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**NAWAPA, from the Standpoint of Biospheric Development**  
**by Sky Shields, Oyang Teng, Michelle Lerner, Cody Jones, and Ben Deniston**

The current crisis is not a financial one, or even a physical one, in the simplest sense. We are not facing a lack of finances, or a lack of resources. We are facing a crisis of human culture, of which the current U.S. President and his predecessor are merely exemplary. It is time that we analyzed more deeply the roots of the erroneous thinking which have led us into this current disaster, in order that we might avert it in the only way possible: by turning our sights once again towards humanity's future, and returning to the cultural-philosophical roots of a true science of physical economy.

When man ``builds infrastructure," he is not simply placing some object called infrastructure into an empty box. He is actually reorganizing the physical space-time of the Biosphere, as a system, by transforming and redirecting the biogenic flows through the Biosphere, allowing it to attain higher and higher levels of energy flux density. ...

**In-Depth articles from EIR, Vol. 37, No. 31**

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## **This Week's Cover**

- **NAWAPA, from the Standpoint of Biospheric Development**

A report by LaRouche 'Basement Team' members Sky Shields, Oyang Teng, Michelle Lerner, Cody Jones, and Ben Deniston. V.I. Vernadsky identified the 'biogenic migration of atoms' as the continuous flow of matter through the Biosphere as the result of living processes, creating higher and higher levels of organization in the secreted fossil materials. 'Ultimately,' the authors write, 'the survival of the human species will depend on man's ability to not only organize these flows and increase their efficiency, but also, to create, from scratch, the environment of biogenic flows which he requires in order to live outside of Earth's atmosphere, and to colonize our Solar System and beyond.' The North American Water and Power Alliance (NAWAPA) will be the first of many projects in this direction.

- **To Rescue the Planet:**

**Dump Obama! Revive Glass-Steagall! Build NAWAPA!**

Lyndon LaRouche joins John Hoefle and Nancy Spannaus for the online LaRouche PAC Weekly Report.

## **Economics**

- **LaRouche:**

**Putin Is Right To Protect Russia's Food Supply**

Lyndon LaRouche noted that the current problem leading to the reduction of the Russian wheat crop, largely by drought, could have been avoided, if the British, starting with the Margaret Thatcher regime, had not imposed such destructive policies on Russia, in the wake of the collapse of the Soviet Union.

# National

- **Abolish Pelosi's Racist OCE Hit-Squad—Now!**

A majority of House members actually voted down the legislation creating the unconstitutional Office of Congressional Ethics, before House Speaker Nancy Pelosi violated her own rules, in order to ram it through. Here is the sordid, untold story of how it happened.

- **Rangel, Waters Vow To Fight Witchhunt**

Not surprisingly, it was Lyndon LaRouche who stepped forward to rally support for the embattled Congressmen.

- **LaRouche Youth Movement Congressional Campaigns Drive for NAWAPA Now!**

The campaigns of Rachel Brown (in Massachusetts, against Barney Frank), Kesha Rogers (in Texas), and Summer Shields (in California, against Nancy Pelosi) are moving into high gear, well before the traditional Labor Day campaign take-off.

- **Obama Sabotage Defeated:**

- **Congress Defends U.S. Space Exploration**

# International

- **Long-Term Planning for a Post-War Afghanistan**

Washington should commit itself to two objectives: driving the international opium traffickers and their patrons out of Afghanistan, and building the foundation for Afghanistan's almost non-existent mining and manufacturing sectors, in tandem with its dilapidated agricultural sector. But Obama's running hard in the opposite direction.

# Editorial

- **Time for a Memorable Celebration**

# This Week's News

## U.S. Economic/Financial News

### **States Squeeze the Elderly To Save on Pensions**

### **Is Starvation Michelle Obama's Anti-Obesity Campaign?**

### **Skilled Workers Have Been Thrown Out of Work En Masse**

## States Squeeze the Elderly To Save on Pensions

Aug. 2 (EIRNS)—In addition to the destruction of jobs and services by states faced with collapsing revenues and Federal cutoffs, many states are driving up the retirement age, and years of service required, for workers to receive their full pensions. The *Wall Street Journal* reports today:

- \* Ten states have introduced penalties on early retirement and/or have raised the retirement age, while California and Mississippi are considering the same.
  - \* Illinois raised the retirement age for new teacher hires from 60 to 67, with current teachers' retirement age raised from 55 to 67.
  - \* Missouri, retirement age for state workers was raised to 67 from 62.
  - \* Utah raised the required number of years worked to receive full pension, for fire and police, from 20 to 25 (many other states have moved this from 30 to 35).
  - \* Arizona raised the "retirement rule"—the sum of years worked and the worker's age—from 80 to 85.
  - \* Colorado teachers stopped the planned rise of the retirement age, but the state raised the "retirement rule" to 88 from 85.
- Social Security is similarly threatened: Rep. John Boehner (R-Ohio) wants to raise the eligibility age to 70.

## **Is Starvation Michelle Obama's Anti-Obesity Campaign?**

Aug. 5 (EIRNS)—The U.S. Department of Agriculture reported yesterday that the number of Americans receiving food stamps rose to a record in May, the last month for which figures were available: 40.8 million people, in just under 19 million households. That is, one in eight Americans rely on food stamps now, to eat, a 19% jump of recipients of Supplemental Nutrition Assistance Program subsidies for food purchases from one year ago, and an increase of 0.9% from April.

Food stamp recipients cannot afford the lobster Michelle Obama enjoyed on her first night in Spain. Average monthly benefits are only \$133.77 per person, and \$288.87, per household.

Nor do these figures include people who need food assistance, but who cannot jump through the bureaucratic hoops to qualify.

## **Skilled Workers Have Been Thrown Out of Work En Masse**

Aug. 4 (EIRNS)—An idea of the large numbers of skilled workers and engineers needed to remake the continental infrastructure under the NAWAPA (North American Water and Power Alliance) principle, who have lost their employment in the past decade's crash of U.S. employment, emerges from Federal government data.

