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At the European Parliament LaRouche Blasts Fed Folly, Calls for New Credit System
by Nancy Spannaus

Speaking at a press conference at the European Parliament headquarters in Strasbourg, France Dec. 17, U.S. statesman and economist Lyndon LaRouche blasted "the insanity of the present government of the United States, in going to a virtual Ozero interest rate," and outlined his proposal for a new international credit system, to be initiated by a Four Power agreement among the U.S., Russia, China, and India....

LaRouche took approximately 15 minutes to make the case that the current crisis was essentially one of financial derivatives—which can never be paid—and that the solution requires the application of bankruptcy reorganization, according to the principles of Franklin Delano Roosevelt's Bretton Woods system.... LaRouche stressed that he personally will be using the enhanced authority he has achieved as the only major economist who forecast this current breakdown crisis, to make sure President-elect Barack Obama goes the FDR way.

In-Depth articles from EIR, Vol. 35, No. 50

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Cover Story

- **At the European Parliament:**
LaRouche Blasts Fed Folly, Calls for New Credit System

Speaking at a press conference at the European Parliament headquarters in Strasbourg, France, attended by parliament members and European journalists, **Lyndon LaRouche** emphasized the urgent necessity of a new international credit system, as the only workable alternative to the ongoing efforts to bail out the existing monetary system, through such insane measures as a zero interest rate for the dollar.

- **Lyndon H. LaRouche, Jr.:**
Press Conference at European Parliament
- **Documentation:**
Media Coverage of LaRouche in Strasbourg

Feature

- **Mumbai Massacre Calls for a Probe of British Role**

If attacks like the Nov. 26-29 atrocity in Mumbai, India, are not to be repeated, the strong British link to the attack must be investigated, and not whitewashed, as the British are trying to do.

- **LaRouche:**
Ivanov Is Right on Mumbai Terror Attack

- **British-Saudi Pan-Islamism:**

Britain's Assault on the Muslim Nation-States and the World

Islam has been hijacked by terrorists claiming to be Islamic, a process that has been financed and run by the British imperial crowd. This historical report documents that process.

- **Appendix:**

How Britain Creates and Controls Jihadi Terrorists

Strategic Studies

- **LaRouche in New Delhi:**

As \$1.4 Quadrillion Crashes, There Is Reason for Optimism

In this Dec. 5 address, Lyndon LaRouche emphasized that the solution to the global financial blowout, that began at the end of July 2007, is the formation of a Four-Power alliance to put the world system through bankruptcy reorganization, because there is not enough money or wealth in the world to pay off the trillions of dollars in toxic derivatives obligations.

- **LaRouche's 'Plan A,' or The Empire's 'Plan B'**

- **Helga Zepp-LaRouche in New Delhi:**

Future U.S.-EU-NATO Relations: Implications for India, Central Asia

Zepp-LaRouche demonstrated that Russia, India, and China are now in the crosshairs, because the Anglo-Dutch Liberal financial cartel will do anything to stop LaRouche's Four-Power agreement of those three nations with the U.S.A. from coming into being.

Economics

- **A Real Stimulus Requires Physical Economy, Not Money**

The lives of the world's people depend upon a global system of production, distribution and consumption, not the money system. The proper role for finance, is as a handmaiden to the productive sector, which generates wealth and the means of our survival.

- **Ecuador Declares Partial Debt Moratorium**

Ecuadorian President Rafael Correa declared the foreign debt to be 'illegitimate, corrupt, and illegal.' This challenge to the usury of the international financial institutions will not be welcome on Wall Street or in London.

International

- **Crisis Escalates:**

Deflation Today, Hyperinflation Tomorrow

by Helga Zepp-LaRouche

Until governments get up the gumption to rid the world of financial 'toxic waste' by means of a regular bankruptcy procedure, the crisis is bound to worsen.

- **BAE Money Trail Leads to Thatcher**

- **Argentina Must Reject Soros's Dope, Genocide**

- **Lebanon's Aoun, Syria's Assad Meet in Spirit of Treaty of Westphalia**

The visit to Syria Dec. 3-7 by Gen. Michel Aoun (ret.) was an important step toward reconciliation with the country that forced him into exile in 1990.

Departments

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[Malloch-Brown, Soros deliberately worsen crises.](#)

Editorial

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U.S. Economic/Financial News

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Rep. Obey: Bush Is Like Hoover

Dec. 22 (EIRNS)—Panic spread last week with Bush's announcement of an auto industry loan package of \$13.5 billion, that is dead on arrival. Soon after, Treasury Secretary Henry Paulson demanded that Congress turn over the next \$350 billion of the Oct. 1 bailout swindle. Then, under the threat that Congress was going to block the bailout, as the House of Representatives did on Sept. 29, Rep. Barney "Bailout" Frank came up with new "CYA" legislation that would *give* Paulson his \$350 billion, with a few "conditions" on how Treasury *must* use the money to bail out mortgages—another useless band-aid, like the Frank-Dodd bill in early 2008 that promised to end the mortgage crisis with some \$400 billion to Fannie Mae and Freddie Mac.

Countermeasures are also underway: On Nov. 19, Sen. James Imhofe (R-Okla.) introduced S.B. 3697 to freeze the bailout. A parallel bill, H.R. 7276, was introduced by Rep. Randy Neugebauer (R-Tex.).

Lyndon LaRouche hit the hoax head-on with his press release statement Dec. 19, accusing the Bush Administration of deliberate economic sabotage to set up the incoming Obama Administration for a disaster-in-progress.

Panic over the economy was also reflected by House Appropriations Committee chairman Rep. David Obey (D-Wisc.), who will have to shepherd the job-creating "stimulus" plan that the new Administration says it is working on.

Apparently recognizing that the U.S. economy can't hold until Jan. 20, Obey said, in a Dec. 19 interview with *Politico*, that the transition has proven to be "a disaster for the country because Bush is sitting around like Hoover did."

"The target keeps changing, it keeps getting worse," he added. "These are calamitous events. While I think people know the economy is in trouble, I still don't think they have a full appreciation of just how close we are to falling in the pit."

"The tragedy is [that] immense damage is going to be done to the country over the next 30 to 40 days before Obama takes office, and government is sitting here in neutral trying to decide if it is going to go forward or backward....

"We should have been able to get together with Bush and pass a major package right now. Every day we don't makes this problem deeper and deeper. And the deeper it goes, the longer it is likely to last.... It is a massive, massive hole that we are about to fall into unless we do something dramatic. And the question is whether it will be met by a massive and effective package."

As Unemployment Soars, So Do Foreclosures

Dec. 15 (EIRNS)—During the first half of 2008, 46% of 90-day delinquencies on conventional, conforming loans were the result of homeowners' loss of income, according to Freddie Mac. This compares with 36% in 2006. And this is only the beginning.

Should any of the big three automakers go under, with the resulting job losses ranging from 2.5 to 3.5 million, foreclosures will go off the charts. *USA Today* reports that unemployment is the cause of almost half of all U.S. foreclosures. Lawfully, the National Coalition for the Homeless reports that homelessness is also rising quickly.

