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China-India-Russia Accord: Now, More Than Ever
Dump Bernanke Before He Destroys the Dollar!
Britannia Hitmen Assault Mexican Nation-State

LaRouches at Rhodes Forum: Four- Power Alliance for a New World Credit System



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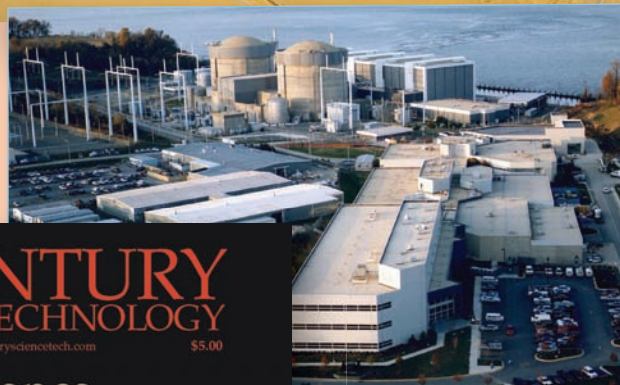
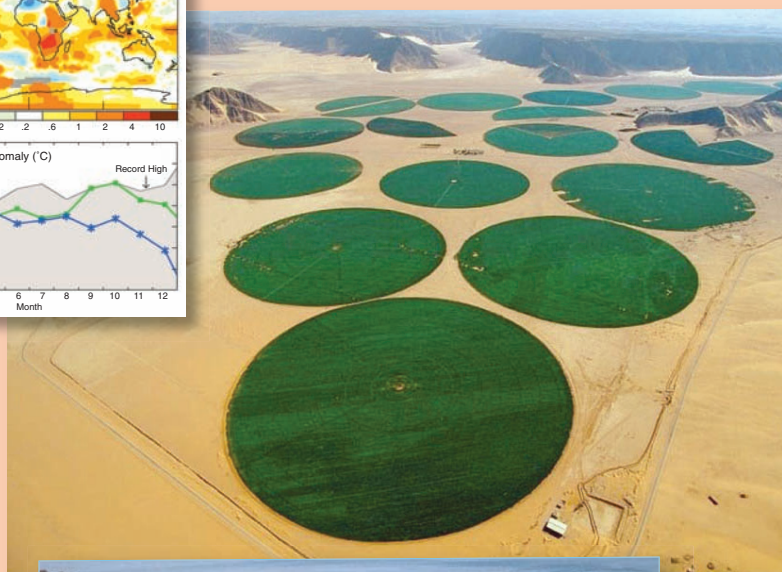
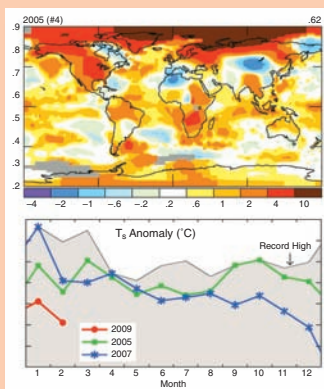
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- **Book reviews** of *Axis of the World: The Search for the Oldest American Civilization* by Igor Witkowski and James Lovelock's *The Vanishing Face of Gaia: A Final Warning*



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EIR

From the Managing Editor

The Island of Rhodes, whose civilization goes back 2,500 years, was the site of the Seventh Annual Dialogue of Civilizations Forum Oct. 8-12. Lyndon LaRouche and Helga Zepp-LaRouche were among the speakers, who addressed 500 people from 60 countries. On the agenda, although mostly unspoken, was the question of whether human civilization would continue to survive in a manner that most people alive today would recognize as “civilized.” As Zepp-LaRouche observes, in her introduction to the speeches (see *Feature*), there was a striking contrast between the beauty of the location, in a quaint fishing village on the Aegean island, and the ugly reality of the disintegration of the global economy. Reflecting this reality, participants expressed the conviction that the crisis has been caused by a failure of leadership in the world to act on behalf of the common good.

Precisely in response to this failure, Lyndon LaRouche, in his address, focussed on his proposal for a Four-Power agreement, among Russia, China, India, and the U.S.A., to take the initiative in leading a reorganization of the world economy—without further delay.

Our relatively short, but content-packed issue, provides an in-depth look at the some of the issues addressed by the LaRouches at Rhodes:

- In *Economics*, you will find John Hoefle’s unvarnished attack on Bernanke’s insane anti-dollar policy, which threatens hyperinflation, and is causing extreme anxiety among our economic partners. Immediately following, is LPAC-TV’s interview with Phil Rubinstein on why we must return to the Glass-Steagall standard in banking.

- Articles in *International* fill out the world picture: In Mexico, the phase-shift into fascist austerity is covered by Dennis Small; while the potential for LaRouche’s Four-Power proposal to be adopted in China, India, and Russia, is analyzed by Ramtanu Maitra, who looks at the British colonial legacy that must be overcome. In Europe, Scott Thompson shows that the drive to create a superstate, with Tony Blair at its head, has its antecedents in Sir Oswald Mosley’s British Union of Fascists. And Michele Steinberg interviews an outspoken Palestinian living in exile, Dr. Ghada Karmi, on the tragedy—and options—facing her stateless people.

Looking ahead, on Nov. 11, LaRouche will give his next webcast address.



Cover This Week

The Rhodes Forum Dialogue of Civilizations. Lyndon LaRouche is seated second from left.



EIRNS/Stefan Tolksdorf

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Helga Zepp-LaRouche reports that at the seventh annual conference of the World Public Forum in Rhodes, Greece, the 500 people from 60 countries that were in attendance, were convinced that the global crisis is a result of the fact that so many decision-makers have reneged on their responsibility for the common good. The conference called for a new ethics in economic policy.

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Lyndon LaRouche's speech to the Rhodes Conference. He outlined an immediate, orderly solution to the global crisis, including putting the U.S. mortgage system under bankruptcy protection, and regulating the banking sector to protect it from speculation, thus laying the basis for re-creating the U.S. productive physical economy. This is a critical step to rebuilding the world economy, now collapsing under financier control.

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Dr. Ghada Karmi is the author of *Married to Another Man: Israel’s Dilemma in Palestine*; she is an Honorary Fellow at the University of Exeter’s Institute of Arab and Islamic Studies (IAIS) of the School of Humanities and Social Studies (Exeter, U.K.).

Editorial

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Rhodes Dialogue: Common Good Is Aim Of Economic Activity

by Helga Zepp-LaRouche

Oct. 16—The strength of the seventh annual conference of the World Public Forum in Rhodes, Greece, which met Oct. 8-12, lies in the fact that it emphasizes the concept of a “Dialogue of Civilizations,” for solving problems. Again, this year, it gathered over 500 academics, religious leaders, economists, politicians, artists, and journalists, from 60 countries, to discuss various subjects.

While last year’s conference, also in October, was strongly impacted by the dramatic development of the financial crisis, just after the bankruptcy of Lehman Brothers, the mood among many conference participants this year, was one of deep skepticism toward the official line, claiming that, “the worst is over,” and, of a certain foreboding that the main brunt of the crisis has yet to hit.

The environment of the conference was in stark contrast to the reality of the strategic and historical situation; debates and many productive discussions took place here, in the quaint fishing village of Kallithea on the Aegean island of Rhodes, while, in the rest of the world, the collapse of the real economy continued apace, “irrational exuberance” was once again sweeping the financial markets, and financial institutions left no doubt of their intention to have the world’s people pay for the crisis, by brutally cutting living standards.

Participants explicitly expressed the conviction that the current global crisis is a result of the fact, that so many decision-makers have reneged on their responsibility for the common good. In the final discussion of the concluding plenary session, one participant was broadly supported when she said that the current crisis is due, in large part, to the crisis in leadership among the established elites.



EIRNS/Stefan Tolkdorf

LaRouche is joined here by some of the other speakers and participants at the Rhodes Forum; he is seated, second from left; Helga Zepp-LaRouche is standing, far left.

The final declaration states:

Point 2.1: “The global economic and financial crisis has not ended yet. It is obvious that this crisis cannot be fought with the traditional economic and financial tools only.”

Point 2.4: “The ultimate target of all economic activities should be the common good of human beings and not the agglomeration of capital. The focus of economics should be on the benefit and the bounty that the economy produces, on how to let this bounty increase, and how to share the benefits justly among the people for the common good.”

Call for ‘New Ethics in Economy’

Noteworthy, is a reference to the latest encyclical of Pope Benedict XVI, in Point 2.5:

“We need new ethics in economy instead of prevailing consumerism on the one hand and unbridled free-market capitalism which culminates in so-called shareholders values on the other.”

Point 2.8: “We welcome the call of many religious leaders for ethics in economy, and, in particular, that of Pope Benedict XVI in his encyclical letter *Caritas in Veritate* for a civil economy re-embedded in civil society that transcends the old secular dichotomies of

state versus market and left versus right.”

The most concrete proposal for creating a civil economy was made by Lyndon LaRouche, who is very well-known in Russia for his theory of physical economy, and whose contribution this year was commented upon by Russian experts. The speech that this author gave to the 2008 conference, on the LaRouche Plan (see *EIR*, Oct. 16) for reorganization of the financial and economic systems, was published in the 2009 Conference Bulletin.

Various participants in the discussion this year said they thought that the G20 Summit in Pittsburgh, Sept. 24-25, was nothing more than a PR operation, and, that the measures taken had simply postponed the death of the system for a time. An important theme was the awareness that the global crisis demands a new definition of the notion “happiness,” and that the answer to this question is not to be found in the material domain, but on a spiritual level.

The initiators of the World Public Forum—Vladimir Yakunin, president of the Russian Railways; Jagdish Kapur, chairman of the Kapur Surya Foundation in India; and Greek businessman Nicholas F.S. Papanicolaou—deserve thanks for having founded the “Dialogue of Civilizations.”

A Four-Power Agreement Can Create a New World Credit System

Lyndon LaRouche gave this address to the Seventh Annual Session of the World Public Forum Dialogue of Civilizations (Oct. 8-12, 2009), on the Island of Rhodes in Greece, on Oct. 10. His remarks are followed by a brief dialogue with the audience.

In view of the brevity of time, I shall confine my remarks to a certain aspect of the problem. On the 25th of July of the year 2007, I delivered a forecast by way of an international webcast, which I conducted at that time. At that point, on that date, I said we were then on the verge of a general crisis of the financial system of the United States. I said it would break out in a matter of days, and it did: Then, what became known as the mortgage crisis—but it was more than a mortgage crisis, it was the beginning of a process which has continued up to the present day, of a general breakdown of the U.S. economy in its present form. It's a crisis which threatens the entire world. Because if the United States, with its vast debt, collapses, if the debt of the United States, for example, to China, collapses in value to nearly zero, which it can do, this would set forth a chain-reaction throughout the world system, which would be a crisis comparable to what Europe experienced during the 14th Century. This is the most serious.

However, there's an immediate solution to this problem.

In the first stage, what I proposed was legislation which was campaigned for throughout the states of the United States, for a resolution by state governments, to push through national Congressional legislation, to put the entire mortgage system of the United States into receivership under bankruptcy protection, in which the householders would remain in their homes, and we would, in due course, settle and resolve the mortgage debt.

At the same time, the other action was to put the banking system, the so-called commercial banking

system of the United States under protection. We used to have a law called the Glass-Steagall Act, which provided for precisely that kind of action. But we had Larry Summers, who's not unknown to some people in Russia, known as a thief, I generally believe, who had succeeded in causing the Glass-Steagall Act to be cancelled. So the commercial banking system had been exposed, since that time, to all kinds of speculation, which allowed, earlier, only for investment banking. Which meant that the entire banking system of the United States was being corrupted, and in danger of general bankruptcy.

In the meantime, at the same time, there had been a long-term trend, since actually 1968-1971, of a decline in the U.S. economy, a *physical* decline in the U.S. economy, which had been ongoing, and had accelerated, especially since the 1987 period.

So now, we no longer had bankruptcy protection of our commercial banking system, and my legislation, which was supported largely through many of the states of the United States, and also through some of the governors of these states, who were leading governors, would have prevented this crisis from going out of control. It would have meant a financial reorganization of many accounts, but they would be done in an orderly fashion under law, not by chaos.

We're Still in a State of Chaos

What we've been in, is a process of chaos, because, instead of resolving this problem, instead of providing social security for people who lived in homes, instead of protecting industries and other places of essential employment, we allowed chaos to reign, under George W. Bush, and now, under Obama. We're still in a state of chaos.

We have now reached a point, because of certain developments in the meantime, that it is no longer possible to do what I proposed then, back in 2007. Now, we're in a general crisis, which can bring down, chain-



EIRNS/Stefan Tolksdorff

In his address to the Rhodes Forum, Lyndon LaRouche outlined his proposal for an alliance among the world's four great powers—China, Russia, India, and the U.S.A.—to end the global crisis.

reaction style, the entire planet. Because we have outstanding, a mass of debt, based on financial derivatives, and financial derivatives on financial derivatives, which, if the process of collapse occurs, it will bring down the whole planet, but for a very special reason: Formerly, when we had a system of sovereign nation-states, we would have up to 80% of the requirements of survival within the nation, produced within the nation.

Under the process of globalization, we no longer have that security.

For example, China's a victim of that. China was offered the opportunity to produce more cheaply, than the cost of producing in the United States, as an arrangement, and China assumed that this arrangement would be stable. But now, recently, with the collapse of the U.S. dollar, with the collapse of the U.S. financial economy, a chain-reaction was created, which China has good reason to wonder if it will be able to withstand this blow, without serious damage.

Therefore, we have two questions here: Not only how to deal with the problem of the economy, but, how do we deal with the world economy as well. Because we have to maintain stability among key nations. I have picked out four nations, as absolutely crucial, that they must cooperate, because with their cooperation, and with that of others who join them, it will be possible to take reorganization of the world economy, by eliminating financial derivatives—just cancel them; they're worthless paper, cancel them. Go back to the honest debt of nations, go to a commercial banking standard, and create new credit to replace the worthless old debt. By creating new credit, and launching physical production programs, in infrastructure and other terms, we could, by agreement among nation-states, prevent a general collapse, and actually launch a program of orderly recovery. And these problems that we now face could be solved.

The problem is, that the world is dominated by financier interests, which are essentially parasitical in character. Our industries, our agriculture, our infrastructure is decaying, worldwide—especially in the Americas, especially in North America, and especially in Western Europe. Western and Central Europe is a disaster area. They no longer have national security, economic security: They're dominated by the British, entirely, under the British system, which was established in the context of the breakdown of the Soviet Union and East German economy.

At that point, the British succeeded, with the support of [French President François] Mitterrand, and with the support of George H.W. Bush, the President at that time, in imposing upon Germany, and other nations of Western and Central Europe, conditions which are destructive. And the Western European economy is generally *bankrupt*, today, hopelessly so. It could be reorganized, through bankruptcy reorganization, but presently the whole system of Western and Central Europe is hopelessly bankrupt, as other parts of the world are.

Long-Term Agreements

Therefore, the task, as I defined it, is, if Russia, and the United States, and China, and India, agree, as a group of countries, to initiate and *force* a reorganization of the world financial and credit system, under those conditions, with long-term agreements, of the same type that Franklin Roosevelt had uttered before his death, in 1944, under key nations, the intention of Roos-

event all these years later, could have been realized, and we could do that, today.

That's our chance: Either we do that, or we go under. I can assure you, if you think that there's any possibility that the present system could continue into the coming year, as a system to work with, that there will not be a general, continuing, worsening crisis, at the present time, there will be *no* economic recovery *in any part of the planet*, under the present conditions.

We're now headed for a general chain-reaction breakdown crisis, caused by not only this particular financial crisis, but caused by globalization. Because under these conditions, every nation has become so dependent upon other nations, that any disease, of the economy, any breakdown disease of the economy, will bring down *all* nations of the economy, in chain-reaction form. At what speed, we can't be sure. But that's the danger.

So, the issue now is the political decision: Can we have the United States, under an improved Presidency—and it *does* require improvement—can we have the United States, Russia, China, and India, become a bloc of countries, which each have different characteristics, but if they recognize among themselves, that they have a common interest, they will adapt to each other, and respect each other's different characteristics. The result of this, will be the elimination of the monetary system of the world that has been dominating European civilization since the Peloponnesian War.

The imperial systems of the world, are not the United Kingdom, for example, but the British system is an imperial system. It's an imperial system because of its role in an international monetary system. We no longer have nations which control their own money: We have an international monetary system that does control their money. If you control the monetary market, the monetary system, you control the world.

The monetary system is now a disease. We have to put the power over monetary systems, back in the hands of sovereign governments. This must start, with leading governments—a coalition among leading governments, which agree that this is necessary, and will agree to set up a fixed-exchange-rate system, among reorganized, sovereign, national systems of their own currency, their own credit system. These credit systems must be organized in such a way, that, as in the case of China and some other countries, that the remedy for the problems which now exist, are no longer the remedies that we thought would exist, or many thought could exist, a few

years ago. We now have to think in terms of generating *long-term credit*, at interest-rate charges of 1.5 and 2%, because that's what you require in order to do this kind of thing. China is going to require 50 years of long-term development, to bring itself into the condition it desires to be in. Other countries are in a similar situation. Most of North Asia is in that situation; Russia is also in the same situation.

Therefore, we have to come to a discussion, a moral discussion, of what our objectives are. If we do that, we could survive.

The U.S. Mass Strike

On the concluding point, the Obama Administration: In the United States, we have a kind of phenomenon, now ongoing, which affects about 80% of the population, of a type which was described by a famous lady, Rosa Luxemburg. We now have in the United States, ongoing, since the month of August, something we had also in East Germany, especially in 1989: We have a *true mass strike*, of the type described by Rosa Luxemburg. Not a general strike, but a mass strike, a mass-strike phenomenon, where the majority of the American people, as representative, had gone out, and *had refused* to listen to their own members of Congress; have condemned them, and said, "You members of Congress, shut up! We want to talk to you, now, and tell you what to do!" That's a mass strike, just as happened in East Germany, in 1989, a *mass strike* of the people standing up, shoulder to shoulder against authority, saying, "You, shut up! We are the people. *Wir sind das Volk!* We are the people." And that's what we're getting in the United States, now: Eighty percent of the population of the United States have rejected, as this point, the present Obama Administration.

And the Obama Administration will either be transformed and reorganized, in composition, *or, we will be in real trouble*. Because if the United States is not capable of being reorganized, to do this, I don't know how we can pull it off. I know that there's a possibility among major nations, that Japan would cooperate, other nations would cooperate immediately, once this kind of thing were started. But it's up to the major nations, the four I indicated, who *must* take the initiative, in combination. If they take the initiative, I know the rest of the world will go along.

But we have to understand, we're different nations, with different cultures, these four, and as others. Therefore, if we can cooperate, despite our differences in



EIRNS/Will Mederski

In the United States, today, we have a true mass strike, LaRouche said. Here, a mass rally in Washington, D.C., Sept. 9, against the failed policies of President Obama and the U.S. Congress, also featuring LaRouche PAC's famous "Obamastache."

characteristics, then we have provided a model, which the rest of the world can accept.

Thank you, very much.

The British Imperial Monetary System

Moderator: Thank you, sir.

Q: Excuse me, I would like you to ask you two questions. The first one, do you really believe in the procedure, if we abolish derivatives—is it possible to abolish derivatives, while preserving the market economy?

LaRouche: Absolutely—.

Q: This is first of all. And the second one, I couldn't understand your attitude toward Great Britain as dominating power in Europe. Can you [offer] some proof of it?

LaRouche: But first, let's take the second question first, Great Britain.

