

[return to home page](#)

A True Classical Tragedy:
Our Economy Is Bushed!
by Lyndon H. LaRouche, Jr.

October 29, 2008

It is time to be realistic about the situation which will menace the very continued existence of our U.S. Republic, whatever the outcome of the November 4th general election.

What must be addressed in the accompanying report, is the wretchedly corrupted state of the present leadership of the political parties, especially since about February 2006, at a time that the Democratic Party leadership, in particular, had refused to respond to the votes cast by the electorate in the preceding mid-term election--on any leading issue, then, or to the present date. Similar problems, even critical ones, have existed for our republic during some past times, but the state of our national political affairs during the recent two years has been perhaps the most deadly threat of that type in the entire experience of our nation as a Federal republic....

In-Depth articles from EIR, Vol. 35, No. 44

...Requires Adobe Reader®.

This Week's Cover

- **A True Classical Tragedy:**
Our Economy Is Bushed!

Lyndon LaRouche asserts that the wretchedly corrupt state of the present leadership of U.S. political parties, especially over the last two years, has led to the most deadly threat that the nation has faced during its existence. 'In this moment of the gravest threatened crisis in all modern history, the fate of the nation hangs not so much on the particular personality of an elected President whose very life may be in jeopardy, but on those institutions of the Presidency which persist as Presidents come and go.'

- **Is Assassination of Obama Britain's Next Move?**

Feature

- **It's Time To Choose:**
WWF Hitlerians or Humanity!

Renewing their push for genocidal policies the World Wildlife Fund and the Zoological Society of London issued a manifesto asserting that three-quarters of the world's population lives in nations which are using up more resources than the 'Earth's biocapacity' can sustain, and therefore, that governments and international agencies must impose measures which reduce human activity by at least a third, as rapidly as possible.

- [AFRICOM and Control Over Africa's Resources](#)
- [Ignoramus Charles Rants in Delhi](#)
The British monarchy is still trying to tell India what to do, as Prince Charles campaigns for the old British Raj starvation policy.
- [U.S. Military: Walking in Philip's Hoofprints](#)
- [The New Environmentalist Eugenics: Al Gore's Green Genocide](#)
- [Prince Philip's Murderous Views, in His Own Words](#)
- [World Wildlife Fund's Genocide in Africa](#)
- [Why London Created Africa's Game Parks](#)

Economics

- [Stubbornness Worsens World Depression: Will the Great Crash Hit After November 17?](#)
[by Helga Zepp-LaRouche](#)
The only way to avoid the total collapse of the world financial system foreseen by some financial circles, would be the prompt agreement on Lyndon LaRouche's financial reorganization proposals.
 - [Banking Zombies Say: 'We Refuse To Die,' as Body Parts Fall Off](#)
Bailout facilities for financial institutions have been growing at an accelerating rate, in a vain attempt to keep up with the accelerating losses in the financial system. The banks are, at this point, essentially zombies: the walking dead.
- [LaRouche Reviews His Economic Forecasts](#)
Lyndon LaRouche's forecasts have been correct, though they were widely ignored because people couldn't face the fact that the inflated stock values they were holding on to, were worthless. An excerpt from LaRouche's 'Science vs. Statistics: When Fate Hangs on a Forecast,' *EIR*, Sept. 7, 2007.
 - [New Bretton Woods in Italy: Senator Backs Key Parts of LaRouche's Proposal](#)
Sen. Mario Baldassarri, head of the Finance Committee of the Italian Senate, has endorsed key aspects of Lyndon LaRouche's New Bretton Woods proposal.

International

- [Syria Raid: Cheney's Farewell Gift to Bibi and London](#)
U.S. intelligence sources report that the U.S. the raid against Syria was ordered from the White House, and aimed to sabotage a series of international diplomatic initiatives— including some undertaken recently by senior U.S. officials.
 - [The Arab Peace Plan and Israeli Elections](#)
- [Germany: BüSo Charts Plans for Upcoming Elections](#)
- [International Intelligence](#)

Departments

- [Africa Report](#)
[Eastern Congo Hit by Destabilization](#)

Editorial

- [The November Turning Point](#)

U.S. Economic/Financial News

[Ethanol Boom Leader Files For Bankruptcy](#)

[Price Swings Whomp Farm Belt](#)

[Nuclear Reactor Parts Plant Planned for Virginia](#)

[Fed's Data 'Don't Show What Paulson and Bernanke Are Saying'](#)

Ethanol Boom Leader Files For Bankruptcy

Nov. 1 (EIRNS)—Ethanol producer VeraSun Energy Corp., the flagship company of the ethanol boom, filed for Chapter 11 bankruptcy late last night. VeraSun, based in Sioux Falls, South Dakota, accounts for 7% of ethanol production in the United States, ranking high behind ADM and Cargill, the cartel operators. VeraSun, formed in 2001, operates 16 ethanol distilleries; it was portrayed as the ethanol "success story" for its rapid growth and big initial public offering.

The immediate cause for the bankruptcy was derivatives. VeraSun contracted to pay \$8 a bushel for corn (locked in months ago), but then ethanol prices fell significantly. Corn is now selling at \$4 a bushel. The company reported a third-quarter loss of \$103 million in September, attributed to failed hedging bets. VeraSun is the third U.S. ethanol producer, after Greater Ohio Ethanol and Gateway Ethanol, to file for bankruptcy recently.

Price Swings Whomp Farm Belt

Nov. 1 (EIRNS)—Farm regions worldwide are reeling from commodity price swings, deflation, lack of credit, and lack of any way to carry out timely functions for crop seasons and livestock cycles. All along the food chain, processors and shipments are being disrupted, including cartel-controlled operations, which already were deleterious for national food security. Some of the big-name cartel fertilizer and agro-processors, operating supranationally, are withdrawing credit from farmers. A few recent reports on the situation in the United States:

* Cargill turned back four shiploads of meat from the United States, because the purchase-credits fell through, according to Iowa sources.

* Wisconsin dairy farmers' gross incomes have fallen by 25% since Spring. In June, raw milk was selling for \$21 for 100 pounds; it is now selling for \$15 a hundredweight.

* Farm input costs are still high, while output prices are plunging. In Clinton County, Wisconsin, the price for a delivered ton of dry fertilizer in 2006 was \$330; today it is \$1,300.

Suppliers (Cargill/Monsanto, DuPont/Pioneer, etc.) are informing Midwestern farmers that seed costs could rise more than 40% for next Spring's planting.

* Grain and most all other farm commodity prices are plunging. In Janesville, Wisconsin, the contract price for corn in May (for Fall delivery) was \$5.75 (on the Chicago Exchange, corn was bid up to \$8 a bushel this Summer), but right now, cash to farmers for corn delivery is \$3.33 a bushel.

