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What Is a Nation?

Nations as Dynamical

by Lyndon H. LaRouche, Jr.

The global crisis which the just-inaugurated Presidency of Barack Obama has inherited, involves profoundly elementary forms of existential challenges for each and all peoples of the planet, challenges of a type which are beyond anything which recent governments of any part of the world have been willing to face heretofore. The rescue of those governments and their putative experts, demands some profound, and also shocking changes from the conceptions which have, heretofore, misguided the leading professionals involved in advising the most relevant leading governments of various regions of the world.

My recent, extraordinary success of July 25, 2007, in long-range economic forecasting of crucial developments in the world's economic systems, should have become, by now, sufficient, even virtually overwhelming evidence of the need to abandon what had been, heretofore, the leading assumptions respecting economy by governments and others....

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This Week's Cover

- **What Is a Nation?:**

- **Nations as Dynamical**

- **by Lyndon H. LaRouche, Jr.**

- The global crisis inherited by the Obama Presidency, as well as the extraordinary success of LaRouche's July 25, 2007 forecast of the current collapse, demonstrate the need for 'a sweeping, fundamental change in the future meaning of the very name of economics, sweeping aside everything which had been considered professional expertise' up to the point of that forecast. Solid, long-ranging measures, LaRouche writes, must be crafted and put into place soon. This report is focussed on those conceptions that are most important, among such urgent 'long haul' elements of policy.

- - **Kepler on Aristotle**

LaRouche's Triple Curve

- **LaRouche Explains How He Developed the 'Triple Curve'**

- Economists from Stanford, Berkeley, and Princeton, part of an advisory group recommending policy to the Obama Administration, are studying LaRouche's 'Typical Collapse Function' as a model for economic analysis. In this excerpt from his Jan. 22 webcast, LaRouche responds to a question as to how he was able to forecast this dynamic.

Economics

- **Enough Bad Banks; We Need Good Ones in a New System**

The international British oligarchy's bankers will scream, but let them. They probably need the oxygen, anyway.

Strategic Studies

- **What the U.S. Presidency Needs To Know About the Russians**

Nothing is more crucial for the survival of the United States and Russia than for the Obama Administration to understand how Russia is dealing with the current crisis, so as best to open the door for a strong partnership with Russia.

International

- **LaRouche:**

- **Stop Dope, Inc.'s Takeover of World Economy**

The drug trade and its 'black economy' are infecting the world financial system with its more than a trillion dollars a year, while other sources of liquidity are drying up.

- **LaRouche on Afghanistan:**

- **No U.S. Troops; Shut Down the Drug Traffic**

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- **Dope Cash Rescued Banks**

- **Blair, Bibi Move vs. Mideast Peace Efforts**

To be successful, U.S. envoy George Mitchell is going to have to outflank British moves for perpetual war in South West Asia.

- **To President Obama:**

- **Beware of Minefields on the Way to Iran!**

- **Bangladesh:**

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National

- **The Case for Nancy Pelosi's Immediate Forced Resignation**

Lyndon LaRouche has called for the Speaker of the House to be given the boot for her role in the bank bailout swindle, and her sabotage of LaRouche's Homeowners and Bank Protection Act, which would have provided a solution to the crisis of the United States back in 2007.

History & Culture

- **Felix Mendelssohn:**

- **Schiller's Aesthetic Soul**

No better honor for Mendelssohn's 200th birthday could be imagined, than to expunge the besmirching of his name by his enemies who

spread the characterization, still heard today, that he was 'gentlemanly,' without telling the truth about him: that he was perhaps the best example of that which Friedrich Schiller had fought for—a beautiful soul, aesthetically educated.

Editorial

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U.S. Economy Sinking Like a Stone

Jan. 31 (EIRNS)—The numbers behind yesterday's report that U.S. GDP fell in the fourth quarter of 2008 at an annual rate of 3.8%, tell only part of the story that has caused panicked headlines in the major press. The opening line of the *Washington Post's* coverage, this morning, says it all: "Consumers didn't consume, businesses didn't invest, overseas buyers of American goods didn't buy and unsold products piled up in warehouses in the final months of the year."

Exports fell by 19.7%; government spending rose overall, but state and local government spending dropped; spending on equipment and software dropped at 27.8%; investment in housing fell at 23.6%; and consumer spending fell 3.5%. As a result, inventories are burgeoning, but the way GDP is calculated counts growing inventories as growth. If that "growth" had been excluded from the GDP figure for the fourth quarter, notes the *Post*, the actual decline would have been 5.3%.

Fannie, Freddie To Let Renters Stay in Foreclosed Homes

Jan. 31 (EIRNS)—Freddie Mac and Fannie Mae have bowed to pressure from housing advocates, and will stop routinely evicting tenants of rental houses that have gone into foreclosure. Instead, beginning Feb. 1, both will be offering leases to such tenants. Tenant advocates are pushing private lenders to begin doing the same, noting that renters have been swept up in the foreclosure crisis and have usually been evicted through no fault of their own.

Of course, the real estate agents who would have to manage the properties under Fannie and Freddie's new policy are up in arms, because they would rather sell the houses at the highest prices possible, which, they complain, is only possible if the houses are empty.

U.S. Infrastructure Gets 'D' Grade

Jan. 28 (EIRNS)—The American Society of Civil Engineers (ASCE) annual "report card" assigned an overall "D" grade to

the nation's infrastructure, and stated that \$2.2 trillion in investment would be needed to bring it into a state of good repair—up from its \$1.6 trillion estimate in 2005. The report was to be released in March, but the ASCE moved it up to try to influence the debate over the stimulus bill now being negotiated by the Obama Administration and Congress.

Less than a third of the current "stimulus" proposal would be spent on infrastructure, and an even smaller part of that would go toward traditional concrete-and-steel projects like roads and transit, says the *New York Times*. Instead, "infrastructure" includes computerizing medical records and the like.

Among the ASCE findings on some key areas of infrastructure:

* Bridges: "C"—More than 26% of the nation's bridges are structurally deficient or functionally obsolete.

* Dams: "D"—the number of deficient dams has risen to more than 4,000, including 1,819 high hazard potential dams.... There are more than 85,000 dams in the U.S., and the average age is just over 51 years old.

* Drinking Water: "D"—America's drinking water systems face an annual shortfall of at least \$11 billion to replace aging facilities that are near the end of their useful life and to comply with existing and future water regulations. Leaking pipes lose an estimated 7 billion gallons of clean drinking water a day.

* Inland Waterways: "D"—The average tow barge can carry the equivalent of 870 tractor trailer loads. Of the 257 locks still in use on inland waterways, 30 were built in the 1800s and another 92 are more than 60 years old.

* Roads "D"—Americans spend 4.2 billion hours a year stuck in traffic. Poor road conditions cost motorists \$67 billion a year in repairs and operating costs, and cost 14,000 Americans their lives. One-third of major roads are in poor or mediocre condition, and 36% of major urban highways are congested.

Third U.S. Bank Failure of 2009

Jan. 25 (EIRNS)—The First Centennial Bank of California was shut down the weekend of Jan. 23 by the FDIC and state authorities. The bank had \$803 million in assets, and was the third official bank failure to be reported in 2009. There were 25 such bank failures in 2008.