In the nation as a whole: 222,000 electrical machinery workers/engineers have lost these jobs since 2000, or, a whopping 37% of national employment of such skilled workers has disappeared. For electrical power machinery producers, 67,000 jobs have been eliminated just since 2006, or 15%; for other machinery producers, 200,000 eliminated since 2005, or 16%. Seven percent of electric utility employees, 43,000, have been laid off since 2000; 6% of rail transportation employees, or 15,000, since 2006; 301,000 civil and heavy construction engineers' jobs eliminated, or 16%; 1.436 million specialty contractors' employees laid off since 2005, or 28%; some 2.44 million among all construction workers' jobs eliminated since 2006, or 21.5%.

In the 16 Western states area of direct projected building of NAWAPA catchments, dams, pumping stations, canals,

tunnels, power supplies, and equipment, unemployment is massive. Eleven of the 12 metro areas of highest unemployment in the country are in the middle of NAWAPA project building/recruiting areas: Las Vegas, and ten metro areas in California, led by Los Angeles and Oakland (only the Detroit area joins them in the among the leading 12). Their *official* average unemployment rate is 13%; their real unemployment rate averages well over 20%; their unemployment rate for those aged 16-25 averages 30%.

In the past 12 months alone, California lost 13% of its construction workers, Nevada 23%, Colorado 17%, Texas 8%. Los Angeles/Long Beach lost 15% of construction in the past 12 months. Construction employment has reached a 20-year low across the nation, in the face of Barack Obama's feckless "economic stimulus."

## Global Economic News

### EU Nations Sacrifice Infrastructure at the Balanced Budget Altar

### Japan's Mizumo: Economic Growth Is Now Obsolete

#### EU Nations Sacrifice Infrastructure at the Balanced Budget Altar

Aug. 4 (EIRNS)—Instead of moving to heal their hemorrhaging economies with large-scale infrastructure projects such as NAWAPA, Spain, Portugal, Britain, and France, which have adopted unprecedented fiscal austerity programs, are committing hara-kiri by scrapping major investment in both physical and human infrastructure programs.

**Spain:** The Infrastructure Minister, under the sophistic label of the "adjustment program," announced on July 22 that for 2010-11, some 200 infrastructure programs (17% of total, EU6.4 billion) will be frozen, 112 of them for roads and highways, 87 in rail. Only ports, airports, and very few high-speed TGV rail connections will not be scrapped. Other projects, which were initially tapped to get public financing, will become public-private partnerships (PPPs), i.e., debt for the state, the cash for the banks. Local communities can no longer share the costs either, since the tax revenue on real estate transactions, which was EU16.7 billion in 2006, are expected to drop to a mere EU1.8 billion this year. As a result, 115,000 direct jobs and 1.1 million indirect jobs will be lost, while unemployment is already over 20% (3.9 million).

**Portugal:** Earlier this Summer, the government announced it was canceling plans for a high-speed rail link from Portugal to Spain, and the rest of Europe, on orders from the IMF and the EU to cut spending.

**Britain:** Chief Secretary to the Treasury Danny Alexander announced on July 12 that the U.K. will totally abandon 12 public infrastructure programs worth £2 billion and freeze 12 others worth £8.5 billion. The Green Party is happy since the airport expansions at Heathrow, Gatwick, and Stansted will be scrapped. In 2004, the U.K. pledged to spend EU66 billion between then and 2023 to upgrade school buildings and to construct new ones. Today, 58 of the 715 schools originally included in the program will not get upgrades. The motley list of victims of the cuts also includes construction of a new hospital in Wynyard and a court building in Birmingham. Contrary to the Tories' election promise, only two of the five necessary new prisons will be constructed.

**France:** While nothing is "officially" being scrapped, several programs are having "difficulties," notably a rapid metro (RER) connection between downtown Paris and Charles de Gaulle Airport; Highway A51 connecting Gap and Briançon; A24 connecting Amiens and Belgium; and A32 linking Nancy to Thionville. The "Seine-North" canal, needed to connect the Seine River basin, including Paris and the port of Le Havre, with the inland canal grid of northern Europe (Belgium, the Netherlands, and Germany), which was launched as a PPP, is unable get the financing it requires. Bankers will

underwrite only TGV lines already decided on, because they are considered "profitable." As of 1972, France carried out annual maintenance and upgrades on 1,100 km of rail, after that dropped to only 500 km; it has now decided to do annual maintenance and upgrades on 1,000 km, since normal maintenance costs exploded three years ago, forcing trains to run at lower speeds in order to not kill their passengers.

## **Japan's Mizuno: Economic Growth Is Now Obsolete**

Aug. 2 (EIRNS)—Japan's Prime Minister Naoto Kan, fresh off a devastating loss in Upper House elections, appointed Kazuo Mizuno, chief economist at Mitsubishi UFJ Morgan Stanley, to a Cabinet post in charge of economic research late last week.

Mizuno's fame rests on statements such as, "Economic growth is now obsolete. There is no place for a growth strategy in the 21st Century." Unfortunately, this outlook coheres with much of the governing Democratic Party of Japan's basic policy of destroying the pro-growth alliance between the Japanese government and industry which initially made Japan unique in Asia—at least, before the rise of South Korea and China.

Japan's industrial growth path was forcibly derailed into speculation and financial operations in the past decades, although the country maintained its advanced capabilities in nuclear, high-speed rail, heavy construction and other key areas.

The Liberal Democratic Party (LDP), which led Japan for almost all of the period since the early 1950s, including during the time of Japan's most rapid advancement, has accused the DPJ government of having no growth strategy. Kan's response was: "The LDP came up with 16 growth strategies in 10 years. And what have they accomplished?" But Kan's action in appointing Mizuno and pushing for a doubling of the sales tax to pay down the debt, is telling.

Kan's position as head of the DPJ (and thus Prime Minister) is unlikely to be confirmed by party elections on Sept. 14.

## **United States News Digest**

**[Michelle Obama's 'Excellent Adventure' as Marie Antoinette](#)**

**[Michigan Primaries Reflect Anti-Incumbent Mood](#)**

**[Veterans Group Calls for Impeachment of Obama](#)**

**[ObamaCare Perfects Death Lobby Looting with Accountancy Games](#)**

**[School Budget Cuts Hit Future Teachers](#)**

**[Obama's 'Race To the Top' Standardized Testing Scored](#)**

### **Michelle Obama's 'Excellent Adventure' as Marie Antoinette**

Aug. 8 (EIRNS)—First Lady Michelle Obama's extravagant Spanish vacation is another indication that Barack Obama does not really want to be President, author Roger L. Simon wrote in the *Canada Press* Aug. 7. Simon cited Mrs. Obama's

"\$375,000 Spanish vacation—with the *Daily Mail* dubbing her a modern-day Marie Antoinette.... What man who wanted to be re-elected (or see his party do well in November) would let his wife go off on such an 'excellent adventure' in these economic times? The choice of such an extravagant vacation is beyond tone deaf, perhaps to the level of subconscious (or even deliberate) self-sabotage.

