



JOEL M. SKOUSEN'S

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## PENTAGON DOWNPLAYS CHINA THREAT WITH 19 PAGE REPORT

The US government is finding novel ways to downplay the growing Chinese military threat. This week the Pentagon submitted a mere 19 page report on the Chinese military, claiming they were limited to 10 pages and overdid themselves. Amid recent Chinese naval forces running roughshod over the Philippines in the Pacific, the Pentagon ought to be sounding the alarm. Instead Navy admirals at CINCPAC Fleet and the Joint Chiefs are more concerned about setting up yet more military exchanges with the Chinese Communists.

Jeremy Herb and Carlo Munoz of *The Hill* report that "The battle over the length of Pentagon reports to Congress began Wednesday morning during a closed-door briefing on a Chinese military assessment after McKeon asked the Pentagon briefer why the report had shrunk to 19 pages. Pentagon spokesman George Little responded with a statement that the guidance — issued last summer — 'indicated reports should not exceed ten pages in length, except when the statutory requirements or specific circumstances dictate.' [It used to be hundreds of pages. This abbreviated bureaucratic response allows the Pentagon to downplay the threat by sheer lack of space.] Rep. Buck McKeon's spokesman, Claude Chafin, responded to Little's statement with a

statement of his own: 'For several years, the flow of information from the Pentagon to Committees of Jurisdiction has grown more and more restricted.'"

The more of a threat China becomes, the less the Pentagon wants to talk about it to Congress. They clearly don't want Congress or the American people to see the threat until it is way too late to stop. As I've said before, when our government starts sending out dire warnings about Russia and China, you'll know the war is too late to stop.

**Carl O Schuster** of Asia Times gives us more than what the Pentagon wants us to know. He openly discusses the new Chinese Navy and its future war planning. Yes, it's still many years off, but the direction China is taking toward regional hegemony on the seas is important to watch. Here are excerpts:

"China's as yet unnamed aircraft carrier will soon begin another round of sea trials before its planned commissioning in August [*three larger and more capable carriers are also being built by China. This one is just to train their forces in the concept and work out the bugs*]. It has yet to conduct a full range of flight operations and its fixed-wing air component remains largely in the prototype and testing phase. It will be several months, if not years, before it can fulfill many of the key roles attributed to a modern aircraft carrier and will not achieve full operational capability, including a complete fixed-wing and helicopter equipped air wing, nor full integration into fleet operations before 2016-2017.

"Commissioning of the carrier nonetheless will mark a major milestone in China's progress towards becoming a major ocean-going naval

power. The carrier will significantly improve the fleet's air defenses and broad ocean strike capabilities, but its full strategic significance cannot be understood without examining its role within China's increasingly aggressive posture in the South China Sea and complex fleet force structure [*I'm frequently asked what good are carriers to the Chinese when they can be so easily taken out by nuclear weapons and modern hypersonic sea skimming missiles. The answer is that China intends to do the taking out and roam the seas with their carriers in the conventional war that follows*].

“Beijing's fleet modernization program has involved the patient acquisition and development of the surveillance, sensor, command and control, and weapons systems integral to a balanced, modern ocean-going fleet. The People's Liberation Army Navy (PLAN) has introduced these new systems incrementally, building primarily upon technology acquired openly from Europe, Israel [*the US provides most of the technology and Israel transfers it to China—with secret US approval – as part of building up a future enemy for Hegelian purposes*] and Russia as well as incorporating American systems obtained from a variety of sources [*The US has long permitted Chinese scientists to visit our most sensitive weapons labs and universities to acquire technology. The US department of commerce has also looked the other way at indirect transfers of commercial technology by US firms eager for sales in China*].

“As a result, the latest Chinese surface ships and submarines are equipped with an array of first-rate sensor and weapons systems. The former have area air-defense systems not unlike America's Aegis-system, albeit with capabilities more akin to earlier rather than the latest models. The Luyang-II class guided missile destroyers are a formidable platform equipped with the HHQ-9 area air defense surface-to-air missile

(SAM) system and both YJ-82 anti-ship (ASCM), and more ominously for neighboring Southeast Asian nations, HN-2 land attack cruise missiles (LACMs).

“With those high-end platforms entering service in growing numbers, China's new carrier will extend the fleet's reach, reinforcing its strike power and providing a command, control, communications, computer and intelligence (C4I) platform for an embarked fleet commander. The question moving ahead will be which roles dominate and under what conditions.

“[For now,] The carrier will be able to perform a similar mission under what Chinese leaders probably see as a more likely conflict scenario: a limited regional war under high technology conditions. China's recent emphasis on defending its ‘territorial sovereignty’ in the South China Sea is of growing regional concern due to the extensive nature of its maritime claims. China's recent confrontation with the Philippines at Scarborough Shoal is the latest example of its growing assertiveness over the contested area.”

