

World News Briefs

Brits Want More of Bush Policy in Afghanistan

Feb. 8—A battle over the Obama Administration’s Afghanistan policy broke almost into the open at the 45th Munich Security Conference this weekend, as British Defense Secretary John Hutton attempted to rally the conference to something indistinguishable from the Bush “War on Terror.”

An Afghanistan policy review is going on in the Obama Administration, and *EIR* sources say that the plan announced by the Pentagon before Obama took office, to add 30,000 troops, is not likely to be the conclusion of that review. LaRouche has noted that what is actually going on in Afghanistan is that NATO troops are being sacrificed to the British-run drug trade, and that the targeting and eradication of that drug trade is the only effective strategy.

Late reports—indicating that U.S. policy is indeed shifting in this direction—help to clarify what Hutton was freaking out about.

Meanwhile at the Munich conference, while Gen. David Petraeus, head of the U.S. Central Command, called for a new strategy emphasizing the role of civilian reconstruction in conjunction with military presence, Britain’s Hutton said no new strategy was needed.

In introducing Hutton, conference chairman Wolfgang Ischinger, Germany’s ambassador to London from 2006 to 2008, took note of Britain’s long history in the region, and named the viceroy who first established the Northwest Frontier Province. Hutton thanked Ischinger for reminding him of Britain’s historic role, and proceeded to his war cry, speaking of “international jihadism” and “threats to our way of life,” and ending with a call for more of “a wartime mentality.”

Petraeus gave a sober assessment of the military problems to be faced. “Af-

ghanistan has been known over the years as the graveyard of empires. We cannot take that history lightly.”

NATO Follows Craddock’s Afghan War on Drugs

Feb. 11—NATO Secretary General Jaap de Hoop Scheffer said today that NATO will proceed with new measures to target drug traffickers in Afghanistan and will bomb drug-processing laboratories, to deprive the Taliban of its main financing, but that it will remain within international law. He said that a “number of buffers and filters” had been put in place to safeguard the legality of combating what he termed the nexus between the insurgency and narcotics. “It is according to international law,” he said.

This confirms the policy called for by NATO chief Gen. John Craddock in a memo leaked two weeks ago by the German weekly *Der Spiegel*. The leak was intended to sabotage the policy, by provoking an outburst from the British and their dupes in Europe. De Hoop Scheffer alluded to this by adding: “And if nations at a certain stage think that they would rather not participate, they will not be forced to participate.” Apparently, the Brits are not willing to shoot themselves.

Italy’s Tremonti Calls for ‘Chapter 11’ Bankruptcy

Feb. 12—In a long article in today’s Milan daily *Corriere della Sera*, as the G7 finance ministers and central bankers are arriving in Rome (the summit starts with a dinner tonight), Italian Economy Minister Giulio Tremonti reiterated his call for a bankruptcy reorganization solution, calling it, for the first time, “Chapter 11.” Here is a translation of the relevant passage:

“If the crisis is not a liquidity [crisis], but an insolvency crisis . . . the medicine is not to merge failed banks with other failed banks; it is not in the switch or swap between private and public debt; it is not in creating artificial, additional private demand. If you are doped, the remedy is not more dope. . . . Saving everything is a not divine mission. If one thinks of saving everything, through the last resort of governments, through public debt, you end up with saving nothing, and in the end, you even lose public budgets.

“To save everything is, instead, a political mission. The form of thinking to implement in this perspective is very new, or, rather, very old. It is altogether centuries old and wise. It is the Biblical solution: Sabbatical or Jubilee Year. It consists of separating the good from the bad. Saving families, industries, those parts of banks which are functional for development. Separate the rest, put them in ad hoc vehicles, establish a moratorium on rates and time, and sterilize the related values on balance sheets.”

In his article today, Tremonti restates: “The technical name can change: ‘bad bank’ or ‘Chapter 11,’ but the substance is the same, embedded in a radical separation of good from bad, of the functional from the speculative.”

Soros Promotes Schemes For Kudrin’s Russia

Feb. 12—George Soros, the megaspeculator and drug-pusher, has launched a propaganda offensive in Russia, in parallel with efforts by London financial circles to control every aspect of preparations for the April 2 G-20 London summit on the global financial crisis. The Russian Finance Ministry of Alexei Kudrin—the deputy prime minister, or “Sub-Prime” Minister, as Lyndon LaRouche has dubbed him—openly welcomed the latest initiative from Soros.

