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Die EURO Lüge
Capitalism & Its Law
by Lyndon H. LaRouche, Jr.

December 12, 2007

Germany's Professor Wilhelm Hankel is among a few of his nation's senior-ranking economists, and also other influentials, who led a rear-guard effort to prevent that disaster which was unleashed by Germany's consent to the replacement of its then sovereign currency, the Deutschemark. This attempted ruin of Germany was conducted by the instrument of a virtual post-modernist Tower of Babel, the strategic concoction known as the intrinsically very inflationary, presently collapsing Euro.

What the imposition of the Euro did, among its other leading, malicious effects for continental Europe, was to destroy the existing sovereign mechanisms by which Germany's national banking system, in particular, could defend itself against the rape which the introduction of the Euro has accomplished....

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Feature

Die Euro Lüge:
Capitalism & Its Law
by Lyndon H. LaRouche, Jr.

Reflecting on a new book by Germany's Prof. Wilhelm Hankel, *Die EURO Lüge und andere volkswirtschaftliche Märchen* (The EURO lie and other economic fairytales), LaRouche analyzes the principled difference between the American System of political-economy, and the British money-oriented system. While he and Professor Hankel agree on many matters of political-economy, LaRouche notes, Hankel 'takes John Maynard Keynes' 1944 proposal to the Bretton Woods conference as his choice for the genesis of the post-1944 world monetary system; I, for my part, take a different standpoint, rooted in those notions of physical economy traced from Gottfried Leibniz's concept of physical economy which informed President Franklin Roosevelt's approach, rather than monetary economy.'

International

The Planned Killing of Benazir Bhutto

Bhutto's death was a step toward breaking up Pakistan, as the British oligarchy has long desired. She wanted to unify the country, and now, Ramtanu Maitra concludes, 'the Pakistani people must see to it that her death was not in vain.'

LaRouche Assails British Role in Bhutto Murder

LaRouche: Syria-Israel Peace Would Defeat British Chaos Plan

Syrian Ambassador to U.S.:

We Want Open Talks With Israel

Dr. Imad Moustapha, Ambassador of the Syrian Arab Republic to the United States, gave this presentation at the Woodrow Wilson International Center for Scholars on Dec. 17, 2007, entitled, 'U.S., Syria and the Old New Middle East: Confrontation or Cooperation?'

The Case of Africa: Who Is British Imperialism?

International Intelligence

Economics

The System Is Dead;

Now What? '

While the death of the system plays out before us in the financial press,' writes **John Hoefle**, 'the soap opera of falling dominoes and dueling pundits is but a cover for a much more profound battle: the battle over the nature of the system which will rise from the ashes.'

Transportation Routes in Asia:

Opportunities and Challenges for Russia

by **Dr. Sergei Uyanayev** of the Institute of the Far East, Russian Academy of Sciences.

Business Briefs

National

Financial Crisis Puts HBPA on State Legislative Agenda

Lyndon LaRouche's Homeowners and Bank Protection Act (HBPA) the crucial item of debate in dozens of states, as the 2008 legislative session begins.

Virtual Illiteracy:

Electronic Media Is Replacing Reading at All Age Levels

From *To Read or Not To Read: A Question of National Consequence*, a report produced by the National Endowment for the Arts.

Is the Devil in Your Laptop?

How Wiener Attempted To Kill Science:

Only Diseased Minds Believe in Entropy

Cody Creighton Jones dissects Norbert Wiener's Cult of Cybernetics, which inaugurated today's so-called Information Society, in pursuit of H.G. Wells' and Bertrand Russell's scheme for One-World Government.

What Exactly, Is a Human Being?

Analog, Digital, and Transcendental

Sky Shields refutes the insane argument of the cybernetics mafia, that the creative activity of the human mind could ever be replicated by a digital process.

The Typical American Scientist:

Vannevar Bush

Science & Technology

Medical Isotopes in the 21st Century

Robert E. Schenter, Ph.D., reviews the diagnostic and therapeutic applications for all major diseases, in a paper for the Schiller Institute conference on 'Making the Eurasian Land-Bridge a Reality,' in Kiedrich, Germany, on Sept. 15-16, 2007.

Nuclear Medicine:

Technologies We Can't Afford To Ignore

What Are Radioisotopes?

Departments

From the Congress

Impeach Cheney! 'A Case for Hearings.'

Book Reviews

The Chicago Boys' War on Nation-States

The Shock Doctrine: The Rise of Disaster Capitalism,
by Naomi Klein.

Editorial

Six Months Into the Crash

U.S. Economic/Financial News

Will Corporate Bond Bust Bring the Next Phase-Shift?

Dec. 28 (EIRNS)—Multiple sources have told this news service that the collapse of the monetary-financial system will enter a new stage after Jan. 3. *New York Times* financial columnist Floyd Norris weighs in on the issue today, noting that the corporate bond market was as insane as the subprime binge over the past several years, but far larger. Now that the bond insurance industry is collapsing, according to Ted Seides of Protégé Partners: "The severity of the subprime debacle may be only a prologue to the main act, a tragedy on the grand stage in the corporate credit markets." Seides calls the credit default swap (CDS) market an "insurance market with no reserves," and puts the total in CDSs at \$45 trillion, noting that this is almost five times the U.S. national debt.

State of Emergency Hits Kentucky

Dec. 28 (EIRNS)—The "catastrophic" failure of Bush's economic policies, as Lyndon LaRouche put it on Dec. 27, in reference to California's \$14.5 billion revenue shortfall, has claimed another victim. Kentucky's Gov. Steve Beshear announced a \$434 million revenue shortfall for this fiscal year, and an additional \$500 million for the next, at an emergency press conference at the state capital of Frankfort yesterday. The state's revenue was expected to grow by 4.5%, but instead, revenue growth is at less than 1% for this fiscal year, July 2007 to June 30, 2008.

At least 14 other states have announced revenue shortfalls ranging from \$250 million to California's whopping \$14.5 billion, since November. Beshear said Kentucky's budgetary crisis is a result of "a national economic downturn; subprime mortgage difficulties affecting our housing industry and durable goods manufacturing; and the lowest employment growth in several years."

Kentucky budget director Mary Lassiter added that it is not "unprecedented" to have a revenue shortfall in December, "but the magnitude is unprecedented." House Speaker Jody Richards (D) told the *Courier Journal* he thinks this deficit "is the worst that I can remember. It is a function of the economy." Beshear pointed to a \$389 million shortfall in the state's Medicaid budget, a third of which is paid out of General Fund revenues, as a key factor.

A Kentucky state legislator told *EIR* that the deep unemployment, especially among young workers in the far west of the state and the Louisville area, have caused increased demands for Medicaid. Since Bush took office in 2001, the state's unemployment rate grew from 5.2%, peaked at 6.3% in 2003, and has hovered between 5.7% and 6% since 2004.

Bond Insurer ACA Goes Under State Control To Avert Bankruptcy

Dec. 27 (EIRNS)—ACA Financial Guaranty Corp., an insurer of corporate bonds, and a unit of ACA Capital, announced in an SEC filing that it had agreed to give control to Maryland state insurance regulators to avert bankruptcy. According to a Nov. 21 press release by the Maryland Insurance Administration, the state's insurance commissioner had called for a "targeted financial examination" of ACA Financial Guaranty to determine its financial exposure to delinquencies and loan defaults in the subprime mortgage loan market, after it had been put on a credit watch by Standard & Poor's.

