

[return to home page](#)

**Science's Next New Undertaking**  
**What Makes Sense?**  
**by Lyndon H. LaRouche, Jr.**

November 30, 2010—In my ``The Present Fall of the House of Windsor," I had brought to the point of a conditional conclusion, a series of reports on the subject of the definition of human creativity. I have now reached the point of presenting a certain quality of summation of that project, a development which clears the way for my associates' taking control over the continuation of this project.

Now, I first turn your attention to the second phase of those reports on this same project, a phase which may be characterized as being intermediate, rather than one reaching what will be the intended, final objective of my own report here, that of defining human creativity as such. After that second phase of my role here has been completed, I shall conclude this report with the presentation of a statement on the subject of what shall be the objective for the third, and final phase of my outline here.

Our subject throughout this series of projects in the Basement so far, has been human creativity as such. That subject-matter is lodged, in fact, within certain functions of the human mind which are beyond the scope of what have been customarily treated, heretofore, as sense-perception as such, functions which are, despite temporary hesitations, the subject of those capabilities which reach far beyond the potential of any known living species other than mankind....

**Separate In-Depth articles from**  
**Executive Intelligence Review**  
**Vol. 37, No. 49**

(Suitable for emailing, printing and other organizing purposes.)

[...Requires Adobe Reader®.](#)

## **This Week's Cover**

- **Science's Next New Undertaking:**  
**What Makes Sense?**  
**by Lyndon H. LaRouche, Jr.**

LaRouche follows his recent series of reports on the subject of human creativity, with the second, or intermediate phase, viz., 'certain functions of the human mind which are beyond the scope of what have been customarily treated, heretofore, as sense-perception as such, functions which are, despite temporary hesitations, the subject of those capabilities which reach far beyond the potential of any known living species other than mankind.' These include those additional sensory powers expressed within the ranges of cosmic radiation—for example, the ability of migratory birds, through such extended powers of sense-perception, to follow features of the electromagnetic field to far-distant destinations. The 'Basement Team' is investigating such phenomena, and much more.

# Strategy

- [A Russian Dialogue with LaRouche & Friends:](#)

## [The Cultural Imperative of Russian-American Cooperation](#)

A Nov. 7 seminar in Northern Virginia, including Lyndon LaRouche; Russian historian and journalist Alexander Nagorny; Prof. Clifford Kirakofe; EIR editors, and leaders of the LaRouche Youth Movement, the Basement Team, and LPAC-TV. The wideranging discussion provides a starting point for LaRouche's proposed Four Power Alliance, on the model of the Peace of Westphalia, as the solution to the present global crisis, now past the point of reform, as the international monetary system implodes. Among the specific projects discussed to bring about a worldwide economic recovery from the 40-year destruction wrought by the British imperial Inter-Alpha system were:

NAWAPA; the Bering Strait Rail-Tunnel; the Transaqua project in Africa; and colonization of the Moon and Mars.

# World News

- [Sovereignty Trumps the Euro;](#)

## [Irish and Germans Must Act](#)

Nancy Spannaus examines the upsurge of resistance, centered on Ireland, to the fascist policies pushed by the EU and the IMF, on behalf of the Rothschild/ Inter-Alpha Group. While reading the 'trend-lines' in the financial press might convince you that Ireland will cave in, that is far from certain; Germany and France are also moving closer to dumping the euro.

- [Saudi Arabia's Terror:](#)

## [What Hillary Clinton Knows](#)

Recent revelations by Wikileaks and the London Guardian confirm what EIR has long reported, and what Secretary of State Clinton knows: that the Saudis are deeply involved in international terrorism, including the 9/11 attacks in Washington and New York City.

- [Breakthrough in Switzerland:](#)

## [New Gotthard Rail Tunnel Completed](#)

The drilling of the longest rail tunnel in the world was completed Oct. 15, in Switzerland, allowing for completion of a new 57-km tunnel for high-speed rail, scheduled to open in 2017.

- [Abuse of Court Cited:](#)

## [Federal Judge Tosses Out Kronberg Case](#)

On Dec. 7, Federal District Judge Anthony Trenga dismissed Marielle Kronberg's lawsuit against Lyndon LaRouche, LaRouchePAC, and others, citing the 'bad faith' of Kronberg and/or her attorney and their abuse of the Federal legal system.