#### **CHINA AND IRANIAN OIL**

With all the talk of stricter sanctions on Iran going into effect this week, it should have surprised the media when Hillary Clinton gave China an exemption from abiding by the sanctions on Iranian oil, and that included a pass to invest in Iran's oil infrastructure.

“PressTV reports tonight that China is to invest in developing north and south Iranian oil fields (which will produce 700,000 barrels per day of crude). One of the oil fields, Azadegan, has one of the world's largest oil deposits, with in-place oil reserves estimated at 42 billion barrels - enough to tide China over a for a while - as Iran's Oil Minister Rostam Qasemi adds after 10-15 years of negotiations the decision has finally (and coincidentally very timely) been reached as ‘the

Chinese side has started its activities by investing USD 20 billion in the oil fields.”

Of course, if the US wants to continue to irritate China as they did to Japan prior to WWII, they will bomb the new oil fields when they attack Iran next year.

Meanwhile, even the sanctions aren't all they are cracked up to be. Apparently, Iran continues oil exports to EU through private consortium, according to RT.com. I don't usually quote from Moscow's faux-conservative TV station on the internet, but this story checks out: "Iran's central bank and Oil Ministry have signed an agreement with the Iranian Oil, Gas & Petrochemical Products Exporters' Association to secure delivery of 500,000 barrels per day to Europe, bypassing the EU sanctions.

"The Iranian consortium is going to sell up to 20% of its average volumes to privately-owned European refineries, according to the Iranian Mehr agency. But the report disclosed few details and didn't name the refiners involved. 'It is likely that because of international restrictions, we will give minor privileges or discounts to some of the buyers of our oil,'" Hassan Khosrojerdi, the head of the union of exporters said.

"As EU sanctions, banning member states purchasing Iranian oil or providing insurance for the shipments came in force July 1, Iran has seen its exports fall sharply. Last month Iran admitted for the first time that its oil exports have dropped 20-30% but denied exports were hit by sanctions. European countries used to import about 18% of Iranian exports." Gas and diesel prices are rising steadily in Europe.

### **GOP SENATE LEADERS: NO INTENT TO REPEAL OBAMACARE**

Despite the House vote of 244-185 to repeal Obamacare this week, the big roadblock to repealing this law lies within the more liberal Senate. House Speaker John [sellout] Boehner (R-Ohio) cast the bill as a way to give the Senate another chance to heed the will of Americans who oppose the legislation and see it as something that has led to increased healthcare costs and hindered job creation. But he knows it is a futile gesture to keep him looking conservative. House Majority Leader Eric Cantor (R-Va.) said they were trying to put members on the record about the healthcare law after the Supreme Court ruling, but it's easy for liberal republicans to vote for repeal when they know it will get stopped in the Senate.

American Spectator revealed last year that the Republican leadership in the Senate has always been against repeal: "A story in LaborUnionReport.com has Tennessee GOP Senator Bob Corker telling 'high dollar donors' at a GOP event [in 2010] something prospective Republican voters will be surprised to hear: Senate Republican Leader Mitch McConnell and his GOP colleagues have no intention whatsoever to repeal ObamaCare. None. Zip. According to what the story says are 'multiple sources,' here's the skinny:

"The junior senator from Tennessee told the gathering of donors not to worry about the incoming class of 'crazier Republicans' because the majority of Senate Republicans, especially minority leader Sen. Mitch McConnell (R-Ky.), had no intention of repealing the president's health care bill. They instead planned to fix only the 'bad parts' of the law, Corker reportedly told the group.

"Get that? The Senate Republican Establishment is already actively planning to sabotage any effort by new colleagues...colleagues they consider to be 'crazier Republicans' ...to repeal

the law that has infuriated a majority of Americans. If this is true, the very first move of these ‘crazier Republicans’ should be to remove McConnell from his leadership post, and make sure Corker is never put anywhere near any of the lesser leadership spots.

Even Mitt Romney would give us only a slightly different version if repealed as Chuck Baldwin reports, “Take the Democrat/Republican debate over Obamacare. Even if Mitt Romney and the GOP prevail in the November elections, Obamacare will be replaced with Romneycare. And Romneycare will be 85% Obamacare, with a slight shift toward government control and a slight shift away from government ownership. Again, I say, BIG DEAL! What neither party is talking about is that the federal government has no business being in health care. Period! Just like the federal government has no business being in over 90% of everything it is involved in today. But who do you hear saying that in Washington, D.C., except Ron Paul?”

Sam Baker writing in TheHill.com says defunding Obamacare is the answer, because the Republican controlled house holds a majority there. “Conservatives in the House are pushing GOP leaders to continue the campaign against President Obama's healthcare law even after Wednesday's vote to repeal the law.