ACA Financial lost its investment-grade credit rating last week, when S&P took the next step and downgraded its rating to the level of junk. According to Bloomberg.com, S&P's rating cut was triggered by ACA posting a \$1.04 billion third-quarter loss in November, after which it had \$1.1 billion to cover potential losses of \$7.1 billion on the bonds it has insured.

Under the new management arrangements, ACA will seek approval from the Maryland Insurance Administration before pledging or assigning assets, paying dividends or entering into "certain material transactions." In return, the Maryland regulator will hold off proceedings against the company. A Baring Asset Management figure is quoted by *Bloomberg*, that "It still looks like bankruptcy is inevitable."

Next Year Could Foreclose the Nation

Dec. 26 (EIRNS)—The implosion of the housing bubble, unless policies are changed, will be more horrific in 2008 than in 2007, due to an upsurge in the number of Adjustable Rate Mortgages (ARMs) reset to higher interest rates during the January to June period, the inaction-to-date by Congress, and the hyperinflationary effects of the money-pumping by private central banks. Inflection points of the ongoing housing crash in 2007, and projections for 2008:

* Prices of existing U.S. single-family homes tumbled 6.7% during October 2007, compared to October 2006, the tenth straight month of decline, according to data released today by Standard & Poor's Case-Shiller Home Price Composite Index for ten of America's largest cities. The October price index fall exceeded even the previous record 6.3% decline recorded in April 1991. As well, Case-Shiller publishes a composite home price index for 20 American cities. During October, 11 of the cities experienced the biggest monthly price decline since the Great Depression, spearheaded by Miami: -12.4%; Tampa: -11.8%; Detroit: -11.2%; San Diego: -11.1%.

* Fannie Mae, one of the two U.S. secondary mortgage market giants, which had pumped out optimistic predictions earlier this year, now predicts that prices for existing homes will fall an additional 4.5% in 2008, and sales for existing homes will plummet 12%. That would be in addition to the 20.7% plunge in home sales this year (October 2006 to October 2007).

* Lehman Brothers investment bank analysts project that 1 million home mortgage loans will be thrust into default in 2008, compared to 300,000 this year.

U.S. Physical Economy Shows More Signs of Collapse

Dec. 28 (EIRNS)—The impact of the global financial crash on the American economy's remaining physical production, is becoming more and more severe because of the lack of any Congressional acknowledgment of that crash, or action to create "firewalls" to protect the real economy.

At least 16 U.S. states have suddenly found themselves in budget crises due to drops in tax revenues, and in two of them, California and Kentucky, the governors have announced they will call "fiscal emergencies." The reasons are spiking unemployment, Medicaid costs, as well as the vaporization of housing-related taxes and fees due to the mortgage meltdown.

As 2007 ended, Ford and Chrysler had placed 26,000 production employees on "temporary layoffs," set to last at least through January, and potentially to become permanent. General Motors, which in 2007 "bought out" 46,000 GM and Delphi workers, announced that it's getting rid of 5,000 more by the buyout route. All three automakers have cut their production for the first quarter of 2008 by another 10% or so, as sales fall. Employment in the auto industry fell by 75,000 during 2007. New unemployment claims have been running at 345,000 per week in December.

According to today's announcement by the Census Bureau, November new home sales fell to a 647,000 annual rate, when only on Sept. 18, the Homebuilders Association warned gloomily that they might fall to 800,000 by the end of the year. So many "pending sales" have been falling through, that previous months' figures have been revised down, to where the sales were already well below the 800,000 rate even in September, when the Homebuilders were making their "forecast." The November sales figure is the lowest for any month in 12 years.

And durable goods orders for the U.S. economy, also announced today by the Commerce Department, are at \$207 billion for November, 10% lower than November 2006. This drop is not adjusted for inflation, or for the falling dollar. It's simply the falling economy. The only way to rebuild it, is blocking the crash with the Homeowners and Bank Protection Act and

nation-to-nation New Bretton Woods agreements, building new infrastructure as per LaRouche's Economic Recovery Act.

Global Economic News

Japan To End 'Firewalls' Amid Financial Crisis

Dec. 24 (EIRNS)—Japan will abolish the "firewalls" separating its banks and the rest of its financial system, in a radical market reform to be completed in about two years, the *Financial Times* and AFP report today. The likelihood of these measures actually going through in the midst of the ongoing crash of the global financial system is in serious doubt.

In this latest step in its "big bang" financial reform, the Japanese Financial Services Agency (FSA) will end the ban on creating a comprehensive financial market for banks, stocks, bonds, and financial and commodity derivatives, the FSA announced on Dec. 21. The FSA plan is "to strengthen the competitiveness of financial and capital markets" with deregulation and liberalization, the agency announced. This is the biggest financial reform in Japan since deregulation began in 1996, and includes some 60 new deregulation measures. Tokyo rated only tenth in the world in competitiveness as a financial center by the *Financial Times*, below Frankfurt and Sydney. Kyodo wire service quoted Financial Services Minister Yoshimi Watanabe as saying: "I hope to implement the plan as soon as possible so that the competitiveness of Japanese markets will revive."

The "firewalls" separating banking and securities companies will be lowered, to let banking, securities, and other financial services cut legal barriers among these institutions. The Finance Ministry will also completely exempt offshore funds from any Japanese taxes, while allowing more deregulation of what can be traded on Japanese markets.

Bail Out Merrill Lynch? But, It's Already Dead!

Dec. 25 (EIRNS)—The latest lunacy of sovereign funds purportedly bailing out already drowned banks and investment firms, was puffed with yesterday's sale by Merrill Lynch, the nation's largest brokerage, of a \$5 billion stake to Temasek Holdings, a sovereign fund run by the Singapore Finance Ministry. As the *New York Times* notes, Merrill is getting smashed with mortgage-related losses, and is expected to "write down its mortgage investments by an additional \$8 billion or more in the fourth quarter." So, yesterday, it not only sold stock at a "discount" to Temasek to get \$5 billion in cash, but also agreed to sell an additional \$1.2 billion in discounted stock to Davis Selected Advisers, and likewise signed a deal to sell most of its commercial finance business to the General Electric Company, to raise an additional \$1.3 billion. Grand total: \$7.5 billion.

Other recent sovereign fund mega-deals include:

* UBS: got \$11.5 billion on Dec. 10 from the Government of Singapore, and an unnamed Middle East investor.

* Citigroup: got \$7.5 billion on Nov. 26 from the Abu Dhabi Investment Authority.

* Morgan Stanley: got \$5 billion on Dec. 19 from the China Investment Corporation.

* Bear Stearns: got \$1 billion on Oct. 22 from Citic Securities.

United States News Digest

Clinton Campaign Ad: Freeze All Foreclosures

Dec. 28 (EIRNS)—Sen. Hillary Clinton (D-N.Y.), a candidate for the Democratic Presidential nomination, has released a campaign video on the housing crisis, focused on her call for an across-the-board freeze on foreclosures, a freeze on rates of adjustable rate mortgages, and telling voters that "when they choose a President next year, choose one who would have started fixing the economy this year." So far, she has not mentioned LaRouche's widely supported Homeowners and Bank Protection Act.

Scandals Await 'Non-Candidate' Bloomberg

Dec. 28 (EIRNS)—New York Mayor Michael Bloomberg, a not-too-secret Independent candidate waiting to announce a run for the Presidency, has been allowed to manage his personal wealth—estimated at up to \$13 billion—more directly and aggressively in a new ruling he sought from the New York City Conflicts of Interest Board, after he was caught in flagrant violation of a 2002 agreement with the Board.

