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The Force of Destiny

The Power of Natural Law

by Lyndon H. LaRouche, Jr.

Over-educated, pettifogging fools delude themselves to believe that the highest law of nations, even what is mistakenly named to be "natural law," or even "constitutional law," is crafted in the modalities of a negotiated contract, as the notion of a business or related sort of contract might have been adopted, signed, voted up. That law is the peculiar advantage of the Creator of this universe, and no judge, lawyer, or legislator can prevail against that Creator for long. With the currently onrushing, global crisis of a presently self-doomed world monetary-financial system, the essential silliness of customarily taught bodies of law confronts us....

In-Depth articles from EIR, Vol. 34, No. 50

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Feature

The Force of Destiny:

The Power of Natural Law

by Lyndon H. LaRouche, Jr.

Those who abuse natural law 'to steal the welfare of nations and their peoples, will be punished all the more severely because they have used a terrible corruption of the idea of law to perpetrate such crimes against humanity as our 'hedge funds' and kindred predators continue to do even still today.'

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The System Is Finished!**

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An Eightfold Increase in Foreclosures

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Which Bank of the South Will Prevail?

The new bank can be used to contribute to the downfall of the dollar and the rest of the world with it, or it can reflect the proposals of LaRouche, to form the seed-crystal for a new financial architecture.

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Eurasian Land-Bridge Achieves Breakthrough in Canada

A conference in Ottawa sponsored by *EIR*, on 'The Strategic Importance of the Eurasian LandBridge: Canada and the Coming Eurasian World.'

- **The Time Has Come To Rebuild With Peace**

Lyndon LaRouche, in his keynote to the conference, called for the three nations in North America to cooperate in large-scale development projects, thereby setting a precedent that should be replicated in the rest of the world.

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Who Is Out To Sabotage The Annapolis Peace Process?

The assassination of Gen. François Hajj, the second most senior officer in the Lebanese Army, threatens to throw that nation back into civil war; and tension is growing between Israel and Gaza. Yet regional diplomacy, emerging out of the Annapolis summit, continues to seek new avenues for meaningful negotiation.

- **German Foreign Policy Leader Says Annapolis Opens Doors for Peace**

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Realizing that the corpse, known as the world financial system, is quickly getting cold, LaRouche PAC organizers are acting on Lyndon LaRouche's principle of the mass effect, to galvanize the population into action.

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Andrew Jackson as a Treason Project

Anton Chaitkin shows how President Jackson broke down the nation's power over credit, tore down the tariffs protecting U.S. industry and wages, and blocked national expansion of canals and railroads. This attack on the American System of Economics laid the groundwork for the Civil War.

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Editorial

The Strategic Turning Point of 2008

U.S. Economic/Financial News

Wealth Increasingly Concentrated at the Top

Dec. 12 (EIRNS)—The Congressional Budget Office (CBO) report, "Historical Effective Federal Tax Rates: 1979 to 2005," released this month, confirms the trend noted in previous years: The richest Americans are sitting on the major portion of total U.S. income, and their pile just gets larger relative to the rest of the country.

The CBO used a broader definition of income for their new report—comprehensive income—which takes into account untaxed income such as welfare, food stamps, and Social Security benefits, as well as the usual taxable income, according to the Dec. 15 *New York Times*. The intent was to give a more accurate picture of income in the lowest economic stratum.

The results are shocking:

* The upper 1% of households made \$1.8 trillion gross in 2005—and kept an average of \$1.072 million per household after taxes—while the lowest 20% made only \$15,300 per household after taxes, with gross income of \$369 billion for the quintile. In other words, the lowest 20% of households altogether made just 20% of the income of the highest 1% of households in aggregate.

* The highest 20% of households by income made 51.6% of the income after taxes, leaving the other 80% to divide the remaining 48.4%. The lowest quintile only received 4.8% of the total income, while the upper 1% garnered 15.6%.

Since 1979, the percentage of income concentrated in the upper 1% of households has doubled, while that concentrated in the lowest 20% households has dropped by 30%.

* The income for the lowest 20% of households has increased by \$200 since 2003, while that for the top 1% has increased by \$465,700. And the increase in income for that upper 1% in aggregate was greater by 37% than the total income for the lowest 20% in 2005.

Florida Sucker-Funds Hemorrhaging, Speculative Losses Soar

Dec. 12 (EIRNS)—The municipalities which entrusted their monies to Florida's state-run Local Government Investment Fund (LGIF) may not have thought of themselves as suckers, but thanks to the Fund's "investments" in the toxic financial waste dumps known as SIVs, some 14-16% of their money has already been lost, provoking a political firestorm in the state. Since the problems came to light in mid-November, some \$13 billion was pulled out of the fund before it froze withdrawals on Nov. 29, and another \$2 billion has been withdrawn since it reopened Dec. 6, despite some restrictions. Making matters worse, the remaining funds have been split into a "Fund A," from which withdrawals can still be made, and a "Fund B," from which withdrawals have been suspended. Municipalities can withdraw all of their funds from Fund A if they wish, but must pay a 2% penalty above a \$2 million or 15% limit (whichever is greater), and they will likely lose the 14% of their funds in Fund B, which consists of the toxic SIV investments. The LGIF has also suspended interest payments to the municipalities, instead using the funds to cover the losses in Fund B.

Will Bush Cause a Freezing Winter?

Dec. 13 (EIRNS)—The Department of Energy's Energy Information Agency said yesterday that the heating cost for the average U.S. household will be \$986 this Winter, which is an increase of 10.9% from 2006-07. *USA Today* notes that more low-income and elderly people are applying for Low Income Home Energy Assistance Program (LIHEAP) help this year. However, President Bush has just vetoed the second LIHEAP bill, passed by a bipartisan vote in both houses of Congress, as he also vetoed the first version.

Melody Rodriguez of the Central Missouri Community Action told *USA Today*, that, so far this year, 569 people have applied for assistance, as compared to 159 last year; while others are purchasing more wood for their wood stoves.

Global Economic News

Banks Are Insolvent, So Ease the Rules, Auditor Says

Dec. 15 (EIRNS)—Auditors are in a tough spot in these post-Enron days, with the demise of accounting firm Arthur Andersen on their minds. If the auditors refuse to rubber-stamp the banks' fictitious valuations, the banks collapse—but if the auditors allow the fiction, they run the risk of being severely punished for malfeasance down the road. Hence, the suggestion by Ernst & Young Item Club's Peter Spencer in the Dec. 15 London *Daily Telegraph*, that the British "government must suspend a set of key banking regulations at the heart of the current financial crisis, or risk seeing the economy spiral towards a future that could 'make 1929 look like a walk in the park.'"

