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British Trigger Global Mayhem as Financial Crash Accelerates

by Jeffrey Steinberg

Sir Alan Greenspan, the octogenarian one-time paramour of hedonist philosopher-author Ayn Rand, and the former chairman of the U.S. Federal Reserve Bank, delivered a frantic confession on Dec. 27, 2007, in an interview with National Public Radio. Sir Alan candidly admitted that the world financial and monetary system, which he helped to shape during his 20-year tenure at the Fed, is finished. "What I have to forecast," he told NPR, "is that something will happen which is unexpected, which will knock us down.... The odds of that happening, I think, are rising, because we are getting into vulnerable areas." Elsewhere in the brief interview, Greenspan reiterated, "We're in a turning phase, and the extraordinary improvements that have occurred in the world economy in the last 15 years are transitory, and they're about to change.... So, I think this whole process will begin to reverse."...

In-Depth articles from EIR, Vol. 35, No. 2

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Feature

British Trigger Global Mayhem as Financial Crash Accelerates

Leading establishment figures are now admitting that the system is finished, echoing Lyndon LaRouche's July 25 webcast. It is only in this context that the global pattern of assassinations, ethnic and religious eruptions, and chaos, can be understood. They are all part of an AngloDutch financier strategy of perpetual conflict, allowing them to gain control over the strategic raw materials wealth of the planet.

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The True Story Behind the Fall of the House of Windsor documented the continuing role of the Empire that most people think disappeared at the end of the 19th Century.

International

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[by Lyndon H. LaRouche, Jr.](#)

Mr. LaRouche analyzes the forces behind the assassination of former Pakistani Prime Minister Benazir Bhutto. He focusses attention on the 'geopolitical playwrights,' centered in London.

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[The One Is the Origin of Its Parts](#)

[by Lyndon H. LaRouche, Jr.](#)

The present, global storm is to be seen in physical (i.e., Riemannian) terms. To get the world out of the crisis mode now enveloping it, the U.S. economy must no longer function as an extension of a globalized Anglo-Dutch Liberal imperium, but rather as part of a new, 'American System'-oriented core group composed of that U.S.A., Russia, China, and India.

BüSo Brings Reality to Hesse Campaign

An interview with **Alexander Hartmann**.

International Intelligence

Economics

The Debt Crisis Moves to Center Stage

Debt, its issuance and management, has become perhaps the biggest business in the United States, and it is a business that has died.

There's No Relation Between CO2 and Climate Change

An interview with **Dr. R. Timothy Patterson**.

Malthusian Claims Pandemic Disease Will Stop Warming

Scientists:

Fight Warming with Growth

One hundred scientists sent this open letter to UN Secretary General Ban Ki-Moon, under the title, 'UN Climate Conference Taking the World in Entirely the Wrong Direction.'

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Report From Germany

FDR Impulse Emerges in Labor Movement

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Alexander Hartmann

The state chairman of the Civil Rights Solidarity Movement (BüSo) in Germany, Hartmann heads a slate in the Jan. 27 elections for the state legislature in Hesse.

Dr. R. Timothy Patterson

A Carleton University professor of geology and director of the Ottawa Carleton Geo-Science Center in Ottawa, Canada, Dr. Patterson was a chief collaborator with Martin Durkin in the 2007 documentary for Britain's independent Channel 4 TV, 'The Great Global Warming Swindle.'

Science

Life Within the Noösphere:

What Is the Human Mind?

Lyndon H. LaRouche, Jr. takes up from the discussion initiated in last week's EIR by LaRouche Youth Movement members **Cody Creighton Jones** and **Sky Shields**, on what it is that makes us human. How is the universe organized, such that it accepts the power of creative interventions by

The American Patriot

The Legacy of Friedrich List:

The American System's Battle Against British Free Trade

This 19th-Century German American lived and worked as part of three republican networks that were at political war with the British Empire: the Prussian Reformers movement in Germany, the Ecole Polytechnique of France, and the heirs of the American Revolution.

The British East India Company's War Against the United States

From a dramatic presentation entitled 'Lord Palmerston's Multicultural Human Zoo,' performed at a Feb. 19-20, 1994 conference of the Schiller Institute and the International Caucus of Labor Committees in Washington, D.C.

Editorial

Listen to LaRouche

U.S. Economic/Financial News

Greenspan Admits Economic Crash—And His Role

Dec. 31 (EIRNS)—Former Federal Reserve chairman Alan Greenspan's warned today that "something unexpected" will happen soon, which will "knock us all down." Greenspan said in his interview with National Public Radio, "What I have to forecast is that something will happen which is unexpected, which will knock us down.... The odds of that happening, I think, are rising, because we are getting in vulnerable areas."

Greenspan added, "What I point out is that we're in a turning phase, and that the extraordinary improvements that have occurred in the world economy in the last 15 years are transitory, and they're about to change.... So, I think this whole process will begin to reverse." Interest rates, Greenspan said, "now are set by the supply of investment money worldwide; a force much larger than the concerted efforts of central banks, including the Fed.... We and all other central banks lost control of the forces directing higher prices in homes."

Greenspan admitted his own miserable record at forecasting, despite sitting at the helm of the Fed for nearly two decades: "The record of forecasting not only of myself and of companies I have developed, but of the profession as a whole, is not particularly spectacular," Greenspan said. "I've been forecasting since the early 1950s. I was as bad then as I am now."

National City Bank in Trouble, in Need of Protection

Jan. 2 (EIRNS)—Ohio-based National City Bank is a prime example of a regional U.S. bank needing protection from insolvency due to the mortgage-securities blowout. National City, federally chartered and the tenth-largest bank headquartered in the United States, cut its dividend in half, the first cut since 1935, and announced that its loan loss provisions for 2007 would mount to over \$1.3 billion, including \$700 million in just the fourth quarter. These losses come from both mortgage loans, which National City continues to make through 1,400 branches in nine states, and mortgage-backed securities. The bank also announced layoffs of 900 more employees, on top of 2,500 it had already eliminated from

September through November; in all, it has laid off about 12% of its workforce.

The bank said the dividend cut was "to overcome the near-term challenges facing the industry and our company." Those challenges include potentially closing down and damaging the economy and households throughout the Midwest, without the Federal protection outlined in Lyndon LaRouche's Homeowners and Bank Protection Act.

'We've Crashed': Northern Virginia County Official

Jan. 1 (EIRNS)—"Instead of having a soft landing, we've crashed," said Edward L. Long Jr., a Fairfax, Va. deputy county executive. Property values were jumping 20% a year in Fairfax, one of the nation's wealthiest counties, but now values are flat or falling. The number of foreclosures has exploded, from fewer than 200 two years ago to about 4,000 in 2007. The resulting \$220 million budget shortfall has officials warning of significant cuts in services, including to schools.

This is but one example given in a Dec. 31 *Los Angeles Times* piece on the budget crises state and local governments are facing as a result of the collapse of property tax and related revenue. "We're talking about a pretty tough fiscal environment for the next four or five years," said Christopher W. Hoene, the director of policy and research for the National League of Cities. "Libraries, parks, after-school programs ... you'll see lots of questions raised about cities' abilities to fund them."

Globalization: 7.7 Million Unemployed Americans

Jan. 4 (EIRNS)—Depression reality is showing through the massaged statistics released by the Federal government. Even the Consumer Price Index, though so "adjusted" as to be fraudulent, is reporting 9.6% annual inflation—as is the Producer Price Index. And the Bureau of Labor Statistics' (BLS) job figures, released today, reveal the speeding collapse of what remains of the U.S. productive economy, especially the vital auto/machine-tool sector. The "real economy" is being hit hard by the financial and banking crisis.