The mistake is the assumption, that the British Empire was the empire of the United Kingdom. The British Empire is not the empire of the United—.

Q: It's over now.

LaRouche: No, the British Empire is actually an international financier interest, a *monetarist* organiza-

tion, which is an expression of old Venetian system, which operates through the *monetary* system of the world.

In other words, the issue here: The world is now run by monetary systems, not by national credit systems. Our view, as the view of the U.S. Constitution, is that we do not want a monetary system running the world. We want sovereign nation-states to have their own credit systems, which is the system of their currency. And as Roosevelt proposed, in 1944, and has been argued otherwise earlier, these nation-states should set agreements, on a fixed-exchange relationship among themselves, for the purpose of being able to guarantee low-interest credit, for international credit, without the inflationary effect of a floating-exchange-rate system.

Therefore, eliminate the monetary system. Use the national currencies of nation-states, sovereign nation-states, to come into a fixed-exchange-rate relationship, which can be adjusted but it should be fixed, so that we do not have inflation in interest-rates' charges on outstanding loans. Because, our requirement, now, is we have to think in terms of *50 years ahead*, of credit expansion, for basic economic infrastructure, in order to get the economy moving again.



EIRNS/Daniel Grasenack-Tente

The mass strike has also erupted again in Europe, as the 20th anniversary of the Leipzig Monday demonstrations was celebrated in Germany, as seen in this photo of a 100,000-person rally in Leipzig, Oct. 2, 2009, with the BüSo banner held high.

So that's the point of the thing: Is to get agreements among nations, which are *dissimilar enough* to be representative. If you want a general agreement, you have to have agreement among nations which are dissimilar in characteristic. You get that agreement, and with the terror that's going to strike this nation, now, with this crisis, it's possible to make great changes. But it takes big nations, with smaller nations associated with them, who can *force through this kind of change globally*. It's our only chance.

The Mars Project

Moderator: Thank you. [In Russian]: Very interesting. Professor Kochetov also wanted to ask Mr. LaRouche about something.

Q: Mr. LaRouche, your very content-rich report [audio break] ... look for some alternative to globalization, or should we expect some nationalist and other counter-movements against globalization? You were talking about the monetary, but what will be the reaction of the economy, for example, the cycles of production, if, indeed, the “alter-globalism” would prevail?

LaRouche: Well, first of all, we have to get back to more emphasis on physical economy, and the development of the minds of peoples, in accord with physical economy. The hallmark for this, is the Mars project. In order for man to meet Mars—the same kind of thing was done with the Moon project, but the Moon project

was already, you remember with Kennedy, was a Mars project. The intention was, if we could get to the next planet in the Solar System, we would have developed the technologies needed to solve all problems on Earth. That was the principle.

The idea was, that the Moon would be a base of operations, from which to build the industries to send to Mars, to send the operation to Mars. This involves a relativistic economy, as Einstein defined relativism, in terms of electromagnetism and gravitation, as being the same phenomenon. Because,

to get to Mars, means you have to travel about six days, in an accelerated mode, using helium-3 as a fuel, as the driver. And the helium-3 is there, on the Moon, to be taken. So, with a fusion energy process, with a helium-3 mode, mankind can reach the Mars orbit from the Moon orbit, within six days! The question is, how to do that?

Now, if you give man a future to work for, rather than just working from the past, mankind is motivated to develop the scientific and other skills, and develop them enough to do this kind of job. We need a mission-orientation for the next three to four generations, to get this Mars project in place. The purpose is not to get there quickly, now. The purpose is to give our economies a *purpose*, and the purpose is also to take each nation on this planet, and give every people, and every nation a sense of participation, in this great common interest of mankind, to take care of our own global system.

Therefore, we need to simply take all this derivatives garbage, which is credit upon credit upon credit, beyond imagination! It's pure thievery and gambling. And gambling debts, when lost, are cancelled. Therefore, we don't need to pay the gambling debts, called “incentives” and “financial derivatives.”

But we *do* have to provide a mechanism, where nation-states can generate enough credit, within themselves, to solve these kinds of problems, and go on to reach Mars!

New Alliances for a New World System

by Helga Zepp-LaRouche

Helga Zepp-LaRouche delivered the following address on Oct. 9 to the conference of the World Public Forum Dialogue of Civilizations in Rhodes.

The fuse of the powder-keg we're sitting on, is already burning. In order to prevent a chain-reaction disintegration of the world financial system and a plunge into chaos, an emergency, government-level conference must be immediately convened to decide on a new world financial and economic system. The most important thing which this conference in Rhodes can do, is to send governments an appeal that such a conference be held before the end of October.

The collapse crisis has been in full swing for the past 26 months, but during that time, governments have shown themselves unable to get the problem in hand. At last year's Rhodes Conference, there was widespread agreement that the neoliberal paradigm has been a failure. At that time, a few shocked heads of government called for a new Bretton Woods System; but since the G20 summits in April in London, and in Pittsburgh in September, at the very latest, it has been obvious that governments are being controlled by the financial oligarchy—and not the other way around. The devolution of the crisis has made one thing clear: We do not have democracies in the United States and Europe; rather, we have a bankers' dictatorship.

The banks, hedge funds, and the entire system of innovative financial instruments have brought about this crisis. For decades, neoliberalism has preached that the state should not interfere. But the moment that this system of global speculation was on the way down, suddenly the state and its taxpayers would have to make up for their losses. As if it were a matter of course, governments unhesitatingly assumed the role of bankruptcy postponers, in the interest of maximizing the profits of predatory capitalism, at the population's expense. The argument that their defense of certain banks has been systemic in nature, is indeed true, because the future of the casino economy is at stake.

In the United States alone, at least \$23 trillion in bailout money has been issued to save troubled banks and their toxic financial waste—which has only made everything worse. Every government involved has accumulated mountains of debt, while, at the same time, the real economy is in free-fall worldwide. High-risk speculation is continuing without let-up: The BIS is talking about a new \$426 trillion derivatives bubble, while, at the same time, the credit squeeze continues for medium-size factories and industrial firms. And if this hyperinflationary bubble explodes on top of an enormously shrunken real economy, there's a very immediate threat of inflation like that in Germany in 1923—only this time worldwide.

In the United States, government bankruptcy can no longer be concealed: Out of its 50 states, 49 are insolvent, while countless cities and counties are broke, and there is 30% real unemployment. Many people have lost everything—their jobs, their homes, their health insurance—and there's a drastic increase in the number of tent cities for the homeless popping up across the country.

A Mass Strike Phenomenon

In reaction to this collapse, since early August, a mass strike has been brewing in the United States—just as Rosa Luxemburg described this phenomenon in the early 20th Century. A large segment of the population has completely lost any confidence in the government and the Congress. Since April 11, when my husband Lyndon LaRouche, at his webcast forum, pointed out the parallels between the Obama Administration's health-care program and the Nazis' Tiergarten 4 policy, there has been growing popular recognition that the people are expected to shoulder the costs of the bank bailout packages.

In this highly dramatic situation, there is a distinct possibility that the Wall Street agents—people such as Larry Summers, Ben Bernanke, Tim Geithner, and others, who, it is now known, deliberately lied about the banks' conditions in order to get the government bailout package adopted—will be booted out of office, and that, in this predicament, the U.S. government will have no recourse but to return to the tradition of Franklin Roosevelt.

LaRouche has long proposed that only a combination of the world's four most powerful nations—the United States, Russia, China, and India—has the necessary combined power to put a new financial architec-

ture onto the agenda. Governments' total failure in all combinations heretofore—the G7, the G8, the G20—highlights the correctness of his thesis. These four nations should, of course, coordinate with other sovereign states, such as Japan, South Korea, Germany, France, Argentina, Nigeria, and so forth.

The emergency conference to be immediately convened, on a heads-of-state level, must decide to replace the bankrupt monetary system with a new credit system. Its first priority must be to take the toxic waste—i.e., unmarketable “securities,” the result of so-called innovative financial instruments which are estimated to be in the hundreds of trillions, or even a quadrillion dollars—and strike it all from the books. Second, governments must ensure that sectors dedicated to the general welfare, such as personal savings (below a set amount), social support programs, the continued functioning of chartered banks, and so forth, are protected by state guarantees.

Each sovereign nation should then create a national bank, based on the model of Alexander Hamilton's First National Bank in the United States. The right to create credit must remain exclusively with sovereign governments, and must be governed by clear physical-economic scientific criteria. The Glass-Steagall standard, introduced under Roosevelt, which was cancelled in 1999 by Larry Summers, must be reinstated.

Participating states must establish mutually agreed-upon fixed exchange rates, and long-term, multinational credit agreements must be made on the basis of low-interest-rate credit for well-defined industrial, infrastructural, and agricultural projects. The kernel of this world economic reconstruction could be the expansion of the Eurasian Land-Bridge, with development corridors extending over the Bering Strait, to North America and South America, and to Africa, via Egypt, Sicily, and Gibraltar.

The goal of this reorganization must, at the very outset, be to create capital-intensive jobs in the high-technology sector, thereby maximizing energy flux-density, so as to attain technologies such as nuclear fusion, and the greatest possible energy and raw materials security for every country, as quickly as

First and foremost, manned space travel must assume the role of “science driver” of the economic revival. The choice of what investments to make, must be aimed at achieving the best possible increase in the world economy's productivity, in order to repair, as quickly as possible, the damage wreaked by globaliza-



EIRNS/videograb

In her address to the Rhodes conference, Helga Zepp-LaRouche called for an emergency conference, to be convened immediately, among heads of state, to replace the bankrupt monetary system with a new world credit system.

tion, and to bring industrial and agricultural capacity up to the level required to permit our currently almost 7 billion people to live with dignity. Since realizing most projects requires longer investment periods of 20, 30, or 50 years, these multinational agreements between nations already constitute the seed-crystal of the new credit system.

Why Europe Can't Lead

One of the questions which comes up most frequently, revolves around why the European Union (EU) is not mentioned in connection with this new system. The reason for this becomes clear when you examine the political motivations on which the now almost-ratified EU Lisbon Treaty, along with the previous Maasticht Treaty, are premised. None other than Roman Herzog, the former German President, already warned, back in 2007, that the EU is a threat to parliamentary democracy in Germany, and said that the Lisbon Treaty ought to be rejected on those grounds.

If it had not been for the intervention by the German Constitutional Court in Karlsruhe, on June 30 of this year, the EU, under the Lisbon Treaty, would have become an absolute, imperial oligarchy—an alliance in which there would be a gaping chasm separating na-

tional parliaments, and the citizens they represent, from the supranational bureaucracy in Brussels, which would have no accountability. The Lisbon EU is also a military alliance, which obliges members to engage in an arms build-up, whereby the so-called solidarity clause requires member-states to accede to whatever military deployments the majority decides on, and to join in those deployments, without any right to veto.

Given the current breakdown crisis, the EU Commission's insistence on maintaining the Stability Pact and the credit restrictions, even before the ratification of the Lisbon Treaty is finalized, is the straightest path to suicide. The fact that the EU is now imposing disciplinary proceedings against member-states which have surpassed the "permissible" maximum indebtedness—imposing stiff fines, and hence, even more debt—is absurd. Under these conditions, any productive credit creation for overcoming the crisis, in the tradition of Roosevelt's New Deal, or of the Lautenbach Plan, or the ADGB [German trade union federation]'s Woytinsky-Baade-Tarnow Plan in the 1930s, is an impossibility. As long as Europe sticks with this policy, no positive initiatives toward overcoming the crisis will be possible.

But, if, on the other hand, the proposed alliance of the United States, Russia, China, and India, comes about, then it is entirely possible that Europe's sovereign fatherlands (as de Gaulle termed them) can, as sovereign states, join up with the new system.

Documents recently released by the British government on the circumstances whereby Germany was forced to join the currency union as its price for reunification, supply irrefutable arguments in support of the right of every European nation, under international law, to cancel the Maastricht Treaty and all of its successor EU treaties. Margaret Thatcher and François Mitterrand's irrational Germanophobia was the motor driving the idea of transforming the EU into an oligarchical empire of British design.

The reality of developments in Europe since Maastricht, has demonstrated that governments have made precisely the political arrangements which the financial interests and the EU Commission had wanted them to make (e.g., the deregulation of the financial sectors via True Sale International in Germany, the privatization of health care, etc.). And then the parliaments rubber-stamp the requisite legislation, usually without even having read it through. The dupes are the citizens, who, for example, must now pay for the trillions that have been gambled away.

If Europe is to survive, it must liberate itself from this corset.

The very idea that Tony Blair could become the first president of Europe, highlights the imperial nature of this supranational dictatorship. Blair, the conceptual author of the Iraq War, which was built on lies, spoke during his infamous 1999 Chicago address, about a new "liberal imperialism," declaring that the era of the Peace of Westphalia, and of respect for national sovereignty which

We must open a new era of humanity, one in which oligarchical and imperial designs have been defeated once and for all, replaced with an alliance of republics which are perfectly sovereign, yet, which are united through the higher interest of mankind as a whole. It is possible to bring this about, but it will require interventions by courageous individuals who are fired by a passionate love for mankind.

flows from it, is now finished, and that henceforth, world-wide NATO interventions on "humanitarian" grounds are necessary, "even if we are not threatened directly."

On the contrary: What we need, is to re-enforce the Treaty of Westphalia. The required peaceful order must be based on the most crucial principles of that treaty (which became the foundation of international law), namely, that all solutions must always give due consideration to the interest of the other. A multipolar world that lacks this principle, one in which the diverse axes merely pursue their own geopolitical interests, is a sure-fire recipe for a new world war.

We must open a new era of humanity, one in which oligarchical and imperial designs have been defeated once and for all, replaced with an alliance of republics which are perfectly sovereign, yet, which are united through the higher interest of mankind as a whole. It is possible to bring this about, but it will require interventions by courageous individuals who are fired by a passionate love for mankind. This conference, I think, is the place which can catalyze that intervention.

Dump Bernanke Before He Destroys the Dollar!

by John Hoefle

Oct. 17—We have long warned that the bailout policy of Federal Reserve chairman Ben Bernanke would sink the dollar, and with it, the global financial system. Some of our international creditors have expressed the same concerns.

Notable among them, are the Chinese, who have been quite vocal in expressing their anxiety. China and Japan are the top foreign holders of U.S. Treasuries, with \$797 billion, and \$731 billion, respectively, as of August 2009, well ahead of the third-place United Kingdom, with \$226 billion. Were China and/or Japan to either stop buying our securities, or begin to liquidate their holdings, the U.S. would be in deep trouble.

China, especially, is worried that the actions of Bernanke will destroy the dollar and, thus, obliterate the value of its holdings. To mollify these concerns, a number of U.S. officials, including Treasury Secretary Tim Geithner, have repeatedly promised the Chinese that the U.S. would keep the dollar strong.

However, despite official promises from the U.S. government, the recent actions indicate that the Fed is taking steps to deliberately devalue the dollar. This devaluation policy has, according to an informed banking source, triggered an intense debate within the Fed. Officials of some of the regional Federal Reserve Banks, more grounded in reality than the bubbleheads at the Federal Reserve Board in Washington, seem to understand that lying to our creditors is not a smart



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“What Bernanke is doing is the worst possible thing you can do,” Lyndon LaRouche commentend about the Fed chairman’s insane policy of driving down the dollar. It’s time for him to go.

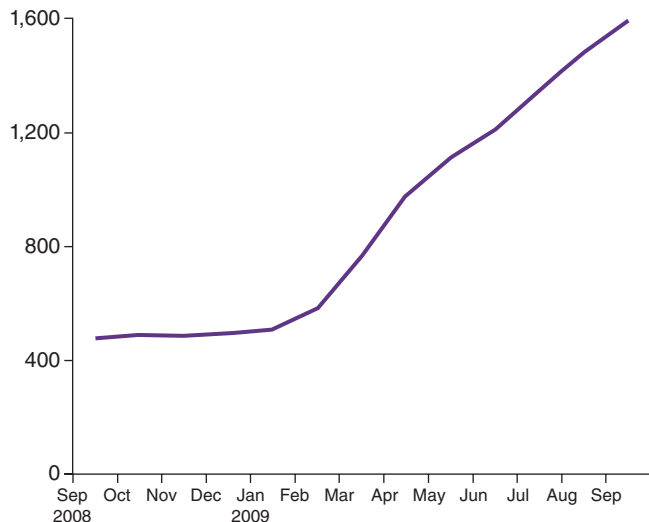
move, especially when we need their cash to avoid a complete shutdown of the Federal government.

“What Bernanke is doing is the worst possible thing you can do,” Lyndon LaRouche said in response to the source’s report. “Bernanke is making a liar out of the U.S. government. Government officials promised to defend the dollar, but Bernanke’s policy is to sink it. It’s time for Bernanke to go.”

FIGURE 1

Fed Holdings: All Securities

(\$ Billions)



Source: Federal Reserve.

“Bernanke must be dumped,” LaRouche continued. “The U.S. Presidency made a promise to China, but Ben Bernanke is now overthrowing that agreement. This is intolerable! If we have to choose between Bernanke, who is useless anyway, and one of our key partners, China, which is very important to us, we’ll choose China over Bernanke every time!”

“The U.S. can’t afford his [Bernanke’s] mistakes, which appear to be chronic rather than episodic,” LaRouche added. “Under the circumstances of a global financial meltdown, such actions threaten to plunge humanity into a New Dark Age.”

“There are some regional bankers and economists who know what I’m talking about, because they know how bad things are in their Federal Reserve districts,” LaRouche concluded. “They should join me in demanding that Bernanke leave at once.”

Dollars to Cents

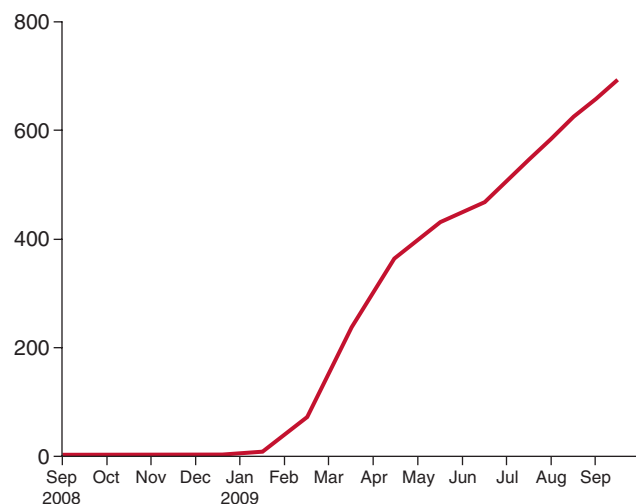
Despite all the talk about winding down the bailout, the Fed remains firmly committed to the policy. The Reserve Bank has more than tripled its holdings of securities this year, from some \$500 billion at the end of 2008, to \$1.6 trillion in September **Figure 1**. Nearly \$700 billion of that increase comes from purchases of mortgage-backed securities **Figure 2**.

To pay for these purchases, the Fed has been print-

FIGURE 2

Fed Holdings: Mortgage-Backed Securities

(\$ Billions)

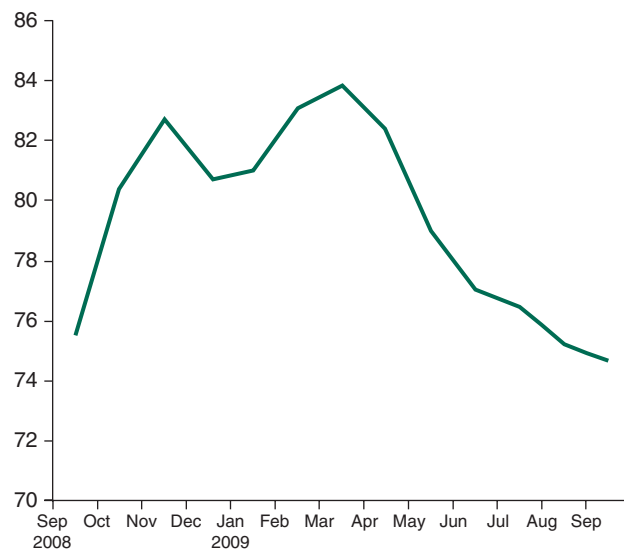


Source: Federal Reserve.