On Dec. 26, the Board rescinded its 2002 ruling that Bloomberg had to sell all his stocks and his interest in a hedge fund, and ruled instead that the mayor could advise the investment firms handling his fortune about categories of investments, and could hire or fire managers of his money. Early in December, the *New York Times* revealed that Bloomberg had been talking regularly to officials at one of his companies, Bloomberg L.P., the media and financial information giant, about business details, and had, despite the 2002 agreement, taken numerous official actions that involved the investment firm Merrill Lynch, the biggest investor in Bloomberg, L.P.

In November, Bloomberg's deputy, Daniel Doctoroff, announced that he would leave his city job to become President of Bloomberg, L.P., but would continue until then his governmental work with a developer, Vornado Realty, that has real estate ties to Mayor Bloomberg's firm and is involved in two City mega-projects. Meanwhile, Bloomberg's First Deputy Mayor, Patricia Harris, who came out of Bloomberg, L.P., has continued to manage all the Bloomberg Foundation's charitable giving from City Hall, without ever seeking the Board's approval.

Now, in the two-week countdown before the Iowa and New Hampshire primaries, Mayor Bloomberg is running ads boosting himself, through the newly-minted vehicle called "Mayors Against Illegal Guns." The group, founded by Bloomberg and Boston Mayor Thomas Menino, ran full-page ads Dec. 27 in the *Des Moines Register* and the *Manchester Union Leader*. These prominent ads in primary states clearly put the possibility of a Bloomberg Presidential campaign front and center.

LaRouche: Will GOP Back Schwarzenegger 'State of Emergency'?

Dec. 27 (EIRNS)—Responding to media reports that California Gov. Arnold Schwarzenegger is about to declare an economic state of emergency, due to California's exploding budget deficit, Lyndon LaRouche today asked: Will Republicans agree with Schwarzenegger or will they denounce him as a terrorist?

LaRouche explained that a declaration of an economic state of emergency for California is tantamount to a declaration covering the entire United States, given the size and importance of the California economy for the USA. In effect, LaRouche explained, if he goes ahead with the declaration of economic emergency, the Governor will be publicly admitting that the Bush Presidency has been a catastrophic failure, from day one, and has destroyed the U.S. economy. LaRouche asked: How will the Bush White House and other Republican Party honchos deal with such a condemnation of the present Administration, coming from one of George Shultz and Felix Rohatyn's favorite sons?

Schwarzenegger plans to make his announcement on Jan. 10, just after his Jan. 8 State of the State address, where he will make privatization of infrastructure a central feature of his administration.

'Unholy Alliance Between the DOD and Video Game Industry'

Dec. 27 (EIRNS)—On Dec. 26, attorney Jack Thompson issued a press release, "Activist Declares War on Unholy Alliance between Department of Defense and Video Game Industry," which highlights the "collaboration" between video-game makers and sections of the Defense Department. This is more fully explained in the LaRouche PAC pamphlet, "Is the Devil in Your Laptop?"

Thompson's press release reads in part:

"One of the consequences of this collaboration is the increasing number of commando style assaults by young video gamers, such as the recent mall massacre in Omaha, Nebraska. Virginia Tech's Cho was an obsessive high school player of the military-themed CounterStrike, according to the *Washington Post*. Researchers have proven the long term effect of immersion in interactive violence. The author of the worst school massacre in European history trained on the same military killing simulator. The list of mass killings tied to such games is long, including, of course, Columbine.

What is increasingly clear is that the unholy alliance between the game industry and the DOD is teaching an entire generation of kids that war is glamorous, cool, desirable, and consequence free. Believe it or not, there is actually a formal working relationship between the Department of Defense and the game industry at the Institute for Creative Technologies on the campus of the University of Southern California...."

Thompson has won numerous law suits in state courts against the video game industry's Entertainment Software Association, for marketing violent games, only to have those lawsuits overturned in Federal court.

Judge Reverses Ruling, Protects White House Visitor Logs

Dec. 25 (EIRNS)—A Federal Judge reversed himself yesterday, and agreed to let the White House keep its list of visitors secret. The group Citizens for Responsibility and Ethics in Washington had made a request under the FOIA (Freedom of Information Act). U.S. District Judge Royce Lamberth had agreed with the request five days ago, but changed his mind, after the White House made a "request." According to the Associated Press, the group was looking for information on visits of conservative religious leaders, including James Dobson, Gary Bauer, and the late Rev. Jerry Falwell.

Is Someone Trying To Get Bush Out of Town?

Dec. 24 (EIRNS)—George Bush is going to have to dust off his passport, since he will be pursuing an aggressive travel schedule this coming election year. According to Bloomberg News, beginning in January, Bush will be on the road almost as much as he will be here. In January alone, George will make his first-ever trip to Israel and the Palestinian West Bank, for discussions coming off the Annapolis Conference. Following that, he will make stops in Kuwait, Bahrain, and the United Arab Emirates. In February, Bush will tour Africa, followed by an April NATO summit in Romania, a June U.S.-European summit in Slovenia, and a July meeting of the G8 in Japan. Bush will attend the summer Olympics in China, and a November APEC (Asia Pacific Economic Cooperation Forum) in Peru.

Bloomberg notes that Bush is concerned with his "legacy," and that his domestic program will likely get stalled in Congress, or fall victim to Presidential electioneering.

'Health Industry': Insure the Healthy, Bankrupt the Insured

Dec. 24 (EIRNS)—A new report based on U.S. Department of Health and Human Services and Census Bureau statistics confirms not only the enormity of the financial burdens of health care for Americans, but also the alarming rate of increase in those costs. The report by the Lewin Group, commissioned by Families USA, documents that:

- * More than four out of five Americans (more than 82%), in families that are spending more than 10% of their pre-tax income on health care costs, are insured.
- * Some 50.7 million non-elderly Americans with insurance are in families that will spend more than 10% of their pre-tax income on health-care costs in 2008.
- * More than three out of four people (nearly 76%) in families spending more than 25% of their pre-tax income on health-care costs, are insured.
- * Fully 13.5 million Americans with insurance are in families that will spend more than 25% of their pre-tax income on health-care costs in 2008. All the leading Presidential candidates who have put forth proposals for health-care "reform" have called for tweaks in the private insurance looting system that produced these statistics.

Americans are now spending more than \$2.2 trillion a year on health care. Dr. Don McCanne of the Physicians for National Health Program has calculated that that works out, on a pro rata basis, to \$7,500 a person. That requires an income of more than \$75,000 to limit an individual's share to less than 10% of his income. For a family of four, an income of \$300,000 is required.

Rep. John Conyers' H.R. 676, which Lyndon LaRouche has endorsed, would establish a single-payer Medicare For All system, freeing up those employed in the private health insurance "industry" for useful work. It now has 87 co-sponsors in the House of Representatives.

Ibero-American News Digest

Venezuela's Chávez Stages FARC Hostage Release

Dec. 26 (EIRNS)—Venezuelan President Hugo Chávez announced at a press conference today, that his government had worked out arrangements with the Colombian narco-terrorist FARC, for the imminent release of two women hostages and a child born in captivity, should the Colombian government accept, which it quickly did. Venezuelan Vice Foreign Minister Rodolfo Sanz announced on Dec. 27 that the timing of the release "is the exclusive competence and authority of President Hugo Chávez."

The operation is being staged in grandstand fashion, with Chávez suggesting that the next step should be "peace talks" with the FARC—with himself at the center. Although the release of any of the hostages held in their jungle concentration camps is welcome, the Chávez-FARC operation is likely to play into the British policy of legitimizing and granting de facto recognition to the FARC cartel, destabilizing Colombia, and furthering national and regional disintegration.

