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**The Subject Is 'Dynamics':**  
**There Is But One Issue!**  
**by Lyndon H. LaRouche, Jr.**

November 15, 2008

The existing world monetary-financial system is in the end-phase of a disintegration of that system into a breakdown-crisis. Only a replacement of that useless monetary system by a credit-system in the image of U.S. Treasury Secretary Alexander Hamilton's design could prevent the plunge of the entire world into a prolonged dark age comparable to that of Fourteenth-Century Europe, but far worse in depth and duration. Foolish governments, let by the most foolish of all, that of U.S. President George W. Bush, Jr., and the United Kingdom's Prime Minister Gordon Brown, are leading the discussion of an assortment of petty arrangements and sordid, global schemes, none of which address the issue on which the fate of civilization now depends....

**In-Depth articles from EIR, Vol. 35, No. 46**

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## Cover This Week

- **The Subject Is 'Dynamics':**  
**There Is But One Issue!**  
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- **Only My Reforms Can Save the Planet from A Dark Age**

Lyndon H. LaRouche, Jr. addressed a private meeting in Washington Nov. 11, in which he declared that, 'This system is doomed in its present form. And there is no minor reform, there's no monetary reform that could save this system.' What's needed now, LaRouche said, is to establish a Constitutional credit system, to replace the bankrupt money system.

## Feature

- **Kepler's Actual Discovery:**  
**Mathematics Is Not Science**  
**by Lyndon H. LaRouche, Jr.**

I had always insisted on locating the reality of experienced knowledge in the process of generating a conception, rather than in what

usually seemed to pass among others, for the simple 'bottom line' on the relevant topic,' LaRouche writes. 'Reality is not where one had been dumped by a trolley-car conductor at the end of a line; it lies within the process by means of which you, for example, might have discovered the meaning of that way which leads toward that destination.'

## Economics

- **How Much Longer Will We Tolerate These Parasites?**

President Bush praises free trade and decries big government, while presiding over the corporatization of large swaths of the economy. Treasury Secretary Henry Paulson is on his third bailout plan, as his master plans fall apart even before they can be implemented. And British Prime Minister Gordon Brown is doing all he can to implement a global bankers' dictatorship.

- **Proposed Act of 1993:**

  - **Nationalize the Federal Reserve**

This proposed legislation was issued by LaRouche's 1992 Presidential campaign, LaRouche for President: Independents for Economic Recovery.

- **London's War Cabinet Out To Destroy U.S.A.**

## International

- **Israel:**

  - **Renewed Peace Effort or Another Assassination?**

The upcoming elections could be a real turning point, where Israel could either move to peace with its neighbors, through embracing the Arab Peace Initiative, or it could continue on a path which would inevitably lead to more war. Concretely, the danger is an election victory by Benjamin Netanyahu, chairman of the Likud Party.

- **International Intelligence**

## Science & Technology

- **The Nuclear Power Revolution:**

  - **Modular High-Temperature Reactors Can Change The World**

The fourth-generation modular high-temperature reactors (HTRs) are meltdown-proof, affordable, mass-producible, quick to construct, and suitable for use in industrializing the developing sector. The key to these new reactors is in their unique fuel: Each tiny fuel particle has its own 'containment building.'

    - **The Modular HTR:**

      - **'Its Time Has Come'**

An interview with **Linden Blue**.

    - **South Africa's PBMR Is Moving Forward!**

An interview with **Jaco Kriek**.

## Departments

- **Africa Report**

  - **Sovereignty at Stake In Congo Crisis.**

# Editorial

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## U.S. Economic/Financial News

[LaRouche to Chicago: 'You Had the Party, Now You Get the Hangover'](#)

[New Victims of the Monetarist Plague](#)

[Little Dictator of New York: Bridge Tolls and Bag Taxes](#)

[Auto Industry Death-Spiral; No Cheap Tricks Will Work](#)

### LaRouche to Chicago: 'You Had the Party, Now You Get the Hangover'

Nov. 13 (EIRNS)—Chicago's Mayor Richard Daley told the press this week that CEOs of area businesses have informed him that they will implement mass layoffs beginning this month, through the New Year. "We never experienced anything like this except people who came from the Depression," he said. "When you have that many layoffs early—and they're telling me this is only the beginning of their layoffs—that is very frightening." On Nov. 19, the Chicago City Council will meet on budget cuts, including layoffs of city workers. Yesterday, the mayor met with gas company officials, on contingency plans to try to prevent home heating cut-offs.

Chicago was home to the 100,000-person Nov. 4 Obama victory rally. Now they are celebrating the election with layoffs. Lyndon LaRouche said, "You had the party, now you get the hangover."

Other cities and states are in a downward spiral of crises. The Detroit City Council passed a resolution Nov. 12, calling for a \$10 billion Federal bailout for the city. The resolution calls for using the money for public service employment, to fund mass transit, and to place a two-year moratorium on home foreclosures.

New York Gov. David Paterson yesterday announced \$2 billion in spending cuts, with the biggest in public schools and health care for the poor. The excuse is to reduce the deficit. A special state legislative session is called for next week.

### New Victims of the Monetarist Plague

Nov. 10 (EIRNS)—In addition to insurance giant AIG, new terminal cases have been added to the list of ailing companies:

\* **Fannie Mae**, in its first report since receiving a government guarantee of support, announced \$29 billion losses. The losses include \$21.4 billion in write-downs on held mortgages, increases in reserve funds for future losses, and a reduction in "deferred tax assets," which "cut its book value by about half." So far Fannie has not tapped government bailout money, but expects to need it in January, '09. However, if Freddie Mac follows Fannie, its write-off would be \$18 billion, and its book value would be negative \$6 billion, triggering government money this month.

\* **GM** stock plummeted as much as 31% and moved toward its lowest level in 62 years, after a Deutsche Bank downgrade of its debt; press accounts added that GM shares may be worthless in a year. GM stock has dropped 90% this year, from over \$30/share to just \$3/share today. In an editorial, the *Wall Street Journal* argued against a bailout, essentially saying "that money is ours!"

\* **Circuit City**, the nation's second-largest consumer electronics store, today filed for Chapter 11 bankruptcy. During the 1980s, its sales had gone from \$250 million to over \$1 billion. Less than 12 months ago, it was doing so well that Blockbuster Video made a takeover offer (which was pulled in July). Its filing now, just before the holiday season, will allow it to keep the shelves stocked, by assuring vendors they will be paid.

\* Peter Peterson's **Blackstone Group** lost a half billion dollars in the third quarter.

\* The *Financial Times* is reporting that **Wall Street** faces job losses of 70,000, as "consolidation" creates "redundancies" within downsized companies. This comes on top of an already reported 150,000 financial sector pink slips worldwide, already this year.

### **Little Dictator of New York: Bridge Tolls and Bag Taxes**

Nov. 9 (EIRNS)—The administration of New York City's own Mussolini, Mayor Michael Bloomberg, trying to cope with an ever-increasing deficit of the Metropolitan Transportation Authority, is proposing that tolls be levied at four city bridges which are currently free. These are not tolls to retire debt contracted for their construction: two of the four bridges are more than 100 years old, and the other two celebrate their centenary next year! The idea is to fleecy commuters for a cool \$1 billion. If the plan encounters too much resistance, tolls may be levied just during rush hours, like the Bloomberg-proposed, and defeated, congestion tax, WCBS-TV reports.

