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Britain's Dope, Inc.:
Marker for Humanity's New Dark Age
by Dennis Small

Before you start reading this report, I would like you to look closely, again, at the photograph printed on the cover of this magazine. It is a haunting picture of a young Peruvian girl, chewing coca leaves--hungry, exhausted, frightened, with no hope for the future, yet crying out to the heavens for justice. There are millions like her all around the world--from Peru and Bolivia, to Afghanistan and Nigeria, to the inner city streets and the suburbs of the United States--all victims of Dope, Inc., the international drug cartel headquartered in London, as it has been for over a century.

This young girl is the face of the New Dark Age towards which humanity is careening, should we fail to enact Lyndon LaRouche's policies to dismantle Dope, Inc....

In-Depth articles from EIR, Vol. 36, No. 8

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- **Marker for Humanity's New Dark Age**

Dennis Small introduces an *EIR* special report: The British Empire is wielding Dope, Inc., today, just as it waged its Opium War against China in the 19th Century, with an eye towards menticide. Indeed, it is the drug economy that is propping up what remains of the global financial system.

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Obama Puts High-Speed Rail into the Stimulus Bill

Feb. 18 (EIRNS)—A beginning for the development of high-speed railroads was budgeted for \$8 billion, in the Obama Administration's \$787 billion stimulus bill. Politico.com reports that the rail provision was quietly stuck into the bill at the last minute, at the insistence of President Barack Obama. The sum of money involved is only a small fraction of the investment needed to actually rebuild a modern U.S. rail network; but the budget allocation is the first time anything on this level has been done. (George W. Bush signed a bill for less than \$1.5 billion for high-speed rail through 2013.)

Politico.com, reporting the story under the headline "Obama plots huge railroad expansion," quoted an Obama campaign speech: "The time is right now for us to start thinking about high-speed rail as an alternative to air transportation connecting all these [Midwest] cities." Presidential Chief of Staff Rahm Emanuel said the President considers high-speed rail his "signature issue." Transportation Secretary Ray LaHood has two months to prepare a plan to use the money, a combination of up-front capital and later annual appropriations.

The high-speed rail item was requested by the President a couple of days before the Senate committee marked up the bill, and Senators reportedly had to scramble to cut \$2 billion from other Obama requests to accommodate it. George Soros's Moveon.org is on quite a different track. It e-mailed its members today, warning that even though Obama is committed to the green agenda, "unless we create a massive green-economy movement across America, Obama won't have the mandate he needs to overcome the oil companies and make fundamental change.... So we've worked up a big plan to build a green-economy groundswell. It'll mean tripling our field organizing team, mobilizing hundreds of thousands of MoveOn members to take local action, and running ads targetting powerful interests that stand in the way. It'll be MoveOn's biggest long-term campaign ever."

Volcker: Crisis Worse Than Great Depression

Feb. 20 (EIRNS)—Paul Volcker, chairman of President Obama's Economic Recovery Advisory Board, said today that he was "shocked" by the scope of the global collapse: "I don't remember any time—maybe even the Great Depression—when things went down quite so fast and quite so uniformly around the world." As the keynote speaker at Columbia University's

sixth annual Center on Capitalism and Society conference today, Volcker, who was Fed chairman 1979-87, warned that "the Fed shouldn't lose sight of a key part of its mandate—to fight inflation."

Responding to the rise in inflation in January, for the first time in six months, and to those who say a little inflation is good as a sign of recovery, Volcker said: "I think a little inflation is bad, because a little inflation means some more inflation. I don't think there's any arguing for a little inflation solving our problems in any realistic sense."

Lyndon LaRouche noted that this could well indicate that Volcker and others in the Obama advisory team have an early reading on the pending next stage in the breakdown crisis.

Geithner Bailout Originally Had \$3 Trillion Price Tag

Feb. 17 (EIRNS)—Corroborating what *EIR* had been told by independent sources, a report in the *Washington Post* Business section today indicates that, two days before its scheduled unveiling, Treasury Secretary Timothy Geithner's bailout revision team made a sudden about-face. This happened when the team totalled up the government's liabilities under the plan, and the number came to \$3 trillion! Realizing that they couldn't possibly approach Congress or the public with such a figure, they opted to release a non-plan, rather than having to revise it later, as former Treasury Secretary Hank Paulson had done. As a result, the plan announced last week was absent of any specifics.

According to the *Post*, Geithner had been involved in the Paulson bailout process, and had been thinking about what to do since November. Two lines of thought had emerged in that two months, a "bad bank" variation, and a combination of government guarantees for institutions. As the numbers totalled higher, Geithner came up with a new idea: a fund in which private equity could help buy the toxic waste, and the government would guarantee the funds. Always left unanswered was, how much was this stuff worth?

With time running out, it became obvious that the best "Democratic" minds had been unable to solve a problem which the best "Republican" minds had also failed to solve. There is a solution, however: reorganization of the system under bankruptcy protection, as defined in Lyndon LaRouche's Homeowners and Bank Protection Act. As LaRouche said yesterday, for the sake of the credibility of the Obama Presidency, Geithner has to "immediately change policy. Otherwise, he should resign."

U.S. States Descend into Economic-Financial Turmoil

Feb. 18 (EIRNS)—Here are some the latest developments facing state and local governments, as they attempt to grapple with the economic-financial collapse:

- * Housing construction hit its lowest level since 1959.
- * Year on year, factory production has fallen 10% from January to January.
- * Goodyear announced 5,000 layoffs and a \$330 million loss. It laid off 4,000 workers in 2008.
- * Technology sector layoffs grew by 100,000 in January, bringing the total since August 2008 to 300,000.
- * Colorado has a pending bill which, if passed, will require state employees making \$60,000 or more to take two unpaid days/month; those earning \$40,000-\$59,999 to take one and a half days off; and those with take-home pay of \$39,999 or

less one day/month. "It's drastic, but we're in a drastic situation," State Rep. Steve King (R), told KUSA radio.

* New Jersey's Gov. John Corzine said labor must share the budget pain, as he called for all state workers to take two furlough days in May and June, and a wage freeze. If they don't agree, he warned of more furloughs or layoffs starting in July.

* A new report from the Commerce Department showed January new-home construction fell to its lowest level on record, with housing starts for single-family homes falling 16.8% in January from December. That is lowest pace since at least 1959.

* A new Federal Reserve report show that January factory production dropped by 2.5%. Shutdowns across the auto sector figured prominently in that decline. Output at mines fell 1.3% in January, following a 2.4% drop in December.

New Jersey Hospitals Suffer Drastic Cuts

Feb. 18 (EIRNS)—The New Jersey Hospital Association released a report Feb. 18 showing the life-and-death impact of the economic crisis. The results of its survey conducted in January and February, from half of the state's 74 acute-care hospitals showed all responding hospitals had a 27% drop in cash reserves.

The decline represents \$1.7 billion vanishing from hospitals' balance sheets. This loss of revenue, the survey found, has resulted in the following: 45% of hospitals made layoffs in 2008, with another 21% expecting layoffs this year; 48% reported eliminating vacant positions in 2008, while 13% have instituted a hiring freeze in 2009; and 17% of responding hospitals have eliminated services such as clinics and inpatient psychiatric care, while 80% reported an increase in charity-care patients with a 76% increase in ER visits, the Philadelphia *Business Journal* reported. In 2007, three acute-care hospitals in New Jersey closed and five filed for bankruptcy.