"At the very least, something most peculiar is going on. The First Lady goes off on a jaunt worthy of 18th Century aristocracy at the very moment of her husband's birthday. Is somebody trying to tell us something? Is somebody trying to tell her spouse something? Or vice-versa? Who knows? You won't find out in the mainstream media—that's for sure. They don't even bother to check Obama's college records. Perhaps the *National Enquirer* is on the case. They may be the only hope," Simon wrote.

The First Lady and daughter Sasha, lunched today at the royal Marivent Palace, the Summer residence of Spain's King Juan Carlos and Queen Sofia, on the island of Mallorca. Then, after intermittently smiling for the benefit of the common folk, Michelle continued her royal tour. According to the Spanish daily *El Mundo*, several members of the Saudi Royal family also spend their Summers in Mirabella, Spain, and there was to be a meeting between Michelle and Saudi Prince Salman bin Abdul Aziz, Governor of Riyadh and brother of the late Saudi king Fahd. Another meeting, has been arranged for Michele with the billionaire Abdullah Al Thani, member of the Qatari Royal family, son of Qatar's Interior Minister, and owner of Bslaga CF.

## **Michigan Primaries Reflect Anti-Incumbent Mood**

Aug. 6 (EIRNS)—The outcome of the Aug. 3 primary elections in Michigan highlights the white hot anti-incumbent mood in the U.S. electorate.

First there was the defeat of Democratic Rep. Carolyn Kilpatrick, the sixth incumbent member of Congress to be kicked out by the electorate this season. Kilpatrick, who is serving her seventh term, was defeated by a margin of 47-41%, by state legislator Hansen Clarke. While some are attributing her loss to the legal problems of her son, former mayor of Detroit Kwame Kilpatrick, she overcame those problems during the 2008 primaries. But not today.

Even more devastating was the defeat of Michigan House Speaker Andy Dillon in the race for the Democratic Party nomination for governor. Virg Bernero, nicknamed the "angry mayor" of Lansing, defeated Dillon by a margin of 59%-41%, in a populist campaign, in which Bernero was strongly endorsed by labor. Tensions ran so high, that the Democrats felt compelled to call a "unity breakfast" today—which, it appears, Dillon declined to attend.

The Republican gubernatorial race saw the defeat of nine-term Congressman Pete Hoekstra, a Cheneyac Republican, by super-rich businessman Rick Snyder. In a crowded field, Snyder came in with 36% to Hoekstra's 27%.

Hoekstra was the fourth House member who, having abandoned their Congressional seats to run for higher office, went down to defeat in the primaries. Hoekstra attributed his loss in large part to the hatred of Congress. "People hate Congress," he said. "It was a hurdle that had to be overcome, or it was some baggage that you had to carry."

## **Veterans Group Calls for Impeachment of Obama**

Aug. 3 (EIRNS)—The Central Florida Chapter of the Veterans for Peace (VFP) has voted up a Resolution calling for the "Impeachment of President Barack Obama for the commission of war crimes." The Resolution, written by member Tom Santoni, was passed by the Florida chapter on July 7, and is now being circulated among the chapters in advance of their up-coming national convention Aug. 25-29, in Portland, Maine. The Resolution is a revised and upgraded version of a

2005 indictment—then endorsed by the entire VFP—against George Bush (they now endorse his "arrest and prosecution"). Obama has now had the "ability and authority" to change policy, and is therefore complicit in continuing the crimes of Bush. As the cover letter stresses, the members feel that "it is their duty, as members of Veterans for Peace ... to restrain our government from intervening in the affairs of other nations ... and to abolish war as an instrument of national policy."

The entire package has been submitted for signatures from all veterans, on a separate website, VeteransToday, where it was posted by member Gordon Duff. Duff includes a VFP video, which begins with a photo of Nuremberg judges. Over the audio, which is a reciting of the "Whereas" charges, the video cuts back and forth to an image of Gen. Smedley Butler, and his 1935 book, *War Is a Racket*. The graphics state "Gen. Butler discovered that wars are invented to protect the profits of Bankers, Big Business and Wall Street."

## **ObamaCare Perfects Death Lobby Looting with Accountancy Games**

Aug. 2 (EIRNS)—The Patient Protection and Affordable Care Act makes sure nothing stands in the way of escalating its extraction of premiums and cutbacks in care. In its July report, the insurance lobby America's Health Insurance Plans (AHIP), revealed some of the ways it is perfecting the lethal art.

ObamaCare defines the minimum percent of benefits that the insurers must pay out ("medical loss ratio," or MLR) as including not only reimbursement for clinical services but also for "activities that improve health care quality." So, any of the insurers' administrative functions that they can pass off as improvements in "quality" will not apply to the 15% (large group) or 20% (individual or small group) caps on administrative spending, allowing the death lobby to perpetuate its pattern of administrative excesses and high profits.

As the Physicians for a National Health Program, a group which advocates an improved single-payer Medicare-for-All, notes, the AHIP tries to foist off as "quality": 1) intrusive care managers who are employed to save money; 2) implementation of diagnostic codes used for claims payments; 3) administrative functions to detect fraud; and 4) perpetuating medical underwriting during the transition to cover "special circumstances" to ensure that "consumers are not harmed and that competition is not decreased."

## **School Budget Cuts Hit Future Teachers**

Aug. 2 (EIRNS)—A May report from the California Center for Teaching and Learning documents the effects of budget cuts on "pipeline" of new teachers. In California alone, "this year, 26,000 pink slips were issued—last year there were 26,500 pink slips issued by the March deadline. Given the magnitude of budget cuts and resulting teacher layoffs, it comes as no surprise that there has been a steep decline in the number of individuals preparing to become teachers. In 2001-02 there were well over 77,000 enrollees in preparation programs, but by 2006-07 that number had dropped by more than 25,000 candidates."