The city is also considering a 5 cent charge on plastic grocery bags, to raise revenues, and "help the environment."

### **Auto Industry Death-Spiral; No Cheap Tricks Will Work**

Nov. 13 (EIRNS)—Chrysler CEO Bob Nardelli said today at a California conference that his company, owned by buyout vulture Cerberus Capital Management LP, must have Federal aid to survive. How much it might get "has yet to be determined," Nardelli said. Chrysler, Ford, and General Motors have asked for \$25 billion, to be split among them. Meanwhile, Goldman Sachs today suspended its rating of GM, saying that GM alone needs a \$22 billion bailout to survive. J.P. Morgan Chase cut its GM rating to "neutral" from "overweight," and said the automaker needs "something immediately" to make it through the end of the year.

Even with aid, the Big Three auto producers are not going to survive, under present policies that refuse to address the crisis. The potential to revive the U.S. auto industry and manufacturing base was finished in February 2006, when the Democratic Party refused to deal with the crisis as Lyndon LaRouche proposed at the time. These companies today are not going to be saved by cheap tricks.

Nevertheless, the maneuverings for cheap tricks are in high gear. President-elect Barack Obama and the Congressional Democrats are pushing for a \$25 billion bailout for the auto companies. Obama says Congress should pass up to \$50 billion. The White House is sending out mixed signals. It was a topic at the Obama-Bush meeting there earlier this week. Now, where the funds are to come from is in dispute. Treasury Secretary Henry Paulson said on Bloomberg TV today, that the Administration opposes the Democrats' plan to take the rescue money out of the original \$700 billion bank-bailout

package, because that is reserved for financial institutions (which he re-defines every day). Paulson said that Congress has the option to revise a law authorizing \$25 billion to help automakers retool for more fuel-efficient vehicles, making the money available more quickly to bolster their liquidity. But the Democrats oppose it.

## Global Economic News

### Globalization Backfiring on India

### GM Korea Plans Temporary Closings over Christmas

### Drastic Drop in Japanese Machinery Orders

#### Globalization Backfiring on India

Nov. 15 (EIRNS)—Some 1 million jobs have been cut this year in India's industrial and corporate sector, and many more cuts are coming soon, *India Today*, one of the most widely read magazines in the country, reported in its cover story published today. While India's economy is officially only about 20% dependent upon goods exports, it has become very dependent on the IT and service sectors for "growth," especially of internal private consumption, and these sectors are on the chopping block with the world financial meltdown. India's IT and software sector is dependent upon the U.S. and EU for 66% of its business—and 60% of that is concentrated in the evaporating financial sector, *India Today* reported on Nov. 5.

Some 9 million people enter the Indian workforce every year, so the reported slashing of new job creation means more unemployment in the near term—on top of the current level of about 10%. The *India Today* report is focussed on the "organized" sector of the labor force, which is only 10% of the total. The "organized" sector is typified by factories, and the "unorganized" sector by home labor. "And for every organized sector job lost, three to four jobs will be lost in the unorganized sector as vendors/suppliers who are largely from the small- and medium-scale sectors are impacted by loss of orders from big companies," *India Today* reported.

So far, the textile industry has been hardest hit, as 700,000 jobs have been lost so far, and planned new job creation is already down by 51%. Exports—in which textiles play a big role—were down 15% in October. D.K. Nair, secretary-general of the Confederation of Indian Textile Industry, told *India Today* that "Mills are running three-four days a week only and are operating at 75% or have reduced shifts." Gems and jewelry production is also dependent upon exports, and 100,000 daily workers are estimated to have lost their work already.

The IT, private airlines, auto, and other industries are facing big trouble, *India Today* reported. All sectors of "India, Inc." have cut job creation by 30-50% already, with some "bubble" sectors—retail and real estate—cutting new job creation by almost 80%. Layoffs are a daily occurrence in construction.

India's annual growth in industrial output through September—before the worst phase of the crisis hit—was already down by almost half. The growth of the Index of Industrial Production was 4.9% compared to 9.5% a year ago, with manufacturing, 80% of the index, growing by 4.8% rather than 7.4% a year ago. The automobile sector is reporting negative growth in some sectors, and engineering and transport are also slashing job creation. The *Economic Times* on Nov. 15 reported that India's airline companies are expected to make a combined loss of \$2 billion (10,000 crore rupees).

#### GM Korea Plans Temporary Closings over Christmas

Nov. 12 (EIRNS)—About 220,000 South Korean workers will get unscheduled time off this Christmas.

GM Daewoo announced that it will close all plants for 10 days starting Dec. 22, as the global financial crisis creates a glut of vehicles.

The auto manufacturer has never before shut its plants since its founding in October 2002, when GM purchased the Korean Daewoo auto company. It has now scaled back production by 20,000 units per month, by ceasing to offer weekday overtime work. When the automaker's plants are shut next month, approximately 20,000 employees at vehicle plants and 200,000 employees at first, second, and third subcontractors will be forced to stop working altogether.

Other Korean automakers have also announced production cuts. Ssangyong Motors it will cut production to 90,000 next year from 130,000 this year. Renault Samsung will scale back production by decreasing the speed of assembly lines.

### **Drastic Drop in Japanese Machinery Orders**

Nov. 10 (EIRNS)—Data released today shows that Japan's private-sector machinery orders dropped 10.4% in the third quarter. This matches the drop after the 1998 Asian crisis, and is the biggest on record.

Falling exports and reduced business investment, reflecting the Japanese economic slowdown, were behind the falling machinery orders. The Japanese economy as a whole shrank in the second quarter and is certain to show additional shrinkage when figures for the third quarter are released next week, putting Japan officially into a recession.

Also, the value of investment trusts in Japan that incorporate stocks and bonds of emerging economies fell dramatically in October, from \$40 billion to \$29 billion, or 28%. This is more than 40% lower than the peak of \$50 billion last year. The most important emerging economies in these trusts are India, China, and Brazil. In addition to the fall in the stock markets of these countries, there has been a significant rise in the value of the yen, which has devalued Japanese investments in those markets.

## **United States News Digest**

**[Rohatyn Protégé Gotbaum Co-Chairs Treasury Transition](#)**

**[LaRouche: Gates' Reply to Medvedev Is 'Bullshit'](#)**

**['Do You Have To Be a Dope To Be a Democrat?'](#)**

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**[EIR Told You First: White House Behind Attack on Syria](#)**

**Rohatyn Protégé Gotbaum Co-Chairs Treasury Transition**

Nov. 14 (EIRNS)—Amidst a scramble over the direction of the incoming Presidency, Barack Obama has designated former Lazard Frères banker Joshua Gotbaum as co-chairman of the team overseeing the transition at the Treasury Department.