FIGURE 3

Dollar Plunges Against Major Currencies

(Indexed to a Basket of Currencies, March 1973=100)



Source: Federal Reserve.

ing money at a staggering clip. By its own admission, it has doubled its balance sheet to \$2 trillion since the financial system collapsed in July 2007, and we see no reason to believe that the Fed is telling the whole truth. Given the way Bernanke has repeatedly lied to Con-

gress and the public, and given the vehemence with which the Fed is fighting all efforts to submit to an audit, or reveal the details of its bailout expenditures, it is obvious that the bank has a lot to hide. We can't help but wonder whether that includes lying about its balance sheet.

One thing is clear, however: the Fed's money-pumping is making the world quite nervous. This can be seen in the rapid decline of the value of the dollar. **Figure 3** shows the value of the dollar against a basket of major currencies over the past year—the same period as Figures 1 and 3. Comparing the graphs, one can easily see that the more money the Fed pumps to buy securities, the faster the dollar falls. Bernanke is killing the value of the dollar, along with the rest of the economy, with his insane bailout scheme.

He may not have any sense, but he is certainly reducing the value of a dollar to cents. A bad pun, perhaps, but a horrible policy.

Deficits

The effect of this horrible policy can also be seen in the growing gap between the Federal government's revenues and expenses. For Fiscal Year 2009, which ended Sept. 30, the Federal government ran a budget deficit of \$1.4 trillion, a trillion dollars more than the deficit for FY2008. These are the official figures from Obama's Office of Management and Budget, which are full of accounting tricks—like most financial statistics these days, the deficit number represents a “what we're willing to admit” approach, with reality being far worse. But you don't have to have an exact number to know that the bottom has fallen out, and that the situation is unsustainable.

These deficits are, of course, funded with borrowed money, and, with the dollar falling, foreign investors have less reason to buy U.S. debt. Especially, as it becomes more obvious that the U.S. is planning to redeem that debt, as it comes due, with devalued dollars.

The only reason that China, Japan, and others might continue to lend money to the U.S., is the fear that, if they don't, the U.S. government will collapse, rendering their entire holdings worthless. That is a valid fear, and one the Obama Administration is obviously playing upon.

The Triple Curve

Ultimately, it doesn't matter whether people buy our securities or not, because the dynamic controlling ev-

everything in the economic/financial sphere is the process represented by LaRouche's “Triple Curve” (see p. 17). While most of the attention of the bailout crowd is focussed on the upper two curves—the monetary and financial aggregates—it is the lower curve, representing physical-economic activity, upon which our future depends.

Despite the claims of the idiots of Wall Street and the City of London, it's not money that makes the world go 'round, but physical-economic productivity. You can't eat money, though perhaps at some point in the near future, it might be feasible to build a rudimentary house out of bundles of worthless currency and securities. In Weimar Germany people took to burning their worthless currency in furnaces to keep warm, so keep that in mind if you have a fireplace. As the not-such-a-joke goes, the good news is that we'll all become trillionaires; the bad news is that that's what a loaf of bread will cost, if you can find one.

Physical production in the U.S. has gone flat, bolstered only a little by the way in which the falling dollar has made the remaining U.S. products cheaper to foreign buyers. Call it Bernanke's clearance sale, or maybe a going out of business sale. Either way, it's an ominous sign.

What is required, urgently, is a crash program to rebuild America's productive base, our infrastructure and our industry, so that we may begin to produce wealth again. For that, we don't need bankers, except in a narrow supporting role. What we need are old-fashioned blue-collar jobs, the kinds of jobs where people build things, where people spend their time doing things like transforming ores into metals, and metals into machines and structures that increase the power of human labor. We need scientists to push back the frontiers of human knowledge, and engineers to put those breakthroughs to work. We need a national mission, like a Moon-Mars program, to focus our attention on the possibilities of the future, to give us a sense of optimism, to allow us to regain that sense that we can control our own destiny.

We stand at the edge of the precipice, from which we can either plunge into oblivion, or soar into space. Let us choose the latter, beginning with the implementation of the “LaRouche Plan” (see *EIR*, Oct. 16) Far better that we travel to Mars, than to descend into the Hell of a New Dark Age, down the road paved with Bernanke dollars.

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Revive the Glass-Steagall Principle: First Step To Solve Financial Crisis

Longtime leader of the LaRouche political movement, and leader of LaRouche PAC on the West Coast, Phil Rubinstein gave this interview on Oct. 7, to Alicia Cerretani of LPAC-TV, on the Glass-Steagall principle. The discussion can be viewed at <http://larouchepac.com/lpactv>.

Alicia Cerretani: Today, we want to talk to you about banking. As of this moment, the Obama Administration has committed the American people to a \$23 trillion debt, while at the same time, presiding over record job losses in some of our most productive industries. We're in a period in which the only precedent is the hyperinflationary collapse of Weimar Germany in 1923, where the imposition of an impossible reparations debt broke the back of Germany, and created the conditions for fascist austerity.

However, back then, the Reichsmark was not the world's reserve currency, so that collapse was relatively contained, compared to the situation we're facing today.

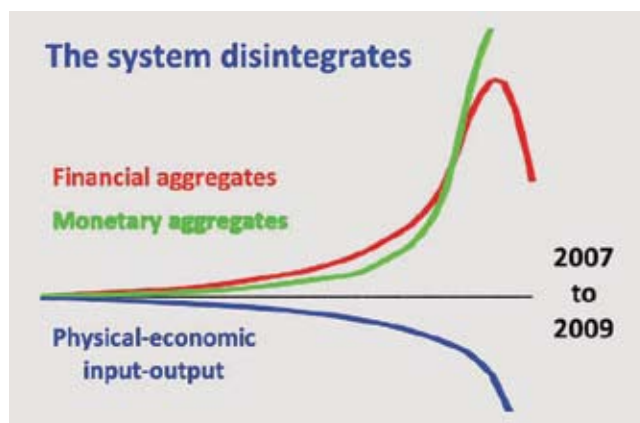
The other fundamental difference, is that today, unlike Germany, we have the authority to wipe off the fictitious debt before it blows up and takes the entire dollar-denominated system down with it.

So, Phil, not only do we have the precedent of Weimar Germany to illustrate the situation, but we also have Lyndon LaRouche's Triple Curve Function (**Figure 1**). Could you say a couple things about the triple curve?

Rubinstein: We're in a situation as LaRouche has described it, where you have one integrated function covering three aspects of the way the economy functions, in terms of credit, the issuance of currency, and the productive aspect of the economy, which should be the critical aspect: the physical economy.

What we've had now, and what you referred to in Weimar Germany, is a situation where the monetary aggregates—money—has been the determinant: the un-

FIGURE 1
LaRouche's 'Triple Curve'



controlled, unregulated determinant of everything else. So we have a situation where, over the recent decades, since 1987 in particular, we've had a complete deregulation. Which means that the monetary emissions govern everything. They govern financial instruments, which are, at least in some way, tied to some income stream from the physical economy. So, the period we've entered into, is one with an *uncontrolled* emission of monetary aggregates, in an effort to prop up a collapsing financial aggregate, which ultimately demands something from the physical economy—income streams.

A couple of years ago we saw the effort to grab Social Security; we see now massive cuts in health care, which is the essence of the Obama Nazi health-care reforms.

And so, when you look at this picture, what you see is hyperinflationary, soaring monetary emissions, financial aggregates which are tending to collapse, and have collapsed, and are now being pumped up by issuance of currency, of monetary aggregates, and an increasing rate of looting of the real physical economy.

This is something that's been going on, really, for four decades, but accelerated in 1987, when you had an actual depression collapse of the financial system. And, Alan Greenspan came in, as LaRouche has identified, with a completely insane, monetarist approach, with no qualifications.

Cerretani: Right. But what Greenspan did, he could only do with the repeal of the Glass-Steagall Act, which was set up by Franklin Roosevelt—the slow, sort of stripping away of what the Glass-Steagall did.

Rubinstein: In fact, Greenspan was one of the leading, if not *the* leading proponent of getting rid of Glass-Steagall. When he came in, technically, Glass-Steagall still existed. There had been a couple of moments of chipping away at it, which we can look at a little bit. But, he was the one, in '87, who moved to break Glass-Steagall completely, and this was worked on throughout the 1990s, and indeed, they chipped away at it.

Finally, in '99, with Larry Summers as the Secretary of the Treasury, who's now in the Obama Administration, Glass-Steagall was repealed. And, at that point, the barn, the horse, the cows, everything was gone.

The Glass-Steagall 'Firewall'

Cerretani: So, what exactly was the Glass-Steagall Act, then?

Rubinstein: Glass-Steagall was part of the First Hundred Days of the Roosevelt Administration. Now, Glass-Steagall refers to two Congressmen: Sen Carter Glass (D-Va.) and Rep. Henry Steagall (D-Ala.), who promoted the bill. This was called the National Banking Act, which included the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, and in this case, Glass-Steagall basically separated, or put up a *firewall* between speculative [commercial banking and] investment banking, that is, the kinds of things that investment banks get involved in: speculation on commodities, speculation on what I would call, a secondary market in debt.

In other words, you take a financial instrument, and you speculate on its value, day by day, quite apart from, given the time scales, anything going on in the real economy.

So, what the Glass-Steagall Act said is, a commercial bank, a bank that holds citizens' deposits, for example, and then uses those deposits for certain kinds of investments in the real economy—mortgages, etc.—



EIRNS/Sam Dixon

Phil Rubinstein explains that the constitutional principle behind the New Deal, and the Glass-Steagall Act as part of it, is what Lyndon LaRouche means when he talks about a "credit system."

that kind of bank cannot engage in speculative investments. And a series of regulations specified that they can have no proprietary role—in other words, the bank doesn't use the savings of citizens to make money on its own investments.

So, it's a complete firewall. There are two separate kinds of banks, and one can't engage in the activities of the other. They also put in certain controls over interest rates, that certain banks could pay, for example, savings & loans. They had something called Rule Q, so that, up until 1980, when this was overturned by Sen. Phil Gramm, really, savings & loans were regulated as to the nature of investments and the amount of interest that they could pay.

This was a very rigorous regulation, constraining commercial banking, that is, state and Federally chartered banks. It also had a certain separation between Federal and state banks. So that these things were completely regulated, that the banks had to be oriented toward investments in the real economy, and relatively limited. As I said, no secondary market in debt. You couldn't sell the mortgages and securitize then, the way we have today, and turn them into instruments that people speculate on.

Glass-Steagall was the complete separation of these



President Franklin D. Roosevelt signs the historic Banking Act of 1933, which included Glass-Steagall. To his immediate right and left are Sen. Carter Glass and Rep. Henry Steagall.

kinds of banking. And that's what Greenspan wanted to break. So you could take, effectively, the assets of commercial banks, and use them for the most wild-eyed, unregulated speculation.

Cerretani: In a way, if you didn't have that firewall between the consumer banking and the investment banking, the investment bank's debts would have nothing to back them up, if it wasn't for something that they could loot from the physical economy.

Rubinstein: And, frankly, they wouldn't have the assets on which to base it. Like, what they do with mortgages—some of this stuff, I think, people react to it, and say, "Well, it *couldn't* really be like that, because it sounds so insane." But, it is like that, and it is insane!

So, for example, a mortgage-backed security is not really a mortgage. They don't hold the mortgage. You bundle a bunch of mortgages together, and you give them different credit ratings, and then, you bet on the value of that security, which is not the mortgage. In a sense, you could say, well, maybe it's backed up by the mortgage, eventually. But it's not the mortgage. It's just how much people are willing to pay for these secu-

rities instruments, these new financial instruments. And then, they bet on the value of that, and of course, the betting can be very short term. These things can turn over, overnight. Whereas, if you hold a mortgage, you hold the mortgage for 20 or 30 years. And that's your investment.

Government for the General Welfare

Cerretani: Franklin Roosevelt had said, I think it was to J.P. Morgan, "Look, you can be either a commercial bank, or you can be an investment bank, but you can't be both." What is it that Roosevelt understood, or his administration understood, about banking? What becomes obvious, when you look back at Roosevelt's history, or when you look at the effect of this sort of deregulation on the physical economy, is that this isn't just irresponsible monetary and financial behavior. It's got a political objective, it has physical implications for people's lives in the future. So what was it that

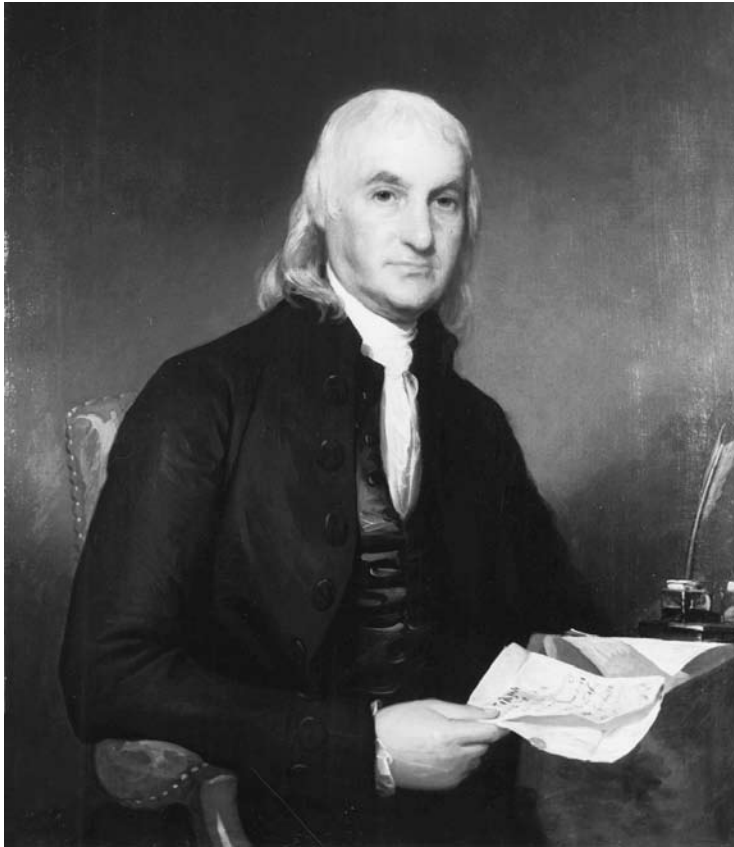
Franklin Roosevelt understood when he put this whole package of banking regulations in effect, in 1933?

Rubinstein: He understood that the government existed for a purpose, that it existed to reflect, at least, some protection of the future development of the economy for the population as a whole. So, he started from principles.

See, I think part of the problem is if you think of it as banking, as such; you get involved with the technical details of banking—"What about this case?" and "What about that case?" But you have to operate by a principle.

And to understand Roosevelt: Roosevelt's great-great-grandfather Isaac Roosevelt worked with Alexander Hamilton, in setting up the First National Bank. Now, that really gives you an idea: Roosevelt had an idea of national banking, that the government had a role in using, in the case of Hamilton, the state debts that were incurred during the Revolutionary War. And, extending them over time, to use them as the basis for investment in physical economy: infrastructure, technology, everything that Alexander Hamilton wrote about in the "Report on Manufactures," and so on.

Roosevelt, as a young man, wrote a short paper en-



Franklin D. Roosevelt Library

President Franklin Roosevelt's great-great-grandfather Isaac Roosevelt (1726-94) (shown here) worked with Alexander Hamilton in setting up the First National Bank. Portrait by Gilbert Stuart.

dorsing his great-great-grandfather and Alexander Hamilton. So that was his idea of banking.

Cerretani: This wasn't just the government trying to tell people what to do?

Rubinstein: No. See, I think one of the things you have to get to is, what's the argument that Hamilton makes in the *Federalist Papers*? *We need a union: We need a union of states that forms one nationally sovereign country which is going to, particularly, control its credit. Control the issuance of credit, which is credit for physical activity into the future. And that that's based on the Federal government's unified decision, based on political processes, and so forth, as to what we're going to do.*

Now, that's what LaRouche means by a "credit-based system." You don't issue money, and then have people speculate on the value of money, and then, based on that free-market speculation, something might get

invested. You start by using the needs of the population, as determined by some political discourse, to issue credit, and that's all that the national currency will back up. That's the only emission of currency that's organized by the Executive, and approved by the Congress.

So that was really where Roosevelt was coming from.

Now, Roosevelt, also, I think, had a very direct experience of this as the governor of the state of New York, because he fought intensively against the public utilities holding companies, where you'd just set up a shell holding company, which would then, take the income from the utility, throw the losses, really, onto the utility, and then, pump up the value of the stock of the holding company, based on these income streams. So it was a perfect example of a speculative shell, which would then invest this money to pump up its own stock values, looting the utilities.

Cerretani: Right, at the expense of the real, physical economy.

Rubinstein: And, indeed, Roosevelt was engaged in trying to integrate the electrical grid of New York State—this was something he did later, as the President. So he saw this, *explicitly*, and fought against it as the governor of the state of New York, against the monopolies, electrical

utilities, and so forth.

So, he also applied exactly the same principles nationally, because the Public Utility Holding Company Act of 1935 did essentially the same thing for utilities. It said, you can't have a holding company and a utility, and have the holding company take the income from the utility, and invest it financially. The utility has to reinvest its income in the infrastructure of the utility.

So he's applying a physical-economic principle that goes back to Hamilton. And I think he saw it very much as his own heritage. He did some studies on this when he became a victim of polio. But I think what's important, see, is that this is a principle that founded the country.

The Basis of the Union

Remember: The Constitution was 1787 to 1789. The Revolution ended in '83. We had the Articles of Confederation in the meantime. The country was fall-

ing apart, because it was falling prey to the free-market interventions of British Empire. So, the Constitutional Convention was to *form a Union*, where the Federal government represented a universal principle; the states had rights within that.

The same thing comes up in the Civil War. Lincoln fought for the Union. Without the Union, we don't have any sovereignty. In effect, the Banking Act of June 16, 1933, was a reimplementation of Federal, national sovereignty over the economy of the United States, with perfect respect for private property, private investment, and so on and so forth. But, there's a universal principle that governs the issuance of currency, which falls under the credit principles. I think that that's really where Roosevelt was coming from.

Cerretani: And since that time, it's been taken back down. When LaRouche looks at the situation we're in today, he says, really, we've written a blank check to the international financial powers that be, and if the American people have to make good on that promise, we will have to impose some sort of fascist austerity on the population.

So when LaRouche proposes that we cancel this fictitious debt, it's really a reassertion of these basic fundamental principles that founded the country, without which, we're not really the United States; without that, we really don't have the sovereignty, the unique sovereignty of the United States is not being exercised.

Let me ask you this then: Do you think that this takedown of the Glass-Steagall, and the bailout today—all of this—do you think this is being perpetrated by the same sort of enemies that Roosevelt faced, and the international banking community that Lincoln was up against, and that we fought a Revolution—

Rubinstein: Yes, absolutely. The destruction of the United States before the Civil War came from the reintroduction of slavery after the Hartford Convention, into the 1820s and '30s. And this is where the issue of secession kept coming up, the nullification that Calhoun of South Carolina said was the right of the states: that they could effectively destroy the Union—and this was before the secession threat.