To be released are Clara Rojas, a Vice Presidential candidate kidnapped in February 2002 along with her Presidential running mate, French-Colombian Ingrid Betancourt; Rojas's three-year-old son; and former Senator Consuelo González de Perdomo, held since September 2001. Dozens of other hostages are held by the FARC.

Operation Condor: Arrest Warrants Issued in Italy

Dec. 27 (EIRNS)—Jorge Néstor Fernandez Troccoli, a retired officer of the Uruguayan Navy, was arrested in Salerno, Italy on Dec. 24. Troccoli was wanted in Uruguay, because of his role in Operation Condor, the extermination of political opponents of military dictatorships in South America in the 1970s and 1980s.

Additionally, Rome Judge Luisanna Figliola has issued arrest warrants for 146 citizens of Chile, Argentina, Brazil, Uruguay, Paraguay, and Bolivia, including former leaders of Argentina's 1976-83 military junta, Rafael Videla and Emilio Eduardo Massera, former Uruguayan dictator Jorge María Bordaberry, and Manuel Contreras, former head of Chile's secret police, the DINA.

The Rome warrants are the product of a nine-year investigation by prosecutor Giancarlo Capaldo, in lawsuits brought by relatives of Operation Condor victims of Italian origin.

Commenting on Capaldo's actions, Lyndon LaRouche asked whether George Shultz and fascist banker Felix Rohatyn will be arrested too. He pointed out that these two are inseparable from the coordinated terror/murder campaign in the Southern Cone countries in the 1970s, having sponsored the 1973 overthrow of Chilean President Salvador Allende, and installed the fascist dictator Augusto Pinochet. Pinochet officially created Operation Condor in 1975, together with Manuel Contreras. Active roughly through the mid- to late-1980s, this killing machine illegally detained, tortured, murdered, and "disappeared" thousands of citizens in six countries.

Paraguayan lawyer Martín Almada, who was a victim of Operation Condor in the 1980s, and played a crucial role in providing evidence to Capaldo, has also urged that the name of Henry Kissinger be included in examining the events of this period. Speaking from Buenos Aires on Dec. 9, Dr. Almada stated that despite the fact that numerous Operation Condor agents have been brought to justice, "the Condor continues to fly and its wings must be clipped." As has been documented by other investigators, Almada pointed out that Kissinger personally oversaw many of Operation Condor's activities. "I don't know if Osama bin Laden is among the worst terrorists," he said, "but Henry Kissinger certainly is."

Mexican Congress TV Network Broadcasts PHLINO Hearings

Dec. 21 (EIRNS)—The television network of the Mexican Congress, which is seen nationwide, has been repeatedly broadcasting the testimony of the Pro-PHLINO (North West Hydraulic Plan) Committee, first before the House Rural Development Committee last October, and then before the Senate Regional Development Committee on Nov. 27. Sources report that this latter three-hour session, where LaRouche associate Alberto Vizcarra explained the significance of the Chinese press publishing LaRouche's remarks on the global financial collapse, was broadcast in its entirety.

Coverage of LaRouche-Mexican Collaboration at Ottawa Conference

Dec. 21 (EIRNS)—The Dec. 21 issue of the statewide Sonoran daily *Diario del Yaqui* devoted coverage in its widely-read agriculture section to the participation of the Pro-PLHINO Committee for the 21st Century in the Dec. 11 *EIR* conference in Ottawa, on "The Strategic Importance of the Eurasian Land-Bridge." With the title, "PLHINO Unveiled in Canada," and a subtitle highlighting the Pro-PLHINO Committee's participation, the article reports that the Committee coordinators, including LaRouche associates Alberto Vizcarra and Jesús María Martínez, CTM regional labor leader Antonio Valdez Villanueva, and engineer Manuel Frías, attended the conference on the invitation of *EIR*, and that they spoke on the economic importance for the United States and Canada of strategic works like Mexico's PLHINO, a proposed ambitious series of water projects on Mexico's west coast.

LaRouche Movement Brings Classical Music to Panama

Dec. 26, 2007 (EIRNS)—For the second year in a row, *EIR*'s Carlos Wesley took to the airwaves in Panama on Christmas Day, to bring Panamanians a joy generally missing from their lives: Classical music. The country has *no* regular Classical music program, either on radio or television.

Last year, the radio station which hosted Wesley's program was shocked by the overwhelmingly enthusiastic response to Wesley's program. So this year, the program was broadcast on three stations, two of them nationwide, as well as on the Internet.

Among the musical selections played, were several pieces by Bach, Mozart's "Eine Kleine Nachtmusik" and "Ave Verum," Franck's "Panis Angelicus," and Beethoven's Ninth Symphony, conducted by Wilhelm Furtwängler.

Among the many calls which the show provoked, the general sentiment was: Why can't we get something like this every day?

Western European News Digest

Serbs Warn Against Kosovo Independence

Dec. 27 (EIRNS)—In a resolution passed yesterday, the national parliament of Serbia condemned unilateral attempts by Kosovo to become independent. The document declares the protection of Serbian territorial integrity a national priority, and accuses the Kosovar-Albanian side of avoiding dialogue on a compromise solution, during the final stage of talks on Kosovo's political future, which took place from August to December. The resolution warns that any unilateral declaration of independence by Kosovo will be regarded as a violation of international law and the UN Charter, and would lead Serbia to reconsider ties with Western countries that recognize an independent Kosovo.

Serbian President Boris Tadic declared after the parliamentary vote that the country's army would protect Kosovar Serbs if EU/NATO peacekeepers fail to halt violence: "If matters in Kosovo reach a violent stage, and if the international KFOR peacekeeping force is unable to adequately protect Serbs, the Serbian Army is ready at any time to provide assistance in protecting the population from danger, with the approval of international organizations and in line with international law."

Blair Caught in New BAE Revelations

Dec. 23 (EIRNS)—Former British Prime Minister Tony Blair ordered his attorney general, in late 2006, to shut down the Serious Fraud Office (SFO) probe of billions of dollars in bribes by the defense giant BAE Systems, to Saudi government officials. New documents were released last week in a British lawsuit against Blair and others, brought by two anti-corruption groups, the Corner House and the Campaign Against the Arms Trade. The documents detail private meetings and correspondence between Blair and Attorney General Lord Goldsmith, in which Blair pressured Goldsmith to shut down the probe, because Britain was under enormous pressure from Saudi Arabia. Blair claimed that BAE would lose a pending multibillion-dollar extension of the "Al-Yamamah" oil-for-arms deal, and Saudi Arabia would also cut off intelligence flows on al-Qaeda.

According to documents made public on Dec. 21 by the *Guardian*, Lord Goldsmith caved in to Blair's demands, just before SFO investigators were to fly to Switzerland to access bank records of Saudi middleman Wafic Said.

The new revelations could badly damage Blair's ongoing efforts to "reinvent" himself as an international diplomat and philanthropist. U.S. intelligence sources have reported that he is in the process of establishing a series of religious and charitable fronts, to conceal some of the covert operations previously run through the BAE/Saudi slush fund. He is also promoted to be the next "super president" of a restructured European Union.

Will Pound Sterling Crash Bring Down PM Gordon Brown?

Dec. 28 (EIRNS)—The outlook for British Prime Minister Gordon Brown is getting gloomier with every new revelation about the teetering British economy. The huge inflated bubble over which Brown had presided as Chancellor of the Exchequer for the past decade, is imploding. The pound, which had been soaring above \$2 for three months, had its biggest weekly fall in five weeks this past week. It is now at \$1.98, and at a record low against the euro.