Gotbaum's father, Victor Gotbaum, president of AFSCME in New York City (1965-87), was the key labor representative betraying the unions in the 1970s bankers' dictatorship led by investment bank Lazard boss Felix Rohatyn, which destroyed the city's municipal services and labor conditions. In return, Rohatyn took the junior Gotbaum in as a partner in the early 1980s; from 1990 to 1992, Joshua was in London as managing director of Lazard there, learning the British imperial methods for the destruction of U.S. industry.

Gotbaum emerged as a star performer in the Lazard-instigated process of savage downsizing, asset-stripping, and crushing of labor in the 1990s victimization of the defense and other sectors subject to "restructuring."

### **LaRouche: Gates' Reply to Medvedev Is 'Bullshit'**

Nov. 13 (EIRNS)—At a news conference in the Estonian capital of Tallinn today, after a NATO meeting with Ukraine, U.S. Defense Secretary Robert Gates called the Russian threat to place tactical missiles in the Baltic enclave of Kaliningrad, if the U.S. places an anti-missile defense system in Poland, provocative and misguided. Gates said that such a Russian move was "hardly the welcome a new American administration deserved. Such provocative remarks are unnecessary and misguided." To the Medvedev offer in *Le Figaro*, that Moscow could cancel its deployment of the Iskander missiles if Obama scrapped plans for the missile defense system, Gates said, "I don't think that is a credible offer. Quite frankly, I am not clear what the missiles would be for in Kaliningrad. After all the only real emerging threat on Russia's periphery is Iran, and I don't think the Iskander missile has the range to get there from Kaliningrad. So, this is an issue apparently between ourselves and the Russians. Why they would threaten to point missiles at European nations seems quite puzzling to me."

Lyndon LaRouche commented: Gates' reply is bullshit. The threat is coming from the British, who are using the placement of an anti-missile defense system in Poland as a threat to Russia. If Gates doesn't understand this, either there is something wrong with him, or he is taking orders from an idiot.

### **'Do You Have To Be a Dope To Be a Democrat?'**

Nov. 13 (EIRNS)—George Soros, the multi-billionaire, dope-legalization pusher, who operates for British Empire interests, was denounced in Congress today for his drug-decrim activities. Rep. Mark Souder (R-Ind.) called Soros's "intervention in the drug area, appalling." Soros was the star guest at a House of Representatives hearing by the Government Oversight Committee, on hedge funds and financial turmoil. Committee member Souder broke with the otherwise fatuous atmosphere by leading off his questioning of the panel of five hedge-fund directors, by singling out the head of the Soros Fund Management LLC for attack. Souder charged Soros with leading the "back-door legalization of marijuana." It has "damaged many Americans. I hope you will re-evaluate" what you are doing." Souder's district includes Fort Wayne, the former factory center that now is home to poverty, despair, and drugs.

However, later in the hearing, Rep. Elijah Cummings (D-Md.) praised Soros for his support of drug legalization. Cummings led off his questions on hedge funds by saying that Soros "should be thanked for what you've done in Baltimore. And thanks to the Open Society." Cummings' Baltimore district is a formerly world-class industrial center, now devastated by drugs and misery, with one of the highest rates of HIV/AIDS in the world.

### **Now They Want To 'Save the Auto Industry!'**

Nov. 11 (EIRNS)—House Speaker Nancy Pelosi (D-Calif.) and Senate Majority Leader Harry Reid (D-Nev.) wrote to Treasury Secretary Henry Paulson on Nov. 8, calling on him to use part of his \$700 billion bailout fund to save the automobile industry—but it was they and other Democratic bigwigs who rejected Lyndon LaRouche's widely supported auto industry conversion plan when he proposed it in 2005 and 2006.

"How the hell are they going to bail out an auto industry which virtually doesn't exist?" LaRouche asked Nov. 9. "What kind of fakery is this? Bankruptcy? What's going to stop it? There is no market!"

Democrats who should have known better, rejected LaRouche's plan, in 2005-06, when the industry could have been saved, not as an auto industry as such, but by redirecting idle machine-tool capacity to vital national infrastructural needs. "Now they've blown it, there is no industry left; it's gone, and they want to save the corpse," LaRouche said.

At that time, Democrats who should have known better, were saying, "LaRouche is wrong, General Motors is not going to go bankrupt." Now GM itself is saying it will go bankrupt, perhaps even within weeks, without massive aid.

### **ADL Hypes Racist Assassination Threats Against Obama**

Nov. 10 (EIRNS)—Following the lead set by the British tabloid press, the Anti-Defamation League (ADL) is hyping the "white supremacist" racist attacks, which call for the assassination of Barack Obama. A web page on the ADL site is devoted to white supremacist "rage" over the election of Obama, citing various blogs and websites. The ADL gives much more prominence and circulation to the disgusting incitement than do the racist blogs themselves. A number of large news services, including MarketWatch, have picked up the ADL's self-aggrandizing report.

The ADL's historical role in paying "stringers" to become KKK or Nazi activists against Jewish institutions in order to create panic and fear, has been well documented, and its current fanning of the flames of racism is in keeping with the British profiling of the security arrangements for Obama and family. Two skinhead youth are under arrest for plotting to shoot African American students, and to kill Obama.

Lyndon LaRouche, in response to a Nov. 9 London *Times* claim that, "Fears are growing that Obama will be the target of an assassination attempt," said, "They're preparing to kill the guy, so they have all this stuff set up, 'Oh, we told you they were going to kill him.'"

### **EIR Told You First: White House Behind Attack on Syria**

Nov. 10 (EIRNS)—The *New York Times* finally reports the story that *EIR* first broke two weeks ago: that the White House, and specifically Vice President Dick Cheney, were behind the illegal U.S. raid on Syria that killed several civilians on Oct. 26. The *Times* article, "Secret Order Lets U.S. Raid Al Qaeda in Many Countries; Authorized Since 2004 to Hit Across Borders of 15 to 20 Nations," discloses that a classified order, signed by former Defense Secretary Donald Rumsfeld in 2004, and authorized by President George W. Bush, was used "dozens of times" to attack suspected al-Qaeda locations in Nigeria, Somalia, Pakistan, Syria, Saudi Arabia, Yemen, and "several other Gulf States" that provide "sanctuary" to al-Qaeda. It is called "Al Qaeda Exord," or Executive Order.

Even with the order, says the *Times*, each action requires specific approval by the Secretary of Defense, while certain countries—specifically Syria—"require Presidential approval." But the *Times* never mentions the real White House power in this operation: Dick Cheney. Sources confirmed to *EIR* today that the White House approval did not go through the Joint Chiefs of Staff, and that the recent Syria raid, like many of these operations, bypassed the regional military commands and the U.S. ambassadors altogether.

The *Times* also says that in 2004, there was a heavy push to include Iran on the list of countries approved for attacks, but, "ultimately Iran was set aside, possibly to be dealt with under a separate authorization." A senior U.S. intelligence official elaborated: At no time did the Iranian regime engage in any training or support of al-Qaeda. Therefore, Iran was excluded from the broad Rumsfeld order, despite efforts by the neocon crowd to have Iran listed on the target states.