Four More Banks Close

Feb. 15 (EIRNS)—Federal regulators closed four more small U.S. banks on Friday, Feb. 13, bringing to 13 the number that have been closed six weeks into the year.

CNNMoney.com reports that deposits at Sherman County Bank, based in Loup City, Neb., the first bank in the state to fail since 1990, will be taken over by Heritage Bank, based in Wood River, according to the Federal Deposit Insurance Corporation.

Accounts held by Riverside Bank of the Gulf Coast based in Cape Coral, Fla., will be assumed by TIB Bank based in Naples, the FDIC said. It is the second Florida bank to fail in this year, and the fourth to go under in that state since the economic crisis became publicly recognized by regulators.

Corn Belt Bank and Trust Company, based in Pittsfield, Ill., the third bank to fail in the state since January 2008, was also shuttered by state regulators, and its deposits were turned over to The Carlinville National Bank in Carlinville.

Pinnacle Bank, of Beaverton, Ore., was closed by the Oregon Division of Finance and Corporate Securities. The FDIC entered into an agreement with Washington Trust Bank, Spokane, to assume all of the deposits of Pinnacle.

Global Economic News

Ireland May Default

Royal Bank of Scotland: £30 Billion Loss; Thousands of Job Cuts

Japan, Korea To Buy Corporate Bonds

Ireland May Default

Feb. 15 (EIRNS)—Ireland may soon default on its national debt. The cost of buying insurance against Irish government bonds rose to record highs on Feb. 13, having almost tripled in a week. Debt-market investors now rank Ireland as the most troubled economy in Europe.

Simon Johnson, the former chief economist of the International Monetary Fund, called for this past weekend's meeting of G7 finance ministers to put Ireland's troubles at the top of the agenda, the *Times* of London reported. Johnson said, "Don't, please, tell me more about the basic principles of financial reform unless and until you have addressed the Irish problem. And don't tell me the Irish have to sort this out for themselves. Eventually, the world always comes to help; check your notes on Iceland."

Royal Bank of Scotland: £30 Billion Loss; Thousands of Job Cuts

Feb. 15 (EIRNS)—The Royal Bank of Scotland (RBS) is expected to announce this coming week that it has incurred some £30 billion in losses, and that it plans to cut between 10,000 and 20,000 jobs.

The bank is reportedly considering selling off parts of ABN Amro that it acquired in 2007 as part of a three-way consortium with Spain's Santander and Belgian bank Fortis, the *Times* of London reports.

RBS has already axed 13,000 jobs internationally since last April, including 3,000 in its investment-banking business. The bank had announced 2,300 British job cuts last week, shortly after the its former chief executive Sir Fred Goodwin was grilled by the Treasury committee.

Japan, Korea To Buy Corporate Bonds

Feb. 19 (EIRNS)—The Bank of Japan said it will buy 1 trillion yen (\$10.7 billion) in corporate bonds from financial institutions and extend lending programs to prevent a shortage of credit. The Central Bank said it will extend programs to buy commercial paper and provide unlimited collateral-backed loans to financial institutions until September, and continue accepting lower-rated assets as collateral until December. Only bonds rated A or above are eligible for the purchase program.

The collapse is making it difficult for companies to raise funds by selling debt or shares, and banks are struggling to meet an increase in demand for loans. The cost to protect Japanese corporate debt against default soared to a record this week, due to concern that bankruptcies will sharply increase as the economy worsens.

In Korea, similar measures are being undertaken using a different agency. The Korea Asset Management Corp. will form a fund to buy distressed corporate bonds from South Korean financial institutions to revive an industry weighted down by defaults. The state-run distressed asset specialist will also expand its purchases of bad loans made to construction

companies, the Financial Services Commission said today.

"The government has the choice of leaving the companies to go under or try to cull out the more viable ones and focus temporary support for them, and obviously they have taken the latter option," said Go You Sun, an economist at Daewoo Securities Co. in Seoul.

United States News Digest

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[Pennsylvania May Be First with Single-Payer Health Insurance](#)

Peterson Pushes Social Security, Health Care Cuts

Feb. 20 (EIRNS)—An unconstitutional scheme to force Congress to implement deadly cuts in Social Security and health-care entitlements is being promoted by the Peter G. Peterson Foundation, going into the Feb. 23 White House Fiscal Responsibility Summit.

There is no indication that President Obama or his administration have adopted the Peterson scheme for a Fiscal Future Commission or Task Force, which would effectively remove the powers of taxation and spending granted to Congress by the Constitution, and give them to the commission, which would make recommendations, and require a simple up-or-down vote by Congress.

Going into the summit, the Foundation bought ad time on the Sunday television talk shows, warning of a claimed \$56 billion in unfunded retirement and health-care obligations, and calling for an "action-oriented bipartisan commission" to avoid the looming catastrophe.

In a Feb. 19 interview on CNBC, former Comptroller General of the United States David Walker, now President and CEO of the Peterson Foundation, called for scuttling normal Congressional procedures. "We can't go through regular order," Walker asserted. "The regular order is broken.... You have to have an extraordinary process."

Both Peterson and Walker are expected to attend the White House summit, which will include Administration officials, Congressional leaders, and experts in Social Security, health care, taxation, and the budget.

LaRouche: Throw Schwarzenegger Out Now!

Feb. 19 (EIRNS)—After months of posturing and bullying, California *Duce* Gov. Arnold Schwarzenegger has a state budget on his desk, awaiting his signature. As with every past budget of the Arnie era, it includes elements of "creative accounting," such as postponing payments into the next budget year, extensive borrowing, and overly optimistic projections, combined with dismantling of state services. As with the budget agreement of September 2008, which Arnie claimed solved the state's budget crisis, this new one will unravel shortly after it is signed.

Referring to Schwarzenegger as the "Sultan of Flab," Lyndon LaRouche's response was to call for the ultimate cutback: "Throw Schwarzenegger out now!"

The budget deal was crafted to cover a shortfall of more than \$40 billion, covering a period from today until July 1, 2010. To balance the budget, the legislature agreed to \$14.3 billion in tax increases; \$15.1 billion in spending cuts; and \$11.4 billion in borrowing. The borrowing may be reduced, as might some of the cuts, depending on the expected allocation of Federal funds from the stimulus package. One of the problematic aspects of this agreement is the borrowing, as California has been repeatedly downgraded as a credit risk, to the point of having the lowest credit rating of the 50 states, meaning, the cost of borrowing will be high. Of course, under Arnie, the debt is sacrosanct, so, every other program will be sacrificed first.

The other major problem with the bill is that it fails to acknowledge that its implementation will only make things worse. Recent executive decisions by Schwarzenegger, such as the unpaid two-day-per-month furlough of state employees, which means a reduction in wages of over 9% per employee, will continue, along with earlier cuts in the social safety net. The additional \$15.1 billion in cuts will hit health care and education hard, and will further cut programs for the elderly, disabled, and poor. Unemployment in the state is officially approaching double-digit levels, adding to the costs of government, while revenues continue to plummet.