Spencer tries to blunt the clear meaning of his statement, by claiming that the banks are refusing to lend to each other, not because they are insolvent, but rather because of overly restrictive government regulations! The regulations he blames are the capital requirements set by the international Basel agreements, which require the banks to have an 8% capital reserve, which Spencer said should be cut to about 6%.

In reality, the idea that a mere 2% reduction in capital requirements would head off a crisis that would make 1929 look like a "walk in the park," is absurd, as both Spencer and the *Telegraph* know. What the auditors are really saying, is that the banks are already insolvent, and that the capital requirements must be lowered so that the auditors can continue to certify their books.

Hedge Funds' Policies Will Drive Up Hunger

Dec. 15 (EIRNS)—As agricultural prices continue to inflate, and financial markets to implode, hedge funds and other

hungry investors are eyeing previously unattractive investment opportunities, such as rice futures, with new interest; which was proudly announced by *The Wall Street Journal*, on Dec. 15. Rice, like wheat and corn earlier, is soaring in price, and spiked to \$13.125 this month from last year's price of \$9.87—close to a 20-year high.

Since rice is the major source of calories for much of Asia, and also parts of Africa, this pits the profit motive of rich investors directly against the food security of hundreds of millions of the world's poor. Poor harvests, rising demand, and rising prices have led ending stocks of rice to plunge to the lowest level in 24 years. Many countries are hoarding supplies rather than exporting, and importers are finding supplies hard to find. The price of rice in Thailand, the major exporter of rice in the world, rose 20% this year. Vietnam and India have imposed export restrictions on their rice this year.

This confluence of events has priced rice out of the reach of many food-importing countries, leading to further food insecurity. Countries relying on such agencies as the UN World Food Program (WFP) for food donations will feel the pinch as well. According to the WFP, food costs for the agency have risen by 50% in the last five years; that means less food to distribute to needy nations, which means more people are going to go hungry.

One reason that rice was not such an object of speculation earlier, is that little rice moves in world trade—only about 7%. The great majority is consumed by subsistence farmers on the spot. The fact that speculation on only 7% of world rice, could drive world prices up about 30%, shows that it is greedy speculation that determines the prices of gasoline, wheat, and other commodities, and not British Liberal philosopher Adam Smith's "law of supply and demand."

Bankers Frantically Trying To Wake the Dead System

Dec. 14 (EIRNS)—The global financial system may have died last Summer, but that hasn't stopped the bankers from trying to revive it:

* The biggest effort is that coordinated by the major Western central banks to pump liquidity into the banking system and to take worthless paper in as collateral. Already on Oct. 19, Lyndon LaRouche had ridiculed U.S. Treasury Secretary Henry Paulson's superfund bailout plan: "The whole thing stinks. It's fishy as hell." Now there's more:

* Five French banks are launching their own version of Paulson's ill-fated bailout plan, creating a fund to hold \$1.5 billion of asset-backed securities, as if putting the paper into a different pocket in any way solves the problem of its being worthless.

* In England, there is growing talk of nationalizing the bankrupt Northern Rock, which is already on life support via a credit line from the Bank of England. In the U.S., the newly installed leaders at Citigroup have decided to do what they repeatedly said they would not, and take what remains of their structured investment vehicle (SIV) exposure back onto their own books, and the prospect of a merger appears to be more likely each day.

* Countrywide, the overexposed mega-mortgage lender, is going fast, despite cash infusions from Bank of America and Paulson's latest scheme to stabilize mortgage-related securities; its foreclosure rate doubled last month, the level of late payments is soaring, and its stock price is tanking. Countrywide's lending practices are under investigation by the State of Illinois, and U.S. Sen. Charles Schumer (D-N.Y.) is trying to stop the Federal Home Loan Bank from subsidizing Countrywide and other bankrupt lenders.

* Even in Switzerland, where the gnomes are known for their conservative approach to banking, top bank UBS announced a 19.4 billion Swiss franc recapitalization, on the heels of a \$10 billion write-off and expectations of more. The *New York Post* portrayed Countrywide CEO Angelo Mozilo as a turkey on a rotisserie, and that image also works for the system as a

whole. This turkey is dead and isn't coming back to life, no matter how much cash they shove up its aperture.

Banking Insider: It's 'Unbelievably Bad'

Dec. 14 (EIRNS)—A senior European financial source told *EIR* today that the coordinated bailout action by European central banks was taken only as an emergency stopgap to prevent a banking crash between now and the Christmas/New Year holiday. The action does not address the banking crisis and was not intended to do that.

The source described the credit crunch as "worsening by the hour," and the situation as "unbelievably bad." Although he may be overly optimistic, *EIR* views the analysis by this source as in the right direction.

United States News Digest

Democrats Capitulate to Bush on the Budget

Dec. 14 (EIRNS)—The singular achievement of Congressional Democrats next week, assuming they even manage to do it, will be the completion of a deal on the fiscal 2008 budget which now looks like it will be a total capitulation to the Bush Administration. Democrats are blaming Senate Republicans for blocking every bill that the House sends over to the Senate, but they are also faulting each other for their failure to pass any meaningful legislation. According to yesterday's *Washington Post*, House Ways and Means Committee chairman Charles Rangel (D-N.Y.) accused Senate Democratic leaders of developing a "Stockholm syndrome," i.e., showing sympathy to their Republican "captors" by caving in on everything from middle-class tax cuts and tax increases for the super-rich, to tying Iraq War funding to troop withdrawal timelines, to mandating renewal energy quotas. For his part, Senate Majority Leader Harry Reid has complained about House Speaker Nancy Pelosi's "iron hand" style of running the House.

The budget deal that Pelosi hinted at yesterday, gives up the extra \$22 billion in domestic spending that the Democrats had wanted to include in an omnibus package, wrapping up the remaining 11 appropriations bills as well as any strings attached to the Iraq War funding. The amount of the Iraq War funding has not yet been worked out, though President Bush said, this morning, he would accept a "down payment." Pelosi said she hoped that a bill would be worked out over the weekend by Dec. 18. Bush also offered his solution to the budget crisis: Congress should pass a continuing resolution to cover the rest of the fiscal year, if it can't pass a budget deal by the time of the holiday break.