## Ibero-American News Digest

### Colombian President: Criminalize Drug Consumption

### Soros Agent Lauds Ibero-America's Drug Legalization Potential

### Russia Offers Nuclear Technology to Chile

### Mexico Initiates Stimulus Package

#### **Colombian President: Criminalize Drug Consumption**

Nov. 11 (EIRNS)—Colombian President Alvaro Uribe took the occasion of his joint press conference with Mexican President Felipe Calderón yesterday, to call for a global debate over the necessity of *criminalizing* drugs, instead of *legalizing* them.

Although Uribe did not mention him, British agent and Nazi-trained speculator George Soros is the central figure in orchestrating the global legalization campaign, and Soros's "Latin American Commission on Drugs and Democracy," created earlier this year, has targetted Mexico as the focus of its legalization drive. Both the Calderón government and its principal opposition party, the PRD, are playing Soros's game, submitting drug-legalization legislation for debate in the past month.

Asked by a journalist what recommendations he might offer Mexico on how to fight the drug traffickers and their violence, Uribe demurred that he would not be so insolent as to give advice to Mexico's government. Describing Colombia's own war on drugs, however, he then called for opposition to legalization.

"There is talk worldwide about the necessity of debating the legalization of drugs," he said. "The tendency in the world is to liberalize consumption.... It makes the struggle of governments and peoples against this criminal business much more difficult."

The Colombian President underscored that "this is a good opportunity to issue a call to the world on the necessity of ... proposing the opposite debate ... for penalizing drug consumption." It is not ethical, he added, "that while governments, policemen, judges, and citizens are fighting as great a battle as Mexico and Colombia are against the drug trade, simultaneously in many parts of the world, even in Colombia, my country, there be this permissiveness [regarding] consumption."

#### **Soros Agent Lauds Ibero-America's Drug Legalization Potential**

Nov. 14 (EIRNS)—Ethan Nadelmann, executive director of the Drug Policy Alliance, and leading spokesman for British

agent George Soros's drug legalization agenda, is thrilled that there is what he calls a "critical mass" of Ibero-American Presidents who have publicly endorsed drug legalization for "personal" use. MDZ Online reported his remarks on Nov. 13.

The Presidents of Mexico, Argentina, Honduras, Ecuador, and Bolivia have all stated that drug consumption should be treated as a public-health issue, rather than a criminal matter. "Latin America has a crucial role to play, and should formulate a definitive proposal," for moving anti-drug policy away from the failed repressive policies used over the past ten years, typified by Colombia, Nadelmann asserts.

An important advance, he says, was the 2008 creation of the Latin American Commission on Drugs and Democracy (LACDD), financed by Soros's Open Society Institute, and presided over by César Gaviria, Ernesto Zedillo, and Fernando Henrique Cardoso, the former Presidents of Colombia, Mexico, and Brazil, respectively. "This is one more proof of the development of this critical mass of leaders, committed to a change in drug policy," Nadelmann gushed.

On Nov. 11, Colombia's *El Tiempo*, the voice of that country's pro-British oligarchy, editorialized in defense of the LACDD, using the occasion of President Alvaro Uribe's visit to Mexico, to argue that there is no reason for Mexico to adopt Colombia's failed anti-drug policies, when the LACDD's "independent" and "multilateral" approach would be so much more effective. "It's time for a change of direction," the daily intoned.

The LACDD is preparing a document to be ratified at its February 2009 meeting in Costa Rica, and signed by 100 Ibero-American leaders. According to Nadelmann, this document will spearhead the demand for radical change in anti-drug policy—toward legalization—when the UN Special Session on Drugs takes place two months later.

## **Russia Offers Nuclear Technology to Chile**

Nov. 12 (EIRNS)—Russia is more than willing to offer Chile the technology to build floating nuclear plants, legislator Konstantin Kosachov told Ria Novosti press service Nov. 11. The head of the State Duma's International Affairs Committee, Kosachov headed up a large delegation of Russian businessmen and diplomats, which had just met with top Chilean legislators to discuss options for strengthening bilateral cooperation.

The same delegation has spent the last month visiting several Ibero-American nations, to expand economic and commercial ties with the region.

Kosachov noted that "no country in the world" possesses the floating nuclear plant technology," and that the first such plant would begin to operate in Russia in 2010. He added that should Chile opt for nuclear energy—there is a very heated debate on the subject taking place in the country—Russia would be ready to offer its expertise in the field.

## **Mexico Initiates Stimulus Package**

Nov. 17 (EIRNS)—Perhaps inspired by U.S. House Speaker Nancy Pelosi's "bold leadership" in calling for a stimulus package for the U.S. economy, the mayor of Mexico City, Marcelo Ebrard of the PRD party, has announced that his government will give out free Viagra and other anti-impotence drugs to men 70 and older. AP quotes Ebrard saying that "sexuality has a lot to do with quality of life and our happiness." Ebrard's own age is unknown.

Some analysts believe that Ebrard's decision is also a shrewd way of maintaining overall macroeconomic (and sexual) equilibrium throughout Mexico, since the PRD has also presented legislation calling for the legalization of marijuana. As the LaRouche movement in Mexico has explained for the last 30 years: "*Si fumas marijuana, no funciona la banana*" ("If you smoke marijuana, your banana won't work").

The views of George Soros—the Hitler collaborator who is the leading sponsor of drug legalization initiatives internationally, including Mexico's—on the subject of the Mexican stimulus package are unknown at this time. Soros is 78 years old.

## Western European News Digest

### [Peterlini Asks Senate Debate on New Bretton Woods](#)

### [German Economy Now Officially in Recession](#)

### ['New '68' Pattern in Europe?](#)

### [Baader-Meinhof Film: Psy-War vs. European Nations](#)

### [Groundbreaking Paper on EU Superstate](#)

#### **Peterlini Asks Senate Debate on New Bretton Woods**

Nov. 12 (EIRNS)—Sen. Oskar Peterlini intervened on the floor of the Italian Chamber of Deputies to "solicit" a debate on the four New Bretton Woods motions which have been introduced in that body. He said that they had been scheduled, then postponed because of new priorities, but that now a debate is urgent, given the hardship that the crisis is creating for Italian families. After Peterlini, Senators Elio Lannutti (IDV) and Giuliano Barbolini (PD) also called for a debate. The Senate was chaired by Deputy Chairman Rosa Angela Mauro, who said that she will bring it up for discussion to the conference of faction leaders next week.

Peterlini introduced the first such motion this year, on Sept. 24. His "Motion for the Reorganization of the International Monetary System: The New Bretton Woods" calls upon the Italian government to "act internationally to promote" a new system, "modeled on the New Bretton Woods as proposed by the American economist, Lyndon LaRouche."

#### **German Economy Now Officially in Recession**

Nov. 13 (EIRNS)—This morning, Germany's Federal Statistical Office announced that the German economy is now officially in recession, based on the fact that, "In the third quarter, Germany's gross domestic product shrank by 0.5% relative to the previous quarter." The third quarter results were even worse than the minus 0.2% that experts had been expecting.

One of the main reasons for this drop in output is that exporting branches of the industry, which for years kept the German economy buoyed with strong exports, are suffering a considerable drop in new orders from abroad. In September, 12% fewer contracts came in for exporting firms than in the same month a year ago.