# Editorial

- [A New Reality Emerging](#)

# This Week's News

- [U.S. Economic News](#)
- [Global Economic News](#)
- [United States](#)
- [Ibero-America](#)

- [Europe](#)
- [Russia and the CIS](#)
- [Southwest Asia](#)
- [Asia](#)
- [Africa](#)

## U.S. Economic/Financial News

- [U.S. States and Cities at Default Point](#)

### U.S. States and Cities at Default Point

Dec. 6 (EIRNS)—Many states and municipalities are at the default point, despite all their destructive downsizing and cutting of essential government services, in an attempt to balance their budgets. The default phase is documented in a raft of new reports issued in December—the halfway point of most states' fiscal year, as well as the end of calendar year 2010. The dimensions of categories of state and local debts and obligations, which are summarized below, are, of course, a pittance in size, compared with the trillions of dollars of bailouts given to the banks. Nevertheless, these state and local claims are unpayable, if the physical economy is left to continue to disintegrate, and no Federal emergency measures are taken.

\* Bonds. There is an estimated \$2.8 trillion worth of outstanding bonds from states and municipalities, not counting other kinds of debts and obligations.

\* Pension funds. There is an estimated \$3.5 trillion owed to pension funds by states and localities. This is the "shortfall" in funding that has been racked up to these pension plans to date.

\* Health-care benefits. Going forward, states and localities face an estimated \$530 billion in payments for health care benefits, according to the Government Accountability Office.

\* State budget deficits. At present, the combined state budget deficit seen for 2011-2012 (starting next July), is \$40.5 billion; and a hole of \$40.9 billion for 2012-2013. (From the National Governors Association, and National Association of State Budget Officers, Fiscal Survey of the States, released in October).

All of the above are just linear projections, and are in fact getting worse by the hour. Moreover, Federal funds have accounted for up to 30% of state expenditures over last year, up from 20-25% the year before. But as of this Summer—the start of the new local fiscal year—Federal funds are set to be drastically cut back.

Some local governments are attempting to borrow just for operating budgets, not for capital, or special-purpose financing. No U.S. state has defaulted on its bond obligations since the Great Depression, but that record is set to be broken fast.

## Global Economic News

### [Inter-Alpha Group Targets China](#)

## The Fed and the Caymans: New 'Jaw-Dropping' Bailout Details

### Inter-Alpha Group Targets China

Dec. 6 (EIRNS)—Journalist and spook Ambrose Evans-Pritchard warned of a new real estate credit bubble that is about to blow, in a column posted on the *Daily Telegraph* website on Dec. 5. He wasn't talking about Europe or the United States, but about China! Under the headline "China's Credit Bubble On Borrowed Time as Inflation Bites," Evans-Pritchard cited two banks that are members of the Inter-Alpha Group, Royal Bank of Scotland and Société Générale, as his sources about an imminent collapse of the Chinese real estate bubbles in Shenzhen, Shanghai, Beijing, and Nanjing. Citing recent reports issued to clients by the two banks, advising customers to take short positions on credit default swaps on Chinese five-year bonds, Pritchard made the insane claim that China could soon come unglued unless the government is able to "puncture the credit bubble before inflation reaches levels that threaten social stability." He quoted Société Générale analyst Albert Edwards: "I remain convinced we are witnessing a bubble of epic proportions which will burst—catching investors as unawares as the bursting of the Asia bubbles of the mid-1990s."

Lyndon LaRouche commented today that this is nothing less than Inter-Alpha Group's assault against China, something that has been going on for some time. LaRouche compared Inter-Alpha with Samson, tearing down the walls of the Philistines' temple to bring everything down with him.

### The Fed and the Caymans: New 'Jaw-Dropping' Bailout Details

Dec. 8 (EIRNS)—The Federal Reserve was forced to release the details of its bank bailouts since mid-2008, showing that the Troubled Asset Relief Program (TARP) was just pocket change, and that the bailout was in the many, many trillions—perhaps in the range of \$16 trillion. Much of it went to foreign financial firms, and/or was loaned by the Fed against worthless collateral, in violation of the Federal Reserve Act. The disclosure was forced by analyses from the staff of Sen. Bernie Sanders (I-Vt.), pursuant to a budget amendment submitted by the Senator.