Bloomberg May Make \$1 Billion Bid for the Presidency

Dec. 13 (EIRNS)—In an article entitled "Where Bloomberg Fits in Election; Opportunity for run could evolve based on how primaries play out," the *Wall Street Journal* today confirmed Lyndon LaRouche's earlier assessment that by accelerating the primary election schedule, the Democratic and Republican party leaderships and the Presidential candidates have opened the door to an independent candidacy on the part of New York Mayor Michael Bloomberg (R).

The *Journal* reports: "Those close to Mr. Bloomberg said the 65-year-old billionaire is considering a White House bid, despite his repeated denials. Moreover, friends and advisers said, developments make a candidacy more conceivable."

While spinning out various scenarios which would make a candidacy more likely, the article says that "friends and advisers said Mr. Bloomberg hasn't ruled out a run against any of the leading candidates, and such a bid would be more likely if the primaries leave the nominees bloodied and voters looking for other options."

The *Journal* quotes Kevin Sheekey, Bloomberg's chief political strategist, who ran both of Bloomberg's mayoral campaigns, saying that if Bloomberg runs, it will be a "billion-dollar campaign."

Rove, Bolten To Receive Congressional Contempt Citations

Dec. 13 (EIRNS)—Today, the Senate Judiciary Committee voted for contempt citations for former Presidential advisor Karl Rove and White House Chief of Staff Josh Bolten, the latest move in the ongoing inquiry into the possibly politically motivated firings of Federal prosecutors. The citations, which were approved by a 12-7 vote, will now go to the floor of the House and Senate for further action.

White House spokesman Tony Fratto's response to the news of the contempt citations was, "They should be fully aware of the futility of pressing ahead on this."

New Jersey Becomes First State To Abolish Death Penalty

Dec. 13 (EIRNS)—With a vote today in the state Assembly, New Jersey has become the first state in the U.S. to abolish the death penalty, since it was reinstated in 1976. Members of the lower house voted 44-36 to replace the death sentence with life in prison without parole. The state Senate approved the bill Dec. 10, and Gov. Jon S. Corzine, a Democrat, has said he will sign it within a week.

A special state commission found in January that the death penalty was a more expensive sentence than life in prison, hasn't deterred murder, and risks killing an innocent person.

Lyndon LaRouche has long argued that the death penalty is nothing more than "human sacrifice," which undermines respect for life.

Colorado Video-Game Killer Copied Earlier Shooters

Dec. 13—(EIRNS)—This past week, two young shooters, "computer junkies," as described by one newspaper, trained on video games, killed 13 people and wounded many others, in two separate incidents. Before the shootings, both posted computer messages quoting from the Columbine High School killers, with one also threatening to surpass the 32 people killed last April at Virginia Tech. The shootings both ended when the shooters committed suicide.

On Dec. 8, Matthew Murray went to a religious meeting in Colorado and killed two people. After the shooting, and having evaded police, he went home and posted on his computer, quotes from Columbine shooters Eric Harris and Dylan Klebold, writing, "He is coming for everyone" and "will shoot to kill." The next day he shot and killed three more people at a church service, before committing suicide.

Murray was "inspired" by the shootings in Omaha, Neb., last week, by computer gamer Robert Hawkins. Murray wrote on his computer, the day after news of Hawkins' rampage, that it "sounds like one of the Nobodies became a Somebody." Nineteen-year-old Hawkins, in turn, had been "inspired" by Virginia Tech mass murderer Seung Hui Cho. An hour and a half before his rampage at a crowded Omaha mall, where he killed eight people, Hawkins wrote on his computer that he was going "to try to beat Cho's high score," before also committing suicide. Hawkins' friends wrote messages on MySpace threatening to kill a girl who had disparaged Hawkins.

Lt. Col. Dave Grossman (ret.), author of books exposing video games, commented yesterday on the multiple murder/suicides, that they were the result of thousands of hours of playing video-game "murder simulators." The shooters

only committed suicide when they were confronted, and realized that their "game is over" (see this week's InDepth for "Mass Murder by Internet!: Games Pose New Issue of Law," by Lyndon H. LaRouche, Jr.; and "Ban Killer Video Games and Internet Violence!," by Helga Zepp-LaRouche.

Ibero-American News Digest

Free-Trade Threat to Mexican Industry Drives Revolt

Dec. 13 (EIRNS)—Forty thousand businessmen and workers took to the streets in Leon, Guanajuato yesterday, demanding that the government defend their jobs by maintaining protective tariffs. The protest, joined by the governor and about a dozen mayors, was unprecedented in this conservative region, which has been a bastion of support for the ideologically free-trade Calderón government. The shoe industry organizers of the march were caught by surprise, having expected no more than 10,000 people. People from many other industries and services, and delegations from at least five other states joined their protest.

Mexican industry, crushed by the North American Free Trade Accord (NAFTA), is warning that it will be wiped out entirely, if the government proceeds with lifting all tariffs on Chinese imports for 17 industrial sectors, as it had committed to do on Dec. 12, under World Trade Organization agreements. Industries affected include textiles, clothing, toys, machinery and equipment, chemicals, minerals, basic metals and metal products, as well as shoes.

Shoe industry leaders warn that 225,000 jobs will be lost in the state of Guanajuato alone, should the government proceed with lifting the tariffs. People will have no choice but to go to the United States to try to find work, if these jobs go, marchers told the press.

For their part, leaders of the textile industry issued a statement on Dec. 13, warning that they employ more than half a million workers nationwide, and should the tariffs be lifted, at least half of them will lose their jobs within a year. "We cannot afford the luxury of losing jobs which the country needs so badly," National Chamber of Textile Industry chief Rafeal Zaga Klach stated. So, too, leaders of the clothing industry stated that they will defend their industry with all they've got, because they have already lost some 250,000 jobs in recent years, and cannot afford to lose more.

Ibero-American Leaders Act To Avert Bolivian Explosion

Dec. 12 (EIRNS)—As Bolivia moves dangerously close to territorial disintegration and race war, nine Ibero-American presidents, in addition to the Organization of American States (OAS), intervened on Dec. 10 to offer support "for the people and government" of Bolivia, and urge all political forces in that country to resolve their disagreements through peaceful dialogue. The presidents issued their statement from Buenos Aires, where they were attending the inauguration of Cristina Fernández de Kirchner as Argentina's new President.

