such international cooperation for the “defense of Earth,” as an alternative to the impasse created by NATO’s policy of encirclement of Russia through “missile defense.”

The Russian proposal, which parallels that pioneered by the intellectual author of President Reagan’s SDI, Lyndon LaRouche, in the late 1970s, represents the only approach to avoiding what is becoming an increasingly intense escalation of international tensions, that can only lead toward thermonuclear confrontation. As LaRouche has said repeatedly, *mankind can no longer afford to go to war*. The advanced technologies that are now being applied to the art of war and international intimidation, must be bent toward achieving the common aims of mankind—ranging from sparking a scientific revolution to defending mankind from an assault by rocks from space.

The offer by Ivanov, who is also a former Russian Defense Minister, was reported in the March 5 edition of *Komsomolskaya Pravda*, which quoted him saying that, “Moscow is not ready for a new round of nuclear arms reduction and sees no chances of reaching a compromise with Washington on U.S. plans for a missile shield in Europe.”

Ivanov said that the U.S. ABM system in Europe “does not appear to respond to potential threats coming from North Korea and Iran. This affects Russia’s strategic nuclear forces and undermines the balance of forces. In this case, Moscow can’t afford a new round of nuclear arms reduction, as the U.S. currently outnumbers Russia in nuclear weapons.”

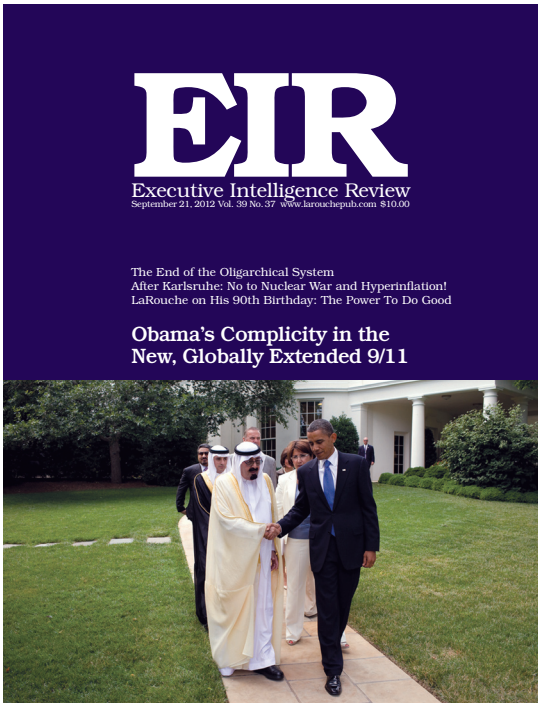
While saying that Russia sees “no light at the end of tunnel” in missile defense discussion with the U.S.,” Ivanov did offer an alternative. Turning to the need for international cooperation on planetary defense (the Strategic Defense of Earth proposal), Ivanov said: “No country, not even the United States, can solve this alone. It is hideously expensive, and very difficult. And it could only be done, as you say, ‘with *kolkhoz* [collective farm] methods.’ [Meaning, done collectively.] I agree.... If we start to do something cooperatively, it is a project that will take decades. And it will probably cost billions of dollars....”

But the Russians are prepared to work with the rest of the world to accomplish this task. Recently, they received a positive response from the European Space Agency, to the proposal for joint work against the asteroid threat. And from NASA? *EIR*’s sources indicate that the Obama Administration, which has moved to take down and privatize U.S. space efforts, has given no attention to this matter at all.

The clock is ticking, as both the threat of extra-terrestrial objects and nuclear confrontation loom on the horizon. The U.S. needs a President who will take up the Russian offer. Since President Obama is clearly an obstacle to such cooperation, he must be removed Constitutionally from office—now.

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