“Reps. Jim Jordan (R-Ohio) and Michele Bachmann (R-Minn.) are gathering signatures this week for a letter asking GOP leaders to defund the healthcare law this year. ‘We should continue efforts to repeal the law in its entirety this year, next year, and until we are successful. However, in the meantime, there is more we can do in Congress.’ Defunding poses a serious challenge to the Affordable Care Act. Former Sen. Tom Daschle (D-S.D.) said Wednesday that it's one of the most potent weapons Republicans

would have against the law if they win the White House or a majority in the Senate.” Indeed.

### **UN TREATY ON GUN BAN GOING NOWHERE FOR NOW**

There is a lot of angst in the conservative movement about Hillary Clinton's blatant efforts to sign on to the UN Gun Ban Treaty. Dick Morris reports that “Without much fanfare and with as little publicity as possible, Secretary of State Hillary Clinton will go to New York City to sign the Arms Trade Treaty (ATT), now in the final stages of negotiation at the U.N. The treaty marks the beginning of an international crusade to impose gun controls on the United States and repeal our Second Amendment rights.

“The ATT is nominally geared toward the purpose of stopping international arms sales to gangs, criminals and violent groups. But, as is so often the case with U.N. treaties, this is merely a convenient facade behind which to conceal the ATT's true intent: to force gun control on the United States.

“Secretary Clinton will doubtless succeed in inserting language into the treaty asserting that it in no way is meant to restrict our right to bear arms [*knowing that it will have no effect*]. But even this language will be meaningless in the face of the overall construct set up by the treaty. The ATT is to be administered by an International Support Unit (ISU), which will determine whether nations are in compliance with this requirement and will move to make sure that they do, indeed, take ‘all necessary measures.’ This requirement will inexorably lead to gun registration, restrictions on ownership and, eventually, even outright bans on firearms.

“Former U.N. Ambassador John Bolton said it best: ‘After the treaty is approved and comes into force, you will find out that it has this implication or that implication and that it

requires Congress to adopt legislation to restrict the ownership of firearms... the administration knows that it cannot obtain this kind of legislation in purely a domestic context. They will use an international agreement to get domestically what they couldn't get otherwise."

However, as Julian Pecquet points out, "The National Rifle Association (NRA) warned the United Nations on Wednesday that the effort to craft international rules for weapons sales will go nowhere in Congress if it includes civilian arms. Wayne LaPierre, the CEO of the powerful lobby group, said 58 senators have pledged to oppose the treaty if it covers civilian weapons, fearing an infringement of America's gun rights.

"The only way to address NRA's objections is to simply and completely remove civilian firearms from the scope of the treaty. That is the only solution. On that, there will be no compromise." But that isn't really possible, so beware of any language that purports to do that. The ultimate line of defense is that it would still need to garner a two-thirds majority in the Senate to be binding on the United States, and even Democrats know that could cost them dearly if they vote of this thing.

### **NSA WIRETAPPING A CRIME, NOT A STATE SECRET**

As the US will neither affirm nor deny its vast dragnet of phone calls and emails, we must sue to protect our privacy and liberty. Cindy Cohn and Trevor Timm of the UK Guardian have the story: "This week, cell phone carriers publicly reported that US law enforcement made an astounding 1.3m demands for customer text messages, caller locations, and other information last year. The disclosure has sparked a flood of press coverage and consumer outrage, given much of the information was obtained without a warrant.

"But this is only one way that communications and communications records are being monitored by the government. Since 2006, Americans have known that the National Security Agency (NSA), in league with telecommunications carriers like AT&T, has been engaging in mass warrantless surveillance of millions of ordinary Americans. And since shortly thereafter, the Electronic Frontier Foundation has been suing to stop it.

"Despite the fact that the mass wiretapping was first exposed by the New York Times in 2005, and subsequently reported on by dozens of news organizations, the government continues to maintain that the 'state secrets' privilege should prevent the courts from even the basic determination of whether the NSA's actions are legal or constitutional [*The mainstream press is actually shilling for government when they "leak" this stuff. It is always a prelude to a mini-scandal and the government shills in Congress have a bill readymade to help make "limited" amounts of this illegal wiretapping legal—opening the door little by little*].

"This position [state secrets doctrine] isn't correct legally, since, in 1978, Congress created the Foreign Intelligence Surveillance law [*gives the fig-leaf of cover and supposed court oversight to the process—but these judges are also shills for government*] specifically requiring the courts to determine the legality of electronic surveillance. But it also isn't the right answer for a country founded on the supremacy of law and the constitutional protections against untargeted searches and seizures.

"Now, three longtime NSA employees – William E Binney, Thomas A Drake, and J Kirk Wiebe – have come forward and offered additional inside evidence to support the lawsuit, all of which confirms what an increasing mountain of evidence shows: that the US government is engaging in mass dragnet surveillance of

innocent, untargeted American people, as well as foreigners whose messages are routed through the US. As Binney states, ‘the NSA is storing all personal electronic communications.’” Sadly, judges almost never uphold the constitution in the face of state secret claims by government. I’m not optimistic at all.