The economy of the United States was attacked by Andrew Jackson, Martin van Buren, August Belmont, and they were operating from the standpoint of imposing the British free trade of the day, which was looting the South through slavery; and the idea was to destroy

the Union, destroy the United States, to split it up. The economy of the United States went through a tremendous crisis after the 1837 takedown of the Second National Bank by Jackson. And the economy collapsed; there was no infrastructure—.

If you look, for example, at the railroad system: There was a certain amount of development in the 1820s, and into the early 1830s, the Baltimore & Ohio, and so on. And then, it stopped. There was no infrastructure development. For example, in Illinois, they tried a huge infrastructure project that collapsed. *But:* the rail and water management grid that was put in under Lincoln, when he was a state legislator, and others, *did* form the basis, ultimately, for the growth of Illinois.

So, all this was attacked, and the United States was essentially collapsing, until Lincoln came in, when finally, push came to shove, so to speak. It was clear that the country was going to be split up. So he came in, and what did he do? He reinstituted some universal principles: the development of the railroad grid, water management, the agriculture and mining schools, the land-grant colleges. And, this led to the industrial explosion of the United States, along with the greenback policy: He had to effectively take control of the currency.

So Roosevelt comes in at the point that, effectively, again, after the creation of the Federal Reserve, the assassination of President McKinley—the industrial policy, the infrastructure policy had been destroyed. U.S. rail has barely grown since the early 1900s—

Even to this day. We probably had almost as good a rail system in 1900—it took about the same amount of time to go from Washington, D.C. to New York by train in 1900 as it does today.

The British Takeover

And, as you mentioned, the Morgan interests were sent here by the British. So we're dealing with the British-Venetian monetarist system, looting the United States, destroying it; massive speculation during the 1920s, total control of the financial system. And Roosevelt came in and stopped that, at the point that we could have gone the same way as Europe: fascism. Roosevelt stopped it.

Now, we've gone through a 40-year period, after Roosevelt died—it began with Harry Truman, with the globalization policy, with the colonial policy. But again, this went through certain upshifts, such as when Ken-

nedy was assassinated, and we entered an Asian war, which has been the British policy since then. One Asian war after another. This introduces a certain inflationary tendency in the economy.

But then, there's the entire takeover of the financial system, the breakdown of the FDR regulations, '80, '90—and then, with the financial blowout of the early 2000s, the early part of the 21st Century—now it's a purely monetary explosion, of purely monetary values. And this almost disembodied circulation of monetary aggregates—which they say is the only way to keep the financial aggregates up—it may prop it up for a short time, but it requires loot from the physical economy, whether it's people paying mortgages, health care; and this is the driver for fascism, as LaRouche has pointed out, over and over again.

And, as long as you have this uncontrolled monetary emission, you have, effectively, hyperinflation. It's sitting there. And today, it may not take the form of a \$300 gallon of milk, but it takes the form of the imminent collapse of the dollar.

What We Need Now Is a Standard

Cerretani: Right. The physical economy has been looted. And LaRouche is warning that this debt has to be cancelled, by holding everything in the entire monetary-financial system up to a Glass-Steagall standard, where you say, "This is fictitious. We're going to cancel it." If that is not done, the legitimate financial claims and debts—for agriculture, business loans, mortgages, people's personal accounts—those are going to go down with the fictitious debts. And the whole financial system, our entire banking, system will sink.

And that's when you have a situation where the population of the planet could be reduced by more than half. We've seen that happen before, what LaRouche refers to is the 14th-Century Dark Age. And what becomes clear, if you look at this from an historical perspective, is that, you're looking at two different systems: You're looking at a monetary system, imposed by an empire, to control the lives of the entire world, versus what the United States was successful in launching, which was a republic, and the sovereign control of its currency, which meant it was the biggest enemy of this monetarist system.

Regarding this Glass-Steagall standard—we have days, maybe weeks to make this happen, because we



Whistling past the graveyard, the lead story of the Washington Post on Oct. 15 hails "the recovery"—as indicated by the stock market. The disembodied circulation of monetary aggregates may keep the financial aggregates up for a time, says Rubinstein, but only at the price of looting the physical economy and living standards.

are in a period where anything can trigger a run on the dollar. People holding our Treasuries can say, "This isn't worth anything," because it's not, and the value could plummet. And then, not only are we holding dollars that aren't worth anything, but the rest of the world is too. And there's a whole blowout.

So, how do we do it?

Rubinstein: See, these things are a lot simpler than people think. You go to Congress, and you say, "We are going to reinstitute Glass-Steagall." Now, that's a standard. In other words, the idea I think that LaRouche is getting at: We need an immediate measure—there's no step-by-step reform that we can take now. A little over two years ago, LaRouche called for the Homeowners

and Bank Protection Act, so that by moving on the mortgage crisis, you could effectively shape, and bleed out the system, so to speak. And that would be an example of what to do over time.

But now, with the stimulus program—trillions of dollars thrown in—the system is completely infected with this. And, there's no way you can just pick an area, and say, "Well, if we clean that out, that's a start." So, what we have to do is to take a standard. And the standard is: Anything that will be an investment bank instrument—we put it in the freezer, at best, in one fell swoop. Anything that holds to the standard of what will be separated from a commercial bank under Glass-Steagall, is wiped off. And I tell you, a lot of this probably will be wiped off, not even a penny on the dollar. If they lost on this, speculated on this, it was complete fluff; some of them were electronic overnight transfers to make a tenth of a percent on a zillion dollars. And all the derivatives, which are secondary, and tertiary bets on bets on bets—all this goes.

And the way to do it is, the standard is, anything that would be outside of a commercial bank, by the Glass-Steagall standard, is dubious at best. And so, at one fell swoop, you've changed the banking system, and you've protected the legitimate area of the banking system. So that's how you clean out the hyperinflationary tendency. And all you'd have to do, is repeal the repeal of Glass-Steagall. You could do it in a day. At least you'll begin. And people would know that that's the standard, which is what will protect the value of the dollar.

Cerretani: Which means Larry Summers would have to find another job.

Rubinstein: Yeah, right.

Cerretani: Well, I think we could ask the question, what happens if we don't do this, but I think people can use their imaginations. I think the most important thing is making it happen.

Rubinstein: I think they should look at the serious question of this health-care bill, as a principle. Because what's the principle? "We can't afford," they say—this is what they call "bending the cost curve"—so accountants can be killers, mass killers. These *are* death panels. That's why they're so desperate to say they're not death panels. And that's what it means across a broad front.

Look at the jobs situation: It means, maybe, another 5 million jobs lost in the near future.

A Moral Principle

Cerretani: LaRouche said, in the recent paper, "And Now, October," at the very end of the paper, after going through the Triple Curve, after going through Glass-Steagall, he said, if you look at it from a moral standpoint, it becomes clear what you have to do. And that's where the history of how the country was organized, becomes more clear: what that moral precedent is.

Rubinstein: See, LaRouche, to my mind, represents the American System, but also, in the most advanced form. Because we've been built on great projects of great exploration and development. The West; the United States itself; Columbus's trip over here. Now, we're talking about the development of man in the Solar System as a whole: the Mars project. But what this then means is the greatest development of the human mind, of human creativity, of new elements of human discovery.

And you have to have LaRouche's epistemological conception of what the human mind and human nature is like. And that gives you a sense of a tremendous, real respect for human life, love of human life. Because that quality in humanity which allows it to do these things is the greatest power in the universe.

Cerretani: If you then look back at the banking and financial system, it puts it a little bit more in perspective, what we need to do.

Rubinstein: One good example of that, is what Roosevelt writes, in the introduction to his public papers. (I think, too often, Roosevelt, or Lincoln, are viewed as pragmatists. You know, they just muddled their way through somehow, they had the right instinct, or something.) But if you look at this, he says:

"The New Deal was fundamentally intended as a modern expression of ideals, set forth 150 years ago, in the Preamble of the Constitution of the United States: a more perfect union, justice, domestic tranquility, the common defense, the general welfare, and the blessings of liberty to ourselves and our posterity."

Now, Lyndon LaRouche has made the point that that is the principle, over and over: that's the principle that created the country. What Roosevelt is saying, is that's the principle that was the New Deal. And that's the principle that you have to understand, to understand the Banking Act, Glass-Steagall—this is what a credit system is, as Lyn directs it.

China-India-Russia Accord: Now, More Than Ever

by Ramtanu Maitra

Oct. 14—A vast section of the Eurasian landmass, stretching from Iran to Myanmar, encompassing Central and South Asia, is in a state of violent turmoil. This turmoil has been exacerbated by an eight-year war in Afghanistan, where the United States and NATO troops have been trying vainly to stabilize Afghanistan and Pakistan, and in the process, have deeply aggravated the regional situation. The foreign troops' objective, roughly defined, is to subdue the Afghans, and eliminate the Islamic fundamentalists operating within, and in the bordering areas of, Afghanistan.

While that objective is recognized by many as a tall order, one that could lead to a Vietnam War-like escalation of hostilities, the three major regional powers—China, India, and Russia, whose combined populations represent nearly half the world's 6.7 billion people—remain wholly unfocused and, seemingly, divided.

The threats that the turmoil has unleashed are multiplied by an order of magnitude, by the global financial collapse that is systematically wiping out the physical economy, worldwide, while generating oceans of paper money and hyperinflation, and the criminal generation of cash. The threats that the region, and China, India, and Russia, in particular, face, are neither of a single nature, nor are they confined within Afghanistan, or its immediate borders. The Islamic militants, who are fighting in tandem with other Afghans to push the foreign troops out of Afghanistan, are also extremely active on the southern flank of Russia—Chechnya, Dagestan, Ingushetia, and South Ossetia in particular;

they are deep inside China's Xinjiang province; all over Central Asia and Pakistan; in India's northwestern disputed state of Jammu and Kashmir, and have set up networks elsewhere in India; and have begun to show up in large numbers in Bangladesh.

The exclusive ownership of this vast network belongs to Saudi Arabia, which funds and sustains the network for its own designs. The Saudis intend to dominate the Islamic world and have joined hands with the British empire-servers, who have a huge network in this area, where the Empire has operated for hundreds of years. During this period, the British have created an elite, which has adopted the Empire's "divide and rule" policy, to keep the conflicts going. With their vast financial resources, and the Empire's "mind-control" networks, the Saudis and the empire-servers have recruited footsoldiers from Central Asia, the Maghreb nations, Xinjiang province, Afghanistan, and Pakistan, and trainers from Pakistan, as well.

Subversion by Opium

But, those are not the only threats that the region faces: The production of 44,000-plus tons of opium during the last eight years of U.S. and NATO occupation, along with thousands of tons of hashish and other narcotics in Afghanistan, has not only created hundreds of thousands of opium addicts in the region, but has developed a massive criminal network throughout Central Asia, Iran, Pakistan, and Xinjiang province, with direct links to the international drug cartel, which is undermin-



This UN map shows existing and potential rail lines, as of 2005, linking Russia, with Eastern, Central, South, and Southeast Asia. High-speed rail lines will lay the foundation for cooperation among the three leading powers—Russia, China, and India—to ensure security for the entire region.

ing the sovereignty of all the nations where they operate.

The drug-generated cash, whose estimated street value has been about \$400 billion a year, over the last eight years or so, has helped to fund the recruitment, training, and arming of these terrorists, and to generate enormous amounts of cash, laundered through the off-shore banks, that finds its way into many of the top consumer and investment banks, for instance, in the City of London and Wall Street. It is evident that no one in power anywhere today has the gumption to take on this monster, created by the empire-servers and holders of their coattails, and the monster has now grown big enough to break up the smaller sovereign nations in the region, the way it did in Africa.

The issue that confronts the protectors of the Eurasian region—China, India, and Russia—is: Will they sit around, hoping the United States and NATO will succeed in their impossible task, and “protect” the region on behalf of others? Or, will they face reality and cooperate in resolving what the outsiders—the United States and the European nations—will most certainly fail to resolve? In which case, Beijing, New Delhi, and Moscow must realize that the U.S./NATO failure, now all but a certainty, will have a terrible effect on the region, and,

long before that happens, these three major nations have to come forward, in collaboration with the United States, and take the necessary steps to stabilize the region.

The enormity of their task has increased in the past two years, because of the global financial collapse, the massive drug trafficking, and the recruitment and training of thousands of armed militants. However, looking ahead, it is evident that there is no other option available to bring stability to the region.

One of the hallmarks of the British colonialists, more so than the Dutch, French, and Belgian varieties, is to imbue in the minds of the elites of the subject nations, the very notion of “deriving benefits from maintaining conflicts.” In reality, however, the only ones who benefit from such policies are the servers of the empire. While the “empire,” in the form that the 18th-20th-Century observers knew, has ceased to exist, what has remained, throughout the colonies of the former British Empire, is the “divide-and-rule” principle, which the Empire used successfully to annex and control large swathes of land, to collect taxes and loot resources. But, the embrace of the same policy by the “elites” of the former British colonies has done more damage than what is openly visible. It has sowed among the powers-that-be of each nation

the seeds of “suspicion” about its neighbors, and the communities, ethnic, and religious groups inside each country. The only ones these powers-that-be do not become suspicious of are their fellow empire-servers.

The Bitter Legacy of the Raj

Take, for instance, the history of the Indian Subcontinent, since 1947, when the British Raj left, dividing the country in two parts: The powers that took control of their respective countries pursued the only “system” they were “taught,” leading to the further break-up of the Subcontinent. Now, there are three nations—India, Pakistan, and Bangladesh—and, since the mindset of the rulers has not changed, even one iota, there is the possibility that still more “nations” could emerge there, if the disease is not identified and cured.

Once again, Pakistan, which lost its eastern wing in 1972 (with the formation of Bangladesh), is facing a threat of another break-up. The new threat is along its western borders with Afghanistan, where the U.S. and NATO troops have been engaged in a pointless war for the last eight years. One such area is Balochistan, located in southwestern Pakistan, and comprising nearly half its land area. Instead of integrating Balochistan, and its 12 million people, with Pakistan, in order to root out an entrenched feudal system which is sheltered by the British, Pakistan’s powers-that-be have treated their own citizens in Balochistan over the last 60-plus years as unwanted foreigners.

In 1954, Islamabad merged the four provinces of West Pakistan—Balochistan, the North West Frontier Province (NWFP), the Punjab, and Sindh—into “One Unit.” This was done to counter the population strength of East Pakistan (which later became Bangladesh). One Unit was formed without adequate dialogue and, as a result, an anti-One Unit movement emerged in Balochistan. This led the Baloch opponents of the One Unit to engage the Pakistani Army in pitched battles. Later, in 1973, when then-Pakistani President Zulfikar Ali Bhutto dismissed the elected provincial government of Balochistan, wide-ranging protests erupted there. This brought in the Pakistani Army. That 1973 crackdown by the Pakistani Army created deep divisions between the Baloch people and Islamabad, and left the Baloch vulnerable to London’s machinations.

Islamabad’s British-colonial-like policy towards Balochistan did not end in 1973. The Baloch internal



Pakistan, which lost its eastern wing in 1972, when Bangladesh broke away, now faces the threat of the loss of Balochistan, on its western border with Afghanistan. Instead of rooting out the entrenched feudal system there, and integrating the Baloch into Pakistan, Islamabad has treated them as unwanted foreigners.

security situation deteriorated following the 2001 U.S. invasion of Afghanistan. Between December 2005, when the Pakistani military launched its most recent assault on Balochistan, and June 2006, more than 900 Baloch were killed, about 140,000 were displaced, 450 political activists (mainly from the Baloch National Party) disappeared, and 4,000 activists were arrested, some reports indicate.

Another area of open conflict in Pakistan is the Federally Administered Tribal Areas (FATA), which is now under the gun of the Pakistani Army. A full-fledged operation in South Waziristan, one of the major districts of the FATA, has been planned at the behest of the United States.

The FATA, which borders Afghanistan, is now a hotbed of Wahhabi-influenced jihadi movements. It is divided into seven districts called agencies, and has a population of about 3 million. These inhabitants are predominantly ethnic Pushtun and tribal. Contrast this with Pakistan’s total population of about 170 million, and it becomes clear that the FATA is very thinly populated; it also has a very rough terrain. The total Pushtun population in Pakistan and Afghanistan is about 36 million (31 million in Pakistan and 5 million in Afghanistan). Cross-border ties are strong, and movement is hardly restricted by the non-demarcated Durand Line, a line in the sand, drawn arbitrarily by the British Raj, more than a hundred years ago, and which is supposed to serve as a “border.”

Although Pakistan has gone through immense

changes, materially and politically, since its formation in 1947, the FATA has remained untouched. One government after another left it alone, putting no effort into integrating this crucial area within Pakistan. It was particularly important to do so, because the Pakistani leaders were well aware that Pushtuns inside Pakistan have long aspired to form a Greater Pushtunistan (or, Pakhtoonistan) in collaboration with their Afghan cousins.

While the rules and regulations that control the FATA have remained virtually the same as those imposed by the British rulers, the FATA has become a major center of smuggling. The Lahore-based *Daily Times* pointed out that remittances sent by FATA workers in the Persian Gulf, funneled through the notorious *hundi* (money-laundering) system, have financed the smuggling of a vast array of goods, such as automobiles, consumer durables, electronics, and cloth, all of which can now be purchased in, or ordered, via the tribal belt. This has badly undermined the country's industrial and tariff policies. Industry is deprived of legitimate protection, and the treasury has lost huge revenues in recent years.

Even more dangerous, is the flow of opium and heroin through FATA. In the 1990s, FATA itself became a major producer of opium, producing about 800 tons annually. An American intervention through monetary enticement, and Islamabad's law enforcement intervention, has led to the end of opium cultivation in most areas. However, the explosion of opium on the other side of the Durand Line has criminalized the FATA tribal people, and has accompanied the rise of the Pakistani Taliban.

India's and China's Failures

India's failures are no less important. Although, in the post-independence years, India had a much superior political leadership, which was committed to strengthening the nation, the British mindset had come to undermine many of its achievements. India is now ridden with internal turmoil. The Maoists have once again emerged as a major disruptive force, and Prime Minister Manmohan Singh has identified them as the primary menace to the country's security.

The northeast, the land area through which India plans to connect itself to Southeast Asia and China, has remained violent, even after 60 years. New Delhi has failed to formulate a comprehensive policy to integrate the people of the northeast into the rest of India, by pursuing the British-taught policy of encouraging tribal, ethnic, and sub-ethnic identities, which often flower into pseudo-national identities, and provide the moor-

ing for violent movements. The Indian authorities, who have adopted the British colonial "divide-and-rule" policy toward both their internal populations and their neighbors, should note that while the British system is "good" for creating and maintaining conflicts, it is a useless tool in integrating the disparate groups created by the British Raj.

India has not succeeded resolving its many disputes with Pakistan, the most celebrated one being that of the disputed state of Jammu and Kashmir, a parting kick of the British Raj. The failure to resolve these disputes has had a common refrain, which is blaming the other party as "belligerent" and wholly "uncooperative." There is no question that the Pakistani military benefits materially and politically, from keeping the Kashmir dispute alive for many reasons, while the Indian leadership has failed to grasp the fact that normalizing relations with Pakistan would be to the benefit of the Indian people whom it serves.

Instead of blaming Pakistan, and keeping the conflict alive, making the empire-servers happy, New Delhi should have unleashed within the country a strong political campaign, decades ago, pointing out how the people of both India and Pakistan would benefit from the resolution of their disputes. An aggressive political movement in India, seeking the solution of all disputes, would allow some in Pakistan to pick up that thread, and politically challenge the anti-India militancy promoted by the empire-servers within Pakistan. New Delhi must make clear to the Indian people that it does not want to perpetuate this conflict on behalf of the empire-servers, but wants, instead, to resolve the disputes to benefit the citizens of both nations.

