

[return to home page](#)

LaRouche in India:

Build a Four-Power Alliance Versus London's New Dark Age

In the immediate aftermath of the Nov. 26 attack on Mumbai, **Lyndon and Helga LaRouche** conducted a working visit to India, emphasizing the ongoing collapse of the post-Bretton Woods financial system, and the urgent need to establish an alliance of the four leading powers—the United States, Russia, China, and India—to replace the current system of British imperial monetary looting and perpetual conflict, with a new system based on the American concept of credit.

The LaRouches' visit to India occurred in the immediate aftermath of the Nov. 26 asymmetric warfare attack on India's financial capital and largest city, Mumbai, an attack aimed at destabilizing the entire Indian subcontinent, and provoking a military confrontation between India and Pakistan...

In-Depth articles from EIR, Vol. 35, No. 49

[...Requires Adobe Reader®.](#)

This Week's Cover Story

- **LaRouche in India:**

- **Build a Four-Power Alliance Versus London's New Dark Age**

In the immediate aftermath of the Nov. 26 attack on Mumbai, **Lyndon and Helga LaRouche** conducted a working visit to India, emphasizing the ongoing collapse of the post-Bretton Woods financial system, and the urgent need to establish an alliance of the four leading powers—the United States, Russia, China, and India—to replace the current system of British imperial monetary looting and perpetual conflict, with a new system based on the American concept of credit.

- **The Time Has Come for a New System**

Lyndon H. LaRouche, Jr.'s remarks to the Forum for Strategic and Security Studies in New Delhi on Dec. 3.

- **U.S.-India Ties:**

- **Restore the Westphalia Principle**

Speech by **Jeffrey Steinberg**.

- **The Neo-Liberal Paradigm Is Finished**

Speech by Helga Zepp-LaRouche.

- **The 'Islamic Problem' Is a British Creation**

Lyndon LaRouche replies to a question from a seminar participant.

A View from Delhi

- **The Dynamics of Terrorism:**

The Gravest Moment of Crisis in Modern History

by Lyndon H. LaRouche, Jr.

The world is facing the worst crisis since Europe's Fourteenth Century New Dark Age. The only solution, asserts LaRouche, is a change to the kind of anti-imperialist credit-system which President Franklin Roosevelt had specified for the 1944 Bretton Woods conference. It is indispensable that the British empire-system be excluded from the negotiations that establish the initial basis for a new world system of anti-British imperialist cooperation among key sovereign nation-states, including the U.S.A.

Feature

- **Today's Global Crisis:**

- **The Truth of Bretton Woods Lies Within Physical Science**

Lyndon H. LaRouche, Jr. explains that what President Roosevelt had actually proposed, for the post-war system, was an anti-British imperialist system. He was opposed by John Maynard Keynes, the pro-fascist British banker whose theory had been presented in Keynes' 1937 Berlin edition of his General Theory. LaRouche emphasizes that the world must avoid being lured into a potentially fatal, Keynesian trap, if the British Empire is to be defeated, and an alternative solution to the present crisis is to be found.

- **Einstein on Kepler**
 - **Fermat's Principle**

Economics

- **Bailouts Won't Save a Global Economy That's Breaking Apart**

The U.S. auto sector is crumbling, because the Democratic Party leadership refused to take LaRouche's advice in 2005. World trade is grinding to a halt, while layoffs rise and manufacturing falls. Do we have the sense to reorganize the collapsing banking system, before it disintegrates?

International

- **Shut Down Anglo-Saudi Terror Apparatus Behind Mumbai Attack**

Jeffrey Steinberg reports that world attention is now focussed on 'Londonistan.' In league with Saudi Arabian operatives, London is harboring, recruiting, and financing religious, ethnic, racial, and tribal irregular warfare fronts around the globe.

- **British Go for the Kill Against Zimbabwe**
- **Democratic Republic of Congo:**
British, Soros Seek Humanitarian Crisis
- **International Intelligence**

National

- **The Lesson of Pearl Harbor Day**

Lyndon H. LaRouche, Jr. writes that something like a whiff of the American response to Pearl Harbor is in the air today. In the emerging composition of the new Presidency, one senses an awakening, such that 'we may expect great blows for justice throughout this planet as a whole, to be struck soon, again.'

Editorial

- [America versus Britain: On Human Rights](#)

U.S. Economic/Financial News

[Biggest Bank Bailout Remains Hidden; Fed Says Too 'Dangerous' To Reveal](#)

[Citadel Stops Withdrawals from Two of Its Hedge Funds](#)

Biggest Bank Bailout Remains Hidden; Fed Says Too 'Dangerous' To Reveal

Dec. 12 (EIRNS)—Since the fatal mid-September rush of Wall Street bank failures, bailout money-printing by the Federal Reserve has dwarfed the Treasury's more infamous bailouts, by six or seven times; but neither U.S. elected officials, media investigators, nor the public know anything about it. All that is known is that in mid-September, Fed Chairman Ben Bernanke abandoned a century-old rule of requiring of banks at least the figleaf of AAA-rated collateral for borrowing from the Fed; and that Fed credit outstanding to banks—already growing geometrically since March—skyrocketed after mid-September from \$890 billion to \$2.09 trillion. Which zombie banks have been kept in motion only by this money-printing, is one of many dangerous unknowns.

The Fed said today said that what would be really dangerous, would be to reveal anything about this matter, or the securities it has taken as collateral, and in many cases appears to have bought, in effect, from the banks. The Fed refused to respond to a second Freedom of Information Act (FOIA) suit by Bloomberg News, for information on "to whom" the \$2-plus trillion has been lent and "against what collateral." It has also rebuffed all Congressional efforts to get the information, although Bernanke and Treasury Secretary Paulson both promised "transparency" to Congress in September.

The refusal letter written to Bloomberg News by Fed spokeswoman Jennifer Johnson said: "In view of current circumstances, it would be a dangerous step to release this otherwise confidential information.... The Board must protect against the substantial, multiple harms that might result from disclosure.... Loss in confidence in and between financial institutions can occur with lightning speed and devastating effects."

Dubiously, the Fed claimed it may use the "trade secrets" exemption from responding to FOIA suits, although the secrets here are those of the zombie banks it's lending to, rather than its own secrets—which could be even more "dangerous" to reveal.

Citadel Stops Withdrawals from Two of Its Hedge Funds

Dec. 13 (EIRNS)—Chicago-based hedge fund manager Citadel Investment Group LLC halted year-end withdrawals from two of its biggest hedge funds, after withdrawals hit \$1.2 billion, or 12% of its assets. The two funds have lost 49.5% of their value this year through Dec. 5, reports Bloomberg. The agency adds that, according to various consulting firms that track such things, about \$300 billion, or 18% of hedge fund assets were subject to withdrawal restrictions as of October and hedge funds, overall, have lost 18% so far this year.

Global Economic News

Will City of London Go Out of Business?

Economic Devolution: Transportation, Raw Materials

FAO Lists 40 Million More People Going Hungry in 2008; Food Prices Up 28% Over 2006

New Round of German Auto Industry Collapse

Will City of London Go Out of Business?

