

[return to home page](#)

**LaRouche's Jan. 22 Webcast:**  
**'The Issue Is Bankruptcy'**

*Lyndon LaRouche gave a webcast address to an audience in Washington, D.C., and internationally, over the Internet, on Jan. 22.*

...I shall devote the presentation preceding the question-and-answer discussion period, to the most crucial issue facing the United States government now, and the world as a whole. And the issue is: bankruptcy. The fact of the matter is, that the United States is bankrupt. The U.S. system is bankrupt. The U.S. government is bankrupt. And every part of the world is also bankrupt. Not only does this state of bankruptcy exist, but the moment at which the decisions have to be made to bring this problem under control is {now}. That's why the priority. The other aspect of this thing, is that very few people, including the present administration of the United States, the current President's administration, know how to deal with this problem. And therefore, that's the hole that has to be filled, immediately....

**In-Depth articles from EIR, Vol. 36, No. 4**  
**...Requires Adobe Reader®.**

## This Week's Cover

- **LaRouche's Jan. 22 Webcast:**  
**'The Issue Is Bankruptcy'**

**Lyndon LaRouche** told the Washington and online audience that the most crucial problem facing President Barack Obama is the bankruptcy of the global system. The solution, he stressed, is to place the financial system into bankruptcy reorganization, and to carry out Franklin Roosevelt's intention to eliminate the British Empire. To do this, LaRouche declared: 'Put the Federal Reserve system into receivership. Move to create a National Bank of the United States in the Hamiltonian tradition. Use the National Bank as a way of cleaning up the Federal Reserve system, and use it for the kinds of things that Roosevelt would have done, were he alive today, to do it.' In the discussion period, LaRouche fielded questions from Russia, Belarus, Pakistan, and from the team of economic policy advisors gathering around the new American President.

- **Appendix:**

**The Homeowners and Bank Protection Act of 2008**

## Economics

- **A Warning to the Slime Mold:**  
**The 'Winners' Often Turn Out To Be the Biggest Losers**

The once mighty imperial hyenas of the Anglo-Dutch Liberal empire are losing. 'Only God can save the Queen at this point, and that is highly unlikely, given their adversarial relationship.'

- **Has Congress Now Realized the System Is Finished?**

- **'We Have To Learn from the Crisis To Use Money for Rational Goals'**

An interview with **Prof. Wilhelm Hankel**.

- **Rail Expert:**

- **Build the Darien Gap Rail Connector; Go Nuclear!**

An interview with **Hal Cooper**. Bridging the Darien Gap at the lower end of Central America, and the Bering Strait between Alaska and Siberia is doable, and will link the Eurasian continent with all of the Americas.

- **U.S Patriots' War To Build the Intercontinental RR**

## International

- **Israel's 'Lies of Gaza' Cause International Denunciation**

The invasion of Gaza by the Israeli Defense Forces 'will turn out to be the biggest strategic blunder ever committed by Israel. This may prove to be an existential blunder,' said Lyndon LaRouche.

- **Miliband's Freak Show in the Subcontinent**

British Foreign Secretary David 'John Wilkes Booth' Miliband plays poorly on the Indian stage.

## National

- **Why Drug-Pusher Soros Wants To Stop Holder's Confirmation**

Eric Holder's stand against legalization of drug trafficking has prompted the George Soros networks to ally with the neocons to try to prevent him from becoming Attorney General.

## Interviews

- **Wilhelm Hankel**

Professor Hankel is the former head of the Money and Credit Department of the German Finance Ministry, a close collaborator of the late economist and German government minister Karl Schiller, and former chief economist for the *Kreditanstalt für Wiederaufbau* (Reconstruction Finance Corp.)

- **Hal Cooper**

Hal Cooper, Ph.D., is a Seattle-based civil engineer and transportation consultant, who is a longtime advocate for constructing a worldwide railroad connection.

## Science

- **Is Nature Warning Us of a New Ice Age?**

Global warming fears aside, all students of climate science know that the Earth is presently in an Ice Age and has been for approximately the past 2 to 2.5 million years. By **Laurence Hecht**, editor of *21st Century Science & Technology*.

## Editorial

- **There is Reason for Qualified Optimism**

## **U.S. Economic/Financial News**

### **The Morgue: U.S. Collapse Stats for the Day**

### **Another Large Retailer Bites the Dust**

### **Rate of State Budget Deficits Accelerates**

#### **The Morgue: U.S. Collapse Stats for the Day**

Jan. 22 (EIRNS)—Here are the latest reports confirming the disintegration of the global economy:

\* Unemployment claims at 26-year high for the week, at 589,000; highest since November 1982.

\* Home construction for December at lowest level since the government started tracking in 1959. The Commerce Department said housing permits fell 10.7% from November to an annual rate of 549,000 in December, while starts were down 15.5% from November to an annual rate of 550,000.

\* The Federal Housing Finance Agency reported that home prices fell a record 1.8% for the month, compared with October, declining at an annualized rate of nearly 20%. For the 12 months ended Nov. 30, prices fell 8.7%, which was the largest 12-month price drop ever for the 17-year old index.

#### **Another Large Retailer Bites the Dust**

Jan. 18 (EIRNS)—Many of those businesses you always wondered about—why they ever came to be, and how they ever survived—will soon be gone. Big retail companies like Linens 'n Things and the Sharper Image have not just declared bankruptcy, they have shuttered their businesses and liquidated their assets in recent months. Now Circuit City is doing the same. Circuit City, the second-largest electronics retailer in the country, was given the nod on Jan. 16 to close its remaining 567 stores, liquidate over \$2 billion in inventory, and add some 34,000 employees to the jobless rolls by March 31. In November, it entered Chapter 11 bankruptcy, and was looking for buyers, but the economic meltdown made liquidation the only realistic option. Circuit City owes more than \$2.3 billion to creditors.

While the big failures capture the headlines, they are not the only ones. Many small businesses are quietly disappearing. According to the *Washington Post* Jan. 18, there were 64,318 commercial bankruptcy filings last year, rivaling 2005's rush of filings to beat the new bankruptcy laws. Among large firms, 146 companies with over \$100 million in liabilities filed for bankruptcy this year, while only 38 such companies filed in 2007.

#### **Rate of State Budget Deficits Accelerates**

Jan. 24 (EIRNS)—The \$200 billion-plus revenue deficits in states' budgets, by the week, are accelerating. Pennsylvania Gov. Ed Rendell reported the state's budget gap worsened by \$300 million in one week! This puts Pennsylvania's deficit at \$2.3 billion, up from \$1.6 billion a month ago. Because political leaders have not taken the emergency action to put the

system in to bankruptcy reorganization, as Lyndon LaRouche again insisted they must do in his Jan. 22 webcast, yelps of "belt tightening" and job cuts are what we hear. In announcing the new shortfall, Rendell said, "There will be some layoffs and there will be universal pain.... I think everyone has to tighten the belts."

## Global Economic News

### [Toyota Reaches Number One, Just in Time To Disintegrate](#)

### [Crisis Expected To Cut Singapore's Population by 4%](#)

### [Danish Government Prepares To Lend Banks \\$18 Billion](#)

#### **Toyota Reaches Number One, Just in Time To Disintegrate**

Jan. 24 (EIRNS)—Just as Japan's Toyota takes over the coveted position of world's largest automaker, it has begun to disintegrate. With demand for cars vanishing in Japan, as well in its worldwide export markets, the company is taking (or is planning) these desperate measures:

- \* closing all its domestic factories for 14 days between January and March, and reducing work to a single shift at 17 assembly lines, out of 75 globally, during January and February;
- \* reducing April production in Japan by as much as 60%;
- \* laying off 1,000 full-time, regular employees in the United States and Great Britain;
- \* dismissing all temporary and contract workers in Japan at the end of their current commitment;
- \* scrapping its centralized, long-term, global "master plan" in favor of localized "catch-as-catch-can" marketing and production plans;
- \* replacing company president, Katsuaki Watanabe, by family member Akio Toyota, who will then replace four executive vice presidents and "many" of the 19 senior managing directors.