Three aspects of these reports are most shocking. First, foreign banks and financial corporations tapped 4,200 different loans/securities purchases under 13 different bailout programs of the Fed for \$3.8 trillion total: the credit/financial arms of Toyota, Mitsubishi, Nissan, BMW, VW, Honda; the central banks of Mexico and Korea, and the Arab Banking Corporation in Bahrain; the British Empire's Inter-Alpha Group banks Société Générale, Banco Santander, Royal Bank of Scotland, and Banco Popular; and other European megabanks ING, Dexia, HSBC. In one Fed program, the Commercial Paper Funding Facility (CPFF), foreign financial firms got 68% of the \$396 billion in bailout loans.

Second, under one of those programs, the Term Asset-Backed Securities Lending Program (TALF), the Fed loaned at least \$60.8 billion to more than 100 hedge funds, private equity funds, and other funds *located in the Caymans or other British offshore havens*.

These hedge funds are, right now, conducting intense speculation on the bonds of various European nations, in particular Spain, Portugal, Ireland, Belgium, and now Germany; and they are publicly attacking the European Central Bank for failing to throw in enough of its own money, to make sure they make superprofits. Is the Federal Reserve currently lending to *those* funds? Or, through the IMF, to those government?

Third, much of the information which the Sanders amendment required on what collateral the Fed was taking for its many trillions in bailout loans, is missing from Fed's disclosure. But what Sanders' staff estimates so far, is that 36% of the collateral pledged to the Fed's "primary dealer" (overnight) credit facility was merely stock—not allowed under the Federal Reserve Act—or bonds ranked below investment grade. Another 17% of the collateral was *unrated* credit or loans.

The biggest mass of low-grade/illegal collateral was pledged immediately after the September 2008 Lehman Brothers collapse, by Morgan Stanley and Merrill Lynch, which were clearly going to collapse themselves, without the Fed bailouts.

## United States News Digest

### [Obama's Payroll Tax Holiday Is 'an Assault on Social Security'](#)

### [Reid Pushes Jackpot for his Gambler Backers: Internet Poker Bill](#)

### [Ohio and Wisconsin Republicans Kill High-Speed Rail](#)

### [LaRouche Told Dems, Remove Obama; They Didn't; Now Obama's Removing Them](#)

### [Oakland Police Department Eroding in Aftermath of Layoffs](#)

## **Obama's Payroll Tax Holiday Is 'an Assault on Social Security'**

Dec. 10 (EIRNS)—In a hard-hitting conference call today, sponsored by the National Committee to Preserve Social Security and Medicare, speakers warned that the proposal for a "payroll tax holiday"—which has been adopted by President Obama as part of his deal with Republicans—is an essential element of a long-standing conservative Republican plan to destroy Social Security. Former Congresswoman Barbara Kennelly, spokesman for the Committee, charged that Obama's scheme will promote the privatization of Social Security.

Nancy Altman, codirector of Social Security Works, pointed out that Franklin Roosevelt created Social Security as a insurance program, separate—and indeed firewalled—from the general Treasury fund. Altman cited FDR's statement that, "We put those payroll contributions there so as to give the contributors a legal, moral, and political right to collect their pensions and their unemployment benefits. With those taxes in there, no damn politician can ever scrap my Social Security program."

Altman pointed out that, for years, conservatives have been gunning for Social Security, trying to cut benefits, and ultimately privatize it. That Democrats allowed this proposal to get into Obama's plan shows how little they understand about FDR's program. "President Obama seems not to understand the program," Altman added. The White House is treating the payroll tax holiday as a "concession" from the GOP, which, she notes, is sort of like the GOP saying, "Please, don't throw me in the briar patch."

Altman predicted that the tax holiday won't last just one year, because Congress will soon face the choice of cutting discretionary spending or cutting Social Security. Dean Baker of the Center for Economic and Policy Research pointed out that if the payroll tax holiday is allowed to expire, the Republicans will be screaming about a "tax increase"—just as they are with respect to the expiration of the Bush tax cuts. Altman amplified the point, by observing that this will be a Republican "make my day" moment, if Obama allows it to expire, and thus "increases" taxes.