Dec. 9 (EIRNS)—One might well conclude that the City of London, which has been the British Empire's principal financial center for centuries, is about to go out of business, if one reads the report of City of London mouthpiece Ambrose Evans-Pritchard in the Dec. 9 *Daily Telegraph*. Cross-border loans worldwide have fallen by \$1.1 trillion, and 81% of the fall, or \$884 billion, is from British banks. Worldwide issuance of bonds and securities has declined by 77%, from over \$1 trillion to \$247 billion. Bonds issued in euros have declined by 94%, from the equivalent of \$466 billion to just \$28 billion.

Pritchard points out that the City of London is the global center of this activity, not only for British banks but for non-British banks, noting that the collapse of this type of lending will be very nasty for the City.

Economic Devolution: Transportation, Raw Materials

Dec. 11 (EIRNS)—The global contraction in economic activity involves sweeping cutbacks and shutdowns in transportation, energy, mining, and other essentials. A few updates:

* **Freight service:** In North America, the consolidated few major rail carriers are implementing major reductions in service. E.g., Norfolk Southern Railroad will impose large cuts in trainmen and trains. In 2009, delivery of new rail cars in the United States could fall below 40,000, from a projected 58,000 this year. Car-load volume in the U.S. dropped 10% in October, over same-time in 2007. This is the biggest drop since 1997, when the Association of American Railroads began keeping such data.

World shipping volume in all modes is in rapid decline. The world's largest sea freight company by volume, Maersk Lines, based in Denmark, will lay up eight large vessels because of the drop in ocean cargo.

* **Oil-pumping:** Saudi Arabia, the largest oil producer in OPEC, announced on Dec. 10 that in November it pumped 8.493 million barrels a day, which was below what the International Energy Agency (IEA) had estimated. OPEC member nations will meet next week to confer on reducing rates of extraction still more. On Dec. 17, Russia may announce reduced pumping rates. These announcements were accompanied by a short-term frenzy of oil speculation, in which the price rose over 10% in New York, and also the limit in the London exchange.

The IEA said in its latest monthly report that "global oil demand is now expected to contract in 2008 for the first time since 1983, shrinking by 0.2 million barrels a day, with the total (daily demand) this year revised down by 350,000 bpd to 85.8 million bpd."

* **Mining:** On Dec. 10, Rio Tinto, one of the world's largest mining concerns and a British Empire asset, announced its intent to drastically downscale operations, to meet debt obligations. CEO Tom Albanese said that Rio Tinto would cut its global workforce by 13%, eliminating 8,500 jobs; put many of its mines up for sale; and slash its capital spending in 2009. Rio Tinto's operations range from aluminum in Canada (after its 2007 buyout of Alcan) to iron ore in Australia, and copper in South Africa.

FAO Lists 40 Million More People Going Hungry in 2008; Food Prices Up 28% Over 2006

Dec. 11 (EIRNS)—The UN Food and Agriculture Organization (FAO) on Dec. 9 released its latest issue of the periodical, "The State of Food Insecurity in the World 2008," giving its estimate that 40 million more people were added to the ranks of the hungry in 2008. This brings the 2008 world total of malnourished up to 963 million—14% of the world's population; this is up from 923 million in 2007, and 848 million in 2003-05 period.

"High food prices have had a devastating effect on the most vulnerable part of the world's population," stated Kostas Stamoulis, the head of the FAO Agricultural and Development Economics Division, who gave a press conference in Rome to release the report. The FAO calculates that people are paying 28% more for food as of October 2008, than at that time in 2006, the recent drop in oil and commodities prices notwithstanding.

New Round of German Auto Industry Collapse

Dec. 9 (EIRNS)—The biggest German auto supplier, TMD Friction (Leverkusen), filed for insolvency, with 4,500 workers in 12 different production sites, 2,000 workers of those in Germany. The firm had been bought in 2001 by British private equity fund Montagu, and then, after having been emptied for cash and overindebted, was sold to hedge funds Davidson Kempner, Clearwater, and Eos in 2006. It can be expected that more such cases will pop up now, since many small and medium-sized firms were taken over, especially in Germany, during the last couple of years, by the private equity funds, with disastrous results.

Signifying a new discontinuity for Germany's downward-spiralling economy, auto producer Daimler for the first time in 15 years had to announce short work. Almost 20,000 workers at one plant, from January to the end of March, will work only 3 or 4 days per week. Other Daimler sites in Germany are expected to follow. Altogether, 150,000 people are employed with Daimler at 14 sites in Germany; on Dec. 12, all of them will begin their already prolonged four-week Christmas vacation. While workers in the case of "shortened work period" do not have significant wage losses compared to a reduced 30 hours week, something like this cannot be extended for long. Moreover, everybody is very shaken by this development, since working for Daimler previously almost amounted to "life insurance," and this is clearly no longer the case.

United States News Digest

[**The Blagojevich Scandal: A Shot Across Obama's Bow?**](#)

[**Pelosi Railroad of Rangel Will Be Delayed Past Jan. 3**](#)

[**Schwarzenegger Pushing California Over the Cliff**](#)

[**Soros Grabs State Positions That Control Elections**](#)

'Keynes vs. FDR' Crosses the Atlantic From London

Detroit Goes To Seed

The Blagojevich Scandal: A Shot Across Obama's Bow?

Dec. 12 (EIRNS)—Given the unhappiness of the British backers of George Soros, about the incoming President's choices for the Cabinet so far, it's legitimate to raise the question of whether the Blagojevich scandal is being used as a shot across the bow of the Obama Administration. Supporting this idea are two news developments:

First, the London *Financial Times* runs a lead editorial today on the Blagojevich scandal, in which, while arguing that Obama is unscathed so far, it outlines a series of questions that he had better answer, to remain in the clear. Noting that this is the first scandal of his administration, before he's even in office, the FT hints that there may be more to come—which could be read as a veiled warning that he had better "behave."

Second, we have received confirmation from reliable sources, of the *New Statesman* report that the Fabian Society and Soros circles are extremely unhappy about the Obama Cabinet thus far. In addition to the obvious institutional forces who have been appointed in the national security area, the nomination of Eric Holder is particularly galling to Soros, because Holder has a record of staunch opposition to any form of drug legalization.

In this context, the heavy media coverage targetting Obama with the Blagojevich issue—from the same British-linked media which promoted him—could be read as a warning shot, that the President-elect should not cross those who paid to put him in office.

Pelosi Railroad of Rangel Will Be Delayed Past Jan. 3

Dec. 12 (EIRNS)—House Speaker Nancy Pelosi's intent that the Ethics Committee's investigation into allegations involving House Ways and Means Chairman Charles Rangel be resolved by Jan. 3 "went up in smoke," according to the "Capital Journal" column in today's *Wall Street Journal*, when the Ethics Committee announced that it would add the matter of whether a tax benefit for Nabors Industries was connected to a contribution by its CEO to the proposed Charles Rangel Center. Rangel had requested that the Ethics Committee investigate this.

Democratic aides say the investigations may last through January—a real "forced march" for the Ethics Committee, which usually investigates over months, or even years.