Rick Sharga of RealtyTrac warns, "It's not going to be pretty. You're going to see whole different regions of the country suffer."

Add to this the report issued by Zillow.com today, showing that U.S. home values plunged by 9.7% in the third quarter compared to a year ago, and by 12.8% compared to the 2006 market peak. One in seven homeowners, or 14.3%, has negative equity. Zillow calculates that by the end of this year, American homeowners will collectively lose more than \$2 trillion in home value.

While most of the subprime loans that will fail have already done so, according to Zillow, they say there are many more "toxic" mortgages, such as option ARMs, whose default rates haven't yet peaked. Not to mention the unemployment issue.

You'd almost think we're in a depression.

'No-Hope for Homeowners' Bill Dead on Arrival

Dec. 17 (EIRNS)—The *Washington Post* reported on its front page today that the last Congressional dodge, the so-called Dodd-Frank bill or Hope for Homeowners legislation, passed in July, is a failure, so acknowledged by sponsor Rep. Barney "Bailout" Frank (D-Mass.) and by the Administration. Supposed to prevent 400,000 foreclosures, the program has failed to make any impression on foreclosures/repossessions. With only 100 mortgages a month having even been submitted for FHA-backed replacement loans, it is just as hopeless as the preceding state programs, bankruptcy programs, HOPE NOW Alliance programs, etc.

Housing and Urban Development (HUD) Secretary Steven Preston, whose agency officially implements Dodd-Frank, yesterday blamed Congress. Frank blames the Bush White House, rather than Credit Suisse and other banks that drafted it for him. Getting bought out of their defaulted mortgage loans by FHA guarantees at 90 cents on the dollar, wasn't enough for the banks; they forced HUD to raise it to 96.5 cents, and still wouldn't participate. Homeowners can't afford the stiff fees and high interest rates to get the new FHA mortgages. Home repossessions are projected now at 1.2-1.5 million in 2009, 2 million-plus in 2010.

At a full House leadership meeting with Treasury Secretary Hank Paulson in the first week of December, at least one Congressman broke down crying over inability to stop foreclosures; others were in highly emotional states while Frank had a "confrontation" with Paulson over Treasury's failure to use the TARP bank bailout funds to stop foreclosures. Frank reportedly told Paulson—who remained unmoved—that Congress was discredited by this and could not authorize any further TARP money.

The only thing that held repossessions below 1 million in 2008, was a series of timid state moratoria, 90 days at a time—not the necessary total freeze ordered by LaRouche's Homeowners and Bank Protection Act.

Global Economic News

Brown Inveighs vs. Protectionism and for the WTO

Saudis, British Try To Reverse Oil Price Fall

Asia-Europe Container Trade Drops for First Time

Volkswagen CEO Sees Grim Future for Auto Sector

Brown Inveighs vs. Protectionism and for the WTO

Dec. 15 (EIRNS)—British Prime Minister Gordon Brown, at a press conference following the mini-summit he organized in London on Dec. 8, with French President Nicolas Sarkozy and European Commission President José Manuel Barroso, went all out with his free-trade agenda:

"We are all agreed that protectionism is something that we must both avoid and fight against in the course of the next few months. We believe that any resort to protectionism will delay any recovery and would be to repeat the mistakes of the past, and therefore we are convinced that a world trade deal that is within our grasp within the next few days is something that all countries in the world must now push with great priority. And we are in touch with Mr. Lamy, the director of the World Trade Organization, and with other countries, saying that we are at the eleventh hour and we must now work together to make sure that we send a signal against protectionism by signing the world trade deal."

Saudis, British Try To Reverse Oil Price Fall

Dec. 17 (EIRNS)—With OPEC oil ministers meeting in Algeria today, Saudi Oil Minister Ali al-Naimi announced that the Kingdom wants further immediate cuts in OPEC oil production of approximately 2 million barrels/day, in addition to the cut of 1.7 million barrels/day announced in October. The great majority of these cuts are, and would be in Saudi Arabia's own production. But, in addition, according to the *Wall Street Journal*, the Saudis are trying to organize additional cuts of about 1 million barrels/day from non-OPEC oil producers, including Russia and Kazakhstan.

The prospect of this cut in world oil production of about 5% in two months has been joined by another strategy on the part of the British-headquartered giant oil multinationals. BP and Royal Dutch Shell have been putting oil out to sea, to circle in tankers; the amount of crude "parked" out there has more than doubled since October, to over 40 million gallons.

Thus far, in spite of the British and Saudi efforts, the price of crude oil has continued to fall, even this week as the dollar

plunged, an unusual combination.

Asia-Europe Container Trade Drops for First Time

Dec. 18 (EIRNS)—The volume of container trade between Asia and Europe is dropping for the first time since the container mode first was introduced in the 1960s. Whereas containerized freight along this route grew by double digits annually over the past seven years, e.g., by 16.5% from 2006 to 2007, it is now in decline. This directly reflects the collapse of financing for production and purchasing of goods, and lack of lending for shippers.

Germany is especially hard hit, as over 35% of the world's container capacity is owned by German-based firms. Over 40% of global shipping financing in recent years has come from German banks, in the estimate of an analysis by the Dec. 18 *Financial Times* of London. But this has now crashed. HSH Nordbank, the world's largest ocean-freight lender, has sought \$41 billion from the German government's bank rescue fund.

Container companies have tried to cut fuel and other costs by offering fewer sailings, waiting for containers to fill, and thus resorting to longer journey times. In the heyday of free trade, a typical Asia-Europe round-trip—which is done by a "string" of container vessels, with scheduled stops in ports along the route—would take 56 days, and eight ships. Now it takes 63 days and nine ships. The service to many ports has been reduced drastically. Drastic freight rate-cutting is in effect, but still cannot induce customers. For example, the spot-rate this Fall for shipping one container (40-foot) from Hong Kong to Rotterdam was only \$200, way down from \$2,700 in Fall 2007.

Volkswagen CEO Sees Grim Future for Auto Sector

Dec. 15 (EIRNS)—New car sales will collapse by 20-25% globally in 2009, according to German Volkswagen CEO Klaus Winterkorn, who claims that VW will do slightly better, with "only" a 12% drop in sales.

This would be the continuation into next year of what happened in third and fourth quarters 2008. But Winterkorn's forecast is much too "modest," because some individual suppliers of the big car-makers have already seen a drop in contracts by 80 or 90%, in the two months of October and November. Two of them in Germany, TDC and Tedrive, filed bankruptcy at the beginning of last week.

United States News Digest

[**Waxman Exposes More Bush Administration Lies on 'Yellowcake' Fraud**](#)

[**Cheney Admits Support for War Crimes**](#)

[**Why Soros Hates Holder: 'Zero Tolerance' for Dope**](#)

[**Soros's Groups Turn Against Obama**](#)

Waxman Exposes More Bush Administration Lies on 'Yellowcake' Fraud

Dec. 19 (EIRNS)—More lies by top officials of the Bush-Cheney Administration, used to justify the unlawful invasion of Iraq, have been documented by the outgoing chairman of the House Oversight and Government Reform Committee, Rep.