"There is no reason to do it this way," Altman declared, "except as an assault on Social Security."

## **Reid Pushes Jackpot for his Gambler Backers: Internet Poker Bill**

Dec. 11 (EIRNS)—As a top priority for the lame-duck session of Congress, Senate Majority Leader Harry Reid (D-Nev.) is currying the favor of the very Las Vegas casino operators whose largesse was largely responsible for his narrow reelection this year. He is pushing a bill that would, the *Washington Post* writes this morning, "give official government approval to Texas hold-'em, five-card stud, and other Internet poker games, which currently exist in a legal twilight zone dominated by companies operating from the Isle of Man and other exotic foreign locales."

The bill, which would be a boondoggle for the Nevada gambling interests who backed his campaign, is more narrowly focused than an otherwise similar bill championed in the House by Barney Frank (D-Mass.), which would legalize practically all forms of Internet betting. Reid's bill is given an uncertain chance of passage in the remaining days of this Congress, and almost none in the next, because of Republican opposition.

## **Ohio and Wisconsin Republicans Kill High-Speed Rail**

Dec. 10 (EIRNS)—The insanity of the new breed of monetarist Republicans coming into power, was demonstrated today by two incoming Governors. Following in the footsteps of New Jersey Republican Gov. Chris Christie, who scrapped a rail tunnel project into New York City partially funded with Federal funds, Wisconsin's Scott Walker and Ohio's John Kasich—both governors-elect who campaigned on refusing Federal projects (and money) for high-speed rail—are living up to their campaign pledges.

A total of \$1.2 billion in Federal funds for the two states has been rejected, and is being recalled and redistributed to high-speed rail lines in other states, mostly California and Florida, said Transportation Secretary Roy LaHood. The Milwaukee-to-Madison (and on to Chicago) line where the high-speed line was intended, is now the most-used Amtrak route in the Midwest. Governor-elect Walker offered an insane excuse: that the state would have been responsible for an annual operating cost of \$7.5 million, which Wisconsin can't afford.

Outgoing Wisconsin Gov. Jim Doyle, a Democrat, called the decision "a tragic moment" for the state. "Our team worked hard to win a national competition to make us a leader in high-speed passenger rail," Doyle said. "We were positioned to be not only a center of the line, but to be a manufacturing center as well. Now we are moving from being the leader, to the back of the line."

Petra Torodovich of the Regional Plan Association, a New York rail think tank, countered that "investments in passenger rail lines in the United States and around the world, especially high-speed rail, result in long-term economic growth."

In Ohio, a high-speed connection between Cleveland, Columbus, and Cincinnati, which Kasich called "shortsighted," is being scrapped. "It does beg the question, what is the long-term economic strategy for the state of Wisconsin, and how will he grow the economy and create jobs," said Torodovich.

## **LaRouche Told Dems, Remove Obama; They Didn't; Now Obama's Removing Them**

Dec. 8 (EIRNS)—Lyndon LaRouche had told the Democrats before the November election, "Remove Obama from office with Article 4 of the 25th Amendment; it's the only way to avert disaster." Democrats insisted they couldn't do that; now, Obama is getting rid of them, and putting in their place a fascist alliance with the new wave of Republicans in Congress.

This is the basic political reality surrounding Obama's tax-cut deal with Congressional Republicans. A "senior aide to Obama" (believed to be David Axelrod), told CNN today that Obama's tax deal "gets done, but it does not get done with a majority of Democratic votes." Another "person close to Obama" told *Politico* that "differentiating Obama from Congressional Democrats is a positive byproduct of the tax-cut agreement. Compared to these guys, the President looks

mature and pragmatic."

House Democrats were generally upset-to-furious in a caucus meeting last night, having been frozen out of Obama's "deal," and seeing the added Constitutional insult of Obama's intention to launch the "Dubya II" tax bill in the Senate, whereas all revenue bills are constitutionally supposed to originate in the House. Leaders Nancy Pelosi, Steny Hoyer, and Chris Van Hollen all made extremely negative comments about the deal to the press after the caucus. Obama is not sure of having enough votes to pass it in the House.