According to the BLS, from December 2006 to December 2007, the loss in goods-producing jobs was 445,000, accelerating a seven-year loss that now reaches 2.6 million productive jobs. The 2007 fall included 220,000 jobs lost in construction (49,000 is the preliminary figure for December 2007, the biggest monthly loss yet). Then, 212,000 jobs were lost in manufacturing (31,000 in December 2007), meaning that under Cheney-Bush, 3.33 million American manufacturing jobs have been lost, 20% of the United States' total when they took office.

Within the manufacturing sector, 2007 saw 75,000 jobs lost in the auto industry; some 350,000 auto/machine-tool jobs have been lost in seven years of Cheney-Bush, and 2007 was the worst year.

During 2007, according to the BLS, the number of unemployed Americans increased by 900,000 to 7.7 million, and the number forced to work only part-time, increased by 456,000 to 4.7 million. Add in the discouraged workers, who dropped out of the labor force during the year, and real unemployment is 13 million, nearly 10% of the non-farm workforce. The fraction of the American working-age population which is employed, fell 0.7% over the year, to 62.7%, about 3% below the levels of the early 1980s.

Consumer Bankruptcy Filings Rose 40% in 2007

Jan. 4 (EIRNS)—Despite the stringent new bankruptcy rules in place since 2005, there were 801,840 filings in 2007, 40% more than in 2006, when there were 573,203 filings. This "presages even higher filings this year, as the heavy consumer debt load is made worse by the home mortgage crisis," said Samuel Gerdano, from the American Bankruptcy Institute, as reported by MoneyNews.com. The figure still doesn't approach the 2,039,214 filings in 2005, when the new bankruptcy rules went into effect.

Global Economic News

Brits Admit: This Is No 'Sub-Prime' Crisis

Dec. 31 (EIRNS)—The British financial press reveals today that London commercial real estate is about to collapse, and declares that the subprime mortgage problem "is a red herring," according to commercial property agent DTZ, quoted in the *London Daily Telegraph*.

"Sub-prime is a red herring. It was simply the most stretched segment of an over-stretched debt market. As such, it has to be seen as a catalyst rather than the cause of the recent turmoil," a DTZ spokesman said. The volume of U.K. commercial transactions fell by 25% in 2007 to £48 billion, and since the Summer, prices in certain sectors of the market have fallen by 26%.

The bankrupt banks are pulling out of commercial property fast. The estate agent Savills reported that 8 of the 97 lenders in the United Kingdom are already out of the real estate sector; 11 more are "reluctant" to lend, and almost 30 will only lend on a "qualified" basis for commercial property deals. Which are these banks that have slammed the door? Savills wouldn't say, but according to the *Telegraph*, "they are believed to include Credit Suisse, Lehman Brothers, Bear Stearns, Deutsche Bank, and Barclays Capital." These have all been dipping into emergency funds to survive.

Hedge Fund High-Flyer Says Banks Are Going Down

Jan. 2 (EIRNS)—The big banks will shrink, and the smaller banks will disappear in the coming financial meltdown, French hedge fund big name Arpad Busson told *The Times* of London in an interview Dec. 31. Busson is known for warning in 1987 that the financial system was on the way to meltdown, in the crisis forecast by Lyndon LaRouche earlier that year.

Busson told *The Times*: "This is the first time in my 21 years in the business that I've seen systemic risk. I think we are now one-third of the way through the banking problem.... The big banks can battle against these massive writedowns. They can shrink. What I'm concerned about is the medium-sized and small banks. This is going to create another round of consolidation among banks, which is a pity if you end up with ten banks that control the world."

'The Next Domino' To Fall Is the Biggest: Derivatives

Jan. 2 (EIRNS)—With the impact of the financial crash hitting the real economy in the United States and Europe, it will only take a rise in corporate debt defaults to 5% from the current 1.4%, to blow up a derivatives market far larger than anything that has crashed so far. This is the \$45-50 trillion mass of financial derivatives called credit default swaps (CDS), which have ballooned tenfold in three years, and are called "the next domino" in the crash for early 2008 by one New York financial manager, who says it will be "far more severe" than anything that has happened so far.

Banks are in the greatest danger of going under in this potential \$45-50 trillion blowup; it is banks—not the "monoline" bond insurance companies already reported to be in big trouble—which have issued 44% of all CDOs (collateralized debt obligations), and hedge funds another 22%. Fitch Ratings Agency is projecting a corporate bond and loan default rate of 4-5% in the first half of 2008—particularly by homebuilders and commercial real estate companies in the United States and Europe—enough to collapse a large chunk of the CDO bubble.

The financial manager compared the CDO bubble to a huge, brand-new insurance industry whose providers reserve *nothing* for future losses. "Imagine what will happen if \$45 trillion ... experiences an actuarial average of 5% losses, and no one [in

the banks] has \$2.25 trillion sitting around to foot the bill!"

Maglev Endorsed in Canada and Australia

Jan. 4 (EIRNS)—Magnetically levitated rail development has received prominent endorsements in Canada and Australia, and implicitly also in Britain, since the beginning of this year. On the website of the University of British Columbia, Vancouver, Prof. Tae Oum wrote yesterday, that a clean alternative to pollution-creating jet travel is "floating speed trains that can travel 500 km per hour and will help spur a great shift from air to rail travel." He pointed to the Japanese and Chinese maglev plans, advising: "Rail enthusiasts take note."

On the website of the *Brisbane Journal* in Australia, Chris Hale of the University of Queensland wrote on Jan. 1, that "for too long we have lived with the results of incremental maintenance to what is fundamentally a 19th-century rail system. Many transport pundits and planners are seriously underestimating the viability and implementation-readiness of the Maglev system." Technologies like these would help Australia connect its remote regions from coast to coast, Hale suggested.

In Britain, the former Transport Secretary's call, on Jan. 2, for modern high-speed rail grids connecting the remote north of Scotland with the south of England, are also expected to revitalize the maglev debate, especially in Scotland, which, when it reached its peak before the May 2007 elections for national parliament there, was very much inspired by the debate about maglev systems in Denmark, initiated by the Schiller Institute.

United States News Digest

CIA Tape-Destruction Case Could Lead to Cheney

Jan. 4 (EIRNS)—Dick Cheney's office could not have been a very happy place on Jan. 2, when Attorney General Michael Mukasey announced that the Department of Justice had opened a criminal investigation of the destruction of CIA interrogation tapes in 2005. Serious pursuit of the case could blow open the secret warfare that has existed between the CIA and the Cheney faction in the White House over the past seven years.

It is well known in Washington that Dick Cheney was the chief proponent of using torture in the so-called "war on terror" and carrying out other actions also regarded as war crimes by all civilized nations. Less well known, is that most experienced professionals in the CIA, as well as in the military, opposed the torture and "enhanced" interrogation techniques which were imposed on the CIA by the Cheney-directed White House.

The tapes in question reportedly recorded the CIA's interrogation and torture of two al-Qaeda operatives in 2002. One of those, Abu Zubaydah, allegedly "broke" after less than a minute of the application of the centuries-old torture technique known as "waterboarding," in which the victim is subjected to actual (not simulated) drowning, until involuntary panic takes hold and the victim agrees to whatever his tormentors are demanding. In Zubaydah's case (as also is being said about Khalid Sheikh Muhammad), he began divulging information after the water torture was used. However, many intelligence professionals doubt the value of the information, and some say it was totally worthless.