Nuclear Reactor Parts Plant Planned for Virginia

Nov. 1 (ELIRNS)—Areva SA, the French nuclear engineering firm, and Northrop Grumman Corp. will build a \$360 million plant in Virginia to make large nuclear reactor parts. The two companies said on Oct. 30 that the facility will be near Northrop Grumman Shipbuilding's plant in Newport News, and will create 500 jobs. It is expected to be completed in 2011.

Areva is one of the three top nuclear power plant manufacturers in the world, and its reactor design has been selected for at least seven new U.S. reactors. In early October, a news report indicated that notwithstanding the growing interest expressed by many nations in nuclear power, the world (excluding Russia) no longer has the ability to produce more than four nuclear reactors a year.

Over the past few years, power companies and utilities in the United States have been filing or preparing applications—nearly two dozen at last count—to build nuclear reactors, spurred by concerns about energy demand and desires to find cleaner (and cheaper) alternatives to coal. To do so, however, they'll need a range of custom parts, from steam generators to pressurizers to special engines, all engineered to extremely precise standards. Finding them in the United States will not be easy, because the plants that once built and assembled these items have long since closed down.

Tokyo-based Japan Steel Works has a near monopoly on manufacturing the most significant component for nuclear reactors, the steel containment vessels, and a three-year waiting list for new orders. Areva has a plant in Chalon, France, that already manufactures heavy nuclear power plant components, including reactor vessels and steam generators, but Anne Lauvergeon, Areva's CEO, said a second plant was needed to meet a five-year backlog of anticipated reactor business. The plant will be built in conjunction with Northrop Grumman Shipbuilding and adjacent to its shipyard in Newport News.

Fed's Data 'Don't Show What Paulson and Bernanke Are Saying'

Oct. 27 (EIRNS)—A report has come out from the Minneapolis Federal Reserve research section which provides strong ammunition to Congressmen and community bankers who are now angrily accusing Hank Paulson of using the \$700 billion bailout to feed small, sound banks to big, unsound ones, and lying to do it. Paulson's continuous "WMD"-like refrain has been that *all* bank lending has broken down since September, and that only massive Treasury and Fed bailouts could cause banks to resume lending into the economy. The Minneapolis Fed report appears to prove in black and white, in 12 pages of charts, that Paulson to stampede Congress into passing the hated "TARP" bailout.

EIR News Service is still investigating, but the Minneapolis report's conclusions—based on data as recent as Oct. 10—were confirmed in several interviews today with bankers and economists. "It's about time somebody said this," said one university professor of finance. A regional banker said, "This is definitely all about restructuring the banking system, and handing over banks to Paulson's banking allies. Commercial banks are having problems; some are reporting quarterly losses or much less profit; but they are *not* capital-short, and they are *not* stopping lending. They are able to raise capital; and they are lowering their asset base" by selling off securities and concentrating in loans. He had talked very recently to a large regional bank, a \$12 billion community bank, and a relatively new, \$3 billion community bank; this was true of all of them.

One of the report's authors told *EIR* that "They [Bernanke, the Fed Board] are not relying on their own data at all. The tables on the Fed's own website do not at all show what they are saying. And they say that they don't trust the Fed's own quantitative data [i.e., what the Minnesota Fed researchers put out] because something else is going on. But they have no data showing what they say is going on, and they don't point to any." He said that nonetheless Paulson has been saying publicly, categorically, that bank lending is coming to a stop; and what he's said privately to Congressmen has terrified them. Presented with the proposal that Paulson is telling a "WMD" fable in order to restructure the banking system and try a lunatic bailout of derivatives markets, one of the authors responded: "That is very hard to dispute, as you just said it."

Two of the Fed authors opposed the TARP bailout: "There should be more of a spirit of caution and a need for better data analysis before we spend nearly a trillion dollars."

Global Economic News

[Japan, Korea To Implement Emergency Financial Programs](#)

[Financial Disintegration Turns 'Food Crisis' into Starvation](#)

[Speculative Attack on Danish Currency](#)

[Car Industry Collapse Will 'Put To Sleep' Steel Production](#)

Japan, Korea To Implement Emergency Financial Programs

Oct. 26 (EIRNS)—The Japanese government will release an emergency financial plan early this week, according to NHK, Japan's public broadcaster. The plan will revive the Banks' Shareholding Purchase Corp., an entity set up in 2002, but suspended in 2006, to purchase shares of corporations which were held by banks. Japanese banks hold huge portions of corporate stock, and their steep decline leaves the banks below the required reserve limits.

The government will call on the Bank of Japan to buy the stocks of the financial institutions themselves, and may use public funds to prop up the banks, although this would require legal changes. Japan's stock market collapsed again on Oct. 24.

South Korea's political and financial leadership is holding an emergency meeting on Oct. 27 to determine emergency measures. South Korea's stock exchange fell 20% this past week alone, while the won has fallen by 35% this year.

Financial Disintegration Turns 'Food Crisis' into Starvation

Oct. 24 (EIRNS)—The number of human beings "seriously undernourished"—in danger of starving to death—has increased by 75 million during the global financial disintegration since July 2007, with aid pledges from the July 2008 Rome Food Crisis Summit going unfulfilled in favor of bank bailouts, and farmers being forced to cut back plantings due to unpayable costs of fertilizer and other inputs. This is reported by the UN Food and Agriculture Organization (FAO), and headlined in the *Washington Post* on Oct.24.

In the burst of commodity speculation by banks and hedge funds pulling out of collapsing financial bubbles, from last Fall through this Spring, the cost of food imports to nations around the world jumped by 29%, on average for all foods. The cost of fertilizer worldwide jumped by far more than that, and riots broke out as poor and middle class populations were faced with "price famines." Now FAO says that of the \$12.3 billion in food aid and agricultural investment pledged at the Rome summit to support food production and consumption, only \$1 billion has been disbursed; and many governments are saying they can't afford the aid they pledged because of the financial collapse and their bailouts of banks!

Even though the prices of agricultural commodities have plunged again since Spring, this does not make a food "recovery." In fact, farmers in many countries, who are paying 3 to 5 times for fertilizer what they paid one year ago, and being pushed, by the new commodity price collapses, into cutting back on their planting and marketing of crops. That may make food shortages even worse, compared to consumption, increasing severe undernourishment further.

Without a New Bretton Woods monetary order which freezes unpayable debt claims, stabilizes currencies and commodity prices, and facilitates great projects of infrastructure, the whipsawing of agriculture will drive food consumption continually down to new Dark Age conditions.

Speculative Attack on Danish Currency

Oct. 25 (EIRNS)—The Danish Central Bank today had to once again raise its interest rates to resist a speculative attack on the krone, bringing the rate to 5.50%. Already on Oct. 8, the bank had to raise its rate by 40 basis points. While so far the Danish rate was closely following the rates of the euro, a widening gap now appears, since the European Central Bank (ECB) lowered its interest rates on Oct. 10. Financial wolves claim this is the price Denmark is paying for having rejected the Maastricht Treaty and not being part of the European Union.