All of which only proves how stupid accountants are, who pronounce such developments as "bank failures," while pretending that the entire, thoroughly bankrupt international banking system is not in the same condition—or worse.

Global Economic News

[ILO: 50 Million Jobs Will Be Lost Worldwide in 2009](#)

[IMF Sees \\$2.2 Trillion in Bank Losses Globally](#)

['China Shock' Hits Asian Economies](#)

[Japan's Economy in Free Fall as Output Plummet 9.6%](#)

ILO: 50 Million Jobs Will Be Lost Worldwide in 2009

Jan. 28 (EIRNS)—The UN's International Labor Organization (ILO) issued a report yesterday warning that more than 50 million jobs could be lost worldwide by the end of 2009. The crisis could push another 200 million workers into extreme poverty, and bring the total number of "working poor" to 1.4 billion—about half the working population of the planet.

The London *Times* today described the findings as a "stunning estimate"; Lyndon LaRouche said the ILO projection was actually "optimistic," given the level of physical-economic meltdown already underway internationally.

ILO director-general Juan Somavia admitted, in presenting the report, that "if the recession deepens in 2009, as many forecasters expect, the global jobs crisis will worsen sharply."

IMF Sees \$2.2 Trillion in Bank Losses Globally

Jan. 28 (EIRNS)—The International Monetary Fund yesterday raised its projection of international banking losses from the current crisis by over 50%—from \$1.4 trillion, to \$2.2 trillion. In so doing, the IMF has gotten a tad closer to the truth. Now, if they add three zeroes to their estimate, they'll be in the right ballpark, since the vast majority of the \$1.5-2 *quadrillion* in outstanding financial aggregates has already gone up in smoke.

Former IMF chief economist Simon Johnson said, with the insight characteristic of IMF officials: "This is an extremely severe downward revision."

'China Shock' Hits Asian Economies

Jan. 29 (EIRNS)—The implosion of China's processing trade, due to the collapse of the U.S. and European markets, is bringing down exports all over Asia. While China has big trade surpluses with the U.S. and European Union, it has long had trade deficits with its Asian trade partners, from which it imports the components used for its processing industries. This includes Japan, for which China is its biggest trade partner, especially if trade via Hong Kong is taken into account.

South Korea and Japan are both being hit hard by the contraction of China's imports in recent months. In December alone, Chinese imports fell by over 21%, an indication of how sharply the processing trade will contract in the coming months. Japanese exports to China fell 35.5% in December, and to Asia overall by 36.4%. For South Korea, the situation is even more difficult: The *Korea Times* reported on Jan. 27 that the "China shock" is "the biggest threat to the Korean economy." Some 23% of Korean exports go to China, its biggest trade partner, but in December, these exports fell 33% year on year.

China is also a big market for the less-developed Asian economies. Since 2006, China has become the third-biggest export market for Thailand, and fourth-largest export market for Indonesia, Singapore, the Philippines, and Malaysia.

Now, all this is going west, as a report published yesterday in the *Singapore Business Times* documents. China's imports from Asia, which had been growing 22% year-on-year through October 2008, began to fall sharply in November, by 23.8% year-on-year. "The worst-hit economies in terms of sales to China were the Philippines (-52%), India (-51.8%), Taiwan (-42.3%), and Hong Kong (-41.1%). While lower commodity prices may be partly responsible for these declines, China's slowing domestic economy and worsening export outlook is also dragging down demand for Asian exports, especially components for further processing," the *Business Times* reported. "After all, China's role to Asian exporters is not only as a consumer, but more importantly, the final point of assembly before the product is shipped to the ultimate consumers in the developed world."

Japan's Economy in Free Fall as Output Plummet 9.6%

Jan. 30 (EIRNS)—"I've never seen such a steep production fall," Japan's Finance Minister Kaoru Yosano told a news conference, as some December results came out yesterday. "Japan's economy is falling off a cliff," said a security firm economist.

Japan's industrial output fell 9.6% in December, and household consumption was down by 4.6%, while unemployment took its greatest one-month leap upwards in 41 years, to 4.4% from 3.9%.

Short-time and production halts mark the entire auto industry, and the supporting machine-tool industries are being hit just as hard. "The suppliers' earnings are collapsing as quickly as the carmakers," said Andrew Phillips, an auto analyst.

Giant Japanese electronics firms are also being decimated. NEC Electronics announced cuts worldwide of 20,000 jobs. Toshiba, projecting a record annual loss, said it plans to shift its semiconductor production to cheaper locations and lay off 4,500 in Japan. Toshiba also plans to introduce a "work sharing" system so the company can further cut costs without more direct layoffs.

United States News Digest

California Moves Toward Shutdown, Judge Backs Furloughs

Bloomberg Lowers \$1 Billion Budget Axe on New Yorkers

LaRouche: Proposed Financial Markets Commission Is a Stalling Tactic

Mortgage Bankers in Implausible Denial

Conflict of Interest Plagues Ross Nomination

California Moves Toward Shutdown, Judge Backs Furloughs

Jan. 30 (EIRNS)—A judge in Sacramento ruled in favor of California Gov. Arnold Schwarzenegger's plan to cut wages and services, allowing him to furlough 235,000 state employees, without pay, two days a month. Schwarzenegger's proposal shuts down most state offices every other Friday, at a savings of \$1.3 billion, while cutting wages to state employees by more than 9%. State Comptroller John Chiang had refused to enforce this, and several unions took Schwarzenegger to court to halt it. However, Judge Patrick Marlette ruled yesterday that the state's ongoing budget crisis and the lack of funds available to the state, constitute a real emergency, and the governor's order was reasonable and necessary under the circumstances. The first furlough day/unpaid day off will be Feb. 6.

Other measures which are in place to preserve funds include withholding state tax refunds; and beginning Feb. 1, the state will cease payments to a number of state programs, including supplemental aid programs for more than 1 million disabled, blind, elderly, and poor, and will halt grants for college students.

Bloomberg Lowers \$1 Billion Budget Axe on New Yorkers

Jan. 30 (EIRNS)—New York City Mayor Michael "Benito" Bloomberg has joined fellow fascist Gov. Arnold Schwarzenegger, in calling for over \$1 billion in services cuts to the city's budget. Bloomberg's next fiscal year budget plan, announced today, tries to plug a \$4 billion revenue hole with nearly \$2 billion worth of spending cuts and new sales taxes. These "spending fixes" come on top of \$1 billion in cuts and \$1.5 billion in tax hikes he made in this year's budget, the New York *Daily News* notes.

Lyndon LaRouche recently said that people are going to die as a result of politicians' refusal to adopt his bankruptcy reorganization plan, and the Bloomberg cuts show it. The Benito plan would cut 23,000 city jobs, including police, fire, and ambulance workers. Under the plan, 1,000 policemen, 1,440 school employees, 167 seasonal Parks Department aides, 549 child welfare workers, and more than 14,000 teachers and classroom employees, will be fired. In addition, 30 ambulance tours, one firefighter from each of 64 engine companies, and homeless prevention and child care programs are to be cut. Those lucky enough to keep their jobs will have to pay 10% more for health care.

"When you talk about reducing city expenditures, you are really talking about reducing headcount," Bloomberg said. "You can only get so much blood out of a stone." Indeed and he's going for every ounce.