## **Obama's 'Race To the Top' Standardized Testing Scored**

Aug. 2 (EIRNS)—Education historian Diane Ravitch has blasted Obama's "Race to the Top" education program for its reliance on standardized testing. Noting that, in addition to narrowing the curriculum even more than Bush's No Child Left Behind, Obama's program has an even greater reliance on standardized testing—the scores of which will be used to shutter schools or convert them to Obama's pet charter programs. Ravitch then exposes a "scandal" of inflated test scores in New York State, which broke in late July.

A Harvard Study, commissioned by New York State Education Commissioner David Steiner and conducted by Daniel

Koretz, concluded that, between 2007 and 2009, the students in New York state did not get smarter, the tests just got easier. In 2007, as reported in the July 20 *New York Daily News*, a passing score on a state math exam put a student in roughly the bottom third of students, nationally; in 2009, the same score left a student in the bottom fifth of the nation. This pattern held for reading scores. Ravitch reports that, while in 2009, 86.4% of the state's students tested "proficient" in math, the 2010 number fell to just 61%. In reading, the 77.4% proficiency figure has dropped to 53.2%.

Results like these are not just a problem for Obama's "Racist at the Top" program. They are causing big problems for New York Mayor Michael Bloomberg, who rode the rising scores to re-election last year. Ravitch cautions Obama that his program will end up "demoralizing teachers, closing schools that are struggling to improve, dismantling the teaching profession, destabilizing communities, and harming public education."

## Ibero-American News Digest

### Haiti Crawling with Private Contractors

### Peru's Bubonic Plague Outbreak Is Contained, for Now

### Brazil, Argentina Defend 'Inalienable Right' to Nuclear Energy

#### Haiti Crawling with Private Contractors

Aug. 6 (EIRNS)—Absent a U.S. emergency reconstruction plan to coordinate with the Haitian government and centralize post-earthquake reconstruction and nation-building, as proposed by Lyndon LaRouche, private security firms have jumped into the vacuum to prey on this devastated nation.

These predators can operate freely because much of the relief effort is steered by British financier interests, and subject to their genocidal dictates. There is no U.S. Army Corps of Engineers infrastructure program, or CCC-style mobilization for reconstruction. As one advisor to President René Préval aptly put it earlier this year, "these [contractors] are like vultures coming to grab the loot over this disaster, and probably money that might have been injected into the Haitian economy is just going to be grabbed by these companies...."

Within days of the Jan. 12 earthquake, a mercenary trade organization, International Peace Operations Association (IPOA), quickly teamed up with the British outfit Global Investment Summits (GIS), to pull together an early-March conference in Miami, entitled "Haiti: Resources for Reconstruction and Humanitarian Assistance Summit." No one from the Haitian government attended the conference, but it was crawling with private security and other firms, as well as representatives of the Public-Private Alliance Foundation (PPAF), peddling its labor-intensive "small is beautiful" energy projects, among others.

Private security firms offer "services" that are properly the responsibility of the government, thus privatizing the reconstruction effort. Nor are their activities regulated. At the March conference, a Sabre International spokesman ominously warned that, "it will not take long before some kind of civil unrest occurs" in Haiti. And the All Pro Legal Investigations company announced it has "made a commitment to the Haitian community and will provide professional security against any threat to prosperity in Haiti."

This company boasts of handling "high threat terminations" and dealing with "worker unrest."



Will the demands of millions of homeless, sick, and unemployed, that they be treated like human beings, be considered "worker unrest" to be smashed by the predator security firms?

## **Peru's Bubonic Plague Outbreak Is Contained, for Now**

Aug. 7 (EIRNS)—Peruvian health authorities acknowledged this week that an outbreak of plague in the northern rural province of Ascope (pop. 40,000) began last April, with 31 known cases and 1 death reported as of yesterday.

Plague is endemic to that region, with the last significant outbreak occurring in 1994, when some 1,000 people were infected, and 35 died. Health Minister Oscar Ugarte blamed the current outbreak on the expansion of sugar cane cultivation in the area, and the burning of cane fields which drove plague-infected field rats into nearby villages.

National authorities have declared an epidemiological alert, sending in medical teams, fumigating homes, and instituting control measures in nearby ports, to keep the plague from spreading into the country's large cities. Were this to happen, under current conditions of a global breakdown of health and sanitation systems, the results could be catastrophic.

Plague manifests in three forms: *bubonic* (infection of the lymph glands); *septicemic* (infection of the blood); and *pneumonic* (infection of the lungs). The latter is the most dangerous, because it can spread from person to person. According to the Pan American Health Organization, plague is treatable with antibiotics, if detected early; the fatality rate for untreated cases is 30-100%. As of now, most of the cases identified in this outbreak have been of the bubonic form, but four were pneumonic (including two doctors).

## **Brazil, Argentina Defend 'Inalienable Right' to Nuclear Energy**

Aug. 6 (EIRNS)—The Presidents of Brazil and Argentina, Inácio Lula da Silva and Cristina Fernández de Kirchner, respectively, signed a bilateral agreement Aug. 3, vowing to promote the "inalienable right of all nations to use and develop the peaceful use of nuclear energy," and renewing "their determination to act jointly to defend this principle internationally."

The two Presidents met on the sidelines of the Common Market of the South (Mercosur) summit in San Juan, Argentina. Their agreement also calls for deepening their existing cooperation in the field of nuclear energy.

Brazil and Argentina are Ibero-America's two nuclear powers, although each has developed different capabilities. Argentina is interested in learning more about uranium enrichment from Brazil, while Brazil hopes to learn from Argentina's experience in producing radio-isotopes for medical purposes.

The Aug. 3 agreement calls for greater transfer of technology and know-how, training of human resources, and jointly designing two multi-purpose reactors, one to be built in each country. The two Presidents will meet again later this month to discuss further coordination in this field, which they describe as an "irrenounceable common patrimony of their strategic association."