Car Industry Collapse Will 'Put To Sleep' Steel Production

Oct. 30 (EIRNS)—According to the French daily *Le Figaro Economie* today, Arcelor Mittal, the world's largest steel producer, is considering cutting its production by 15% worldwide, as a consequence of the sharp collapse of the auto industry.

French car producer PSA Peugeot Citroen announced that it would reduce production by 30%, and Renault by 20%, over the last quarter of 2008. On Oct 29, after a meeting with the Arcelor management, trade union officials revealed that Arcelor Mittal will put 13 of its blast furnaces in Europe "to sleep" between mid-November and the end of January, mainly in France, Belgium, Luxemburg, and Germany. Workers are being called on to take their legally mandated holidays, while interim jobs are scrapped.

* In France, the company will reduce 50% of the output of its second-largest production site at Fos-sur-Mer (Marseille), where today there are 3,400 workers. The Fos-sur-Mer plant is on the Mediterranean, which facilitates shipping flat carbon steel supplies for car producers in Spain, Italy, and Turkey. Trade union officials fear the worst, since the plant needs to produce 4.8 million tons per year, or 380,000 tons per month, in order to be profitable. In October, production was only 252,000 tons, and it is expected to fall to 119,000 tons in December, driving the production site to closure. Arcelor's blast

furnace in Florange (3,300 workers) will also be put to sleep, while Arcelor Dunkerque is also reducing production.

* In Luxemburg, Arcelor's steel capacity will be reduced by 60-80%.

* In Belgium, according to the Belgian steelworkers unions, Arcelor's smelting furnace No. 6 in Seraing, will be shut down in two weeks until at least mid-February.

* In Germany, Arcelor will reduce production at the sites of Bremen, Eko, and Stahl.

United States News Digest

[Congress: We Were Snookered on Bailout](#)

[Arnie: Don't Blame Me, 'It's Just the Math'](#)

[Gates Intervenes Into Iran Policy Debate](#)

[GOP and Newsweek Hit Obama with Rezko](#)

Congress: We Were Snookered on Bailout

Oct. 31 (EIRNS)—Members of Congress of both parties have begun to protest that they were snookered by Treasury Secretary Henry Paulson's roadshow for the bank bailout bill. For the moment, the protest is on relatively secondary or parochial issues (compared to the insanity of trying to bail out the corpus of derivatives), but the fact of the challenges is of note.

One of the major protests comes from members of the Ohio delegation, over the use of bailout funds for PNC to take over Cleveland's National City Bank. House Minority Leader John Boehner sent a letter yesterday to Paulson, urging (R) him to ensure that acquisitions and executive bonuses aren't paid for with money provided under the Troubled Assets Relief Program (TARP). "These are not the types of expenditures you described during your many discussions on Capitol Hill earlier this fall, and these certainly are not the types of expenditures Members of Congress envisioned when the plan was sent to the President earlier this month," Boehner's letter reportedly said.

New York's Sen. Charles Schumer (D) criticized Paulson for allowing an un-debated tax ruling to become law. It permits companies which are taking over other companies—as in Wells Fargo's takeover of Wachovia—to count the taken-over bank's losses as their own tax losses, and thus offset future taxes for years to come. Schumer said, "I also fear that the notice could ... [lead] to more consolidation in the financial industry than would be necessary," as well as that "the notice, which was never debated by Congress, could end up costing taxpayers tens of billions of more dollars, on top of the hundreds of billions of dollars already approved by Congress in the financial rescue plan."

Even Congressman Bailout himself, Rep. Barney Frank (D-Mass.), has criticized the fact that the Treasury funds are not being used for increased lending: "Any use of these funds for any purpose other than lending—for bonuses, for severance pay, for dividends, for acquisitions of other institutions, etc.—is a violation of the terms of the Act," Frank said today. Frank announced hearings Nov. 12 and 18 by the House Financial Services Committee to review how the bailout is being implemented.

Sen. Chris Dodd (D), investment banker Felix Rohatyn's man in the Senate, says he is considering drafting a Federal statute that allows the government to reclaim Federal money from firms that don't fulfill their commitments. Like Frank, Dodd has announced hearings on the bailout for November.

Thus begins the chase after the horse which was already let out of the barn.

Arnie: Don't Blame Me, 'It's Just the Math'

SACRAMENTO, Oct. 30 (EIRNS)—California's fascist Gov. Arnie Schwarzenegger declared an unofficial state of emergency yesterday, announcing that he will call the legislature back for a special session, most likely on the day after the election. The free-fall in state revenues has given him the opening he has been waiting for, to literally go for the kill against social services and education spending in the state. The budget office has leaked that revenues were at least \$5 billion less than anticipated, when the so-called balanced budget deal passed 85 days late in September. At the time, Schwarzenegger acknowledged that the income was \$3 billion short of a balanced budget. Added to the \$5 billion, the shortfall is now \$8 billion, and could go even higher. According to Senate President Pro Tem Don Perata (D-Oakland), the shortfall is closer to \$10 billion.

In his statement yesterday, Schwarzenegger said, "Since everyone has to take a haircut here, it's natural that education gets hit, law enforcement gets hit, prisons are going to get hit, and also health care is going to get hit. So, it's just the math, it's not me; it's mathematics that tell you that you have to make cuts in those kinds of different areas." This is some haircut he is proposing—it's more like a decapitation!

Gates Intervenes Into Iran Policy Debate

Oct. 29 (EIRNS)—Secretary of Defense Robert Gates made an important factional intervention on Iran policy yesterday during a speech at the Carnegie Endowment for International Peace, which will have effects not only in the waning days of the Bush/Cheney regime, but setting policy into the next Presidency. While Gates' remarks were otherwise on U.S. nuclear deterrent policy, in response to a question on Iran, he told his audience that, "If you could have a verifiable arrangement that the Iranians had forsworn nuclear weapons and a nuclear warhead program, that the other countries, the international community, would probably be willing to work with the Iranians in terms of figuring out a way where they could get enriched uranium for civil power civil nuclear power, where there have been talks about them using a Russian enriched uranium bank and so on."

He added, "If you could get verifiable arrangements to all of that, I don't think that the international community is concerned about Iran having civil nuclear power to produce electricity." He said that the focus has to be on political and economic pressures. "The key, though, is getting them to stop the enrichment process and then beginning to see what we can work out," he said. "I think there's potential there, but so far they've not shown much interest in it."