Bolivia is a powderkeg, set to blow apart along racial and class lines, exactly as orchestrated by the British gamemasters who are pulling the strings of both sides in this conflict:

* Right-wing separatist leaders in five states—Santa Cruz, Beni, Pando, Tarija, and Chuquisaca—allied with Cheneyac forces in Washington, as well as with the fascist Bolivian Socialist Falange, are preparing to declare "de facto autonomy" from the central government on Dec. 15, citing opposition to the Constitution approved Dec. 9 by the Constituent Assembly. The Union of Cruceñista Youth, modelled on the Hitler Youth, is armed and looking for a fight.

* From the left, the actions of Jacobin hordes such as the "Red Ponchos" indigenous shocktroops, are fueling the right wing's claims of President Evo Morales's "anti-democratic" tendencies. They gained notoriety two weeks ago, when they were filmed during a violent protest in Sucre, gleefully decapitating and hanging dogs while screaming the names of separatist leaders, whom they have vowed to kill should they "touch the soil that belongs to all Bolivians."

Morales had appealed to the opposition to accept a truce over the Christmas and New Year's period, but separatist leaders rejected it. They reportedly have plans to seize government buildings once autonomy is declared, and in the case of Santa Cruz, an artist's drawing of a proposed new currency, the "cruceño," is said to be circulating. Interior Minister Alfredo Rada has warned that, if necessary, the government will deploy security forces to deal with these "separatist attempts."

The statement released by the nine Ibero-American presidents from Buenos Aires is an attempt to defuse the situation, knowing that should Bolivia explode, this would also have regional repercussions. OAS Secretary General José Miguel Insulza met at length with Morales in Buenos Aires, and offered support for any initiative that would foster dialogue with the opposition.

Cristina Kirchner Honors Paraguayan Hero

Dec. 10 (EIRNS)—In her meeting Nov. 29 with Paraguayan President Nicanor Duarte, Cristina Fernández de Kirchner, who became Argentina's President on Dec. 10, paid tribute to Marshal Francisco Solano López, the Paraguayan President and military hero who led his outnumbered forces against Argentine, Uruguayan, and Brazilian troops in the British-orchestrated 1865-1870 "Triple Alliance War."

The mere mention of this history of Paraguay by Fernández de Kirchner must have international financiers sweating profusely. This was the war that London organized to annihilate the most advanced example at that time in South America of an industrialization process based on application of the policies of the American System of political economy. Britain ordered its South American lackeys to slaughter Paraguay's population, a genocide from which that nation has yet to recover.

Many perhaps don't know, she said, "that here in Paraguay, the very first process of industrialization in all America was developed, and like any dignified and honorable nation, its goal was to achieve reasonable autonomy in its decision-making. And, because of that dignified and independent national conviction, the Paraguayan people were annihilated and humiliated."

Today, Fernández de Kirchner said, "I want to express [the Argentine] people's recognition of Paraguay, and tell you that perhaps the reason that this is such a special moment for Latin America, is because these [pro-industry] ideas are once again flourishing."

The Triple Alliance War, Fernández de Kirchner said, should more aptly be called the war of "triple treason against Latin America, and its men and women," and against "that great Latin American patriot [Solano López], who was humiliated" and killed as a result of that treason.

Argentine Scientists: Sun, Not Man, Causes Climate Change

Dec. 4 (EIRNS)—A group of prominent Argentine scientists disputes the theory put out by Al Gore, that human activity is the cause of global warming. Eduardo Tonni, head of the Paleontology Department at the prestigious University of La Plata, notes that while it's not politically correct to dispute this theory, the evidence for global warming being a "natural" occurrence is far more compelling.

As reported by Perfil.com Dec. 2, scientist Rosa Campagnucci, a researcher with the National Science and Technology Commission (Conicet) and former member of the Intergovernmental Panel on Climate Change (IPCC), stated at a recent conference at the Military Geography Institute that global warming is actually a phenomenon that has occurred quite frequently over the past 2,000 years. And, she noted, rather than being caused by carbon dioxide emissions produced by human activity, which many scientists accept as "irrefutable truth," it is much more likely related to "capricious" solar activity, which, over decades and centuries, has not been at all homogenous.

An author of two of the IPCC's 2001 reports, and an expert on the El Niño phenomenon, Campagnucci points to the period of global warming that occurred during the medieval period, between 800 and 1300 A.D., which she states was caused *only* by solar activity, and was what allowed the Vikings to make their trips to North America. With all the emphasis today on preparing to deal with global warming, she warns, this could leave man unprepared to deal with the possibility of a new ice age.

As for natural disasters such as tsunamis or Hurricane Katrina, Tonni noted that there is little evidence that they are more frequent today than in the past. "The alarmism we see today," he argues, "is justified by the fact that it generates funds.... Unfortunately, this is just another product of the market."

Western European News Digest

Italy's Truckers' Strike Compared to Chile's in 1973

Dec. 14 (EIRNS)—A truckers' strike paralyzed Italy for three days last week, bringing production and distribution to a halt. Truckers are victims of deregulation and globalization, and their protests are legitimate; however, the role played by strike leaders associated with former Prime Minister Silvio Berlusconi has prompted comparisons to the 1973 truckers' strike in Chile, as the potential death blow for the Prodi government. The Chile "independent truckers" strike, instigated from abroad by corporate interests planning a coup, helped trigger the bloody overthrow of President Salvador Allende by Gen. Augusto Pinochet.

During the strike, Fiat announced 22,000 temporary layoffs, because supplies were not being delivered. Gas stations were left empty. Fresh food delivery, especially vegetables and milk, was cut, while food rotted in depots. It is estimated that the agro-industrial sector lost \$200 million per day. Firms producing popular Christmas products, like Panettone, might receive a mortal blow, and you may not see Panettone in American shops.

The government declared the strike illegal, and a few drivers were arrested in southern Italy because they had set up roadblocks. The large national trade unions CGIL, CISL, and UIL supported the demands but condemned the form of the strike.

Although truckers are organized in a myriad of small associations, the largest and most aggressive is led by a parliamentary member of Berlusconi's right-wing party, Forza Italia. Organizations close to the center-left also joined the strike.