Yesterday, the economic "wise men" panel of advisors to the German government predicted that growth in 2009 would be zero, which still appears like a rather rosy outlook, as the International Monetary Fund, for one, has a much more pessimistic view, forecasting a shrinkage of German growth by 0.8% in 2009. Somewhat remarkable is the wise men's denunciation of the government's conjunctural incentives program as an arbitrary collection of measures that will fail to

have any impact. Instead, the advisors call for an annual, more targeted state intervention into infrastructure and education, in the range of up to Eu25 billion a year, which they say implies a partial lifting of the EU's Maastricht regulations for a couple of years, so that the state can borrow money to pay for the program. Some of the money could be repaid when the crisis is over, via increased taxes, the wise guys recommended.

## 'New '68' Pattern in Europe?

Nov. 13 (EIRNS)—*EIR* is assembling a European picture of the possible deployment for "a new '68" terror wave. Elements of this are the anti-nuclear (Castor) mobilization in Germany, the punk assault against Humboldt University yesterday in Berlin, the anti-TGV terror actions in France, and the potential for violence in the student protests in Italy. The German media are pushing the scenario for a new 1968 terror wave, and a lot of money has been put into the production of a movie on the terrorist RAF (Red Army Faction), "The Baader Meinhof Complex," in the context of a campaign that portrays the RAF as a revolutionary legend.

Recent French arrests have uncovered the European-wide connections of French anarchists, who also participated in the Heiligendamm riots against the 2007 G-8 summit. In some cases, figures historically involved in the legal defense of the RAF are currently involved in the pro-RAF campaign. These networks also overlap with the British intelligence deployment against the LaRouche organization in Germany.

## Baader-Meinhof Film: Psy-War vs. European Nations

PARIS, Nov. 13 (EIRNS)—The current wave of chaos, sabotage of infrastructure, and rioting in Europe is well supported by the new German film on the Baader-Meinhof (RAF) psychopaths.

The German weekly *Der Spiegel* devoted its cover story to the new film of Uli Ede and Bernd Eichinger, "The Baader-Meinhof Complex," the most expensive film ever produced in the history of German filmmaking (Eu20 million) which has already drawn a record audience of 2 million.

For scriptwriter Eichinger, the "communist" violence of the RAF was nothing but a response to the violence of Adolf Hitler. A critique of the film writes that, "while its members were both violent and criminal, they were also considered to be expressing an anger that many Germans born after the war felt towards their parents' generation, whom they commonly viewed as accomplices to the Nazi era." "Without Hitler, there never would have been a Baader-Meinhof gang," Eichinger told the Nov. 9 French weekly *Journal du Dimanche*.

Under the pretext of not wanting to create sympathy for terrorism, the film's authors decided to "show everything" in the finest detail. They reconstructed the assassinations as realistically as possible, and, down to the number of bullets fired, as closely as possible to historical fact.

The film is provoking protests from victims and surviving relatives. Bettina Röhl, the daughter of the former RAF "heroine" Ulrike Meinhof, and a journalist herself, accuses the filmmakers of glorifying psychopath Andreas Baader: "Finally, he got what he always wanted. He became in a posthumous manner the hero of an action film." Michael Buback, the son of federal prosecutor Martin Buback, shot by the RAF in April 1977, has joined the complaint of the widow of the CEO of Dresdner Bank, Jürgen Ponto, murdered in April 1977, who intends to sue to outlaw the film's distribution.

## Groundbreaking Paper on EU Superstate

Nov. 12 (EIRNS)—Giuseppe Guarino, professor emeritus of the University of Rome, has written a paper demonstrating

that the European Union is already a federal state. His findings are additional evidence in support of the constitutional challenge against the Lisbon Treaty filed by Prof. Karl Albrecht Schachtschneider in Germany.

Guarino has reviewed all the EU and non-EU originated legislation from 2000 to 2008 in the case of Italy, concluding that the EU legislation is predominant, and heavily so, in terms of number of bills and number of pages, compared to national legislation. "Since EU regulations and directives are applied to all EU member countries, it is believed that analogous results will be found for all EU member states," Guarino writes.

## **Russia and the CIS News Digest**

### **Medvedev, Sarkozy Want European Security Meeting**

### **Russian Defense Industry Hit by Crisis**

### **Medvedev, Primakov Confer on Relief for Industry**

### **Russia Deploys Bank Credits To Save Rail Plans**

### **Finance Minister Kudrin Wants 'International Maastricht'**

## **Medvedev, Sarkozy Want European Security Meeting**

Nov. 14 (EIRNS)—After today's Russia-EU summit in Nice, France, the leaders of Russia and France spoke positively about the prospects of a Euro-Atlantic security summit, to be held in 2009. President Nicholas Sarkozy of France, according to RIA Novosti's report and a transcript published by the Kremlin, said he hoped that Russia's deployment of Iskander surface-to-air missiles in Kaliningrad (between Poland and Lithuania) could be delayed until that meeting, and that the U.S. anti-missile emplacements in Poland, to which the Russian deployment is a response, could also wait.

Sarkozy posed the meeting as a summit of the Organization on Security and Cooperation in Europe (OSCE), which would be its first one since 1999 (the year NATO bombed Yugoslavia). The OSCE dates from the Soviet-initiated CSCE process, culminating in the Helsinki Agreement of 1975. The United States and Canada are among the 56 parties to the OSCE. President Dmitri Medvedev of Russia welcomed Sarkozy's view of an OSCE conference, linking it to his own proposal for a Euro-Atlantic security summit, put forward during a visit to Germany earlier this year, before the South Ossetia war.

Russia's flagship wire service, Novosti, treated Sarkozy's call for a conference as evidence that Medvedev's announcement of the Iskander deployment, as a response to the U.S. anti-missile plan, had "made the Europeans think more seriously about security on the continent."

## **Russian Defense Industry Hit by Crisis**

Nov. 12 (EIRNS)—"The world financial crisis is hitting certain defense-sector producers quite hard," Russian Deputy Prime Minister Sergei Ivanov told a meeting of the government commission to support strategic defense companies yesterday. He warned that the financial liquidity crisis has made it impossible for defense plants to produce and ship their products. Ivanov also criticized Russia's banks for what amounts to mafia-style loan-sharking: "The banking sector not only wants to maintain its stability, but also to make money off the defense industry, which is just outrageous."

Ivanov said that many banks are revising the terms of already-signed loans, raising interest rates from 9-12% to 16-18%, and dawdling over new loans. The intragovernmental commission was set up last month, and Sberbank, VTB and Vnesheconombank have been urged to lend to defense companies in trouble, Ivanov said, specifying providing loans to companies under contract to the Defense Ministry to ensure cash flow, including for paying wages to staff, extending previously agreed credit lines, and subsidizing interest rates.