### **LIBOR SCANDAL, BUSINESS AS USUAL**

NPR.org gives a generic overview of the LIBOR – the London Interbank Offered Rate. And the generalities are about all you can trust from NPR. “The LIBOR is a series of interest rates determined by a handful of representatives from the biggest banks in London. The rates are what the banks would charge other banks to borrow on different loan categories, which determines the global flow of billions of dollars and perhaps even the interest rate on your savings account or home mortgage.

“The scandal forced chairman Marcus Agius and CEO Bob Diamond of British banking giant Barclays to resign, and the company has agreed to pay \$455 million in fines to regulators in the U.K. and U.S. It was at Barclays that emails appeared to show bankers willing to manipulate the rate, but several other banks — including American ones — are now under investigation.”

Grant Williams, author of *Things That Make You Go Hmmm*, explains why there had to be a conspiracy involved. “Something as big as this just CAN’T be hidden from the public. Only... it can. It has been. It no doubt still is to a certain extent. I’m not going to go through all of the events of the past few weeks, but, simply understanding how LIBOR works makes for a simple conclusion.

“Given that almost half the reported inputs that help establish the Libor rate are discarded immediately [*part of the claimed process of arriving at the golden mean*], Barclays simply

CANNOT have manipulated the Libor rate alone. Period. What’s more, to effectively ensure the rate is set at the price required, you’d need to not only establish the highest and lowest 25% of prices, but then ensure the remaining 50% average out to the required rate and, based on the fact that there are 16 banks that submit rates, that would mean about 13 of the 16 involved would need to be complicit [true].

“As a very good friend of mine put it earlier this week; at best this is a cartel, at worst it’s outright fraud on a scale that is completely unprecedented. So for five years there have been attempts to fix the Libor rate and, take it from me, during that time, many inside the financial industry were familiar with the rumors of such manipulation but it was another huge scandal with such high-powered connected interests that it would no doubt be brushed squarely under the carpet. Forget ‘too big to fail’. This was ‘too deep to prove’.

“Libor is so important to so many people in the financial industry that the question of why it was manipulated really ought to be framed differently: Assuming you COULD manipulate something as important and potentially beneficial as the Libor rate with such ease for years, why wouldn’t you? The answer to this question would ordinarily be: Because it’s illegal and government regulators would throw the book at us [*unless you’re an insider with immunity, like Barclay’s*].

“So, working from the ground up; we have a set of traders looking to produce the best profits they can for personal gain, the major bank they work for and who should be supervising them with a need to disguise the level of its own funding costs and above them all, a government seeking to keep borrowing costs down in the middle of a gigantic financial storm. From such alignments of interest are the greatest of conspiracies born.

“In my humble opinion, the Libor scandal (which has a LONG way to go before it has played out and which will claim a LOT more scalps) will mark a fundamental change in the treatment of financial conspiracy theories in the media [*temporarily, and only because once a conspiracy is obvious, they have to treat it as real and prosecute a scapegoat—so they can blame it on a rogue person rather than systematic corruption, which it is*]. The sheer amount of coverage it will undoubtedly receive will signal a shift in attitude towards the exposing of such scandals rather than the blind-eyes that have been regularly turned in recent years.

“But perhaps, most-of-all, watching how quickly those in high places begin to throw each other under the bus [*at least the scapegoats*], it will hasten the end of many other possible government conspiracies as exposing such events becomes an exercise in self-preservation.

“Prime amongst conspiracy theories that may soon be finally proven to be either valid or the figments of overactive imaginations, are those alleged in the gold and silver markets. The allegations concerning precious metal price manipulation predate those surrounding Libor by decades but until now they have remained similarly acknowledged within financial circles and ignored without. That may well be about to change [*I doubt it, since gold and silver price manipulation needs to continue in order to downplay real levels of inflation*]. Unencumbered by liability, the rising price of gold has always been a barometer of governmental failure to protect the purchasing power of fiat currency and the best indication of the damage that inflation does.

The Libor isn't the only manipulated trading scheme: Washingtonsblog says, “ETFs, bullion

banks, storage facilities and other holders of gold that are “self-certifying” – without any checks by third party auditors – have been caught misreporting and raiding even allocated precious metals accounts, and using the loot to speculate or pay off other debts.

“As such, manipulation in the self-certifying portions of the oil and gold markets could have a huge impact on assessing the true health of financial institutions, the economy as a whole, and the assets of individual investors. There have also been allegations that the self-certifying derivatives indicator – iSwap – has been massively manipulated.”

#### **HOW BRITAIN SOLD IT'S GOLD TO BAILOUT GOLDMAN**

In another revelation about how insider banks support one another and give each other immunity, Thomas Pascoe reveals how British PM Gordon Brown sold Britain's gold at a knock-down price in order to help out Goldman Sachs.

“Britain's gold reserves were sold at a ludicrously low price. This decision stands out as downright bizarre, however: the sale of the majority of Britain's gold reserves for prices between \$256 and \$296 an ounce, only to watch it soar so far as \$1,615 per ounce today.