At least 85% of freight in Italy runs on roads. Truckers were protesting the effects of deregulation and globalization: Their rates have been frozen for 17 years, and they suffer competition from Eastern European truckers who are willing to drive for 50-70 cents per kilometer, versus the \$1 charged by the Italians. Fuel costs have increased and a full tank for a truck costs 47.5 euros more than one year ago. Such "market conditions" can be met only at the cost of safety: longer driving hours, no stops, and higher speed, all of this violating the law and risking the trucker's license.

Lord Conrad Black Sentenced to 6.5 Years

Dec. 10 (EIRNS)—Member of the British House of Lords Conrad Black was sentenced today by a U.S. court to least 6.5 years in a minimum security Federal prison in Florida, for bilking millions of dollars from of his media conglomerate, Hollinger International. In addition to the prison sentence, His Lordship was ordered to pay a fine of \$125,000 and forfeit \$6.1 million, the estimated amount that he defrauded shareholders. The former Hollinger CEO, who has funded neoconservative think tanks such as the American Enterprise Institute and the Hudson Institute, was convicted in July of mail fraud and obstruction of justice, and acquitted on nine other counts. He plans to appeal.

At the time he headed Hollinger, the conglomerate controlled hundreds of newspapers, including the *Chicago Sun-Times*, the *Jerusalem Post*, London's *Daily Telegraph*, and a chain of Canadian papers.

Danish Political Offensive for Kattegat Bridge

COPENHAGEN, Dec. 8 (EIRNS)—As a counter to the expected downplaying of the project to build a bridge across the Kattegat strait, from Denmark to Sweden, in the Infrastructure Commission report that's due in January, the politicians who are for the project are going on the offensive. Last week, the threesome who initiated a hearing on the Kattegat bridge on Oct. 3—the mayor of Aarhus, the mayor who is the leader of the cities in the mid-Jylland region, and the mid-Jylland county chairman—called on the parliamentarians to approve money for a study of the project. *Jyllands-Posten* today has a front-page banner headline, "Study a Kattegat Connection," and the transportation spokesman for the Conservative Party (in the government coalition), Henriette Kjaer, was interviewed on national radio news supporting the idea. *Jyllands-Posten* reports that there is a majority in the parliament for spending money to study the project, and quotes the transportation spokesmen from the Liberal Party (the other government party), as well as the Social Democrats and the Socialists (the Socialists prefer a rail-only bridge).

The Schiller Institute in Denmark was the first in the recent period to suggest the Kattegat bridge, in connection with its plan for a national maglev rail network.

Despite Merkel, Germans Support Putin Policy

Dec. 11 (EIRNS)—London has denounced Russia's Dec. 2 parliamentary elections as a fraud, and Helga Zepp-LaRouche has mocked German Chancellor Angela Merkel's incompetence for "aping" London in this matter. But despite Merkel, traditional German interests represented in both of the two major parties comprising Merkel's ruling coalition, are in firm support of Russian President Putin's policy. They also agree with Putin in backing the candidacy of Gazprom Chairman and Deputy Prime Minister Dmitri Medvedev, to be Russia's next President.

Speaking today in New York, former German Chancellor Gerhard Schröder, of the Social Democratic Party (SPD), warned against attempts to isolate Russia in world affairs, and called on the United States and Europe to make Russia a partner in all aspects of their foreign policy. He spoke passionately about the "unfairness" with which the West is treating Russia, warning about the dire consequences of such a tactic, and the instability that could result from perceived attempts to isolate or degrade Moscow.

New BAE 'Investigation' Is Another British Coverup

Dec. 9 (EIRNS)—The British government has announced, according to the *TimesOnLine*, that its Serious Fraud Office is relaunching a criminal investigation of corruption at the international military materiel/mercenary slush fund and fraud

agency known as BAE Systems.

Dozens of senior BAE executives are to be questioned over the next two months about bribery involved in secret commissions arranged over many years through arms contracts with South Africa, Tanzania, Romania, the Czech Republic, and fascist Gen. Augusto Pinochet's Chile. No mention was made of renewing the investigation of BAE's illicit deals with Saudi Arabia that former Prime Minister Tony Blair shut down.

The British-Saudi BAE ventures that the U.S. Justice Department is attempting to investigate, are not joint British-Saudi operations, but ones in which the Saudis are patsies for the British, Lyndon LaRouche notes. He adds that it is a myth that the Saudis are loyal to the memory of President Franklin D. Roosevelt. "That's not true," he said. "Essentially they are controlled by Sykes-Picot," the British-manipulated 1916 agreement that carved up the Ottoman Empire.

Labour Government Accused of Withholding BAE Evidence

Dec. 7 (EIRNS)—During a debate in the House of Lords yesterday, Lord Avebury (Eric Reginald Lubbock) charged that the British government has made a decision not to hand over to the United States its evidence on the BAE bribery-and-slush-fund case, which revolves around Dick Cheney's favorite Saudi, Prince Bandar. Avebury is a member of the Liberal Democrats, the party that boycotted the visit last month by Saudi King Abdullah and his entourage, because of the BAE-Al Yamama corruption, and Tony Blair's coverup of it. Avebury says the Gordon Brown government has already decided not to cooperate with the U.S., but won't admit it openly.

Lord West of Spithead, on behalf of the Home Office, denied that the Home Secretary has refused the U.S. request, and said he is "in the process of giving the request the detailed consideration it requires." Lord Thomas of Greshford then asked if the government has given any assistance at all yet to the American authorities, or whether it is just going to sit for the next 12 months.

Germany Needs a New Bismarck, Says Zimbabwe Official

Dec. 11 (EIRNS)—In response to German Chancellor Angela Merkel's attack on Zimbabwe's President Robert Mugabe, at the just-concluded European Union-African Union summit in Lisbon, Minister of Information Sikhanyiso Ndlovu told the Zimbabwe *Herald* that Germany needs a leader like Otto von Bismarck, who fought for unification and the eradication of injustice. "She needs to read German history and be oriented," he said of Merkel.

Upon return from the summit, Mugabe said: "We defeated the British, we were the victors over the British. What is Britain after all? They think the empire runs. There is no empire to talk about." Mugabe also addressed the broader issue of the summit, saying, "The summit was discussing cooperation between Africa and Europe, so that we help each other develop our countries. It was not a meeting to discuss Zimbabwe, but you just heard 'Mugabe, Mugabe, Mugabe,' and I said this is not my meeting, but it's for Africa and the EU."