The CIA official who says that he authorized the destruction of the tapes, Jose Rodriguez, seems anxious to tell his story and requested that he be subpoenaed to testify to Congress. Former CIA officer Larry Johnson says that Rodriguez "is probably the least culpable person in the process," explaining, "He didn't wake up one day and decide, 'I'm going to destroy these tapes.' He checked with a lot of people and eventually he is going to get his say."

Before the tapes were destroyed, there were a number of discussions that took place between CIA officials and top White

House lawyers, according to the *New York Times*. Included in those discussions was Cheney's legal counsel David Addington, who was the dominating force among White House lawyers, including President Bush's own legal counsel, according to a number of insider accounts.

Just as Addington was the leading legal voice promoting the Administration's program of torture and secret prisons, there can be little doubt that Addington—now Cheney's chief of staff—was also one of those reportedly recommending destruction of the incriminating torture tapes. Addington and Cheney must be more than a little nervous to know that the Justice Department is now pursuing a criminal investigation of the destruction of the tapes.

Law Mandating Statewide Voter Lists Disenfranchises Voters

Jan. 2 (EIRNS)—A Federal law that required states to compile statewide voter lists by 2006 has resulted in a significant disenfranchisement of qualified voters in several states, according to the Brennan Center for Justice at New York University. With U.S. voting systems already riddled with fraud and questionable accuracy, this mandate could be used to make things worse.

The Help America Vote Act (HAVA) required all states to produce statewide voter lists, first by a 2004 deadline, which was then postponed to 2006. The HAVA did not specify the methods by which the states should compile the list, and purge illegal voters. Two states have been sued for disenfranchising qualified voters, Justin Levitt, an attorney with the Brennan Center, told *EIR* today.

In Florida, the Brennan Center brought a lawsuit against the state for purging 16,000 qualified voters from the lists, because of exclusive reliance on driver's license or Social Security numbers. If a number is a digit is off, the voter is declared illegal, despite any amount of on-the-spot proof. California and Washington have also been sued for requiring strict matches between voter registration forms and driver's license or Social Security number.

The state of Louisiana was sued by the NAACP Legal Defense and Educational Fund, for purging 21,000 voters whose names and birthdays matched those of people in neighboring states. This ignores the well-known result that in any substantial sampling, there will be more than one individual with the same name and birthday.

In most states, a challenged voter can cast a provisional ballot. But the number of provisional ballots which are accepted as valid varies widely from state to state. The Election Assistance Commission reports that 90% of provisional ballots cast in New Jersey, Oregon, Maine, Montana, and Alaska, were counted in 2006, while fewer than 25% were upheld in Michigan, Massachusetts, Kentucky, Oklahoma, Delaware, and Hawaii.

Six states have not compiled the required statewide list yet, and four—New York, New Jersey, Alabama, and Maine—are being sued.

A large number of disqualifications result from the fact that a voter loses registration by failing to vote in two consecutive Federal elections.

Every concerned voter has an interest in finding out how their states have compiled, or are compiling, the Federally-mandated statewide lists, Levitt said.

Bloomberg Fest: 'These People are Moral Failures!'

Jan. 1 (EIRNS)—New York Mayor Michael Bloomberg's featured participation on Jan. 7 at a University of Oklahoma

meeting of active and retired politicians "against partisanship" and "for national unity," has given a big boost to his rumored forthcoming third-party Presidential campaign. That meeting will be hosted by former Oklahoma Democratic Senator Dave Boren, and will also feature former Democratic Senators Alan Dixon (Ill.), Bob Graham (Fla.), Gary Hart (Colo.), Sam Nunn (Ga.), and Chuck Robb (Va.), and as well as former Republican Senators Bill Brock (Tenn.), William Cohen (Maine), and John Danforth (Mo.), and current Republican Senator Chuck Hagel of Nebraska. Also attending will be former Iowa GOP Congressman Jim Leach, Susan Eisenhower (the late President's granddaughter), David Abshire, president of the Center for the Study of the Presidency, and others.

Already, the prospective Oklahoma meeting has called forth an endorsement of a Bloomberg candidacy by Rupert Murdoch's *New York Post*, and a *New York Times* web page with a collection of its Bloomberg coverage going back to 1995.

Boren's letter calling the meeting says, "Today, we are a house divided. We believe that the next President must be able to call for a unity of effort by choosing the best talent available—without regard for political party—to help lead our nation.... Electing a president based solely on the platform or promises of one party is not adequate for this time. Until you end the polarization and have bipartisanship, nothing else matters, because one party will simply block the other from acting." He said the nation needs a "government of national unity."

Lyndon LaRouche commented, "These people are just absolute moral failures! This is idiocy! But idiots get into this; they get into one of these smarmy-marmy kinds of things. They're all going to rub bellies together, all good and happy; we're all good people; we're all coming to the help of our country; we're just trying to get out from under all this crazy dissent here, come to a movement of national reconciliation, like the Nazi Party. It's disgusting! It's like Hermann Göring holding a reconciliation party."

Saudi Arms Deal May Be Blocked in House

Dec. 31 (EIRNS)—A Bush Administration plan to sell satellite guidance kits (known as JDAMs) for 2,000-pound bombs to Saudi Arabia, appears to be about to run into a buzzsaw in the Congress. According to the Dec. 27 London *Guardian*, 253 of the 435 members in the House of Representatives have signed a letter warning the Bush Administration that the deal will be blocked when the State Department formally notifies Congress of the sale on Jan. 15. The leader of this effort, Rep. Anthony Weiner (D-N.Y.), has 35 co-sponsors, from both parties, on a resolution of disapproval to be introduced as soon as the notification arrives. The proposed deal is a component of a larger \$20 billion package of arms sales to Saudi Arabia, other Arab Persian Gulf states, proposed last Fall by the Bush Administration.

Unfortunately, neither Weiner nor any of his supporters in this effort ever bring up Saudi Arabia's intimate involvement in corrupt deals with the British defense company BAE Systems. Instead, the move to block the sale comes from the pro-Israel lobby's claims that the weapons will be a threat to Israel, and complaints that Saudi Arabia is not a reliable partner in the war on terror.

It was a similar mobilization of the Zionist lobby in 1985, blocking the sale of F-16 fighter jets to the Saudi kingdom, that allowed Prince Bandar to seal a deal with London, known as "Al-Yamamah." Will the Saudis turn once again to BAE and other British arms cartels, if Congress shoots down the satellite guidance deal?

Ibero-American News Digest

Final Stage of NAFTA Promises More Ruin, More Migration

Jan. 3 (EIRNS)—The Dec. 27 edition of *La Jornada* reported warnings by PRI Congressman Edmundo Ramírez, that the

number of Mexicans trying to cross into the United States will increase by 10% in 2008, due to the implementation of the final stage of the North American Free Trade Agreement (NAFTA). Ramírez heads the Working Group on Migratory Affairs of Mexico's Chamber of Deputies.

On Jan. 1, 2008, under NAFTA, Mexico lifted tariff protection for 1,100 of the nation's most basic agricultural commodities, which include corn, beans, sugar, milk, and other subsidized foods.

NAFTA and its free-trade policies must be scrapped entirely, economist Lyndon LaRouche says, and replaced by sovereign cooperation among Mexico, the United States, and Canada, on building great regional water management projects, for example, which will create jobs, provide water and electricity, and open new areas for agriculture.

Mexican farmers have been warning for a year that should the tariffs be lifted as scheduled, the poorest farmers will face bankruptcy, portending even greater chaos along the U.S.-Mexican border. For starters, an umbrella group of 300 peasant/farmer associations—the National Campaign in Defense of Food Sovereignty and Reactivation of the Mexican Countryside—announced that they would form a human chain on Jan. 1-2 to block the five bridges of the Ciudad Juárez/El Paso border crossing, where grain shipments are concentrated. On Jan. 2-3, protest demonstrations by peasant organizations occurred in several cities around the country.