“When Brown decided to dispose of almost 400 tons of gold between 1999 and 2002, he did two distinctly odd things. First, he broke with convention and announced the sale well in advance, giving the market notice that it was shortly to be flooded and forcing down the spot price. This was apparently done in the interests of ‘open government’, but had the effect of sending the spot price of gold to a 20-year low, as implied by basic supply and demand theory.

“Second, the Treasury elected to sell its gold via auction. Again, this broke with the standard model. The price of gold was usually determined at a morning and afternoon ‘fix’ between representatives of big banks whose network of smaller bank clients and private orders allowed them to determine the exact price at which demand met with supply.

“The auction system again frequently achieved a lower price than the equivalent fix price. The first auction saw an auction price of \$10c less per ounce than was achieved at the morning fix. It also acted to depress the price of the afternoon fix which fell by nearly \$4. It seemed almost as if the Treasury was trying to achieve the lowest price possible for the public’s gold. It was.

“One of the most popular trading plays of the late 1990s was the carry trade, particularly the gold carry trade. In this a bank would borrow gold from another financial institution for a set period, and pay a token sum relative to the overall value of that gold for the privilege.

“Once control of the gold had been passed over, the bank would then immediately sell it for its full market value. The proceeds would be invested in an alternative product which was predicted to generate a better return over the period than gold which was enduring a spell of relative price stability, even decline. At the end of the allotted period, the bank would sell its investment and use the proceeds to buy back the amount of gold it had originally borrowed. This gold would be returned to the lender. The borrowing bank would trouser the difference between the two prices.

“This plan worked brilliantly when gold fell and the other asset – for the bank at the heart of this case, yen-backed securities – rose. When the prices moved the other way, the banks were in trouble. This is what had happened on an

enormous scale by early 1999. One globally significant US bank [*Goldman Sachs*] in particular is understood to have been heavily short on two tons of gold, enough to call into question its solvency if redemption occurred at the prevailing price.

“Goldman Sachs, which is not understood to have been significantly short on gold itself, is rumored to have approached the Treasury to explain the situation through its then head of commodities Gavyn Davies, later chairman of the BBC and married to Sue Nye who ran Brown’s private office. Faced with the prospect of a global collapse in the banking system, the Chancellor took the decision to bail out the banks by dumping Britain’s gold, forcing the price down and allowing the banks to buy back gold at a profit, thus meeting their borrowing obligations.”

Slick, but that shows how interconnected banks and governments are in Britain and America. We only know a few such tales about insider collusion, but you can be assured they are going on all the time.

### **CALIFORNIA CAFR CONTROVERSY**

Every time government CAFR (Comprehensive Annual Financial Report) reports surface showing how much money state governments have in their investment pool, misinformed conservatives start raving about using those funds to balance state budgets. But, these are not available funds, for the most part. State governments unwisely have promised huge pensions to retired state employees, and these huge investments funds, as large as they are, will not suffice so they cannot be diminished to cover current deficits. California also has custody of rotational tax funds collected on behalf of cities and counties in California that cannot be used for the general fund. You can’t rob Peter to pay Paul years down the road.



Carl Herman of the Examiner.com takes the extra-legal position that these funds can be disbursed. That would mean that California or other states would have to pay pensions out of the current account, which is in deficit.

“California's 2011 Comprehensive Annual Financial Report (CAFR) shows a tax surplus of \$600 billion dollars in cash and investments. The online public report on page 83 lists \$460 billion of investments claimed to help fund state pensions. Pages 234-235 show these investments had \$10 billion income, and cost \$3 billion in expenses [*bad ratio of Wall Street commissions*]. Page 107 shows \$6 billion interest cost for the state's \$164 billion debt.

“Therefore state investment income minus debt interest cost equals ~\$1 billion. This means the state retains \$600 billion in taxpayer assets for \$1 billion in income [*That's not accurate since the \$600 billion is not a function of income but of reserves for dedicated pension payments and other liabilities*].

“If California paid its debt and returned these assets [*which they cannot legally do since they belong to other entities*], each of California's 12 million households would receive \$35,000, and pay a \$83 tax to equal the \$1 billion income of the state's previous \$600 billion fund [*huge gap in socialist logic*].

“With increasing state debt, California's CAFRs net investment income for the last four years has a nominal average of negative 0.2%, if we assume the various fund/cash accounts is 26% of investments as is the total for the ~80 different accounts for 2011. Net nominal returns for the last ten years averaged just 1%. This data of ‘investment’ income refute any rational claim that retaining hundreds of billions of taxpayer

assets is necessary or even helpful for funding state pensions.”

Inexplicably, he doesn't explain why spending the principle would solve anything. It would only make a default in pension payment all that more inevitable.