Another serious problem is how Arnie's mis-governance has made the state increasingly dysfunctional. There were promises made by the Senate Democrats to win over the final Republican vote needed, which virtually every Democrat opposes, including one which calls for a Constitutional change to establish open primaries in future state elections. While the Democrats agreed to this as a necessary evil, in order to pass the budget, it is another example of Schwarzenegger using California's disastrous system of recall and referendum to circumvent deliberation by elected representatives. This system of recall and initiative bears a significant part of the blame for the current impasse, as it was this system which made Arnie governor, through the recall of former Gov. Gray Davis, and added large amounts of spending mandates to the budget by popular referendum, bypassing the vetting process of legislative deliberation.

Obama Calls Turkish President and Prime Minister

Feb. 18 (EIRNS)—The White House announced today that on Feb. 16 President Barack Obama had warm and productive phone conversations with Turkish President Abdullah Gul and Prime Minister Recep Tayyip Erdogan. Both discussions were wide ranging. The President emphasized the importance of the U.S. alliance with Turkey, and said he looks forward to working with both Gul and Erdogan on a broad agenda of mutual strategic interest. In both calls, the leaders discussed a number of issues, including U.S. support for the growing Turkish-Iraqi relationship, cooperation in Middle East peace efforts, and the U.S. review of Afghanistan and Pakistan policy.

Erdogan announced at an Ankara press conference the following day that he is looking forward to meeting President Obama at the G20 meeting in London in April.

Obama DOJ Recalls Stevens' Prosecution Team

Feb. 17 (EIRNS)—In what Politico.com calls a "surprise move," the Department of Justice has filed a motion to remove the entire team of prosecutors involved in the case of former Alaska Sen. Ted Stevens (R). This comes as a result of the revelation (through FBI "whistleblower" Chad Joy) that the government's lead witness in the case, former VECO CEO Bill Allen, was having an affair with an FBI agent during the investigation. The Bush DOJ, under Attorney General Michael Mukasey, had refused to supply documents and "other materials" relating to these charges, leading Judge Emmet Sullivan to rule that four DOJ lawyers (now removed) were in contempt of court.

Sullivan's next ruling will be on whether to allow the defense to directly question the FBI and DOJ officials involved, sometime in mid-April.

Frank Puts Kibosh on Bill Curtailing Derivatives

Feb. 16 (EIRNS)—A bill to ban the sale of "naked" shorts, effectively eliminating a \$28 trillion a year "industry" in speculation in credit default derivatives *almost* passed the House Agriculture Committee (chaired by Rep. Collin Peterson, D-Minn.) after a week of hearings and debate. The bill that actually did pass on Feb. 13, would allow the Commodities and Futures Trading Commission to ban trading in "naked credit default swaps" "under certain circumstances," and with the President's consent, as well as provide for criminal prosecution of violators. Peterson was forced to backtrack on his original legislation, after Wall Street rebelled at his proposal, first forcing him to acknowledge that the proposed ban was not permanent, then to make it optional.

There has been an ongoing battle for control/oversight of this speculative market, with Peterson on one side, and Rep. Barney Frank (D-Mass.) on the other. Peterson's Agriculture Committee has oversight of the CFTC, while Frank's Financial Services Committee oversees the Securities and Exchange Commission, each of which, technically has responsibilities for this market. The SEC has twice (once in July 2008, then again in October) temporarily required short-sellers to purchase the shares before the contract date, with the latest restrictions due to expire in July of this year. Peterson complained that this "blinking light" from the SEC was not adequate oversight.

In announcing his bill, Peterson said he understood that it "upset many on Wall Street," but that the banks had "enjoyed political advantage for decades," and that they failed to make a case for derivatives during the hearings.

Pennsylvania May Be First with Single-Payer Health Insurance

Feb. 15 (EIRNS)—Pennsylvania's HB 1660/SB 300, is the state's version of the Federal HR 676, Rep. John Conyers' (D-Mich.) Federal bill for Medicare for All health insurance. It could become the first in the nation to be implemented.

OpEdNews columnist Kate Loving Shenk reports that some 22 Republican legislators have signed on to an Economic Impact Study for the program, a prerequisite for the bill itself to come to a vote. Gov. Ed Rendell has said repeatedly that he would sign legislation establishing a single-payer system that would provide health coverage for all Pennsylvanians, and do away with private insurance companies' ability to say who should live. Conyers plans to go to Pennsylvania to organize for the legislation. A 2008 poll showed that some 68% of Pennsylvanians favor such a program. Lyndon LaRouche endorsed Conyers' HR 676, and aggressively campaigned for its passage.

Ibero-American News Digest

[Sonora Candidate Campaigns All Out for PLHINO](#)

Food Riots Erupt in Mexico

Brits Play Argentina, Brazil as Fools

Sonora Candidate Campaigns All Out for PLHINO

Feb. 20—(EIRNS)—Mexico's Alfonso Elias Serrano kicked off his campaign to win the PRI party's nomination for governor of the state of Sonora on Feb. 14, with a speech in Ciudad Obregon, promising support for the proposed Northwest Hydraulic Project: "I'm going all out for the PLHINO. I'm going all out with what Sonora should do to bring water from Nayarit and Sinaloa. I'm going for more production in the countryside, to have more and better jobs in the agricultural sector."

Elias Serrano, Federal Senator for Sonora until taking a leave of absence to campaign for governor, has been campaigning vigorously for the PLHINO since November 2007, when he delivered the closing speech at a regional forum organized by the LaRouche movement-founded "Pro-PLHINO Committee of the 21st Century."

The Senator demonstrated there that he had the courage to publicly admit that the axioms of the recent period of history have failed, as he called for turning away from the errors of NAFTA, back to the commitment to the future, as the way to solve day-to-day problems, as "normal people" did four decades ago. What is at stake with the PLHINO, he stated, "is a question of recovering, as a nation, the vision of the future that we had in the days when great infrastructure projects were proposed in Mexico; in the days when advances were made in space exploration internationally; in the days when our universities carried out ambitious research toward eradicating diseases and epidemics in the world."

The candidate's repeated discussions of the PLHINO in appearances since launching his campaign officially is generating regular coverage of the plan in Sonora's newspapers.

The Pro-PLHINO Committee is organizing a mass movement behind this great tri-state hydraulic engineering project, which is the cornerstone of the LaRouche movement's organizing perspective for the Americas.

Food Riots Erupt in Mexico

Feb. 12 (EIRNS)—The national urgency of getting the Northwest Hydraulic Plan (PLHINO) underway in Mexico was underscored with the explosion of food riots in the city of Celaya, Guanajuato on Feb. 11. Dozens of citizens stormed Ferromex railroad cars which were loaded with food, largely corn. Despite the fact that the police arrested several people, there was a larger group waiting nearby, which proceeded to storm the cars and haul bags of grain away. The railroad police were unable to stop them, and in some cases, Ferromex pickup trucks were used to cart bags of grain away. Police clashed with crowds twice over a 24-hour period on Feb. 10-11.

Until Mexico regains the food self-sufficiency it largely enjoyed before being subjected to NAFTA and globalization, the food riots in Celaya will not be an isolated incident.

Brits Play Argentina, Brazil as Fools

Feb. 14 (EIRNS)—The British Foreign Office's Lord Mark Malloch-Brown—the British Empire's "handler" of dope peddler George Soros—showed up in Buenos Aires yesterday to make sure that Argentina has no plans to deviate from the Empire's agenda for the April summit of the Group of 20, to take place in London.