Six million Mexicans left the countryside in the first 14 years of NAFTA's implementation, as 5 million jobs in agriculture were lost, even before this final blow to agriculture, leaders of the Food Sovereignty movement told *La Jornada* (Dec. 27). Poverty became concentrated in communities where only elderly, women, and children now live, since the men have gone to the United States, in search of jobs. One peasant a day loses his life trying to cross the border.

Starvation is looming, because Mexico already imports 40% of the food its people eat. In 1997, Mexico produced 250,000 tons of beans, but only 50,000 this year. Imports of corn are expected to devastate states such as Chiapas, whose farmers cannot compete with cheaper U.S. and Canadian corn. As one farm organizer put it, "NAFTA has become a nightmare." It will mean the death of agriculture in the state, he warned.

Catholic Church: NAFTA Liberalization Endangers Mexico

Jan. 2 (EIRNS)—Monsignor José Guadalupe Martín Rabago, the archbishop of León, Guanajuato, issued a sharp warning on Dec. 31, that the lifting of all tariffs on imports of over 1,000 agricultural products into Mexico, which went into effect on Jan. 1 under the North American Free Trade Agreement (NAFTA), poses "a grave and real risk" to the country.

Martín Rabago's warning was echoed in a Jan. 1 editorial by the Information Service of the Archdiocese of Mexico City. For years, Mexican agriculture has not received the attention and support it requires, and under the new NAFTA regime, many could be forced to abandon their lands. This is unacceptable in a country where millions suffer hunger, the editorial said.

The monsignor reproached government authorities for ignoring the conditions already created in Mexico's countryside under 14 years of NAFTA, and demanded that they now assume their responsibility to defend Mexico's marginalized farmers.

Food Price Inflation Slams Ibero-American Nations

Jan. 4 (EIRNS)—Food price inflation is hitting several Ibero-American nations, affecting staples in consumers' basic monthly market basket. Inflation figures for 2007 that have just been released in several countries reflect those food price increases, as well as the higher prices for oil, gasoline, and electricity.

Chile's inflation rate of 7.3% for 2007, which far surpassed the 2.6% predicted, reflected sharp increases in the prices of fruits and vegetables during the Winter months, as well as the higher oil price. Venezuela ended 2007 with an inflation rate 22.5% higher than 2006, earning it South America's highest inflation rate. Domestic food prices soared in Venezuela.

In Honduras, the government is considering freezing food prices, after the price of a 100-pound bag of flour jumped from 475 to 650 lempiras.

In Mexico, food price increases and shortages of staples are causing alarm. In the state of Querétaro, tortilla producers will increase the price of this essential food item by 20-30%, due to the increased cost of electricity and gas. In Sinaloa, tortilla producers are expected to do the same, and cattle ranchers have warned that the price of a kilo of beef will jump by 30%, attributed to the higher price of gasoline used for transportation.

Prices of such staples as rice, tuna, oil, beef, vegetables, milk, and eggs rose during the first half of December, and again just in the first three days of January. In supermarkets, there are shortages of processed foods, as well as of fruits and vegetables, and according to government officials, the price hikes in these products are ten times higher than the going inflation rate.

U.S. Stalling on Credentials for Argentine Ambassador

Dec. 31 (EIRNS)—The Bush Administration is stalling on granting diplomatic credentials to Argentina's new ambassador in Washington, Héctor Timerman, who will replace outgoing Ambassador José Octavio Bordón. Timerman is a very close political ally of current President Cristina Fernández de Kirchner and former President Néstor Kirchner, and the delay in granting him credentials is highly unusual.

The delay is directly linked to the extremely tense relations between the United States and Argentina, resulting from a Miami-based Federal prosecutor's charge this month that \$800,000 smuggled into the country by Venezuelan-American Guido Antonini Wilson, from Caracas last August, was intended for Cristina Fernández's Presidential campaign. President Fernández de Kirchner characterized the accusation as an "intelligence operation," and slammed the Bush Administration for carrying out dirty tricks against her government.

According to *Diario Panorama*, Timerman had asked the U.S. ambassador in Buenos Aires, Earl Anthony Wayne, to make a positive gesture toward Argentina, both by granting Timerman's diplomatic credentials and agreeing to extradite Guido Antonini Wilson to Argentina for questioning. So far, neither of these has occurred.

Russia Offers Nuclear Power to Uruguay

Dec. 31 (EIRNS)—Russia's ambassador to Uruguay today offered to provide that nation with one of its new generation of small, floating nuclear power plants. Although Uruguay has legislation on the books banning the use of nuclear energy, Amb. Sergei Koshkin said, the law would not have to be amended, if the plant were towed to the coast, and were offshore. It would be owned and operated by Russia, and Uruguay could buy the electricity, according to RIA Novosti.

Koshkin stated that this is a "long-term plan, but it is being actively discussed." Although this would bring nuclear power to Uruguay, and likely be a step in reversing the anti-nuclear law, the fight that is needed is to not only bring a foreign plant, that will be owned and run by Russia, but to plan to build a power plant in Uruguay itself, and train engineers and skilled manpower, to join the international nuclear renaissance.

Uruguay has become increasingly interested in nuclear energy as a viable energy source, and in 2007 sent a delegation to Finland to inspect that country's nuclear plants and discuss possible cooperation in the field. It also has agreements with Argentina, whereby the latter will assist in educating scientists in the nuclear sector.

Western European News Digest

Hyperinflation Increasing Social Tensions, Strikes

Jan. 3 (EIRNS)—A driver in the ferment for a mass strike throughout Europe, is the personal experience of deep cuts in their household budgets which millions of citizens and labor union members have suffered, with the beginning of hyperinflation. Especially the lowest-income people, those who might have been able to put aside 20, 30, or 40 euros a month for extra expenses, see that margin wiped out by the price increases for food and gasoline, in the last couple of weeks. It is estimated by social welfare agencies, many of which also run soup kitchens in the bigger cities, that about 600,000 Germans, many of them children, can no longer even cover their daily needs.

In France, the "throwaway" paper *Metro* forecast that retail prices for dairy products will increase between 5% and 10%, as milk producers reportedly will be paid 37% more compared to 2007. Health-care costs will rise, with an excise of an extra EU50 cents to be imposed on each container of pharmaceutical medications, and an extra 2 euros for each medical transport, exempting only those on welfare.

Family allowances will rise only 1-2%, increasing the fall in the standard of living.

Strike Ferment in Germany

Dec. 31 (EIRNS)—Statements by German Foreign Minister Frank Walter Steinmeier, a leading member of the Social Democratic Party (SPD) executive, caused sparks to fly in the German media, when he called for significant wage increases on Dec. 30. He said that it is about time that wages catch up with the giant salary increases for corporate managers, in recent years. Steinmeier's remarks have to be seen in connection with a building ferment for mass strikes, which the Social Democrats simply have to respond to positively, or risk losing significant constituencies to the leftist Linkspartei, which is reaping a harvest of frustrated SPD voters with populist sloganeering. The SPD is at risk of falling below 20% of the popular vote.

(See [InDepth](#) for a report on the strike of the railway engineers, and the re-emergence of an "FDR impulse.")