The *WSJ* reports that Rangel will have a lot to say about Obama's agenda, since the Ways and Means Committee originates tax and health spending. "A huge amount of the high-priority agenda of the Obama administration will work its way through the Ways and Means Committee," says Thomas Mann of Brookings. "Not having a strong chairman is clearly a liability."

However, author Gerald Seib admits, "The betting among House Democrats is that Rep. Rangel will survive. Mr. Mann of Brookings agrees, that unless the Ethics Committee's report is 'scathing,' "since "Rangel is widely liked and respected, he'd probably survive and carry on."

Schwarzenegger Pushing California Over the Cliff

Dec. 12 (EIRNS)—The situation facing the State of California worsens daily, with a constantly growing deficit, and a dysfunctional approach, on all sides, in addressing the crisis. Late on Dec. 10, prior to a meeting with legislative leaders, Gov. Arnie Schwarzenegger proclaimed that the state is "headed toward a financial Armageddon," then attacked the leaders he was scheduled to meet with. Not surprisingly, the State Senate Republican leader declared negotiations "dead," following another unsuccessful session, stating that the meeting was undermined by Schwarzenegger. Senate Republican leader David Cogdill said that "bullying the legislature" won't work in getting a budget passed.

What has everyone in a deepening state of hysteria is the acceleration of the rate of collapse of the state. After announcing in early December that the deficit for the current fiscal year, which ends June 30, 2009, had reached \$11.2 billion—after the legislature had made more than \$7 billion in cuts and postponing payments—new figures released yesterday show that this shortfall has now ballooned to \$14.8 billion, and the two-year deficit (until June 30, 2010) is now close to \$42 billion! According to Schwarzenegger, the deficit is growing by \$28,000/minute, and \$40 million/day.

The drop in revenues is emptying the state's coffers so rapidly that \$5 billion in public works projects will be halted next week, to preserve cash. One recently retired legislator said, "This is worse than a meltdown. There is no motion toward a solution. There are no adults involved, and Schwarzenegger seems bent on blowing up any opportunity for compromise." He added that, though things are deteriorating "right before our eyes," there are still illusions that things can be resolved, "as if by magic."

Soros Grabs State Positions That Control Elections

Dec. 10 (EIRNS)—According to the website of the "Secretary of State Project," created in 2006 by the George Soros apparatus, the state position of Secretary of State, with power over the election process, has recently been won by candidates sponsored by the Soros Project in Ohio, Montana, Missouri, Iowa, Minnesota, Nevada, and New Mexico.

Writing for the Norfolk, Virginia *Examiner*, former Denver election commissioner Jan Tyler reports that the "Colorado Secretary of State's position is up for grabs. Many questioned why Governor Bill Ritter would appoint a committee to recommend a candidate when he has the authority to do so on his own. Instead of giving us confidence in the Governor, we should be skeptical. George Soros' Secretary of State project works behind the scenes to influence the Secretary of State positions. They have been successful in Ohio and other states. Shouldn't someone be asking what George Soros is up to in Colorado?"

'Keynes vs. FDR' Crosses the Atlantic From London

Dec. 10 (EIRNS)—Pennsylvania Governor and Democratic Party "infrastructure" spokesman Ed Rendell started his speech to the U.S. Chamber of Commerce in Washington, D.C. on Dec. 9 by promoting John Maynard Keynes *against* President Franklin Roosevelt. FDR "didn't do enough spending" to stop the Great Depression; Keynes understood that; today we've got to spend like Keynes, was Rendell's overall message.

Challenged at his press conference by LaRouche organizers ("Why are Democrats promoting Keynes against FDR when Keynes' model for his economic theory was Nazi Germany?"), Rendell recanted immediately, "I meant Krugman, not Keynes, I didn't know his history," the governor said. True enough: Economist Paul Krugman—about to be given the Nobel Prize, which usually rewards the embarrassing complete failure of an economist's forecasts—had just given interviews calling for unlimited U.S. deficit spending on Keynes' model; and, very few Democrats know or understand Keynes' pro-Nazi history in the 1930s, or his intense opposition to FDR's Bretton Woods international credit policy at the end of World War II.

Triggering Rendell's remarks was an editorial promoting Keynes against FDR in the governor's hometown newspaper that morning, the *Philadelphia Inquirer*, "Old Prescription for Current Economic Chaos." The paper declared, "Ironically, Pres. Franklin Delano Roosevelt, closely linked to Keynes historically, never practiced Keynesianism to its full extent ... economic historians said. The U.S. economy only revived when factories revved up for World War II."

The "Keynes vs. FDR" polemic has been featured in such British press as the *Telegraph*, the *New Statesman*, and the *Guardian* since the U.S. election. It was pushed on Dec. 8 by Nobel-"certified idiot" economist Joseph Stiglitz, who echoed President Richard Nixon's pathetic remark, "Now, we are all Keynesians," as Nixon dismantled FDR's Bretton Woods system in 1971 and set loose decades of floating-exchange-rate speculative bubbles. Keynes was a lot worse than Nixon. While Franklin Roosevelt prevented the United States from going fascist, by implementing the New Deal recovery, and then mobilized the defeat of fascism internationally, Keynes spent much of that period on the side of tyranny, with his admired ally, Reichsbank chief and then Nazi Economics Minister Hjalmar Schacht.

But what Keynes' admirers won't forgive FDR for now: He didn't bail out the banks, but put them through bankruptcy reorganization.

Detroit Goes To Seed

Dec. 8 (EIRNS)—Where once there were factories, homes, and schools, the shrinking population of the country's 11th largest city has to content itself with turnips. The auto industry, which employed 1.9 million in the 1950s, now has fewer than 850,000. "People are moving out of the city, trying to find work," David Martin of Wayne State University's Urban Safety Program told Bloomberg News. Those who stay "can't afford to move out."

Some 55,000 city lots are considered unproductive because they bring in no taxes. The city is blighted with tens of thousands of abandoned homes, and enough acreage in abandoned lots to fill the city of San Francisco.

Detroit's City Council unanimously endorsed LaRouche's Homeowners and Bank Protection Act; but with the Act's policies yet to be enacted by Congress, much of Detroit has resorted to thinking small, way small. One such idea is "urban farming."

"Mini-farms," not much bigger than an immediate-family's cemetery plot, are being encouraged. Six acres, so far, have been sliced into 500 Dark Age micro-garden plots. "We plan to triple that every year," said Michael Travis, deputy director of Urban Farming, the Detroit-based nonprofit corporation that helps clear land and provides topsoil and fertilizer. That would mean a whopping 12 acres by next year.

Founded by pop signer Taja Sevelle, Urban Farming, which has operations in seven other cities, has relied on corporate backing from such companies as Home Depot and Whole Foods Market. Harvests are sold in markets or donated to soup kitchens. This year's produce was picked "quickly because people need food so badly," said Sevelle.