Reports from other sectors of Russian industry also reflect the impact of the financial crisis on production. According to today's *Rossiyskaya Gazeta*, which is the government newspaper, the Chelyabinsk Steel Plant in the Urals slashed output by 15% in October. Steel giant Severstal has announced a reduction of output by 25% in Russia and 33% in its plants elsewhere. MMK, the famous Magnitogorsk steel plant, cut steel production by 15%, and the Novolipetsk plant NLMK by 6.6% in the third quarter. Russian Railways shipped 12.9% less steel-related freight than planned during October, and 37.2% less non-ferrous metals.

### **Medvedev, Primakov Confer on Relief for Industry**

Nov. 12 (EIRNS)—The Russian Central Bank will appoint "commissars" to ensure that government funds reach industry, Russian President Dmitri Medvedev told a meeting of the Russian Chamber of Commerce and Industry yesterday. They will monitor banks' profit margins from lending emergency government funds to other banks and companies. Billions in emergency funding is being channeled via state-owned banks like Sberbank and VTB. Former Prime Minister Yevgeni Primakov, head of the Chamber, said that private banks "ceased to be solely commercial" when they accepted state money. "We need to demand that they do what the government and the society require—demand is the word."

"Our biggest concern is that the thrombosis of credit lines and the rise in banks' rates is leading to falling production," Primakov said. The funds must go to the real economy, and this "can only be done through a tough state dictatorship over the banks."

### **Russia Deploys Bank Credits To Save Rail Plans**

Nov. 11 (EIRNS)—One day after Prime Minister Vladimir Putin chaired a Cabinet meeting on the dire situation of the investment program of the state-owned Russian Railways (RZhD), CEO Vladimir Yakunin and the heads of key Russian banks today signed a package of "initiatives to support the real economy sectors of the Russian Federation." The program is aimed at channeling "additional liquidity into financial support for significant infrastructure projects," according to the RZhD-Partner information service. At a press conference, Yakunin said that the RZhD agreement with the banks, including VTB, Sberbank, Gazprombank, and others, will save jobs and social guarantees; it is an attempt to uphold what the railways mean for other sectors of Russian industry—not only for shipping freight, but as a customer of the steel, machine-building, fuels, and electronics industries. RZhD experienced drops in freight shipped during October, ranging between 10% and 37%, for different categories of freight.

### **Finance Minister Kudrin Wants 'International Maastricht'**

Nov. 10 (EIRNS)—Speaking after the Nov. 9 meeting of G-20 finance ministers in São Paulo, Brazil, Russian Finance Minister Alexei Kudrin presented his country's proposals for the Nov. 15 G-20 Washington summit as featuring an "international Maastricht," among other elements. American economist Lyndon LaRouche observed that if what Kudrin is quoted as saying really does represent the advice he is giving President Dmitri Medvedev, "then it is very bad advice, which shows a grave lack of understanding of the menacing situation in the world today."

"Cooperation between the U.S.A. and Russia, with China and India as leading partners, is key to a solution that will work,"

said LaRouche. "These four powers must act together, in a process of cooperation among culturally dissimilar nations." And they must put the currently collapsing, post-1971 monetary system through bankruptcy, writing off the huge, speculative and parasitical derivatives obligations to clear the way for rapid implementation of what will be, not a monetary system, but a credit system, to enable and promote national and cooperative international development of the real economy, such as President Franklin Roosevelt envisioned, at Bretton Woods in 1944.

The European Union's Maastricht agreements, cited by Kudrin, are designed to block any such challenge to the Anglo-Dutch Liberal monetarist model. Maastricht operates as a bankers' dictatorship, whereby supranational agencies can prevent sovereign nations from issuing credit for development.

According to the RT report, Kudrin identified three components of the Russian proposals. These included "new rules," and a ban on "egoistic aspirations," for countries whose currencies are used as reserve currencies, as the U.S. dollar is today. Also, Kudrin mentioned "restructuring and reorganization" of the International Monetary Fund, with an expanded presence in it for Russia and China. First and foremost, however, he drew his parallel with Maastricht, saying that countries around the world need to be subjected to the same sort of conditionalities as Maastricht imposes on EU members.

Given the role that the U.S.A., Russia, and China need to play, LaRouche noted, what Kudrin did was to "hit a real foul ball," compared with what would be in Russia's own interests. Reflecting on the Russian finance minister's many years of closely following City of London-style monetarist prescriptions in his work, LaRouche said of Kudrin, "You have to understand that he has never been competent in economics. He found a niche in the Russian government, despite those shortcomings. But, he's not to be treated as a serious thinker."

For example, Kudrin was brought into the Russian finance ministry in 1997 by then-Deputy Prime Minister Anatoli Chubais, one of the architects of Russia's disastrous neo-liberal reforms in the 1990s. He remained there through the 1998 Russian government bond default and the subsequent recovery, overseeing the pay-down of Russia's Soviet-era debt to international lenders, and the establishment of the multi-hundred-billions Stabilization Fund, through which Russian oil earnings were invested in foreign securities (rather than in the Russian economy). The decision to keep Kudrin as finance minister and deputy prime minister, during the formation of Prime Minister Vladimir Putin's Cabinet last Spring, prompted Russian economist Prof. Stanislav Menshikov to warn, "The make-up of the Cabinet does not cohere with the announced goal" of an industrial recovery. As the global breakdown crisis accelerated in Summer 2008, Kudrin persisted for many weeks in claiming that Russia would be a "safe haven" for international investors.

## **Southwest Asia News Digest**

[\*\*U.S. Experts Tell Obama, Don't Threaten Iran\*\*](#)

[\*\*Iraq Cabinet Votes Up U.S. Force Agreement\*\*](#)

[\*\*Violence Returns to Baghdad\*\*](#)

[\*\*'Lull' In Israeli-Gaza Fighting Ends\*\*](#)

### **U.S. Experts Tell Obama, Don't Threaten Iran**

Nov. 15 (EIRNS)—A report by a group of U.S. experts warns President-elect Barack Obama not to threaten Iran, if he wishes Tehran to change its policy. "An attack would almost certainly fail.... Threats are not cowing Iran and the current

regime in Tehran is not in imminent peril," according to the report, which was obtained by the AP. The Iranian people "have seen the outcome of U.S.-sponsored regime change in Afghanistan and Iraq. They want no part of it."

The authors are 17 experts including former U.S. ambassadors Thomas Pickering and James F. Dobbins, and Columbia University scholar Gary G. Sick, who advised that a policy that is more likely to succeed is one that will "open the door to direct, unconditional and comprehensive negotiations at the senior diplomatic level."

Speaking on the origins of the report, Dobbins told AP, "We got together to offer the Administration a different approach, one that is focused on communication and with a view to making progress over time on a range of issues".

The report will be presented by Richard Parker, a professor at the University of Connecticut, to the National Iranian American Council on Nov. 18. The report asserts that it is a "myth" that President Mahmoud Ahmadinejad determines Iran's nuclear and foreign policy. That is done by the supreme leader, Ayatollah Ali Khamenei, commander in chief of Iran's armed forces, and that "Khamenei's track record reveals a cautious decision-maker who acts after consulting advisors holding a range of views, including views sharply critical of Ahmadinejad."