Henry Waxman (D-Calif.).

In a Dec. 18 memorandum to committee members, Waxman shows that, contrary to what former White House Counsel Alberto Gonzales told the Committee, the CIA had objected to the insertion of the false claim that Saddam Hussein had sought uranium ore from Niger, which some White House officials wanted to use in President Bush's speech to the UN on Sept. 12, 2002, and in another Bush speech on Sept. 26, 2002.

Gonzales, speaking on behalf of former National Security Advisor Condoleezza Rice, told the committee that the CIA had "orally cleared" the uranium claim for use by the President. Rice, while refusing to be questioned by the Committee, stated publicly that she knew nothing of any doubts that the CIA had raised prior to the January 2003 State of the Union Address.

"For more than five years, I have been seeking answers to basic questions about why the President made a false assertion about such a fundamental matter," Waxman writes in his memorandum. Waxman says that he has new evidence showing that the CIA rejected the use of the uranium claim in regard to at least three Presidential speeches prior to the State of the Union; one of the examples he cites is a telephone discussion between Rice and the CIA's Deputy Director for Intelligence, Jami Miscik.

Gonzalez's false statements were also adopted by the Senate Intelligence Committee in its report on pre-war intelligence.

Cheney Admits Support for War Crimes

Dec. 17 (EIRNS)—In a Dec. 15 ABC-TV interview, Vice President Dick Cheney acknowledged what everyone already knew: that he approved and encouraged torture. When he was asked about accusations of "torture and illegal wiretapping," Cheney of course gave his pat response, "We don't do torture," but then went on to admit that he had supported the CIA's interrogation program, and that he had helped to get the program "cleared." Asked if he thinks that waterboarding is appropriate, Cheney answered simply, "I do."

What is now called "waterboarding," is properly called "water torture." It dates back to the Spanish Inquisition, and the United States military has prosecuted it as a war crime for over 100 years, including in the Spanish-American War, World War II, and the Vietnam War.

Just last week, the Senate Intelligence Committee, without dissent, issued a report concluding that the authorization of abusive interrogation tactics by senior Bush Administration officials was a direct cause of the torture and abuses at Abu Ghraib and Guantanamo; low-level military personnel were prosecuted and jailed for these abuses, while Cheney, Rumsfeld, et al. are still walking around free.

"On the question of so-called 'torture,' it's been a remarkably successful effort," Cheney claimed. "I think the results speak for themselves."

Those results, in fact, are the death and injury of thousands of American military personnel, and many more thousands of Iraqis. The Senate Intelligence report quotes former U.S. Navy General Counsel Alberto Mora as testifying that "there are serving U.S. flag rank officers who maintain that the first and second identifiable causes of U.S. combat deaths in Iraq—as judged by their effectiveness in recruiting insurgent fighters into combat—are, respectively, the symbols of Abu Ghraib and Guantanamo."

Why Soros Hates Holder: 'Zero Tolerance' for Dope

Dec. 16 (EIRNS)—George Soros's dope pushers in NORML (National Organization for Reform of Marijuana Laws) and the Drug Policy Alliance Network are furious about Attorney General-designate Eric Holder's policies as U.S. Attorney in Washington, D.C. (he was the first African American to hold that post); and as Deputy Attorney General under President Bill Clinton. Holder's policy was "zero tolerance," for drugs—the dope lobby's *most hated* policy. They have spent many years trying to replace the policy with "harm reduction." But, according to NORML's "Daily Audio Stash" this week, the dope lobby will rely on Barack Obama's statements during his Presidential campaign, that he would not have the Justice Department prosecute users of medical marijuana, to press for rejection of Holder. In addition, the Soros dopers—who could not stop Holder on their own—will join with the Rupert Murdoch forces and neocon/libertarians against Holder.

Not only did Holder reject marijuana decriminalization in the District of Columbia, but he worked for a law, passed by the D.C. City Council, that reversed the de facto legalization of marijuana in the District.

An associate of Holder's with the organization Concerned Black Men that mentors African American youth, reported that Holder passionately opposes drugs, and believed that the high number of homicides in D.C. during the 1990s was directly related to dope—not just crack cocaine, which was rampant at that time, but also marijuana.

In a Dec. 5, 1996 article in the *Washington Times*, Holder wrote he would "seek to make marijuana distribution in the District a felony and reinstate mandatory-minimum sentences for convicted drug dealers." He also said that "the D.C. Council's vote a year ago to repeal mandatory minimums was 'misguided,'" and that "the city is on the verge of an explosion in violence associated with the sale and use of marijuana." He also said in an interview, reported the *Washington Times*, that "marijuana is a significant problem for the city.... Crack cocaine still drives most of the violence in this city, but marijuana violence is increasing. We need to nip it in the bud."

Holder pushed to make the penalty for distribution and possession with intent to distribute marijuana a felony, punishable with up to a five-year sentence; the D.C. City Council passed that change in the law in July 2000.

Soros's Groups Turn Against Obama

Dec. 14 (EIRNS)—The drumbeat of criticism of the incoming Obama Administration continues from the George Soros-funded stable of groups that backed Obama in the campaign, but are now turning against him as he picks his Cabinet.

Progressive Democrats of America head Tim Carpenter was quoted in *Politico* saying that Obama "has confirmed what our suspicions were, by surrounding himself with a centrist-to-right-wing cabinet." And the head of Campaign for America's Future, Roger Hickey, said, "There's a concern that he keep his basic promises—and people are going to watch him."

These follow complaints against Obama's shaping of his administration, by Soros agent Mark Leonard, head of the European Council on Foreign Relations, which billionaire speculator Soros funds.

Lyndon LaRouche warned today that Soros will agitate Democrats to oppose confirmation in the Senate of some of Obama's Cabinet choices, and will fight to pin Obama to continuation of the disastrous Wall Street bailout policies of the Bush-Paulson Treasury and the Bernanke Federal Reserve.

Ibero-American News Digest

Mexico's Reality: It's the 'PLHINO or Chaos'

Argentine President Outlines Infrastructure, Jobs Program

Chile's CUT: Dump Pinochet's Private Pension System

Mexico's Reality: It's the 'PLHINO or Chaos'

Dec. 19 (EIRNS)—As mass layoffs spread across Mexico, the LaRouche Youth Movement in Mexico City today began distribution of 5,000 copies of an expanded version of the pamphlet issued last month by the Sonora-centered Pro-PLHINO Committee of the 21st Century. Titled "PLHINO or Chaos," the pamphlet lays out the choice that Mexico faces: Either decide to build such great projects as the PLHINO (Northwest Hydraulic Plan), the tri-state water management project that would create hundreds of thousands of jobs and open a million more hectares of irrigated land for cultivation, or be plunged into economic and social catastrophe as the global economy disintegrates.

Citing leaders of the Pro-PLHINO Committee—LaRouche associate Alberto Vizcarra and state leader Adalberto Rosas—two Sonora dailies reported today that the PLHINO will be presented during the Congressional debate on a National Emergency Plan scheduled to be held in the Senate either in late January or mid-February.