Overall, the *Independent* reported yesterday that Brown has been hit by a record number of revolts from his own Labour Party backbenchers, dating from his first hours in office. Nottingham University Prof. Philip Cowley, an expert on parliamentary voting, has reported that there were more backbencher revolts against government whips—43—in Brown's first month in office, than under any other post-war prime minister.

Meanwhile, the housing crash continues to make headlines in the tabloids. The London *Daily Mirror* on Dec. 22 reported that the housing market continues in "free fall," with an 8% slump in mortgage lending last month.

German Railway Talks Resume

Dec. 24 (EIRNS)—Talks resumed between railway engineers and railway management, after a personal intervention by German Transport Minister Wolfgang Tiefensee, who called in the leaders of both sides for an emergency session in Berlin, two days ago.

At least until March, the Social Democrats, the coalition partner in Chancellor Angela Merkel's two-party government, insist that no further moves be made on the issue of privatizing the railroads, which the union opposes. But because of Tiefensee's failure to state that there will be no privatization, the railway management continues to provoke the engineers with statements about its preparedness to withstand any new strikes. The German population is reported to be mostly in favor of the engineers, but people naturally welcomed the moratorium on strikes during the holiday period.

'Donorgate' Scandal Could Bring Swift Prosecution

Dec. 27 (EIRNS)—Criminal charges could be pressed in record time against resigned Labour Party General Secretary Peter Watt in the £670,000 "donorgate" scandal, the *Daily Telegraph* reports today. Inquiries may be finished by the end of January, according to Whitehall sources. Watt could be charged with illegally accepting funds from property developer David Abrahams. The prosecution is proceeding much more rapidly than in the earlier "cash for honours" scandal, which was investigated for 15 months and resulted in no charges.

Two days ago, Justice Minister Maria Eagle (Labour) told ePolitix.com that Labour will have to "keep its nerve." The mess includes not only the above scandals, but also the loss of millions of people's private data from government files. Eagle said Labour must "carry on governing, meet the promises we have made and show we can do a good job." Eagle is counting on there being "some time between now and the next election."

IMF Stooges Unhappy With Italy's Prodi Government

Dec. 27 (EIRNS)—The International Monetary Fund attacked the Italian government, but then retreated. In an interview with the AGI news agency Dec. 26, an IMF spokesman said that the Prodi government shows "little courage" in cutting the budget. An IMF delegation will visit Italy at the end of January. Following angry reactions from Rome, an IMF release denied that any IMF official had made those remarks.

Meanwhile, a former IMF official, Lamberto Dini, said that Romano Prodi's government is finished. "Prodi no longer has a majority in the Senate," Dini said in an interview with Raitre news. Dini is head of a mini-party with three Senators, which has recently withdrawn its support of the government.

Poland To End Iraq Mission in 2008

Dec. 22 (EIRNS)—Polish President Lech Kaczynski, an ally of the Bush Administration in its war in Iraq, has been forced to go along with the troop withdrawal plan of the new government of Prime Minister Donald Tusk. Tusk's government put forward a plan to withdraw Poland's 900 troops from Iraq by Oct. 31, 2008. According to an AP report, Kaczynski had indicated that he might oppose Tusk's plan, but there was a problem: The troop deployment's mandate expires on Dec. 31 and has to be renewed by Parliament. If Kaczynski had refused the new mandate which goes to Oct. 31, 2008, Polish troops would have had to come home next week.

British Historian Compares the Queen to Goebbels

Dec. 22 (EIRNS)—Great Britain's most-noted historian on the British monarchy, David Starkey, compared Queen Elizabeth to Hitler's Propaganda Minister Joseph Goebbels, and also accused her of being a poorly educated philistine. "I think she's got elements a bit like Goebbels in her attitude to culture," Starkey told the *Guardian* of Dec. 21. "You remember: 'Every time I hear the word culture I reach for my revolver,'" he said. (The remark is variously attributed to Göring and Goebbels, among others.) Starkey, who is sympathetic to the monarchy as a form of government, paints the Queen as a poorly educated, self-centered aristocrat who has little interest in even the history of the British monarchy.

Starkey, the author of a 17-part "Monarchy" TV series, suggests that Prince Charles might be the monarchy's best hope for survival, if he changes some of his ways.

Russia and the CIS News Digest

Lavrov: Putin's Kennebunkport Proposal Was Unprecedented

Dec. 26 (EIRNS)—Russian Foreign Minister Sergei Lavrov, in a year-end interview published in today's *Vremya Novosti*, advised looking back to President Vladimir Putin's early February speech at the Munich Security Conference, for insight into the most important strategic events of 2007. That speech was misrepresented throughout the international media as marking a return to the Cold War, but *EIR*'s Feb. 23, 2007 issue documented that Putin was not attacking the United States—indeed, it was the first of several occasions this year on which he invoked the policies of Franklin Delano Roosevelt—but rather the perversion of American policy by traitors to the real identity of the USA, and that he called for cooperation among nations to solve world problems. Said Lavrov, "The main purpose of Munich was to put the matter of mutual understanding into focus," to call for "honest, open dialogue ... without hidden agendas."

In his interview, Lavrov termed certain other major events "derivatives of the Munich speech." These included Russia's decision to stop observing the Conventional Forces in Europe (CFE) treaty, which others had not ratified: "We were not being listened to. We put the situation into focus, and thereby moved things from a standstill. It is still not solved."

Most dramatic in Lavrov's interview is his discussion of the "unprecedented proposal Putin made at Kennebunkport"—the Bush family compound in Maine, where Putin was hosted last Summer—on anti-missile defense. "Putin proposed a qualitatively new approach, implying mutual trust and complete openness regarding intelligence data gathered by each side using its most advanced technologies. The proposal was to unite capabilities that are defining for each side's security. That means 'to overcome vestiges of the past in oneself,' and embark on a level of partnership and cooperation that was absolutely inconceivable before. We have not lost hope, that this approach will be accepted, though the chances of that are declining."

Asked if that meant the USA had failed to "overcome the past," Lavrov emphasized, "I would not say that we, either, have entirely overcome those vestiges. But that is what the President called for.... That was his determination and political will—to overcome the vestiges of the old way of thinking. Few people in the West understood that. But it was really unprecedented."

The other leading developments for Russia's foreign policy this past year, according to Lavrov, were breakthroughs within the Commonwealth of Independent States (CIS)—despite the organization's being practically split in two, and attempts by Western countries to aggravate that split. Lavrov said that common interests in economic cooperation, energy and transport infrastructure, were bringing a reversal of centrifugal trends in the CIS. At the same time, he underscored the importance for Russia of cooperation in the part of the CIS zone that is grouped in the Eurasian Economic Community (EurAsEc) and the Collective Security Treaty Organization (CSTO): Belarus plus the Central Asian nations.

After discussing Kosovo and negotiations around Iran, Lavrov ended his interview with a lengthy review of the deterioration of Russia's relations with Britain, blame for which he laid squarely at London's doorstep.

Russia Test-Fires Asymmetric Weapon; Warns vs. U.S. ABMS In Europe

Dec. 26 (EIRNS)—Russia successfully tested a new type of ballistic missile yesterday, which converts into a cruise missile in the descent phase, making it almost impossible to intercept with conventional anti-missile missile systems. The launch was a signal of Russia's continuing displeasure with U.S. plans to station anti-missile defense systems in Poland and the Czech Republic, and of Moscow's stated intention to develop asymmetric response systems. Russian officials also said a land-launched RS-24 missile with multiple warheads had been successfully test-fired from the Plesetsk range in northern Russia, and that a rocket carrying the last three satellites for the GLONASS mapping and navigation system to rival the U.S. Global Positioning System had been launched.