## **Western European News Digest**

### **Italian Crisis Exploited by 'Britannia' Faction**

## **The Vichyite Transformation of Nicolas Sarkozy**

## **Tony Benn Calls for Mass Actions vs. Austerity**

## **European Trade Unions Prepare for Hot Autumn**

## **Protests Against German Infrastructure Cuts**

## **Greek Banks Profit; Living Standards Crushed**

## **David Kelly Pathologist Under Investigation**

### **Italian Crisis Exploited by 'Britannia' Faction**

Aug. 4 (EIRNS)—The Italian government survived a no-confidence vote today, but its crisis has only been postponed to September, after the Parliament's Summer recess. A faction in the City of London forecasts a financial assault on Italy as a consequence of the political crisis, and the pro-British faction in Italy uses this as an argument to push through a Schachtian government led by Bank of Italy head Mario Draghi.

Democratic Party figure Walter Veltroni (former Mayor of Rome) issued a "transitional government" proposal, on the model of the 1993-94 government led by central banker Carlo Azeglio Ciampi, with the mandate of controlling the budget.

The candidate to lead such a government is, of course, central banker Mario Draghi. An article in *Il Fatto*, said yesterday that Draghi already has a program; he "thinks that it is necessary to force states (including Italy) to endure rigor, even subordinating a bit of democracy to fulfill budget parameters. This, may mean taking voting rights away from EP [European Parliament] representatives of countries that violate too much the Maastricht criteria on debt and deficit."

### **The Vichyite Transformation of Nicolas Sarkozy**

PARIS, Aug. 2 (EIRNS)—Now, 20 months before the 2012 Presidential elections, French Prime Minister Nicolas Sarkozy has started whipping up fascist sentiment around security issues, in the hope of winning the extreme right-wing vote. He did that same thing prior to his first election, but now he is going further, and the international context is much more dangerous.

Sarkozy is attacking two judicial principles considered untouchable since the end of World War II: immigrant rights, and the rejection of any distinction between native-born and "naturalized" citizens. Further, Deputy Eric Ciotti (Alpes-Maritimes) from Sarkozy's UMP party, has just proposed that the parents of minor delinquents be fined EU30,000, or serve two years imprisonment, if they do not ensure that their delinquent children fulfill their sentences.

This is a clear attempt to whip up Vichyite hatred and scapegoating against immigrants based on their ethnic origin, and to destroy the remains of Republican culture which has survived in France since the times of Charles de Gaulle.

### **Tony Benn Calls for Mass Actions vs. Austerity**

Aug. 5 (EIRNS)— Tony Benn, the 85-year-old left-wing icon of Britain's Labour Party, has initiated a campaign for

resistance against the brutal austerity policies of the Conservative Party/Liberal Democratic Party-led government. The call was co-signed by 73 leading figures, including Members of Parliament, academics, writers, and public personalities. Among them are MP Jeremy Corbyn, author Iain Banks, comedian Arthur Smith, and film director Ken Loach.

Posted in the *Guardian's* online edition, Benn charged that the proposed cuts will "wreck the lives of millions by devastating our jobs, pay, pensions, NHS [National Health Service], education, transport, postal and other services." He said the group was committed to opposing cuts and privatization and proposals to "solve" the crisis through "racism and other forms of scapegoating." It also intends to cooperate with similar opposition movements in other countries.

## **European Trade Unions Prepare for Hot Autumn**

Aug. 3 (EIRNS)—British and French trade unions are planning a very hot Autumn to protest massive austerity drives by their governments aimed at cutting wages, pensions, and jobs.

British trade unions are preparing a day of action for Oct. 20, the day Chancellor of the Exchequer George Osbourn will announce plans to cut £83 billion from the budget. Marches are planned for Oct. 23, as well as strike actions. Civil servants, teachers, and health-care and transport workers are expected to join in. As many as 600,000 jobs in the public sector are threatened.

On Sept. 7, all French trade unions, both private and public, will conduct a nationwide strike against President Nicolas Sarkozy's pension reform and austerity program. Between 2-3 million Frenchmen are expected to take to the streets.

In a related development, the French Human Rights League (LDH) met today with 35 parties, unions, and associations, and is expected to call tomorrow for a large demonstration on Sept. 4, to protest the government's proposals for stripping naturalized French citizens, of foreign origin, of their nationality, a clear violation of the Constitution.

## **Protests Against German Infrastructure Cuts**

Aug. 3 (EIRNS)—Germany plans to stop any new investments in streets, rail, and water systems, so that the federal government can "save" EU80 billion by 2014! To satisfy the requirements of the government's "debt brake," only EU10 billion will be allocated in 2011 for hard infrastructure, which includes the maintenance of 100,000 km of roads and highways, as well as the freeway system. Projects presently under construction will be "extended." All of this came out of a leaked internal report of the Federal Transportation Ministry, which says that this policy signifies a "turning point in budget and financial policy."

Various German states are on the same suicidal path of infrastructure budget cuts. Schleswig-Holstein decided to build no new roads; Hesse has put 70 projects on ice. Only Saxony has supposedly no cuts on the agenda, while other states struggle to keep their present minimal level. In recent years, there has grown a deficit of up to EU700 million for maintenance of roadways; one is reminded of East Germany, just after its collapse.

The construction industry is alarmed and has announced near-term protest events.

## **Greek Banks Profit; Living Standards Crushed**

Aug. 3 (EIRNS)—While the living standards of the Greek people are being crushed, their banks, like those of the rest of Europe, are being "rescued." The troika of vultures—the European Union, the European Central Bank, and the International Monetary Fund—which have been reviewing Greece's brutal budget cuts and deficit reduction plans, have

approved the release of the second tranche of EU9 billion of the EU110 billion EU-IMF bailout package.

Nonetheless the troika, not fully satisfied with its lackeys in Athens, called on the Greek government to exert "immediate control" over the public sectors, or the third tranche will not be released. "Immediate control" means cutting the public sector workforce and privatizing public entities. It also means "liberalization" of the energy products, which includes selling off 35-40% of capacity. The troika continued to call for liberalizing goods and services and so-called closed professions, according to Capital.gr.

## **David Kelly Pathologist Under Investigation**

Aug. 7 (EIRNS)—New questions could arise over the mysterious death of British "weapons of mass destruction" specialist and inspector Dr. David Kelly, who exposed the fact that then-Prime Minister Tony Blair had "sexed up" the report on Iraq's alleged WMD in order to justify the 2003 invasion.