Russia and the CIS News Digest

Russian Chief of Staff Warns of Nuclear Scenarios

Dec. 15 (EIRNS)—Gen. Yuri Baluyevsky, Chief of the Russian General Staff, warned today that U.S. interceptor missiles placed in Poland could trigger a Russian nuclear counterstrike. "If we suppose that Iran wants to strike the United States, then interceptor missiles, which could be launched from Poland, will fly towards Russia," he said, according to RIA

Novosti. Since their flight trajectory would look very similar to that of ICBMs, they could trigger Russia's automated warning systems. "The issue of Confrontation with Russia, including a direct confrontation, is, to put it mildly, unfortunately still regarded by my counterparts from the Pentagon as relevant," he said, adding that U.S. missile-shield plans for Central Europe are aimed at changing the security system in Europe, not against possible missile attacks by so-called rogue nations.

Baluyevsky's remarks come about a week after he returned to Moscow from Washington, where he met with top Pentagon officials on a number of important bilateral issues, including discussions on Putin's missile defense proposal. Baluyevsky was addressing a press conference in Moscow when he made these remarks. He was accompanied at the press conference by Sergei Kislyak, the Deputy Foreign Minister and the chief negotiator on the missile-defense talks. Kislyak said that in spite of the seeming deadlock, both sides were intent on continuing the dialogue. Kislyak also said that Russia had no intention of increasing its forces on its borders, in spite of having opted out of the treaty on Conventional Forces in Europe.

One Washington Russia specialist, just back from talks in Moscow with top officials of the Putin Administration, added to the picture of growing sources of U.S.-Russian conflict. He reported being told that Russia has two "red lines" which, if crossed, could trigger war. One is the independence of Kosovo—with the endorsement of Western powers. The other is a U.S. attack on Iran. While frictions between Washington and Moscow are real, and are being further stoked by continuing vicious British provocations against Putin, there are also indications of continuing U.S.-Russian channels of cooperation. Despite the stalemate on the missile defense issue, sources close to both governments have reported that the past week's meetings between Baluyevsky and Joint Chiefs of Staff chairman Adm. Michael Mullen went extremely well, and a good personal rapport has been established between the two military commanders.

Russia Orders Shutdown of British Council Offices

Dec. 12 (EIRNS)—Russia has ordered all 15 regional offices of the British Council, which ostensibly promotes British culture abroad, to suspend their operations beginning next month, the Russian foreign ministry announced. Only the council's Moscow head office will be allowed to remain open. Britain immediately vowed to defy the order at two of the offices, setting the stage for a potential police showdown in the new year. The British Embassy in Moscow warned of serious consequences.

The move was immediately labelled in the U.K. and by most of the Western media as fallout from last year's mysterious death of the ex-KGB defector Alexander Litvinenko in London. However, the British Council is notorious in Third World countries as a tool for promoting "regime change," using foreign money through NGO-like campaigns against governments unwilling to serve British interests. The Kremlin has always been conscious of the possibility of a repeat of the Orange Revolution in Ukraine, which it has seen as having been fomented by foreign NGOs using foreign money.

In addition, the British Council, offices of which were raided by Russian tax personnel in 2004, has been involved in three years of legal wrangling with Russian authorities over non-payment of taxes and questions over its legal status in Russia.

CSIS Scripts Time and Place of Putin's Assassination

Dec. 14 (EIRNS)—The Center for Strategic and International Studies (CSIS) in Washington released a report dated November 2007, titled "Alternative Futures for Russia," authored by CSIS academic Andrew Kuchins. Of interest is a chapter titled "Alternative Scenarios for Russia 2017," which says how "Putinism without Putin" will affect Russia.

One of the scenarios described by Kuchins is the assassination of Putin: "Russia and the world were stunned by the

assassination of Vladimir Putin as he walked out of a midnight mass at the Christ the Savior Cathedral in Moscow on January 7, 2008. Rumors flew about a Chechen-ordered hit, possibly involving support from exiled oligarch Boris Berezovsky, but like so many high-profile Russian murders, the Putin killing was never solved. Acting president and former prime minister Viktor Zubkov disappeared from public view for more than a week, apparently suffering a small heart attack, although many believed it was a nervous breakdown...."

The author included a disclaimer that these scenarios were not supposed to be predictive, but their dramatic and sensational content led to major coverage in the Russian media, which treated the publication as a forecast. Since that Russian reaction was a foregone conclusion, the question is: What was Kuchins trying to achieve with his apocalyptic scenario for Putin and Russia?

Southwest Asia News Digest

Arab States Move To Reconcile Palestinian Split

Dec. 11 (EIRNS)—Khaled Meshal, the head of the Hamas movement, arrived on Dec. 7 in Riyadh, Saudi Arabia, for talks with Fatah, mediated by Saudi Arabia and other Arab governments, to reconcile these two main Palestinian factions.

Speaking from Riyadh, Meshal said his movement was willing to make far-reaching concessions to resolve the rift with Fatah, including handing back control of Gaza and the security services to the authority of Palestinian President Abu Mazen (Mahmoud Abbas), and re-establishing a centralized government for both Gaza and the West Bank, reported the Saudi-owned *al-Sharq al-Awsat*, based in London.

Syrian officials told the daily that efforts to bring Fatah and Hamas together through the mediation of Saudi Arabia, were part of a comprehensive Arab effort to bring the internal Palestinian crisis to a resolution. A Fatah leader in the West Bank, Hatham Abed al-Kadr, said Egypt has also been in mediation efforts, reported the Israeli daily *Ha'aretz*.

Hamas has also made an approach to the United States. Ahmed Yusef, advisor to Prime Minister Ismail Haniyeh, has sent a letter to Secretary of State Condoleezza Rice, saying that Hamas is interested in opening a dialogue with the U.S. and European Union.

Lyndon LaRouche gave this analysis: "This also solves a problem for Israel. It gets this problem off their backs. So it works for all sides." On the mediation of the Arab states, "I think that that may have gotten some support from the meeting that just occurred among the Gulf [Cooperation] Council. That was not a military meeting; it was just a quasi-diplomatic one. But it's extremely important....

"The big frustration for Dick Cheney and for some people in London, is the fact that it's rather difficult now for Cheney and Co. to pull off the strike on Iran—because the military position of the United States would be devastated by opening such an attack. And with the collapse of the value of the dollar, they would have to be absolutely insane and totally British to do this kind of thing.

"It also has some problems in London, where people are playing some factions, and playing games—some are across party lines, and some are according to party lines—so it is extremely interesting.