The new hybrid missile, known as the RSM-54, or Sineva, was launched from the nuclear missile submarine Tula in the Barents Sea, and hit a target on the Kamchatka peninsula in the Far East. It was the second launching in a week of the new type missile.

At the same time, Russian Foreign Ministry spokesman Mikhail Kamynin lambasted once again the U.S. plans to build anti-missile systems in Poland and the Czech Republic. Kamynin responded directly to an interview by Czech Foreign Minister (Prince) Karel Schwarzenberg, published at the end of last week, in which the Czech official said he wanted the U.S. radar to guarantee surveillance of Russian territory. Kamynin said this was more proof that the U.S. missile defense system in Eastern Europe is being built solely to disrupt the strategic balance and gain the edge over Russia, not to defend against a non-existent threat of Iranian missiles.

Poland, Russia Push Diplomacy To Mend Ties

Dec. 26 (EIRNS)—With the intensely anti-Russian Kaczynski regime gone in Warsaw, Poland and Russia are moving

quickly to improve their relations. The change may have far-reaching strategic consequences, as in the case of the new Prime Minister Donald Tusk's remarks about any missile-defense system in Poland needing to meet Poland's own interests (rather than merely the alleged interests of the USA that would emplace them).

On Dec. 24, Tusk said that he might visit Moscow on Feb. 8, 2008. The same day, Polish Foreign Minister Radoslaw Sikorski announced that "normalizing" relations with Russia is one of the government's top foreign policy priorities. Today, Russian Deputy Foreign Minister Alexander Grushko rejoined, "We have felt real readiness by the new Polish government to resolve problems through dialogue, rather than megaphone diplomacy."

Tusk already reversed the Kaczynski government's opposition to Russia's joining the Organization for Economic Cooperation and Development (OECD). Moscow responded by dropping a two-year-old ban on Polish meat imports, which has held up talks on Russia-EU partnership because Poland is an EU member. Said Russian envoy for Russia-EU relations Sergei Yastrzhembsky on Dec. 18, "Tusk's government has done more for Polish-Russian relations than was done in the past two years."

Lavrov: Kosovo Independence Is Death-Knell for UN

Dec. 26—In his year-end *Vremya Novostei* interview, published today, Russian Foreign Minister Sergei Lavrov found little optimistic to say about the crisis around Kosovo, the province of Serbia whose looming declaration of independence has been backed by the USA and several countries in Europe. Russia and these Western power have such different premises and different objectives regarding Kosovo, said Lavrov, that negotiations have stalled.

Lavrov put an even sharper point on the crisis, telling the same *Vremya Novostei* on Dec. 21, "If NATO and the EU now state, after ignoring all legitimate legal mechanisms that exist in the United Nations, that they will decide on how to divide Serbia, how to bite Kosovo off from it, and how to prevent Serbs who live in Kosovo from expressing their opinion on the matter, they will put themselves above international law." Lavrov added that this "dangerous game" would mean that these Western countries no longer respect the UN, and intend to decide major matters outside of it.

Speaking on Vesti-24 TV Dec. 21, Lavrov warned once again that—though he said it is not Russia's policy to promote this—independence for Kosovo will be taken as a precedent by the administrations of Abkhazia and South Ossetia, autonomous regions within Georgia that are "in fact functioning on their own" already.

Georgia Alleges Coup Plot Ten Days Before Election

Dec. 26 (EIRNS)—The situation in the Republic of Georgia, already headed for a tumultuous start to 2008 with early elections scheduled on Jan. 5, became even more tense on Dec. 24, when the incumbent regime accused one of the candidates of engineering a coup attempt. Georgia's prosecutor general released a taped conversation in which Badri Patarkatsishvili allegedly attempts to buy control over security forces for \$100 million. Yesterday, Patarkatsishvili's election staff was charged with preparing a "coup" through vote-fraud protests beginning on Jan. 6. The alleged conversation allegedly took place in London, where Patarkatsishvili's ex-business partner, Russian moneybags Boris Berezovsky, lives in exile.

Patarkatsishvili has played a big, but murky role in the Georgia crisis since early November, when street demonstrations and the formation of a ten-party opposition coalition forced the 2003 Rose Revolution's protagonist, Columbia University law grad Michael Saakashvili, to call early elections and resign in order to run for re-election. It was the arrest of Patarkatsishvili's associate, former security official Irakli Okruashvili, that triggered the demos, though the turnout of tens of thousands proved the population's underlying rage at Saakashvili's miserable leadership, obsession with his geopolitical

project of joining NATO, and failure to improve the economic situation. Saakashvili and his group accuse Patarkatsishvili of being an agent of Moscow, but his associate Berezovsky is a sworn enemy of President Vladimir Putin.

The Georgian crisis is all the more explosive now, in that the two autonomous regions of Abkhazia and South Ossetia, whose leaders do not take orders from the central government in Tbilisi, have threatened to move for full independence, if Kosovo province in Serbia does likewise.

Tymoshenko Teeters on One-Vote Margin, Calls Cheney

Dec. 26 (EIRNS)—"Instability and leadership conflict" were forecast for Ukraine on Dec. 18 by Victor Yanukovich, leader of the Party of Regions and outgoing prime minister. His party was the highest vote-getter in Ukraine's fifth Parliamentary election within three years, but—after another two months of maneuvering—a government coalition with a paper-thin majority has now been formed by Orange Revolution demagogue Yulia Tymoshenko's bloc and President Victor Yushchenko's Our Ukraine.

Tymoshenko was returned to the premiership on Dec. 18 by 226 votes in the Supreme Rada, a one-seat majority. The Party of Regions and other major parties, including the Communists and the Socialists, did not attend the session. Since the Rada forbids voting by proxy, it is not clear that Tymoshenko will be able to transact business if even one or two members of Parliament are ill at any one time.

The new PM promptly announced an anti-corruption campaign, which Yanukovich charged would be a political purge. One of her first phone calls, Tymoshenko's office announced, was to U.S. Vice President Dick Cheney to discuss "energy independence." In early 2007, Tymoshenko had talks with Cheney in Washington, after which she returned to Kiev and began trumpeting that the USA backed a return of Ukraine to the agenda of the Orange Revolution—including a fast track to NATO membership—that Project Democracy backed in 2004.

Southwest Asia News Digest

Iran To Build 19 New Nuclear Power Plants

Dec. 24 (EIRNS)—Iran will soon announce a tender to build 19 new nuclear power plants, Novosti reported today. "An international tender will be announced soon for the creation of 19 nuclear power plants with a capacity of 1,000 MW each," declared Kazem Jalali, a spokesman for Iran's parliamentary committee on national security and foreign policy. This is part of Iran's policy to generate 20,000 MW of electricity.

Iran's announcement is in line with the urgently necessary global renaissance of nuclear power, which is sweeping especially the Third World, but being stupidly ignored in major Western powers, such as the United States and Germany.

The Bushehr nuclear plant, currently being built by Russia, will start to generate electricity by March 2008, Iranian government spokesman Gholam Hossein Elham said Dec. 22. "In line with a timetable of the Atomic Energy Organization of Iran, electricity to be generated by the Bushehr nuclear power plant will flow into the country's power grid next year," which begins in Iran on March 21.

Larijani in Egypt, Seeking Normalization

Dec. 27 (EIRNS)—Ali Larijani, head of Iran's National Security Council, is in Egypt, where he has been discussing the

possibility of renewing full diplomatic relations between Cairo and Tehran. In Egypt, he has already met with Grand Sheik Mohammed Seyed Tantawi and other officials of Al-Azhar, one of Sunni Islam's most important religious centers.