The company is expected to report its first operating loss at the end on the quarter on March 31.

#### **Crisis Expected To Cut Singapore's Population by 4%**

Jan 20 (EIRNS)—The small British outpost of Singapore is expected to lose as many as 200,000 jobs, as companies lay off foreign workers. The 200,000, representing approximately 4% of the city's population, are expect to leave Singapore when they no longer have an income.

A very significant portion of the city-state's economy is based on the financial services "industry," in which most jobs are filled by expatriate workers who earn more than the average Singaporean. Light industry is another important sector of the local economy, employing large numbers of foreign workers, and is hard hit by the collapse.

Economies in Southeast Asia will also see significant movements of workers as jobs disappear and the workers return to their home countries. Indonesians, for example, make up a large percentage of the Malaysian work force.

## **Danish Government Prepares To Lend Banks \$18 Billion**

COPENHAGEN, Jan. 19 (EIRNS)—The Danish government announced an agreement yesterday among all major political parties (excepting the small left-wing Red-Green Unity party) on a second Bank Package. The agreement will go into effect on June 30, when the state will provide up to 100 billion kroner (\$18 billion) in loans to Danish banks and real estate institutions. The interest rate will be 9-12% for the banks' core capital, in order to boost their solvency. Banks that borrow money will have to increase their capital reserves from the 8% currently required to at least 12%. It is hoped that the move will solve the increasing liquidity crunch in the Danish economy, so the banks will not have to decrease their lending, as the loans they get from abroad run out. The banks can already borrow at 3% from the National Bank, but not as core capital that is needed for their solvency. Especially Denmark's biggest, Danske Bank, would be in trouble, as loans taken abroad run out in the coming years.

The loans will be for at least three years, with no official time that they will have to be paid back, and it is hinted in the agreement that the present universal Danish deposit guarantee created with the Bank Package in October, which runs out in 2010, will probably be extended for some years.

As part of the agreement, the banks will have to publish their solvency requirements; they will be banned from creating new stock option programs for their employees; they can only resume dividend payments in October 2010 if they have profit in their operating expenses; and they are not allowed to buy up the bank's own stock or lend customers money to do so.

The government will also create a DKK20 billion (\$4 billion) credit for export credit guarantees and is calling for an investigation of how the financial sector should be regulated and how this should be done in an international framework.

Observers commenting on the bill fear that several Danish banks will go under before the bill takes effect. It also neglects the urgency of cleaning up the bank sector and separating commercial banking from investment banking—a separation which discouraged speculative investment banking—as recommended by Lyndon LaRouche in calling for a re-creation in the United States of the Glass-Steagall Act. Without that, the government credit will most likely disappear into a black hole, without helping the credit needs of the Danish economy.

## **United States News Digest**

[Holder's Opponents Cast About for Pretexts](#)

[Obama Issues Orders To End Torture, Shut Secret Prisons](#)

[Levin Cites Pecora Commission in Senate Hearings](#)

[UN Rapporteur: Bush, Rumsfeld Should Be Prosecuted for Torture](#)

[Growing Drumbeat for Obama To Slash Entitlements](#)

## USAID Pays Soros for Global Needle Exchange Program

### Holder's Opponents Cast About for Pretexts

Jan. 23 (EIRNS)—The day Barack Obama named Eric Holder to be Attorney General, Dec. 1, 2008, former George W. Bush steering mechanism Karl Rove said, on the NBC "Today Show," that Holder "was deeply involved as the Deputy Attorney General in the controversial pardon" of financier Marc Rich. Rove went on, "I think it's going to be clearly examined, if for no other reason than people want to lay down markers that that kind of behavior is inappropriate.... But again, there will be some attention paid to this."

Two weeks later, *Washington Post* writer Ceci Connolly said on MSNBC's "The Chris Matthews Show," "Word on the street is that Karl Rove is going to be helping lead the fight against Eric Holder when his nomination for Attorney General heads up to the Senate."

Here is the story: In mid-November, before the official designation of Holder, the George Soros-run drug lobby came out screaming against his prospective nomination. The Drug Policy Alliance, the National Organization for the Reform of Marijuana Laws (NORML), and other pro-drug outfits denounced Holder as a warrior against drugs, whose placement as Attorney General meant the Obama Administration would come down solidly against the narcos.

Despite overwhelming support for Holder from the law enforcement community and also from traditional Republicans, a minority of Republican Senators have played out a comedy of sorts in the Judiciary Committee, delaying Holder's confirmation using the Rich pardon, and other pretexts, such as the possibility that Holder might prosecute torturers; and that as a private attorney Holder had represented bad corporations.

Republican Sens. Arlen Specter (Pa.), Tom Coburn (Okla.), John Cornyn (Tex.), Mitch McConnell (Ky.), and Jon Kyl (Ariz.) affected not to notice the megabucks Soros drug lobby carrying on its own furious campaign—dope users being told to press Republican Senators to stop Holder, lest their stash be confiscated.

Meanwhile, the libertarian *National Review* is waging a crusade to block Holder's confirmation—on all the "right-wing" pretexts. This magazine has been a mouthpiece for the drug lobby since founder William F. Buckley called for legalizing dope in the 1970s. *National Review* ran a 2004 cover story by Ethan Nadelmann, head of Soros's Drug Policy Alliance, demanding an end to the War on Drugs, and devoted subsequent issues to Nadelmann's rebuttals of government anti-drug spokesmen.

### Obama Issues Orders To End Torture, Shut Secret Prisons

Jan. 22 (EIRNS)—Flanked by 16 retired generals and admirals, President Barack Obama today signalled a sharp break with the unconstitutional practices of the Bush-Cheney Administration, by signing a series of Executive Orders which will end the use of interrogation methods that violate the Geneva Conventions; shut down the Bush Administration's network of "black site" secret prisons; and close the Guantanamo prison camp within one year. The orders also create two task forces, one headed by the Attorney General and the Secretary of Defense, which will study detainee policy and report to the President in six months; the other led by the Attorney General with the Secretary of Defense and the Director of National Intelligence, which will study whether the Army Field Manual should remain the only standard for interrogators, and which will review the practice of extraordinary rendition.

"President Obama's actions today will restore the moral authority and strengthen the national security of the United States. It is vital to the safety of our men and women in uniform that the United States never sanction the use of interrogation

methods that we would find unacceptable if inflicted by an enemy against captured Americans," said the 16 flag officers in a statement.

"By unequivocally rejecting torture and other cruel and inhumane treatment, shutting down secret prisons, providing Red Cross access to prisoners in U.S. custody, rejecting the legal opinions that facilitated and excused torture, and announcing the closure of the Guantanamo Bay prison, President Obama has rejected the false choice between national security and our ideals. Our Nation will be stronger and safer for it."

Retired Adm. John Hutson said that President Obama "is absolutely dedicated to getting us back on track as a nation. This is the right thing to do morally, diplomatically, militarily, and constitutionally. But it also makes us safer."