Miners Strike Averted in Poland

Jan. 4 (EIRNS)—On Jan. 3, Polish mineworkers reached a last-minute agreement, just hours before their strike deadline. The workers won their desired 14-15% wage increase. This averted a potentially serious test for the newly elected government. Not only is coal mining a source of income for many Poles, but 96% of the nation's electricity comes from coal as well, which would have quickly involved the nation as a whole in the crisis. The population generally supported the labor union. Last month, when 400 out of 2,400 miners occupied their mine in the southern Polish city of Ornontowice, 40,000 more mining workers joined them in a sympathy strike, and the strike vote taken since, has yielded overwhelming support, in spite of sabotage attempts by some more right-wing unionists.

Next to shipyard workers, miners are rated as the vanguard of the Polish labor movement, so a strike in the mines could rapidly lead to protests or strikes nationwide (in the hospitals and railways, for example).

Basel II Accords Put Banks in Stranglehold

Jan. 2, (EIRNS)—New international banking regulations for European banks, referred to as "Basel II" and issued by the Bank of International Settlements (BIS), took effect on Jan. 1. These changes, which were concocted to make access to credit easier for speculative operations, are already backfiring on the incompetents who believed the boom could go on forever.

A Bank of England report warns that the new rules will make the banking system more unstable. As credit risk materializes and borrowers are downgraded, the banks' capital requirements will rise, worsening the credit crunch. "A systemic tightening in credit supply may in turn increase financial pressures on companies and households and deepen, or prolong, a downturn," the report says.

British Empire Hopes the U.S. Will Crumble in Chaos

Dec. 28 (EIRNS)—"The dollar might no longer be the source of the U.S.'s power, but instead a factor in its decline," was the conclusion commentator Daniel Dombey cheerily reached in his column in the Dec. 28 edition of the City of London's mouthpiece, the *Financial Times*.

Asking whether the dollar's decline could "undermine Washington's place on the international stage," rather than just being confined to the financial world, Dombey answered his own question by presenting, and implicitly supporting, the sophistry of Council on Foreign Relations' official Ben Steil. Lyndon LaRouche had attacked Steil on April 30, when he called for replacement of sovereign currencies with three world currency blocs, which would ultimately be run by the British. That proposal, LaRouche said, was an attempt to destroy nations and to revive the "Persian Model" of a "concert of global empires."

Italy: Uproar Over Sellout of Alitalia

Dec. 29 (EIRNS)—The Italian government announced the opening of negotiations with Air France to sell the financially distressed national air company, Alitalia. Northern politicians and business factions are enraged because they fear that Air France will downsize the Milan Malpensa airport hub. The trade unions are also against it: CISL leader Raffaele Bonanni accused the government of selling out a national asset. "They are dismantling the domestic transportation system while Air France takes away our best international slots and downsizes maintenance. Damage worse than Napoleon's art thefts.... Why did the government not buy into the Alitalia capital? Spain has done everything possible to keep [Air] Iberia, and we sell out."

More Signs of Brown Being Eased Out

Dec. 30 (EIRNS)—Britain's Conservative Party evidently sees the rocky performance of Prime Minister Gordon Brown, especially since last Fall's run on Northern Rock bank, as the best chance for its own political fortunes, but criticism of Brown comes from within his own party, as well. The right-wing London *Daily Telegraph* (also known as the "Torygraph") quotes David Milliband, Brown's foreign secretary, advising Brown to counter the perception that he "had run out of steam" and had "lost the will to fight."

Conservative Party leader David Cameron has branded Labour "second rate" and "hopeless" in key policy areas, including the economy, management of the National Health Service, and education, and he accuses Brown's Cabinet of being "exhausted," reports the *Telegraph*. Cameron, instead, offers a "vision for the future" and a "fresh start on policy after so many years of Labour headline-chasing short-term tricks with no real substance behind them." The Tories are not only ahead of Labour in the polls, but Justice Minister Jack Straw admits that Cameron's "messages have been resonating" with voters.

Russia and the CIS News Digest

Commentary Notes U.S.-Russian Bicentennial Year

Dec. 31 (EIRNS)—"The destinies" of the U.S. and Russia "have crossed many times," for the good, writes Alexei Isakov, Division Head of the North American Department at the Russian Federation ministry of foreign affairs, in a year-end commentary published by Novosti on Dec. 30. Isakov notes that the 200th anniversary of diplomatic relations between Russia and the United States, in 2007, is the time to "draw the necessary conclusions," and quotes from a beautiful letter written in July 1861 by then-Foreign Minister Alexander Gorchakov to the Russian envoy to the U.S., Eduard Stekl.

"The American Union is a nation for which the Emperor and the whole of Russia feels a very friendly interest," wrote Gorchakov, in the opening phases of the Civil War, "because the two countries situated at opposite ends of the Earth were naturally called in the preceding period in their development to a solidarity of interests and sympathy, of which they have already provided mutual proof."

The author refers to the high points of relations between Russia and United States, as far back as colonial times, in the 1698 meeting between Russian Tsar Peter the Great and William Penn in London, and later John Paul Jones' rank as rear admiral in the Russian Navy in the early 19th Century. Isakov describes Russian support for Lincoln during the U.S. Civil War. Later, the "meeting of the Soviet and American troops on the River Elbe near the German town of Torgau in April 1945 represents probably the greatest triumph in the history of our bilateral relations," Isakov wrote. He noted the "American supplies of military equipment, weapons and food under the Lend-Lease program."

These are the precedents for the kind of relationship that the two nations should have in the coming year, Isakov says. It is this rich history that can be tapped to create the core of the four-powers agreement—among the United States, Russia, China, and India—that Lyndon LaRouche has been building to create the new monetary and economic system among sovereign nation-states, to bring the world out of the current new dark age financial collapse.

Russia Warns Against British Provocation

Jan. 4 (EIRNS)—The Russian foreign ministry issued a strong warning yesterday against British plans to reopen two cultural offices that were ordered closed by Moscow authorities last month. Ministry spokesman Mikhail Kamynin said, in a statement posted by Interfax, that Moscow expects the British side to comply with Russian laws and not reopen the offices. "Any other actions would be provocative and build up bilateral tensions," Kamynin said. Kamynin said that the activities of the British Council have no legal foundation in Russia, and that the drafting of a bilateral agreement on cultural centers "was frozen because of London's destructive steps in Russian-British relations," including the declaration of Russian diplomats as *personae non grata* and the termination of negotiations on simpler visa formalities at the British initiative. Kamynin was referring to the tit-for-tat expulsion of diplomats by both sides following the murder by radiation poisoning of former KGB agent Alexander Litvenenko in London last year.

On Dec. 12, Russian authorities ordered the British Council offices in St. Petersburg and Yekaterinburg to be closed by Jan. 1; but, according to an Associated Press report, British officials plan to reopen them. "If there is a law we don't comply with, the Russian government has yet to point it out," said Kathryn Board, the head of the British Council's overseas network.

Russia Invited to Participate in U.S. Naval Exercise

Jan. 4 (EIRNS)—Russian naval units are expected to join about three dozen warships from 11 countries in the U.S. Navy's Rimpac exercise in Summer 2008. Rimpac, which stands for "Rim of the Pacific," is a naval exercise held about every two years in the waters around Hawaii. Russia participated as an observer in 2006. U.S. military commanders in Hawaii, during a business conference in Honolulu yesterday, spoke of the need for engagement to develop trust and prevent

misunderstandings with Russia and other Pacific countries. Adm. Robert Willard, Commander of the U.S. Pacific Fleet, said that Russia's agreement to participate is "great progress if we believe that [military-to-military exchange] is one of the methods of finding common ground with these other navies," reported the *Honolulu Advertiser*. The exact form of Russia's participation is not yet known, though a U.S. Pacific Command spokesman told the Associated Press that Russia has been participating in planning meetings for the exercise, which is scheduled to take place in July 2008.