Obama heaped narcissistic scorn on the Democrats at his hastily called self-justification press conference yesterday afternoon. He called them "sanctimonious," "purists," "unrealistic," and said they "will never get anything done" if they oppose him.

## **Oakland Police Department Eroding in Aftermath of Layoffs**

Dec. 8 (EIRNS)—Some officials and residents in Oakland, Calif. probably breathed a sigh of relief in November, when voters approved a measure to keep funding the police department. That measure meant that the plan to lay off 112 police officers in January (after 80 had been laid off in July) would not be implemented. However, the department has been eroding manpower ever since. The July layoffs amounted to 10% of the force, but it has since declined to 669 filled positions, while city officials say there's only enough money for 637 positions, in a department which its chief says needs 925 officers to adequately protect the city. "There's really low morale here at the police department," Dom Artozarena, the president of the Oakland Police Officers' Association, told KGO-TV. "A lot of officers here feel that city management has failed them," and so many are leaving without waiting to be laid off. Further layoffs seem likely, given that next year's budget deficit is projected to be about \$60 million.

## **Ibero-American News Digest**

**Expert Demands: Treat Haiti's Cholera Epidemic as in War**

**Post-Election Violence, Worsening Cholera, Fuel Haitian Chaos**

**British Toadies Out To Suck Argentina's Offshore Oil**

### **Expert Demands: Treat Haiti's Cholera Epidemic as in War**

Dec. 9 (EIRNS)—Haiti's cholera epidemic must be considered a war, and the U.S. military should be deployed to help win it, says Dr. James Wilson, executive director of the Praecipio International NGO and leading member of the Haiti Epidemic Advisory System (HEAS), which has about 800 medical and health-care partners working in Haiti.

*EIR* and its founder, Lyndon LaRouche, have been insisting on the reality which Dr. Wilson is pointing to: that nothing short of the deployment of the U.S. Army Corps of Engineers, in support of the Haitian government's efforts, will be sufficient to stop the genocide which is now occurring in Haiti. The Army Corps has the capability to move in portable water purification plants and large-scale delivery systems virtually overnight. The Corps deployment to provide clean water to refugee camps in Zaire, overrun with cholera in 1994, in an operation supported by French, German, and other national military capabilities, was a useful precedent.

On Nov. 22, Dr. Wilson asserted that the Haitian cholera crisis "is a 'war,' best fought asymmetrically, with light, fast, and



agile ground teams of those capable of starting IVs and 'oh by the way' hand out educational material." The "analogy of 'Normandy' is a good one," he added, "and one that *should be answered immediately and non-ambiguously by deployment of our military*. Trust that, regardless of the political resistance we have witnessed, we will continue fighting until the military arrives."

Dr. Wilson's speciality is "operational biosurveillance," approaching the epidemic from a strategic and military/security standpoint. He has sharply criticized the "multimillion-dollar" U.S./UN/NGO bureaucracy, and its bungling response to, first, Haiti's earthquake, and then the cholera outbreak. He charged that there is vast under-reporting of the extent of the epidemic, which he places at, at least 365,000 cases, with an upper boundary of 1 million.

HEAS's partners on the ground are fighting "countless battles, as the entire response grid loses the war," Wilson reported. "There is now no more time to train Haitians to train others for many parts of northern and central Haiti. Perhaps this may be done in the relatively nascent South." Often, "in a fit of helplessness and despair," he added, some of HEAS's partners "believe [the cholera epidemic] to represent nothing more than a natural evolutionary process of population reduction."

HEAS had warned that Haiti's southern peninsula would be the "next battlefield" in the cholera war. On Dec. 8, they wrote that new cases in Grand Anse, Nippes, Sud, Sud-Est, and Nord-Est validate HEAS's prediction, as "these are sites experiencing 'first contact' patient surge and high clinical mortality." HEAS is most concerned about Sud-Est, due to its geographic isolation from the rest of the country.

Mountainous rural communities in the South are the source of more critically ill cases, Davis warned; their residents often can't reach cholera treatment centers that are hours away. HEAS found that "many of these communities were caught completely by surprise, having not even heard there was cholera in the country." Because many such communities are inaccessible by road or by helicopter, "the current national response effort does not contemplate accessing these difficult-to-reach areas."