In a stay lasting barely four hours, Malloch-Brown oozed praise for Argentina—which Britain considers its colony—for proposing to "radically reform" the World Bank and International Monetary Fund. He told Foreign Minister Jorge Taiana and Finance Minister Carlos Fernández that England and Argentina are "allies" on this issue, a statement that any Argentine patriot would find revolting. The government of President Cristina Fernández de Kirchner has left itself open to such manipulation by stubbornly continuing to embrace the British lie that the current disintegration of the global system was generated in the United States, and is to be solved by reforming the existing system. Argentina's pretension that it can survive by playing the "radical" in a British-rigged game will lead to its destruction, if continued.

Similarly, the Brits are eyeing Brazil as a useful tool in their war to stop Lyndon LaRouche's strategy for a four-power alliance of the U.S., Russia, China, and India to create a new financial credit system. So Secretary of the Exchequer Alistair Darling is loudly demanding that the nations of the BRIC group—Brazil, Russia, India, and China—be rapidly incorporated into the Financial Stability Forum (FSF), the structure that supposedly will now play a major role in regulating and overseeing global financial markets.

According to the Brazilian financial daily *Valor* Feb. 13, the Lula da Silva government considers Darling's invitation to join an expanded FSF a major victory, a way to increase Brazil's influence in international financial organizations and enhance its self-conception as a major player in global financial decision-making. Darling appears confident that Brazil will, as it has so many times before, allow itself to be used as a pawn of British imperial interest, this time ensuring that Britain—through Brazil—has an inside track to sabotage LaRouche's Four Powers alliance.

Western European News Digest

[Italian Senate To Debate New Bretton Woods](#)

[Germany, Inc. Falls Apart](#)

[Soros 'Eurobond Market' Scheme Targets Germany](#)

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[Sarkozy Announces Emergency Measures To Quell Riots](#)

[Greece Facing New Mass Strike, Terrorism Threat](#)

[German Minister on 'Surprise Visit' to Iraq](#)

Italian Senate To Debate New Bretton Woods

Feb. 19 (EIRNS)—The debate in the Italian Senate on the various drafts of a New Bretton Woods system is scheduled for Feb. 24. A vote is expected after the debate, which (if nothing changes), should be concluded by evening. Italian LaRouche associates are making sure that LaRouche is at the center of the debate.

Germany, Inc. Falls Apart

Feb. 18 (EIRNS)—The post-war industrial system of Germany, characterized by many globally renowned firms, is collapsing rapidly. In recent weeks, several of the once leading firms have already gone under, or have filed for bankruptcy: Schiesser (high-quality underwear); Märklin (toys and model trains); Edscha (auto-parts); and Continental Tires, taken over by the auto-parts supplier Schaeffler Group, which is itself in deep trouble. Car-maker Opel's fate is up in the air, depending on what happens with GM. The former Merckle empire will be carved up, with Heidelberg Cement being the first big firm to go.

Helga Zepp-LaRouche, head of the BüSo party, said that after World War II, Germany was not supposed to become a nation again, and so, instead, it became an economic corporate entity, a "*Wirtschafts AG.*" This is now falling apart. She blasted the so-called elites as irresponsible bunglers, whose incompetence leads to criminal effects.

Soros 'Eurobond Market' Scheme Targets Germany

Feb. 19 (EIRNS)—British agent George Soros is floating another scheme to rob state coffers while taking aim against German resistance to these schemes. Writing in today's *Financial Times*, he calls for the creation of a Eurozone government bond market to cover the financial collapse of Eastern Europe. This Eurobond market would be separate from the current individual state bond markets, but a closer look reveals it to be just another operation aimed at Germany and taking even more power from individual states.

British Prime Minister Gordon Brown is preparing for a major intervention into the G20 summit, with plans for reforming the IMF, cracking down on tax havens, and creating a G20 secretariat. Sources report that these plans have been pulled together in a formal proposal which will be presented to the G20 countries. This is aimed at countering any meaningful discussion of LaRouche's New Bretton Woods proposal, as could be presented by Italian Economic-Finance Minister Giulio Tremonti.

Another Obituary for Brown's Government

Feb. 21 (EIRNS)—The bickering that apparently dominates the top of Britain's Labour Party provides the theme for yet another obituary, this one appearing in Rupert Murdoch's London *Times*, for Gordon Brown's government. Political columnist Matthew Paris declares, "There is hardly a Labour government now and by next summer there won't be one at all." Paris forecasts that it could be decades before the party amounts to anything at all, again. "Labour is out of time, out of space, out of ideas and shortly to be out of office.

"Meanwhile, the country is sailing into an economic tempest of unknown ferocity and indefinite duration; we are close to the rocks and there is another crew preparing to take over," writes Paris. The only problem, he says, is that nobody really know who the new crew, that is, the Tories, really are.

Sarkozy Announces Emergency Measures To Quell Riots

PARIS, Feb. 18 (EIRNS)—The already-tense situation in the French Overseas Department of Guadeloupe was heightened by the murder last night of 50-year-old trade unionist Jacques Bino, as he was returning from a meeting of the Collective Against Outrageous Exploitation (LKP) which has successfully led a month-long general strike and peaceful demonstrations against declining living standards. Guadeloupe is a French department in the Caribbean.

There was sporadic violence throughout Guadeloupe that night, with looting and arson of stores and cars, but the situation could quickly degenerate.

On Feb. 13, after meeting for more than two hours with elected officials of the French Overseas Departments, including those from Guadeloupe, President Nicolas Sarkozy announced the emergency measures to calm the situation. However, before the meeting, Prime Minister François Fillon announced that the wage increases the unions had asked for were not on the agenda, because they "are incompatible with the other demands, i.e., to fight unemployment"!

All Paris had to give by way of aid was tax breaks, handouts, and tricks in the science of bookkeeping. Of the EU580 million announced, EU280 million will go to a subsidy aimed at inducing people on welfare to accept low-paying jobs.

Greece Facing New Mass Strike, Terrorism Threat

PARIS, Feb. 19 (EIRNS)—Over the last 24 hours, violence sparked again in Athens. On the night of Feb. 17, four hooded individuals fired a dozen shots against the building of the private TV station Alter; no one was hurt. The following morning, police deactivated an explosive found in a car parked in front of a subsidiary of Citibank. Giannis Panousis, a crime expert often covered in the media, was attacked by 15 hooded individuals, forcing the shutdown of his conference in the center of Athens.

Greek police are investigating a new terrorist group that emerged after the riots last December. The group is an offshoot of Revolutionary Combat (EA), a group that followed the original Nov. 17 terrorist operation of the 1970s. In their last letter to the center-left paper *Ta Nea*, members of the new group said they don't want to engage in politics, only guerrilla operations. The new terror wave occurs while demonstrations of doctors, transport workers, and farmers are occurring against the breakdown of the Greek economy. These groups will join in a general strike planned for Feb. 25.

German Minister on 'Surprise Visit' to Iraq

Feb. 18 (EIRNS)—Foreign Minister Frank-Walter Steinmeier is touring Iraq, in the first such visit by a German foreign minister since 1987. The visit, which was not announced to the press, is designed to show German support for the policy of the new U.S. Administration, Steinmeier said in Baghdad yesterday. Steinmeier is accompanied by representatives of German firms, such as Siemens. A main focus is to revive deals for rebuilding the country's infrastructure, which German firms had already tried during the Bush/Cheney regime, but their approach was sabotaged. Now, there will soon be German economic offices in Baghdad and Erbil.