Larijani also met with Arab League Secretary General Amr Moussa, and Egypt's Foreign Minister Ahmed Aboul Gheit. "So far, we are on a positive track," Larijani told reporters in Cairo according to the *Jerusalem Post*. "The dialogue and the discussions are going on, but we should not be hasty."

Iran cut diplomatic ties with Egypt after the latter signed a peace agreement with Israel in 1979 and provided asylum for the deposed Iranian Shah Mohammad Reza Pahlavi. Relations got even worse when Egypt backed Iraq during the 1980-1988 Gulf War.

Aboul Gheit has said that a resumption of ties could only take place if Iran takes down a large mural of former Egyptian President Anwar Sadat's assassin, Khaled el-Islambouli, and change the name of a street honoring him. El-Islambouli was one of the army officers who killed Sadat during a military parade in 1981.

Senior Hamas Official: Ceasefire with Israel Is Possible

Dec. 23 (EIRNS)—A top advisor to Ismail Haniya, the Hamas leader in Gaza, said today that a ceasefire with Israel is possible. "If there was a chance for a calmness ending the suffering of our people, then this will be a national interest that it must be dealt with, under the condition that Israel must stick to it," said the advisor, Ahmed Yousef, as reported by Xinhuanet.com.

This followed reports that Hamas was seeking a ceasefire, which other Hamas officials have denied. One Hamas spokesman, Fawzi Barhoum, is quoted by London's Telegraph Online as denying that there is any "talk of calm" at the moment, but he didn't rule it out. "They have to stop all the destruction, and relieve the sanctions, and open the corridor between Gaza and Egypt. Everything after that can be discussed," Barhoum said.

Meanwhile, Israeli Prime Minister Ehud Olmert is widely quoted as rejecting any ceasefire, and telling the cabinet that he is ruling out negotiations with Hamas because it has refused international demands to recognize Israel, to renounce violence, and to endorse past peace accords.

Kirkuk Bloodbath Put on Hold

Dec. 27 (EIRNS)—Kurdish lawmakers agreed yesterday to a six-month delay on a referendum on whether the oil-rich city of Kirkuk should join the semi-autonomous region of Kurdistan or remain under the control of the Iraqi central government. The vote defuses, for now, the potentially explosive issue of Kirkuk, which territory is claimed by both Kurds and Arabs, and has caused analysts to warn that it could trigger a fresh wave of bloodshed in Iraq that could draw in Turkey as well.

The speaker of Kurdistan's parliament, Adnan al-Mufti, reported that "the proposal made by the new UN special representative to Iraq, Steffan de Mistura, had been overwhelmingly endorsed." The parliament's agreement to delay the referendum, due to take place by the end of the year under Article 140 of the new Iraqi constitution, is important as it has been a largely Kurdish-driven process.

U.S. intelligence sources report that Kirkuk has been targeted for ethnic cleansing of all non-Kurds, in an effort to ensure that the oil-reserve-rich area falls under Kurdish control. Among the population forcefully expelled from the Kirkuk region are large numbers of Turkmens, ethnic Turks, who have lived in the area for a very long time, and who are a factor in

Turkey's own claims on the oil reserves of that area. It is ironic that the Kurdish region has been touted as the safest and most secure part of Iraq, since the time of the U.S. invasion; yet, it could soon be the epicenter of some of the most violent clashes, and a possible foreign invasion.

The 'Liberation' of Iraq's Children

Dec. 24 (EIRNS)—Gen. David Petraeus calls it liberation. The children of Iraq may have different names for it. Some 2 million children in Iraq face unrelenting ravages of poor nutrition, disease, and lack of schooling, according to a new UN Children's Fund (UNICEF) report. Thousands have lost their lives in violence. More have had the main breadwinner in their families kidnapped or killed. An average of 25,000 children a month have been forced to flee their homes this year.

While the Bush regime funds the occupation to the tune of hundreds of billions of dollars, UNICEF received but \$40 million towards its \$144 million appeal for Iraq this year, to fund critical needs in health, education, water, and sanitation, a spokeswoman said in Geneva. "Iraqi children are the foundation for their country's recovery," Roger Wright, UNICEF's special representative for Iraq, told Reuters. "We continue to owe them our very best in 2008 and beyond."

UNICEF has determined that only 28% of Iraqi 17-year-olds completed their final school exams this year. The number of primary school-age children not in school in 2006 was 760,000. That figure has grown over the past year, as more displaced children had their schooling disrupted, the UN said.

Asia News Digest

New Korean President Must Confront Global Banking Collapse

Dec. 22 (EIRNS)—The newly elected President of South Korea, Lee Myung-dak, must confront the insolvency of the banking system immediately, or he will rapidly lose his current popularity and support, said Haeran Lim, the chairman of the Political Science Department at Seoul National University, and now a visiting fellow at the Brookings Institution. At a Dec. 20 forum sponsored by the Woodrow Wilson Center in Washington, on the Dec. 19 Korean elections, the panel discussed the Korean political and economic situation as though the world financial system had not collapsed over the past six months.

When *EIR* challenged this view in the question period, noting that the insolvency of the Western banks had an obvious and drastic impact on Asia, Lim concurred, noting that there was a new Asian banking crisis, brought on by the subprime crisis in the U.S., which had not been acknowledged by the recently defeated government. "President-elect Lee won his election by focusing on the economy, promising to revitalize the economy of both South and North Korea," said Lim. "The insolvency of the banking system will be a daunting problem for him. If he does not face it, he will be in big trouble. He will be discredited, and the population will hold him responsible. He will go down fast."

President-elect Lee has promised dramatic new development policies for the Korean peninsula, but the banking collapse confronts him with a stark choice: Proceed with globalization and free trade, and be dragged down with the collapse, or orient towards Roosevelt-style New Bretton Woods agreements among the great powers—Russia, China, India, and a U.S. under new leadership—as LaRouche has promoted.

There will be parliamentary elections in South Korea in April, which will likely be a referendum on Lee's decision on these questions.

Korean President Offers Cooperation To Develop Far East

Dec. 21 (EIRNS)—South Korea's President-Elect Lee Myung-Bak met with Russian ambassador Gleb Ivashentsov just days after his victory, offering Korean collaboration, potentially from both the North and the South, in the development of the Russian Far East. "If we together with Russia carry out the development project, it will be a turning point in economic cooperation in the Northeast Asian region and boost Russia's development as well," Yonhap news agency quoted Lee as telling the envoy. "I'd like to get on this project right after I assume office," which will be on Feb. 25.

Ivashentsov delivered a letter from Russian President Vladimir Putin, congratulating Lee on his landslide election victory and inviting him to Moscow. Putin was quoted by the envoy as saying in the letter that "President-elect Lee is well-known in Russia and has always supported the bilateral relationship" and that relations "will rise to a much higher level during Lee's term of office."

Yonhap reports that Lee envisages combining South Korea's advanced technology with North Korea's labor and Russia's natural resources.

Lee pledged during his campaign to maintain the "Sunshine Policy" of working toward reunification of North and South Korea, with some changes. There is serious discussion of a "Marshall Plan" for the development of the North, once the nuclear issue is resolved. Working together on the development of Russia's Far East would solidify that impulse toward peace and development on the peninsula, and in Northeast Asia generally.

Japanese PM: Reflect on History To Change It

Dec. 29 (EIRNS)—Japanese Prime Minister Yasuo Fukuda, speaking to 600 students at Beijing University yesterday, addressed the highly sensitive historical issues of Japan/China relations, including the Japanese occupation of China during World War II, stressing the importance of reflecting on history to change the future.