### **Iraq Cabinet Votes Up U.S. Force Agreement**

Nov. 16 (EIRNS)—With only 28 out of 37 Cabinet ministers present, the Iraqi Cabinet of President Nouri al-Maliki voted 27-1 to approve the latest version of the status of forces agreement, allowing U.S. troops to remain deployed in Iraq after Jan. 1, 2009, when the United Nations mandate expires. The agreement still has to be passed by the 276-member Iraqi parliament, where major factions, such as the Shi'ite faction that follows cleric Muqtada al-Sadr, oppose the U.S. military occupation. According to Iraqi government spokesman Ali al-Dabbagh, the parliament will debate and vote by the end of November. The spokesman said that since all factions in the Cabinet voted to approve the pact, it will also be voted up in parliament. According to news accounts, the broad outline of the agreement is that U.S. troops will withdraw from Iraqi cities by the Summer of 2009, and all U.S. troops will leave Iraq by 2011.

The text of the agreement has not yet been read by *EIR*.

Obtaining such an agreement is a high priority for the White House, which wants to sign a deal before the end of the year. But all is not as well as the spin-doctors are saying. Sayyed Abdul-Aziz al-Hakim, head of the Islamic Council of Shi'ites in Iraq, one of the major factions, did not attend the leadership meeting with al-Maliki before the vote was held. Al-Hakim has been insisting for months that one item that must be included is that Iraq cannot be used by the U.S. as a base for attacks against Iran. Unless this is specified, significant opposition in the parliament is expected.

### **Violence Returns to Baghdad**

Nov. 11 (EIRNS)—Two nearly synchronized IED (improvised explosive devices) blasts today ripped through al-Mustansiriya Square, in predominantly Shi'a eastern Baghdad, leaving three civilians killed and 17 others injured. These attacks came a day after blasts by a suicide bomber in Baghdad which killed at least 31 people and wounded 71 others. The twin blasts—the deadliest in Baghdad in months—occurred during the morning rush hour in the mostly Shi'ite Kasrah section of Azamiyah neighborhood in the northern part of the Iraqi capital. They shattered storefronts along a crowded street and set fire to more than a dozen cars. Ahmed Riyadh, owner of a nearby grocery, called it a "vicious attack" that "did not differentiate between Shi'ites and Sunnis."

CBS News Baghdad bureau chief Larry Doyle reports that there seems to be some puzzlement as to who is behind the bombings. Unlike in past events, no groups have claimed responsibility for the bombings, and both Sunni and Shi'ite areas

have been repeatedly targeted.

This new round of bombings took place as the Iraqi government itself assumed the payment of 54,000 fighters for the "Sons of Iraq," the tribe-based Sunni forces working with the Baghdad government and the American occupation forces against al-Qaeda. However, the amount of the pay (largely supplied covertly by Saudi funds since the "surge" was initiated in 2007) will be dropped by about \$25 a month from the "high" of \$250 a month; the 54,000 receiving payments is down from the previous number of 58,000, and far short of the promised 80,000 to be put on the payroll.

In a report to the UN Security Council on Nov. 10, Secretary-General Ban Ki-Moon called the security gains in Iraq "fragile" and said it was essential that the Jan. 31 elections "be organized in a secure environment." The UN says the ballot is central to the process of national reconciliation as Iraqis elect provincial councils. Violence ebbed in Iraq this year, after an increase in U.S. troop numbers and support from Sunni tribesmen against al-Qaeda. The UN says the elections may trigger more attacks.

## 'Lull' In Israeli-Gaza Fighting Ends

Nov. 16 (EIRNS)—Israeli air strikes in Gaza killed at least four fighters reportedly belonging to the Popular Resistance Committees, who were manning mortar positions. This could be the beginning of another sustained military action by the Israeli Defense Forces (IDF) in Gaza, after a ceasefire that has been largely successful, since it was negotiated with the help of Egypt in June. Conditions in Gaza are hellish, with a complete blockade by Israel in force since about Nov. 7. On Nov. 14, the United Nations Relief and Works Agency (UNRWA) announced that the organization, which provides the majority of food for Gaza residents, had run out of supplies.

As international organizations pressured Israel to end the blockade, which is "collective punishment" of a civilian population innocent of attacking anyone, statements by Israeli Prime Minister Ehud Olmert and Defense Secretary Ehud Barak pointed to a possible attack. Since early November, there has been an increase in the Qassam rocket fire from Gaza into Israeli towns along the border. One Israeli was slightly injured today in the town of Sderot. Prior to the Nov. 16 Cabinet meeting, Olmert stated that "we are not eager for a fight," but neither would Israel avoid one if the Hamas government doesn't stop the rocket fire. Olmert announced that he had ordered security chiefs to draw up plans to "end" the mortar and rocket attacks.

On Nov. 15, Barak, who is under criticism for showing too much "restraint" in Gaza, told an academic conference in Neve Ilan that the attacks from Gaza are "intolerable and unbearable," and "it is possible that when the time comes, there will be a need for a large-scale operation, because we cannot accept a prolonged violation of the lull." But, according to the right-wing website Arutz Sheva, Barak also said that "hotheadedness is not policy" and that "I am a minister of defense, not of war," reminding the audience that "we saw two years ago what consequences a hurried decision has for Israel's security"—a reference to the 2006 attack on Lebanon.

The right wing is rabid. Residents of the town of Ashkelon told the media that "we will set the country on fire," if there is no IDF attack on Gaza. Former Defense Minister Shaul Mofaz is calling for resuming the targeted assassinations of Hamas, and Knesset member Yuval Shteinitz (Likud) said the current government is "groveling before the terrorists" and has to be replaced.

The daily *Ha'aretz* ran a headline Nov. 16, "Top Israeli Brass Slam War Mongers" among Israeli ministers and politicians.

## Asia News Digest

## Pakistani Militants Flex Their Muscles

## Pakistani Taliban Kidnap Iranian Diplomat

## China and India Face Huge Job Losses

## Thai 'Democracy' Movement Proves To Be Killers

## Big Cuts in Power Production in China

## Former Taiwan President Arrested for Embezzlement

### **Pakistani Militants Flex Their Muscles**

Nov. 11 (EIRNS)—On Nov. 10, Pakistani Taliban militants hijacked 13 trucks without firing a shot, as they passed through the Khyber Pass. The gunmen later posed for photographs in front of two Humvee military vehicles and some of the trucks. Officials said the trucks were carrying two Humvees and wheat, but "no weapons or ammunition." The militants released three of the trucks and their drivers after unloading the wheat, one official said.

Almost 70% of supplies, including fuel, for U.S. and NATO forces battling a Taliban insurgency in Afghanistan land in the southeastern Pakistani port city, Karachi, and travel about 1,200 miles by road through Pakistan. The point through which the supplies enter Afghanistan is the legendary Khyber Pass, a 45-mile stretch winding between high hills. Historically, the Pass was considered one of most dangerous stretches to negotiate in time of war.

To keep the supply line open is key to the survival of the Western forces in Afghanistan and the U.S.-led war on terror. As the border areas between Afghanistan and Pakistan became increasingly chaotic, with various militant groups gathering strength, Washington has become concerned about this. This incident will not only put pressure on U.S. and NATO troops, but also on the Pakistani security forces, in charge of keeping the supply line open.