### **Levin Cites Pecora Commission in Senate Hearings**

Jan. 21 (EIRNS)—"The Pecora hearings before a Senate Committee in the 1930s pulled back the curtain on the abuses that gave rise to the Great Depression," noted Sen. Carl Levin (D-Mich.) today, during a Senate Homeland Security Committee hearing. The hearing was called on the theme, "Where Were the Watchdogs? The Financial Crisis and the Breakdown of Financial Governance," which was to examine the findings of a recent GAO report on financial regulation.

Levin, who chairs the Senate Permanent Subcommittee on Investigations, was arguing for the need to analyze what has gone wrong in the financial system. Levin documented the push toward deregulation that took off since 1994, including the repeal of the Glass-Steagall law and the prohibition of regulation of derivatives and swaps, including credit default swaps.

### **UN Rapporteur: Bush, Rumsfeld Should Be Prosecuted for Torture**

Jan. 21 (EIRNS)—The United Nations Special Rapporteur on Torture, Manfred Nowak, said last night that the United States should pursue legal action against former President George Bush and former Defense Secretary Donald Rumsfeld, for torture. "Judicially speaking, the United States has a clear obligation" to bring proceedings against them, AFP reported Nowak as saying. He noted that Washington had ratified the UN Convention on Torture, which required "all means, particularly penal law," to be used to bring proceedings against those violating it. "We have all these documents that are now publicly available that prove that these methods of interrogation were intentionally ordered by Rumsfeld" against detainees at the U.S. prison facility in Guantanamo Bay, Nowak pointed out.

### **Growing Drumbeat for Obama To Slash Entitlements**

Jan. 21 (EIRNS)—From the synarchist "left" to the Neanderthal "right," the U.S. press and economic pundits are working to get the Obama Administration to cut entitlements, such as Social Security and Medicare. The *Washington Post* led the way on Jan. 16, with its interview with Obama, pushing him to declare a commitment to make a "grand bargain" for sacrifice, especially in these areas. His response gave them some quotable quotes in this direction, which should be seen for what they are: responses to pressure.

Today, the *Wall Street Journal* takes the lead. They publish "advice" to Obama from so-called notables, such as Francis "End of History" Fukuyama, recommending cutting entitlements. They run a column by Holman Jenkins, Jr., who recommends that Obama follow the path of former Chilean dictator Augusto Pinochet, in first announcing a huge stimulus, and then slashing social services like Medicare and Social Security. Jenkins comments that, alas, Obama, unlike Pinochet, might run into difficulties with the Congress.

The third assault comes in the editorial column, where the *Journal* rips into the State Children's Health Insurance Program

(SCHIP), as being a disastrous expansion, because it will cover children in families whose income is three times the official poverty level. This is the program which George W. Bush vetoed twice, despite its bipartisan support, and the *Journal* is afraid it will now pass.

## **USAID Pays Soros for Global Needle Exchange Program**

Jan. 19 (EIRNS)—The State Department's Agency for International Development (USAID) has a multi-year relationship with George Soros's Open Society Institute (OSI), with the U.S. government paying Soros to provide "clean needles" for AIDS prevention programs in Eastern Europe. The details of the relationship, as far as they are known, are provided in a 2007 Special Report by the National Legal and Policy Center, a cottage industry group of Newt Gingrich. NLPC's figures, drawn from OSI's Internal Revenue Service filings, showed that, between 1999 and 2005, U.S. taxpayers paid billionaire Soros over \$35 million.

This arrangement evolved in response to the 1989 declaration by Congress that U.S. dollars could not be used to purchase syringes for "needle exchange" programs. Needle exchange is a central part of Soros's "harm reduction" approach to accommodate drug use. Since the restriction of Federal funding, the USAID programs have turned cash over to Soros, who then supplies the needles which U.S. law prohibits the direct purchase of. Much of this was flushed out in hearings, beginning in February 2005, held by Rep. Mark Souder (R-Ind.), who was then chairman of the House Subcommittee on Criminal Justice, Drug Policy and Human Resources.

When Soros's subversion began to come to light, he did the obvious thing: obfuscate and deny. The report says he stonewalled both Souder's subcommittee and NLPC FOIA requests for over a year before complying. He also created another organization, the Alliance for Open Society International (AOSI), which took over the administration of many programs in 2004.

The report also opens a window on a potentially much larger collusion, with a case study of the Soros Foundation Kazakhstan (SFK), which has received tens of millions of USAID dollars since 2001. Since there are 32 of these "national" funds, it could be a much larger problem, indeed.

## **Ibero-American News Digest**

**[Four Nations of the Americas Join Forces To Fight Drugs](#)**

**[Harvard Economist: Drug Legalization Good for Ibero-America](#)**

**[Colombian President Demands War on Drug Legalization](#)**

**[Soros-Financed Media Promote Drug Legalization in Paraguay](#)**

**[Collapsed U.S. Economy Wreaks Havoc in Northern Mexico](#)**

### **Four Nations of the Americas Join Forces To Fight Drugs**

Jan. 18 (EIRNS)—Announcing an agreement to coordinate among their four countries, the Presidents of Colombia, Mexico, Guatemala, and Panama called on the other nations of the Americas to join them in a frontal assault upon the drug

trade and organized crime which threaten the very existence of government and society in the region. The call came at the conclusion of the Presidential Summit Against Organized Crime, hosted on Jan. 16, by Panamanian President Martín Torrijos.

The summit signals that forces in the region are beginning to rally against this existential threat, joining the government of Colombia's President Alvaro Uribe in taking on Britain's Opium War against the Americas.

Before Presidents Uribe, Felipe Calderón (Mexico), Alvaro Colom (Guatemala), and Torrijos held their meeting, top law enforcement, prosecutorial, and judicial officials from the four countries met, forming working groups which are to continue to function. Calderón reported that the Presidents had accepted Uribe's suggestion that a multilateral agreement be drafted, setting forth protocols of cooperation in the fight against drugs, minimal obligations, and detailed understandings between the judicial and cabinet authorities of these four countries. Once signed, other countries in the region will be invited to sign on also.

Work began on establishing regional data banks and intelligence exchanges, mutual assistance in training of police forces, and coordination of policies against drug-money laundering, arms trafficking, precursor chemicals, and related immigrant trafficking.

Only the State can protect our citizens from the global menace of the drug trade and organized crime, with its "intensive and deliberately cruel use of terror, intimidation, corruption, and violence," the final communique issued by the Presidents recognizes.

### **Harvard Economist: Drug Legalization Good for Ibero-America**

Jan. 23 (EIRNS)—Peruvian economist Norman Loayza, who earned his Ph.D. in economics from Harvard University, seems determined to prove the truthfulness of the LaRouche movement's assertion that "before there was Hitler, there was Harvard."

In his article entitled "Preventing Violence," published in the Winter 2008 edition of *ReVista, Harvard Review of Latin America*, a publication of Harvard's David Rockefeller Center for Latin American Studies, Loayza argues that the only ways to prevent violence in South America are to 1) legalize the drug trade, 2) impose population control, and 3) reduce the role of the State to its minimal expression, so as not to bother people with "excessive" regulation.

Who needs the nation-state anyway?

Loayza, now working at the World Bank's research department, has his feet planted firmly in George Soros's camp. He's been a speaker at conferences organized by the Fernando Henrique Cardoso Institute, whose founder, former Brazilian President F.H. Cardoso, is also a founding member of the Soros-backed Latin American Commission on Drugs and Democracy (LACDD), which is promoting drug legalization throughout South America.