The Calderón government has refused to carry out the PLHINO feasibility study mandated (and funded) by the Federal Congress this year, but economic reality will force society to wake up. The United States is expected to deport between 600,000 and 700,000 Mexicans a year in this crisis, and the PLHINO could create the construction and farm jobs required to give them employment, the Pro-PLHINO Committee leaders emphasized.

The Mexican free trade model is disintegrating. Mexico's official statistical agency reported on Dec. 17 that the collapse of the U.S. export market is forcing mass layoffs nationwide. Industrial output was 2.7% less in October than the year before, the sixth straight month of decline. That includes a drop of 2.9% in construction; a fall of 2.2% in overall manufacturing (with more than a 10% fall in computer output); and even a 0.2% drop in electricity, water, and gas supply output. Some 5% of the manufacturing workforce was laid off through November of this year, as factories cut some 175,000 salaried jobs. Layoffs are now accelerating as one of Mexico's remaining steel companies, Altos Hornos, announced layoffs of 8,500 workers, and U.S. carmakers announced "temporary" shutdowns of their assembly plants.

With the price of oil now below \$40 a barrel, the last prop under the Mexican government budget, more than one-third of which comes from oil, is now gone, too.

Argentine President Outlines Infrastructure, Jobs Program

Dec. 19 (EIRNS)—On Dec. 15, Argentine President Cristina Fernández de Kirchner announced that her government will spend \$32 billion over the next three years, to build infrastructure projects around the country. The goal of this ambitious program, she said, is to create 380,000 jobs, most of them in the construction industry, and to make Argentina's economy more dynamic and productive.

The list of projects involve transportation, energy, housing, and sanitation, including the completion of the Atucha II nuclear plant. The President emphasized that there is nothing about this plan that is improvised. These projects are part of the government's "Strategic Territorial Plan," released in 2003, when her husband, Néstor Kirchner, was elected President. "For this Administration," she added, "this is *not* a contingency plan" thrown together to respond to the current global crisis. "It is a conviction, a structural political concept," that dates back many years.

With the funds invested, she said, Argentina will be spending a record 5% its of Gross Domestic Product on infrastructure,

a figure not seen in the country in decades. This is apparently not to the liking of some of the President's political opponents, who are grumbling that the government intends to use recently re-nationalized pension funds for these projects.

In fact, while pension funds will be used to some extent, most of the financing is already lined up from other sources. And if the pension funds are used, "what's the problem?" asked Planning Minister Julio De Vido. Speaking yesterday at the presentation of the Master Plan for the Rio Paraná Navigation System, he noted that private pension funds were used in the past on programs that helped people buy electrical appliances. Now, he explained, in the State's hands, these funds will finance "large infrastructure projects," such as the dredging and deepening of the Paraná River, or for building electricity plants. These leave the electrical appliances in the dust.

Chile's CUT: Dump Pinochet's Private Pension System

Dec. 20 (EIRNS)—Chile's CUT labor federation has launched a campaign to shut down the private pension system imposed on the nation by force in 1981 by the brutal Pinochet dictatorship, and held up as a successful model by the blood-sucking free-marketeers at the University of Chicago.

In reality, this profit-based system has been a disaster in Chile, denying workers any semblance of a decent pension—many are forced to work well beyond retirement age—while managers of the private funds, known as AFPs, earn juicy profits from the outrageously high commissions they charge enrollees.

Under the slogan "No More AFPs!" the CUT is calling for a new system based on the basic principles of solidarity and full protection for workers. There must be universal coverage for everyone, the CUT demands, both during workers' productive years and after they retire. The CUT is also demanding that the government of Michelle Bachelet immediately intervene in the private system, both to restrict the AFPs' ability to invest workers' funds, and to investigate the full dimension of losses incurred over the past year.

In that time frame, as a result of speculative investments abroad, the private system has lost \$28 billion out of a total of \$110 billion. The private economic think tank CENDA estimates that if calculated at 517 pesos to the dollar, the exchange rate in effect a year ago, the latter figure would amount to more than \$36 billion.

According to CENDA economist Manuel Riesco, at least 91% of the private system's enrollees have their money in the riskiest of the AFPs. This includes 320,000 people over the age of 55, 40% of whom are close to retirement age. On Dec. 18, the CUT filed lawsuits against four private pension funds, demanding that they return losses to enrolled workers.

Western European News Digest

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Travesty: Banks in Parmalat Trial Acquitted

Italian Entrepreneurs Support Tremonti

Dec. 20 (EIRNS)—A letter by an Italian representative of small and medium-sized companies, published by the financial daily *Il Sole 24 Ore*, has provoked a flurry of letters from entrepreneurs who are furious about the destruction of productive capabilities, due to the continued system of globalization and financial bailout. The daily points to the fact that the businessmen express a "Tremontian accent" in their mood, referring to Italian Finance and Economics Minister Giulio Tremonti, who has called for a New Bretton Woods system.

"Tremonti is right to put a stop to it. We need regulatory mechanisms to interrupt destructive processes against our Made in Italy," said a textiles businessman who has seen sales of his quality products in the U.S. drop 50% in the last month. "For international finance, [regulations] have not been introduced. We have to provide it for trade, before it is too late." This businessman has a liquidity shortage of Eur1.5 million, because of unpaid invoices.

Merkel in Discussions on Economic Crisis

Dec. 18 (EIRNS)—German Chancellor Angela Merkel met in Berlin with the governors of the 16 German states today, to discuss aspects of the planned "second" conjunctural incentives package. Merkel's use of the term "Aufbau West" (mirroring the post-1990 Aufbau Ost for construction in Germany's eastern regions), to emphasize investments in the western regions of Germany, has already stirred up criticism from the East.

It is said that with the presentation of the annual economic report on Jan. 28, Merkel and Finance Minister Peer Steinbrueck will declare a "state of grave disruption of the economic balance," along the lines of Article 115 of the German Constitution, which would allow them to borrow more money than permitted under normal circumstances.

EIR, Schiller Institute Hold Seminar in Copenhagen

Dec. 18 (EIRNS)—Entitled, "The Escalating Global Financial and Strategic Crisis on the Eve of the Obama Presidency," the seminar, held on Dec. 18, was addressed by Schiller Institute chairman in Denmark and *EIR* bureau chief Tom Gillesberg, who spoke about the financial crisis, and the British roots of the Mumbai terror action, designed to destabilize both India and Pakistan, in light of a Lyndon LaRouche's proposal for a Four-Power agreement to challenge the London-based financial oligarchy. Gillesberg also described the LaRouches' recent trip to India, and LaRouche's press conference at the EU Parliament in Strasbourg.

The presentations provoked an intense debate, especially on the details of the British manipulations. Some attendees at first protested the attacks on the British as conspiracy theories, but through the discussions, gained more insight into how the real political world operates.

Those attending were mostly from the poorer (but very populous) sections of the world.