According to Britain's *Daily Mail*, Dr. Nicholas Hunt, the pathologist who carried out the post mortem on Kelly after his alleged suicide in July 2003, is under investigation after allegedly "mixing up" the remains of two servicemen.

This should raise serious questions about the competence of the post mortem he had conducted on Kelly, especially since it was his report that was used to conclude Kelly had committed suicide.

Kelly's death was deemed a suicide by the official inquiry led by Lord Hutton, which has refused to allow an official coroner's investigation, despite the fact that every British subject is entitled to one.

## **Russia and the CIS News Digest**

### **Sapsan High-Speed Train Service Launched in Nizhny Novgorod**

### **Russia Announces New Privatizations; London Demands More**

## **Sapsan High-Speed Train Service Launched in Nizhny Novgorod**

Aug. 5 (EIRNS)—High-speed train service has started on the 255-mile Moscow-Nizhny Novgorod line, making it possible to travel the 650 miles between St. Petersburg and Nizhny (Russia's second and fourth biggest cities) in eight and a half hours, including stops at Moscow and Vladimir. Russian Railways President Vladimir Yakunin presided over the launch ceremony in Nizhny on the traditional July 30 date of Railway Workers Day. Yakunin said that the Sapsan high-speed train, running between Moscow and St. Petersburg since last December, "is becoming a symbol of everything new and progressive. It is not only changing the profile of domestic rail transport. Sapsan represents our country's prudent approach to development, with an emphasis on breakthrough technology."

Along with Prime Minister Vladimir Putin, Yakunin has been one of the Russian officials most actively working to focus Russia's "modernization" policy on crucial areas of infrastructure and industry, such as rail, the aviation industry, shipbuilding, and nuclear power—and not only the agenda of IT and pharmacological "market niches," promoted by Anatoli Chubais and other representatives of hard-core British monetarism.

Located at the confluence of the Volga and Oka Rivers, east of Moscow, Nizhny Novgorod was the historical site of

Russia's national industrial and commercial fairs. Called Gorky in the Soviet period, it is still a center of industry. Farther to the east, Sverdlovsk Gov. Alexander Misharin and other Ural Mountain area officials are in discussions with Russian Railways about instituting Sapsan service between the two Ural cities with populations over 1 million—Yekaterinburg and Chelyabinsk, which are only 125 miles apart.

## **Russia Announces New Privatizations; London Demands More**

Aug. 5 (EIRNS)—Alexei Kudrin, the Russian finance minister and darling of London, announced July 29 that Russia will sell minority stakes in 11 key state-owned corporations, aiming to raise \$30 billion towards reducing its budget deficit in 2011-12. On the block are 10-49% shares in three banks, and one transport, four energy, and three agriculture-related companies. The national pipeline and electric power distribution companies are included. Russian Railways was dropped from the list at the last minute because, as an Economics Ministry official put it, "RZhD has not yet exhausted its role as an instrument for infrastructure reform."

Minister of Economics Elvira Nabiullina said July 29 that the goal is not only fiscal management, but "to influence the structure of the economy." Nabiullina said foreign investment would be sought.

Along the same lines, President Dmitri Medvedev announced at the St. Petersburg Economic Forum in June that he had removed hundreds of companies and facilities, many of them military-related, from the list of entities protected from privatization for strategic reasons.

"They'll have trouble selling it," observed Lyndon LaRouche in a discussion yesterday, adding that the whole approach of trying to attract foreign streams of money stemmed from the "British Intelligence penetration of Russia."

The announcement is in line with Russian economist Stanislav Menshikov's characterization of what Medvedev is doing. In a July 12 article, Menshikov wrote that Medvedev's economic policies are marked by "a return to mass privatization, smashing of the state sector, and reliance on the oligarchs and foreign capital." These are the biggest privatizations since the loans-for-shares swindle of the mid-1990s, when the young "oligarchs," cultivated under Mikhail Gorbachov's Soviet regime and the Gaidar-Chubais post-Soviet government—all according to a scheme cooked up at the International Institute for Applied Systems Analysis (IIASA)—grabbed the flagship industrial companies of Russia.

London has attacked the new privatizations as not enough, as long as the government keeps majority control of these firms. The *Financial Times* of Aug. 2 carried an article coauthored by Sergei Guriev, a continuer of the Gaidar-Chubais line from his position as Morgan Stanley Professor of Economics and Rector of the New Economic School in Moscow, insisting that "selling non-controlling stakes is not sufficient." According to Guriev, "Russia has to create a better investment and business climate.... The demand for such institutional reforms can only come from the private sector."

## **Southwest Asia News Digest**

**Obama Rants About Success in Iraq, Afghanistan, While Deaths Mount**

**Virtual State of War in Southwest Asia**

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**Obama Rants About Success in Iraq, Afghanistan, While Deaths Mount**

Aug. 7 (EIRNS)—President Obama told a conference of Disabled American Veterans in Atlanta on Aug. 2, that the U.S. troop presence will be brought down to 50,000 by the end of the month, when his promised "end of combat mission" is announced. Obama boasted that "violence in Iraq continues to be near the lowest it's been in years." A reality check in Baghdad, however, reveals that the Iraqi government has reported that July was the deadliest month in over two years, with 535 Iraqis killed.

Not to be deterred by reality, Obama said, following his speech: "The United States handed over control of all combat duties to Iraqi security forces on Saturday in a further sign its withdrawal is on track," reported Reuters on Aug. 7.

In Afghanistan, where the United States has fought the longest war in its history, July was the deadliest month yet for the American military, with 66 dead. The total deaths among NATO forces was 89, after setting a record of 104 in June.

The Afghan population's rejection of the failed U.S. strategy—which was intensified by Obama's double "surge" of troops in 2009—was shown on Aug. 1, when several hundred Afghans marched through Kabul, with a police escort, protesting the American presence and civilian deaths at NATO's hands. The march was sparked not only by bombings of civilians, but also by a July 30 incident in which a Dyncorp humvee ran down and killed four civilians in Kabul. The private security personnel barely escaped with their lives, under police protection, while a mob destroyed their vehicle.

NATO reports that the insurgents have killed more than 590 Afghan civilians this year, while UN figures estimate civilian deaths at the hands of the U.S. and its allies as between two and five times greater than those killed by the insurgents since the beginning of the long war.