Loayza argues that the War on Drugs has failed, especially in the U.S., so don't expect it to succeed in poorer countries. Therefore, it's time to "give a chance to the legalization of drug trafficking and consumption." Of course, he adds, this doesn't mean unrestricted trade. Echoing Soros's "harm reduction" mantra, Loayza insists that legalization of drugs would have to be accompanied by, "first, regulation of their production and trade, and, second, public health campaigns to limit their consumption."

Then, eventually, legalization would hopefully "change the main players in the drug market." The "bloody drug lords and

their armies of thugs," would disappear, this economist says, and be replaced by "MBAs in well-groomed suits and chemists in impeccable white uniforms."

## **Colombian President Demands War on Drug Legalization**

Jan. 18 (EIRNS)—Legalization of drug consumption is a license to legalize all aspects of the drug trade, Colombian President Alvaro Uribe charged, in his closing remarks to the Jan. 16 Presidential Summit Against Organized Crime, held in Panama.

Like the little boy pointing out the Emperor's nakedness, the Colombian President continues to state what every one knows, but most are too cowardly to state: The global campaign to legalize drug consumption is nothing but a front for the drug cartels.

The Colombian President concentrated his fire on this one point: "Why," he said, "if every day we have to fight drug crops, trafficking, laundering of assets, chemical precursors, and extradite, confiscate, eradicate, fumigate—why are we permissive with consumption?"

Uribe announced that in March, his government will again go to the National Congress, and demand it pass a Constitutional reform reversing the legalization of "personal doses," in order to remove this obstacle to the battle against organized crime.

Two days later, addressing a conference in Bogota of more than 1,000 youth from around the country, ages 12 to 18, Uribe urged them to take up the fight against drugs. "I am going to ask all of Colombia's youth to join us this year," in urging the Congress of the Republic to push through the proposed Constitutional reform re-imposing sanctions for possessing a "personal" drug dose, he stated.

The current legalization involves children and youth in the violence of the drug trade, Uribe charged, because the legalized personal dose is used as a cover to use children as drug distributors, who claim, if caught, that the drugs are just for their personal use.

## **Soros-Financed Media Promote Drug Legalization in Paraguay**

Jan. 19 (EIRNS)—The "independent" pro-drug media that George Soros's Open Society Institute and the Tides Foundation have generously financed in recent years—*Indymedia* is one such outlet—are proclaiming that the campaign to "force" the President of Paraguay to legalize marijuana production "is starting to bear fruit."

The "fruit" described in a Jan. 14 *Indymedia* article is the fact that Elvis Balbuena, a legislator from President Fernando Lugo's own Authentic Radical Liberal Party (PLRA), has taken up the cause of legalization, and reports that a panel of "experts" is now studying a legalization proposal. Moreover, the same article reports, that radio personality Raúl Melamed is leading a campaign, proclaiming that legalization must become "our great national cause, a sign of our sovereignty."

Paraguay produces 5,900 tons of marijuana annually, which accounts for more than half of the 10,000 tons produced in all of South America. Paraguay's production is exceeded only by that of Mexico, with 7,000 tons. In this impoverished nation, the drug cartels have forced peasants to cultivate marijuana, and have more or less free rein in many remote parts of the country where the state has little or no presence.

But the Soros crowd's problem is that President Lugo visited Colombia last September, and signed several agreements with

President Alvaro Uribe on cooperation in combatting the drug trade. After that meeting, *Indymedia* and its allies began shrieking that Lugo intends to "Colombianize" Paraguay, and is a CIA lackey. The phraseology that Lugo has to be "forced" to legalize marijuana, implies that he isn't going to be a pushover on this issue. He stated in a Jan. 23 interview with the daily *ABC* that he doesn't see much future "in legalized marijuana in Paraguay."

## **Collapsed U.S. Economy Wreaks Havoc in Northern Mexico**

Jan. 21 (EIRNS)—The collapse of the U.S. economy, and its ability to serve as the "importer of last resort" for Mexico, is dramatically affecting the situation in that nation's northern states, in particular. Here, the in-bound assembly plants known as *maquiladoras*, which produce electronic and auto components for the U.S. market, have been forced to cut back production, shorten the work week, and reduce wages by as much as 50%, in a desperate attempt to prevent permanent layoffs.

The drop in demand, resulting in plummeting sales, is driving this process, provoking an acute social crisis as well, as families lose their source of income, or see it dramatically reduced. According to the Canacindra business federation, there are now short-term *maquiladora* closures spanning five northern states—Sonora, Baja California, Coahuila, Chihuahua, and Tamaulipas—not coincidentally, states in which some of the worst drug cartel violence has occurred. Workers may be employed for only three days a week, in some cases.

The National Council of the Maquiladora and Manufacturing Export Industries reports that over 200,000 jobs were lost in 2008, hitting Baja California Norte, Sonora, and Chihuahua particularly hard. Analysts expect another 5% drop in employment—100,000 jobs lost—for the first quarter of 2009. In Mexico City, the General Electric, Hertz, and Pfizer companies just announced layoffs totalling 17,000.

The Revolutionary Workers and Peasants Confederation (CROC) puts the 2008 job loss in the manufacturing sector at 300,000, expecting job loss to accelerate in the first quarter of 2009.

## **Western European News Digest**

[\*\*BüSo Slate Quadruples Vote in Hesse Election\*\*](#)

[\*\*Soros Tries To Reverse 2002 Conviction!\*\*](#)

[\*\*Huge EU Deficits Bury Maastricht Parameters\*\*](#)

[\*\*Orders for Machinery in Germany Drop by 30%\*\*](#)

[\*\*French Regions Running Out of Funds for Water Transport\*\*](#)

[\*\*ETA Claims Credit for Execution; Threatens More\*\*](#)

### **BüSo Slate Quadruples Vote in Hesse Election**

WIESBADEN, Jan. 18 (EIRNS)—As expected, the Hesse state election on Jan. 18 was a smashing defeat for the German Social Democratic Party (SPD), whose efforts to create a "red-red-green" coalition with the Greenies and the post-

communist Die Linke (which would have actually been a green-green-green coalition) had failed, causing a snap election one year after last year's election. In today's voting, the SPD lost nearly 40% (391,000) of their votes, and one-third of their seats in the state parliament (23.7%, down from 36.8%). The SPD lost 18 of the 27 districts they had previously represented, while the Christian Democrats (CDU) gained 18, rising from 28 to 46 districts.

The big winners were the two neoliberal parties, the Free Democrats (FDP) and the Greens, winning 162,000 and 149,000 votes, and nearly doubling their shares, to 16.2% and 13.7%, respectively.

The slate of Lyndon LaRouche's co-thinkers in Germany, the BüSo (Civil Rights Solidarity Movement), nearly quadrupled its vote to 4,130 votes (0.2%) statewide, up from 1,118 (0.04%) votes a year ago.

## **Soros Tries To Reverse 2002 Conviction!**

Jan. 23 (EIRNS)—George Soros, the world's most prominent dope-pusher, and speculator against nation-states, is trying to buy influence with the European Court of Human Rights, based in the European Union in Strasbourg, France, so it will overturn his 2002 felony conviction on "insider trading" charges—which arose from Soros's speculation on the takeover of Société Générale, the largest private bank in France in the 1980s.

Soros is reported to be enraged by his felony conviction, and is sparing no expense to have the European Human Rights Court rule in his favor. He has already appealed unsuccessfully in France. The Paris Court of Appeals upheld his conviction on March 24, 2006. The Cour de Cassation, France's highest court, found him guilty again on June 14, 2006.