Fukuda said that when Chinese Premier Wen Jiabao was in Japan in April, he stressed the principle of "taking history as a mirror and looking forward to the future," which is not meant to prolong hatred but to make a better future. "I took the words of Premier Wen seriously," Fukuda said. In the long river of history, Japan and China, though they "experienced this or that misfortune," have an obligation and responsibility to treat history properly and pass it to future generations.

Japan would "very earnestly" reflect on the "agonizing part of history" and continue to follow the path of peaceful development so as to establish "forward-looking China-Japan relations," Fukuda said. Japan must ponder upon the past and treat it earnestly "to show consideration to victims," he added. Japan should "bravely and wisely reflect on that which should be reflected on," so as to avoid similar mistakes in the future, he concluded, to unanimous applause.

Fukuda is the first Japanese prime minister to speak at Beijing University since Yasuhiro Nakasone did so in 1984.

India's IPO Binge: Following the East India Company Model

Dec. 29 (EIRNS)—"As early as 1553, a British explorer asked the public to fund his voyage to the East, including India, in the world's first 'IPO'—454 years later the word has turned hottest in the great Indian stock bazaar. The IPO of 'The Myserie and Compagnie of the Merchant Adventurers for the Discoverie of Regions, Dominions, Islands and Places Unknown,' the company formed by London-based Sir Richard Willoughby [i.e., the British East India Company—ed.], was fully subscribed within days, and so were over a hundred public issues launched on Indian bourses in 2007." So begins a Press Trust of India release today. The release goes on to tout the "giant" IPOs (Initial Public Offerings) which

have raised over \$2 billion on the Indian markets. The trend is supposed to continue next year, with the number of expected IPOs almost doubling from 101 this year to 170-175 as 2008 begins. "The soaring interest in IPOs is justified given their impressive returns, just like the case was with the voyage IPO of 1553. The shares were then offered to a small group of merchants, who lapped up the issue and reaped huge returns after the explorer returned from his journey with riches collected from the Eastern part of the world."

The question to be asked: Will India allow itself to become a victim of the British East India Company a second time?

IAEA Okays Bangladesh's First Nuclear Power Plant

Dec. 26 (EIRNS)—Power-starved Bangladesh, looking toward its first-ever nuclear power plant, has received a positive response from the United Nations' nuclear watchdog, the International Atomic Energy Agency (IAEA). Bangladesh is seeking to set up a 700-1,000 MW capacity nuclear power plant in Rooppur in the northwest.

As far back as in 1986, LaRouche associates were involved in planning the nuclear power plant in Rooppur. Invited by the then-Bangladesh Atomic Energy Commission chairman, Dr. Anwar Hussain, a number of analysts from *EIR*, along with at least one IAEA official, spoke at a conference in Dhaka, elucidating the necessity for Bangladesh to adopt nuclear power, in order to move its large population out of extreme level poverty. At the time, the IAEA official speaking at that conference, had expressed concerns about the "competence" of Bangladeshi nuclear scientists and engineers to handle such a project.

Bangladesh submitted the work plan to the IAEA last October, giving details on how the country planned to install the nuclear power plant at Rooppur and maintain safeguards with proper management of wastes. The IAEA was pleased with the government commitment for setting up the nuclear power plant, selection of the project site, and assurance of utilizing the plant for peaceful purposes, a senior power division official said. A five-member delegation comprising nuclear experts from the Bangladesh Atomic Energy Commission (BAEC) is expected to visit Vienna by mid-January 2008 to discuss the project.

All Thai Parties But One Unite in Coalition

Dec. 29 (EIRNS)—In a direct challenge to the military faction that ran the 2006 coup against Thai Prime Minister Thaksin Shinawatra, all the parties of Thailand except the neo-liberal Democrats have now joined to form a government coalition with the People Power Party (PPP), the newly constituted party supporting deposed Prime Minister Thaksin, which swept the election earlier this month. This gives the coalition 315 seats out of 480 in the Parliament.

The junta had decreed the banning of the very popular Thai Rak Thai founded by Thaksin, while also banning Thaksin and 110 other Thai Rak Thai leaders from politics for five years. However, the reconstituted Thaksin base, under the PPP banner, not only won the election, but has now repeated the process carried out by the Thai Rak Thai, uniting all but the free-trade, globalizing Democrats, who will be the only party in opposition.

Thaksin plans to return from exile after February, when the new Parliament is seated, and may well be pardoned by the new Prime Minister, Samak Sundaravej, of all charges brought against him by the junta. Questions about whether Thaksin will get the "Benazir Bhutto treatment" are prime topics in Thailand's press this week, but it is discussed in local terms, rather than seeing the threat coming from the Anglo-Dutch financier factions behind the chaos and violent destabilizations around the world. Thaksin's popular policies supporting the general welfare long ago put him on the target list of these forces. With the hysteria being mounted against Myanmar by the Anglo-American interests, a destabilization in Thailand could explode the crucial crossroads between India, China, and Southeast Asia.

Africa News Digest

Russia, Libya Discuss Nuclear Power, Other Projects

Dec. 24 (EIRNS)—Russian Foreign Minister Sergei Lavrov visited Libya for two days of talks, announcing that the two countries have planned a number of large-scale economic projects, mostly in power production, including nuclear, transport, housing, and industrial construction. Yesterday, Lavrov had talks with the Secretary of the Supreme People's Committee Baghdadi Ali al-Mahmoudi and Secretary of the Main People's Committee for Foreign Ties and International Cooperation, Abdel Rahman Shalkam. The agenda focussed on political and strategic issues such as the post-Annapolis Conference situation, but economic cooperation was central to Lavrov's meetings.

In a preview to Lavrov's trip, Russian Foreign Ministry spokesman Mikhail Kamynin pointed to economic projects, in an interview with the RIA Novosti agency, Dec. 19. He said: "It is important to concentrate on tapping the impressive potential for interaction in the oil and gas sphere. As is known, Gazprom and Tatneft companies have already begun field development in Libya. These areas are of interest to us from, among other things, considerations of ensuring global energy security. Projects involving us are being elaborated in the fields of electric power development, pipe transport, housing construction, railway infrastructure. We are ready to assist Libya with the realization of its inalienable right to enjoy the benefits of the peaceful atom."

High Oil Prices Contribute to Genocide in Africa

Dec. 29 (EIRNS)—The International Energy Agency (IEA) reported that the high price of oil has wiped out any benefits from aid and debt relief received by Africa's non-oil-producing nations. The report surveyed 13 countries, with a total population of 270 million people, including South Africa, Ghana, Tanzania, Ethiopia, and Senegal. The increase in the cost of oil since 2004 was equivalent to 3% of their combined GDP, or \$10.6 billion, which is more than the combined aid and debt relief over the last three years.

Senegal President Abdoulaye Wade told the *Financial Times* that the "crippling" oil prices threaten to provoke "unrest and violence" in Africa. Wade has proposed that 15 non-oil-producing African countries create a multinational energy corporation to compete for oil concessions on the continent. "There is a growing understanding that the most urgent need in Africa today is the challenge of providing affordable energy," said Wade.

However, the oil price spike is simply one aspect of the hyperinflationary insanity governing the Western financial institutions today, as the entire system collapses in insolvency. As the IEA report demonstrates, Africa is being left to die in this process. Lyndon LaRouche emphasized, "There is no remedy for any significant part of the crises of Africa within the geographical-cultural parameters of any part of, or all of Africa. There are only global remedies, or virtually none at all."

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