After Steinmeier and his delegation, which also includes Bundestag members Otto Schily (SPD) and Peter Gauweiler (CSU), visited Baghdad, they were accompanied by Iraq's Foreign Minister Hoshyar Sebari to tour the Kurdish areas in the north. Reconstruction is the main discussion topic there, where a German consulate is planned to open soon.

Russia and the CIS News Digest

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Russian and Japanese Leaders Meet

Moscow Mayor Luzhkov: 'Move Away from Monetarism'

Feb. 18 (EIRNS)—Moscow Mayor Yuri Luzhkov, a powerful figure on the Russian scene for over a decade, gave an interview for yesterday's issue of the *Kommersant* daily under the headline "We Need To Get Away from Monetarism." Russia's foreign currency reserves have turned out to be inadequate protection, he said, for an economy now threatened by the \$570 billion debt of its companies, which borrowed abroad because Russia's monetary authorities made credit prohibitively expensive at home. Luzhkov blamed Finance Minister Alexei Kudrin, who "decided to save money and accumulate it in a reserve fund, the Stabilization Fund, but the money in this fund wasn't doing anything to develop our economy."

Unless "monetarism" is abandoned, Luzhkov warned, Russia faces "mass bankruptcies." He called for drastic action to save "the real sector," moving to "a form of capitalism that would establish a full-fledged domestic market, including production of our own products," as against today's import-dependency levels, such as 90% for pharmaceuticals. For example, he said, the state could temporarily nationalize some sectors of industry and handle the companies' debts, to allow them to keep operating, with the intention of reprivatizing them at fair prices later.

Another sign of dawning realization in leading Russian circles that the current London rule-book policies of Kudrin and others in the government won't work, was the lead editorial in *Expert* magazine of Feb. 16. Titled, "Who Will Pay for Globalization?", it accompanied a package called "Worse Than the Great Depression," and declared bluntly: "The Western financial system is bankrupt." *Expert* attacked the orgy of derivatives expansion for having let companies "transfer their own risks to the system as a whole." The magazine editorialized that bailout plans, including the latest version offered by U.S. Treasury Secretary Tim Geithner, will not work because the entire system is sick. People now call for Keynesianism, says *Expert*, but the past quarter-century has seen nothing but "financial Keynesianism." *Expert* decries the "evident dearth of new ideas," while attacking George Soros's phony "new idea"—the use of IMF Special Drawing Rights as a world unit of account—which Soros presented in a Russian newspaper last week.

Yakunin Hits Financial Authorities, Calls for Exchange Controls

Feb. 19 (EIRNS)—Vladimir Yakunin, head of Russian Railways and a long-time associate of Prime Minister Vladimir Putin, has called for the immediate imposition of exchange controls, as Russia's vaunted foreign currency reserves are being rapidly eroded. Yakunin pointed the finger at "the fiscal authorities"—shorthand for Deputy Prime Minister Alexei Kudrin's Finance Ministry and the Central Bank of Russia under Sergei Ignatyev—for shelling out trillions of rubles in bank bailouts, which were promptly converted to dollars and left the country. He was quoted by the Feb. 18 *Financial Times* of London, where Yakunin attended the annual Russian Business Week. Kudrin had been in London the previous week, to coordinate the Russian and British positions for the April G20 summit.

According to the *FT*, Yakunin said that temporary curbs on taking money out of the country should have been imposed last year, when the Central Bank began to draw down \$200 billion (so far) in reserves to support the ruble. It wasn't done then, Yakunin said, but should be done now: "Better late, than never."

In *Slovo* weekly dated Feb. 20, Prof. Stanislav Menshikov notes that the additional \$50 billion in capital flight from Russia during January must have been almost totally due to Russia's own banks taking money out of the country, since the majority of foreign speculative investment had already fled Russia in November-December. Thus, Russian banks, likely including state-owned institutions, are taking the bailout money they receive from the state, converting it to dollars, and sending it abroad. Russia's foreign currency reserves have dropped from a high of \$597 billion last Summer, to \$383 billion in February 2009.

The *Financial Times* linked Yakunin's implicit attack on Kudrin to Moscow Mayor Yuri Luzhkov's call to abandon "monetarism" in order to restore investment in industry and infrastructure.

In October 2008, Yakunin notably told *Kommersant* daily that he had known about the coming crisis for some years, because American economist Lyndon LaRouche personally warned him, "Vladimir, I can tell you with certainty that the economic crisis is already under way." He quoted LaRouche on the crisis being caused by the sacrifice of the real economy to the "virtual" economy of speculative finance.

Soros Hit in Russia as Dope-Promoter

Feb. 17 (EIRNS)—The Russian Anti-Drug Front has included speculator George Soros in a rogues gallery of pro-dope figures, publishing a profile on Soros's financing of drug-legalization efforts and his interaction with the Colombian dope cartels. The Anti-Drug Front website notes Soros's establishment and funding of the pro-legalization Lindesmith Center, housed at his Open Society Institute beginning in the 1990s. Additionally, the Front quotes a 1997 publication in the Russian magazine *Who Is Who*: "Directly behind the criminal takeover of Colombia is George Soros and the London financial apparatus he represents. Soros has invested not only in Colombian financial institutions which handle drug money, but also in armed organizations in that country, which when they're not busy with terrorism provide guard forces for the dope crops and labs."

During February, Soros himself has gone overboard in publishing attacks on Russia, in the Russian press. His Feb. 10 article in the daily *Vedomosti*, proposing a massive emission of IMF Special Drawing Rights as a world currency, was the first of a series of Soros articles from Project Syndicate. *Vedomosti*, which is linked to the *Financial Times* of London and the *Wall Street Journal*, went on to carry articles by Soros on Feb. 12 and Feb. 16, each of which laid out a scenario for playing on Russia's weaknesses after the drop in oil prices.

In "An Alternative to Geopolitics: the Russian Problem," Soros proposed that Europe defend itself against "the geopolitical threat from Russia, which has once again become aggressive and active," by abandoning national energy-development programs in favor of "a supranational regulator," to handle all dealings with Russia in the energy field. Soros followed up with "A Crisis Landscape: the Geopolitics of Cheap Oil," writing that lower oil prices have made Iran less dangerous to the world, but Russia more so. According to him, Moscow is run by "adventurists" who are likely to launch military adventures abroad and repression at home.

Russian media coverage was swift and extensive, with Interfax's headline, "Soros Tries To Persuade the World To Fear Russia," being typical. Speaking in Odessa, Ukraine, Russian TV personality Mikhail Leontyev dubbed Soros "a very clever, very competent bitch, who has been instructing all of us how to live, through his 'democratic' institutions," Rosbalt news service reported Feb. 19. "In reality," Leontyev continued, "Soros is a major, typical 'manure fly' on the turd-pile of American liberal finance capitalism. What he preaches as an ideological propagandist, and finances worldwide as a philanthropist, is not mere demagoguery." Leontyev charged that Soros believes that "provoking a serious, big war" would be the only way out of the world crisis.

Soaring Unemployment in Russia

Feb. 19 (EIRNS)—Unemployment in Russia is soaring, with the number of registered unemployed persons shooting up by 1.1 million from October 2008 to February 2009, to some 1.8 million. The official figure is only a fraction of real unemployment, since, as Novosti reports today, the state statistics office, Rosstat, acknowledged that, according to figures calculated to International Labor Organization (ILO) standards, 6.1 million people, or 8.1% of Russia's workforce, were

jobless as of late January. This is an increase of 5.2% over December.