## **Post-Election Violence, Worsening Cholera, Fuel Haitian Chaos**

Dec. 11 (EIRNS)—In the midst of Haiti's worsening cholera epidemic, this past week's violent protests over the results of the Nov. 28 Presidential elections, in which the current President René Préal's Unity Party is charged with fraud, have heightened the chaos and terror among the population.

Beginning Dec. 7, protesters blockaded streets in the capital with burning tires, shutting down stores, schools, government offices, and transportation. The main airport will remain closed until at least Dec. 13. Protesters charge that Préal and his favored candidate, Jude Celestin, rigged the elections, eliminating third-place candidate Michel Martelly as a contender in the Jan. 16 runoff. Protesters also burned down the homes of Unity Party leaders.

As a result of the violence, cholera treatment centers couldn't get necessary medical supplies, nor could their doctors and nurses get to work. There are acute shortages of IVs, and oral rehydration kits. Although violence subsided somewhat after the Provisional Electoral Council announced a vote recount, the "calm" is a tense one. The capital is rife with rumors that weapons are being distributed in preparation for armed confrontation and gang activity. Doctors Without Borders staff reports they are not only treating cholera patients, but also those with gunshot wounds. Four people died in the protests.

It was lunacy in the first place to hold elections under the horrendous conditions existing in Haiti. Now, resorting to the same shameful "blame the victim" strategy used by the international UN/NGO aid mafia, Sen. Patrick Leahy (D-Vt.) has called for freezing aid to Haiti and denying travel visas for government leaders, until the Préal government shows respect for "the Haitian people's right to choose their leaders freely and fairly."



## **British Toadies Out To Suck Argentina's Offshore Oil**

Dec. 9 (EIRNS)—Precisely at the moment in which Argentina was celebrating its newly proclaimed National Sovereignty Day, commemorating the 1845 Vuelta de Obligado battle against British free trade (see EIR Online Ibero-American Digest, #46) Wall Street's Goldman Sachs issued a report pointing to the tremendous oil development potential in Argentina's Malvinas Islands. The islands are still illegally ruled and occupied by the British. The oil reserves there, Goldman "Sucks" reported, are "an important focus for European production and exploration." That is, for *British* production and exploration.

British plans to seize the Malvinas oil wealth have not gone unnoticed by Argentina's neighbors. During the summit of the Union of South American Nations (UNASUR) at the end of November, members voted up a resolution not to allow their ports to be used by any ships travelling "under the illegal flag of the Malvinas." That is, again, of the British usurpers.

## **Western European News Digest**

### **Euro System Breaking Apart Before Christmas?**

### **'The Irish People Will Reject the Bailout'**

### **German 'No' Stops Plan for EU Bailout Orgy**

### **Warnings of Schachtian Revival Through the ECB**

### **Blair's Ally Robert Cooper Strengthens Grip over EU**

### **Anarchist Groups Threaten Royal Wedding**

## **Euro System Breaking Apart Before Christmas?**

Dec. 6 (EIRNS)—Several European news dailies and journals hint that Europe and the euro are heading for a giant crisis before the end of the year. The German weekly *Der Spiegel's* Dec. 6 cover story, titled, "The Last Battle," states that among German government experts, "there is growing fear that the next crisis case will erupt before Christmas," and when it occurs, there will be "a breakup of the Eurozone with a financial crash following right away—a scenario which could easily dwarf the consequences of the Lehman default."

Also *Tagesanzeiger*, a leading Swiss news daily, warns that Europe and the euro may have to expect a "Lehman moment."

## **'The Irish People Will Reject the Bailout'**

Dec. 9 (EIRNS)—Kevin O'Rourke, a professor at Trinity College in Dublin, has written an article for the Dec. 2 *Eurointelligence*, in which he says that the Irish-EU deal could be overthrown, either by the vote on the budget, or the vote in the general election. And even earlier than that, the Irish people could "vote with their feet."

O'Rourke is a member of the pro-EU Center for Economic and Policy Research. "It is no longer even certain that the budget will be passed in December, says O'Rourke. "Brussels may not have a Plan B, but they had better prepare one nonetheless.