### **Pakistani Taliban Kidnap Iranian Diplomat**

Nov. 13 (EIRNS)—Not far from where the Taliban militants shot dead a U.S. aid worker on Nov. 12, four armed men kidnapped the Iranian commercial attaché, Hashmatullah Atharzadeh, at the consulate in Hayatabad. It is evident that Peshawar, capital of Pakistan's North West Frontier Province (NWFP), which borders Pakistan's tribal areas and Afghanistan, is slipping out of Islamabad's control. If the militants get control over Peshawar, almost 70% of the supplies to U.S. and NATO troops fighting in Afghanistan, could fall into the militants' hands.

The kidnapping of the Iranian diplomat and the killing of the U.S. aid worker are the handiwork of the Saudi-British network that includes the virulent Wahabi Sunnis and anti-U.S. forces. It is evident that the Saudi-British nexus, which is financed chiefly by the Al-Yamamah arms deal that created a multibillion-dollar off-the-books slush fund, is used not only to undermine U.S. influence in Pakistan, but also to undermine Iran.

Meanwhile, in Jalalabad, in the bordering Nangarhar province of Afghanistan, more than 18 civilians and an American soldier were killed in a suicide bomb attack against a U.S. convoy on Nov. 13.

## China and India Face Huge Job Losses

Nov. 14 (EIRNS)—Massive job losses confront Chinese and Indian authorities as Washington, London, and Brussels push through the "bailouts" and "IMF conditionalities" to "stabilize" the collapsed financial system. A local paper in Shenzhen reported today that some 9,000 of the 45,000 factories in the cities of Guangzhou, Dongguan, and Shenzhen are expected to close in the next three months, according to estimates of the Dongguan City Association of Enterprises with Foreign Investment. Those closures could lead to 2.7 million job cuts, as overseas demand for consumer goods fades. That number means more than 50,000 workers will be losing their jobs every day. The association pointed out that their estimate shows that demand will shrink by about 30% by the end of January 2009.

On the same day, the Federation of Hong Kong Industries said that about 25% of the 70,000-strong Hong Kong-owned companies in southern China could cease to exist because of massive contraction of demand. One other report indicates that tens of thousands of migrant workers are leaving the southern Chinese city of Guangzhou after losing their jobs, railway officials say. The increase to 130,000 passengers leaving the city's main station daily is being blamed on the credit crunch. Guangzhou is one of China's largest manufacturing hubs, but many companies that export products have collapsed.

It is no better in India, which earlier had jumped into the globalization cauldron, forsaking nation-building for garnering foreign exchange reserves. With an anticipated 30% decline in export turnover during the current fiscal year, 15,000-20,000 workers in the knitwear industry in the southern Indian town of Tirupur are facing loss of their livelihoods. Sources in the Tirupur Exporters Association told the Indian media that exports have nosedived during the first half of this fiscal year.

## Thai 'Democracy' Movement Proves To Be Killers

Nov. 10 (EIRNS)—The People's Alliance for Democracy (PAD), the mob which has occupied the central government office building in Bangkok for nearly three months, with full and open support from the monarchy and the Army (against the government and the police force), has been proven to be exactly what *EIR* has documented it to be—provocateurs and killers.

Police have arrested two of the PAD'S "guards" (mostly former or off-duty military) with a stash of grenades, ping-pong bombs, a home-made bomb, together with guns, swords, and slingshots. While the PAD leaders claim that the two were no longer guards and that the arrests were a frame-up to discredit them, it is a fact that several police have been shot and otherwise injured in the various PAD riots, and the demonstrators who died in the PAD effort to close down the Parliament may have been killed by PAD bombs.

## Big Cuts in Power Production in China

Nov. 11 (EIRNS)—Many Chinese power plants have cut output by as much as 50%, *China Daily* reported today. In Shanxi province, west of Beijing, a power sector administrator told *China Daily* that one-third of its generating facilities had been shut down due to falling demand. Earlier this year, Chinese power production was short of demand, although fast-rising coal prices have been undermining the sector all year. Various official estimates put China's power consumption growth rate at one-third to one-half that of last year as of September; a collapse in energy consumption came in October.

The Ministry of Industry and Information Technology is reporting that over 18% of both state-owned and private industry, with an income over 5 million yuan, faced losses in the first eight months, especially in power, textile, and nonferrous metals. In the energy sector, some companies are suffering losses of hundreds of millions of yuan, and overall, net profits in the sector this year were down 78.5% just through August, the National Development and Reform Commission reported.

## Former Taiwan President Arrested for Embezzlement

Nov. 12 (EIRNS)—Chen Shui-bian, the former President of Taiwan and leader of the pro-independence Democratic Progressive Party (DPP), was jailed yesterday. He is accused of embezzling around 15 million Taiwan dollars (about US\$450,000) while in office, as well as money laundering, taking bribes, and forging documents.

Just last weekend, Chen had also made the headlines in Taiwan when he led noisy and sometimes violent demonstrations against the visit of a high-ranking mainland Chinese representative, to conclude important trade and transport agreements.

Chen and hardline spokesmen in the DPP are accusing the KMT (Kuomintang, the ruling party) of "political persecution" and conducting "a political witch hunt," and insist that the case is nothing but a "bid by the island's current government to curry favour with Beijing."

However, Chen's problems began even while he was in office. In 2006, his son-in-law was arrested for insider trading, convicted, and sentenced to seven years in prison. Chen has admitted to submitting falsified expense forms while in office, but said the money was used for "secret diplomatic missions" and not for his personal benefit. And, in a separate money-laundering case, prosecutors say US\$21 million was sent to Swiss bank accounts belonging to Chen's daughter-in-law in 2007.

## Africa News Digest

- [Somalis Are Facing Starvation](#)

### Somalis Are Facing Starvation

Nov. 14 (EIRNS)—Hundreds of thousands of Somalis face life-threatening food shortages owing to the escalating armed conflict and the effects of the severe drought in central and southern areas. In response, the International Committee of the Red Cross (ICRC), which has very limited abilities to work out a long-term solution, is planning to distribute dry-food rations to 435,000 people. The ICRC is also expanding its emergency humanitarian relief work to respond to the deepening crisis in war-ravaged Somalia.

According to Pascal Mauchle, head of the ICRC's delegation for the country: "Hundreds of thousands of people have fled the fighting and drought. External factors, such as the global food crisis and the skyrocketing prices resulting from it, have made the economic situation even worse. The chronic nature of the crisis had completely exhausted people's coping abilities." According to Mathias Frese, the organization's relief coordinator for Somalia, loss of basic property such as land and cattle, during the endless conflict, is posing an acute threat to civilians' lives, and growing numbers of Somalis have become destitute.

Throughout Africa, rising commodity prices and low agricultural productivity have pushed many nations to the brink of famine. A little relief came to Ghana following India's offer of 15,000 metric tons of rice, free of charge. India has had a long-standing friendly relationship with Ghana. The poorest African, and some Asian, nations, have been hit hard by rising food and fuel prices, which led to the shortage of especially staples such as wheat, rice, and corn.

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