LaRouche: Proposed Financial Markets Commission Is a Stalling Tactic

Jan. 27 (EIRNS)—Three U.S. Senators are moving to create a "9/11 Commission on the financial crisis," which would conduct a one-year investigation of who caused it and how, issuing reports to Congress and the President and referring criminal wrongdoing to U.S. Attorneys and state attorneys general as necessary. The legislation, S. 298, was introduced on Jan. 22, one month after Lyndon LaRouche's first public call for "a new Pecora Commission" modelled on the 1932-34 Senate Pecora hearings that exposed the scandals of Wall Street banks, triggering the Great Depression collapse.

Republican Sens. Johnny Isakson and Saxby Chambliss of Georgia and Democratic Sen. Kent Conrad of North Dakota are seeking more sponsors of the Financial Markets Commission Act of 2009, hoping to pass it "rapidly after the stimulus bill." It would set up a seven-member bipartisan commission with investigative staff and subpoena power to "examine all causes, domestic and global, of the current financial and economic crisis in the United States, including the collapse of major financial and commercial firms," including investigating the role of government regulatory agencies, and of the government bank bailouts themselves.

Under current circumstances, LaRouche characterized the proposal as "a stalling tactic, which would lose momentum." A new Pecora Commission must start up *immediately*, he said. Such hearings and exposures are "needed as leverage during the fight for bankruptcy reorganization."

Mortgage Bankers in Implausible Denial

Jan. 26 (EIRNS)—The president and CEO of the Mortgage Bankers Association contends he's never heard of the Homeowners and Bank Protection Act. In an MBA conference call with the media today "to discuss the state of the industry," John Courson not only denied knowing of the HBPA, but denounced a moratorium on home foreclosures as "water backing up against a dam."

Courson was asked by *EIR*: "As you may know, since 2007, city councils and state legislatures across the country have endorsed the Homeowners and Bank Protection Act, Federal legislation drafted by Lyndon LaRouche, and modelled on actions by FDR in the last depression. The HBPA would impose a moratorium on home foreclosures, and protection for the traditional activities—as opposed to speculation—of chartered state and Federal banks, and do this in the context of putting our bankrupt financial system through orderly bankruptcy proceedings, rather than attempting the impossible task of

bailing out more than a quadrillion dollars in speculative debt. The representatives of the cities and states would certainly like your backing in this effort. Will you consider that?"

Despite Courson's waterlogged assessment of foreclosure moratoria, the *Detroit Free Press* reported today that Wayne County, Mich. Sheriff Warren Evans, who is running for Detroit mayor, has asked Gov. Jennifer Granholm to declare a six-month foreclosure moratorium in the county, and to declare a state of emergency there.

In the letter mailed Jan. 22, Evans wrote, "We are both familiar with the effect that our state's severe economic downturn has had and continues to have on Michigan's citizens, specifically those in Wayne County. These include, among others, record job losses, increasing reliance on food banks, and skyrocketing mortgage foreclosures."

Conflict of Interest Plagues Ross Nomination

Jan. 25 (EIRNS)—While Dennis Ross remains in contention for the critical 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 the chairman of the Jewish People Policy Planning Institute, 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/AIPAC spy ring.

Prof. 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 Larry 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 told *EIR* at the time that the Franklin case first surfaced, that Arad was being positioned to be the "handler" of Franklin. The argument was that an "ex"-Mossad officer, working at a think tank could give Israeli intelligence plausible deniability of any role in the ongoing 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, still awaiting trial. Franklin pleaded guilty and agreed to cooperate with Federal prosecutors.

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 as special envoy to Iran. The Israeli government has made it clear that they have a very different policy towards Iran than 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.

Ibero-American News Digest

[Argentine Court Rules for Soros Drug Decrim](#)

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Argentine Court Rules for Soros Drug Decrim

Jan. 24 (EIRNS)—Any attempt to decriminalize drugs for personal consumption, as a Buenos Aires federal court did on Jan. 22, is an act of "genocide" against Argentina's children, said Claudio Izaguirre, president of the Argentine Anti-Drug Association.

Following Nazi-collaborator George Soros's drug legalization agenda, three judges of the federal court ruled unconstitutional Article 14 of the national drug law, which criminalizes drug possession for personal consumption. This prohibition is "an unreasonable restriction of personal freedom," which will inhibit citizens' free access to health care, the magistrates argued.

Moreover, they charged, the drug law violates the Universal Declaration of Human Rights, as well as Article 19 of Argentina's Constitution. The latter states that the "private actions of men, which don't offend public order or morality, or do harm to third parties," are not punishable by law.

This is genocide, Izaguirre said. "There are little ones, nine or ten years old, out on the street consuming, or who offer oral sex for 10 pesos so they can buy drugs," he said. Current law mandates that anyone arrested with small amounts of drugs is immediately sent to a treatment center. But, should the government ram through a bill decriminalizing drug possession for personal use, "that addict will now be left out on the street," Izaguirre warned. The only beneficiary will be the retail drug vendor, who can be seen selling drugs right out in the open throughout the capital.

In February, Argentina's Supreme Court is expected to rule that the current legal prohibition of drug possession for personal use is unconstitutional. With that imprimatur, the government of President Cristina Fernández de Kirchner then plans to submit a bill to Congress for full decriminalization.

Mullen Urges U.S.-Mexico Cooperation vs. Border Drug Violence

Jan. 28 (EIRNS)—During a Jan. 27 press conference with foreign media, U.S. Joint Chiefs of Staff chairman Adm. Mike Mullen thoughtfully answered the question raised by a reporter from Mexico's *Reforma* daily, about the drug violence afflicting Mexico, and the U.S. response to it.

The reporter asked Mullen whether it were a fair assessment to say that Mexico is a country "at risk of failure," as recently put forward in a report by the Joint Forces Command. He also asked about Mullen's own assessment of the U.S.-Mexican border region, regarding the drug war.

Mullen responded that he was "extremely concerned about that border and the drug war," and that the number of murders and kidnappings in recent years in that region, "has all of our attention." Echoing the concern that former Clinton "Drug Czar," Gen. (ret.) Barry McCaffrey, had expressed in a December memo on the Mexican drug situation, Mullen explained that "the United States and Mexico, and others, but certainly the United States and Mexico, with that border in particular ... in common, need to do as much as we can to work together to eliminate that threat.... We want to do as much to assist and support our neighbor in that regard, as we possibly can."

Mexico's Ambassador Asks U.S. To Stop Weapons Flow

Jan. 27 (EIRNS)—In an interview published Jan. 26 by Associated Press, Mexico's Ambassador to the U.S., Arturo Sarukhan, urged the Obama Administration to take immediate action to stem the flow of contraband weapons that enter Mexico, and end up in the hands of the drug cartels.

Stating how "frustrated" Mexico had been with the Bush Administration on this issue, Sarukhan underscored that were the U.S. to enforce existing laws against purchase of certain types of weapons, and take action to cut off the flow of weapons, money, and "other resources" across the border, this would greatly affect the drug cartels' ability to wage war on the Mexican state. He reported that President Felipe Calderón would urge President Obama to increase funding to the ATF and the Immigration and Customs Service to permit expanded intelligence work to identify who is moving the weapons and who receives them.