Russia Discusses Manned Mission to Mars, New Space Station

Dec. 28 (EIRNS)—Russia's Energia Space Corporation is designing a project for a manned mission to the orbit of Mars in 2020-22. The crew will not land on the planet, but will study it using automatic probes, which will be controlled from the orbit. This first mission will prepare a second one, which envisages landings on Mars at a later, preferable position of the red planet with respect to Earth. Russian space technology experts are carrying out a feasibility study of the project to submit to the government.

Anatoly Perminov, director of Russia's national space agency, said a week ago that there is intense discussion about having a new "experimental and engineering space station" in orbit around the Earth, after 2020, to provide a platform for launching manned missions to Mars.

Kiriyenko Outlines 2008 Nuclear Plans

Dec. 31 (EIRNS)—Russian nuclear energy agency head Sergei Kiriyenko, in an interview published Dec. 29 on the Russian government website, outlined three major tasks for Russia's nuclear enterprise in 2008: 1) in the military sector, develop promising ideas, and maintain R&D potential; 2) in the civilian sector, increase electricity from nuclear from 26% to 25-30% by 2030; 3) successfully compete in the world market for nuclear technologies. Russia recently was chosen to provide a new nuclear power plant for Bulgaria—the first order in an EU country; is building plants in China and India; and is discussing contracts with a dozen other nations.

Velikhov: ITER Fusion Experiment Main Event of 2007

Jan. 2 (EIRNS)—Academician Yevgeni Velikhov, scientific advisor to the Russian government, head of the Kurchatov Institute, and long-time innovator in scientific projects, told Itar-Tass that he considers the official beginning of work on the International Thermonuclear Experimental Reactor (ITER), being built in Cadarache, France, the main event of 2007.

He somewhat modestly added that he "cannot be unbiased," as he has devoted "at least the past 30 years" of his life to the project. He initiated the idea of an international fusion experiment in 1985. During 2007, the ITER council of governors was set up, and its chairman was elected. Velikhov himself was elected as deputy chairman of the ITER Council.

"Work has begun on the construction of the reactor itself, which means ideas are being translated into life," Velikhov added. "This is a great thing, as it releases creative energy. Now everybody is sure that the reactor will be built, and creative potentials are being released for different kinds of offers, modernizations, and inventions not only on the reactor, but also on the whole thermonuclear problem," he stressed. Ironically, just as the ITER project is finally getting underway, the Omnibus FY08 budget passed recently eliminated all Department of Energy funding for the U.S. contribution to the ITER program.

Southwest Asia News Digest

Israeli Minister Calls for Barghouti's Release

Jan. 5 (EIRNS)—Israeli Deputy Defense Minister Matan Vilnai told Israel Radio today that he would be willing to see imprisoned Palestinian Fatah leader Marwan Barghouti released, in exchange for the release of Israeli soldier Gilad Shalit, who has been held by Hamas since 2006.

Barghouti's release is key to any serious peace discussions between Israel and the Palestinians, as Lyndon LaRouche has long emphasized. Barghouti was given five life sentences by Israeli courts for murder and terrorism in 2002, but for decades he played a leading role in organizing for a peace settlement, and is one of the most-respected Palestinian leaders by all factions of that movement, including Hamas. On Dec. 2, 2007 Barghouti told a delegation of Knesset members visiting him in prison, "The end of the [Israeli-Palestinian] conflict is near. All that is needed is a leader courageous enough to sign [an agreement]. I believe we are on the brink of a solution. If a permanent agreement is drafted, the Palestinian Authority will hold a referendum to approve it."

The Israeli daily *Ha'aretz* ran a lead editorial calling for Barghouti's release on June 21, 2007, and in September, Israeli Minister of Infrastructure Benjamin Ben-Eliezer told *Ha'aretz* that Barghouti should be freed, linking this to the release of Shalit, because he considers Barghouti to be "the next leader of the Palestinians," and Israel needs "to see how we hold a dialogue with him and how we find the opening through which the peace process will also occur."

Sources in Vilnai's office stressed to Ynet news service that Vilnai's statement was the deputy defense minister's personal opinion, and not the government's policy, but the public call for his release from such a high level of the Israeli security establishment, indicates the serious discussion of this option. As LaRouche stated in a Dec. 24 radio interview, Barghouti's release would mean a big shift, in the context of the openings created by the Nov. 27, 2007 Annapolis peace conference.

Olmert Admits: Israel Continues Settlement Expansion

Jan. 4 (EIRNS)—In a step forward in the Annapolis process, Israeli Prime Minister Ehud Olmert admitted, apparently for the first time, that Israel has not honored its commitments to stop expansion of Jewish settlements in the West Bank. "There is a certain contradiction in this, between what we're actually seeing and what we ourselves promised," he said in an interview with the *Jerusalem Post*. "Obligations are not only to be demanded of others, but they must also be honored by ourselves. So there is a certain problem here."

Olmert's remarks followed, perhaps only by hours, comments by President Bush on Jan. 3, that settlement expansion is "an impediment to the peace process." Bush said in an interview with Reuters that, "The unauthorized outposts for example need to be dismantled, like the Israelis said they would do." Israeli Vice Prime Minister Haim Ramon also said, on Jan. 4, that Israel would soon begin to dismantle about two dozen illegal outposts. On Dec. 31, Olmert had ordered that his and the defense minister's authorization would be required for any new building, planning or land expropriation for settlements in the West Bank.

Knesset Report Blames IDF for Failures in Lebanon War

Dec. 31 (EIRNS)—Tzachi Hanegbi, the chairman of the Israeli Knesset's Foreign Affairs and Defense Committee, in presenting a report on the failures of the July 2006 Israeli-Lebanese War, said that Israel's military leadership "ignored basic principles of Israeli strategy, which aims to bring the battle to enemy terrain and to protect the civilian population." The report accused the Israeli Defense Forces (IDF) of "not having developed its operational plans and not to have prepared an appropriate plan of attack against Hezbollah and not having presented the army with clear objectives." The report especially criticized the IDF's reliance on air power, which could not halt Hezbollah's rocket fire into Israel. The report said that the army's methods of fighting were a "grievous blunder" which "played into Hezbollah's hands, were seized by blindness and lent strength to the enemy's strategic and tactical logic."

The report stated that after Israel's pullout from south Lebanon in 2000, "a policy of restraint by successive governments ... brought the army into a state of paralysis and slackness." The majority of the committee's members are using this analysis as a mandate for a large-scale ground offensive in the Gaza Strip.

The Real Issue Behind Lebanon's Government Crisis

Jan. 3 (EIRNS)—The leader of the Lebanese opposition movement Hezbollah issued a formal statement on Jan. 2, spelling out how the political stalemate in the country can be resolved. Sheikh Hassan Nasrallah told reporters that Hezbollah insists on having a veto power in any future government. His statement confirms reports received by *EIR*, that the hold-up in the parliamentary vote for a new Lebanese President is due to the ongoing power-sharing negotiations between the government and the opposition, and is not about the selection of Gen. Michel Suleiman, the recent head of the Lebanese military, as the next President.

An agreement among all rival factions to accept Suleiman as President has been stalled, due to the far more contentious issues of the composition of the next government. Hezbollah and its Christian and Amal allies have insisted for the past year that they be given 11 Cabinet seats in any government, giving them more than one-third of the posts, which assures them veto power over any major policy decision. Under pressure from Washington, the European Union, and Saudi Arabia, according to regional sources, the Lebanese government of Prime Minister Fouad Siniora has refused to meet the Hezbollah demands, resulting in paralysis. In the aftermath of the July 2006 Israeli invasion, Hezbollah's popularity soared among a majority of Lebanese, as the result of the military stalemate, and Hezbollah's ability to retaliate against Israeli targets, which was widely seen throughout the Arab and Muslim world as a serious defeat of Israel. The Bush Administration had been Israel's silent partner in the war, and had hoped that the Israeli bombings and ground incursions would cripple Hezbollah, and remove it as a political factor in Lebanon.