Ibero-American News Digest

[WWF Hails Mexico's Pre-Medieval Power Plans](#)

[Soros's 'Harm Reduction' Means Genocide, Argentine Anti-Drug Fighter Charges](#)

[Soros and Brits Sucker Developing Sector with Fascist Keynes](#)

WWF Hails Mexico's Pre-Medieval Power Plans

Dec. 12 (EIRNS)—The Calderón government has won the praise of Prince Philip's genocidal Worldwide Fund for Nature (WWF) for its new carbon reduction plan. Mexico's Environment Secretary, Juan Rafael Elvira, announced at the UN "climate talks" on Dec. 11 in Poland, that his government planned to have a domestic carbon emissions cap-and-trade system functioning by 2012, as a step towards cutting emissions in half by 2050, by switching to solar power and pre-medieval technologies of wind power.

Keith Allot, head of climate change for WWF-UK, hailed Mexico's announcement as showing leadership of the developing world. For him, it was one of the few bright spots in a conference otherwise dominated by "laggard countries" which weren't buying into the program, the WWF complained. That, despite the grandstanding by the over-fed Al Gore on how President-elect Barack Obama would turn the lights out in the United States, as these Dark Ages freaks demand.

It is unlikely that the Calderón government's plans will be implemented as announced, but very few developing countries have been crazy enough to set off down this road to doom. President Felipe Calderón, however, is also wedded to the WWF on water policy. The head of the National Water Commission, José Luis Luege Tamargo, is a close ally of the WWF, and is committed to preventing the construction of the Northwest Hydraulic Plan (PLHINO), which would increase Mexico's modern power supplies and open up nearly a million hectares of newly irrigated lands to grow food for hungry Mexicans.

Soros's 'Harm Reduction' Means Genocide, Argentine Anti-Drug Fighter Charges

Dec. 8 (EIRNS)—The campaign to legalize drugs for personal consumption in Argentina, carried out under the aegis of George Soros's lying "harm reduction" campaign, is "genocide," charged Claudio Izaguirre, chairman of the Argentine Anti-Drug Association.

In an interview with the daily *Ciudadano* of Mendoza, published in late November, Izaguirre cautioned that he uses the term *genocide* very precisely. Justice Minister Anibal Fernández, whom Izaguirre often refers to as the "narco minister," is pushing Soros's drug legalization/harm reduction agenda publicly, while gutting the budget for Sedronar, the government's own agency responsible for combatting the drug trade and promoting drug prevention.

At the same time that availability of drugs is at an all-time high, prevention and treatment programs for addicts are practically non-existent, and "the result of this equation is genocide," Izaguirre asserts. "There is no prevention; there is no help; they just put the joint in your hand."

"Always understanding genocide to mean the extermination of the human species," Izaguirre explained, look at the fact that seven out of ten adolescent suicides are the result of drug consumption. Marijuana can cause depression, which is then treated by other drugs that can have a lethal effect on youth.

Izaguirre's Anti-Drug Association has been aggressive in exposing the fraud of Soros's "harm reduction" argument, which is the basis of the government's proposal to decriminalize drugs for personal use. What the proposal does, Izaguirre warned, is to make it impossible for families to even seek out help, "because each person can consume [drugs] freely."

Soros and Brits Sucker Developing Sector with Fascist Keynes

Dec. 10 (EIRNS)—There is a rich irony in the fact that, at the Dec. 7-11 international conference in Parana, Brazil, "The Crisis: Truths and Pathways," called to discuss how to solve the current global financial crisis, the sole speaker from the United States was ... a Brit! The Brit in question was Thomas Palley, an Oxford-trained economist who is an apologist for the Nazi-trained drug runner George Soros.

Palley steered away from any public discussion of Soros, but used the forum to promote Keynesian economics as the only solution to the crisis. The ultimate cause of today's crisis, he argued, is that labor productivity was decoupled from real wages, which put labor in a "Neo-liberal box." The solution is to create a "Keynesian box," and put corporations and neo-liberals in it. He said that a return to "Progressive Keynesianism" is the way to solve the current crisis which he, who calls himself a Labor Social Democrat, advocates.

John Maynard Keynes, Britain's representative at FDR's 1944 Bretton Woods conference, who did everything in his power to sabotage FDR's anti-imperialist intent, was an ardent defender of eugenics, who also argued in the introduction to the 1937 German edition of his own *General Theory*, that his policies would be better implemented in Hitler's Germany than under a democracy.

Palley was the director of the Globalization Reform Project at Soros's Open Society Institute in 2002 and 2003, and wrote a paper on his boss's economic theories, in which he described Soros as "one of the world's leading philanthropists ... [and] public intellectual."

Western European News Digest

[Riots in Greece Point Toward Europe-wide 'Strategy of Tension'](#)

[Student Protest Spreads](#)

[Germans Won't Pay British Losses](#)

[Soros's 'Harm Reduction' Proven Fraudulent](#)

[New BAE Investigation Opens](#)

[Euro Ponzi Scheme Hits Soros Buddies at UBP](#)

Riots in Greece Point Toward Europe-wide 'Strategy of Tension'

PARIS, Dec. 8 (EIRNS)—Greece seems to be the test-tube for a revived "strategy of tension," using chaos and violence to make economic and political reform impossible. Riots are spreading from Athens to the rest of the country, after the police shot and killed a 15-year-old student on Dec. 6, when 30 rioters attacked a police patrol car.

The "strategy of tension," as *EIR* has documented, was used by the London-based financier oligarchy and its allies, during the 1960s and 1970s, to sow chaos in Europe's nation-states (notably Italy and Germany), and thereby block impulses toward national sovereign government.

The Greek Prime Minister tried unsuccessfully to calm the situation by promising that there would be "no indulgence"

towards the policeman, who was immediately indicted for his act. Some 34 persons were wounded when masked rioters kept attacking police, and smashing shops and buildings belonging to state institutions.

This is an echo of the terror that swept Europe in 2001, with the riots at the Genoa G-8 meeting. It is clear that the terror networks, in Greece and out, were primed to go into action in response to their getting a "martyr."

A well-known "alternative" website called www.comedonchisciotte.org ("Like Don Quixote") has published an article entitled "Derivatives and the Revolt in Greece," which describes the economic crisis behind the riots, and then says, that if the world had listened to LaRouche, there would be no revolt today. "If LaRouche, [Italian Finance Minister Giulio] Tremonti and other scholars were listened to, probably the Revolt of Greece would end, and the Revolt of Italy would not go on. In fact the latter has already started, albeit not in a violent form, and for the same reasons as in Greece: usury and consequent cuts in spending."

Student Protest Spreads

PARIS, Dec. 11 (EIRNS)—Solidarity actions with the Greek student revolts are spreading throughout Europe:

Spain: Dec. 11, riots took place in Madrid and Barcelona, with 11 people arrested and several police wounded. In Madrid, 200 youth attacked a police station in the inner city and broke its windows, screaming "police killers."

Italy: In Rome and Bologna, five policemen and a soldier were wounded in clashes with protesters. In Rome, smoke bombs and red paint were thrown at the Greek Embassy. A small group went on a rampage in the historic center of Rome throwing stones at random. In Naples, 50 people demonstrated in front of the Greek consulate, and the Hellenic Institute in Venice was occupied.

Turkey: The Greek consulate in Istanbul was sprayed with red paint by several dozen anarchists.