On top of the surge of unemployment, many of those who remain employed are not getting paid, as wage arrears,—a huge problem during the shock therapy fiasco of the 1990s, have risen by 50%.

Russian and Japanese Leaders Meet

Feb. 18 (EIRNS)—Japanese Prime Minister Taro Aso met Russian President Dmitri Medvedev on the Russian Pacific coast island of Sakhalin today, the first time that a Japanese prime minister was on Sakhalin since 1945. The meeting was brief, taking place between Aso's meeting with visiting U.S. Secretary of State Hillary Clinton, and his just-announced visit to Washington Feb. 24, when he will be the first foreign leader to be received by President Obama.

The two leaders reportedly discussed developing Eastern Siberia and relations around North Korea, and Medvedev told Aso that Russia is ready to expand relations between Tokyo and Moscow, Kyodo reported. There was no breakthrough on the continuing territorial dispute over Japanese claims to four of the Kurile Islands—Japan and Russia have yet to sign a formal peace treaty to end World War II, because of the dispute—but, Kyodo reported, Aso said that the two agreed to "accelerate our efforts in seeking an original and unconventional approach toward solving the sovereignty dispute during our generation."

The formal reason for the meeting was the opening of the new Russian LNG plant, part of the Sakhalin-2 oil and gas development, which was built with a great deal of investment from Japan, which will be its biggest customer.

Southwest Asia News Digest

Gaza Conditions Shock U.S. Lawmakers

Fatah and Hamas To Resume Unity Talks in Cairo

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Gaza Conditions Shock U.S. Lawmakers

Jan. 19 (EIRNS)—Two U.S. Congressmen visited Gaza on Jan. 19, the first such visit since Hamas took power there after winning the 2006 legislative elections. In a joint statement reported today in Lebanon's *Daily Star*, Rep. Keith Ellison (D-Minn.) and Rep. Brian Baird (D-Wash.) said that "the amount of physical destruction and the depth of human suffering here is staggering." Ellison is quoted: "People, innocent children, women and noncombatants, are going without water, food and sanitation, while the things they so desperately need are sitting in trucks at the border, being denied permission to go in." Baird said that the situation he saw was "shocking and troubling beyond words." He added, "The personal stories of children being killed in their homes or schools, of entire families wiped out, and relief workers prevented from evacuating

the wounded are heart wrenching."

According to the *Daily Star*, Ellison and Baird both stressed that their visit did not have the official sanction of the Obama Administration, and that they held talks with civilians and relief workers, while Palestinian officials stressed that they did not meet with any representatives of Hamas. They planned to also tour the Israeli towns of Sderot and Ashkelon, which are regularly targeted by the rocket attacks from Gaza.

Fatah and Hamas To Resume Unity Talks in Cairo

Feb. 22 (EIRNS)—The Egyptian government has advised leaders of Palestinian factions Fatah and Hamas that it is prepared to welcome them to Cairo for a resumption of unity talks, beginning on Feb. 25.

Fatah's spokesman Fahmi Az-Za'arir welcomed the announcement, and stressed that unity is essential, given the "huge challenges faced by the Palestinians." Hamas leader Ayman Taha stated that Hamas is committed to successful dialogue, although he urged the Palestinian Authority (PA) to release Hamas political prisoners it currently holds in West Bank jails. Wires report that the PA announced it would release 80 Hamas prisoners.

A PA official told *The Jerusalem Post* over the weekend that the Obama Administration is playing a key role in getting the unity talks started again. "The new administration has a different policy than that of George W. Bush," he said. "The administration of President Barack Obama believes that a Hamas-Fatah government is good for stability."

Obama's special envoy to the Mideast, George Mitchell, will be returning to the region on Feb. 23. Hamas leaders also stated this weekend that the visit by Sen. John Kerry (D-Mass.) to the Gaza Strip last week signaled a real change in U.S. policy toward their movement. "The visit is in the right direction," said Hamas spokesman Fawzi Barhoum. "We consider the visit as an indirect step aimed at ending the boycott of Hamas by the Americans and the international community."

Prisoner Exchange: Israel Tries Last-Minute Sabotage

Feb. 18 (EIRNS)—Israel imposed last-minute conditions on ceasefire talks with Hamas in Gaza, thus putting off a decision possibly for "weeks," Israeli Prime Minister Ehud Olmert indicated. "Even if [captured Israeli soldier Gilad] Shalit's case cannot be resolved while I am in office, the foundations we built will facilitate his release," he said to the Security Cabinet, and repeated it in a tour of Jerusalem.

After meeting with Arab League Secretary General Amr Moussa in Damascus on Feb. 17, Hamas leader Khaled Meshaal told reporters, "There can be no truce unless the blockade is lifted and the crossings are opened. The truce issue should not be linked to the issue of prisoner Shalit."

Indeed, for more than a year, the Shalit prisoner exchange negotiations and the ceasefire negotiations have been carried out by completely different teams. There is Gen. Amos Gilad for the Israelis on the Gaza ceasefire, and Ofer Dekel on the prisoner exchange. But, according to Ma'an News Agency (independent Palestinian), Gilad and Olmert are at odds. Ma'an quotes Gilad that Olmert has pursued terms that humiliate the Egyptians, and that Dekel has not even been to Egypt in a long time.

On the Arab side, Meshaal said Hamas would not link Shalit's release with negotiations for a temporary lull. "The truce issue should not be linked to the issue of the Israeli prisoner Shalit," Meshaal said.

AFP quotes Meshaal: "Israel is responsible for blocking Egypt's efforts to broker a truce by adding a new condition at the last minute."

AFP also quotes Mubarak: "Egypt will not change its position on the truce." Shalit's release is "a separate issue that can in no way be linked to the continuous negotiations to reach a cease-fire to end the suffering of the residents of Gaza."

Syrian President: Obama Should Act Now on New Mideast Policy

Feb. 18 (EIRNS)—Syrian President Bashar Assad has called on President Barack Obama to move immediately on a new policy for Southwest Asia. He said it is especially important to name an American ambassador to Damascus (there has been none since February 2005), to move on Israeli-Syrian peace efforts, and to begin a dialogue with Iran.

In an interview given to the London *Guardian*, Assad said, "There is no substitute for the United States" leading any peace effort. Although "betting on the Israeli government is a waste of time," he insisted peace talks will have to resume.

Referring to several Congressional delegations that will be visiting Damascus, he said, "Sending these delegations is important. This number of Congressman coming to Syria is a good gesture. It shows that this administration wants to see dialogue with Syria. What we have heard from them—Obama, Clinton, and others—is positive." But he added: "We are still in the period of gestures and signals. There is nothing real yet." He said he hopes "in principle" to meet Obama.

Three Congressional delegations are visiting Syria this month: 1) a delegation led by Sen. Ben Cardin (D-Md.), which met with Assad and other Syrian leaders Feb. 18; 2) a delegation led by Sen. John Kerry, chairman of the Foreign Relations Committee, who is expected to meet Assad later this week; and 3) a delegation led by Rep. Howard Berman, chairman of the House Foreign Affairs Committee, whose itinerary has not yet been announced.

Assad also said he would welcome a visit to Damascus by U.S. Central Command head Gen. David Petraeus, to discuss collaboration over Iraq and other issues.