GOP and Newsweek Hit Obama with Rezko

Oct. 27 (EIRNS)—After LaRouche PAC posted its hard-hitting video, *What's Wrong with American Culture: The Case of Tony Rezko*, major U.S. institutions including the Republican National Committee and *Newsweek* began to dig deeper into the story of Obama's ties to Rezko, who is still awaiting sentencing after being convicted on 16 counts of corruption and fraud. The RNC released a video yesterday called "Obama's House of Cards," that details Obama's "18 years" of dealings with Rezko. *Newsweek* reports this will be appearing as TV ads against Obama, but so far, the video has only appeared on the web. Going back to 1991, the narrator says that Obama went to Rezko for money to run his election campaign, and Rezko "went to Senator Obama for government contracts."

The video pictures Rezko and Obama with the notorious British-based financier Nahmi Auchi, but never uses Auchi's name, only identifying his photo on the screen as "Tony Rezko's Billionaire Buddy." Nor does it mention Britain, as the base for Auchi's money. The narrator says, "Rezko raised more money for Obama's Senate campaign, and Obama even attended a reception for an Iraqi billionaire who engaged in arms deals with the Iraqi regime in the 1980s." The video then says "when it came time to buy a house, Obama went to Rezko...." and begins a detailed narrative about how Obama and the Rezko families concluded a real estate deal that "closed on the same day." The video moves on to show headlines, or play Obama's voice denouncing the Rezko ties; it concludes with a picture of Obama and the words: "Barack Obama's Friend. Fundraiser. Felon. Fault."

Ibero-American News Digest

[The Laws of the Old System No Longer Work](#)

[Without the PLHINO, Mexico Faces Chaos](#)

[New York Judge Defends London's Vulture Funds](#)

[Chilean Workers: End Pinochet's Private Pension System Now!](#)

The Laws of the Old System No Longer Work

Oct. 28 (EIRNS)—Finance and Foreign Ministers and Central Bank chiefs of the ten South American nations participating in the Common Market of the South (Mercosur), held an emergency meeting yesterday in Brasilia to discuss the global financial crisis. The meeting was held at the insistence of the Argentine government, whose Foreign Minister Jorge Taiana told reporters that his government had been calling for a new international financial architecture for six years. The International Monetary Fund is among those responsible for the global crisis, he reiterated.

The meeting in the Brazilian capital went on for three hours longer than planned. "Some countries" believe the crisis is beginning to stabilize, but others believe it will get worse," Brazilian Foreign Minister Celso Amorim reported afterwards.

All participants agreed on "the necessity of a profound and all-encompassing reform of the international financial architecture." But aside from a proposal for "prudent" regulation of capital markets, no one had anything specific to say about what the reform should look like. The only "consensus" was on the increasing regional trade and integration, and activation of the Bank of the South "as soon as possible," as measures to defend the region.

The open brawl came over Argentina's proposal that Mercosur adopt common protectionist measures against cheap imports flooding the region. Chilean Foreign Minister Alejandro Foxley reacted with fury: "The worst thing that could happen would be to use this crisis as an excuse to return to the policies we had in the 1960s, to build an old-style protectionism that generates barriers in our economies and only accentuates the crisis," Foxley told the press.

Brazil's Amorim hedged his bets, however. The Argentine proposal was not adopted, but it might have to be implemented anyway, he said. "On these questions, we have to be very vigilant, because we are in a totally new situation. And it is as if we were in outer space, where we cannot apply the law of gravity as on Earth."

Without the PLHINO, Mexico Faces Chaos

Oct. 31 (EIRNS)—Carlos Villanueva, president of the World Association of Mexicans Abroad, estimates that 1.5 million Mexicans will leave the United States and return home before the end of this year, due to the economic crisis which has left them jobless and/or homeless.

They are heading home to impoverished Mexican states which are incapable of offering them jobs, education, homes, or services—a catastrophic scenario that Lyndon LaRouche has warned can only be avoided through a commitment to build the Northwest Hydraulic Plan (PLHINO) in Mexico, along with cross-border infrastructure projects that can productively employ both Mexicans and Americans.

Quoted in today's *El Universal*, Villanueva reports that since August, an estimated 150,000 Mexicans have returned home, while 550,000, who are legal U.S. residents, have lost their jobs, as well as close to 600,000 who are in the U.S. illegally. Members of this latter group are largely poor and live in precarious conditions, and are preparing to return to Mexico.

For Mexicans living in the U.S., the situation is dire, Villanueva warns. "Each person has his own living hell. The American Dream is no more." The construction industry has collapsed, along with significant portions of the hotel and restaurant industries, in which many Mexicans were employed. He cites cases in which eight people lived in a home and contributed to the mortgage payment, but now there are only two people, who can't meet the payments, and are about to lose the house.

New York Judge Defends London's Vulture Funds

Oct. 31 (EIRNS)—New York Federal Judge Thomas Griesa acted Oct. 30 on behalf of London's predatory vulture funds, and froze \$553 million of the U.S. investments held by Argentina's private pension funds, known as AFJPs. On Oct. 20, President Cristina Fernández had announced that she intended to nationalize the AFJP system, which was modeled on the system that fascist dictator Augusto Pinochet set up in Chile in 1981.

Griesa's ruling is the latest incident in the escalating financial warfare waged against Fernández by the City of London and Wall Street, who are enraged that she and her husband, former President Néstor Kirchner, have snubbed the bankers' demands

Griesa accepted the argument presented by lawyers for the three speculative funds (Aurelius Capital Partners, Blue Angel Capital, and Aurelius Capital Master), that since Fernández intended to nationalize the AFJPs—worth \$26 billion—these funds will become the "immutable" property of the State, and are therefore subject to embargo. Griesa's ruling ignores the fact that the AFPJ nationalization hasn't yet been approved by the Congress, or that the funds belong to private citizens, not the State.

Almost as soon as Griesa issued his ruling, Standard & Poors lowered Argentina's foreign debt rating to B-, implying that Argentina is close to default and is seizing the pension funds to pay debt coming due in 2009.

In reality, the financial oligarchy is hysterical that Fernández dared to touch the AFPJ system at all, accusing it of "looting" its enrollees for its own financial gain. The AFPJs were no more successful than their Chilean counterparts, and now, London is nervously eyeing the remoralizing effect that the Argentine President's actions have had inside Chile, where trade unionists and pension reform activists say it is time to dump Pinochet's private system altogether.

Chilean Workers: End Pinochet's Private Pension System Now!

Oct. 31 (EIRNS)—Chile's labor federation, the CUT, announced on Oct. 30 that it is launching a "labor and social offensive" to bring down the private pension system imposed by fascist dictator Augusto Pinochet, and his infamous "Chicago Boys," in 1981. In its place, the CUT is demanding a state-run social security system.