Germany: On Dec. 8, a group of "antifa" radicals tried to storm the Greek Embassy in Berlin.

Bulgaria: Demonstrations took place in Sofia in front of the Greek Embassy.

France: Student protests have increasingly degenerated into violence since Dec. 8, when demonstrators attacked cars in Brest (Bretagne) and police responded with tear gas. Yesterday was the first day of action; on Dec. 16 there will be another.

Reporting on the 15,000 college students taking to the streets of France, and blocking over 30 high schools yesterday, the throwaway newspaper *20 minutes* has on its cover a young female student raising her fist. An article worries about the presence of agent provocateurs, as the movement reportedly is getting highly radical and at great speed.

Germans Won't Pay British Losses

Dec. 12 (EIRNS)—The banner headline in the London *Independent* is, "Germans turn the screw on Brown," which picks up on yesterday's attack on British Prime Minister Gordon Brown's stimulus package by German Finance Minister Peer Steinbrueck.

In reaction to Steinbrueck's attack, Brown tried to dismiss it as the former, a Social Democrat, simply playing German

internal politics. He claims that the Christian Democratic Merkel really agrees with him since "almost every country around the world is doing what we have been doing."

In response to Brown, Steffen Kampeter, budget spokesman for the Christian Democrats, blasted Brown: "In questioning the British Government's approach, Peer Steinbrueck is exactly expressing the views of the German Grand Coalition. After years of lecturing us on how we need to share the gains of uncontrolled financial markets, the Labor politicians can't now expect us to share in its losses. The tremendous amount of debt being offered by Britain shows a complete failure of Labor policy."

According to *The Mail*, the Foreign Office confirmed that Sir Michael Arthur, Britain's Ambassador to Berlin, made an official call to the German Finance Ministry, where he formally "expressed disagreement" with Steinbrueck.

Other newspapers carry articles analyzing Germany's "more assertive position." *The Guardian* writes that this rift is just the latest of a long list, including NATO expansion, critical position of carbon credits—but the most important being its relations with Russia: "Most striking of all, Germany wants a close and special relationship with Vladimir Putin's Russia." Citing German exports to Russia and imports of Russian gas, the *Guardian* writes, "Berlin salivates at the prospect of a grand strategic bargain with Moscow that marries Russian raw materials with Germany's industrial might."

Soros's 'Harm Reduction' Proven Fraudulent

Dec. 7 (EIRNS)—The city of Amsterdam has exposed the fraud of George Soros's "harm reduction" theories, which claim that legalizing drugs and other illicit activity will reduce crime, while teaching people how to drug themselves "safely."

On Dec. 6, city officials announced their plans to close down marijuana cafes, brothels, and sex shops, to drive out the organized crime that has grown at a rapid rate around these activities. Drug dealers have been using peep shows, massage parlors, and "souvenir shops" to launder their money.

Tens of thousands of Britons flock to Amsterdam for their "stag" and "hen" parties, the *Guardian* reports today; they will be sorely disappointed by the announced measures. Supporters of the clean-up say that the marijuana shops and legalized prostitution mask the "violent reality of organized crime," the *Guardian* added. A city statement asserted that "by reduction and zoning of these kinds of functions, we will be able to manage and tackle the criminal infrastructure better."

"Money laundering, extortion, and human trafficking are things you do not see, but they are hurting people and the city," said alderman Lodewijk Asscher.

New BAE Investigation Opens

Dec. 12 (EIRNS)—The authorities of Switzerland and Liechtenstein have opened an official investigation against Fana Hlongwane, the official South African agent for BAE Systems, the British aerospace company that set up the massive Saudi slush fund run by Saudi Prince Bandar. This fund, worth hundreds of millions of dollars, has been used to finance British-controlled intelligence and dirty operations.

This new investigation involves alleged bribes made to South African officials in the multibillion-dollar sale of military jet aircraft. Hlongwane is suspected of being the bag-man for the bribes. Five Swiss bank accounts linked to him have been frozen. This involved about \$10 million. According to the *Mail* and *Guardian*, citing South African "Scorpion" anti-fraud police sources, this development is also linked not only to their own investigation, but that of the British Serious Fraud Office.

These accounts are linked to payments to Hlongwane by Arstow Commercial Corporation, whose board includes two British nationals, Alexander Roberts and Dr. Hugh Thurston, former personal advisors to former British Prime Minister Margaret Thatcher. Also on the board is the Liechtenstein-based Johannes Matt.

Euro Ponzi Scheme Hits Soros Buddies at UBP

Dec. 13 (EIRNS)—The \$50 billion ponzi scheme run by New York speculator Bernard Madoff had billions of dollars in funds controlled by the friends of British agent speculator George Soros.

The Geneva-based Union Bancaire Privée (UBP), according to leaks reported in the Italian website of *Il Sole 24 Ore*, is exposed for \$1-2 billion in Madoff's ponzi scheme. UPB is not only one of the largest private banks in Switzerland, but it is the bank that investors have go to, to put their money into Soros's Quantum Fund. UBP has several large private customers, as well as institutional customers, including Pioneer Alternative Investments, controlled by the Italian bank Unicredit; the Man Group; and Optimal division of Banco Santander, Queen Elizabeth's favorite Spanish bank.

Russia and the CIS News Digest

Russian Anti-Drug Chief Cites Dawood Role In Mumba

Sergei Glazyev Warns: 'World May Drown in Hyperinflation'

Russian Anti-Drug Chief Cites Dawood Role In Mumbai

Dec. 10 (EIRNS)—In an interview today with the government daily *Rossiyskaya Gazeta*, Director of the Russian Federal Narcotics Control Service Victor Ivanov cited information received on British-linked South Asian narcotics kingpin Dawood Ibrahim's role in the Mumbai terror attacks, as a case in point on the need to shut down the Afghanistan opium trade. Ivanov also highlighted the role of narcoterrorists in Russia's North Caucasus, a major area of intense activity by London- and Saudi-supported separatist networks.

During the Dec. 4-5 Russian-Indian summit in New Delhi, President Dmitri Medvedev and Prime Minister Manmohan Singh called on "all nations to actively cooperate with the Indian authorities and assist them in locating and bringing to justice the participants, organizers, sponsors, and protectors, and anyone in any way connected with these barbarous acts."

Ivanov zeroed in on the use of Afghan drug money to fund such activities:

The Afghan drug producers receive something on the order of \$4 billion in revenue. And the international drug mafia sells this heroin all over the world, according to the most modest estimates, for over \$100 billion. These superprofits cause not only genocide against peoples; they have become a powerful source of financing for organized crime and terrorist networks, which are destabilizing political systems, including in Central Asia and the Caucasus.

"A revealing case of the use of the dope network to support terrorism is the recent horrific attack by terrorists in the Indian city of Mumbai. Information received indicates that the drug dealer Dawood Ibrahim, who is well known in the region, provided the guerrillas with his logistics network for preparing and carrying out the attack.

"In Russia, as well, terrorism cannot be overcome without liquidation of the drug shipments out of Afghanistan."