In a speech in Brussels on Nov. 20, 2006, Soros denounced America for lawless warmongering, and praised Europe as a "model and motive force for a global open society." He offered to finance a golden age for Europe through his foundations, promising, "I am ready to support an Open Society Initiative for Europe."

But whether Soros's money can erase his conviction remains to be seen.

## **Huge EU Deficits Bury Maastricht Parameters**

Jan 20 (EIRNS)—The European Union published projections of deficit figures for 2009, which, though probably understated, show overall a dramatic worsening. Only Germany is expected to keep the budget deficit under Maastricht's cap of 3% of GDP. However, Germany will have a 4.2% deficit in 2010.

At the top of the list is Ireland, with 11% (2009) and 13% (2010); then comes the U.K. (8.8% and 9.6%); Spain (6.2% and 5.6%); France (5.4% and 5.0%); and Italy (3.8% and 3.7%). The current account deficits look similar: 7.1% for Spain, 5.4% in France, 5.7% in the U.K., and 1.2% Italy.

## **Orders for Machinery in Germany Drop by 30%**

Jan. 20 (EIRNS)—It must be strongly doubted that the EU Commission's statistical methods reflect the real situation in Europe. For example, the EU's alarming forecast of a 2.5% drop in Europe-wide growth in 2009 does not correspond to industry forecasts in Germany of a 15% cut in production, because of the collapse of orders. The Opel auto plant in Bochum will have up to 100 days of short work in 2009, which gets close to a 25-30% cut in production there.

German machine-builders in the textile, construction, and printing sectors report a drop of 50% and more in orders in

November 2008, which means they will be forced to cut production by the same amount very soon. All in all, Germany's machine-builders report a net drop of orders by 30% in November.

## **French Regions Running Out of Funds for Water Transport**

PARIS, Jan. 20 (EIRNS)—The five Socialist presidents of the General Councils of the departments of Nord, Pas-de-Calais, Oise, Val d'Oise, and Somme, issued a joint statement on Jan. 13, saying that they are no longer able to contribute funds to digging the Seine-Schelde canal project. The EU considers the 106-km canal project, planned to be completed by 2015, a top priority, as it links the Oise and Seine Rivers with Douai and Cambrai Rivers in the north of France, connecting Paris with the dense inland water transportation grid to the north.

Whereas the majority of the total cost of Eur3.2 billion is financed by the EU, the French departments had already committed Eur200 million as their share. But recently, when they were called upon to double their contribution, they made the joint statement that their "limited financial capacity" doesn't allow it. Communities and regional administrations face a shrinking tax base, because of the general economic breakdown, and the "rescue packages" based on "fiscal stimulus" measures favor the private sector but dry up local governments' income.

## **ETA Claims Credit for Execution; Threatens More**

Jan. 21 (EIRNS)—The British-created Spanish narcoterrorist ETA (the Basque separatist group) claimed credit today for the "execution," as they called it, in December, of a 71-year-old Spanish businessman involved in the building of a high-speed railway. "We want to send a clear warning to engineers, technicians, managers, and leaders of companies which take part in the works or have anything to do with them that they should suspend their work," or they, too, will be "a target," an ETA statement threatened. The rail line is to link three cities in the Basque provinces of Spain, and with Madrid and France, by 2013.

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

[U.S.A. and Russia Willing To Cooperate Over Afghanistan](#)

[Central Asian Security at Issue in Russia-Uzbekistan Talks](#)

[Rogozin: 'Ice Is Thawing'](#)

[Siemens To Build Nuclear Consortium with Russia](#)

[Kazakstan and India Sign Uranium Supply Agreement](#)

[Soros Covers for Soros on Georgia-Russia War](#)

## **U.S.A. and Russia Willing To Cooperate Over Afghanistan**

Jan. 24 (EIRNS)—Both the United States and Russia are stating their interest in cooperation to deal with the crisis in Afghanistan. Russian President Dmitri Medvedev yesterday said that Moscow is ready to cooperate with NATO to deal with Afghanistan, at a press conference following meetings with President Islam Karimov in Tashkent, Uzbekistan (see

Asia digest). Today, Dmitri Rogozin, the Russian envoy to NATO, said on Echo Moskvy radio that cooperation is being re-established with NATO, and that, were NATO to be defeated in Afghanistan, this would threaten Russia.

The U.S. State Department yesterday said that Washington is "looking forward" to work with Russia on Afghanistan, the Press Trust of India reported. President Karimov said he supports President Obama's plans to solve the Afghanistan crisis, and emphasized the importance of regional cooperation. "We offer to solve the problem through the involvement of regional states," he said.

U.S. State Department spokesman Robert Wood said yesterday, "We certainly look forward to working with Russia on Afghanistan. It's in both countries' interest to try to stabilize the situation in Afghanistan and bring about, you know, more economic development and security in the country."

"It was a very, very strong signal that this Administration sent to the region when Ambassador [Richard] Holbrooke was appointed to be the Special Representative for Pakistan and Afghanistan. So I think that in itself shows you how serious the Administration is about trying to work on these issues. And working with Russia will be a key component of that," Wood said. Asked whether Moscow has conveyed to the Obama Administration its interest in cooperation on Afghanistan, specially the supply routes, Wood said, "We'll be having conversations with the Russians and have had conversations with the Russians at a number of levels, to talk about, you know, enhancing our cooperation in Afghanistan."

### **Central Asian Security at Issue in Russia-Uzbekistan Talks**

Jan. 23 (EIRNS)—A key topic of discussion between visiting Russian President Dmitri Medvedev and Uzbek President Islam Karimov in Tashkent, was "security and stability in Central Asia, expanded interaction of both countries in neutralizing the most dangerous challenges—, international terrorism and organized crime, and in coordinated actions in the fight against illegal drugs," Itar Tass quoted a Kremlin official. "As never before, we need to exchange views constantly, discuss very difficult questions which the international situation dictates now," Medvedev said. "I mean the global financial and economic crisis, which actually affects almost all countries in the world, I also refer to a very difficult international situation, security issues, which are traditionally very complicated in the Central Asian region and which we should also discuss and broaden cooperation in this sphere."

The Kremlin official told Itar Tass that "Military-technical cooperation between Russia and Uzbekistan plays a major role in promoting stability in Central Asia.... Other issues on the international agenda of the meeting include problems of the global financial crisis and cooperation between Russia and Uzbekistan in the framework of the efforts of the international community to promote the settlement in Afghanistan and economic revival of that country."

They also discussed preparation for the Shanghai Cooperation Organization (SCO) summit, which will be held in Yekaterinburg, Russia, this Summer, as well as the Community of Independent States, the Collective Security Treaty Organization, and other international alliances.

On Jan. 24, the Russian Foreign Ministry announced that the SCO will convene a conference on Afghanistan in late March.

### **Rogozin: 'Ice Is Thawing'**

Jan. 24 (EIRNS)—The "ice is thawing" between Russia and NATO, Dmitri Rogozin, the Russian envoy to NATO, said on Ekho Moskvy radio station today. "An informal meeting of the Russia-NATO council is a de facto resumption of work." On Jan. 26, the Russia-NATO council will meet for the first time since NATO suspended the discussions because of the South Ossetia conflict, in August 2008. Rogozin said that if the meeting works, there could be a foreign ministers' meeting

in early Spring.