The ATF reported that 7,000 weapons sold in the U.S. in 2008 ended up in Mexico. Ninety-five percent of the weapons captured from drug traffickers in Mexico originate in the United States. The majority are transported in small quantities, hidden in cars or other vehicles that often aren't inspected when they enter Mexico.

"Unless we understand that this is a *bilateral* challenge, and is an issue that requires realistic policies," said Sarukhan, "we shall all fail."

LYM Brings PLHINO to Mexican Congressional Discussions

Jan. 30 (EIRNS)—LaRouche Youth Movement organizers in Mexico managed to inject at least something of the much-needed concept of turning to big proposed development projects, like the Northwest Hydraulic Plan (PLHINO), into an otherwise floundering forum on the world financial crisis at the Mexican Congress yesterday.

The second session of the forum centered on how Mexico could grow its economy. As the session ended, two LYM organizers jumped onto the stage, held up a big banner on the PLHINO project, and demanded that people listen up, as they gave a five-minute briefing on what Mexico needs to do: implement the PLHINO, to bring jobs, electricity, and expand agriculture and industry, as the only serious answer to the world collapse, and to the drug cartels taking over the country.

The national daily *La Jornada* published a picture of the two LYM members with their banner, as the illustration for its coverage of the Congressional forum. *La Jornada* painted the forum as a bust, and concluded its article on the event by commenting that "To top it off, a group of ineffable LaRouchista youth climbed onto the stage at the end of the second session, to speak out in favor of a so-called [sic] Northwest Hydraulic Plan," gaining the attention of journalists, before security moved in.

Western European News Digest

[**Zepp-LaRouche, Cheminade Keynote Paris Conference**](#)

[**Cheminade Applauds French Moves To Probe Banks**](#)

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[**Millions Demonstrate vs. Unemployment in France**](#)

[**Britain Coming Unglued: The End of Brown?**](#)

[**Blair Attempts To Hang On**](#)

Italy-Brazil Conflict Escalating

Zepp-LaRouche, Cheminade Keynote Paris Conference

PARIS, Jan 25 (EIRNS)—The LaRouche-affiliated Solidarité & Progrès (S&P) held a conference in Paris on Jan. 24. The conference was keynoted by Helga Zepp-LaRouche, president of Germany's Civil Rights Solidarity Movement (BüSo), and S&P president Jacques Cheminade. Two mayors of French cities also addressed the conference.

Zepp-LaRouche opened up the afternoon session with a presentation on Lyndon LaRouche's proposal for a Four-Power alliance, in the wake of U.S. President Barack Obama's inauguration, and of LaRouche's Jan. 22 international webcast. Cheminade elaborated on the meaning of a New Bretton Woods fixed-exchange-rate system, blasting John Maynard Keynes as a tool of British imperial policy. Both highlighted the opportunity presented by the administration of Barack Obama, to free Europe from the EU's Maastricht stranglehold and the post-industrial paradigm.

The mayors spoke out about their fight for the very survival of their localities, providing a sensuous illustration of the true state of the economy.

Cheminade Applauds French Moves To Probe Banks

PARIS, Jan. 29 (EIRNS)—The Finance Commission of the French National Assembly, headed by Socialist Didier Migaud, announced yesterday, that it will be interrogating, during the next 15 days, the CEOs of France's top six banks, which received funds from the State, in order to find out: 1) what conditions the State demanded from them in exchange for giving them access to a EUR360 billion guaranty fund for monetary market credits; 2) why they are asking for State funds, while they will be paying dividends for 2008; and 3) what is the status of stock options and free stocks distributed among the leadership of the banks.

In a statement to the press distributed late on Jan. 28, Solidarity and Progress leader Jacques Cheminade notes that since there are bombs still ready to explode on the banks' books, "the object of the hearings should be to determine what is viable and necessary to the legitimate functioning of the banking system and should be maintained and supported, and what has resulted from irresponsible imprudence or exotic operations and must therefore be submitted to bankruptcy reorganization. Banks must not be nationalized so that the State endorses or guarantees credits which cannot be reimbursed; banks must be put in a situation where they can function in a healthy manner, determining those assets which have no value and eliminating them in the common interest."

LaRouche Movement Intervenes vs. Soros in Italy

Jan. 26 (EIRNS)—The Italian LaRouche movement, Movimento Solidarietà (Movisol), has intervened in the current fight to establish who will be the next mayor of Florence, by exposing a plot by the George Soros faction to take over the Democratic Party, and eliminate internal opposition through media-motivated scandals. The Democratic Party primary will be held on Feb. 15, and the election will take place in May. Movisol representative Claudio Giudici has written a piece for the Movisol website calling for the Democratic Party to reject Soros's policies and endorse Lyndon LaRouche's (<http://www.movisol.org/09news015.htm>). Soon afterward, the article was posted by the leader of the Democrats' anti-Soros faction, outgoing City Councilman Graziano Cioni (<http://www.iostoconcioni.org/>).

Cioni, a popular figure, was the designated successor of the outgoing mayor, until a campaign orchestrated by Soros-connected media (owned by Soros's partner Carlo De Benedetti) forced him to withdraw over corruption charges. As front-

runner, he was replaced with a Soros man, Lapo Pistelli. Giudici recently publicly confronted Pistelli, who reacted against LaRouche's proposals, and against LaRouche himself.

However, Cioni has not thrown in the towel, and is pushing his own candidate. The Florence Democratic Party is split down the middle, and is now in receivership. The fact that Cioni posted the entire article by Giudici, including all links to Movisol and LaRouche PAC, has now raised the level of the fight, which might end in a local defeat for Soros and the De Benedetti crowd, with national political implications.

Millions Demonstrate vs. Unemployment in France

PARIS, Jan. 30 (EIRNS)—Participation in national demonstrations yesterday in France, organized by eight of France's major trade unions federations, was the largest in 20 years. The police, whose estimates are generally largely understated, reported that there were more than a million people in the streets, while the CGT labor federation reported 2.5 million. Contrary to what some publications reported, this was not merely a "public sector" demonstration: For the first time in many years, private sector workers also turned out in large numbers, including employees from the auto industry, as well as small and medium-sized companies, where unemployment is high.

What is fueling the strikes is fear of what the future holds, and rage against the government's bank bailouts in the billions. Outside of the organizing of the LaRouche movement, no political leadership was offered.

Britain Coming Unglued: The End of Brown?

Jan. 31 (EIRNS)—The labor unrest that is now roiling Britain can be framed by commentaries in the London *Guardian* and *Daily Telegraph*, under nearly identical headlines, both forecasting that this past week could be the week that Prime Minister Gordon Brown lost the next election.

Each column sets the stage differently, but both note that all polls show Brown and the Labour Party behind the Conservatives by 10-12 points, and not because Tory leader David Cameron has suddenly found some new charisma. One cabinet minister told *Guardian* political editor Patrick Wintour, "With bank shares diving and companies closing, people are becoming personally threatened. It is not a positive shift to Cameron." Another warned, "We could see social dislocation here if we do not get the tone of our response right."

Spectator editor Mathew D'Ancona, writing in the *Telegraph*, said that the polling figures "form a very clear statistical map of a country seriously fed up with the incumbent and preparing itself mentally for an alternative government. They do not suggest fervour for the Tories, but they do suggest, strongly that a collective decision has been made."