Although the differences between India and China are by no means as acute as those between India and Pakistan, there are many rough edges which must be smoothed out quickly, through larger cooperative roles. Otherwise, it will not only be the people of these two countries who are affected, but the failure to cooperate closely would weaken the region as well.

The problem here again is the same. The suspicion of each other, embedded by the British colonialists, and perpetuated by leaders of both countries over the last five decades, has prevented them from looking at each other as potential solutions to the problems that the region faces. China's incessant suspicion about India's "real motive" in Tibet, and India's endless suspicion about what China wants along India's northeast borders, in Myanmar, and in the Indian Ocean-Arabian Sea theater, have given rise to a section of influential individuals of both countries obsessed with each other's military



India and China have taken some common positions in international forums, notably against the climate change mafia, and WTO diktats; trade between the two giants is expanding rapidly. But, they have still not broken out of the colonial mindset that holds back the development of their 2.3 billion people.

become visible in the context of the ongoing Afghanistan war. Both Russia and India are of the view that the U.S. and NATO troops should stay in Afghanistan to ensure their security. While Moscow has some reservations about both NATO's presence and its advance to Russia's southern flank, New Delhi acts hapless, and wishes the American troops to stay in Afghanistan. The reason that Moscow and New Delhi want this untenable situation to continue, is that they have not developed together a mechanism that would be able to counter the threat they fear. At the same time, neither the Indians, nor the Russians, are willing to put their own troops in Afghanistan to fight the Islamic militants.

The ultimate objective of setting up a regional security arrangement, through cooperation among China, India, and Russia, will never happen, unless a focused effort is made to develop each other's trust. Developing such trust cannot be accomplished in the abstract; it has to be concrete, and based on genuine acts of mutual goodwill.

Take, for instance, Sino-Indian relations. There is no doubt that China-India trade is soaring, and it will continue to grow. Thanks to initiatives by certain individuals within both governments, India and China have taken some common stands in international forums, in areas such as their joint fight against the climate change mafia, and against imposition of some destructive World Trade Organization (WTO) diktats. While these are positive developments, they have not been enough to undo the colonial mindset, which continues to show up, again and again, to the detriment of, at least, 2.3 billion people.

What needs to be realized, and acted upon, is the utilization of each nation's strengths to help their vast populations. For instance, India has a well-developed nuclear power generation program, and both nations have developed a strong base for agro-industries, in addition

arsenal. There is no doubt that the empire-servers will gain a major victory in the years to come if they succeed in pitting these two giants against one other.

In addition, China's building of a section of the Karakoram Highway through the Pakistan-held part of disputed Kashmir has compromised China vis-à-vis the Kashmir dispute. This action by China indicates to New Delhi that Beijing does not accept India's claims to the entirety of Jammu and Kashmir. Though the Indian claim in the present context is absurd, the backhanded approach by China is indicative of the way a British mindset works.

Order of the Day

The consequences of the failure, up till now, of China, India, and Russia to cooperate in the region, have

to their achievements in space. India's thorium-based nuclear power test reactors, should be brought into production at the earliest possible time, but certain technological problems need to be resolved. Russia, meanwhile, has done a significant amount of work in this area, and cooperation between Moscow and New Delhi can be of great help with this. As a result, India will not only be in a position to supply reactors to the region, but will be able to develop and produce, on a large scale, small reactors which will help desalinate seawater, providing clean water for drinking and commercial purposes, all along its coast, and China's coastal areas. Hundreds of millions of people in both India and China do not have access to clean water and electricity.

While both China and India have developed their agricultural potential to feed their populations, there exists a huge gap in rice productivity between the two giant countries. These projects, and projects to develop infrastructure to link India, China, and Russia with South and Southeast Asia, through high-speed railroads, will lay the foundation for cooperation among the three to ensure security for the entire region. Then, neither New Delhi, nor Moscow, will have to depend upon the United States to provide them with security from the terrorist groups that operate in the region.

In this context, it should be noted that Russia and China, which were hostile to each other during a significant part of the Cold War days, have come to realize the importance of exploiting each other's strengths to benefit both. During his three-day visit to China, Russian Prime Minister Vladimir Putin laid the foundation for stronger economic cooperation, including joint projects to develop Russia's vast northeast Asian mineral resources and joint construction of high-speed rail projects in eastern Russia.

According to China's *Global Times*, Putin "wants a high-speed rail system," and wants China to help him build it, noting that Putin and Chinese Prime Minister Wen Jiabao will sign a memorandum to do just that. In the 1950s, the Soviet Union had helped China build railways, Zhou Shijian, senior researcher at the Institute of Sino-U.S. Relations at Tsinghua University, told the *Global Times*. "Now, it's our turn to help them build



Transrapid

China's maglev train, which runs from downtown Shanghai to the airport, points to the potential for rapid economic and technological growth throughout the region.

railways," Zhou said. China has developed trains which can travel at 350 kph, and a new train that can run on both normal, and special high-speed tracks.

An article published on Oct. 12 in the Russian business daily *Vedomosti* announced that a comprehensive document, the "Russia-China 2018 Cooperation Program," for building 205 joint projects in the Russian Far East, western Siberia, and northeast China, was approved by Russian President Dmitri Medvedev and Chinese President Hu Jintao in New York Sept. 23. The article was datelined Vladivostok, where Putin stopped on his way to Beijing. There, he announced that construction of new infrastructure, to ready the city for the 2012 Asia-Pacific Economy Cooperation (APEC) summit, was making Vladivostok Russia's "Pacific Gate," and was creating tens of thousands of jobs.

Lyndon LaRouche has often pointed to the economic potential of this region, and the necessity of using the most advanced technologies to exploit its huge mineral reserves, as well as the necessity of building infrastructure projects such as the Bering Strait tunnel, which would expand Eurasian projects into intercontinental ones. In addition, the extreme weather and geological conditions of much of this huge region present useful scientific challenges. As LaRouche has emphasized, it will be necessary to achieve a Four-Power (China, India, Russia, and the United States) agreement of sovereign nations to dump the bankrupt current financial system, to ensure there is credit for such development.

Royal Britannia Hitmen Caught in Assault on Mexican Nation-State

by Gretchen and Dennis Small

Oct. 17—Just before midnight, on Saturday, Oct. 10, the Mexican government sent police and military forces to seize the installations of Luz y Fuerza del Centro (LyFC), the state-run electricity company serving central Mexico, including the 20 million inhabitants of Mexico City. In an address to the nation the next day, President Felipe Calderón announced that he had decreed the liquidation of LyFC, and summarily fired the company's entire labor force of 44,000, in order to break the union contract. He blamed the union for alleged "inefficiencies," whose drain on public resources Mexico could not afford at this time of international economic crisis. Calderón emphasized that more such "profound changes" will be forthcoming.

Calderón had announced, just ten days earlier, that, in the last 18 months alone, 6 million *more* Mexicans had fallen into extreme poverty, or "food poverty," bringing the total who do not have enough to eat to 20 million. In his address announcing the fascist assault on LyFC, the President admitted that the number enduring food poverty was actually 25 *million*—nearly a quarter of Mexico's 110 million inhabitants.

From any domestic standpoint, under such conditions, throwing 44,000 skilled and organized workers and their families onto the street, with the stroke of a pen, is insane, both economically and politically. The entire country is already seething with mass unemployment, estimated at 50% or higher; the escape valve of emigration to work in the United States has closed off with the depression there; and the H1N1 flu pandemic is battering Mexico with ferocity. Mexico City and the surrounding area are already enduring water shortages and consequent rationing, and now, blackouts and brownouts are being thrown into the deadly mix, with the takedown of LyFC.

You'd almost think someone is intentionally *trying* to create a New Dark Age of poverty, pestilence, and starvation just across the U.S.'s southern border.

They are.

Invisible? Hardly

The measures currently being implemented in Mexico are being ordered from the apex of the British Empire and their Wall Street partners, as part of the global policy of genocide and depopulation specified by Britain's Prince Philip, through agencies such as his World Wildlife Fund (WWF). They are moving to rape and pillage Mexico's economy, institutions, and labor force, in precisely the fashion Lyndon LaRouche has been warning was on the agenda globally for the October crisis. In the case of Mexico, London is demanding that all of the country's state-run energy companies be privatized, for starters, including LyFC, the Federal Electricity Commission (CFE), and the state oil company PEMEX.

When Calderón submitted his 2010 Federal budget in early September, London and Wall Street mocked it publicly for insufficient austerity, despite its 2% tax on food and medicines, and sharp tax hikes on other consumption. Wall Street CEOs delivered the message to Calderón on Sept. 23, that Mexico's credit rating would be cut, if more revenues were not secured. The City of London's *Economist* magazine published a demand Oct. 1, that "at least" 30,000 of Pemex's 143,000 workers be fired, with privatization to follow. And, on Oct. 7, Mexican government officials, from the President on down, were lectured at an Economist Intelligence Unit forum in Mexico City, on the economic policies they had to adopt.

But probably most significant of all, is the fact that, only two days before the liquidation of LyFC, top Mexican government officials huddled in London at a closed-door confab with the *crème de la crème* of the City of London's financial empire, the International Financial Services, London (IFSL), the association representing British financial interests per se, who, in an earlier epoch, named themselves the "British Invisibles." They are, in other words, the core of the British empire.

The public agenda of their otherwise secret Mexi-



EIRNS/Laura Flores

The financial elites are moving to impose outright fascist austerity, including the shutdown of the electric company (LyFC), laying off 44,000 employees. In response, some 200,000 people rallied Oct. 15 in Mexico City; this sign says: “Now what do I do? Kill, steal or kidnap?” Another said: “For sale: wife and two kids; I can’t feed them—LyFC unemployed.”

can confab? A British grab for over 300 infrastructure projects in Mexico, worth at least \$141 billion.

The real agenda? To rip apart Mexico’s institutions, just as this crowd did to Europe, to destroy the nation-state and impose genocide. As the LaRouche Youth Movement in Mexico explained in a leaflet (see box), the IFSL is the very group made infamous in Italy as the “Britannia Boys,” the crowd which ordered the speculative attack on Europe’s currencies, carried out by George Soros and cronies, which brought down the European Monetary System in 1992, and with it, the sovereignty of all Europe through the imposition of the Maastricht Treaty and the London-controlled euro system.

The role of the IFSL “Invisibles” in that affair, became very visible when LaRouche’s movement in Italy exposed internationally how the destruction of Italy’s entire postwar political system, the privatization of its public industries, the collapse of the lira, and with that, of the European Monetary System as a whole, was planned in a secret, June 2, 1992 meeting, held off the coast of Italy aboard Queen Elizabeth’s own royal yacht, the *Britannia*, rented for the occasion by the same British “invisibles” now giving orders for the taking apart of Mexico.

The Wise Words of López Portillo

London’s financier imperialists aren’t being shy about their current demands. The latest in the drumbeat

came from the Oct. 15 *Economist*, which railed against so-called “entrenched interests” in Mexico, “corporatist privileges” built up under the 70 years of PRI (Revolutionary Institutional Party) government. They celebrated the Mexican government’s “breaking [of] an overmighty union,” with its summary firing of all members of the Mexican Electrical Workers (SME), but demanded more, starting with the teachers union. The same day, the British wire service Reuters specified that real “fiscal discipline” requires a move against the “bloated” state oil company, PEMEX, and its workforce.

The U.S.-based *Investors Business Daily* could hardly contain its glee. “The stunning decision to disband the company and lay off 44,000 workers effectively ends the SME union. It was the strongest act to support the future of a country since British Prime Minister Margaret Thatcher took on the National Union of Mineworkers.”

Even before the midnight raid on LyFC, the country was rife with discussion about, not *if*, but *when* a social explosion would occur. Now there are calls for a general strike, for Calderón to resign, and other radical actions. And, on Oct. 15, upwards of 200,000 people marched to Mexico City’s historic Zocalo square in protest. Aside from the SME, there were thousands of banners, representing such unions as the social security workers (IMSS), UNAM university workers (STUNAM), teachers (CNTE), metro

workers, and others.

The SME is known to be a radical, well-organized union, but radicalism alone will only play into a scenario of chaos and ungovernability, which suits the British just fine. Those participating in the mass explosion in Mexico are still broadly unaware of the actual cause of their misery—the global economic breakdown crisis, and the British policies of genocide—and of the need to adopt the international solutions specified by LaRouche.

Mexico, however, *is* a country with a deep historical tradition of republican nationalism, and of close ties to American System forces in the United States, such as during the periods of the Lincoln-Juárez and the Roosevelt-Cárdenas alliances. More recently, the late President José López Portillo (1976-82) worked closely with American statesman LaRouche to warn his countrymen—and the world—that humanity would soon be facing a New Dark Age, if the world financial system were not totally reorganized. It would be wise for Mexicans and others to recall those words today, which he delivered to the United Nations General Assembly on Oct. 1, 1982:

“We have been a living example of what occurs when an enormous, volatile, and speculative mass of capital goes all over the world in search of high interest rates, tax havens, and supposed political and ex-

change stability. It decapitalizes entire countries and leaves destruction in its wake. The world should be able to control this; it is inconceivable that we cannot find a formula that, without limiting necessary movements and flows, would permit regulation of a phenomenon that damages everyone. It is imperative that the New International Economic Order establish a link between refinancing the development of countries that suffer capital flight, and the capital that has fled. At least they should get the crumbs from their own bread. . . .

“The reduction of available credit for developing countries has serious implications, not only for the countries themselves, but also for production and employment in the industrial countries. Let us not continue in this vicious circle: It could be the beginning of a new medieval Dark Age, without the possibility of a Renaissance. . . .

“We cannot fail. There is cause to be alarmist. Not only is the heritage of civilization at stake, but also the very survival of our children, of future generations, and of the human species.

“Let us make what is reasonable possible. Let us recall the tragic conditions in which we created this organization [the United Nations—ed.], and the hopes that were placed in it. The place is here, and the time is now.”

LyFC Not Bankrupt; World Economy Is!

With this headline, the LaRouche Youth Movement in Mexico issued a statement addressing the crisis triggered by the Mexican government’s Oct. 10 seizure of the Luz y Fuerza del Centro (LyFC) electricity company. The leaflet locates the recent Mexican developments in the broader international context that Lyndon LaRouche has explained with his Triple Curve graphic, and urges people to participate in LaRouche’s Nov. 11 webcast. The leaflet states:

“The seizure of Luz y Fuerza del Centro, although ominous, is only a taste of the kind of fascist austerity that is accompanying the ongoing world financial collapse, which the economist Lyndon La-

Rouche has warned you about for years. It is an action ordered by the international financial oligarchy, headed by the British Empire, to destroy entire nations within that collapse, including Mexico. The financial vultures have already announced it: First they plan to annihilate LyFC and the electrical workers; then the teachers; then Pemex . . . and then, you, dear reader. . . .

“What’s at stake in the assault on LyFC is not simply the appropriation of energy resources internationally, but rather the destruction of the nation-state and its ability to maintain vital functions for the population, reducing energy flux density for the economy. It is the same depopulation doctrine that they are trying to sell you with the ‘environmentalist’ promotion of ‘alternative energy sources,’ whose objective is the reduction of available energy and thereby also of agro-industrial development.”

Tony Blair Dances With the Ghost Of British Fascist Oswald Mosley

by Scott Thompson

Oct. 19—It is no secret that former British Prime Minister Tony Blair is out on the stump, promoting his candidacy as the first President of a united Europe, if the hated Lisbon Treaty is finally ratified, and all of Europe surrenders its sovereignty to a supranational dictatorship, housed in Brussels. Most Europeans, and the overwhelming majority of Americans, don't realize what "Tinny" Blair knows: He is walking, quite consciously, in the footsteps of one of Britain's most notorious pro-Hitler Fascists, Sir Oswald Mosley (1896-1980). Mosley, more than any figure, living or dead, is the intellectual author and architect of the very Lisbon Treaty that Mr. Blair intends to ride into power.

Mosley's postwar dream of imposing, voluntarily, what Hitler and Mussolini could not achieve through force of arms, is now on the verge of being fully realized. If the last breath of resistance to the Lisbon Treaty is snuffed out, the 27 formerly sovereign states of Europe will be relegated to the status of powerless provinces.

Blair is preparing to assume his place as the dictator of all of Europe; this time around, the Führer will speak the Queen's English. Before this catastrophe is consolidated, it is of vital importance that the roots of the Lisbon Treaty, in the wartime and postwar British Fascist movement, be recalled and repudiated. Mosley's role must be spotlighted.

The British Union of Fascists

Sir Oswald Mosley, onetime Labour Party Member of Parliament, Cabinet Minister under Prime Minister Ramsey MacDonald, and intimate of Sir John Maynard Keynes, gained notoriety as the founder and Leader of the British Union of Fascists (BUF).

He founded the BUF after a 1931 visit to Rome, where he met with Italian dictator Benito Mussolini. Four years later, Mosley and Diana Mitford were secretly married, in the Berlin drawing room of Nazi Minister of Propaganda Joseph Goebbels. Hitler was one of

only six guests at the wedding. Though the BUF was banned on May 22, 1940, and the Mosleys were arrested the next day, their close friendship with Winston Churchill allowed them to be given a cottage adjacent to Holloway Prison, and they were allowed to employ fellow prisoners as servants!

Mosley played an important, albeit largely concealed, role in the earliest push for a European Fascist superstate. It began about four years after he and his wife and BUF supporters were released from jail in 1943, by Prime Minister Churchill, into an expansive house arrest.

After the war, on Feb. 8, 1948, fifty-one organizations joined to form the Union Movement, and invited Mosley to take the helm, which he did for the next 14 years, through public meetings and electoral politics.

As Mosley puts it in his autobiography, *My Life*: "As soon as I was free to speak after the war, I returned to the theme of the union of Europe and linked it with the startling development of science during the war, which reinforced my longstanding belief that it should be the main preoccupation of statesmanship."

Despite Mosley's protestations to the contrary, his concept of "Europe a Nation" or "The Third Way" was anti-American: "It is in the interest of America to have a partner rather than a pensioner. It is in the interest of the world for a power to arise, which can render hopeless the Russian design for the subjection of Europe to communism." Perhaps nothing shows Mosley's anti-Americanism more clearly than his subsequent advocacy of a single currency for Europe, free from dollar "domination."

Two events decisive for "Europe a Nation" were the publication, in 1947, of *The Alternative*, which was Mosley's dialectic of 3,000 years of Greco-Roman thought, and his declaration in favor of the same in a 1948 speech in London. Between 1953 and 1959, he published *The European*, and his second wife, Diana, was the editor.



UN Photo/Sophie Paris

Britain's Tony Blair's bid for the Presidency of a unified Europe places him squarely in the tradition of Sir Oswald Mosley (above), who headed the British Union of Fascists, and was enthralled with his comrades Hitler and Mussolini.

In March 1962, Mosley called a conference in Venice, after agreement among various European parties, of which, he claimed, only a “small minority ... had previously been fascists or national socialists.” Mosley had been asked to write a draft program to be circulated in advance of the conference; in it he defined his full program of “Europe a Nation.” His draft became “The European Declaration,” and was adopted with only a few amendments, at the Venice conference on March 1, 1962. It read:

“We being Europeans conscious of the tradition which derives from classic Greece and Rome, and of a civilization which during three thousand years has given ample thought, beauty, science and leadership to mankind; and feeling for each other the close relationship of a great family, whose quarrels in the past have proved the heroism of our people, but whose division in the future would threaten the life of our continent with the same destruction which extinguished the genius of Hellas and led to the triumph of alien values, now declare with pride our European communion of blood and spirit in the following urgent and practical proposals of our new generation, which challenge present policies of division, delay and subservience to the destructive materialism of external powers, before which the splendour of our history,

the power of our economy, the nobility of our traditions and the inspiration of our ideals must never be surrendered:

“1. That Europe a Nation shall forthwith be made a fact. This means that Europe shall have a common government for purposes of foreign policy, defense, economic policy, finance and scientific development. It does not mean Americanisation by a complete mixture of European peoples, which is neither desirable or possible.