On Nov. 29 a LaRouche Political Action Committee release highlighting Dawood's role, "India Nails British Dope Inc. Hand Behind Mumbai Attack," was posted in Russian by the Russian Anti-Drug Front, and is widely circulating on the Internet.

Ivanov, who was a deputy chief of the Presidential Administration when Vladimir Putin was President, laid out a stark picture of how the drug plague has swept Russia. Of 496,000 registered drug addicts in Russia in 2001, he said, the majority have died. Now there are 537,000 addicts, most of them young. But these numbers are greatly understated; statistics on traffic stops show that as few as 3% of drivers stopped in a state of narcotic intoxication are registered as addicts. He said that 90% of Russian drug addicts have Hepatitis C and 75% of them have HIV/AIDS.

Quantifying the flood of opium and heroin out of Afghanistan, Ivanov said that 29 tons of narcotics have been seized this year, with 10-15 shipments being caught daily. He said he does not favor increased cooperation with NATO in Afghanistan, since it is since the beginning of the NATO operation that opium cultivation has boomed in that country, which he termed a narco-state. For counter-terror purposes, Ivanov suggested, what's needed is serious special service operations, not an occupation by 60,000 people.

Sergei Glazyev Warns: 'World May Drown in Hyperinflation'

Dec. 1 (EIRNS) — In an interview broadcast over Infox.ru on Nov. 28, Russian economist and Academician Sergei Glazyev warned of a high risk, that the financial stabilization packages being issued by the Russian Central Bank and government "will not reach the productive sector." Currently, he noted, money is being pumped into the banking system "on word of honor," with no guarantee that manufacturing companies will receive the funds. Glazyev repeated his call for directed credits, where the rescue funds would be issued against promissory notes of productive-sector companies, for specific projects. "This was done in Europe after the war, and was very effective," Glazyev pointed out.

Manufacturing plants in Russia and Ukraine, especially in the steel and auto industries, are curtailing output and laying off workers in significant numbers.

Warning that the world financial crisis will not end until "the worthless debts are written off," among other things, Glazyev added, "Currently, those debts are not being written off. More and more money is being printed in an attempt to cover them; this is monetization of debts. And the rate of dollar emission has quadrupled. The world may drown in a wave of hyperinflation."

In November, Academician Glazyev's website prominently posted an article by Prof. Stanislav Menshikov from *Slovo* newspaper of Oct. 24, "The Crisis Leaps Across the Planet," in which Menshikov developed how Lyndon LaRouche's forecasts of the current crisis were on the mark, and LaRouche's current proposal for the U.S.A., Russia, China, and India to initiate a new, development-oriented monetary system. The article was reprinted in *EIR*, Oct. 24, 2008.

Southwest Asia News Digest

Arab League Reasserts Peace Initiative

Sarid: 'Feiglin, His Cronies Are Fascists'

Brzezinski: Israel's Push for a U.S. Strike on Iran May Hurt Ties with U.S.

Iranian Sunni Terrorist Tied to British-Saudi Nexus

Larijani To Respond to U.S. on Talks with Congress

Arab League Reasserts Peace Initiative

Dec. 13 (EIRNS)—On Dec. 12, the Arab League announced its readiness to proceed with a peace deal with Israel on the basis of the 2002 Arab Peace Initiative. Arab League Secretary General Amr Moussa and Saudi Foreign Minister Prince Saud al-Faisal said, in a letter to U.S. President-elect Barack Obama, "The Arab side is ready to establish a just and lasting peace with Israel in line with the land-for-peace principle, the Arab Peace Initiative and relevant UN resolutions."

While the 2002 proposal says that Israel must allow the return of Palestinian refugees and accept Jerusalem as the capital of a Palestinian state, PressTV reports that the Arabs may be making certain concessions to Israel on those two points. A new plan, reportedly agreed on by Israeli President Shimon Peres and Foreign Minister Tzipi Livni on the one side, and Saudi King Abdullah and Prince Saud al-Faisal on the other, reportedly relinquishes these rights. (Saudi Arabia, of course, does not speak for the Palestinians, or the other Arab countries.) Peres did reportedly say that the Arab Peace Initiative, rejected by Israel on the past, must be considered "a serious opening for real progress" in Mideast peace.

The Arab League announcement comes ahead of a meeting on Dec. 15 of the Middle East Quartet (U.S., Russia, EU, UN) and a meeting of the UN Security Council on Dec. 16, which is set to vote on a resolution calling on Israel and the Palestinians to continue negotiations on the core issues during 2009 in efforts to achieve "two states for two peoples." According to the Israeli daily *Ha'aretz*, the core issues include Jerusalem and Palestinian refugees. The resolution is said to be the result of an effort by President Bush to cement the Annapolis process so that it continues into the next administration. American UN Ambassador Zalmay Khalilzad told reporters, with Russian UN Ambassador Vitaly Churkin standing next to him, "Now, the U.S. focus is on a smooth hand-off to President-elect Obama that keeps up the momentum for peace," a sentiment with which Churkin agreed.

Sarid: 'Feiglin, His Cronies Are Fascists'

Dec. 10 (EIRNS)—The former chairman of the pro-peace Meretz Party, Yossi Sarid, wrote in the Israeli daily *Ha'aretz* today that Moshe Feiglin, who is number 20 on the Likud party candidates list for the February elections, is a Hitler-admiring fascist; the accusation breaks a longstanding taboo in Israel.

Writing that the Likud is starting to look a little "brown" with Feiglin and his cronies, he quotes Feiglin in an interview with *Ha'aretz* in 1995: "Hitler was an unparalleled military genius. Nazism promoted Germany from a low to a fantastic physical and ideological status. The ragged, trashy youth body turned into a neat and orderly part of society and Germany received an exemplary regime, a proper justice system and public order. Hitler savored good music. He would paint. This was no bunch of thugs. They merely used thugs and homosexuals."

Sarid writes that it is time to "break free from the shackles of politically correct speech and call these people—Feiglin and his cronies—by their explicit name. They are not 'radicals', but fascists by any acceptable definition. And had they not been born—through no fault of their own—to Jewish mothers, they would have been damn anti-Semites to boot."

He quotes Feiglin again: "There can be no doubt that Judaism is racist in some sense.... And when they asserted at the

United Nations that Zionism was racist, I did not find much reason to protest. The people who take racism to mean a distinction between races—and this is a very primitive distinction—must argue that Zionism is racist."

On the Palestinians, Feiglin said bluntly: "There is no Palestinian nation. There is only an Arab-speaking public which has suddenly [!] identified itself as a people, a negative of the Zionist movement, parasites. The fact that they hadn't done so earlier only serves to prove how inferior they are. The Africans have no nations either. Only Zulus, Tutsis."

Brzezinski: Israel's Push for a U.S. Strike on Iran May Hurt Ties with U.S.

Dec. 8 (EIRNS)—Israel's continued lobbying for the United States to strike Iran may hurt ties with the U.S., former U.S. National Security Advisor Zbigniew Brzezinski told the Israeli daily *Ha'aretz* in an interview published today. Brzezinski, an advisor to President-elect Barack Obama, also blasted the failed Middle East policy of the Bush Administration.