Brown apparently believes he can turn things around at the April G-20 summit in London, where he hopes to bask in the reflected glow coming from U.S. President Barack Obama, who will be making his first overseas trip for the occasion.

Blair Attempts To Hang On

Jan. 31 (EIRNS)—The *Times* of London runs a puff piece today on former Prime Minister Tony Blair, a thinly veiled attempt to keep him involved in the Middle East, in order to sabotage the work of U.S. Middle East envoy George Mitchell.

Based on a series of interviews over the last two months, the article confirms the report, received by *EIR*, that Blair was the architect of the Gaza War. Blair obviously wants to keep his position as the Middle East Quartet's envoy to the Palestinian National Authority, a job he received with the backing of the Bush Administration, and a job he could very well lose with a

new administration in Washington.

Italy-Brazil Conflict Escalating

Jan. 28 (EIRNS)—The Italian government has recalled its ambassador to Brazil, after the Brazilian Supreme Court of Justice confirmed the status of political refugee for convicted terrorist Cesare Battisti. The Italian government is resentful of the fact that the Brazilian authorities rejected its request to avoid a hasty decision. The Court decided in less than 48 hours. The issue may reverberate negatively at the next G-8 meeting, which is chaired by Italy, and where Brazil holds observer status. It could create unnecessary conflicts that could stand in the way of LaRouche's New Bretton Woods-Four Powers policy.

Russia and the CIS News Digest

Obama and Medvedev To Meet in April

Anti-Drug Chief: Moscow Wants To Work With U.S.A. in Afghanistan

Russian Publications: LaRouche Forecast This Crisis

Obama and Medvedev To Meet in April

Jan. 29 (EIRNS)—Russian Foreign Minister Sergei Lavrov confirmed Jan. 27 that President Dmitri Medvedev will meet with U.S. President Barack Obama around April 2, when both will be in London for the G20 financial crisis meeting. In a Jan. 26 phone conversation, the Kremlin announced, the two heads of state emphasized their desire to renew the potential of Russian-American relations to meet common challenges, including the global financial crisis, weapons of mass destruction, and terrorism. They also touched on the acute regional problems of Southwest Asia and Afghanistan. Until the April meeting, Lavrov told the press, "I'm hoping to have contacts with U.S. Secretary of State Hillary Clinton."

In an interview with Bloomberg TV on Jan. 26, Russian Prime Minister Vladimir Putin said he was "cautiously optimistic" that relations with the U.S.A. will improve under the Obama Administration. He was critical of the policies of former President George W. Bush in Ukraine, saying that "the activities of the previous U.S. administration and the European Union, which supported it," had fomented strife in and around Ukraine. Now, Putin said, there are "certain signals" that Obama is reassessing policies in relation to Russia, including the ABM systems for central Europe. "In Mr. Obama's inner circle, they're saying there is no need to rush with it and it needs to be further analyzed, and we welcome such statements," Putin told Bloomberg.

A related report came Jan. 28 from the Russian news agency Interfax, quoting an unnamed Russian general staff officer that, if the Obama Administration does not proceed with the ABM systems in Poland and the Czech Republic, Russia's military does not need to push ahead with the threatened retaliatory deployment of Iskander short-range missiles in the Kaliningrad Region (between Poland and Lithuania).

Putin also cited "positive signals" regarding NATO: "They are saying that it is possible to provide security for Ukraine and Georgia in various ways, and it is not essential to accept them into NATO now. We welcome that and are ready to take part in any discussion on working out the best options to ensure international security." In Brussels, it was announced Jan. 26, after talks between Russian Ambassador Dmitri Rogozin and NATO ambassadors, that Russia and NATO will have their first official contact, since the South Ossetia conflict last August, at the upcoming Munich security conference.

Anti-Drug Chief: Moscow Wants To Work With U.S.A. in Afghanistan

Jan. 30 (EIRNS)—Victor Ivanov, head of the Russian Federal Narcotics Control Service, said in an interview with the government daily *Rossiyskaya Gazeta* today that Russia wants to work with the new U.S. Administration in Afghanistan to fight drug trafficking. According to an RIA Novosti story, released yesterday to highlight the interview, that was Ivanov's comment on the appointment of a high-ranking U.S. figure, former U.S. Ambassador to the UN Richard Holbrooke, as U.S. special envoy for Pakistan and Afghanistan.

Ivanov is the Russian official who, shortly after the Nov. 26, 2008 terror attack on Mumbai, India, cited intelligence received on its having been financed by the drug-running networks of Dawood Ibrahim.

Noting the spread of drug crops and trafficking from southern Afghanistan to the whole area along the border with the Central Asian countries, Ivanov said. "To reduce this danger, we are vitally interested in working with the new American administration." Novosti also cited U.S. State Department representative Robert Wood's statement that the Obama Administration considers working with Russia a key component of its Afghanistan strategy.

Ivanov called for convening a conference under UN auspices, on Peace and Prosperity in Afghanistan, as a "first step." "It would be appropriate to hold such a conference in Afghanistan itself, e.g., in Kabul," said Ivanov. All tribes, areas, and political forces "prepared for a constructive dialogue" should be invited, he said, proposing a special role for Russia, as a country "whose forces have not participated in this seven-years long war." Ivanov said that creation of a "single, independent, and strong nation of Afghanistan" would be the pathway to tackling the heroin business.

Russian Publications: LaRouche Forecast This Crisis

Jan. 26 (EIRNS)—An article by Vladimir Pyatnitsky, headlined "The End of the Dollar Empire," appearing in the Russian online publication Islamnews.ru, is representative of current comments in Russian online news sites, forums, and blogs about LaRouche's analysis of, and his recommendations for the economic crisis. Pyatnitsky's article makes the additional point that the Russian leadership should have known what was coming, because LaRouche presented his warnings directly in Russia, including at the Russian Parliament.

The article begins: "The current global financial and economic crisis was foreseen and predicted long ago by experts in various countries. In particular, the prominent American encyclopedic thinker Lyndon LaRouche has talked about its inevitability for a number of years. He visited our country several times and spoke, it should be noted, at the State Duma. To the point, he is the one who talked about the irreversible collapse of the reigning liberal financial and economic system, but Russian officials just waved off his warnings."

Pyatnitsky goes on to say that some Russian economists also foresaw the crisis, citing a 2003 book which itself reported on LaRouche's analysis at length.

In the context of the widespread discussion of the inadequacy of the Russian leadership's response to the crisis, maverick journalist Maxim Kalashnikov pointed out that the Kremlin could have learned something from LaRouche, a long time ago. Writing Jan. 30 in the Forum.msk.ru online newspaper, Kalashnikov blasted Prime Minister Vladimir Putin's speech to the Davos World Economic Forum as vacuous and disingenuous. He quoted Putin's call to reform international audit standards and change the rating agencies' system, "returning to the concept of fundamental asset value," such that "the future economy be an economy of real values."

"Bravo, Putin!" wrote Kalashnikov, "You've made it to the principles of Lyndon LaRouche's Physical Economy; you've

made it to what he said 30 years ago."