## **EGYPT'S MUSLIM BROTHERHOOD PRESIDENT IN COLLUSION WITH GENERALS**

Abigail Hauslohner asks “Is Egypt's President Morsy Really Challenging the Ruling Junta? His decree reinstating parliament [*which was dissolved by the military*] sounds confrontational, but it can serve the purposes of both the Muslim Brotherhood and the military.

“To immediate appearances, Egypt's newly elected President looks like he has started his first serious confrontation with the ruling military junta. Mohamed Morsy, the first elected leader in the country's history, issued a bold presidential decree on Sunday. According to the state news agency, Morsy ordered the reinstatement of the country's Islamist-dominated parliament and called for a new parliamentary election within two months of the ratification of a new constitution. The junta quickly held an ‘emergency’ meeting to discuss Morsy's decree.

“According to Hala Mustafa, a political analyst at the state-run al-Ahram Center for Political and Strategic Studies, it's just the latest manifestation of a largely opaque but inevitable power struggle. ‘I think it will be like this for the coming period of time,’ she says. ‘Each side — the SCAF [Supreme Council of the Armed Forces] on one side, and the Muslim Brotherhood and the President on the other — will be trying to consolidate their power on the ground.’

“If Morsy is indeed sticking it to the generals now, Egypt could be in for a new round of conflict. But some analysts say that Morsy and the junta likely worked out a power-sharing deal [*that is certain*] well before the Islamist President, representing the most reliably pragmatic political organization in the country, took his presidential oath on June 24. A closer examination of the decree suggests a deal may be in the works this time too. To start, Morsy’s declared reinstatement of parliament isn’t absolute — it’s only valid until a new constitution is ratified.

“After that, Morsy has called for a new parliamentary election. That’s something that may be necessary under a new constitution, but it’s also a plan that the generals had already laid out when they seized legislative power for themselves. If the generals had indeed known of Morsy’s plan ahead of time — a possibility made more likely by the fact that the decree reached the public by way of the state news agency — it may be because the move signifies a win-win situation for both parties. Morsy saves face by keeping his promise to keep parliament functioning, while ultimately conceding an election do-over to SCAF several months down the road. Mustafa believes SCAF is unlikely to challenge Morsy’s decree ‘because the other option would be an open clash,’ although she dismisses any suggestion of a deal.

“Of course, that’s assuming the decree actually holds. If the military was indeed caught off guard by Morsy’s challenge, it can count on the constitutional court to stand in his way. The court will most likely declare Morsy’s decree invalid.” That is exactly what happened. The Court is in the pocket of the military and the Western Powers which still have considerable power in Egypt.

## **EVERYTHING THEY ARE SAYING ABOUT SYRIA IS FALSE**

Even as Russia announces more “warships” headed for their small naval port in Syria, they continue to undercut Assad in other ways. It is still my analysis that Russia is not going to stand in the way of US and NATO overthrowing the Assad regime. Russia adding another couple of destroyers to the mix won’t do anything to stop a US/NATO no-fly zone.

Russ Baker reviews the long litany of lies the mainstream media tells about the situation in Syria. “Friday, we read in the New York Times and elsewhere about one of Syrian President Bashar al-Assad’s most important supporters and allies having defected. The impression one gets is that Assad’s government is in a state of collapse – and this gives credibility to those pushing for Assad to turn over power.

“But what the media are not mentioning is that Brigadier General Manaf Tlass did not defect directly from the Assad inner circle. He had already fallen into disfavor early in the uprising and lost his command in May 2011 – 14 months ago. If you had that additional piece of information, you would interpret the news reports in a totally different way.

“When a piece of evidence that contradicts the overall impression is absent from the reportage, the reportage itself is almost worthless. As are reports of horrific events without adequate fact-checking and follow-up. Remember the Houla massacre? Who carried that out?

“The media told us that more than 100 people, including women and children, were brutally slaughtered at close range in the village of Houla in late May. The bloodshed, reported around the world, was ascribed to a militia, the Shabiha, which is loyal to Assad. Most witnesses who

spoke to the BBC said they believed that the army and shabiha militiamen were responsible.

“Later, a dribble of accounts cast doubt on this, since the people killed were, by and large, themselves supporters of Assad. But few heard about these. The BBC report did not say who Rasha was, or provide any evidence that she actually was there, or that if she was, she had any basis for saying that the killers were identifiable as to their affiliation. BBC quoted one other source, who did not provide a name. Despite the thinness of this material, the BBC story was picked up all over the world, and became perhaps the definitive account.

“Hence, you probably were unaware of an article from the Frankfurter Allgemeine-Zeitung, a traditional and serious German newspaper for whom I’ve written in the past. It published a report a month ago from a correspondent who got eyewitness accounts from people who he says had visited the Houla area. The correspondent, Rainer Hermann, says that these eyewitnesses were Assad opponents, yet discovered that government backers were not responsible for the massacre.