“2. That European government shall be elected by a free vote of the whole people of Europe every four years at elections which all parties may enter. This vote shall be expressed in the election of a parliament which will have the power to elect a government and at any time to dismiss it by vote of censure carried by two-thirds majority. Subject to the power of dismissal, government shall have full authority to act during its period of office in order to meet the fast-moving events of the new age of science and to carry out the will of the people as expressed by their majority vote.

“3. That national parliaments in each member country of Europe a Nation shall have full power over all social and cultural problems, subject only to the overriding power of European Government in finance and its other defined spheres, in particular the duty of eco-

nomic leadership.

“4. That economic leadership of government shall be exercised by means of a wage-price mechanism, first to secure similar conditions of competition in similar industries by payment of the same wages, salaries, pensions and fair profits as science increases the means of production for an assured market, thus securing continual equilibrium between production and consumption, eliminating slump and unemployment and progressively raising the standard of life. Capital and credit shall be made available to the underdeveloped regions of Europe from the surplus at present expatriated from our continent.

“5. That intervention by government at the three key points of wages, prices, where monopoly conditions prevail, and the long-term purchase of agricultural and other primary products alone is necessary to create the third system of a producers’ state, in conditions of a free society which will be superior both to rule by finance under American capitalism and to rule by bureaucracy under communist tyranny...”

The Neo-Fascist Trail

There exists no list of the groups present at the Venice conference, and the claim that only a minority of the participants were fascist or national socialist is moot. Mosley’s postwar efforts took him on the familiar neo-fascist trail to Franco’s Spain and Verwoerd’s South Africa, as well as to Italy, where a neo-fascist movement was established soon after the war. He met with **Serrano Suner**, Franco’s former foreign minister; **Filippo Anfuso**, Mussolini’s last foreign minister; and he got to know Italian leaders of the neo-fascist Italian Social Movement (MSI) such as **Giorgio Almirante**, **Alwise Loridan**, and **Ponce de Leon**. He came in contact with Hitler’s favorite commando, **Otto “Scarface” Skorzeny**; the German air ace **Ulrich Rudel** (whose memoirs, with an introduction by Douglas Bader, were published by Mosley’s publishing house); the Italian **Prince Junio Valerio Borghese** (whose royalist coup in the 1960s failed, but led to a decade of neo-Fascist terror); and the Wehrmacht’s tank warfare expert **Arthur Erhardt**, later publisher of *Nation Europa*. He met former SS men who were “passionately European and entirely supported my advanced European ideas.”

As for the Venice conference, Mosley says the prospect was wide open for a National Party to which men of all opinions could adhere, provided they agreed on

the one decisive point of making Europe a Nation. But finances were lacking.

Writes Mosley: “Hopes of an early making of Europe receded for several reasons. The British Government not only missed every opportunity to take the initiative in Europe after the war, but still maintained an attitude which impeded any early hope of effective union. All existing European governments were certainly opposed to any union so complete as we advocated. Meantime, German hopes in particular of their grievances through the union of Europe became more and more bitterly frustrated.”

He points out: “At an earlier stage, young Germans fresh from the army, and particularly from SS regiments, were passionately European... I had heard from many of them long before I was free to travel, and had an insight into what they were thinking which is perhaps unique.” But, with the collapse of the Venice conference, “the failure of this European policy reduced to the vanishing point all hope of a natural and pacific reunion of Germany within Europe,” and the former SS officers returned to “nationalism.”

Movement Is Banned

After the Venice conference, the Italian Communist paper *Unità* sounded the alarm bell, and Mosley brought suit successfully for criminal libel. Still, the *Unità* article set in motion a pattern of physical assaults on Mosley’s rallies in Britain, similar to the pre-war dust-ups with the BUF, which eventually led, once again, to the banning of all Union Movement rallies.

Mosley had been having large and orderly public meetings in Britain from 1948 to 1962, including in North Kensington, in 1958, when he ran for Parliament on the Union Party ticket; there had been riots by whites there, against a massive influx of blacks from previous sugar-growing Commonwealth islands of the Caribbean. Mosley ran on a platform to return the blacks to the islands, with full fares paid, and to fulfill the Government’s pledge to buy sugar from Jamaica by long-term and large-scale contracts. These, and other measures proposed by Mosley, such as encouraging bauxite production, he claimed, would restore the island to prosperity. Mosley thought he had won the election, but ended up with only 8% of the vote. The Union Movement polled 5% of the vote nationwide.

Mosley and his Union Movement were banned from the BBC, and so, when Communist agitators managed to get the Union’s public meetings banned as well, he

detached himself from the party and turned it over to a directorate.

Advocate of Apartheid for Africa

Mosley was no advocate for the British Commonwealth, and, in the Atomic Age, viewed European participation in most of the rest of the world as an endless trail of trouble. The sole exception was Africa. Until Europe as a Nation gained parity of strength with America, he believed, there could be no independence for Africa.

Mosley wrote, with regard to “spheres of influence”: “I have long suggested a division of the world into three main spheres of influence to replace the make-believe of a world force in the present United Nations, which by reason of its inherent divisions can never function. . . . The realities in terms of action are the great powers, and it is humbug to pretend anything else; the facts survive either illusion or deceit. Two powers exist in the world, America and Russia, and this result of the last war will prevail until the emergence of a third power in united Europe and possibly of a fourth in China. The danger of a new war will also continue until the strength as well as the wisdom of Europe can hold the balance of the world. That is why, since the war, as before it, I have stood for the strong armament of Britain and as soon as possible of a United Europe . . . because in an armed world, European strength is the only alternative to servitude under America or death under communism.”

Mosley opposed the British-Israeli-French invasion of Suez in 1956: “I contended that in modern terms, support for the French position in Algeria was far more important than pursuit of our own past through the irrelevance of Suez. A reasonable settlement backed by the strength of united Europe in northern Africa could have secured us a safe bridgehead to Africa, where lay enormous possibilities for the whole European future.”

Mosley advocated the Mosley-Pirow proposals for Africa, which were jointly named after himself and the former South African Minister of Defense, Oswald Pirow. Mosley wrote: “These proposals in broad principle divided the whole of Africa in white and black governments. . . . Black government in this policy received roughly two-thirds of Africa, south of the Sahara, and the rest was to be held clearly and firmly by white governments where substantial and deeply rooted European populations existed. Rhodesia was naturally in-

cluded in the definition of territory under white government, and the danger of a clash with British people would have been eliminated by a comprehensive plan which gave a fair deal to all. The basis of this policy was that Africa is an empty continent with a population of twenty to the square mile as compared with two hundred in Europe—and we should therefore legislate for the future rather than the *status quo* which could not endure.

“If the claim of Europeans to any part of Africa be disputed, we should inform those whose passions blind them to history, that Europeans arrived in Southern Africa three centuries ago in 1652, long before the present black tribes drove down from the north to encounter the whites six hundred miles north of Cape Town at the decisive battle of the Great Fish River in 1770. . . . Separate development or apartheid on a big scale could then have been secured by a decisive initiative from Britain, and would have averted many past tragedies and many present difficulties. . . . I have stood throughout for a ‘genuine apartheid’, a real separation of the two peoples into two nations which enjoy equal opportunity and status: not the bogus apartheid seeking to keep the Negro within white territory but segregated into black ghettos, which are reserves of sweated labour living in wretched conditions.”

A Single European Currency

On the question of a single currency, Mosley wrote: “The entry of Britain into the Common Market will not solve our balance of payments problem, and the same problem in other countries will not be solved until Europe is a community, as the component countries are today. It will not then be a question of Britain having an adverse balance of payments and France and Germany having a surplus, or vice versa, but only a question of whether a firm in Manchester can or cannot compete successfully with a similar firm in Lyons or Hamburg. We shall no more have balance of payments problems within Europe than we have balance of payments problems between Yorkshire and Lancashire today. A common currency will follow naturally from any such arrangement. Until Europe is integrated it will be found that these problems are insoluble and will cause increasing friction until we end in a major crisis.”

Europe is on the verge of implementing Oswald Mosley’s dream of a Fascist super-state, and Mosley’s heir, Tony Blair, is waiting in the wings, to become its Führer.

UN: Economic Crisis Slams World's Hungry

by Leni Rubinstein

"The global economic crisis dominates the news and dominates government agendas. Trillions of dollars are being spent to resuscitate wealthy economies, but who will bail out the poor?"

—From FAO's leaflet announcing the World Food Day Oct. 16, 2009

Oct. 15—Reflecting the disintegration of the system, in the horrific plight of well over 1 billion human beings going hungry, the UN's Food and Agriculture Organization (FAO), often in collaboration with other organizations, has held more than half a dozen high-level conferences so far this year, beginning with a "Food Security for All" Summit in Madrid in January.

This month, a series of High-Level Expert Forums: "How to feed the world in 2050"; "Committee of World Security Meeting"; and "World Food Day," in preparation for a World Summit on Food Security in Rome, Nov. 16-18, will take place.

A report released Oct. 14 by FAO, "The State of Food Insecurity in the World—Economic crisis, impacts and lessons learned," is the tenth progress report on world hunger, since the 1996 World Food Summit. While it does not address the destructive effects of the international speculative financial bubble, or the necessity for a total bankruptcy reorganization, and the implementation of a new credit system, the report does clearly reflect, without stating it directly, the devastating effect of globalization.

The report states, that "the present crisis is not a new crisis. It is a sudden worsening of a structural crisis that, over the past decades, has denied hundreds of millions of human beings access to adequate food.... The current situation points to the urgent need to tackle the structural root causes of hunger." While hunger has been on the rise for the past decade, the report outlines that last year's explosion in the number of hungry people is due to the global economic crisis, and lists three factors: 1) The crisis is affecting a large part of the world simultaneously. Traditional coping mechanisms of national and

sub-national levels are not effective now. 2) The current economic crisis came immediately after the massive increase in food and fuel prices during 2006-08. At the end of 2008, domestic prices for staple foods remained an average of 17% higher than two years earlier. Then, poor people spent about 40% of their income on staples, so the price increase has meant a considerable reduction in purchasing power. 3) Developing nations have become more integrated, both financially and commercially, into the world economy, than they were 20 years ago, making them more vulnerable.

The report documents how the poorer nations have become both increasingly dependent on exports of goods and services, workers' remittances, and foreign direct investment (FDI), as well as increasingly dependent upon imports.

To illustrate: The share of export and services in GDP for developing nations grew from 15% in the 1980s, to 27% in 2007, an increase of 80%. The share of remittances in GDP grew from 2 1/3 in the '80s to 5% in 2007, an increase of 150%; and, the share of FDI in GDP rose from 1/2% in the '80s to 5% in 2007, an increase of 900%!

Although globalization has infected the planet as a whole, the report outlines how, from 1970 to 2003, import dependency grew most, among the least developed countries, compared with higher income countries. For example, in 2003, least-developed nations relied on imports for 17% of their grain consumption, compared with 8% in 1970, and for 55% of their vegetable oils, compared to 9% in 1970. Seventeen countries in Africa depend on imports for 30%, to over 50% of their grain consumption.

For countries that are dependent on food imports, the export earnings, remittances, foreign aid, and FDI are critical. With the international breakdown crisis, these sources of income are all imploding, and international loans are not an option. It is estimated that remittances will fall 5-8% in 2009, after growing by 15-20% from 2005-07; that FDI will decrease by 32% in 2009 in the developing nations as a whole, and that the poorest 71 countries will experience an overall drop in foreign aid of about 25%.

The FAO issued a report last month, in which it stated, that for the first time in human history, over 1 billion (1.02 billion) are undernourished. However, this is an estimate. FAO has hypothesized three scenarios to evaluate the probable impact of the economic crisis on the food security of poor nations. It is clear, that without a complete, and near-term policy shift, the figure of 1.02 billion will be vastly understated.

Dr. Ghada Karmi: Palestinians Require a 'One-State' Solution

Dr. Karmi is the author of Married to Another Man: Israel's Dilemma in Palestine (London: Pluto Press, 2007). She is an Honorary Fellow at the University of Exeter's Institute of Arab and Islamic Studies (IAIS) of the School of Humanities and Social Studies (Exeter, U.K.). EIR Counterintelligence Co-Editor Michele Steinberg interviewed her on Oct. 9, 2009.



EIR: Dr. Karmi, one of the first points you make in your book is that the West has no idea how terrible it has been for the Arabs, with the creation of a State of Israel on their land. I agree, totally, that the West does not appreciate it. And without repeating what's in the book, because I want people to read it, what would you say are the major issues, that people should know?

Karmi: Well, first of all, people need to understand, that, from the point of view of Arabs, the establishment of the State of Israel in their midst, was an unmitigated disaster. There is actually nothing—repeat, nothing—positive about the existence of Israel, as far as the Arabs are concerned. You know, sometimes, there are events, historical events, which happen against people's will.

But, in time, they can find some positive aspect to something they didn't want to happen in the first place. This is not the case with Israel. On the contrary, as time has gone on, the existence of Israel has only increased the problems for the Arab region; it has increased the danger in the Arab world, and is a threat not only to the security of the region, but the security—I think it's not an exaggeration to say—the security of the whole world. I'm thinking in particular of the recent Israeli campaign, to try and force the United States, maybe other Western powers, to engage in an attack, a military attack on Iran.

EIR: So this goes far beyond the issue of Palestinian life and human rights: You're concerned with a strategic issue, as well?

Karmi: Indeed, you see, for the Palestinians, I don't think there's any argument that the existence of the State of Israel was a total disaster. They lost their country, they lost their homes, they lost their jobs, they lost the continuity of their lives, they became refugees or exiles. I think it goes without saying, that what has happened to the Palestinians has been absolutely disastrous, as a result of the creation of Israel.

And today, if you look at the way the Palestinians, each Palestinian group has suffered, in its own particular way: You have the Palestinians under occupation, in Gaza and the West Bank, and East Jerusalem; and of course, there has been a tremendous amount of exposure to the dangerous actions of Israel and its oppression of these occupied people. Most recently, of course,



EIRNS/M. Woodward

Jerusalem's Dome of the Rock. Dr. Karmi was born in the Holy City, sacred to the world's three great monotheistic religions. She and her family left when war broke out in 1948, expecting to return soon. But they and millions of other Palestinians have remained stateless ever since.

I'm thinking of Gaza, the Israeli war on Gaza, at the end of 2008, beginning of 2009. For those people, the existence of Israel is a *daily* oppression, curtailment of rights, and a threat to their very survival, and/or the normality of their lives.

But then, you have the Palestinian grouping that is *in* Israel, that is, the grouping with Israeli citizenship. And again, there is much information about the second-class status of these citizens, the way they are discriminated against, and the numerous problems that they face, in social and political terms, under Israeli rule.

And then, there are Palestinians that are living in refugee camps. We're talking about 4.5 million people, who live *in* refugee camps, and have done that over the last 61 years. This, of course, is not a situation that any human being would want, for themselves or for their children.

And finally, there is the group of Palestinian exiles, people like myself, who have made good lives, often comfortable lives, elsewhere. But, again, not only without a homeland, not only suffering the effects of loss and lack of belonging, but, the Palestinians who were exiled within Arab countries are not safe from the actions of the states within which they live. We know, for example, what happened to the Palestinian community in Kuwait, in the aftermath of the 1991 Gulf War:

300,000 people were expelled from Kuwait, and had to try and pick themselves up again. We know that this is [related] to the attack on Iraq; subsequent to 2003, the Palestinian community in Iraq was evicted and lives in makeshift camps on the border between Iraq and Syria....

EIR: How many people were there in Iraq, approximately? These are really the forgotten men and women.

Karmi: It was never a very large community, it was less than 100,000 people; but nevertheless, they have lost their homes.

You have the same problem in Libya, where, after the signing of the Oslo Agreement, between the Palestine Liberation Organization and Israel, in 1993, those people were expelled by the Libyan regime, and are still, to this day, in camps on the border with Egypt, with nowhere to go.

So, the *agony* of the Palestinians is really without end, as a result of the creation of Israel.

A Threat to the Entire Region

But, what I'm referring to, is the wider picture, which people don't seem to be aware of, which is the threat that Israel poses to the Arab region. And of course, we're thinking of the recurrent wars. In that region, since 1948, and the establishment of the State of Israel, we have had some five wars, in a small region like that, which is quite extraordinary if you think about that. Because of its existence, Israel has threatened its neighbors, it occupies Arab land, in the shape of currently, the Golan Heights, until recently in Lebanon. I think people ought to read [my book], obviously—I won't go into detail, into all the other, perhaps, not-so-visible ill-effects that Israel has had on the region. But it all amounts to a situation, which I think is insupportable.

I mean, if you think about it: Here is a state, created *quite* artificially, in a region which didn't want it, was never asked, was never in agreement with the creation of this state, and it is *imposed* on that region.

But not only that, it is armed to the teeth, by the very same powers that helped to install it. It continues to enjoy diplomatic, political, military, moral support from Western powers, despite the damage it has done to the Arabs of the region! It is really, I think, unprecedented in history!

A Lifetime in Exile

EIR: You were born in Jerusalem. Could you tell us about your own history, and that of your family?

Karmi: I suppose I am a product, or rather, I'm an illustration of the damage that the creation of the State of Israel did, because I was born in Jerusalem. I came from an ordinary family, we were living an ordinary life. We had every reason to expect to grow up in an ordinary way, and to die in our homeland, an expectation shared by billions of people across the world. However, because Israel was established in 1948, and that establishment was done against the wishes of the people of Palestine, of course, there was conflict. And there was a conflict *before* the 1948 War.

So, as young child, I was subject to the danger, the fear, the disruption of life, that comes from a kind of local war, between Jewish militias and local Palestinians, which was happening before the formal establishment of the State of Israel. That was terrifying for my family, and for other families in our part of Jerusalem, so that my parents decided to evacuate us from our home, and go to nearby Damascus [Syria], where my grandparents lived.

And of course, the idea they had, again—and a *typical, normal*, natural idea, for a normal family—is that, “if we evacuate our children from a place of danger, we can go and stay somewhere else, until the situation calms down, and then, we go home again.” That’s exactly what my parents thought. And so, we left our home in Jerusalem in April 1948—before May 1948, which is when the State of Israel was established—and we left everything behind, because we thought we were coming back! That’s a story replicated hundreds and thousands of times for Palestinians of that time.

Now, of course, having left, we were never, ever, allowed to go back home. And for me, therefore, life before '48, when I was, admittedly, a young child, with few memories, nevertheless, it was a particular kind of life, and it *ended*, abruptly and cruelly, in '48. And, from that moment on, I joined the legion of displaced people. In our case, we were displaced to

London, and I grew up, and made my life there. However, for me, as for all the Palestinians who suffered the same fate, the cause of Palestine, the injustice done to us, the sheer brutal unfairness of it all, has never died!

We cannot pretend that all is well! I, who have a comfortable life, I've had a good education, I have a profession—even so, I cannot forget, I cannot ignore what happened to me, and what is still happening, and what Israel is still doing against the Palestinians.

Call for a UN Debate

EIR: You have a draft resolution, which you've spoken about at several different conferences, and I'd like you to talk about that. What it would mean for the United Nations to take up a resolution that actually addresses this issue of justice, fairness, and what happened to the Palestinian people, the ordinary people.