Kalashnikov ridiculed "sycophants and anal-ists" who hailed Putin's speech on the financial crisis as equivalent to his famous February 2007 "Russia is back" speech at the Munich security conference. Citing Putin's remark that the "perfect storm" of the financial crisis was hanging in the air, "but nobody wanted to see the rising wave," Kalashnikov asked, "And why the fig didn't you want to notice it during your eight years as President?"

Kalashnikov is published in a variety of Russian outlets, being closely associated with the nationalist weekly *Zavtra*.

Southwest Asia News Digest

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LaRouche: Justice for Gaza Demands Netanyahu's Defeat

Feb. 1 (EIRNS)—Lyndon LaRouche declared today that, if there is to be any justice after the Israeli atrocities against the people of Gaza, Likud party leader Benjamin Netanyahu must be defeated in his bid for the Israeli prime-ministership. The election is scheduled for Feb. 10.

"Based on eyewitness reports that I have received in the past several days," LaRouche explained, "it is clear that the Israeli invasion of Gaza constituted a war crime that can not be overlooked by the civilized world. If there is to be justice for the crimes carried out against the Palestinian people of Gaza, a very steep price must be imposed on Israel. Netanyahu is the leading representative of the outright fascist current in Israeli political life—the pro-Mussolini Revisionist movement of the late Sykes-Picot agent Vladimir Jabotinsky.

"While some will argue that Netanyahu was not part of the Olmert government that waged the war of annihilation against the Palestinian population of Gaza, no one will dispute the fact that Netanyahu is the candidate who stakes his entire career on denying the Palestinian people their rightful state. To do justice for the war crimes committed by the Israelis, a very large scalp must be taken, and that is Mr. Netanyahu."

LaRouche also endorsed the Jan. 31 call by Uri Avneri, one of Israel's leading peace activists, demanding that Israel convene a war crimes tribunal, to prosecute those who charged with crimes during the Gaza invasion. Avneri's call covered both Israeli Defense Forces personnel and top politicians. LaRouche declared: "Uri Avneri is right. If there is to be any hope for a just peace, Israel must clean its own slate, by conducting a thorough investigation, leading to prosecutions of those who carried out these atrocities. Peace requires clean hands, and the best course of action is for Israel, itself, to clean out those responsible for these crimes."

LaRouche cited reports that the 23-day Israeli invasion was not, contrary to Israeli government claims, simply aimed at Hamas. "Israel had no justification for launching a war of extermination against the Palestinian people in Gaza," he said. "There is no excuse, no explanation that can justify the actions taken by the Israeli forces against the people of Gaza. After the first four days of the attacks, any and all so-called 'military' targets were thoroughly destroyed. After that, the ground invasion and subsequent bombing by the Israeli forces aimed at nothing less than the elimination of civil society in Gaza.

The death toll of women, children, and elderly, the total destruction of the basic infrastructure of Gaza, tells the story, in terms that cannot be denied.

"This was an act of weakness. The attempt at the mass extermination of the residents of Gaza—to ostensibly prevent some future attack on Israel—is no excuse. There can be no toleration for the Israeli claims that 'We had to do it.' If the reports I have received are accurate—and there is no reason at this time to dispute them—then there must be a steep penalty. And I believe that the first step must be the defeat of Netanyahu in the Feb. 10 elections."

Hamas Considering One-Year Ceasefire with Israel

Feb. 1 (EIRNS)—Al-Arabiya TV reported that Hamas leaders are meeting in Egypt to give their final answer to a proposal for a one-year ceasefire with Israel. Hamas leaders from Gaza and Damascus are in Cairo, as is Palestinian National Authority President Mahmoud Abbas, who cancelled a visit to the Czech Republic in order to come. However, Abbas stated that he will not enter into any negotiations with Palestinian factions that do not accept the authority of the PLO.

Hamas is reportedly considering an agreement that would include the deployment of Palestinian troops at Gaza border crossings; they would coordinate with Hamas. If the agreement is signed, the Rafah crossing between Gaza and Egypt will open on Feb. 5.

Hamas's preconditions focus on the border crossings, which Israel has choked off since Hamas won the elections in Gaza in 2007. Israel's preconditions are stopping rocket fire from, and arms smuggling into Gaza. The U.S. Army Corps of Engineers has begun setting up detection equipment at the Rafah crossing to facilitate the free flow of people and goods across the border.

Erdogan: Gaza Invasion Sabotaged Syria-Israel Breakthrough

Jan. 31 (EIRNS)—Turkish Prime Minister Recep Tayyip Erdogan told the *Washington Post* that the Israeli attack on Gaza sabotaged a potential breakthrough between Israel and Syria, which Turkey was mediating.

Interviewer Lally Weymouth asked Erdogan whether it was the failure of Israeli Prime Minister Ehud Olmert to inform him about the attack on Gaza when Olmert was in Turkey. Erdogan responds, "This is the wrong view," and then explains that they were on the eve of a breakthrough: "At the request of Syria, we entered a phase of working together with Israel and Syria indirectly to get them to talk with each other.... We are mediators in that process. This was an example of how much importance we put on peace in the Middle East. We had done this before with Pakistan and Israel.... During the tenure of [former Pakistani President] Pervez Musharraf, we brought them together in Istanbul: the Foreign Minister of Israel and the Foreign Minister of Pakistan.... We also took part in the peace talks between Israel and Palestine."

Erdogan revealed, "On December 23 we had a meeting with Prime Minister Olmert in Ankara. On that day we had the fifth round of the unofficial talks between Syria and Israel. That night ... I was talking on the phone to Syrian President Bashar Assad, and I was talking to Olmert in person and also to the Syrian Foreign Minister." Asked whether he was trying to move the process to direct Israel-Syria talks and whether Assad agreed, he replied, "President Assad from the start had a very positive attitude toward these talks. On that night, we were very close to reaching an agreement between the two parties. It was agreed they were going to talk until the end of the week to come to a [positive] outcome." He said the talks were going on for five or six hours that very night.

The *Post* then asked, "It sounds like you and Prime Minister Olmert were on the eve of an actual breakthrough between Israel and Syria." Erdogan replied, "I'm sharing my excitement with you." The *Post* said that the Israelis were frustrated

that they couldn't talk directly to the Syrians, to which Erdogan replied, "We were trying to be their hope. Olmert's last sentence [as he left] was, 'As soon as I get back I will consult with my colleagues and get back to you.' As I waited for his response, ... on Dec. 27, bombs started falling on Gaza. There had not been any casualties in Israel since the cease-fire of June 2008.... Since Dec. 27, there have been almost 1,300 dead, 6,000 injured, no infrastructure left.... The United Nations Security Council makes a decision, and Israel announces it does not recognize the decision."

Erdogan revealed that he had also discussed the Gaza situation and offered Olmert help in mediating the release of captured Israeli soldier Gilad Shalit. He also advised that Hamas be brought into the process since they won the elections. Erdogan said that in return for freeing Shalit, Israel should release from jail Hamas's Speaker of Parliament and its other MPs.

Weymouth then asked why Erdogan has a close relationship with Hamas, which she said "is an arm of Iran." The Turkish Prime Minister replied: "First of all, Hamas is not an arm of Iran. Hamas entered the elections as a political party. If the whole world had given them the chance of becoming a political player, maybe they would not be in a situation like this after the elections that they won. The world has not respected the political will of the Palestinian people.... Palestine today is an open-air prison. Hamas, as much as they tried, could not change the situation. Just imagine, you imprison the speaker of a country as well as some ministers of its government and members of its parliament. And then you expect them to sit obediently?"