Rogozin said Russian intelligence has the view that as much as half of NATO shipments through Pakistan are being stolen or destroyed by the Taliban. This is of concern to Russia itself, he said. "I can responsibly say that in the case of NATO's defeat in Afghanistan, fundamentalists, inspired by this victory, will set their eyes on the North. First they will hit Tajikistan, then they will try to break into Uzbekistan.... If things turn out badly, in about 10 years, our boys will have to fight well-armed and well-organized Islamists somewhere in Kazakstan. We have been there and did not like it. But everything we can do to back the realization of the UN Security Council's resolution ... we need to do."

## **Siemens To Build Nuclear Consortium with Russia**

Jan. 24 (EIRNS)—The German company Siemens has indicated its intention to break its alliance with the French nuclear power firm Areva and inaugurate strategic cooperation with Russia's Atomenergoprom, according to today's *Frankfurter Allgemeine Zeitung*. Siemens has a 34% stake in Areva NP, a consortium with the French state-owned Areva nuclear concern. Apparently, the French are also eager to terminate the relationship.

Siemens reportedly sees a future for nuclear energy again, in part due to the climate change issue, and plans to build a joint venture with Atomenergoprom in which Siemens will participate in the operational management.

## **Kazakstan and India Sign Uranium Supply Agreement**

Jan. 24 (EIRNS)—"Long-term cooperation in the supply of Kazakstan uranium for nuclear reactors will help in solving India's problem of power," said President Nursultan Nazarbayev, upon his arrival in New Delhi on Jan. 23 at a business meeting organized by industry chambers of both countries. "We have reached a new level of interaction. It should give us a new beginning of our mutual relationship," said Nazarbayev.

Nazarbayev was invited as the chief guest at India's Jan. 26 Republic Day parade in New Delhi. As part of the trip, India and Kazakstan signed five agreements, including cooperation in nuclear energy, hydrocarbons, and space research.

On Jan. 23, the two countries signed an agreement for cooperation between the state-run Nuclear Power Corp and uranium production company KazAtomProm. Kazakstan is among the world's top suppliers of uranium, after Australia and Canada. Kazakstan will be the fourth country after the United States, France, and Russia, with which India will have civil nuclear cooperation since the U.S. deal was signed during the George W. Bush Administration.

## **Soros Covers for Soros on Georgia-Russia War**

Jan. 24 (EIRNS)—Human Rights Watch released its report on the August 2008 Georgia-Russia war, which, according to today's *New York Times*, finds fault with both sides for indiscriminate use of force against civilians. However, the *Times* notes that much of the report "is devoted to a meticulous description of Ossetian rampages in ethnic Georgian villages in South Ossetia, in which houses were systematically looted, set ablaze and bulldozed, sometimes as their inhabitants watched." Criticism of Georgia is apparently limited to the Aug. 7 shelling of the South Ossetian capital of Tskhinvali by Georgian forces, and the use of cluster bombs by the Georgians as well as by Russian forces. By focussing on the behavior of the Ossetians, the HRW report runs cover for George Soros's asset, President Mikheil Saakashvili, whose actions in ordering the shelling of Tskhinvali nearly triggered World War III. HRW is a Soros creature, getting much of its funding and personnel from the various Soros foundations.

## **Southwest Asia News Digest**

## Conflicts of Interest Plague Dennis Ross

### Al-Faisal: Obama Must Act Quickly on Mideast Peace

### Ten Years after EIR: Israel's Hand in Created Hamas Revealed

### Netanyahu To Establish Right-Wing Coalition

### Iraq Reiterates Intent To Expel MEK Terrorists

## Conflicts of Interest Plague Dennis Ross

Jan. 25 (EIRNS)—While Dennis Ross remains in contention for the vital post of the Obama Administration's special envoy to Iran, new evidence suggests that Ross is caught up in such a blatant conflict of interest, that he should remove himself immediately from consideration.

As initially reported on Col. Patrick Lang's authoritative website, Ross is chairman of the Jewish People Policy Planning Institute (JPPPI), a think tank established in 2002 by the Jewish Agency. The organization is directed by a team of top Israeli military and diplomatic personnel, including at least one figure with ties to the Larry Franklin/American Israel Public Affairs Committee (AIPAC) spy ring. Franklin, an Iran analyst at the Pentagon, pled guilty to espionage in 2006 and was sentenced to 12 years and 7 months in prison. He agreed to cooperate with Federal prosecutors.

Uzi Arad, a director of the JPPPI, heads the Interdisciplinary Center at Herzliya, Israel, and is a former Mossad officer. Arad was deeply implicated in the Franklin spy case, having brought Franklin to Herzliya conferences, and having met with him at the Pentagon on at least one occasion. U.S. intelligence sources had told *EIR*, when the Franklin case first surfaced, that Arad was being positioned to be his "handler." The argument was that an "ex" Mossad officer, working at a "think tank," could give Israeli intelligence plausible deniability of any role in the spying efforts, should Franklin be caught. Arad's name appeared in the Franklin indictment, and it is unclear what further details have emerged in the probe into the two AIPAC officials accused of channeling Franklin's intelligence reports to Israel; they are still awaiting trial.

The fact that Ross is the chairman of an organization that is a virtual branch of the Israeli government, should be reason enough for his name to be removed from consideration for such a sensitive diplomatic assignment. The Israeli government has made it clear that it has a very different policy towards Iran than does the United States, as evidenced by the fact that Joint Chiefs of Staff chairman Adm. Michael Mullen and Defense Secretary Robert Gates made it clear, throughout 2008, that the United States was opposed to any Israeli preventive military strikes against Iran's nuclear facilities.

## Al-Faisal: Obama Must Act Quickly on Mideast Peace

Jan. 23 (EIRNS)—Former Saudi Ambassador to the United States Prince Turki al-Faisal writes in the *Financial Times* that President Barack Obama must act quickly and firmly for a Middle East peace. Turki notes that his confidence in the possibility of peace with Israel was almost irreversibly shaken by Israel's brutal war against Gaza, and therefore Obama must take "forceful steps" to prevent any further suffering of the Palestinians. He writes:

"First, President Barack Obama must address the disaster in Gaza and its causes. Inevitably, he will condemn Hamas's

firing of rockets at Israel. When he does that, he should also condemn Israel's atrocities against the Palestinians and support a UN resolution to that effect; forcefully condemn the Israeli actions that led to this conflict, from settlement building in the West Bank to the blockade of Gaza and the targeted killings and arbitrary arrests of Palestinians; declare America's intention to work for a Middle East free of weapons of mass destruction, with a security umbrella for countries that sign up and sanctions for those that do not; call for an immediate withdrawal of Israeli forces from Shebaa Farms in Lebanon; encourage Israeli-Syrian negotiations for peace; and support a UN resolution guaranteeing Iraq's territorial integrity." Obama should then promote the Arab peace initiative.

Prince Turki points out that "President Mahmoud Ahmadi-Nejad of Iran wrote a letter to King Abdullah, explicitly recognizing Saudi Arabia as the leader of the Arab and Muslim worlds and calling on him to take a more confrontational role over 'this obvious atrocity and killing of your own children' in Gaza. The communique is significant because the de facto recognition of the Kingdom's primacy from one of its most ardent foes reveals the extent that the war has united an entire region, both Shi'a and Sunni. Further, Mr. Ahmadi-Nejad's call for Saudi Arabia to lead a jihad against Israel would, if pursued, create unprecedented chaos and bloodshed in the region."

He concludes that, so far, the Saudi Kingdom has resisted these calls, but if Israel continues its aggression, "Eventually, the Kingdom will not be able to prevent its citizens from joining the worldwide revolt against Israel. Today, every Saudi is a Gazan...."