To date, under pressure from the CUT and allied political forces, President Michelle Bachelet had agreed to consider setting up a single pension fund affiliated with a State-run bank or institution, which workers thought would be more reliable than the privately run, for-profit AFPs (Pension Fund Administrators). But the CUT is rejecting even this option, arguing that "with the current rules of the market, it wouldn't really serve the workers."

"As a representative of the State," the CUT said, "the government has the obligation to offer an option, so that workers can decide whether they wish to remain in the private system, or enter a [state-run] social security system." The private system was supposed to offer development and higher living standards for Chileans, the CUT said, "but after 27 years, the profit-oriented private system has proven a disaster, and it will be the workers who will have to pay for it."

Since July 2007, Chile's private pension system of \$110 billion has lost \$32 billion, or 26%, due to investments in speculative derivatives instruments abroad. The CUT now demands that the private system "explain where their funds are invested," and exactly how much they have lost.

Western European News Digest

[Moscow, Rome Have Common View on World Reforms](#)

[Bergamo, Italy: LaRouche Covered Again](#)

[Europe's Elites Note Wall Street's Role in U.S.](#)

[European Industry, Labor, Call for Government Support](#)

[Nordic Council Denounce 'Unforgivable Acts' of Britain](#)

[After Iceland, Will Switzerland Be Next?](#)

Moscow, Rome Have Common View on World Reforms

Nov. 1 (EIRNS)—On Nov. 6, Italian Prime Minister Silvio Berlusconi will meet Russian President Dmitri Medvedev in Moscow. The day after, at the Brussels summit of the European heads of state and government, Italy will present Russia's proposals for the Nov. 15 G-20 meeting in Washington. Commenting on this in an interview with *Il Foglio*, Russian Ambassador to Italy Alexei Meshkov said that Russia will propose some clear rules to stop financial speculation and to promote the real economy. Meshkov also stressed that there is a common point of view between Moscow and Rome, about "how the future of Europe and the world should be in the long term." Russia and Italy are working together, and it is relevant that Italy will chair the next G-8 and it is currently a rotating member of UN Security Council.

The Russian ambassador stressed that Prime Minister Putin and President Medvedev's key focus in foreign policy is a principle: "No state may endanger the national security of a neighboring state"—and he added that no one alone is able to

solve the problems of the world. Meshkov also stated that there is much more in common, than there are differences, between Russia and the United States.

Bergamo, Italy: LaRouche Covered Again

Oct. 31 (EIRNS)—The July-September issue of the quarterly magazine *Bergamoeconomica* published a lengthy interview with EIR Strategic Alert coeditor Claudio Celani. The interview was conducted last April, following Celani's speech at the Bergamo Confapi (Italian Confederation of Small and Medium Industry) conference. *Bergamoeconomica* (not to be confused with *Bergamoeconomia*, which published an interview last April) is the magazine of the Bergamo Chamber of Commerce, and is sent to all its members. The five-page interview is entitled "Without Industries on the Territory, the Economy Is Doomed to Decline," and runs a picture of Celani with Lyndon LaRouche on the first page. Celani is introduced as a "supporter of Lyndon LaRouche's economic theories," and goes through all major issues concerning the crisis and the recovery program.

Europe's Elites Note Wall Street's Role in U.S.

PARIS, Oct. 31 (EIRNS)—France's *Le Monde* runs a two-page article today, titled "Goldman Sachs, the Company," which inquires into the conflict of interest between U.S. politics and the private empire of New York investment bank Goldman Sachs, something akin to a "Sachs government," since the Goldman Sachs boys are all over government high positions. The article includes a list of over two dozen Sachs-men with positions in either government or top corporations.

Also today, the financial daily *Les Echos* carries a feature article by its New York correspondent, titled "Why Wall Street Is Betting on Obama." The article starts with the support for Barack Obama by (former U.S. ambassador to France, and former head of Lazard Investment bank) Felix Rohatyn, who argues that the Obama has succeeded in bringing together "a first-class" team of Wall Street insiders on the economics front.

In contrast, on Oct. 28, the financiers of the world's largest financial market spoke through the editorial pages of the *Financial Times*, endorsing Obama, calling him the "Better Choice."

European Industry, Labor, Call for Government Support

Oct. 27 (EIRNS)—Anger among industrialists and labor unions about the bankers' bailout—with not a single euro in state support assigned for production—is increasing, especially in the auto industry and its suppliers. The fact that Daimler has just announced a five-week production shutdown between mid-November and the year-end, makes it clear that the real economy is already in a deep depression. Orders for new cars are plunging, Renault and Peugeot in France have decreased production 20%, and, in Sweden, Volvo truck sales (throughout Europe) collapsed almost 100% in 12 months. In Germany, the pressure on the government is increasing because of the plan of the EU Commission to abolish the Volkswagen Law, which grants the State a controlling minority share, and bans any private investor from gaining a controlling share. The law also grants the workers the right to have a say in what happens with VW.

Nordic Council Denounce 'Unforgivable Acts' of Britain

STOCKHOLM, Oct. 28 (EIRNS)—A meeting of the Nordic Council in Helsinki, Finland, yesterday was dominated by the Icelandic financial crisis, and was split between those supporting Iceland against the "unforgivable Acts" of Britain and those pushing Iceland into the death grip of the International Monetary Fund and the British.

The leader of Iceland's delegation to the Council, parliamentarian Arni Pssll Arnason, condemned the British government,

which seized Icelandic assets using anti-terrorism laws.

In an obvious ploy to push Iceland into the arms of the IMF, the Nordic prime ministers met later the same day and decided to postpone the monetary aid to Iceland, appointing a working group to first study the implementation of the IMF program.

The next day, Oct. 28, the Central Bank of Iceland announced that it had increased its prime rate by 6%, to 18%, as part of the preliminary deal with the IMF. The interest rate hike will go before the IMF executive board for approval in the next few days. The IMF also wants the protective restrictions on the Kron to be removed by the government—a familiar demand.

After Iceland, Will Switzerland Be Next?

Oct. 31 (EIRNS)—A warning that Switzerland could be next on the chopping block, after Iceland, comes from Telepolis, the leftist German website, quoting Richard Portes of the London Business School. Switzerland and Great Britain both have very big financial sectors based on hot air. Portes said that Swiss bank holdings alone are seven times the Swiss GNP, and that "short-term liabilities of the Swiss banks are 13 times the Swiss GNP. This situation is potentially dangerous for Switzerland. Its banking sector is, at present, too big for the Swiss national bank to rescue it." Switzerland is also heavily exposed, via the carry trade, to emerging market loans, which alone are 50% of Swiss GNP.