Briefly

Soros's new bid came in an article published Feb. 10 in *Vedomosti* business daily, a Russian media partner of the *Financial Times* of London and the *Wall Street Journal*. Having set forth his schemes for a gigantic "aggregator bank" for "bad" speculative debt (such as Soros himself generates through his hedge funds) in the *Financial Times* two weeks earlier, Soros came at Russia with something different, under the headline "Global Anticrisis Policy: Create New Money." His pseudo-anti-globalist article attacked the "domination of the USA and the so-called Washington Consensus," and portrayed himself as the defender of the victims—of "peripheral countries," like Russia. "To defend the periphery from the storm issuing from the center, the USA," Soros says, "the simplest solution is to create money." Specifically: masses of International Monetary Fund Special Drawing Rights (SDRs), to be injected into national economies for "counter-cyclical fiscal measures," because "increasing the money supply is the best answer to the collapse of the credit market."

This hyperinflationary recipe was seized upon by the Russian media, with dozens of headlines appearing in newspapers and on websites. Within hours, Andrei Bokarev, head of the Russian Finance Ministry's Department of International Financial Relations, State Debt, and Government Financial Assets, had welcomed Soros's article.

It can be no accident that Soros's offensive in Russia coincides with great attention there to the warnings and proposals of Lyndon LaRouche, whose exposés of Soros, by the latter's own admission to the *Financial Times*, forced him to lower his profile in the United States. "The Current System Itself Is the Disease," was the title of LaRouche's recent interview on the BFM.ru economics and finance portal, while LaRouche's insistence that the entire globalized monetary system must

be put through bankruptcy reorganization, in favor of relaunching physical economic growth, is the subject of widespread discussion on Russian Internet sites.

Japan's Machine-Tool Sector Is Evaporating

Feb. 9—The implosion of the world economy cut orders for Japanese industrial machinery 16.7% in the last quarter of 2008, from the previous quarter. This is the biggest fall in such orders since figures began to be put together in the current format in 1987, according to a Japanese Cabinet Office report. The biggest crash was in November, when orders went down 16.2% from October, and the contraction continued, although at a slower rate, in December. General and electronic machinery and automakers' orders were especially hard hit.

The Japanese machine-tool sector is also evaporating. The Japan Machine Tool Builders' Association today reported a preliminary estimate that machine-tool orders fell 84.4% in the 12 months to January. Domestic orders were down 84.0% year-on-year, and foreign demand down 84.8%. From December to January, the fall was 49.3%—domestic demand down 41.3% and foreign demand 55.0%.

Unless this process is reversed, by an overall bankruptcy reorganization of the world economy, and a Four Power agreement (among the U.S.A., Russian, China, and India), as Lyndon LaRouche has called for, to restart the economy, the world is set to lose one of the most crucial assets for carrying out a recovery. Japan is one of the three leading centers of machine-tool capability internationally, along with Germany and the United States—both of whose sectors are being devastated by the ongoing breakdown.

GEN. BARRY MCCAFFREY (USA-ret.) delivered a no-holds-barred attack on the Soros-funded dope legalization lobby, at a speaking engagement at the heritage foundation in Washington Feb. 13. He also insisted that the U.S. must collaborate with a sovereign Mexico to crush the drug cartels now ravaging the U.S. and Mexico.

THE GERMAN ECONOMY is shrinking at the highest rate since German reunification, according to figures released Feb. 13. German Gross Domestic Product collapsed by 2.1%, year on year, in the last quarter of 2008. The steel, auto, and machine-building industry are all heavily affected.

GOV. ARNOLD SCHWARZENEGGER is slashing California state jobs by 10,000, as the legislature has refused to pass a new budget which features major tax increases. Despite this, and mandatory furloughs for state workers, revenue shortfalls are growing at a faster pace than the budget can be cut.

BRITISH MINISTER ED BALLS told a group of Labour Party activists on Feb. 10 that the current financial crisis is "more extreme and more serious than that of the 1930s," and could lead to the rise of fascism, as occurred in the 1930s. Balls is considered to be close to Prime Minister Gordon Brown.

ALABAMA STATE REP. TOM JACKSON submitted a resolution on Feb. 12, which called for the State Legislature to urge the U.S. Congress to hold hearings on financial abuses by Wall Street financial institutions, in the tradition of President Franklin Roosevelt's 1933-34 Pecora Commission hearings.