Informal Paris Meeting on Afghanistan

PARIS, Dec. 14 (EIRNS)—A top international coordination meeting on Afghanistan is being held today in the Paris area. Present at the meeting, led by Foreign Affairs Minister Bernard Kouchner, are the foreign ministers of all of the countries neighboring Afghanistan: Pakistan, Iran, Tajikistan, Uzbekistan, Turkmenistan, and China. Members of the UN Security

Council, the U.S.A., Russia, and Great Britain will also be participating, as well as India, represented by Anand Sharma, number two of the Foreign Affairs Ministry. Germany and Italy have been invited because they are heavily involved in Afghanistan.

Dynamite Found in Paris Shopping Mall

PARIS, Dec. 16 (EIRNS)—French police today discovered five sticks of dynamite in Paris's largest shopping mall, Printemps-Haussmann. The dynamite was found after the state press agency Agence France-Presse (AFP) received a communiqué claiming that "several bombs" had been placed there; it was signed by a totally unknown entity calling itself the "Afghan Revolutionary Front," and demanded the withdrawal of all French troops from Afghanistan, "before February 2009."

President Nicolas Sarkozy, speaking before the European Parliament in Strasbourg, called for "vigilance" and "strength" in the face of terrorism. Since the explosives had no detonators, the act, while dangerous, might be considered more a cat-and-mouse play from the autonomist scene, than a real threat from al-Qaeda-related operations.

Travesty: Banks in Parmalat Trial Acquitted

Dec. 20 (EIRNS)—In a sentence that will feed popular rage already mounting after the Madoff scandal, the Parmalat trial in Milan, Italy ended with a ten-year sentence for Calisto Tanzi, Parmalat owner and manager, and acquittal for all the international banks that prosecutor Francesco Greco had indicated were the real puppetmasters of the Parmalat derivatives scam. Giuseppe Oddo writes in *Il Sole 24 Ore*: "Parmalat, more than a milk manufacturer, was—between the mid-'90s and 2003, and until the bankruptcy—one of the main international producers of toxic assets." Greco "had listed all the junk-operations that the world's largest investment banks had tailored forcefully on Tanzi's Parmalat: securitizations, credit default swaps, convertible notes, special investment vehicles, financial leasebacks, and who knows what." The court found that there was no evidence for criminal fraud and acquitted Bank of America and Citigroup, the two banks most heavily involved.

Prosecutor Greco had blasted the immorality of the system that allowed the banks to use Parmalat to produce financial toxic waste, comparing it with the same immorality behind the Paulson bailout plan.

The sentence is a blow for bondholders, who lost the chance of recovering their money from the banks, and for Parmalat itself, whose stocks rose in expectation of a penalty paid by the banks.

Russia and the CIS News Digest

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Rice Agreement with Ukraine; Security Talks with Georgia

Dec. 19 (EIRNS)—The U.S. and Ukraine today signed a "strategic partnership statement," outlining areas of cooperation,

and again asserting eventual NATO membership for Ukraine. Although non-binding, the statement is a blatant attempt by the Bush Administration in its final days to undermine any new direction in policy toward Russia by the Obama Administration. The statement was signed by Secretary of State Condoleezza Rice and Ukrainian Foreign Minister Volodymyr Ogrzyzko, at the State Department. It touches on broad areas of cooperation, including economic development and defense, promising to enhance U.S. training and equipping of Ukraine's military through NATO.

The document is intended to send a message to Russia, said Deputy Assistant Secretary of State David Merkel. "It is a clear signal from the U.S. and from Ukraine that the partnership is strong and the path toward democracy and European integration is strong," Merkel said. It also includes a statement by Ukraine welcoming the U.S. intention to open a new "diplomatic presence" on the Crimean peninsula, the Ukrainian region where Russia's Black Sea Fleet is based.

Similarly, Rice clone Matthew Bryza is running around Georgia, telling his interlocutors that the U.S. will sign a new security pact with them. While Bryza says that the two parties are still at a preliminary stage of discussion, he did indicate the direction the talks are taking. "What we talked about in detail, was U.S.-Georgia cooperation on security and strategic partnership," Bryza said. "We're still working through how to reflect the beautiful words 'strategic partnership' in our actual actions and actual life." When *EIR* several weeks ago had asked Bryza about the Turkish Caucasus Initiative, he replied, "The U.S. will never support such an initiative. We won't directly go out and attack it, but we will work to undermine it."

Bush Team Holds Final Defense Talks with Russians

Dec. 20 (EIRNS)—U.S. Assistant Secretary of State John Rood held the last in a series of talks with his Russian counterparts in Moscow this week, on the proposed missile defense architecture in Eastern Europe, but achieving little toward an agreement. The discussions dealt chiefly with the missile defense issue and with a possible follow-up to the START Treaty on the limitations on nuclear weapons, which will run out at the end of next year.

On missile defense, the U.S. has put forward a proposal which would allow a Russian liaison team to conduct visits at both the Polish and Czech sites, and, according to Rood, they have gotten agreement to this from the Poles and the Czechs. Nevertheless, it is still not enough for an agreement, and, as Rood himself indicated, the Russians feel that there may be a new configuration when the Obama Administration takes over. Rood said that even a new administration would have difficulty walking back from such an agreement, since even the NATO foreign ministers, in their conference in early December, said they considered the Polish bases as important for NATO's defense posture.

But disagreements also characterized the discussion on a new strategic arms treaty, a treaty which both parties are eager to achieve. The U.S. has thrown a monkey-wrench into the works by insisting that only warheads be included in the count; the Russians want to include not only the warheads, but also delivery systems like bombers, submarines, and launchers. The U.S. is insisting that these have also a conventional use and therefore should not be included in the reductions. The Russians counterpose that no one can tell if these delivery systems are armed with nuclear or conventional weapons, and therefore they should be included. This again will have to be decided by the new team that Obama will put into place.

Sen. Dick Lugar (R-Ind.), also returning from Moscow, indicated some understanding of the Russian position, saying that even the issue of the counting rules was "worthy of serious discussion." "I would not preclude any subject from being part of START negotiations," Lugar said, at a press conference after his visit.

Russia To Build Turkey's First Nuclear Plant

Dec. 20 (EIRNS)—A Russian-led consortium has passed another hurdle in its bid to build Turkey's first nuclear power plant, which is expected to be built in Mersin's Akkuyu district and have a capacity of 4,000 MW. The consortium was the only one responding to a Turkish tender for such a plant. The Turkish Atomic Energy Agency (TAEK) announced today,

that the proposal by Turkish-Russian Joint Venture Atomstroyexport-Inter Rao-Park Teknik, was technically sufficient, after finalizing its analysis of the consortium's letter detailing the technical properties of the plant.

TAEK has been analyzing the technical details of the project since November, to see if they are in compliance with security criteria set by the agency including the use of proven state-of-the-art technological innovations and compliance with international norms set by the International Atomic Energy Agency (IAEA). According to a report in today's Turkish periodical *Zaman*, the next step will be the evaluation of the consortium's bidding details, and when that is approved, it will submit the consortium's bid to the Cabinet for approval.