## **Virtual State of War in Southwest Asia**

Aug. 7 (EIRNS)—Southwest Asia has been in a virtual state of war ever since the British put Israeli Prime Minister Benjamin Netanyahu in power in March 2009. The actual war—like World War I—will occur at the point the British decide to throw a spark into the tinderbox. Crises are exploding on several fronts:

\* The Aug. 3 clashes along the Lebanon-Israeli border. The Obama Administration had White House Middle East advisor Dan Shapiro telephone Israel's Ambassador Michael Oren, demanding that he inform Netanyahu that the Administration expects him to act with restraint. French Foreign Minister Bertrand Kouchner spoke directly to Israeli Defense Minister Ehud Barak, exhorting him to exercise restraint.

What is significant about this latest clash, is the fact that it took place between the Israeli Defence Forces and the Lebanese National Army—not Hezbollah. A Lebanese source considers it a probe by the Israelis, to test the reaction in preparation for a future attack.

\* Defense Minister Ehud Barak this week attacked the head of Turkey's National Intelligence Organization as being "pro-Iranian," and claimed that Ankara could pass secrets which Israel has shared with Turkey to Iran. The Turkish Foreign Ministry summoned the Israeli ambassador in Ankara to deliver a protest. Turkey has already recalled its ambassador to Israel on May 31, over the Israeli attack on a Turkish-run aid flotilla heading for Gaza.

\* Israel has so antagonized Jordan in recent weeks, that King Abdullah II issued a rare warning that Israel's refusal to negotiate peace with the Palestinians could once again lead to war. The failure of the peace process has sparked the creation of a "New Nationalist Movement" in Jordan, comprised of retired senior military officers and others, who are reacting to an increase of West Bank Palestinians fleeing to Jordan. The movement petitioned the King to stop caving into

the Americans and being too soft with Israel. The Israeli low-key "ethnic cleansing" of the West Bank—driving residents into exile in Jordan—is in line with making Jordan a "Palestinian state," along the lines of Ariel Sharon's "Jordan is Palestine" policy.

\* Israel's continued blockade of the Gaza Strip antagonizes Egypt, one of the three Muslim countries with which it has diplomatic relations.

For the moment, noises coming out of the Israeli government indicate that it is avoiding a military escalation with Lebanon, especially since it was the National Army of Lebanon, not Hezbollah, that engaged in the clash. At the same time, the Israeli government is building up tensions against Hezbollah, in anticipation of an announcement by the UN Commission investigating the 2005 assassination of Lebanese Prime Minister Rafik Hariri, that will allegedly name members of Hezbollah as the assassins. Hezbollah leader Sheikh Hassan Nasrallah says that the Israelis killed Hariri.

On July 30, an unprecedented summit meeting of the Lebanese, Saudi, and Syrian heads of state was held in Beirut, to attempt to ensure that stability and peace survive in Lebanon, regardless of what charges the UN Commission makes. Side meetings included leaders of all major Lebanese ethnic and religious groups, including Hezbollah.

An intelligence source in Washington, D.C. noted that Hezbollah has become one of the strongest factions in Lebanon over the last two years, and that a majority of Lebanese leaders are questioning the anticipated report of the UN Commission. "First it was the Syrians who were accused," reported the Washington source, "and those accusations were dropped. Now there is so-called 'new evidence,' but people are asking, 'what happened to the old evidence?'" "

## **Report of Assassination Attempt on Iranian President**

Aug. 4 (EIRNS)—The Dubai Media City-based al-Arabiya TV reported on Aug. 4 that Iran's President Mahmoud Ahmadinejad had survived an attack in the city of Hamedan, where the President had gone to deliver a speech. Iran's official media has denied the report.

The news of the assassination attempt emerged a day after Afghan President Hamid Karzai's spokesperson announced that the Afghan President is to visit Iran, to attend a summit among Afghanistan, Iran, and Tajikistan.

Although the assassination attempt has not been confirmed, there are reasons to expect such an attempt by Britain's allies within Iran. The tripartite summit, under Iran's leadership, was to plan the furthering of road, railway, and tunnel projects to develop improved transport links among these three countries, through a series of bilateral agreements, in a concerted attempt to restore Iran's traditional role as a trade hub.

This tripartite agreement has been identified by London and its allies as an effort by Tehran to enhance its regional influence and overcome Western efforts to isolate Iran. Iran has not signed up to Western-backed initiatives, such as the EU-supported Transport Corridor of Europe, Caucasus, and Asia (TRACECA) project—also known as the "New Silk Road"—amid the ongoing international dispute over Tehran's suspected nuclear program.

## **Asia News Digest**

**Floods Compound Pakistan's Crises**

**Thai Government Rallies for War on Cambodia**



## **China Working on Vacuum Maglev; U.S. Expert Assists**

## **U.S. Threatens Japan, South Korea over Iran Sanctions**

### **Floods Compound Pakistan's Crises**

Aug. 4 (EIRNS)—The massive flood that has hit Pakistan's northwestern districts has now engulfed the entire nation. Large parts of Baluchistan, Sindh, and Punjab are under water. Landslides have cut off large portions of the Swat Valley and hampered efforts to help the 15 million people affected by Pakistan's worst flooding in decades. Many roads and bridges have been washed away, and heavy rains prevented relief helicopters from taking off. The UN estimates more than 1,600 people have been killed nationwide. Millions of acres of crops have been destroyed in Punjab province, the "rice bowl" of Pakistan, and across the northwest. Food prices have begun to soar and food shortages are affecting millions. The flooding has caused extensive damage to Pakistan's electrical infrastructure, forcing power plants to shut down. Pakistan already suffers from a crippling electricity crisis, with hours-long blackouts a daily occurrence.

The enormity of floods and the continuing economic crisis and violence have virtually crippled Islamabad, and there are reports that flood victims are expressing their anger at the absence of government-directed relief and help. Meanwhile, some terrorists groups, connected to the banned Lashkar-e-Toiba, have set up relief camps "to win the hearts and minds" of victims.

The port city of Karachi has been virtually shut down by violence. The killing of a leader of a prominent political party, the MQM, has triggered a wave of killings and counter-killings, leaving at least 92 dead in the past week. Karachi is not only the residence of 16 million people, it is the banking headquarters, commercial center, and the only port city of Pakistan.