"I don't think we can make predictions, but we can make estimates.... The Gulf Council and similar kinds of things, the regional pressures, regional interests, are now coming into play, which is what I was hoping they would do.... It has

worked so far."

Syria 'Not Pessimistic,' About Middle East Peace

Dec. 8 (EIRNS)—Syria's ambassador to Washington, Imad Mustapha, issued a positive statement on hopes for progress in peace talks between Israel and the Palestinians, while warning that Israel's continued occupation of Arab lands and its killing of Palestinians could wreck negotiations.

Part of the complex chain of events which led to hopeful results at the Mideast peace conference at Annapolis last month, was Lyndon LaRouche's firm support for the process, especially his endorsement of Israeli President Shimon Peres's September call for Israeli-Syrian peace negotiations.

Referring to that peace summit, the ambassador told Lebanon's *Daily Star*: "It may go into the footnotes of the history of the Arab-Israeli conflict, but it can be the start of something, and I am not going to be very pessimistic. Negotiations between the Palestinians and Israelis are happening right now as we talk; there is always this possibility—remote or not—that something might happen, something positive."

He called for a comprehensive peace which includes a "changed reality on the ground," and an end to "policies of occupation." He said that normalization of relations with Arab states could not take place "if Israel continues to occupy territories and kill our people."

WHO, UNRWA Appeal to Israel: End Sanctions on Gaza

Dec. 10 (EIRNS)—United Nations officials called today for swift action to end the fuel and electricity shortage, mainly caused by Israeli sanctions, which have aggravated a health crisis in the Hamas-run Gaza Strip. Reuters reports, "The World Health Organization (WHO) and UN Relief and Works Agency (UNRWA) are appealing to all parties involved to ensure that in the future all health facilities in Gaza are supplied with the appropriate amount of electricity and fuel...."

Israel began restricting fuel supplies in October. On Oct. 30, the Israeli Supreme Court gave its approval to the cuts. On Nov. 30, the Israeli Attorney General, while approving other sanctions, said fuel and electricity should not be further cut.

In Brussels today, Palestinian Prime Minister Salam Fayyad urged Israel to lift its blockade on Gaza. Back in October, the European Union warned Israel against imposing "collective punishment" on the 1.5 million Palestinians in Gaza, by reducing the territory's fuel supplies.

U.S. Congressional Group Tries To Cast Doubts on Iran NIE

Dec. 12 (EIRNS)—A forum held today on Capitol Hill gave an indication of some of the disarray caused among both neoconservative Republicans and their Democratic sidekicks, by the National Intelligence Estimate on Iran.

Set up under the auspices of Rep. Peter Hoekstra (Mich.), the ranking Republican on the House Intelligence Committee, and Democrat Brad Sherman (Calif.), the group called the NIE "another failure of the intelligence community." The two Congressmen, backed up by Republican Ed Royce (Calif.), took issue with the report. "I have real concerns about the NIE," Hoekstra said. "It has been met with great skepticism by both the Israelis and by the British." He also said that the NIE "lacks credibility with our NATO allies."

Sherman went through how the "weaponization" which, according to the NIE, had been stopped in 2003, was only a minor element in the development of a nuclear bomb, and that the more important element was the enrichment of uranium, which Iran is continuing. Therefore the sanctions regime had to be tightened. Royce complained that the publication of the NIE had prevented the implementation of a tougher sanctions regime by the Security Council. Sherman called for strict adherence to the Iran Sanctions Act and the Iran Non-Proliferation Act. In addition, Sherman said he was working with some of his Democratic colleagues on legislation that would punish private companies doing business with other companies that are doing business in Iran. The American Israel Public Affairs Committee (AIPAC) had already started to target companies with business connections in Iran two years ago. Sherman and his cohorts want to take this one step further.

The only voice of sanity at this event came from Rep. Sheila Jackson-Lee (D-Tex.), who came apparently to make a statement on the matter. She said that the U.S. should take the opportunity of the hiatus brought in U.S.-Iran conflict by the NIE, to try to build bridges to Iran—for instance, by setting up exchanges with academics and scholars. Rep. Diane Watson (D-Calif.) called for more detailed intelligence with regard to Iran's activities, so that the U.S. doesn't bungle into another war in the region.

Russia, Iran Reach Agreement on Bushehr Nuclear Plant

Dec. 13 (EIRNS)—The Russian and Iranian governments have reached an agreement to complete construction of the Bushehr nuclear plant in Iran, Atomstroieksport president Sergei Schmatko announced today. The announcement came just a few hours before the foreign ministers of the two governments were scheduled to hold talks in Moscow, where the Iran-Russia Economic Commission is meeting.

Schmatko reported that "difficulties with the Iranian client are resolved," and that he would be releasing more details on the agreement by the end of this month. Without specifying a date, he also indicated that Russia would go ahead with the delivery of nuclear fuel, about six months before it would be needed to begin operations at the Bushehr plant.

Asia News Digest

China to U.S.: No More Ping-Pong Diplomacy

Dec. 12 (EIRNS)—Prior to and during the Dec. 12-13 China-U.S. Strategic Economic Dialogue (SED) with the United States, Chinese officials made clear to U.S. Secretary of Treasury Henry Paulson that Wall Street cannot dictate terms to Beijing. A team of senior U.S. officials is accompanying Paulson on this trip to Beijing, including Commerce Secretary Carlos Gutierrez, Trade Representative Susan Schwab, and Health Secretary Mike Leavitt.

"We should avoid unreasonably and unilaterally blaming the other side," vice commerce minister Chen Deming was quoted as saying in the government's English-language *China Daily* yesterday. Chen also warned that a trend for Americans to politicize trade issues could escalate, as next year's Presidential election approached.

Chinese Vice Premier Wu Yi and other Chinese leaders warned Paulson today that all the anti-Chinese legislation coming out of the U.S. Congress, "will severely undermine" U.S.-China economic relations. Paulson is in Beijing for trade meetings and the third SED, which opened today. Wu Yi is known for never mincing words, and this past August, she sent Paulson to impoverished western China, to show him that China, far from being an economic "threat" to the United States, is still a developing nation.