Russia and the CIS News Digest

LaRouche's New Bretton Woods Tops the News in Russia

Medvedev Prepares Anti-Crisis Package For Nov. 15 Summit

Officials Deny Ruble Devaluation Rumors

Global Breakdown Crisis on Agenda at SCO Meeting

LaRouche's New Bretton Woods Tops the News in Russia

Oct. 31 (EIRNS)—Quoting the American economist Lyndon LaRouche on the global financial crisis has become *de rigueur* in the Russian media. Yesterday, the major dailies *Komsomolskaya Pravda* and *Novaya Gazeta* cited LaRouche, one with a 15-year-old quotation and the other with an invented one, for the sole apparent purpose of lending credibility to their articles.

Today the daily paper *Vzglyad* ("Viewpoint"), one of Russia's two leading economics dailies, brought forward LaRouche's ideas in an essential context: in their article about the meeting President Dmitri Medvedev held today on preparations for the Nov. 15 Group of 20 nations summit on the worldwide financial crisis. Author Natalya Zhuravlyova noted that "Medvedev's ideas [about a new financial architecture] will obviously resonate in the world community." The main example provided in *Vzglyad* was Helga Zepp-LaRouche's appeal for a New Bretton Woods conference, which the paper presented with special emphasis on the attack on globalization and derivatives speculation, contained in the 2007 edition of that appeal.

Also drawing attention to LaRouche's record, and his authoritative proposals, is the mass circulation of Prof. Stanislav Menshikov's article, "The Crisis Leaps Across the Planet," with its focus on LaRouche's unique forecasting accuracy, and a Russian translation of LaRouche's own "Free Trade vs. National Interest: The Economic Debates About Russia."

Medvedev Prepares Anti-Crisis Package For Nov. 15 Summit

Oct. 31 (EIRNS)—Russian President Dmitri Medvedev is preparing a "definitive package of measures" for presentation at the Nov. 15 G-20 meeting on the world financial crisis, which will take place in Washington. This was announced in a Vesti TV interview last night by First Deputy Prime Minister Igor Shuvalov, who is in charge of coordinating Russia's financial crisis policy. Medvedev's first Message to the Federal Assembly, an annual state of the Federation address, will be given Nov. 5 and will hinge on the world financial crisis, other officials said.

On Oct. 31, Medvedev convened a small working meeting with Shuvalov and other Cabinet members and aides, to prepare Russia's Nov. 15 intervention. Medvedev minced no words about the severity of the crisis. What he outlined as his idea of what Russia will bring to the meeting was still short on substance, however, at least as far as was made public. Calling the present situation "a full-scale international financial crisis," Medvedev said that Russia had warned of this and tried to put it on the agenda of last June's G-8 meeting; he listed several principles, touching on points such as the "legitimacy" of international financial institutions, multiple reserve currencies, and better "risk-management." He said the latter must be "based on modern management technology—not on the historic principles at the foundation of the Bretton Woods system." Medvedev did not specify if, by "Bretton Woods," he meant the Keynesian model adopted after the death of Franklin Roosevelt, or today's post-1971 speculative system (often, mistakenly, termed "Bretton Woods" in Russian debates), but he went on to say that a new system should include "a harmonized system of international and national standards for financial market participants," with "a common, unified set of rules, rules that can be broadly applied without having to make concessions to national standards." He posed the current problem in terms of the "Anglo-Saxon" vs. "continental European" systems, but identified these as "accounting rules," not fundamental economic principles.

Also on Oct. 31, Prime Minister Vladimir Putin held a session with some of the same Cabinet ministers, and others, about further measures to buffer the impact of the global financial crisis on the Russian economy. He announced a plan to support key, real-economy sectors of Russian industry. It has three main elements:

1. Measures to prevent mass bankruptcies of companies, while defending investors' and lenders' rights. The purpose of this, Putin stressed, is "to support investment projects in our economy." He said that Russia is strong enough not to abandon essential projects that were already adopted as a matter of policy, but that they will all be monitored with respect to their efficiency, and ensuring their financing.
2. Finding ways to support key economic sectors. The priorities are construction, machine-building, the defense industry, raw materials sector, retail trade (because of its social role), and agriculture. Efforts to promote export of manufactures will not be abandoned.
3. Support for small and medium businesses.

None of these measures will work, Putin said, "unless we stop speculative capital flight out of Russia." He said that this was occurring because Russian companies want to create their own, private stabilization fund, by purchasing foreign currency. Citing the condition of international markets, Putin pointed out that this is no solution. "Let me repeat," he said, "that Russian money should work in Russia. And any corporate egoism, in any sector, should be stopped."

In particular, Putin warned, "any attempts to convert to foreign currency and take out of the country the resources we are

allocating to support the real sector of the Russian economy should be stopped, as harshly as necessary." Therefore, the government's plan mandates the Central Bank to monitor the actions of banks receiving government support.

Officials Deny Ruble Devaluation Rumors

Oct. 27 (EIRNS)—The plunge of international crude oil prices towards \$60 per barrel is the context for a wave of ruble-devaluation rumors sweeping Moscow, accompanied by numerous official statements that things can be kept under control. On Oct. 24, trading was suspended on the dollar-denominated RTS and ruble-denominated MICEX stock exchanges in Moscow, which both remained shut today and are slated to resume business on Oct. 28. Their cumulative drop is now about 75% since a high in May.

Creating more nervousness than the stock markets (which are a smaller factor in Russia, than in other countries), is pressure on the ruble. According to an RIA Novosti report today, the Russian Central Bank spent about \$13 billion of the country's gold and currency reserves, last week alone, on interventions to support the ruble. The reserves have declined by \$80 billion since July, and are now approximately \$516 billion. Novosti noted that the ruble, which reached a high of 23 to the dollar in July, is now officially at 27.35 to the dollar, with currency-trading kiosks on the street selling dollars for over 28 rubles.

Responding to a flood of articles and economists' interviews in the media, predicting a 1998-style devaluation of the ruble (at the time of Russia's default on its government bonds, after hedge-fund-driven hot money attacks), Central Bank and government officials rushed to deny that this was about to happen. Deputy Finance Minister Pankin said on TV on Oct. 24, "To say that there is some sort of catastrophe waiting for us, that this will be a second 1998, is categorically impossible." Today, Polit.ru reports, Central Bank deputy chairman Alexei Ulyukayev asserted that foreign banks operating in Russia, as well as some Russian banks, were purchasing foreign currency on a large scale, which "promoted the appearance of rumors about an impending devaluation of the ruble."

The same Polit.ru report says that well-known economist Mikhail Delyagin, director of the Institute of Globalization Problems, has compared the situation to that of 1998, claiming that the ruble liquidity, pumped by the Central Bank into the Russian banking system during October, is being immediately sold for dollars. The Dutch conglomerate ING fed into the nervousness, saying in a just-published report which Russian media are covering, that Russia's reserves might suffice to prevent devaluation of the ruble, "at least in 2008," according to Polit.ru.