Both the Bush Administration and French President Nicolas Sarkozy have been trying to pressure the Syrian government to get Hezbollah to back down from its power-sharing demands, but the Syrian Foreign Minister yesterday delivered a sharp rebuke to Washington and Paris, refusing to pressure France's Lebanese ally to accept a rotten deal.

France Offers Help to Jordan To Develop Nuclear Energy

Jan. 5 (EIRNS)—French President Nicolas Sarkozy arrived in Jordan on Jan. 4 for a semi-private, two-day visit, and met with King Abdullah II. Israel's Ynet news agency reports that the two discussed the Israeli-Palestinian situation and the Lebanon crisis, as well as France's support for the Jordanian kingdom and assistance in implementing several major economic plans, including nuclear energy. Sarkozy pledged France's assistance in developing Jordan's nuclear energy program for peaceful use.

Sarkozy made a similar promise to Egyptian President Hosni Mubarak last week, during his visit there. "Paris can help Egypt create a nuclear energy program for peaceful use," said Sarkozy, adding that "Egypt is as entitled to make [peaceful] use of nuclear energy as any other country."

Asia News Digest

Reports of a Myanmar-India Rift Are False

Dec. 30 (EIRNS)—The *Washington Post* ran a misleading, or perhaps entirely false, report today, titled "India's Halt to Burma Arms Sales May Pressure Junta," claiming (according to unconfirmed "diplomatic sources") that India has stopped arms sales and transfers to Myanmar. Journalist Glenn Kessler also quotes statements by First Lady Laura Bush from Dec.

10, making the same claim. This, the *Post* argues, will pressure China, Burma's closest ally and trading partner, to curtail its support for Yangon.

However, this implication of a rift in India's relations with Myanmar is contrary to the fact that the two nations agreed on Dec. 29 to expand cooperation along the border in dealing with the smuggling of narcotics, and that Myanmar's Foreign Minister, U Nyan Win, visited India for five days beginning on Dec. 31. He met with Indian Prime Minister Manmohan Singh and Foreign Minister Pranab Mukherjee, among others.

The two sovereign states have reached agreement on developing extensive water-transport routes along their borders, concluding plans for the Kaladan Multi-Modal Transit Transport Project, which will develop waterways and roads linking Mizoram (the northeast area of India, essentially cut off from the rest of India by Bangladesh) to the Myanmar port of Sitwe on the Bay of Bengal, thus connecting Mizoram via water to the rest of India.

The *Post's* disinformation must be seen in light of British destabilization operations in the region, especially the assassination of Benazir Bhutto in Pakistan, and a brewing crisis in neighboring Thailand.

Cuba Offers To Send Doctors to the Philippines

Dec. 30 (EIRNS)—Philippines doctors have been flooding out of the country, mostly to the United States, often to work as nurses, partially because of the miserable conditions and pay scale in the Philippines, but also because Philippines *policy* is to send its skilled labor abroad to earn foreign exchange, to pay the debt.

Now, Cuba's Ambassador to the Philippines, Jorge Rey Jimenez, has offered to send Cuban doctors to the Philippines, as they have to other nations of Africa and South America, to deal with the collapsing medical system there. Jimenez noted that the doctor-to-population ratio in Cuba is 1:158, compared to 1:10,000 in the Philippines, or 1:26,000 in some areas. The Philippines government has not yet responded to the offer.

President-Elect of South Korea Admits Global Collapse

Jan. 2 (EIRNS)—South Korea's President-elect Lee Myung-bak, who campaigned as the "economic candidate" who would bring South Korea 7% growth and enhanced prosperity for all, has woken up, acknowledged reality, and announced that such plans are pipedreams in the face of a global economic collapse. Meeting with economic think-tank leaders in Seoul today, Lee said, "Raw material prices are soaring and exchange rates are unstable. In addition, the subprime mortgage crisis has hit the global economy. I am fully aware that it's not easy to make the economy grow fast. But we should do something to boost it, because the situation facing working-class families is much more serious than perceived."

EIR published a warning last week from Korean economist Haeran Lim, that Lee must confront the global banking crisis fast, or watch his popularity fall even faster. Lee appears to be admitting that reality.

India Helping Pakistan Against Terrorists

Jan. 5 (EIRNS)—The Pakistani government of President Pervez Musharraf is getting help from Indian intelligence to gear up the fight against terrorists, the Pakistani website *Daily Times* reported today from New Delhi, citing a "top intelligence source." On Dec. 28, the day after Benazir Bhutto was killed, India's Cabinet Committee on Security (CCS) held a meeting chaired by Prime Minister Manmohan Singh. The CCS concluded that "a strong and stable Pakistan" is urgently needed for peace in India, and that Musharraf is fighting the same terrorist groups that are operating in Jammu and Kashmir and other regions in India, and are behind the instability in Afghanistan.

Therefore, "India has quietly geared up the intelligence operatives it has in Pakistan, Afghanistan, and Iran to help President Pervez Musharraf fight terrorists."

Yesterday, Indian External Affairs Minister Pranab Mukherjee told the editors of Press Trust of India that India "believe[s] that a strong, stable, and prosperous Pakistan will be helpful to us," and that "President Musharraf is in command of the situation," referring to Pakistan's nuclear capabilities.

Indian assets in and near Pakistan have been told to not take advantage of the current unrest in Pakistan, but rather to help stability, without jeopardizing themselves.

The *Daily Times* source called it a "good omen for the region" when these two rivals see terrorist groups, including the Taliban, as common enemies. India has doubled its forces on the Pakistani border, also to make it impossible for any terrorists to escape the crackdown ordered by Musharraf.

The source did not rule out that elements in the Pakistan Army and establishment could well support the terrorists' operations.

Indian security analysts are calling the Bhutto assassination a "wake-up call" for Pakistan. The *Daily Times* quotes Dr. Smruti Pattnaik, head of the Pakistan Desk at the Institute of Defense Studies and Analysis (IDSA), saying, "It is time the Pakistani state reorients its policy to fight its own war on terror inside its territory." Other analysts stress that India must be extremely vigilant about the situation in Pakistan and beyond, as Pakistan, as stated by security expert Bharat Karnad, is a "cushion for India against Islamic extremists."

Pakistan: International Crisis Group 'Promoting Sedition'

Jan. 5 (EIRNS)—The Pakistani government today accused the International Crisis Group (ICG) of "promoting sedition," by calling for the resignation of President Pervez Musharraf before the upcoming parliamentary elections, Press Trust of India reported. The ICG had called for the United States to use the Pakistani military to get Musharraf out, calling him "a serious liability, seen as complicit" in Benazir Bhutto's death. The IRC claimed that unless Musharraf is ousted, "the international community could face the nightmare of a nuclear-armed, Muslim country descending into civil war."

Islamabad said the report "amounts to promoting sedition" and that the ICG "neither has the credentials, nor the credibility, and lacks representational standing specially on Pakistan's national affairs" to comment on Pakistan.

Musharraf has also asked Prime Minister Muhammadmian Soomro to increase the speed of the investigation into Bhutto's assassination. He said he is concerned about the "slow progress," and asked Soomro to extend full cooperation to Scotland Yard experts who have arrived in Pakistan.