“Hermann’s sources described the events as follows: anti-Assad rebels attacked army roadblocks just outside Houla, which had been intended to protect villages, where the majority are members of Assad’s Alawi sect, from Sunni militias. The soldiers at the roadblocks, overwhelmed, called for backup, which led to a 90-minute battle, in which both sides sustained extensive fatalities. It was in this time frame that the unidentified militias entered Houla.

“As Hermann wrote June 7: ‘According to eyewitness accounts...those killed were almost exclusively from families belonging to Houla’s Alawi and Shia minorities. Over 90% of Houla’s population are Sunnis. Several dozen members of

a family were slaughtered, which had converted from Sunni to Shia Islam. Members of the Shomaliya, an Alawi family, were also killed, as was the family of a Sunni member of the Syrian parliament who is regarded as a collaborator. Immediately following the massacre, the perpetrators are supposed to have filmed their victims and then presented them as Sunni victims in videos posted on the internet. ‘Their findings contradict allegations of the rebels, who had blamed the Shabiha militias which are close to the regime.’”

Then John M. Peters reported on the egregious statements rendered by former U.S. Ambassador to Syria, Robert Ford and U.S. Congressman Gary Peters (no relation) which showed the extreme prejudice at a "Town Hall Meeting," to discuss "The Syrian Revolution."

“It was also apparent that Ford harbors a personal animus for President Bashar Assad. After all, it was Assad who sent Ford packing in disgrace from Syria for his departure from ambassadorial norms in actively encouraging violent revolution within Syria. Ford declared that ‘We will not stop until Bashar Assad is gone!’ Neither Ford nor Peters specified who ‘we’ is [*insiders know when they are speak about the PTB backing them up*]. Ford spent the evening ingratiating himself with the audience of conservative Sunni Muslims, at one point announcing that he did not care how Assad left, including being found dead in a sewer pipe like Qaddafi.

“While bemoaning the killing in Syria, Ford proudly admitted that the U.S. is acquiescing in the supply of weapons to rebels through Saudi Arabia, Qatar and other beacons of democracy.”  
-Something the US has always denied.

## **LIBYAN CANDIDATES ALL NEOCONS**

Tony Cartalucci says the Libyan election is a farce. “All candidates are neo-imperial candidates including Jibril, favored by Wall Street, who is favored to win.

“Ideally the West would like to install ‘liberal’ pro-globalist candidates into power in each of the nations it has destabilized and destroyed during its premeditated, engineered ‘Arab Spring.’ In the case of Egypt where Mohammed ElBaradei was sufficiently exposed and his presidential aspirations effectively derailed, the West’s Muslim Brotherhood proxies made for a viable second option [*actually, the MB has long been in the pocket of the West, at least at the high leadership level*].

“In Libya, a similar scenario has unfolded with two tiers of Western proxies poised to take power - pro-globalist technocrats like US-educated Mahmoud Jibril (Gibril) Elwarfally’s National Forces Alliance, and of course NATO’s terrorist proxies within the Muslim Brotherhood along with Al Qaeda-linked Libyan Islamic Fighting Group (LIFG) warlords like Abdul Hakim Belhaj.

“In Libya, the nation has been plunged into nationwide lawlessness, violence, and sweeping genocide by sectarian extremists, tribal confrontations, and militant opportunists. The people of Libya have been too busy defending themselves and desperately fighting for their own immediate survival to function as a nation-state, let alone scrutinize candidates politically before the farcical Western-hyped elections.

“In other words, no matter who wins the so-called elections in war-torn Libya, the West has ensured all the candidates are loyal proxies, and will most assuredly have one of these proxies in place to guide Libya according to its own agenda rather than that of the Libyan people.”

“The New York Times has already proclaimed in its article, ‘Party Led by Pro-Western Official Claims Lead in Libya,’ that Jibril’s party is the likely winner. Readers might recall that in May of 2011, Jibril had made a pilgrimage back to the United States where he received his higher education and spent years teaching in Pittsburgh, to speak before the corporate-financier funded Brookings Institution [*neocon shill for government*] about turning Libya into a ‘lake’ to develop the skills of Africans to serve the needs of markets in the European Union.

“And despite these elections, Libya will remain largely lawless and a terrorist safe-haven by design so that it may continue serving its purpose as a weapons, fighter, and cash hub for NATO militant proxies throughout the region, particularly versus Syria.. Libya’s ‘transitional government’ led by Western big oil representative Abdurrahim el-Keib had already played a significant role in carrying out Western designs against other geopolitical targets throughout North Africa and the Middle East, including Mali and Syria where Libya has shipped both weapons and fighters to augment NATO-backed terrorists seeking to overthrow these targeted governments. Libya under el-Keib has also lent significant political support to the West’s Arab World agenda.

“Along with the government of Tunisia - led at the time by US funded ‘activist’ Moncef Marzouki, Libya had withdrawn recognition of Syria’s government. The US-installed Muslim Brotherhood in Egypt has likewise backed Western designs throughout the region, most recently backing US calls for intervention in Syria.