## **Ten Years after EIR: Israel's Hand in Created Hamas Revealed**

Jan. 24 (EIRNS)—The *Wall Street Journal* today features an account, based on interviews with Israeli officials and Palestinian activists, of how the Israeli occupying forces in Gaza helped create Hamas. The story appears a decade after *EIR* documented this.

The *Journal* focusses on the role of the late Sheikh Yassin, the founder of Hamas, and of the earlier Islamist movement Mujama al-Islamiya, which he founded in Gaza in the late 1970s. Mujama was registered by the Israeli occupying authority as a charity, and was later registered as an association. It was all part of Israel's strategy of building an Islamist alternative to the PLO of Yasser Arafat.

Avner Cohen, a retired Israeli government official who worked in the religious affairs department of the Gaza occupation government, told the *Journal*, "Hamas, to my great regret, is Israel's creation." Israel made an "enormous, stupid mistake" 30 years ago, in directly fostering the buildup of Hamas. Cohen recounted how, in the mid-1970s, traditional Islamic clerics in Gaza came to him and warned about Sheikh Yassin, but the Israeli authorities ignored the warnings.

As *EIR* has reported, the Israeli military authority, which has ruled the Gaza Strip and the West Bank from the time of the June 1967 Arab-Israeli War, gave out as many as 600 permits to mosques, madrassas, health clinics, food banks, which all formed the fabric of the Hamas apparatus, particularly in Gaza.

## **Netanyahu To Establish Right-Wing Coalition**

Jan. 23 (EIRNS)—In the aftermath of the Gaza war, it is clear that the war is benefitting the right wing in Israel.

The latest polls show Likud party leader Benjamin Netanyahu to be in the lead. The Dahaf poll, sponsored by *Yedioth Ahronoth*, gave Likud 29 seats, Kadima 25, Labor 17, and Yisrael Beiteinu 14. A second poll, conducted by Teleseker for *Ma'ariv*, predicted 28 mandates for Likud, 24 for Kadima, and 16 each for Labor and Yisrael Beiteinu. The reporting of these polls does not say what the Yisrael Beiteinu, or Shas Party, could receive. This is an ultra-Orthodox religious party,

which in the last five elections received between 9 and 15 seats. Its leader, Avigdor Lieberman, would gladly accept a place in a Netanyahu coalition government. A former Likud member, he is very close to Netanyahu, having been cabinet secretary when the latter was prime minister at the end of the 1990s. Also not mentioned are the ultra-right-wing settler parties, which could also garner up to 10 seats.

Under these conditions, it is quite possible that Netanyahu could form a coalition without the Labor Party, and perhaps, even without Kadima.

*Ha'aretz* reports that Netanyahu has ordered the Likud not to criticize the Yisrael Beiteinu party, and has promised Lieberman that he would be a partner in any government he himself formed. *Ha'aretz* reports that the Likud is also not attacking the smaller right-wing settler parties. Likud is instead concentrating on attacking Kadima, which is filled with former Likud members.

## **Iraq Reiterates Intent To Expel MEK Terrorists**

Jan. 21 (EIRNS)—Iraqi National Security Advisor Muwafaq al-Rubaie reiterated on Jan. 19 that the Iraqi government is determined to expel the Mujaheddin-e Khalq (MEK), a gaggle of Iranian exiles who, even as they remain on the U.S. State Department's terrorist list, have been protected by the Bush-Cheney regime and their Saudi patrons as a terrorist capability to be used against Iran. On Aug. 31, 2008, the Iraqi government announced it had given the MEK six months to leave Iraq.

Al-Rubaie reiterated the government's intent to expel the group, during his visit to Tehran for talks on regional security matters. The Iraqi government "has made a serious decision to expel" the 3,500 MEK members who have been protected at a U.S. military camp, Camp Ashraf, inside Iraq for several years. Al-Rubaie charged that a member of the organization had turned himself in to Iraqi security forces and confessed that he had been instructed to attack the security force's headquarters.

## **Asia News Digest**

**[Karzai: Where Government Has No Authority, Poppy Cultivation Is High'](#)**

**[Petraeus Searches for Northern Supply Route to Afghanistan](#)**

**[China Trying To Revive Dead Export Economy](#)**

**[Taiwan's Treasonous Ex-President Admits His Crime](#)**

**[China To Celebrate Freeing of Tibetan Serfs](#)**

### **Karzai: Where Government Has No Authority, Poppy Cultivation Is High'**

Jan. 21 (EIRNS)—Retaliating against the accusation of NATO chief Jaap de Hoop Scheffer, that the Afghan government is "ineffective," President Hamid Karzai, in the Parliament on Jan. 20, accused his international allies of not doing enough to curb the drug trade. Afghanistan produces more than 90% of the world's illegal opium and most of it is used to make heroin destined for Europe and elsewhere. The President said that opium poppy production was highest in areas with heavy deployments of international troops. He was referring to Helmand province, which produces most of the opium, and where

nearly 8,000 British troops are deployed.

On Jan. 18, in an opinion piece for the *Washington Post*, Scheffer, a Dutch bureaucrat, without mentioning President Karzai by name, said the authorities there are almost as much to blame for the country's plight as the Taliban. His remarks came at a politically sensitive time, as the Afghan leader is up for re-election this year and U.S. President Barack Obama has taken over the responsibilities of a losing war in Afghanistan.

On Jan. 18, Foreign Ministry spokesman Ahmed Baheen said "Afghanistan's opium production was only high in places where international foreign forces were stationed, like the British troops in Helmand."

## **Petraeus Searches for Northern Supply Route to Afghanistan**

Jan. 23 (EIRNS)—During a two-day visit to Uzbekistan, Russian President Dmitri Medvedev said his government was ready for cooperation to secure supply routes through Central Asia for its troops with practically any country, including the U.S. "This cooperation should be full-fledged and on an equal basis," he said. "We hope that the new U.S. administration will be more successful than its predecessor on the issues surrounding Afghanistan." Reports indicate the cooperation that Medvedev mentioned could include efforts to stop drug-trafficking and terrorism, as well as transit shipments of non-lethal goods.

During his tour through six countries in Central and South Asia, U.S. Central Command chief Gen. David Petraeus said Jan. 20 that the United States has secured alternative logistical routes into Afghanistan through its Central Asian neighbors, reducing U.S. and NATO dependence on Pakistan.

Petraeus toured Kazakstan, Turkmenistan, Kyrgyzstan, Tajikistan, Afghanistan, and Pakistan on Jan. 13-20, but has not given details on which route the United States favors for shipping fuel and supplies to Afghanistan. In Dushanbe, Tajikistan, Petraeus said the United States intends to use Tajikistan's territory for transit of commercial cargo to Afghanistan. An agreement on this was reached at a meeting with President Emomali Rakhmanov.

## **China Trying To Revive Dead Export Economy**

Jan. 20 (EIRNS)—The government of China is trying to keep the already-dead low-cost export sector of its economy going through measures, such as tax supports, which will prove useless, at best. In doing so, Beijing is reversing the attempts made over the past few years to upgrade Chinese industry by encouraging higher-technology products. The globalized economy, for which China was the "world's workshop," is dying, along with the financial system which spawned it.

Measures which have been taken by Beijing since the crisis began to bite deeply last year, include lifting restrictions on the processing trade. This is supplemented by sudden restoration of the 11-13% VAT rebates which were allowed for exported products, beginning last August. China had begun to cut the export rebates on the standard 17% VAT on textile products in September 2006, in an effort to push producers towards higher-quality products. In July 2007, Beijing ended the rebates for high-energy-consuming products, curbing the tax supports for some 9,000 products overall.