These developments can be expected to have an impact on high-level Russian deliberations about what a new financial architecture should look like, insofar as one popular element, under wide discussion, and mentioned publicly by Medvedev and Putin, has been for the ruble to be the pivot of one of several regional currency blocs.

Global Breakdown Crisis on Agenda at SCO Meeting

Oct. 30 (EIRNS)—The Shanghai Cooperation Organization (SCO) countries met today in Astana, Kazakstan, with members Russia, China, Kazakstan, Kyrgyzstan, Tajikistan, and Uzbekistan represented by their prime ministers. Some nations with observer status, such as India, Pakistan, Mongolia, and Iran, sent ministers other than the head of government. Among those present are countries that will be decisive in any solution to the current global breakdown crisis, which was visibly on the leaders' minds and on their agenda. Clear policy orientation was not forthcoming, however.

Prime Minister Putin talked in terms of "tectonic shifts in the structure of international relations," evidenced in recent financial turmoil. He denounced "economic egoism," and called for "collective structures of global management," such as the SCO, to play a great role in creating a new financial architecture.

President Nursultan Nazarbayev of Kazakhstan called on the SCO prime ministers to "work out a joint system of measures for fighting crisis phenomena with minimum losses." Kazakhstan's Prime Minister Karim Masimov called for a meeting of finance ministers and central bank heads of the SCO, to work out measures to deal with the financial crisis. In his view, modernization of major industries, with infrastructure projects in energy and transport, must be a priority, and regional integration will work to the advantage of all SCO members.

Nazarbayev emphasized the importance of security in the region, especially because of the effects of the financial crisis, citing a surge of criminality in the context of deteriorating living conditions in Eurasia. Prime Minister Masimov proposed bringing together SCO agriculture ministers to discuss food supplies, export duties, and other issues, as part of a food security program. Kyrgyzstan's Prime Minister Igor Chudnov supported this initiative, citing a regional food security strategy as being critical. Masimov also proposed coordination on economic activity in Afghanistan, as a security issue for the SCO, and an Asian Energy Strategy within the SCO. "Projects to establish a unified energy market and SCO common transport corridor could become bright examples of a global approach to defining the forms and mechanisms of cooperation," he said. Masimov noted the "West China-West Europe International Transit Corridor" project to transport goods from China-Kazakhstan, China-Central Asia, and China-Russia-West Europe.

Southwest Asia News Digest

Sistani: Iraq's Sovereignty Must Be Protected

U.S. Tightens Screws on Iraq

Olmert To Try To Resume Talks With Syria

Rabin Assassin: Sharon Influenced My Decision

Knesset Member: Send Investment Advisors to Jail

Sistani: Iraq's Sovereignty Must Be Protected

Oct. 29 (EIRNS)—Top Iraqi Shi'ite cleric Grand Ayatollah Ali Sistani issued a statement today saying that the Status of Forces Agreement (SOFA) should be negotiated with Washington in such a way that it does not harm Iraq's sovereignty.

"Ayatollah Ali Sistani insists that the sovereignty of Iraq not be touched, and he is closely following developments until the final accord has been clarified," said his office in the holy city of Najaf, south of Baghdad. The statement was issued after a visit by two Shi'ite MPs. The SOFA between the Iraqi government and the United States will legally allow U.S. forces to stay in the country beyond Dec. 31, 2008, when the UN mandate for their presence expires.

On Oct. 28, the Iraqi ministers called on Prime Minister Nouri al-Maliki's government to make changes in the proposed accord, after the prime minister criticized an attack by Iraq-based U.S forces inside Syria last weekend. The Cabinet demands more legal authority over U.S. soldiers, and has urged the prime minister to include in the accord a phrase that says: "confirm that Iraqi land would not be the center for aggression against its neighbors."

U.S. Tightens Screws on Iraq

Oct. 30 (EIRNS)—The U.S. Defense Department has responded to Iraqi second thoughts on the Status of Forces agreement by jacking up the pressure. Over the Oct. 25 weekend, Gen. Ray Odierno, the commander of U.S. forces in Iraq, sent a letter to the government, threatening to shut down military operations and other vital services if Baghdad doesn't sign on to the agreement. According to McClatchy News, the U.S. would stop activities that support Iraq's economy, educational activities, and other areas. Tariq al-Hashimi, Iraq's Sunni vice president, said, "I didn't know the Americans were rendering such wide-scale services." He added, "Many people are looking at this attitude as a matter of blackmailing." According to McClatchy, other services provided by the U.S include protection of borders and oil transportation, and operation of the air-traffic-control system.

On Oct. 29, U.S. military spokesman Brig. Gen. David Perkins, in a briefing to reporters in Baghdad, described the U.S. military effort as one of the "pillars" of progress there, over the past five years. If you pull out that pillar, "you now seriously degrade, I think, the ability for the others to progress forward" in Iraq.

Olmert To Try To Resume Talks With Syria

Oct. 31 (EIRNS)—Israeli Prime Minister Ehud Olmert said he will try to resume indirect talks with Syria through Turkish mediation. This Fall, there have been five sessions mediated by the Turkish government. The last was in September.

Danish Foreign Minister Per Stig Moeller met on Oct. 26 for two hours with Syrian President Bashar Assad, during which Assad expressed a desire to continue talks with Israel. Moeller, who later travelled to Israel to meet Prime Minister Ehud Olmert, told the Israeli leader that Assad was "very serious." Assad also said that he was willing to hold direct talks, even while President George W. Bush was in the White House, if Israel accepted a "six-point document" which he had presented to Turkish Prime Minister Recep Tayyip Erdogan last September. This document has not been made public, but, according to the Israeli daily *Ha'aretz*, it includes three points on the demarcation of the border between the countries, and three points on security issues. Olmert will meet with Erdogan to get the talks going.

Rabin Assassin: Sharon Influenced My Decision

Oct. 31 (EIRNS)—In an unauthorized telephone interview with major Israeli media, Yigal Amir, the assassin of then-Israeli Prime Minister Yitzhak Rabin, was asked who influenced his decision to carry out the murder. He said "[Ariel] Sharon, Rafal [General Raphael Eitan], and Gandhi [Rehavbam Ze'evi, another right-wing retired general] ... all the military experts, who said this agreement will result in disaster. There is no deed for a rabbi for this. This is not about a rabbi saying it.... I saw that all the greatest military experts said it's leading to disaster."

Rabin, who signed the Oslo peace accords with Yasser Arafat, was assassinated on Nov. 4, 1995, following a campaign of incitement in which Sharon, a leader of the right-wing Likud Party, participated. Both Rafal and Gandhi, leaders of parties that were to the right of the Likud, were bitter enemies of the peace accords. Gandhi was assassinated several years ago by a Palestinian militant.