He urged the U.S. not to wait for the June Presidential elections in Iran before starting a dialogue with that country. "In Iran, there is unity about the main national issues. Forget about the rhetoric. I would say to Obama and the Europeans: Don't waste your time on this. Go and make dialogue. The only way is to go for direct engagement."

Kerry: U.S.-Syria Cooperation Possible

Feb. 21 (EIRNS)—Senate Foreign Relations Committee chairman John Kerry (D-Mass.) came out of his meeting in Damascus with Syrian President Bashar Assad very optimistic about the future of U.S.-Syrian relations. He told reporters at the U.S. Embassy that he was encouraged by his "very long, candid, open" discussion with Assad, and that he sees the possibility of progress ahead, reports the Associated Press. "While we will disagree on some issues, for sure, what I heard and what I will take back with me and hopefully what we could put in place to take advantage of it, is the possibility of real cooperation on a number of different issues beginning immediately, beginning soon."

Assad told Kerry that Syrian-American relations must be based on a correct understanding of the region's issues and common interests. He stressed the necessity of moving away from the policy of dictating that proved ineffective, and that dialogue is the only way to know the truth about the problems and put a comprehensive vision of the solutions based on the history of the region and the rights of its peoples," according to SANA, the official Syrian news agency.

In another signal of the thaw between Washington and Damascus, the State Department announced on Feb. 20 that it has

scheduled a meeting with Imad Mustapha, Syria's ambassador to the United States. Mustapha is to meet with Jeffrey D. Feltman, the acting assistant secretary of state for Near Eastern affairs.

Unemployment Soars in Israel and Turkey

Feb. 18 (EIRNS)—In Israel there were a record number of layoffs in January, totalling 19,719, the highest one month total in Israel's history. According to *Ha'aretz*, there are 276,000 people seeking work. Unemployment for the last 19 months has averaged 12.9%. The demand for workers has also dropped 13.5%.

In Turkey, the daily *Zaman* reports that unemployment jumped to 12.3% in November 2008, 2.2 percentage points higher than the same month a year before. The situation now can only become more aggravated, following the sharp decline in Turkey's exports.

Asia News Digest

India Offers To Evacuate Sri Lankan Tamils from War Zone

Saudi-Financed Sunnis Kill Shi'ites in Pakistan

Clinton: U.S.-Japan Relations a 'Cornerstone'

Clinton Upsets the British Human Rights Mafia

Japan in Worst Economic Crisis Since World War II

India Offers To Evacuate Sri Lankan Tamils from War Zone

Feb. 18 (EIRNS)—Addressing the Parliament today, Indian External Affairs Minister Pranab Mukherjee said that the Tamil Tiger (LTTE) rebels in Sri Lanka had "done much damage" to the Tamil community and "should lay down arms." He announced that India has conveyed that it is ready to help in the evacuation of tens of thousands of civilians caught up in the fighting in Sri Lanka.

The Sri Lankan Army's campaign to eradicate the terrorist Tamil Tigers has reached the final stage, and the campaign could be over within weeks. Meanwhile, confined within the area of combat are thousands of Tamils, who are reportedly used as a shield by the Tigers. There were reports some innocent fleeing Tamils were mowed down by the Tigers. The UN and Red Cross have expressed deep concern for the trapped civilians.

Death of a large number of civilians killed by the Tigers, or in the crossfire, would create a political crisis in both New Delhi and Colombo. India has a large Tamil population based in the state of Tamil Nadu, across the 21 km-wide Palk Strait from Sri Lanka.

Saudi-Financed Sunnis Kill Shi'ites in Pakistan

Feb. 20 (EIRNS)—Seven years of the War on Terror have devastated Pakistan. A flash of how brutal this is going to be in

the coming months was seen on Feb. 20 at Dera Ismail Khan, a town with some Shi'a in Pakistan's North West Frontier Province (NWFP), a stone's throw from Punjab, Pakistan's most populous province. A bomb blast at a funeral procession killed at least 25 people and injured 60 others. Following the attack, mobs began rioting, shops were ransacked, and buses were set on fire. The Pakistani military imposed a two- to three-day curfew, and security forces were given orders to shoot on sight, said Pakistan's *Geo News*.

Pakistan has been dealt a mortal blow during the past seven years of U.S. of insanity, projected to the American people as a "War on Terror" to secure the United States.

These seven years have fragmented the Pakistani people in many ways.

The Army has been radicalized over a longer period of time. However, observers claim that the fundamentalists have control only over the lower and middle level of Army officers. But the paramilitary and police forces are now pretty much in control of the fundamentalists.

The second division has occurred along ethnic lines. Punjabis and Pushtuns have become more active in jihadi activities, while Sindhis and Baloch have not.

The third division is on the basis of religious orthodoxy—as between the Deobandis and the Barelvis, and the Sufis and the non-Sufis. In this mix, the Deobandi leadership has been virtually taken over by the Saudis, since the Deobandis have similar views to those of the Wahhabis of Saudi Arabia.

The fourth category is sectarian, between the Sunnis and the Shi'as. Sunnis constitute about 80% of Pakistan's total population of 150 million. But there are districts, such as Gilgit and Baltistan in the Northern Areas, Dera Ismail Khan and Hangu in NWFP, and Kurrum agency in the Tribal Areas, where Shias have a strong presence.

The fifth and last division is between tribals and non-tribals. The Tribal Areas near the Afghan border have traditionally been the most fundamentalist, and the most prone to the influence of Wahhabism and the Taliban.

What the "War on Terror" did, was to widen the fissures between these divisions so that they cannot be bridged again.

Clinton: U.S.-Japan Relations a 'Cornerstone'

Feb. 18 (EIRNS)—In an interview with *Yomiuri Shimbun* before leaving Japan today, Secretary of State Hillary Clinton said, "I really believe that the relationship between the United States and Japan is a cornerstone of our foreign policy. We are the first and second-largest economies in the world, and because of that, we have some very significant responsibilities to try to work our way through this current economic crisis." She pointed to the "increasing role that Japan is playing in development aid, in Africa, in Afghanistan, in the Middle East," as well as the deployment of military forces to deal with piracy off the coast of Somalia.

Clinton Upsets the British Human Rights Mafia

Feb. 20 (EIRNS)—To the horror of the British Empire's Amnesty International and the George Soros-owned Human Rights Watch, Secretary of State Hillary Clinton today said that there is important business which the U.S. and China must take care of, and it is not to be disrupted by human rights concerns.

Asked about a letter sent to her by Amnesty, Human Rights Watch, and five other Soros outfits, demanding that good relations between China and the U.S. "depend in part on whether [China] lives by universally accepted human rights norms," Clinton responded: "I have had those conversations for more than a decade with Chinese leaders, and we know what they're going to say ... and they know what we're going to say. We have to continue to press them, but our pressing on those issues can't interfere with the global economic crisis, the global climate-change crisis, and the security crises. We have to have a dialogue that leads to an understanding and cooperation on each of those."

Amnesty said in a statement that it was "shocked and extremely disappointed by [Clinton's] comments that human rights will not be a priority in her diplomatic engagement with China." Human Rights Watch said that Clinton had "made a strategic mistake in appearing to concede that she expects no meeting of the minds on human rights issues."