On Dec. 1, 2008, Beijing had restored rebates for some 3,770 low-cost products, which account for 28% of China's exports. On Jan. 1, 2009, the export tax rebates on machinery, electrical, and other higher-technology products was restored.

## **Taiwan's Treasonous Ex-President Admits His Crime**

Jan. 19 (EIRNS)—Former Taiwan President Chen Shui-bian, who is in jail pending trial on charges of corruption while in office, is actually far more guilty of treason to his nation and the world, by serving as a front throughout his reign, for the British/neocon forces in London and Washington who wanted to use a potential break by Taiwan from mainland China to provoke a war between the U.S. and China. Now, the blustering Chen is publishing a "prison diary" in which he brags that that was precisely his intention.

According to the *Financial Times* of London, the leading voice of the financial Empire, Chen has leaked a copy of the soon-to-be-published diary to the newspaper, acknowledging that the one issue which Beijing considered a *casus belli*—a declaration of independence of Taiwan from China—was his primary purpose throughout his 2000-08 administration. "I am a splittist," he reportedly said. "I am a seeker and implementor of *de jure* independence for Taiwan."

Hitherto, he maintained a sophisticated cover of agreement with the "One China" concept.

The purpose is clear. Although the new President Ma Ying-jeou (KMT) is enjoying massive support and optimism from the Taiwan population, anxious to move forward with cooperation with mainland China, the reality of the global economic collapse will put pressure on President Ma, and lead to opposition from those who blame him for the crisis. Chen plays on this, accusing Ma of "kowtowing" to Beijing, of "making concession after concession to China, while it has not changed its stance and policy toward Taiwan."

It will depend on both Ma and the Chinese government's ability to identify the real cause of the crisis, and to work together to solve it through international cooperation towards a new Bretton Woods, to prevent Chen's sabotage from having its desired effect.

## **China To Celebrate Freeing of Tibetan Serfs**

Jan. 19 (EIRNS)—The Chinese government has designated March 28 as an annual Tibetan Serfs Emancipation Day, to mark the date on which about 1 million serfs were freed 50 years ago.

On March 28, 1959, the central government announced it would dissolve the aristocratic local government under the rule of the Dalai Lama, and replace it with a preparatory committee for establishing the Tibet Autonomous Region, the Xinhua news agency reports. The move came after the central government foiled an armed rebellion staged by the Dalai Lama and his supporters, most of whom were slaveowners attempting to maintain serfdom. This is reported by the British and those who pander to the Empire, as the beginning of Chinese "oppression" of the Tibetan "natural culture."

The end of serfdom and the abolition of the hierarchic social system characterized by theocracy, with the Dalai Lama as the core of the leadership, resulted in the liberation of about 1 million serfs and slaves, which had accounted for 90% of Tibetan population in the 1950s. This is the "culture" the Dalai Lama wishes to reinstate.

## **Africa News Digest**

**[Key Chaos Operative in Eastern Congo Arrested in Rwanda](#)**

**[Kenya Faces Famine Conditions](#)**

**[Lonrho Moves into African Food Production](#)**

## **Key Chaos Operative in Eastern Congo Arrested in Rwanda**

Jan. 23 (EIRNS)—The Democratic Republic of Congo and Rwanda on Jan. 20 began a joint military operation against rebel operations in North Kivu province in eastern Congo. The joint force headed towards the headquarters of Laurent Nkunda, leader of a rebel movement, National Congress for the Defense of the People (CNDP). Last night, Nkunda was arrested in Rwanda, where he had reportedly fled to escape the Congo-Rwanda operation.

The arrest has been welcomed by the U.S. State Department, while the London-influenced press, primed for a drawn-out conflict in the region, is describing the developments that led to Nkunda's arrest as "startling."

Before a trip by British Foreign Secretary David Miliband to Congo and Rwanda, beginning Nov. 1, Minister of State in the Foreign and Commonwealth Office of the British government Lord Mark Malloch-Brown, who has responsibility for Africa and the UN, and is a close collaborator of George Soros, had indicated that contingency plans were to be drawn up for the deployment of a European Union force—including U.K. troops—to support the UN. Malloch-Brown went to Congo and Rwanda, Nov. 17-21.

Nkunda broke a ceasefire agreement on Aug. 28, seized a larger area of the province, and carried out atrocities against civilians, which again engulfed the province in conflict. Nkunda, reportedly born in Congo, fought with the movement in Rwanda which became the present Rwandan government, and received backing from Rwanda when he returned to Kivu, to counter the Hutu extremists who participated in the anti-Tutsi genocide in Rwanda in 1994. Other Rwandan Hutus who fled Rwanda are also resident in Kivu. Nkunda's rebellion in Kivu against the Congo government, was the key factor that made Malloch-Brown so certain that there would be a protracted conflict in the region, just as the Obama Administration took power.

Nkunda and the Hutu rebels supported themselves by stealing Kivu's minerals with artisanal mines. However, when it became clear that the London financial cartel was blaming both Congo and Rwanda for the destabilization, the two countries instead chose to begin bilaterally working to improve their relations, outside of any UN framework, or mediation by Malloch-Brown.

The two countries are set to re-establish diplomatic relations, according to African sources, and have set up mechanisms to deal with problems in the province. Nkunda was opposed to this Rwanda-Congo deal, and a large part of the leadership of his militia defected and wrested control away from him, collaborating instead with the joint operation. Congo now has recovered the territory he had controlled as his own fiefdom.

## **Kenya Faces Famine Conditions**

Jan. 19 (EIRNS)—More than 10 million Kenyans (of a population of 34 million) face hunger or even starvation, according to the *Nation* Jan. 18, and wire reports. The sudden escalation of prices for food, animal feed, fertilizer, and gasoline, in combination with poor harvests in some places, led President Mwai Kibaki to declare a national disaster Jan. 17. Ethnic violence in the December 2007 election contributed to the problem by disrupting the supply chain and displacing large numbers of people, many of whom remain displaced, with attendant reduction in tillage. In the past 90 days, the government has distributed 280,000 tons of food, and plans to import 5 million bags of corn in the next five months.

## **Lonrho Moves into African Food Production**

Jan. 19 (EIRNS)—Lonrho, a company very close to the British Crown, has leased 62,500 acres of rice fields in northern Angola, and is negotiating for two even bigger leases in Mali and Malawi. The Angola lease is for 50 years, and will bring

back into cultivation lands that were abandoned during the Angolan Civil War. Lonrho will redevelop the land in cooperation with Angolan government agencies, will pay royalties on its production, and will orient, at least initially, to domestic consumption. Angola is using its oil revenue to diversify the economy, and is providing financing for the project.

Lonrho has also just been appointed exclusive distributor for John Deere, the giant agricultural equipment manufacturer, in Angola. Lonrho also markets bottled water in Angola and other African countries.

Lonrho's negotiations for agro-business in Mali and Malawi are also for rice production—in Mali, on the inland delta of the Niger River upstream from Timbuktu, and in Malawi on the shores of Lake Malawi. If these negotiations succeed, Lonrho will have African agricultural projects totalling 375,000 acres. Lonrho executive chairman David Lenigas says, "This is just the start."

Meanwhile, Daewoo has a deal to produce food on 3.25 million acres in Madagascar for consumption in South Korea. In southern Sudan, an unnamed "former Wall Street banker" has obtained a deal for use of 1 million acres.

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[top of page](#)

[home page](#)