Knesset Member: Send Investment Advisors to Jail

Oct. 29 (EIRNS)—Israel Knesset member and chairman of the Finance Committee Avishay Braverman said recently: "Thieves get sent to prison. What about investment advisors, who serve the interests of the investment banks that employ them?"

Braverman, speaking before an emergency meeting of the Small and Medium Enterprises Authority, added, "Anybody who thinks that while the U.S. gets pneumonia and Europe gets tuberculosis, Israel won't catch anything, doesn't

understand the gravity of the situation."

Braverman is a trained economist and former president of Ben Gurion University and has been interviewed in the past by *EIR*.

Asia News Digest

[World Nuclear Industry Needs Immediate Upgrading](#)

[Pakistan Is Thrown to the IMF Wolves](#)

[Bomb Blasts in Assam Expose India's Vulnerability](#)

[Philippines Calls for FDR-Style 'New Deal'](#)

[Anti-Monarchy Ferment in Thailand Worries Army, Brits](#)

[Koreans Expose Derivative Scam](#)

World Nuclear Industry Needs Immediate Upgrading

Oct. 28 (EIRNS)—There is a realization in New Delhi that although India was assured of availability of uranium through an agreement with the Nuclear Suppliers Group (NSG) last September, India's efforts to import a large number of nuclear reactors from abroad have hit a brick wall: the shrinking of the world's nuclear reactor manufacturing capability.

At present, countries investing in nuclear power programs, except Russia, have to queue up at one foundry—Japan Steel Works—to place orders for their main reactor pressure vessel and its associated equipment. The vessel encloses the radioactive uranium fuel and the nuclear reactions that occur inside it. It is said that buyers are paying a premium of \$100 million for booking a reactor from JSW, but this could not be confirmed. No data is available on Russia's Rosatom, and it did not respond to queries.

"In the 1980s, there were about 400 nuclear suppliers and 900 nuclear-certified companies in the United States. These have shrunk to fewer than 80 suppliers and 200 certifications in recent years. Even if some of this is due to corporate takeovers, the decline is dramatic," said Mycle Schneider, an independent consultant who is the author of the *Bulletin of Atomic Scientists'* 2008 World Nuclear Status report.

Pakistan Is Thrown to the IMF Wolves

Oct. 28 (EIRNS)—Following the refusal by the United States, China, and Saudi Arabia to help Pakistan with a loan of about \$6 billion to meet its debt repayment needs, Moody's cut Pakistan's rating on government bonds from B2 to B3 and signalled that further cuts may occur as the South Asian economy faces delays in donor funds. Moody's international analyst said Pakistan's delay in going to the IMF affected its rating further.

Meanwhile, the World Bank, which had offered Pakistan a stabilization loan of \$300 million, cancelled the loan under

orders from the IMF. The World Bank website quoted a Pakistan Finance Ministry official as saying that the IMF had objected to the program, as, it argued, the World Bank had no authority to approve such a loan. The report said the World Bank's unexpected move was likely to hurt the so-called Plan B outlined by the Pakistani Prime Minister's advisor, Shaukat Tareen, to prevent Pakistan's economy from declining further.

As a starter, the IMF ordered Pakistan on Oct. 27 to cut military spending by almost a third, as fears grew that the nuclear-armed nation's economic crisis was now so bad that its role in the war against al-Qaeda and the Taliban was imperilled.

Bomb Blasts in Assam Expose India's Vulnerability

Oct. 30 (EIRNS)—New Delhi's failure to break up the British-created "Palmerston's Zoo" of contending ethnic, religious, and tribal groups, resulted in another tragic incident today, when 12 explosions within the span of about one hour, six of them in Assam's largest city, Guwahati, claimed 61 lives, and injured more than 300 others. Although no group has yet claimed responsibility for the explosions, state officials say the secessionist United Liberation Front of Asom (ULFA) was responsible.

The root cause of the violence in that area is the conditions set in place by British rule in the Northeast since 1826, and the formation of East Pakistan in 1947. When briefed on the incident, Lyndon LaRouche responded sharply: The only way the Indians can stop such action is to confront the British directly.

New Delhi's inability to integrate the region stems from its failure to recognize that the British Raj had converted Northeast India into a human zoo, where each "tribe" was allowed to roam free within its "own territory," but was not allowed to cross the boundaries set forth by its British masters and establish contact with the rest of India. In 1862, the Raj had laid down the law of apartheid to isolate "the tribals."

Since India's independence in 1947, Northeast India has been split up into smaller and smaller states and autonomous regions. The divisions were made to accommodate the wishes of tribes and ethnic groups which want to assert their sub-national identity and obtain an area where the diktat of their little coterie is recognized.

Philippines Calls for FDR-Style 'New Deal'

Oct. 27 (EIRNS)—Philippines President Gloria Arroyo, before she left for the Asia-Europe meeting in Beijing last weekend, instructed her Cabinet to prepare New Deal-style "emergency work programs and livelihood programs targeting the poor—and also to some extent, the middle and lower middle classes," according to her top aide, Executive Secretary Eduardo Ermita. While the reality of their plans is unlikely to resemble Franklin D. Roosevelt's actual policies, the use of these names demonstrates the extent to which the FDR tradition in the Philippines has been revived, largely through the work of the LaRouche Society of the Philippines.

"In terms of intent and content," said Ermita, "these programs will bear a striking resemblance to the socio-economic interventions" of U.S. President Franklin Roosevelt during the Great Depression.

Anti-Monarchy Ferment in Thailand Worries Army, Brits

Oct. 28 (EIRNS)—The level of anger against the Thai monarchy has forced Army chief Gen. Anupong Paochinda to threaten a coup and/or other serious actions against those deemed not sufficiently "reverent" towards the monarchy. The monarchy, representing the interests of the Queen of all Queens in London, has fully supported the years-long campaign which ousted the popularly elected Prime Minister Thaksin Shinawatra and hundreds of his political allies, and is now in

open support of the George Soros-linked anarchists who have occupied the Government House for months and provoked violent confrontations with police in their effort to shut down all government functioning.

Koreans Expose Derivative Scam

Oct. 31 (EIRNS)—Korean political leaders have joined the fight being waged by dozens of South Korean companies threatened with destruction, due to currency derivatives hoisted on them last year. A member of the ruling Grand National Party, Cho Moon Hwan, revealed that the contracts, although sold to the companies by Korean banks to hedge against currency revaluations in 2007, originated in foreign banks or hedge funds, and were even written in English. The contracts were written while the Korean currency, the won, was rising, but had conditions that if the won were to fall by more than 10%, the buyer had to pay double the losses. With the won falling by over 50% this year, there are billions of dollars of losses, with at least one bankruptcy already as a result.

A lawsuit filed by 120 companies asks the court to nullify the contracts, since they were sold without revealing the risk.

All rights reserved © 2008 EIRNS

[top of page](#)

[home page](#)