Karmi: Yes. Over the years, of course, feeling as I do, I had long ago accepted that there would never, ever be a resolution of this conflict, unless the country that I knew as my homeland, Palestine, were returned whole—*whole*, not divided, and not broken up, and not partitioned. That seemed to me to be utterly self-evident. Now, we know that, over time, the Palestinian leadership began to settle for what it thought it could get—which was a partitioned country, with a small part of the original homeland to be designated as a Palestinian state.

Well, I never subscribed to that, and there's no living Palestinian who subscribes to that. It's just that many believe that they're not going to get anything, if they don't go for a two-state agreement, because it gives them *something*, rather than nothing. So that's really the thinking behind it.

Now, we know that—if you like—the “international consensus” about a Palestinian state, about partitioning the land of Palestine, got nowhere. And of course, it's not going to get anywhere, because the problem which created Israel is still there: The idea, the ideology of a state, which wishes to impose itself, no matter who, no matter what, hasn't gone away! And it's not going to go away. It's got to be dealt with in a quite different sort of fashion.

So, I have earnestly sought to persuade the international community that there really is no way forward for this conflict, unless we return the people of Palestine who were expelled, to live together with the *current* community in Israel, and the two of them to share



badil.org

Currently, about 4.5 million Palestinians live in refugee camps like those shown here. Left: Jabalia in the Gaza Strip; right: Dheisheh on the West Bank (the old man is filling his jug with water, since there is no running water in the camp).

the land, which must not be partitioned.

That has become called the “one-state solution”—it’s not a term I particularly like, but nevertheless, that’s how people understand it. And I realize that, one way to advance this idea beyond the circles of debate, and political discussion, and intellectuals, and so on, beyond those circles, to put it on the world map, was really through a United Nations resolution, where it would be debated at the level of the world body. And, in that sense, it would become an idea that people had become used to, had come to accept. And once that happened (so I reason), then, the next stage, which is how to implement it, becomes much, much simpler.

So, in that endeavor, with a small group of friends, we drew up a draft UN General Assembly resolution, on the one-state solution. And we asked many people how this could be put on the agenda of the UN, and we were informed that what is needed, was one or more member-states to adopt the draft resolution, and put it before the General Assembly for discussion.



UNRWA

So, we have gone around trying to do that, ever since the resolution was drawn up in 2007. Up to this point, our search has not been successful; however, I am, in fact, quite hopeful. Because if one looks at the situation today—the growing intransigence of the Israeli government, the apparent inability of *any* power, including the United States, to impose any kind of pressure on Israel—it becomes clearer that the idea of partitioning Palestine, and of having a two-state solution, is not one that is going to happen.

And therefore, we owe it to—not only the suffering people of that region, but also actually to resolve the instability of that region, to resolve its potential for becoming a danger to world peace, we *owe* it to resolving all these things, to find alternative ideas and solutions for this terrible conflict. And in that sense, the resolution on the one-state solution becomes a very important way forward, and one, therefore, which I am hoping, and my colleagues are hoping, in the current changing climate, will be adopted, at least for discussion and debate at the world body.

An Apartheid State

EIR: This integration of the Palestinians would involve some very fundamental changes in the rights of the Palestinians who live in Israel, for example. You mentioned that the Palestinians who live inside Israel, do not have an ideal life, at all. What’s one of the fundamental changes, in terms of equality. President Jimmy

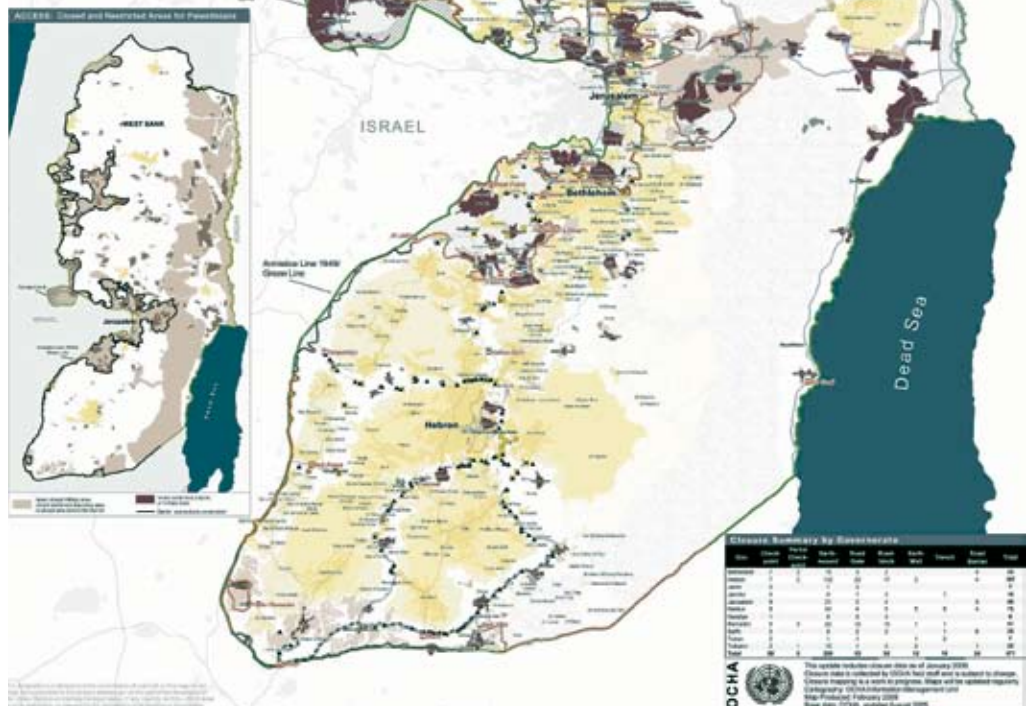
United Nations Office for the Coordination of Humanitarian Affairs
West Bank: Access and Closure
 January 2006



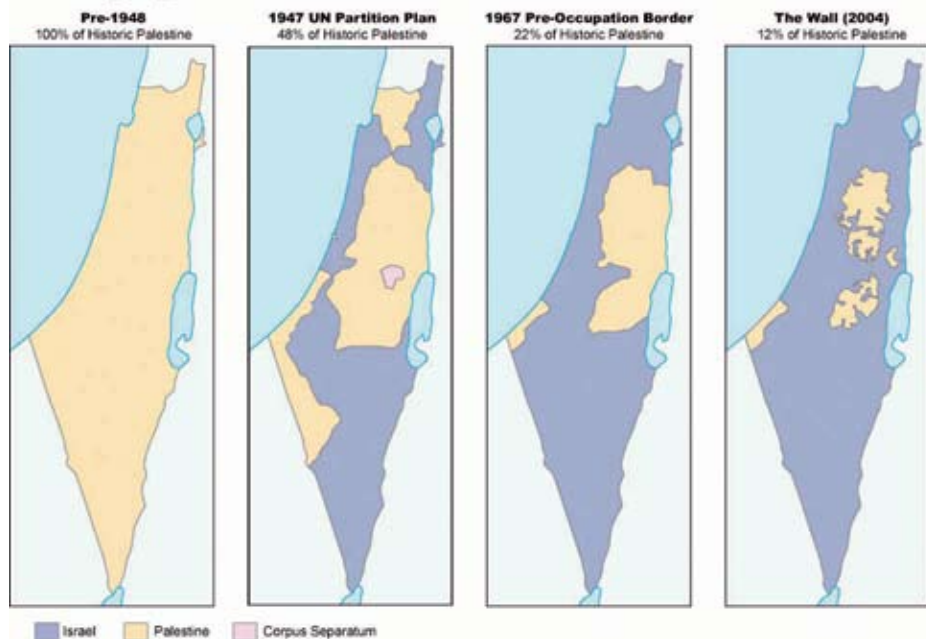
UN



"Over time," says Dr. Karmi, "the Palestinian leadership began to settle for what it thought it could get—which was a partitioned country, with a small part of the original homeland to be designated as a Palestinian state." The dark areas are illegal Israeli settlements in the occupied West Bank. UN Resolutions have repeatedly called for Israeli withdrawal, but have been vetoed or ignored.



Destroying the Two-State Solution



nad-plo.org

Another view of the shrinkage of Palestinian holdings in what was once their homeland.

Carter's called it an "apartheid state."

Karmi: Of course! And it is quietly an apartheid state. You see, what is amusing about the opponents of the one-state solution, is they don't seem to understand that we do *already* have one state. We don't have a partitioned state, we actually have one state—at the moment, as I speak! But it is an *apartheid* state! Israel rules all of the land, between the river and the sea. *But*, it does so, in a situation of inequality and discrimination against the Palestinians. Now, the step we need to take, is to convert that reality, the one-state reality, into one which is not apartheid. Where apartheid is fought and eradicated, as it was in South Africa.

Now, you see, the importance of this, is that we convert the struggle of Palestinians against Israelis, not for creating a partitioned land, but for *ending* discrimination against Palestinians, and *ending* apartheid, within the whole country, the one country of Palestine. I.e., it becomes an anti-apartheid struggle, rather than a struggle over settlements and bits of land, which is what's happened.

EIR: To stay on this subject of UN resolutions, there is an increasing amount, I'm sorry to say, of despair or cynicism, or skepticism about the United Nations. It was recently said at a press conference I was at, with

Justice Richard Goldstone of the UN Human Rights Commission, by a journalist in Washington, that there hasn't been a single UN resolution concerning Palestinian rights that Israel has upheld. Now, that may be a slight exaggeration (or, it might not be), but I ask you: How many UN resolutions, and what central themes are they, that Israel has not lived up to?

Karmi: I think this is very quickly answered: There are none. There is no resolution that's been passed on the Palestinian situation, asking Israel to comply with this or that requirement, that Israel has accepted. But what I think is *so* serious about this, is the use of the veto by the United States, in order to

spare Israel from any kind of censure. We know that the Security Council resolutions that have been passed, about Israeli maltreatment of Palestinians, have never succeeded, because of the U.S. veto, and this is a matter of grave concern, really.

Now, as to whether the UN remains of any use at all, I think the trouble is, we don't have an alternative, so it's not as if we were saying, "Well, the United Nations can't do much, but therefore, let us turn to some other outfit." There isn't any. So that's what we've got. We've got to deal with that.

But the second point, which is important, is that the United Nations, nevertheless, remains, a very important international forum for debate, and for airing grievances, and for bringing issues to international attention. And, it is in that sense, that we are hoping that this draft UN resolution could be advanced further by being discussed. And actually, if you think about it, imagine what would happen, if such a resolution were to come before the General Assembly, and were to be discussed, quite apart from whether it's voted on or not: One can, I think, foresee the tremendous effect that would have, certainly on Israel and its allies, which would ensure that the resolution remained a very lively subject of debate, and certainly for all the groupings in the world that feel aggrieved, that Israel cannot be allowed to continue like

this. Because the basis of the resolution is Israel's non-adherence to any international norm! That's the basis of our resolution. And because of that, the UN, in our resolution, must take action, to *stop* this destruction of international law, by Israel. That's the basis of it.

And then, the resolution goes on to explain that Israel, having been given a very good chance, if you think about it, from its inception in 1948, has been given the most wonderful opportunity to behave itself, and it clearly has not done so! It's flouted every single law, it's behaved outrageously, it's made a travesty of international law, and of humanitarian law. On what basis should this state continue to be a member of the UN? Those are questions that really have to be asked. I'm not suggesting this is the first time this has been put into question, but it's very important! People have to ask: Why is it, that a state that behaves so much outside the law, and so consistently—and to such detriment of other people—why is it allowed to do so? This is a really important question for the international community.

EIR: How important do you think were the findings of the UN fact-finding mission on the Gaza War, that was headed up by a number of jurists, including South African Justice Richard Goldstone? The vote on this has been put off, and the findings were, that war crimes were committed, by Israel, and also by Palestinian groups who attacked civilians. But, of course, the war crimes charge against Israel is something which has not been heard.

Karmi: Indeed, and that is why this fact-finding mission is extremely important; it's a real precedent in dealings with Israel, on its behavior. Israel has not [previously] been formally accused of war crimes, by a body this senior, this important, and it has definitely set a precedent. It would be difficult now to go back on that.

We know, even though Israel and its friends have done the *utmost* to destroy the significance of the Gold-



White House/Pete Souza

Israeli Prime Minister Benjamin Netanyahu and U.S. President Barack Obama in Washington on May 18, 2009. Unless Obama understands that there will be no peace without meaningful American pressure on Israel, says Dr. Karmi, "I can predict, with confidence, that nothing whatever will happen to resolve this conflict. On the contrary, it will get worse."

stone Report, even though they are still working night and day, to prevent it from getting any further than just being a report—despite all of this, it is a *really* important landmark, in the history of efforts to control Israel's lawless behavior.

And it's really very exciting that this should have happened, that the judge who presided over the fact-finding mission is, himself, not only Jewish, but a Zionist and a supporter of Israel—it's highly significant. So, although we do not yet know the final outcome, or the fate of this report, the fact that it's happened at all, is extremely significant.

And I'll tell you something: The Israelis know it! And *that* is why they are fighting so hard, to destroy the importance of the report! They know it's very important; even if we didn't realize how important it is, we'd know from the way they reacted, how important it is.

The U.S. Role: Current and Potential

EIR: You've said that the two-state solution is not going to happen, and that's becoming increasingly obvious. How do you see President Obama in this?

Karmi: It's difficult not to feel disappointed in President Obama on this issue. Of course, we should still say that we haven't seen everything that he's ca-



UN/Ryan Brown

Palestinian Authority President Mahmoud Abbas now presides, says Dr. Karmi, over a party “which has much been discredited, because of the way that it has succumbed to the Israeli lure under occupation.”

pable of doing. We haven’t really seen, perhaps, the end of this story with Israel. What we do see, is open to this interpretation, at least: that although President Obama’s intentions would seem to have been the right ones, that he actually was quite serious about finding a resolution to this terrible conflict, it’s almost as if he took something on, without understanding its consequences, or its implications.

It’s not a nice thing to say about Obama, who struck a sympathetic chord in hearts throughout the Arab world, particularly when he made his famous Cairo speech; so, it’s not something that Arabs *want* to think. But, they are worried: It seems that he took on the Israel lobby, and so far, if this is a contest, he’s lost! He’s lost very significantly. The Israeli Prime Minister has behaved with great arrogance, and a great sense of satisfaction that he’s actually beaten off what he sees as the attack from the United States, over, actually, a very simple issue: the issue of just not expanding settlements!

You see, it’s almost as if Obama took the Israelis on, with their supporters, maybe underestimating that this is a game they’re very experienced at. They’ve played it with many previous Presidents, and they’ve been able to continue illegally building [settlements], and stealing Palestinian lands, without any interruption by any U.S. administration. It seems this one is no different.

Unless Obama understands that there will be *no* movement in the Middle East peace process without

meaningful American pressure on Israel, unless he is willing to grasp that nettle, I can predict, with confidence, that nothing whatever will happen to resolve this conflict. On the contrary, it will get worse.

The Mood in Israel

EIR: Over the years, you’ve known and worked with many Israelis, and we have mutual friends, like [the late] Maxim Ghilan.... Inside Israel, how do you see the mood, among the Israeli Jewish population? are they tired of the wars? Are they going to exert influence on finding a solution, a final status?

Karmi: My sense of the Israeli public, is that they are *very* tired of wars, they *really* want an end. They want this conflict resolved—I don’t think there’s any doubt about that. Numerous public opinion polls have shown that to be the case. The problem, however, is that they don’t understand that there is no resolution of this conflict, without Israel giving up something. That’s the problem. It’s almost as if they have an abstract longing for something called “peace,” or something called “an end to the conflict,” without any awareness that you don’t get that for nothing! It doesn’t just go away. My sense is, that most Israelis want it to “*go away*,” but can’t understand that it won’t “go away,” unless Israel takes steps, which most of them don’t understand, and would not be willing to concede.

So, in that sense, I’m quite gloomy about the Israeli population. I don’t think it seems to understand. But having said that, there appears to be a growing number—it is modest still, but a growing number—of what I would call “disaffected Israelis,” Israelis who do get the point, in different ways and to different extents, and these are composed of soldiers who were shocked by the war on Gaza, and felt they had to speak out; of soldiers that have resisted serving in the army which occupies the Palestinians—there is a revulsion against the occupation, amongst groups of Israelis. And I think this is a promising trend, because these groups will, sooner or later, link up with each other, and may form a significant movement. And, against the background of a public mood which is tired of war, and is tired of conflict, it’s possible that we might get somewhere. When? I do not know.

Divisions Among the Palestinians

EIR: Now, on the Palestinian side: The Palestinian political movement is very divided right now. How

does the current split between Hamas and Fatah, or Hamas and the PLO, fit into the long history of Palestinian freedom and resistance organizations and movements?

Karmi: You know, the division between the major Palestinian groups is not only tragic, but, I think it forms the pinnacle of achievement for Israel. Because, of course, all colonizing powers throughout history, have always tried to divide the opposition. That's their policy.

EIR: "Divide and conquer," I think.

Karmi: That's right, "divide and rule, divide and conquer," these are the way in which it has been seen. Israel is no different. And they have worked and worked to destroy Palestinian unity, and it looks as if, for the time being, they have succeeded. As a result, and entirely due to the Israeli occupying forces, on which I place the *total* blame, and *total* responsibility, they and their Western backers have been able to bribe, seduce, and control a sector of the Palestinians, represented by the current Palestinian leadership and the people around it, who, in return for favors provided by the occupying power, Israel, have abandoned, or look as if they have abandoned the national cause, leaving the other party, Hamas, to be, as it were, the only voice of resistance, properly, amongst the Palestinians.

But Hamas also can be criticized on many counts. So, this is a terribly sad situation on the Palestinian side.

How this will pan out? We don't as yet know. Because, of course, at the same time as there is this division, there is a *deep* awareness amongst Palestinians of *every* hue, inside and outside the land of Palestine, a deep awareness of how dangerous this situation of fragmentation is, and how it must end. And many efforts are being made to try and unify these two groups.

What will the outcome be? I can't as yet say. But we now have a really extraordinary situation, in which you have the operation of two opposing forces, one wanting to divide, and the other wanting to unite. The forces wanting to divide the Palestinians are powerful, are strong, and are using money, and threats, and intimidations in order to attain their ends. It remains to be seen whether the Palestinians will be able to resist this, and to put an end to it. That must be our hope. And I think actually I would say, it cannot only be a hope: I think it

may well be a reality. Because we're all too aware, all of us, of how dangerous this is.

EIR: Is there now a voice for the Palestinians, like yourself, in exile, or the Palestinian refugees? Is there an organization which represents all Palestinians at this point, the way perhaps—and I could be wrong, correct me if I am—the way the Palestine Liberation Organization once wore that mantle?

Karmi: That's right. That's a very good question, and of course, it is very, very tragic that the Palestinians in exile, and the ones in the camps, who form, may I say, the majority of the Palestinian people, 60%, these people have *no* representation. And they don't, because of the success of the Israeli policy in destroying the Palestinian Liberation Organization.

The PLO was the single unifying body for the Palestinians, and all of us in exile. And all the refugees knew they were represented by the PLO, from 1967 onward, until 1993. Because, Yasser Arafat, the chairman of the PLO at the time, agreed to go back into Palestine, and bring with him the majority of the leadership of PLO. From that moment on, the PLO began to fragment, and became irrelevant.