Clinton dispensed with the diplomatic niceties by which the British and their U.S. copycats have imposed their imperial demands on other nations: "I don't think it should be viewed as particularly extraordinary that someone in my position would say what is obvious. Maybe this is unusual, because you are supposed to be so careful that you spend hours avoiding stating the obvious. But that is just not productive in my view. It is worthwhile being more straightforward.... That's how I see it, and that's how I intend to operate."

Japan in Worst Economic Crisis Since World War II

Feb. 16 (EIRNS)—Japan's economy is now in the worst crisis since the end of World War II, Economics Minister Kaoru Yosano said today. The Tokyo Cabinet Office announced that the economy had contracted at a 12.7% annualized rate from October-December 2008, the worst figures since the "oil shock" at the beginning of 1974.

Yosano told the press: "This is the worst economic crisis in the post-war era. There is no doubt about it. The Japanese economy, whose growth is heavily dependent on exports of automobiles, machinery, and IT equipment, was literally battered." Yosano said the government would consider new stimulus measures to aid the economy, but warned that "Japan alone won't be able to recover. The economy has no border. It is our responsibility to rebuild the domestic economy for other countries."

Japan's industrial output contracted 9.8% month-on-month from December, the Ministry of Economy, Trade and Industry announced, a record decline for the second month in a row. Other horror figures include an 8.1% fall of the index of industrial shipments, to 85.9, and the inventory index rose 0.1% to 110.5. The index of output of mines and factories was down to 84.4, compared to 100 in 2005. Corporate capital spending fell 5.3%, and consumer spending, 55% of Japan's GDP, fell 0.4% quarter-on-quarter.

Toyota, the world's largest carmaker, announced that it would slash domestic production by 54% in the first quarter of 2009.

Africa News Digest

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[Egypt: 'Dangerous Consequences' If Bashir Is Indicted](#)

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Africa to Washington: Lift Zimbabwe Sanctions Now!

LaRouche: Defend Sudan's Bashir Against the British

Feb. 17 (EIRNS)—Lyndon LaRouche said yesterday that the defense of Sudanese President Omar al-Bashir against charges of genocide is strategically crucial, because if Bashir is defended, then the British are in trouble.

The International Criminal Court (ICC) is rumored to be on the verge of calling for the arrest of Bashir this month for crimes stemming from Sudan's efforts to quell a foreign-run rebellion in Darfur, the poorest region of the country (see *InDepth*). ICC prosecutor Moreno-Ocampo announced the ICC's intention last July, to consider Bashir's arrest for genocide and war crimes. There is no evidence that supports the charges.

The only nation that has supported the charges is the United States, under the George W. Bush Administration. (The United States is not a signatory to the ICC.) But Bush's Special Envoy to Sudan, Andrew Natsios, would not accuse the Sudan government of genocide.

The UN, the EU, the Arab League, the African Union, and numerous well-known experts on Sudan, have all concluded that a policy of genocide is not being carried out in Sudan. A UN commission on Sudan, headed by Antonio Cassese, an Italian judge, law professor, and human rights expert, concluded in a 2005 report that "the Government of the Sudan has not pursued a policy of genocide." While elements of the population who support the rebels are called "African" (agriculturalists) and those who support the government are called "Arabs" (herders), the report concluded: "However, the crucial element of genocidal intent appears to be missing, at least as far as the central Government authorities are concerned."

Egypt: 'Dangerous Consequences' If Bashir Is Indicted

Feb. 22 (EIRNS)—Following a meeting today between Sudan's President Omar al-Bashir and his Egyptian counterpart, Hosni Mubarak, in Cairo, Egyptian presidential spokesman Suleiman Awad warned that should the International Criminal Court (ICC) issue an arrest warrant for al-Bashir, "it will have dangerous consequences for Darfur, in particular, and Sudan in general."

Awad also called on the ICC to refrain from "politicization and selectivity," suggesting that Israel's killing of Palestinians in Gaza should be seen in the same light by the ICC.

Egypt has played a key role in urging other nations to oppose the ICC's action. "Egypt has always stood fast in supporting Sudan," said Abdel Moneim Mohammed Mabruk, Sudan's Ambassador to Egypt. He added that Egypt, as well as other Arab and African countries, is working in the UN Security Council to either delay or halt the arrest warrant altogether.

Zimbabwe: Tsvangirai Calls For 'National Reconciliation'

Feb. 22 (EIRNS)—Speaking before a 7,000-person rally in Gweru today, sponsored by his party, the Movement for Democratic Change (MDC), Zimbabwe's Prime Minister Morgan Tsvangirai underscored the country's need for "national reconciliation ... and national healing," in order to deal with the enormous problems of poverty and hunger confronting the nation.

The U.K. has led the attacks against the Zimbabwe government for ten years, for not including opposition formations.

Now that a unity government has been formed, the U.K. has again taken the lead in a very cool response to the new government, which has to deal with the enormous amount of human suffering resulting from the economic warfare that isolated the country from world trade.

"If there's no national healing, there's won't be progress," Tsvangirai warned. He added that while the international community should help, they must also accept the fact that "Zimbabweans have a right to choose, and they have decided that the inclusive government is the only way out."

"We realized that the time had come to sort out this mess. There is absolute poverty and hunger in this country," Tsvangirai said. "This is what prompted us to work with ZANU-PF [President Robert Mugabe's party], and I am sure that is what also prompted ZANU-PF to agree to this inclusive government."

The Prime Minister also said the unity government would deal with the issue of political detainees.

Africa to Washington: Lift Zimbabwe Sanctions Now!

Feb. 17 (EIRNS)—The ambassadors to Washington of Zimbabwe, South Africa, and the African Union appeared today as a panel at the Woodrow Wilson International Center, with a single message: Lift the sanctions against Zimbabwe!

Zimbabwe's Ambassador Machivenyika Mapuranga, recalled that Britain and the U.S. claimed that the only sanctions were against individuals. But he read a passage from the U.S. Zimbabwe Democracy and Economic Recovery Act of 2001 specifying strong sanctions against the country itself.

As for Britain, he emphasized that all three major British parties have been interfering in Zimbabwe by contributing funds to the Westminster Foundation and the Zimbabwe Democracy Trust. Former Prime Minister Tony Blair, he said, when asked in the House of Commons what his policy was, said his government was working with the opposition, civil society, and Zimbabwe's neighbors to achieve regime change.

African Union Ambassador Amina Salum Ali emphasized that sanctions must be lifted now, and quoted former opposition leader, now Prime Minister, Morgan Tsvangirai, saying that "Mugabe is not the enemy." She drew attention to the African Union resolution this month, calling for "the immediate lifting of the sanctions on Zimbabwe to ease the economic and humanitarian situation in the country."

South Africa's Ambassador Welile Nhlapo, expressing strong support for the new inclusive government in Zimbabwe, reiterated the message that Africa knows what it wants, and asks only that it receive support, and not the usual condemnation and ridicule. He said that the UN is working with the Southern African Development Community to resolve the humanitarian crisis in Zimbabwe, and that the U.S. and U.K. should also be working with the UN to that end.

The new Deputy Prime Minister, Dr. Arthur Mutambara, formerly in the opposition, emphasizing the national interests of Zimbabwe over factional interests, said recently: "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."

One questioner asked where civil society was in the whole process? He received blunt answers from Ambassadors Nhlapo and Mapuranga, who told him that "civil society organizations" are not representative of the people, but are typically funded from abroad.

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