"One advice that I would give the Israeli government is not to engage in this campaign for an American attack on Iran, because I don't think America is going to attack Iran, and if it did, and the consequences would be disastrous," Brzezinski said. "It wouldn't be particularly good for American-Israeli relations, and there will be a lot of resentment against [Israel]. There already has been some after the war in Iraq." He added that if Israel did attack Iran, it would not succeed in knocking out all of Iran's nuclear facilities, but would embolden Iranian extremists.

"I don't know if Iran believes the military option is real, but I think it's not a real option for the U.S., and it is not a real option for Israel, because Israel doesn't have a capability to destroy Iranian nuclear facilities," Brzezinski said. "It can damage them, so it can only delay the process, while intensifying Iranian extremism and welding together Iranian nationalism and Iranian fundamentalism, which I don't think is in anyone's interest. Last, but not least, Israel really cannot execute an effective strike without our permission. Because if you look at the map, you can see the reason why it is so."

Brzezinski went on to criticize the Bush Administration's performance, and to stress that the Obama Administration must act immediately to tackle the Israeli-Palestinian crisis, which is the key to peace in the region.

Iranian Sunni Terrorist Tied to British-Saudi Nexus

Dec. 13 (EIRNS)—Iranian officials say they have documents that show that the United States and Britain are backing a terrorist group that has been kidnapping and killing police and civilians in a region of southeastern Iran bordering Pakistan. The group, called Jundullah (God's Soldiers), recently killed 16 Iranian police officers that it had kidnapped earlier this year. It is led by Abdolmalik Rigi, who is said to be part of the al-Qaeda network (which is Sunni).

Ebrahim Raisi, first deputy to Iran's judiciary chief, told state radio, "There are documents that show that Britain and America are supporting Rigi's terrorist group with arms and information." According to Iran's PressTV, Raisi singled out the British for "providing critical intelligence" to Jundullah. PressTV had reported on Dec. 8 that the Arabic website Nahrainnet cited informed sources that Saudi intelligence has been supporting Jundullah to carry out kidnappings in southeastern Iran.

That Jundullah might be a proxy for destabilizing Iran was first reported by Seymour Hersh in the April 5, 2007 *New Yorker*. Hersh confirmed what sources had already told *EIR*: that the Bush-Cheney Administration was reorienting its Middle East policy to support Sunni groups against the Iranian government (Iran is overwhelmingly Shi'a), and against Shi'as in general. A month later, ABC News reported that Dick Cheney had discussed the Jundullah operation directly with then-Pakistani President Pervez Musharraf. Intelligence sources told *EIR* at the time, that Musharraf refused to support expanding Jundullah's operation. The Iranians would now appear to have evidence tying Jundullah into the British-BAE-

Saudi network.

Larijani To Respond to U.S. on Talks with Congress

Dec. 8 (EIRNS)—Iranian Majlis (parliament) Speaker Ali Larijani is prepared to respond to a letter from the co-chairmen of the U.S. Congress Dialogue Caucus, which called for a meeting between members of the Iranian Majlis and U.S. Congress, MP Kazem Jalali told a press conference in Tehran on Dec. 7.

Jalali, who is rapporteur of the Majlis Commission on National Security and Foreign Policy, showed a photocopy of the U.S. letter to reporters. The letter was signed by the co-chairmen of the U.S. Congress Dialogue Caucus, Rep. Gregory Meeks (D-N.Y.) and Rep. Walter Gilchrest (R-Md.). It calls for a transparent dialogue between representatives who are familiar with the national interests of both nations.

Asia News Digest

Zardari: Terrorism Supported in the West

China's Role in Pakistani Ban on Jamaat-ud Dawa

Philippines Senate Defends American-Style Presidential System

Japan's Machine-Tool Sector, World's Largest, Is Collapsing

Unemployment Threatens China's Stability

China's 'Processing' Economy Shrinking Fast

Zardari: Terrorism Supported in the West

Dec. 9 (EIRNS)—Pakistan President Asif Ali Zardari said today that the terror being used to provoke conflict in the Indian subcontinent is international in creation and sponsorship. He refrained from naming the British.

"The Mumbai attacks were directed not only at India, but also at Pakistan's new democratic government and the peace process with India that we have initiated," Zardari wrote in a *New York Times* op-ed. "The world worked to exploit religion against the Soviet Union in Afghanistan by empowering the most fanatic extremists as an instrument of destruction of a super-power. The strategy worked, but its legacy was the creation of an extremist militia with its own dynamic. Pakistan continues to pay the price."

As *EIR* has long documented, the Islamic terror network was created by British/Saudi operatives, with support from their U.S. dupes, during the Russian occupation of Afghanistan, and the networks were sustained and internationalized after that war. President Zardari pointed to this in concluding: "The challenge of confronting terrorists who have a vast support network is huge." He emphasized that the primary need in Pakistan is for economic development.

China's Role in Pakistani Ban on Jamaat-ud Dawa

Dec. 13—China played a key role in the Pakistani government's ban of the terrorist group Jamaat-ud Dawa, the Islamabad *Daily Times* reported today. Pakistani government and military leaders "have done Pakistan a great service by heeding the voice of the international community in general, and China in particular," to ban Jamaat-ud Dawa and Jaish-e Muhammad, the *Daily Times* editorial stated. The article details the extent of Dawa's penetration of Pakistan itself, and the role of its "charity" operations to finance terror operations.

Previously, including in 2006, Pakistan-ally China had vetoed UN Security Council moves to impose sanctions on Jamaat-ud Dawa, but this time, China told Islamabad that it would not veto. The Chinese "had reportedly told Islamabad as much beforehand, compelling our permanent representative at the UN to assert that Pakistan would accept the ban if it came," the article went on. "One subliminal message was also given to Chief Minister Punjab, Mr. Shehbaz Sharif, during his recent visit to China, and the message was that Pakistan had to seek peace with India or face change of policy in Beijing. Once again, it is our friend China whose advice has been well taken; above all, thankfully, by the media, while discussing the Dawa ban on the night of December 11."

Last week, a leading Indian political analyst said in a discussion with Lyndon LaRouche, that the tensions between India and Pakistan over terrorist operations could "be resolved in five minutes," were the United States and China to discuss how to cooperate to support Pakistan in clearing up terror operations run from its territory, rather than competing over relations with Pakistan.

China and India yesterday concluded a week-long joint anti-terrorism drill in Belgaum, India. On Dec. 11, Chinese Public Security Minister Meng Jianzhu said that the attacks in Mumbai showed that terrorist forces were active in the entire region, and China has to keep a high alert on potential threats, particularly from the Eastern Turkistan Islamic Movement, which was identified as a terrorist organization by the UN in 2002. "We must fully estimate the negative impact possibly brought about by the incident [in Mumbai] and seriously learn lessons from it," Meng told the national anti-terror authorities.

In New Delhi on Dec. 11, former UN Undersecretary for Communications Shashi Tharoor told a meeting on terrorism after the Mumbai attack, that there is a view in Beijing that its opposition to India on the issue of terrorism would "no longer be compatible with [China] being seen as a responsible player in the system." He said India wants more measures: "We want the terror camps to be dismantled, freezing of bank accounts and assets... and the leaders investigated," he said.