The urgent need for Chinese-U.S. cooperation dominated the discussions. In something of a duel between Wu and Paulson

at the beginning of today's session of the SED, Wu began by saying that the "U.S. shouldn't blame China for the structural problems in its economy." Wu was particularly incensed over the recent spate of anti-China legislation being floated in the Congress. "I am particularly concerned about the 50 protectionist China-related bills introduced in the U.S. Congress. I must candidly tell Secretary Paulson that these bills, if adopted, will severely undermine U.S. business ties with China.... Politicizing trade issues will harm the interests of not just one side, but both sides." U.S.-China relations reflect "interdependence, mutual benefit, and win-win progress.... We must not allow some interest groups to harm our win-win business relations in pursuit of their selfish interests," Xinhua quoted Wu saying.

In his opening remarks, Paulson went after the appreciation of the Chinese currency. "The pace of renminbi appreciation remains one of the key levers to deal with China's internal and external imbalances."

There is a real answer to all the problems about the huge U.S. trade deficit with China and that is, that the U.S. allow China to import advanced technologies. "China has no intention of maintaining a large surplus," Wu said. "I once again call on the United States to relax its export control over hi-tech products for civilian use in China. Our policy is clear. China's door is wide open to American products and the key is what policy the United States should pursue."

"China has been the fastest-growing export market for the United States for five straight years," she said, and could be the third-largest importer of U.S. goods this year, after Canada and Mexico. However, imports are still worth just \$6.5 billion compared to \$21.7 billion worth of exports, and the answer is to boost U.S. exports to China, she said.

On Nov. 24, Lyndon LaRouche proposed to a Chinese-U.S. conference in Los Angeles, that the United States, China, and other nations work together "to stabilize the world financial system," and his statements were prominently covered in all the official Chinese press. LaRouche has frequently criticized Congressional attacks on China.

Gates Shifts Blame Over Afghanistan Situation to NATO

Dec. 12 (EIRNS)—At the House Armed Services Committee hearing on Dec. 11, U.S. Secretary of Defense Robert Gates did the routine: When things go wrong, awfully wrong, blame somebody else. That somebody else is NATO, America's partner in its war on terror and in its efforts to eliminate the Taliban and al-Qaeda.

Gates gave his testimony after his third visit to Afghanistan within a year of his becoming Secretary of Defense. He seemed much less optimistic now than he was before he went to Afghanistan recently.

"I am not ready to let NATO off the hook in Afghanistan at this point," he said at the hearing. Ticking off a list of vital requirements—about 3,500 more military trainers, 20 helicopters, and three infantry battalions—Gates voiced "frustration" at "our allies not being able to step up to the plate." Gates called for overhauling the alliance's Afghanistan strategy over the next three to five years, shifting NATO's focus from primarily one of rebuilding to one of waging "a classic counterinsurgency" against a "resurgent Taliban and growing influx of al-Qaeda fighters."

While there is no doubt that most NATO troops avoid military confrontation, Gates has not made clear to anyone what exactly would be achieved by killing more Afghans, who, after six years of U.S. presence in that country, consider the foreign troops as an occupying force under the guise of eradicating terrorism.

Are Britain's Tamil Tigers Threatening Malaysia?

Dec. 11 (EIRNS)—A small radical faction of the Indian-Malay minority in Malaysia has unleashed a blatantly British-instigated destabilization of the Southeast Asian nation, with evidence that the group is working with the Tamil Tigers

(LTTE)—the Sri Lankan terrorist outfit which gave birth to the "suicide bomber" phenomenon, including the suicide bomber assassination of Indian President Rajiv Ghandi in 1991. The Malaysian government announced that the group, the Hindu Rights Action Group (Hindraf), had connections to the Tamil Tigers, after leaders of an unapproved demonstration last month were arrested and charged. Malay sources told *EIR* that some of those arrested are themselves LTTE members.

Hindraf's accusations against the government are wild exaggerations, claiming "ethnic cleansing" against the Indian minority, which makes up 8% of the population of Malaysia. The group's lawyer, P. Uthayakumar, was arrested today, charged with writing seditious letters to British Prime Minister Gordon Brown, accusing the Malaysian government of attacks against Indian-Malays by "Government-backed Islamic extremist violent armed terrorists," destruction of Hindu temples, and ethnic cleansing, while calling on the Brits to "refer Malaysia to the World Court and International Criminal Court."

Also on Dec. 11, the neocons' favorite Malaysian dissident, Anwar Ibrahim, friend and ally of Paul Wolfowitz and Al Gore, claimed he had been temporarily detained upon his return to Malaysia from a trip abroad, which included a stop in India, where he had called on the Indian government to take action against Malaysia's "repression" of the Indian minority. Malaysian immigration officials denied that they had detained him, while the Indian government has refused to provide a hearing for Hindraf representatives.

A leader of Anwar's opposition party, and a leader of the Islamic PAS party, were also arrested today, for organizing other unapproved demonstrations.

The provocations have all the tell-tale signs of British intelligence destabilizations, with neither the Hindu radicals nor Anwar attempting to hide their loyalties to the British and the neoconservatives. The charge of Tamil Tiger connections has been denied by the Hindraf, however. If such connections are confirmed, the Malaysian government will certainly use their Internal Security Act to move against a perceived threat of terrorism.

First Train Rolls Through North-South Korean Border

Dec. 12 (EIRNS)—The first regular scheduled train crossed between North and South Korea on Dec. 11, with promises that the line will soon connect to the Trans-China and Trans-Siberian railways, thereby completing one branch of the Great Eurasian Land-Bridge connection between Pusan and Amsterdam. This "Land-Bridge" has been promoted by Lyndon LaRouche since the 1990s as the keystone of the great projects required as a physical-economic base for the construction of a new world monetary-financial system.

The 12-car South Korean train carried curbstones and other construction materials. It was the first scheduled crossing since 1951, other than a symbolic crossing last May. The *Korea Times* called it "the first tangible result of an inter-Korean summit in October between President Roh Moo-hyun and North Korean leader Kim Jong-il." The paper add that the service will "slash the cost of transporting products to and from the [Gaeseong] business complex, just north of the border, considered a major achievement of Seoul's 'sunshine' policy of engaging the North over the past decade."

The train returned from Gaeseong to the South later in the day, with goods including shoes, clothes, and watches made at the industrial complex. Trains will run daily on weekdays from Munsan to Gaeseong, carrying up to 10,000 tons of cargo on each run.

"We are reconnecting the last vein that has been severed for 56 years," Lee Chul, president of Korea Railroad, told reporters at Dorasan Station. "This looks like a humble start, but I hope this link will serve as a stepping stone for the inter-Korean railways to be connected to Europe through the Trans-Siberian railway."

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