Southwest Asia News Digest

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Carter, in Beirut, Hopes for New Peace Initiative

Dec. 15 (EIRNS)—Speaking at the American University of Beirut, former U.S. President Jimmy Carter said he was optimistic that the incoming Obama Administration would act to conclude a peace agreement between Israel and the Palestinians, and with Syria. Speaking of the deteriorating conditions suffered by the Palestinians since the 1979 Camp David agreement, negotiated under his administration, Carter said, "Almost steadily since that time, Palestinians in the West Bank and Gaza have seen their basic human rights lost." He continued, that since the election victory of Hamas in 2006 in Gaza, "the Israelis have not been willing to negotiate in good faith with the Palestinians."

Carter accused his White House successor, Ronald Reagan, of inaction, and praised the "efforts" of Bill Clinton, but expressed profound disappointment with George W. Bush, who "for six years, did not orchestrate one day of negotiations." Carter described Israeli policies in the Occupied West Bank and the siege of Gaza as international crimes. He appeared optimistic over the election of Obama, who he said had privately assured him that he would not wait until his last year in office to begin talks.

He praised the Palestinians' 2006 elections, saying that of the 72 elections the Carter Center had observed, "the most perfect three were the ones conducted by the Palestinians," and the 2006 polling was "a completely open, honest, and fair contest."

On Dec. 13, Carter traveled to Syria where he met President Bashar al-Assad, to discuss the Middle East peace process, the Turkey-mediated talks between Syria and Israel, and the occupied Syrian Golan Heights. Assad and Carter had also met in April. Carter met with Foreign Minister Walid al-Moallem, who was accompanied by Deputy Foreign Minister Mikdad

and the Director of the Special Bureau at the Foreign Ministry.

At a press conference following his meeting with Assad, Carter said: "Peace will not be achieved in the region without the full Israeli withdrawal from the occupied Syrian Golan and from the rest of the occupied Arab territories." He stressed that Syrian-U.S. relations will improve: "Everything will be better when the U.S. President-elect Barack Obama takes office," he said.

Barak Backs 'Purposeful' U.S.-Iran Dialogue

Dec. 18 (EIRNS)—Israeli Defense Minister Ehud Barak said he would support a U.S.-Iran dialogue if that would stop Iran's nuclear program. Such an endorsement by Israel's Mr. Security will be hard for the neocons to criticize, if the Obama Administration goes through with a dialogue with Iran.

Speaking at a conference of the Institute for National Security Studies at Tel Aviv University, Barak said: "There is sense in brief and purposeful dialogue with Iran, on condition that if it turns out that [Iran] continues to deceive the world and is producing nuclear weapons, there will be a way out of this obligation." Nonetheless, "we are not taking any option off the table, and we recommend to the world not to take any option off the table, and we mean what we say."

He said that a nuclear Iran would pose a threat to all the countries in the region. "I do not view any kind of world order with Iran in possession of nuclear weapons," he said. "Neighboring countries in the region, or even just some of them, will embark on efforts to build or acquire a nuclear weapon as well."

Barak is the first Israeli official to endorse a dialogue with Iran, according to Ynetnews.com.

Fallon Tells Israel To Get Real on Iran

Dec. 20 (EIRNS)—Retired Adm. William Fallon, former commander of the U.S. Central Command, in an interview with the *Jerusalem Post*, advised the Israelis to stop giving in to the "fear factor" with regard to the prospect of a nuclear Iran. He said he could not understand why Iran would even contemplate using nuclear weapons against Israel, unless it wanted to be destroyed. He also dismissed most threats issued from Iran as rhetoric. "They are not nearly as strong as their rhetoric indicates," he said. "They are not particularly strong militarily outside of their own internal entity, and they have huge economic issues and political instability." He advised Israel to come up with a strategic plan that includes other tools besides military ones. This, he said, was missing in Israel's 2006 war in Lebanon. "You need to have your house in order and then you can take on other challenges," he said.

Retired General Says Israel Cannot Defeat Iran

Dec. 20 (EIRNS)—Gen. Giora Eiland (ret.), former chairman of Israel's National Security Council, poured cold water on any notion that Israel could deal with Iran's nuclear program militarily. In an address to a conference at the Institute for National Security Studies at Tel Aviv University, Eiland said, as reported by Ynetnews.com: "To our regret, there is no Israeli military capability that would enable us to reach a situation whereby Iran's nuclear capabilities are destroyed without the possibility of recovery. The maximal achievement that Israel can accomplish is to disrupt and suspend Iran's nuclear program." He added that Israel "cannot defeat Iran" nor can it force Iran to capitulate or give up its nuclear development efforts via military operations.

Eiland also warned against the price of a failed attack. "If you undertake a failed military operation, you pay three-fold," he said. "Firstly, you didn't succeed in hitting what you wanted; secondly, you've hurt your deterrence capabilities; and thirdly,

you're perceived as the aggressor." He noted that "Iran is not Iraq of 1981 and not even Syria of 2007." An attack on Iran is likely to cause responses from elsewhere in the region and not merely from Iran.

Syria Offers Israel Map of Potential Golan Borders

Dec. 16 (EIRNS)—In an effort to restart Syrian-Israel peace talks, Syria has presented Israel with a map showing what it considers to be the lines of withdrawal from the Golan Heights that Israel must make. A Reuters wire story, published in *Ha'aretz*, cites Syrian and Western sources saying that Syria expects a full withdrawal to the lines as they were just prior to the 1967 war. The document has been presented through Turkish mediators to Israel, and Syria is awaiting a reply. The Syrians expect to have the same access to Lake Tiberius as they did prior to 1967.

"The president was clear that Syria wants to know the Israeli view about what constitutes occupied Syrian territory before progress could be made," one of the sources said.

Israeli Deputy Foreign Minister Majali Wahhabe responded by saying that Syria must cut off all contact with Iran before making any demands of Israel.

This demand is a non-starter with Syria, as is the demand that Syria cut support for the Lebanese Shi'ite movement Hezbollah and Palestinian Islamist groups. Nonetheless, Syria has sent a reply to this demand as well, but has not made it public. Assad told unnamed Western visitors that Syria had received a document from Israel through Turkey, with queries about Syrian relations with neighboring states after a possible peace. "The president said Syria has responded, but he did not say how," one said.

The series of talks, mediated by Turkey between Israel and Syria, have been suspended, since Israeli Prime Minister Ehud Olmert's legal problems have led to new elections that will take place in February.

Olmert: Syria Is Ripe for Peace Deal

Dec. 19 (EIRNS)—Speaking at a conference of the Institute for Strategic Studies in Tel Aviv, Israeli Prime Minister Ehud Olmert said that Syria's President Bashar Assad is "riper than ever for a peace deal with Israel." Olmert is leaving for Turkey to meet with Turkish Prime Minister Tayyip Erdogan on Dec. 22, where he will discuss the Syrian talks. He said that indirect Israel-Syria talks mediated by Turkey can lead to direct negotiations, adding that "the talks with Syria were thorough and important. Removing Syria from the radical axis is one of Israel's top priorities.... Tough sacrifices will be required, but the prevention of lost lives is worth it. Syria is not interested in belonging to the axis of evil, and wants to forge ties with the U.S."