Weymouth also complained of alleged anti-Semitism in Turkey to which Erdogan said, "There are those who try to claim that my attitude toward Israel's latest attacks on Gaza is because I'm anti-Semitic or against the Jewish people.... As an individual, I have always declared that anti-Semitism is a crime against humanity. As a prime minister I have always been against anti-Semitism and my frustration is against the current Israeli government because they did not act fairly toward us."

Asia News Digest

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India To Go Ahead With Laser-Based Missile Defense

Jan. 26 (EIRNS)—V.K. Saraswat, Air Defense Chief for India's Defense Research and Development Organization (DRDO), said that India is in the process of developing a laser-based missile defense system over the next 10-15 years. "It is an involved process and not just about producing lasers. We have to put in many systems like the surveillance and tracking systems together for such a system to work. It will take another 10-15 years before we talk of integrating all these elements. If you have a laser-based system on an airborne or seaborne platform, it can travel at the speed of light, and in a

few seconds, we can kill a ballistic missile coming towards us," Saraswat told the Press Trust of India news agency.

Mullen Seeks Dialogue with Iran on Afghanistan

Jan. 28 (EIRNS)—Adm. Mike Mullen, chairman of the U.S. Joint Chiefs of Staff, at a press briefing at the U.S. State Department Foreign Press Center today, called for a regional approach to Afghanistan, one of the important ingredients of which would be opening up dialogue with Iran.

"I also believe that India plays an important role here," he said, at his first media exchange following the inauguration of President Barack Obama. "India has taken significantly positive steps to invest in Afghanistan—has for some period of time," he noted.

"In Afghanistan," he said, "a regional approach is critical. And it includes not just Afghanistan, but Afghanistan and Pakistan." He told the press that he and his counterpart in Russia, Gen. Nikolai Makarov, talked about shared goals in Afghanistan. "Russia is interested in stability. Russia is not interested in safe havens. Russia is not interested in the return of a terrorist regime there." Mullen also made it clear that, as far as what Afghanistan itself thinks it needs and will do, that is up to President Hamid Karzai and his people.

Mullen was categorical about the need to bring Iran into a dialogue, "And certainly Iran, as a bordering state, plays a role as well," he said, suggesting "it is important to engage Iran" in a dialogue "that finds some mutual interests, there is potential there for moving ahead together."

Lyndon LaRouche supported Mullen's call, adding that, "We should have a policy of shrewder imagination, and get out of the rut." Iran has been deeply affected by the drugs produced in abundance in southern Afghanistan, under the protection of the British, Australian, Canadian, and Dutch troops based there. "Let us start thinking clearly about our [United States' and Iran's] mutual interest in freeing the world of this drug problem," LaRouche said.

MI5-Tamil Tigers Business Links Exposed in London Court

Jan. 29 (EIRNS)—While it had been widely known for years that British intelligence maintains close business ties to the terrorist Liberation Tigers of Tamil Eelam (LTTE), better known as the Tamil Tigers, press reports now list the details of the British agent who was also the head of the LTTE in London. The LTTE was spawned, armed, and supported by India. Now there is a specific British link to the LTTE. No wonder this was the only terror group in the world that had its own air force.

During an ongoing case against two Tamil Tiger terrorists in London, prosecutor Jonathan Laidlaw QC said the men were among 300,000 Tamils living in Britain. He added: As you might expect, because of this country's close links with Sri Lanka and the large Tamil community which lives in the U.K., the authorities, through agencies such as Special Branch, held regular meetings with the head of the LTTE in Britain, Arunachalam Krishanthakumar, who is known as "Shanthan." (The Special Branch is MI5, Britain's political police.)

The Tamil Tigers were proscribed as a terrorist organization in 2001, and police questioned Shanthan in July 2004, when he was caught buying military uniforms and equipment at an Army surplus store in Southsea, Hampshire, but did not arrest him.

The Special Branch continued to meet Shanthan, but three years later, officers raided his home in South London, and discovered equipment which could be used in improvised explosive devices (IEDs), along with high-powered magnets of

the type used to attach mines to Sri Lankan Naval vessels.

Tigers' Defeat Worries Soros, Malloch-Brown

Jan. 29 (EIRNS)—As it becomes evident that the Sri Lankan Army will overrun the terrorist Tamil Tigers (LTTE), within a month at the latest, British Foreign Secretary David Miliband and Deputy Foreign Secretary Lord Mark Malloch-Brown, the pro-drug cohort of George Soros, have begun to exert pressure on Sri Lanka to sign a truce with the terrorists. Speaking to the members of the British Tamil Forum, Miliband said: "Sri Lanka should go for a political solution that safeguards the rights of the Tamil community."

So far, Colombo, which is backed by China, India, and the United States, among other nations, in routing the Tigers, has remained steadfast in its objective.

Wiping out the Tigers from Sri Lanka may pose a serious threat to Britain, and personally to Malloch-Brown. They are the best organized and financed mules who move drug and illegal weapons around the world.

Japan's Aso Takes on Koizumi's Globalization Reforms

Jan. 28 (EIRNS)—Japanese Prime Minister Taro Aso has launched a campaign against the reforms of former Prime Minister Junichiro Koizumi, the darling of the British and the Bush Administration. Koizumi, in power from 2001-06, privatized basic institutions of the Japanese economy, including the massive postal banking system, and placed limits on public works and social welfare. Aso today presented his \$54 billion stimulus package before the Diet (parliament).

"Entrusting everything to markets won't make things better," said Aso. "Slogans such as 'from the public sector to the private sector' and questions such as 'a big government or a small government' will not allow us to come up with the appropriate plan" for the economic crisis. Last year, Aso floated the idea of reversing the privatization of the postal bank, an idea which is still alive.

The stimulus package includes credit for small businesses, and a hand-out to each citizen amounting to \$22 billion (Japan has 127 million people). Aso said he will create 1.6 million new jobs.

While the stimulus is a desperate act at best, the move against Koizumi's destruction of the Japanese method of cooperation among government, business, and the work force, an idea introduced by Gen. Douglas MacArthur during the occupation after World War II, will have long-range implications, and could revive the dwindling support for the ruling Liberal Democratic Party.

Production, Exports Collapse in Korea

Jan. 27 (EIRNS)—Official data in South Korea show a 14.1% year-on-year disintegration of manufacturing and mining production in November. These figures dwarf the declines seen in the 1997-98 Asia crisis, when production at worst dropped 7.7%.

The Korea Customs Services indicates that the decline is still accelerating. Exports dropped 19.5% in November, but the Customs figures show the rate of decline climbing to an estimated 30% for the first 20 days of January.

Expectations that the fall in exports to the United States and Europe would be cushioned by continued exports to China,

have also been dashed. Exports to China, which account for almost 25% of total Korean exports, fell 33% year-on-year during December.

Africa News Digest

Zimbabwe Unity Government Formed

African Leaders: Lift Sanctions Against Zimbabwe Now!