Philippines Senate Defends American-Style Presidential System

Dec. 12 (EIRNS)—All 23 members of the Philippines Senate signed a resolution rejecting the effort by President Gloria Arroyo and the government-controlled House to scrap the Presidential system in favor of a parliamentary system. The new charter would eliminate the Senate, and therefore also the system of checks and balances against Executive tyranny. The resolution expressed "the sense of the Senate that any attempt by the House of Representatives to unilaterally propose amendments to, or revision of, the Constitution without the approval by three-fourths of the Senate voting separately, is unconstitutional."

A mass rally has been organized by church groups, to protest the attempt to implement "charter change" through convening the House as a Constitutional Assembly (popularly known as Con Ass), ignoring the Senate, with the intention of making the House into a Parliament and eliminating the Senate. Five Senators who are potential Presidential candidates for the 2010 election will attend the rally.

Sen. Francis Pangilinan, who introduced the resolution, said this was the first time in his seven years in the chamber that a resolution carried the signatures of all its members. "This sends the strongest message yet that the Senate stands united

against attempts by allies of the President in the lower house to subvert the Constitution for dubious ends," he said.

Japan's Machine-Tool Sector, World's Largest, Is Collapsing

Dec. 10 (EIRNS)—Japan's machine-tool sales in November fell by 62.2% over 2007, reported the Japan Machine-Tool Builders—the largest drop since they began tracking sales in 1988. Machine tools are the driver of industrial production, and their sales rate is a marker for future manufacturing growth.

Japan hosts three of the world's top four machine-tool makers, and the nation accounts for a third of the world's total production. Their production has been in decline since early summer.

Unemployment Threatens China's Stability

Dec. 10 (EIRNS)—China must keep its urban unemployment rate below 5% to ensure social stability, Zheng Gongcheng, a member of the National People's Congress Standing Committee, told *China Daily*, in an interview published Dec. 9. The official rate is currently 4%. These figures do not include migrant workers from the countryside, said Zheng, who is a professor of social security at Beijing's Renmin University. He said that China has over 230 million migrant workers, about half of whom have left their own provinces to seek work. Some 60-70% of these workers are younger than 28, and are not trained as farmers. "The social trend shows more and more surplus laborers will migrate from rural areas to cities and become industrial workers. We should not drive them back to the countryside," Zheng said.

The National Central Economic Work Conference has just concluded its discussion of national policy, in Beijing. The focus was on creating jobs for both the rural and urban populations. "If the government can keep the registered urban jobless rate around 4.5%, everything would be okay," Zheng said, but if it rises above 5%, "it will lead to a series of negative consequences," including rising urban poverty and decline of urban living standards. If urban unemployment rises, this will make the situation even more difficult for the migrant workers, who will lose work to those registered in the cities. That is the "last thing we want to see," Zheng said, because a drastic increase in the number of jobless migrant workers could pose a threat to social stability.

China's 'Processing' Economy Shrinking Fast

Dec. 10 (EIRNS)—China's exports and imports contracted sharply in November from a year ago, with exports declining 2.2% in dollar value, the first year-on-year decline since 2002—although they had increased by over 19% in October from the year before. The decline was even more dramatic on a month-to-month basis, with exports down 10.4% from October to November.

The figures are affected by the over 6% rise of the yuan relative to the dollar this year, but more fundamentally demonstrate the dramatic impact on the processing sector of China's economy by the collapse of globalization. Imports—both commodities and components for export products—crashed by 17.9% from the year-earlier value, and 19.5% month-on-month, although oil and other prices have declined in recent months. This sharp contraction sent China's trade surplus rising to a record \$40.1 billion, 50% higher than the year before.

Asian Development Bank economist for China Zhuang Jian confirmed that it is the processing economy which is going under, *Xinhua* reported today. "When exports fall due to weak external demand, imports will drop more drastically because most of the country's export industry is processing with supplied or imported materials," Zhuang said. He reported that U.S. importers' orders at this year's Canton Fair were only one-third of the previous year's volume. The United States is China's second-largest trading partner.

Foreign direct investment is also contracting, down over 36% in November from a year ago, to US\$5.32 billion, and the number of new foreign-funded enterprises was down over 38%.

Africa News Digest

Congo Mines Screech to Halt; Unemployment Rises

Condi Rice Pushing Black Hawk Down for Obama?

Congo Mines Screech to Halt; Unemployment Rises

Dec. 10 (EIRNS)—Democratic Republic of Congo's Katanga Province Minister of Mines Barthelemy Mumba Gama said today that the cost of producing minerals such as cobalt and copper, was greater than the price the commodities were receiving on world markets, according to afrik.com. He said this would have a profound effect on Congo's revenue. There are fears that job losses in Katanga, the province with the highest mineral production in Congo, could reach 300,000 by the end of the month.

In response, Congo will cut export and import taxes for miners and drop the cost of factory operating licenses to \$5 million from \$50 million, Deputy Mines Minister Victor Kasongo said today in Congo's capital, Kinshasa.

"Congo depends on the mines and the financial crisis has hit the mines hard," Kasongo said. "We want people to export minerals so we can keep people working."

Congo produces about half the world's cobalt and 4% of the copper. About 45 out of 75 mineral processing firms have closed in the last month, mainly in Katanga, because of the steep drop in metal prices.

The Congo government will announce the review of 61 mining contracts next week, carried out with the intention of raising state revenue in the sector.

Condi Rice Pushing Black Hawk Down for Obama?

Dec. 14 (EIRNS)—Doing the dirty work for the British again, the Bush Administration will make a final push Tuesday Dec. 16 at the UN for international backing for a UN peacekeeping mission in Somalia, to "stop the piracy" and to prevent the resurgence of Islamic militants—not at all coherent missions.

Condi Rice's initiative comes as the U.S.-backed Ethiopian military is in the process of concluding its withdrawal from Somalia by Dec. 31. In fact, a U.S.-led UN intervention now, would give the maximum boost to the most extreme factions of Islamic militants there.

Vice-Admiral Bill Gortney, the commander of the U.S. Navy's 5th Fleet, expressed skepticism on a separate U.S. plan to seek UN approval for commando raids against pirates on Somali soil, saying the possibility of inflicting civilian casualties "cannot be overestimated."

France, Russia, and supposedly Britain, according to the *Washington Post*, are resisting the U.S. peacekeeping proposal,

arguing that there is no peace to keep in Somalia. The U.S. is trying to beef up the existing peacekeeping mission of 3,400 Burundian and Ugandan peacekeepers. Even UN Secretary Ban Ki-Moon, a man in the pocket of the British, concluded last month that even a well-equipped UN peace-keeping force of 22,000 would not be capable of stabilizing Somalia.

When President George H.W. Bush was about to leave office in 1991, he set up incoming President Bill Clinton with a disastrous U.S. Somalia intervention, depicted in the movie "Black Hawk Down."

All rights reserved © 2008 EIRNS

[top of page](#)

[home page](#)