Speaking the previous day at the same conference, Israeli Defense Minister and Labor Party chairman Ehud Barak said he is working with Israel Defense Forces Chief Gabi Ashkenazi and Military Intelligence head Amos Yadlin to advance talks with Syria.

"I am taking action to advance peace in the real world, not in an imaginary one," Barak said. "I am active more than anyone else in trying to reach peace with Syria. The director of Military Intelligence, the chief of staff, and I, in contrast to others, are pushing for a settlement with the Syrians. We are the ones who are saying that we must not wait, that we must move ahead, take risks."

Asia News Digest

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China Joins Russia, Continues Fuel Aid to North Korea

Dec. 20 (EIRNS)—China has joined Russia in stating publicly that it is not cutting fuel shipments to North Korea, despite the bogus claim by the U.S. State Department that an "understanding" was reached by Russia, China, South Korea, Japan, and the United States to cancel previously contracted fuel deliveries until North Korea accepted new demands regarding verification of the closure of their nuclear program.

On Dec. 12, State Department spokesman Sean McCormack indicated that there was an understanding with the other parties that "future fuel shipments aren't going to move forward absent a verification regime" in North Korea.

On Dec. 13, Russian Deputy Foreign Minister and chief North Korea negotiator Alexei Borodavkin said that Russia would ship the third batch of 50,000 metric tons of fuel oil in December, and complete the supply of all 200,000 metric tons due from Russia in the near future. He expressed surprise at the McCormack statement, saying that no such agreement had been made with the Russian delegation.

Nonetheless, on Dec. 15, U.S. State Department deputy spokesperson Robert Wood reiterated that "there is an understanding among the five parties" that without a verification protocol, it will be difficult to move forward with fuel shipments.

The next day, China added its voice to denying any such "understanding." Foreign Ministry spokesperson Liu Jianchao said the economic and energy aid was to be provided as agreed in October, in exchange for nuclear disablement, making a distinction between disablement and signing of a verification protocol. The Chairman's Statement issued at the end of last week's six-party talks says, "The Parties agreed, as described in the Oct. 3 Second Agreement, to complete in parallel the disablement of the Yongbyon nuclear facilities and the provision of economic and energy assistance equivalent to 1 million tons of heavy fuel oil by other parties."

It is the "distinction between disablement and signing of a verification protocol" that is at issue. The U.S. position, insisting that there is no disablement without an (intrusive) verification proposal, reneges on the actual written agreement between North Korea and the United States.

Wildlife Fund in Mekong: Save Rats, Millipedes, Pitvipers

Dec. 15 (EIRNS)—Perhaps trying to outdo their campaign to glorify the vampire bats in Mexico, the World Wildlife Fund (WWF, set up by Britain's Prince Philip and the late Prince Bernhard of the Netherlands to reduce world population by several billions) released a report called "First Contact in the Greater Mekong," saying that between 1997 and 2007, at least 1,068 species believed to have been extinct or believed to be "new species" were discovered in the Mekong River Basin. Arguing that many of these species were "at risk from development," the WWF gushes over "a rat thought to have become extinct 11 million years ago, a cyanide-laced, shocking pink millipede, and a pitviper first noted by scientists after it was

found in the rafters of a restaurant at the headquarters of Thailand's Khao Yai national park in 2001."

"It doesn't get any better than this," Stuart Chapman, director of WWF's Greater Mekong Programme, was quoted as saying in a statement by the group. "This region is like what I read about as a child in the stories of Charles Darwin," said Dr. Thomas Ziegler, curator at the Cologne Zoo, who was involved in the research.

The Mekong region has been a primary target for development along the lines of FDR's Tennessee Valley Authority, including in Lyndon LaRouche's "Great Projects" campaign of the 1980s and since. Presidents Roosevelt and Johnson both sent teams to the region to apply the methods of the TVA, plans which were sabotaged by the British-instigated Indochina wars. The WWF is simply continuing the British dirty work. The Mekong runs from the Himalayas through China's Yunnan province, Laos, Myanmar, Thailand, Cambodia, and Vietnam.

Anglo-Thai Elected as Thai Prime Minister

Dec. 15 (EIRNS)—The Thai Parliament elected Anglo-Thai Abhisit "Mark" Vejjajiva, head of the pro-monetarist Democratic Party, as prime minister, after several factions of the coalition backing former Prime Minister Thaksin Shinawatra jumped ship to join the Democrats, following the disbanding of the pro-Thaksin party by the corrupt Constitutional Court. The vote, 235-198, was only sufficient because the Court had banned 37 parliamentarians from politics for five years—the exact difference in the vote.

"Mark" is the son of Thai doctors who practiced in London. He was born in Newcastle-upon-Tyne, attended Scitcliffe School (now Bishopsgate School) and Eton College, then on to St. John's College, Oxford, for his degree. (The rumor that he learned Thai from the London Berlitz School has not been confirmed.) He returned to Bangkok to teach at Chulalongkorn University for a short time, but quickly returned to Oxford for a Masters in Economics.

He has appointed a fellow Oxford man, Korn Chatikavanij, who has been working at bankrupt investment bank JP Morgan Chase, as his Finance Minister.

An official of Abhisit's Democratic Party was a leading member of the People's Alliance for Democracy (PAD), the fascist mob that occupied the seat of government for three months, with protection from the monarchy and the Army, before going on to shut down the Bangkok airports for a week, with the same protection, bringing the already suffering Thai economy to its knees.

The vast majority of the Thai population still supports Thaksin and his general welfare policies, but all semblance of democratic rule has been obliterated by a British-run Thai monarchy and the Army factions they control. Now, with an effectively British prime minister, the nation is facing a showdown. Thaksin himself addressed 50,000 people in a Bangkok rally by video (from exile) on Dec. 13, and has asserted that he intends to continue the fight. The monarchy itself is on the line.

Warnings on Chinese Job Losses

Dec. 22 (EIRNS)—More Chinese economists are warning that unemployment is much higher than the official figures. The latest survey from the Ministry of Human Resources and Social Security reports that 4.85 million jobless migrant workers had returned to their home towns by the end of November—much earlier than the usual New Year/Spring Festival mass migration—and over 10 million migrants are out of work. There are some 200 million migrant workers in China.

On Dec. 19, State Council advisor Chen Quansheng told a Beijing forum that some 670,000 small firms have closed this

year, and that some 6.7 million jobs recently vanished, especially in Guangdong, *China Daily* reported. The official unemployment figure is 8.3 million, Chen said. "The real figure is much higher than the official statistics, which only report urban registered jobless. The major problem in China now is employment, especially for university graduates and young migrant workers."

The paper also quoted Prof. Guo Weiqing of Sun Yat-sen University saying that "there is a strong sense of insecurity among migrant workers, college graduates and even white-collar workers, amid the global financial crisis. It's like an epidemic, and everyone is now worried about their jobs." Sun Yat-sen University is located in Guangzhou.

The "Blue Book" report by the Chinese Academy of Social Sciences, issued last week, said that the unemployment rate for new graduates is over 12%, with 1.5 million of them without work by the end of this year, even while 6.1 million more will enter the job market in 2009.