Zimbabwe, Mozambique, Targetted with Food Cuts

Sudan Expert: Defer ICC Action Against Bashir

Zimbabwe Unity Government Formed

Jan. 30 (EIRNS)—In the face of intense pressure from the London-based global financial cartel, Morgan Tsvangirai of the Zimbabwean opposition MDC-T announced today that his party has agreed to participate in a Government of National Unity (GNU) with President Robert Mugabe's Zanu-PF party, as well as a smaller party (MDC-M) that split off from Tsvangirai's party, and which is led by Arthur Mutambara. Tsvangirai will become prime minister, as previously negotiated under the mediation of former South African President Thabo Mbeki. Tsvangirai will be sworn in Feb. 11. Mutambara will become a deputy prime minister.

Presidents and heads of government finally convinced the Tsvangirai faction of the MDC to form a GNU after a 14-hour summit meeting of the Southern Africa Development Community (SADC) on Jan. 26. The SADC is now headed by South African President Kgalema Motlanthe. Then the Tsvangirai faction had to convince those in his party who opposed the move. Reportedly the MDC decision has a lot of popular support, because people are getting fed up with all the factional differences in the MDC that have stalled the agreement since it was made last Sept. 15.

This morning, Tsvangirai's MDC faction and Zanu-PF met to iron out details, before MDC leaders made their final decision. Both MDC factions and Zanu-PF have set up a joint body to monitor the implementation of the deal.

Mugabe's government today welcomed the decision by Tsvangirai to join a unity government, saying the opposition was "shifting from external influence." "We welcome it, we expected them to do that," Information Minister Paul Mangwana told AFP after the MDC leader said he would be sworn in as Prime Minister by Feb. 11. "We are happy that for the first time they have now recognized themselves as Zimbabweans and we are happy that they are shifting from external influence and have started to reason like Zimbabweans," Mangwana said.

Now the task will be to attempt to revive the economy that has been destroyed by ten years of economic warfare—the IMF refused to allow any company to do business with Zimbabwe, as part of the sanctions package against the country, as punishment for having dumped the privatization and free-trade schemes that battered the economy in the early- to mid-1990s. Now the question is: Will the financial cartel allow the rebuilding of Zimbabwe, which once had the highest education level in Africa? The pretext for the economic warfare against Zimbabwe had been what the cartel called the lack of democracy. Now that the two sides are on the way to forming a government, will the cartel attempt to sabotage the unity government, to provide themselves with a pretext for continuing to refuse to rebuild the country that was ruined by its economic warfare?

African Leaders: Lift Sanctions Against Zimbabwe Now!

Jan. 31 (EIRNS)—London, which has taken the lead in attacks against the Zimbabwe government for not being democratic, is taking a chilly attitude toward the agreement among three Zimbabwe parties to form a Government of National Unity, instead of helping it to succeed.

African leaders, on the other hand, are calling for the immediate lifting of sanctions against Zimbabwe. Arthur Mutambara, the leader of Zimbabwe's MDC-M and a prominent scientist, told Reuters at the World Economic Forum in Davos, Switzerland, "It's not for Britain or America to judge our agreement; your job, as America or Britain, is to support what we try to do. All the sceptics must now shut up and support what Zimbabweans want. Listen to us as Zimbabweans.... This agreement is a flawed arrangement. It is imperfect. But it is the best short-term answer.... Let's forget our political differences and think about Zimbabwe's national interests."

Mutambara called for aid, but especially investment, and said he was encountering "a lot of appetite to be involved in Zimbabwe" at the Davos meeting.

In South Africa, the director general in the Presidency, Frank Chikane, told the South African public radio station SAfm, "We expect Europe and the U.S. and other countries to stop the sanctions."

The executive council of the African Union Commission today adopted a resolution calling for "the lifting of sanctions against Zimbabwe to help ease the humanitarian situation in the country." The chairman of the commission, Jean Ping, put a sharp point on it when asked about European and U.S. sanctions: "Imagine that you don't help Zimbabwe. Who will be blamed?"

Zimbabwe, Mozambique, Targetted with Food Cuts

Jan. 29 (EIRNS)—Just as the Southern Africa Development Community (SADC) group of nations, currently led by South Africa, is in the process of setting up a Government of National Unity (GNU) in Zimbabwe, the UN announced that it was going to cut food rations to Zimbabwe by half. A successful implementation of a GNU would eliminate the pretext used by nations following London's policy of cutting off all economic collaboration with the country. This London-originated policy is what has destroyed the economy of Zimbabwe.

The London *Guardian* today reports that the UN is going to cut food rations to Zimbabwe by half, ostensibly because donations from foreign donors are drying up. The World Food Program is to cut the core maize ration in February from 10 kg to 5 kg a month—just 600 calories/day, which is below what will keep an adult alive. This will affect 7 million Zimbabweans, or 70% of the population. The recommended ration is 12 kg/month, so Zimbabweans will have less than half the minimum food requirement. Many will now be fortunate to eat once a day. People are selling livestock and household goods to raise money to buy food.

Agriculturalists are projecting that the April harvest will fail, providing less than a quarter of the country's needs. As a result, drastic food shortages will continue into next year. Next month, the total number of Zimbabweans relying on food aid will rise by 1.5 million. A lack of agricultural inputs, a result of the economic warfare against the country, has greatly contributed to the crop failure. The London press, and its allies around the world, maintain that this is happening because Mugabe is a dictator, making no mention of the economic warfare.

In neighboring Mozambique, the UN World Food Program will meet only half the survival rations needed for 350,000 people from February to April.

Today, on Reliefweb.int, the U.S. AID Famine Early Warning System Network (FEWSN) reported that, "through the end of April, the World Food Program will only meet 55% of [Mozambique's] needs for this period, due to lack of resources. As a consequence of an undersupplied food aid pipeline, the food insecure persons in selected districts of Manica, Sofala, and, Tete provinces will not be receiving food assistance from February to April 2009."

The WFP is threatening to cut rations, or discontinuing food relief altogether, elsewhere around the globe. In the 1990s, the annual volume of world food relief reached 15 million tons; but in recent years, it has barely topped 7 million tons, although the need is far greater and urgent.

Sudan Expert: Defer ICC Action Against Bashir

Jan. 27 (EIRNS)—Sudan expert Alex de Waal called Jan. 25 for the UN Security Council to defer the implementation of an arrest warrant for Sudan's President Omar al-Bashir, should the International Criminal Court (ICC) issue one. De Waal sees such an arrest warrant, which is expected in the coming weeks, as a mortal threat to the 2005 Comprehensive Peace Agreement (CPA) between Sudan's North and South.

His call appears on his blog, "Making Sense of Darfur," on the website of the Social Science Research Council (New York). The UN Security Council has the power to defer an ICC arrest warrant from year to year under the ICC's founding statute.

De Waal does not mention the fact that the ICC is funded privately by George Soros and his co-thinkers.

De Waal writes: "My proposal is that the UN Security Council should invoke Article 16 without condition [Under Article 16, the Security Council can pass a resolution suspending the court's investigations or prosecutions for a year at a time].... I do not support putting conditions on the Article 16 deferral. Using every opportunity for leverage on the Sudan Government is not a strategy but a habit, and in my view the absolute priority is to focus on the CPA and Sudan's progress towards democracy and stability, and only when that objective is agreed does it make sense to apply additional leverage. The 12-month deferral is the time period in which the strategy for that objective needs to be in place and seen to be working."

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