“What the uninformed public believes it is seeing is a transition to ‘democracy’ across the Arab World and each of these nations joining together to ensure such a transition in remaining

‘dictatorships’ takes place. What has happened in reality is that the so-called ‘Arab Spring’ was planned by the West as early as 2008 with activists literally flown to the United States to receive training, funding, and equipment with which to return to their home countries and begin a campaign of coordinated destabilization.”

### **GERMAN CONSTITUTIONAL COURT TO RULE ON EU BAILOUT**

The Business Insider writes that “The German Constitutional Court Rules Against Euro Hysteria.” That’s a bit premature. In fact, I fully expect the court to go along with expanding these illegal bailout powers, but it will take its time. If they grant the plaintiff’s demand for an injunction, it would be valid for six months, while a final decision on the fund’s constitutionality could be made by the end of the year.

“Chancellor Angela Merkel did the right thing. She left Germany [*on a trip*]. And Germany is in turmoil. The bailout policies she and her government had pushed through and that parliament had passed just after the EU summit ran into discord, accusations, and threats. Everybody was applying pressure [*the bailouts are very unpopular with the common people, but being pushed by powerful EU and business forces*].

“On Tuesday, The court began its hearings on the permanent European Stability Mechanism (ESM) and on the fiscal union pact. A high-urgency, top-priority, super-rush hearing, restricted to oral arguments to speed things along. Very unusual for the Court. A sign it was taking the time pressures seriously.

“Plaintiffs had swarmed the Court from all sides: the Left, conservative Peter Gauweiler (CSU), former Minister of Justice Herta Däubler-Gmelin (SPD) with the association More Democracy,

representing now over 23,000 citizens, and the Association of Tax Payers. They claimed that the Bundestag, in passing the laws, had transferred critical parliamentary rights—controlling the national budget—to other organizations, thereby curtailing the rights of voters to participate democratically in budget decisions.

“Andreas Voßkuhle, President of the Constitutional Court [*all wearing the same gaudy red silk robes left over from Nazi days*], opened the session with a stunner: time. It would be impossible to examine all the issues and rule on the constitutionality of the laws in the time expected due to their complexity. Instead, the Court would decide by the end of July whether or not to grant an injunction that would prevent President Joachim Gauck from signing the laws. Then it would take another three months to rule on the constitutionality of the laws.

“Yet the ESM was supposed to be operational by July 1. It had been ballyhooed as the insurmountable firewall that would keep contagion at bay. It was supposed to save the Eurozone, and by extension, the economy of the world [*which it won’t, but it will postpone the inevitable for several years*].

“Outside the court room, it was a veritable slugfest. [*Globalist*] Bundestag President Norbert Lammert (CDU) warned of ‘hefty consequences’ not only for Germany but also for the entire European system of treaties, if the court stopped or delayed the ESM. ‘It would be politically and economically fatal,’ said Helmut Brandt, CDU delegate. And European parliament delegate Alexander Graf Lambsdorff (FDP) complained that the justices were not always ‘sufficiently familiar’ with all the processes in Europe and occasionally arrived at ‘erroneous judgments.’

“Then there were those who lashed out against those who’d lashed out against the Court: ‘The

Law in Europe has been continually stepped on during the euro crisis,' warned Frank Schäffler (FDP) [Right Wing party]. 'That doesn't have to be repeated in Germany in that the Constitutional Court is maligned.'

"Inside the court room, experts had five minutes each to present their case orally. Finance Minister Wolfgang Schäuble warned that stopping the ESM could lead to 'considerable economic upheaval with unpredictable consequences for Germany,' similar to the crisis of 2009. Doubts on Germany's ability or willingness to preserve the stability of the Eurozone could aggravate 'crisis symptoms' and could lead to 'more forceful speculation' that some nations would exit the Eurozone. And it 'could lead to significant insecurity in the markets.'

"Bundesbank President Jens Weidmann spent his five minutes in the afternoon dialing down the drama. Estimating the consequences of stopping the ESM was 'highly speculative,' he said, and part of the delay of the ESM was 'already priced in' by the financial markets. Further, the EFSF would suffice for the immediate needs of Spain and Cyprus, he said.

"On the other hand, the ESM wasn't a panacea anyway, he said, and a 'quick ratification wouldn't guarantee that the crisis didn't get worse [*he knows it's just a temporary band aid*].' State guarantees were only credible if markets believed that payment obligations would be fulfilled. And the fiscal union pact was 'not sufficient' to guarantee that there would be a 'solid foundation for the monetary union [*meaning a new treaty with less sovereignty*].'

"So calm down, everyone, he seemed to say. Even if the Court ruled for the laws in no time, it wouldn't solve the Eurozone debt crisis. And if it ruled against the laws, it wouldn't be such a big

deal." What he is saying is that the EU and globalism aren't going down no matter what. [END]