Over 71% of China's domestic automakers are planning production cuts in 2009, while 42% will most likely have to impose layoffs and pay cuts, according to a survey of the industry by the *China Securities Times*.

The Finance and Human Resources Ministries yesterday announced that employers will be allowed to delay their payments to pension funds and even reduce payments to other worker insurance, in exchange for guaranteeing to keep workers employed, *China Daily* reported today. The statement says that "companies are expected to pay hundreds of billions of yuan less in insurance and pension payments while tens of millions of jobs can be secured. The rates of basic medical, unemployment, workplace injury and maternity insurance for urban residents can be reduced (in some areas) by a proper margin for a maximum of 12 months" in 2009, while social security payments can be delayed for up to six months. At current rates, an employer pays 20% of wages to a pension fund, and 6% for medical insurance.

Africa News Digest

Bush Administration Moves To Wreck Zimbabwe Unity Deal

Malloch-Brown Repeats Demands Mugabe Step Down

Southern African Nations Provide Aid to Zimbabwe

Is the Bush Crowd Urging Obama To Go To War Against Sudan?

Bush Administration Moves To Wreck Zimbabwe Unity Deal

Dec. 21 (EIRNS)—The Bush Administration today stepped up the pressure on behalf of London's efforts to wreck the Zimbabwe unity government deal that had been painstakingly worked out by former South Africa President Thabo Mbeki. The move guarantees that the Obama Administration will be confronted with a London-designed destabilization crisis in southern Africa.

Jendayi Frazer, the top envoy for Africa of the Bush Administration State Department, announced today in Pretoria, South Africa, that the Bush Administration can no longer support the Zimbabwe power-sharing deal, according to Voice of America today. Frazer said that the Bush Administration has lost confidence that Zimbabwe President Robert Mugabe is capable of sharing power.

Frazer is mouthing the sentiments of London's Lord Mark Malloch-Brown, who after an "emergency" trip to South Africa Dec. 11, said: "There is increasingly a view that you are not going to get a deal while Robert Mugabe is President."

To ensure that any effort by the Southern Africa Development Community to push through the deal anyway, would fail, Frazer announced that the Bush Administration will not lift sanctions against Mugabe and other leading figures in Zimbabwe. These sanctions are the basis for the past nine years of economic warfare against Zimbabwe, which has led to the collapse of the economy, causing the conditions, including a cholera epidemic, which the government is being blamed for.

The Bush Administration escalation comes the day after Mugabe said he had invited the London-favored opposition leader, Morgan Tsvangirai, to be sworn in as prime minister.

Malloch-Brown Repeats Demands Mugabe Step Down

Dec. 22 (EIRNS)—The British government's Lord Malloch-Brown repeated today that President Robert Mugabe had become an "absolute impossible obstacle" and would have to step aside, since he is incapable of taking part in a power-sharing deal in Zimbabwe. He made the remarks on BBC Radio 4's Today program. He repeated the remarks he had made earlier, after Jendayi Frazer, the top U.S. State Department envoy for Africa, yesterday announced the breakoff of U.S. support for a unity government in Zimbabwe, using the same reason, making it appear as if he were following a U.S. policy lead.

Southern African Nations Provide Aid to Zimbabwe

Dec. 21 (EIRNS)—The Southern African Development Community (SADC) announced a humanitarian aid package for Zimbabwe today. Zimbabwe is confronted by food shortages and an outbreak of cholera, resulting from a worsening economic crisis that began with a 1990 IMF restructuring program, and intense economic warfare for the last nine years.

SADC executive secretary Tomaz Salomão announced in Zimbabwe's capital, Harare, today, that "we are here to launch the initiative and find out how far we are in terms of delivering the required assistance." The announcement follows a visit by an SADC team, led by South Africa, two weeks ago. Salomão said part of the package was South Africa's \$30 million donation of seed, fertilizers, and fuel to help revive Zimbabwe's agricultural sector. South Africa had previously withheld this aid, under pressure from the London imperial financial cartel.

Said Salomáo: "This is regional solidarity. When you are facing difficulties, you have to count on the solidarity of your brothers. We cannot fail in assisting Zimbabwe, that's the critical and most important thing." Tanzania, Botswana, and Namibia made additional contributions.

The SADC announcement came on the same day that the Bush Administration emphasized that it will not extend any aid to Zimbabwe as long as Mugabe remains President; obviously, the Administration is not concerned with the plight of the population.

Salomáo is a professional economist from Mozambique, and was appointed to his position at the 2005 SADC summit. He earned his doctorate at Johns Hopkins University in Baltimore, Md. Prior to the EU summit in Lisbon, Portugal, in December 2007, Salomáo said that SADC would pull out of the summit to if Zimbabwe was on the agenda. "SADC will not go to Lisbon to discuss Zimbabwe because the summit is not about Zimbabwe, but about relations between the EU and Africa," he said at that time.

Is the Bush Crowd Urging Obama To Go To War Against Sudan?

Dec. 18 (EIRNS)—William Richardson, President Bush's special envoy to Sudan, said today that the warfare in Darfur "has been brutal, barbaric, it's been merciless, savage, inhumane," in an address at the Heritage Foundation, indicating that he expects that the Obama Administration will use "robust steps" against Sudan, because "we [the Administration] didn't have the kind of success that we were hoping for" with sanctions. "I've never worked on a more discouraging project," he noted.

Williamson said, "There's a sense that they're [the Obama Administration] going to increase the heat," and thus will develop more "actionable options including robust steps" towards Sudan than that of the Bush Administration.

By preparing these "actionable options," he said, the Obama Administration would be in a position to move to the robust steps immediately, at such time as they may determine there wont be progress diplomatically." He pointed out that Vice President-elect Joe Biden has advocated a tougher policy towards Sudan, supporting a no-fly zone over Darfur, and that UN Ambassador nominee Susan Rice has gone even further in proposing military action against that country. Williamson reported that meetings have taken place between the Bush Administration and the Obama Transition Team to develop plans for robust action in Sudan in response to a "January-February meltdown." The meltdown he is referring to would be the effects of a probable decision by the three-judge panel of the International Criminal Court (ICC) to indict Sudanese President Omar Bashir for crimes against humanity and genocide.

Williamson made it clear that Bush is committed to vetoing any attempt in the United Nations Security Council to block the expected ICC indictment (under Amendment 16), which he anticipates will come down in the next two months, either at the very end of the Bush term of office, or the early days or weeks of the new Obama Presidency.

Williamson knows full well that the indictment by the ICC of Bashir would lead to the collapse of the fragile Comprehensive Peace Agreement (CPA) between North and South, because Bashir as President, and his ruling National Congress Party, are the only institutions that have signed this peace treaty with the Sudan People's Liberation Movement (SPLM). The CPA has successfully averted war between Northern and Southern Sudan for over three years. If Bashir is indicted, the CPA is dead, and civil war will undoubtedly resume, along with a military escalation by the rebel groups in Darfur. Williamson dismissed the CPA as a "leaky boat."

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