Africa News Digest

Kenyan President Reelected; 100 Die in Rioting

Jan. 1 (EIRNS)—Over 100 Kenyans have been killed in rioting following disputed elections that returned President Mwai Kibaki to power according to Reuters today. Rioting occurred in the western part of the country near the border with Uganda, which is the stronghold of the opposition; in Nairobi's shantytowns; and in the resort of Mombasa on the Indian Ocean coast.

The African Union said it was "seriously preoccupied" by the worsening situation. France and Britain warned their citizens against visiting Kenya, according to the South African *Mail & Guardian* today.

In reaction to the situation, Kibaki said, "My government will ... deal decisively with those who breach the peace, by intensifying security across the country."

Opposition leader Raila Odinga, who lost the recent elections by a narrow margin, has challenged the results.

It is feared that ethnic fighting could break out between the Luo ethnic group, which backs Odinga, and the Kikuyu ethnic group which backs Kibaki. This would be a kickback to classic British colonial methods for destroying an African country.

(See [InDepth](#) for three reports on the British designs against Africa.)

Warnings of Genocide in Kenya; Africa Union To Mediate

Jan. 2 (EIRNS)—Kenya will experience genocide similar to what happened in Rwanda in the 1990s, if urgent steps are not taken, a leading Kenyan daily warns today.

The former President of Ghana John Kufuor is expected to arrive in Nairobi today, representing the African Union, in order to mediate in the crisis there. Also arriving is the former President of Sierra Leone, Ahmed Tejan Kabbah, representing the Commonwealth.

The *Kenya Daily Nation* warns in an editorial that "if no urgent step is taken to arrest the killings, Kenya is bound to sink into the abyss and join the ranks of war-torn countries like Côte d'Ivoire, Somalia, Rwanda, and Sierra Leone, and others which have experienced genocide on an unimaginable scale."

The British Legacy in Kenya: Programmed Chaos

Jan. 6 (EIRNS)—"If you're looking for the origins of Kenya's ethnic tensions, look to its colonial past," writes Africa specialist Caroline Elkins in the *Washington Post* today. She stated that Britain did not leave behind democratic institutions and cultures, and that the British left a distinctly colonial view of the rule of law. She said these legacies were compounded by Britain's "famous imperial policy of 'divide and rule,' playing one side off another, which often turned fluid groups of individuals into immutable ethnic units, much like Kenya's Luo and Kikuyu today.... We are often told that age-old tribal hatreds drive today's conflicts in Africa. In fact, both ethnic conflict and its attendant grievances are colonial phenomena," she wrote, adding that "Britain was determined to protect its economic and geopolitical interests during the decolonization process."

Elkins noted that one can discern similar patterns in other former British colonies that share imperial pasts, such as Pakistan and Iraq.

Elkins, associate professor of African Studies at Harvard, is the author of *Imperial Reckoning: The Untold Story of Britain's Gulag in Kenya* (2005), a book about British practices in Kenya after World War II in "response" to an insurgency that the British largely controlled.

London Hysterical About Losing Control Over Africa

Jan. 5 (EIRNS)—First it was China, which dared contest the Anglo-Dutch policy of leaving Africa to die. Now, Russia, too, is coming to Africa's aid. Reflecting the British Empire's panic that the Anglo-Dutch control over raw materials in Africa is being broken, the London *Financial Times* runs an hysterical article today, headlined "Gazprom Plans Africa Gas Grab."

The *Financial Times* reveals that Russia's Gazprom is offering Nigeria a better deal to develop its energy resources than Royal Dutch Shell, Chevron, and ExxonMobil, which have traditionally dominated that market. Gazprom is offering to develop infrastructure to exploit natural gas, which is usually neglected by such companies, which are eager to just pump oil.

"What Gazprom is proposing is mind-boggling," a Nigerian oil official told the *Financial Times*. "They are talking tough and saying the West has taken advantage of us in the last 50 years and they're offering us a better deal."

Gazprom is reportedly offering to build liquefied natural gas (LNG) plants, for which there is a market in Europe, in return for gas exploration blocs. They also promise to help "ending the chronic electricity shortages that are sapping growth in the country."

Nigerian officials "talk enthusiastically about the idea of working with the Russians, who they say share their perception that Western companies have profited from Nigeria's oil for decades without giving enough in return."

Mbeki's Mother Raises 'Suspicious of a Third Force'

Jan. 6 (EIRNS)—In the wake of an ugly political battle which resulted in the ousting of South African President Thabo Mbeki from his position of president of the ruling African National Congress (ANC) last Dec. 20, which threatens to plunge South Africa into a crisis of ungovernability, Mbeki's mother, Epainette Mbeki, wrote a letter to the South African people that was published in the Johannesburg *Sunday Times* today. She stated: "The anarchic tendencies that have taken root in the ANC lately, coupled with the blatant disrespect towards the highest office in the land, raise high suspicions of a Third Force in operation."

The *Times* gave the letter prominence by also reporting it in a news article. That article concludes with this quote from her letter: "South Africa wake up. *Zemk'iinkomo Magwala Ndini!* (The cattle are being stolen, you bloody cowards!)."

The 92-year-old Mrs. Mbeki is a former schoolteacher and life-long community activist, and the widow of ANC hero Govan Mbeki, an anti-apartheid activist who was sentenced to life in prison. He was imprisoned on Robben Island with Nelson Mandela.

Conditions in Somalia Deteriorate

Jan. 4 (EIRNS)—Somali interim President Abdullahi Yusuf collapsed this morning, and was flown to Ethiopia for treatment, according to a BBC report. He is 72, and had a liver transplant 14 years ago. He was in a Kenyan hospital last month with bronchitis. While his government, put together by surrounding nations, had little credibility before, the interim government has collapsed completely since a power struggle between Yusuf and former Prime Minister Ali Mohamed Gedi led to Gedi's resignation on Oct. 29.

The ongoing crisis in Kenya will only make this situation more chaotic. UN sources are saying that the Kenya crisis will have a serious negative impact on all peacekeeping operations in Africa, stretching from Sudan, Somalia, to the Democratic Republic of Congo.

Somali Prime Minister Nur Hussein Hassan, who replaced Gedi, said the President's condition is not serious, but BBC

reported that close aides have suggested otherwise. Hassan took office in November, and he has appointed 15 ministers whom he says he will swear in tomorrow. His predecessor was sacked for wanting to move in the direction of working with the opposition Islamic movement.

Since the resignation of Gedi, Somalia has lacked even the semblance of the possibility of an effectively functioning government. His successor failed in his first attempt to form a government. Those being sworn in tomorrow resulted from his second attempt. He still has more positions to fill. The Parliament is factionalized along clan lines, and the high court is inoperative because its chief justice was arrested during the power struggle. Since the Anglo-Dutch financier cartel is playing all sides in this conflict, none of the players, internal or external, can be organized to transform the existing power configuration. Thus, an increase in the activity of the insurgency will result, playing into the Anglo-Dutch oligarchy's chaos scenario.

China To Increase Zimbabwe Trade to \$500 Million

Jan. 5 (EIRNS)—Deputy Chinese Ambassador to Zimbabwe Ma Deyun said that China and Zimbabwe intend to increase bilateral trade to \$500 million in 2008, according to the *Zimbabwe Herald* Jan. 3. She said during the official handover of 97 Chinese trucks to Zimbabwe's Road Motor Service, that "we will work together starting from now in order to meet this new target," according to a report in the Missionary Service News Agency today. She also announced the imminent delivery of 5,000 tons of food aid to the capital, Harare, and promised the building of two primary schools, a hospital, and an Agricultural Technical Demonstration Center this year.

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