Tragically, this started a chain of events, which has led us to the most recent Fatah conference in Bethlehem, which Palestinian President Mahmoud Abbas presided over, which, of course, was a transparent attempt to try and give Abbas and his leadership some legitimacy in Palestinian eyes. With his attempts to revive the PLO, what we have, is an organization dominated by the party which has much been discredited, because of the way that it has succumbed to the Israeli lure under occupation, and therefore, we still do not have the PLO as we knew it.

I know that there have been many attempts, from 1995 onwards, some of which I was involved with, to try and revive the PLO as a body that represented the Palestinian people, very much as it used to be. To date, these attempts have not succeeded, but they are ongoing.

Economics and Political Settlement

EIR: My publication, *Executive Intelligence Review*, and my work in the Middle East, trying to bring along a faction inside the U.S. Congress, Democratic Party, Republican Party, whoever, was informed by something written by our founder back in the middle-1970s; our founder, Mr. LaRouche, wrote something called "The



Hans Jørn Storgaard Andersen

PLO chairman Yasser Arafat, at a meeting in Copenhagen, in 1999. Since his death in 2004, the Palestinian leadership has become increasingly fragmented, and “we do not have the PLO as we knew it,” says Dr. Karmi.

Oasis Plan.” He was critical of the Oslo Accords, not from the same standpoint as I’ve heard from many Palestinians, that step-by-step won’t work, etc., but looking at the economics of the situation: that unless you’ve got the peoples of the region working together economically, everything would be very abstract. I remember a discussion in 1993, after the White House signing and so forth, where he said, “Somebody’s got to start moving the dirt, and building things, providing water in agriculture, otherwise, this is going to go down the tubes.” I know we could have hours of discussion about the economic situation, but what have you observed?

And my last question will be, after that, do you have a message for the U.S. Congress?

Karmi: Well, look at the idea of an economic union, which is for the Arab region, obviously, not just for Israel-Palestine; this is something which cannot precede a political settlement. It’s really pie-in-the-sky to imagine that, if you produced, for example, a Marshall Plan, which reinvigorates all the economies of all these various countries, and so on—it’s going to work without a political settlement. And it’s also evocative, of the recent attempts by the Israeli Prime Minister to reduce the conflict with the Palestinians to one of economics. He’s tried to say that all we want with the Palestinians is “economic peace.” Now, in fact, those of us who ad-

vocate a one-state outcome, like myself, see it as part of a regional rearrangement.

It could not be—in any event, you cannot visualize, really, one state, which contains Israelis and Palestinians, which then somehow exists as a separate entity. There has always been a need for a regional arrangement, rather like the European Union, or what used to be the European Economic Community. That would work very well, indeed, and that would be the way forward, I think.

Otherwise, not only on the one hand, do you have the Netanyahu plan, talking about so-called “economic peace,” but you’ve got the Shimon Peres plan, in which he talked, after the Oslo Agreement, of an economic arrangement in the region—but of course, one in which Israel was dominant, in which it dominated the economies of the region. That is not at all what one has in mind! And that would not be conducive to peace. Read, for instance, the point I was making, that you have to have a political settlement, first.

EIR: If you could speak to our Congress in the United States, what is a major problem for any President who wishes to go forward? What would you say to enlighten them?

Karmi: I would actually ask the Congress to ask *itself*, what advantage supporting Israel in that way confers on the United States. It must ask itself: What is the actual advantage, for the United States, of having an Israel, supported to the hilt in this way? They must spell that out. They have, in all honesty, to face that themselves. They have to ask themselves genuinely and honestly, quite apart from the money that they get from the Israel Lobby, quite apart from the self-interest of being reelected—if they could just put that aside for a minute, and ask about the well-being of their own country. Just answer the question: What advantage does Israel confer—really—on the United States, on the one hand? And the corollary to that question is: What would really happen, and I mean for the well-being of the United States, if—if—Israel was not supported in that way? So, those are two questions.

So, what I’m saying is: They have to ask themselves a question, about what advantage Israel confers. And its corollary—what *ceasing* to support Israel, in this way, what damage would come to the United States itself as a result of that step?

October Breaking Point

Three months ago, Lyndon LaRouche warned that with the Sept. 30 end of the fiscal year for U.S. financial institutions, the economy would crash as early as October, unless LaRouche's explicit policies to prevent it were implemented. The banks would have to close out their books, revealing their utter bankruptcy—despite the trillions of dollars in government bailout money—and panic would set in.

October has come, LaRouche's proposals were *not* implemented, and indeed the economy is at a breaking point. The signs of that are not in the airy-fairy realm of the stock market, but in the speed of disintegration of the physical economy and in the political domain, where demands for fascist austerity have taken a leap forward.

In his "Now, October" document, published in *EIR* on Oct. 9, 2009, LaRouche explained what he meant by an October breaking point, and what must be done to head it off. He wrote:

"Thus, when I speak, or write of a breaking-point downward in the October state of the U.S. national economy, my standard is that of the test of implicit non-reversibility of a qualitative downshift in the productivity of that economy as presently composed. This means a condition which can not be escaped by any means short of a qualitative change in the present organization of the structure of that economy. In this present case, that means a required shift from the present, monetarist, form of a hopelessly bankrupt form of economy under the thumb of the Federal Reserve System, to re-establish the rule of the credit system specified in the U.S. Federal Constitution. . . .

"[I]n any case, an implicitly irreversible, significant downshift in the level of financial support of population and institutions, under post-September 30th conditions, would be an irreversible,

probably fascist-style political down-shift of the entire U.S. economy, which would be sufficient evidence that the next phase of general collapse of both the U.S. economy, and also, therefore, the world economy at large, has occurred. In other words, either a precipitous collapse in the market, or a sharp turn toward pro-fascist modes of austerity, would suffice to prove that a qualitative change with the characteristics of a breakdown-crisis has been confirmed."

There are two particularly dramatic aspects of this downshift today.

First, is the move toward a fascist "Hitler-health" policy, expressed in the passage of the Obama Administration's (Baucus) bill by the Senate Finance Committee on Oct. 13. This bill, which includes the "death panel" of experts who will decide who lives and who dies, is by no means guaranteed of ultimate passage; but those who voted for it have been duly warned by LaRouche: They are making themselves the defendants in a future Nuremberg Tribunal, for crimes against humanity.

Second, is the Mexican government's Oct. 10 *Blitzkrieg*, on orders from London and the IMF, against one of its own electricity companies. The entire labor force of 44,000 was terminated, and the move was planned, as the government admitted, to break the union contract and make way for deeper wage-gouging.

It's LaRouche's "Triple Curve" graph that tells the story: If you print dollar bills to bail out the soaring financial aggregates (driving down the dollar, as is now occurring), then the physical economy goes into a nosedive. That is what we are seeing now, more than ever before. Only fascist measures make that possible today. And only determined resistance, following LaRouche's guidelines to the "T," can stop it.

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INTERNET

- BCAT.TV/BCAT Click BCAT-2 Mon: 10 am (Eastern Time)
- LAROUCHEPUB.COM Click *LaRouche's Writings*. (Avail. 24/7)
- MNN.ORG Click *Watch Ch.57* Fri: 2:30 a.m. (Eastern Time)
- QUOTE-UNQUOTE.COM Click on *Ch.27*. Tue. 6 pm (Mtn.)
- SCAN-TV.ORG Click *Scan on the Web (Pacific Time)*. Ch.23: Wed. 7 am Ch.77: Mon. 11 am
- WUWF.ORG Click *Watch WUWF-TV*. Last Mon 4:30-5 pm (Eastern)

INTERNATIONAL

THE PHILIPPINES

- MANILA CH.3: Tue 9:30 pm

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- UNIONTOWN GY Ch.2: Mon-Fri every 4 hours; Sun Afternoons

ALASKA

- ANCHORAGE GCI Ch.9: Thu 10 pm

CALIFORNIA

- CONTRA COSTA CC Ch.26: 2nd Tue 7 pm
- COSTA MESA TW Ch.35: Thu 5:30 pm
- LANCASTER/PALMDALE TW Ch.36: Sun 1 pm
- LONG BEACH CH Analog Ch.65/69 & Digital Ch.95: 4th Tue 1-1:30 pm
- ORANGE COUNTY (N) TW Ch.95/97/98: Fri 4 pm

COLORADO

- DENVER CC Ch.56 Sun 10 am

CONNECTICUT

- GROTON CC Ch.12: Mon 5 pm
- NEW HAVEN CC Ch.23: Sat 6 pm
- NEWTOWN CH Ch.21: Mon 12:30 pm; Fri 7 pm
- NORWICH CC Ch.14: Thu 7:30 pm
- SEYMOUR CC Ch.10: Tue 10 pm

DISTRICT OF COLUMBIA

- WASHINGTON CC Ch.95 & RCN Ch.10: Irregular

FLORIDA

- ESCAMBIA COUNTY CX Ch.4: Last Sat 4:30 pm

ILLINOIS

- CHICAGO CC./RCN/WOW Ch.21: Irregular
- PEORIA COUNTY IN Ch.22: Sun 7:30 pm
- QUAD CITIES MC Ch.19: Thu 11 pm
- ROCKFORD CC Ch.17 Wed 9 pm

IOWA

- QUAD CITIES MC Ch.19: Thu 11 pm

KENTUCKY

- BOONE/KENTON COUNTIES IN Ch.21: Sun 1 am; Fri Midnight
- JEFFERSON COUNTY IN Ch.98: Fri 2-2:30 pm

LOUISIANA

- ORLEANS PARISH CX Ch.78: Tue 4 am & 4 pm

MAINE

- PORTLAND TW Ch.2: Mon 1 & 11 am; 5 pm

MARYLAND

- ANN ARUNDEL CC Ch.99; FIOS Ch.42: Tue & Thu: 10 am; Fri & Sat: midnight
- P.G. COUNTY CC Ch.76 & FIOS Ch.42: Wed & Fri: 6 pm
- MONTGOMERY COUNTY CC/RCN/FIOS Ch.21: Tue 2 pm

MASSACHUSETTS

- BROOKLINE CV & RCN Ch.3: Mon 3:30 pm; Tue 3:30 am; Wed 9 am & 9 pm;
- CAMBRIDGE CC Ch.10: Tue 2:30 pm; Fri 10:30 am
- FRANKLIN COUNTY (NE) CC Ch.17: Sun 8 pm; Wed 9 pm; Sat 4 pm
- QUINCY CC Ch.8: Pop-ins.
- WALPOLE CC Ch.8: Tue 1 pm

MICHIGAN

- BYRON CENTER CC Ch.25: Mon 2 & 7 pm
- DETROIT CC Ch.68: Irregular
- GRAND RAPIDS CC Ch.25: Irreg.
- KALAMAZOO CH Ch.20: Tue 11 pm; Sat 10 am
- KENT COUNTY (North) CH Ch.22: Wed 3:30 & 11 pm
- KENT COUNTY (South) CC Ch.25: Wed 9:30 am
- LAKE ORION CC Ch.10: Mon/Tue 2 & 9 pm
- LANSING CC Ch.16: Fri Noon
- LIVONIA BH Ch.12: Thu 3 pm
- MT. PLEASANT CH Ch.3: Tue 5:30 pm; Wed 7 am
- SHELBY TOWNSHIP CC Ch.20 & WOW Ch.18: Mon/Wed 6:30 pm
- WAYNE COUNTY CC Ch.16/18: Mon 6-8 pm

MINNESOTA

- ALBANY AMTC Ch.13: Tue & Thu: 7:30 pm
- CAMBRIDGE US Ch.10: Wed 6 pm
- COLD SPRING US Ch. 10: Wed 6 pm
- COLUMBIA HEIGHTS CC Ch.15: Tue 9 pm
- DULUTH CH Ch.20: Mon 9 pm; Wed 12 pm, Fri 1 pm
- MARSHALL Prairie Wave & CH Ch.35/8: Sat. 9 am
- MINNEAPOLIS TW Ch.16: Tue 11 pm
- MINNEAPOLIS (N. Burbs) CC Ch.15: Thu 3 & 9 pm
- NEW ULM TW Ch. 14: Fri 5 pm
- PROCTOR MC Ch. 12: Tue 5 pm to 1 am
- ST. CLOUD CH Ch.12: Mon 6 pm
- ST. CROIX VALLEY CC Ch.14: Thu 1 & 7 pm; Fri 9 am
- ST. LOUIS PARK CC Ch.15: Sat/Sun Midnite, 8 am, 4 pm
- ST. PAUL CC Ch.15: Wed 9:30 pm
- ST. PAUL (S&W Burbs) CC Ch.15: Wed 10:30 am; Fri 7:30 pm
- SAULK CENTRE SCTV Ch.19: Sat 5 pm

- WASHINGTON COUNTY (South) CC Ch.14: Thu 8 pm

NEVADA

- BOULDER CITY CH Ch.2: 2x/day: am & pm
- WASHOE COUNTY CH Ch.16: Thu 9 pm

NEW HAMPSHIRE

- CHESTERFIELD CC Ch.8: Wed 8 pm
- MANCHESTER CC Ch.23: Thu 4:30 pm

NEW JERSEY

- BERGEN CTY TW Ch.572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- MERCER COUNTY CC Trenton Ch.26: 3rd & 4th Fri 6 pm Windsors Ch.27: Mon 5:30 pm
- MONTVALE/MAHWAH CV Ch.76: Mon 5 pm
- PISCATAWAY CV Ch.15: Thu 11:30 pm
- UNION CC Ch.26: Irregular

NEW MEXICO

- BERNALILLO COUNTY CC Ch.27: Tue 2 pm
- LOS ALAMOS CC Ch.8: Wed 10 pm
- SANTA FE CC Ch.16: Thu 9 pm; Sat 6:30 pm
- SILVER CITY CC Ch.17: Daily 8-10 pm
- TAOS CC Ch.2: Thu 7 pm

NEW YORK

- ALBANY TW Ch.18: Wed 5 pm.
- BETHLEHEM TW Ch.18: Thu 9:30 pm
- BRONX CV Ch.70: Wed 7:30 am
- BROOKLYN CV Ch.68: Mon 10 am TW Ch.35: Mon 10 am RCN Ch.83: Mon 10 am FIOS Ch.43: Mon 10 am
- BUFFALO TW Ch.20: Wed & Fri 10:30-11pm
- CHEMUNG/STEBEN TW Ch.1/99: Tue 7:30 pm
- ERIE COUNTY TW Ch.20: Thu 10:35 pm
- IRONDEQUOIT TW Ch.15: Mon/Thu 7 pm
- JEFFERSON/LEWIS COUNTIES TW Ch.99: Irregular
- MANHATTAN TW & RCN Ch.57/85 Fri 2:30 am
- ONEIDA COUNTY TW Ch.99: Thu 8 or 9 pm
- PENFIELD TW Ch.15: Irregular
- QUEENS TW Ch.56: 4th Sat 2 pm RCN Ch.85: 4th Sat 2 pm
- QUEENSBURY TW Ch.71: Mon 7 pm
- ROCHESTER TW Ch.15: Sun 9 pm; Thu 8 pm
- ROCKLAND CV Ch.76: Tue 5 pm
- SCHENECTADY TW Ch.16: Fri 1 pm; Sat 1:30 am
- STATEN ISLAND TW Ch.35: Mon & Thu Midnite. TW Ch.34: Sat 8 am
- TOMPKINS COUNTY TW Ch.13: Sun 12:30 pm; Sat 6 pm

- TRI-LAKES TW Ch.2: Sun 7 am, 1 pm, 8 pm
- WEBSTER TW Ch.12: Wed 9 pm
- WEST SENECA TW Ch.20: Thu 10:35 pm

NORTH CAROLINA

- HICKORY CH Ch.6: Tue 10 pm
- MECKLENBURG COUNTY TW Ch.22: Sat/Sun 11 pm

OHIO

- AMHERST TW Ch.95: 3X Daily
- CUYAHOGA COUNTY TW Ch.21: Wed 3:30 pm
- OBERLIN Cable Co-Op Ch.9: Thu 8 pm

OKLAHOMA

- NORMAN CX Ch.20: Wed 9 pm

PENNSYLVANIA

- PITTSBURGH CC Ch.21: Thu 6 am

RHODE ISLAND

- BRISTOL, BARRINGTON, WARREN Full Channel Ch.49: Tue: 10 am
- EAST PROVIDENCE CX Ch.18; FIOS Ch.25: Tue: 6 pm
- STATEWIDE RI INTERCONNECT CX Ch.13; FIOS Ch.32 Tue 10 am

TEXAS

- HOUSTON CC Ch.17 & TV Max Ch.95: Wed 5:30 pm; Sat 9 am
- KINGWOOD CB Ch.98: Wed 5:30 pm; Sat 9 am

VERMONT

- BRATTLEBORO CC Ch.8: Mon 6 pm, Tue 4:30 pm, Wed 8 pm
- GREATER FALLS CC Ch.10: Mon/Wed/Fri 1 pm
- MONTPELIER CC Ch.15: Tue 10 pm; Wed 3 am & 4 pm

VIRGINIA

- ALBEMARLE COUNTY CC Ch.13: Sun 4 am; Fri 3 pm
- ARLINGTON CC Ch.69 & FIOS Ch.38: Tue 9 am
- CHESTERFIELD COUNTY CC Ch.17; FIOS Ch.28: Mon 1 pm
- FAIRFAX CX & FIOS Ch.10: 1st & 2nd Wed 1 pm; Sun 4 am. FIOS Ch.41: Wed 6 pm
- LOUDOUN COUNTY CC Ch.98 & FIOS Ch.41: Wed 6 pm
- ROANOKE COUNTY CX Ch.78: Tue 7 pm; Thu 2 pm

WASHINGTON

- KING COUNTY CC Ch.77: Mon 11 am, Wed 7 am BS Ch.23: Mon 11 am, Wed 7 am
- TRI CITIES CH Ch.13/99: Mon 7 pm; Thu 9 pm

WISCONSIN

- MARATHON CH Ch.10: Thu 9:30 pm; Fri 12 Noon
- MUSKEGO TW Ch.14: Sat 4 pm; Sun 7 am

WYOMING

- GILLETTE BR Ch.31: Tue 7

MSO Codes: AS=Astound; BD=Beld; BR=Bresnan; BH=BrightHouse; BS = Broadstripe; CV=Cablevision; CB=Cebridge; CH=Charter; CC=Comcast; CX=Cox; GY=Galaxy; IN=Insight;

MC=MediaCom; TW=TimeWarner; US=US Cable. FIOS=Verizon FIOS-TV.

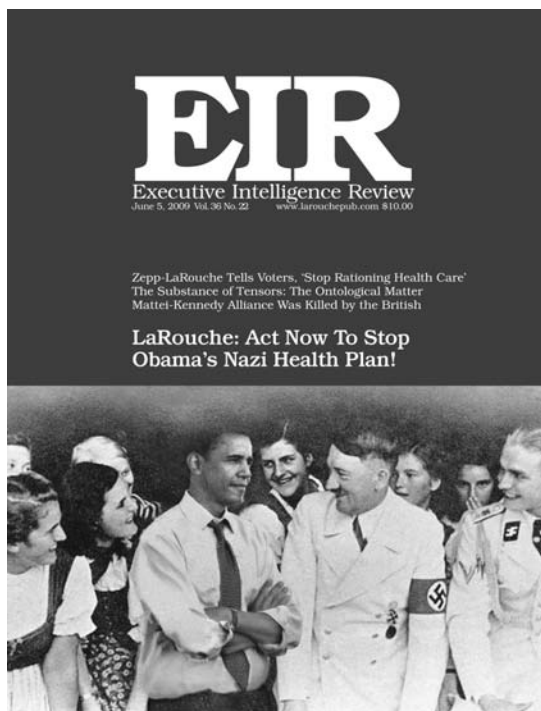
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