### **Thai Government Rallies for War on Cambodia**

Aug. 7 (EIRNS)—Despite the state of emergency imposed on Thailand by its government, which forbids more than five people to gather for any political purpose, over 1,000 pro-government "yellow shirt" royalists gathered in a sports stadium to demand a confrontation with Cambodia (and essentially the entire world, which has long backed Cambodia's position) over a piece of turf on the border. Not only were they not disbanded by police, but Prime Minister Abhisit Vijjajiya attended the rally and told the cheering crowd, "We have no reason to exchange Thai territory."

Three hundred more yellow shirts rallied at the government office buildings, despite warnings that it would be illegal. Nothing was done to stop them.

British-born and -bred Prime Minister Abhisit went further to stir up revanchist rage against neighboring Cambodia by inviting the yellow shirt leaders to join him on TV for a "dialogue" on the territorial issue—i.e., to rally the nation for a British-orchestrated war on Cambodia—sabotaging cooperation on the Mekong River Project (Southeast Asia's TVA), and adding to the "Ring Around China" provocations across the region.

## **China Working on Vacuum Maglev; U.S. Expert Assists**

Aug. 6 (EIRNS)—China's National Power Traction Laboratory at Southwest Jiaotong University is developing a "vacetrain," a magnetically levitated train that would run through an evacuated tube tunnel, which could theoretically run at



speeds of 600-1,000 kilometers per hour, the Beijing *Legal Times* reported Aug. 2. Laboratory researcher Zhang Yaoping announced that the new technology could be put into operation in 10 years.

Zhang is a colleague of Daryl Oster, who holds the U.S. patent for Evacuated Tube Transport (ETT) technology, the *Shanghai News* reported.

Oster moved to China in 2002 to join the laboratory, and the same year, Zhang; Shen Zhiyun, a member of the Chinese Academy of Sciences; and maglev expert Wang Jiasu began their study of the technology.

Shen said that the U.S. proposal is for a highly evacuated tunnel, but the Chinese version would reduce air pressure, making the tunnel easier and cheaper to build.

The laboratory is now working on a prototype with an average speed of 500-600 km/hr, which would equal the Japanese experimental maglev's fastest test-run speed of 581 km/hr. A smaller model train, which can go 600-1,000 km/hr, will be introduced in two or three years.

The trains are able to run at such high speeds, equivalent to a passenger jet at cruising speed, because of the elimination of air friction. The train carriages will be pressurized so that passengers will not feel dizzy, Zhang said.

Conventional high-speed rail costs about 150-200 million yuan (US\$22-29 million) per km to build, but the vacetrain would cost 10-20 million yuan (about \$3 million) more per kilometer, while allowing two to three times the speed, Shen Ziyun estimated.

## **U.S. Threatens Japan, South Korea over Iran Sanctions**

Aug. 5 (EIRNS)—U.S. State Department non-proliferation "enforcer" Robert Einhorn has been in Japan and South Korea to see to it that they follow the line on the American-imposed unilateral sanctions against Iran.

Einhorn is pushing the two Asian countries to "look at measures already adopted by the European Union," and adopt similar steps. The EU steps targeted investment in Iranian oil and gas industries, and limited financial transfers. Einhorn promises, implausibly, that such steps "would not interfere in any way with Japan's energy security and its imports of oil from Iran," nor would "the Japanese adoption of strong measures ... adversely affect the economy of Japan."

Daniel Glaser of the Treasury Department was a little more direct. While Japanese banks' financing of oil transactions with Iran had not been prohibited, he said, "there are tremendous risks out there dealing with Iranian banks." He noted that the EU had completely cut off certain Iranian banks from the European financial system.

Einhorn made the same proposals to South Korea, but also tied South Korean support against Iran to U.S. support against North Korea. However, South Korean ties to Iran are very strong. Korea experts warn that enthusiastic support for sanctions will cause more business losses than political gains. Iran is one of the biggest importers of South Korean goods in Southwest Asia, and some 20 Korean companies exported \$4 billion worth of goods to Iran last year.

Some sources with knowledge of the meeting between Einhorn and South Korean Finance Ministry officials said the request included shutting down the local branch of Bank Mellat, the only Iranian bank operating in Korea.

Many Korean companies are already complaining of significant difficulty with financial settlements with Iran; if the

government takes any measure against the bank, it could hurt Korean business in Iran in general, according to one expert.

The Korean government said that, though it agrees with the U.S. strengthening of sanctions on Iran, nothing has been determined as to how it will cooperate, including the fate of Bank Mellat in Korea.

## Africa News Digest

- [China Continues Dam Projects in Africa](#)

### China Continues Dam Projects in Africa

Aug. 9 (EIRNS)—China continues to take the lead in African dam construction, with an hydroelectric project with Zimbabwe, as it continues help African nations build the kind of infrastructure coherent with a process of industrialization. The 55-year-old Kariba Dam has a 180-billion-cubic meter reservoir-capacity, one of the world's largest.

Noah Gwariro, managing director of the Zimbabwe Power Co., said in Harare in early June: "We have signed an agreement with China's Sinohydro Corp. for the expansion of Kariba by an additional two 150-MW units." The project is an upgrade to the plant's six existing turbines involving part replacements and modification of other turbine hydraulic components to improve efficiency and capacity. In addition, two new turbines are to be added. The upgrade is to add 1,300 MW to the plant's capacity of 750 MW. The project is to cost \$400 million.

Straddling the Zambia-Zimbabwe border, the Kariba Dam is located in Kariba Gorge on the Zambezi River. Zambia, on the other end of the dam, has also undertaken an expansion of its power generation facility at the dam, in a \$400 million deal with China, which began in 2009. This project also includes the installation of two new turbines.

Sinohydro is currently involved in at least 210 projects in at least 48 countries worldwide, according to environmentalist groups which are hostile to the activity.

In addition to the Kariba projects, other Chinese dam investments in sub-Saharan Africa include Bui, in Ghana; Dikgatlong, in Botswana; Grand Poubara, in Gabon; Imboulou, in Congo-Brazzaville; Merowe, in Sudan; Tekeze, in Ethiopia, the Sangha area project in the Democratic Republic of Congo, and Zungeru, in Nigeria.

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