"Irish citizens may bring down the bailout of foreign bank creditors by voting at the ballot box, but if they do not, they will bring about a default of some kind by voting with their feet. We now face a negative spiral in which austerity causes emigration, which increases the burden of the debt, which ultimately leads to more austerity....

"Iceland is an obvious model for us. In a referendum, her voters have already rejected a proposal to pay back their banks creditors, who will take major losses. Now they have elected a constitutional assembly charged with drafting a new constitution. Ireland probably needs this more than does Iceland; I wish I were more confident that we will follow the latter's example."

## **German 'No' Stops Plan for EU Bailout Orgy**

Dec. 7 (EIRNS)—Even maximum pressure built up at a conspiratorial gathering in Brussels on Dec. 5, on the invitation of EU president Herman van Rompuy, did not extract a concession from the German government, for more bailouts of the banks. The meeting included IMF managing director Dominique Strauss-Kahn, European Central Bank president Jean-Claude Trichet, EU Commission president José Manuel Barroso, EU commissioner for finances Ollie Rehn, Belgian Finance Minister Didier Reyneken, and Luxembourg Prime Minister and Finance Minister Jean-Claude Juncker. German Finance Minister Wolfgang Schäuble, who was also there, kept to his strict "no."

Schäuble was supported in his opposition at yesterday's Eurozone finance ministers' meeting, by his Austrian counterpart Josef Proell and Dutch Central Bank governor Nout Wellink; German Chancellor Angela Merkel received the backing of the Polish Prime Minister Donald Tusk, who, after meeting with her in Berlin yesterday, said that, although his country is not a member of the Eurozone, he shares Merkel's views on these issues.

## **Warnings of Schachtian Revival Through the ECB**

Dec. 6 (EIRNS)—It has not occurred often, that the German media compare the financial policies of the EU and European Central Bank to the Nazis' policies in the 1930s; but today, Germany's *Der Spiegel* runs an article containing warnings by former Bundesbank President Helmut Schlesinger:

" 'It was right to introduce a bailout package for Greece and the Eurozone,' he says, 'but wrong for the European Central Bank to commit itself by showing a willingness to purchase government bonds.' " In Schlesinger's opinion, this breaks a taboo against mentioning what is commonly referred to in Germany as the Mefo bond. Mefo is an acronym for the Metallurgische Forschungsgesellschaft (Metallurgical Research Company), a shell company which was founded by the Nazis. Its bonds were used by the German Reichsbank in the 1930s to finance the country's military buildup. "In order to ease the burden on the government budget, the Nazis started up the printing presses," Schlesinger said. The Mefo bonds were invented by Nazi Economics Minister Hjalmar Schacht in 1934.

## **Blair's Ally Robert Cooper Strengthens Grip over EU**

Dec. 7 (EIRNS)—Robert Cooper, a senior member of former British Prime Minister Tony Blair's Cabinet, was appointed to the post of Counselor in the European External Action Service (EEAS), the latest name for the EU's Foreign Affairs Diplomatic Service. Cooper is well known for his decade-long crusade against the concept of the Westphalian sovereign nation-state. His 2004 book, *The Breaking of Nations: Order and Chaos in the 21st Century*, received the Orwell Prize, a British award for political writing. Cooper's appointment was made by Baroness Catherine Ashton of Upholland, the EU Commission's first vice-president and High Representative for Foreign Affairs and Security Policy.

"He will undertake specific tasks that require high-level engagement at an intensive level, working with the Policy Board,"

said Ashton. Cooper is also a member of the George Soros-founded European Council of Foreign Relations, headed by another Blair "wonderboy," Mark Leonard.

If Paris and Berlin hoped that with the nomination of Ashton they might have prevented Blair from controlling the EU's foreign policy, with the Cooper nomination, the British grip over the EU should be evident to all.

## **Anarchist Groups Threaten Royal Wedding**

Dec. 11 (EIRNS)—British anarchist groups are broadcasting that they will target the royal family from now on; they warned that the attack on Prince Charles and his wife was "just the beginning," and warned of "many more assaults on royals." According to the *Daily Express*, a campaign is building to stage a demonstration on Prince William and Kate Middleton's wedding day. Websites linked to a range of groups have posted obscene messages about the couple, while trying to combine a demonstration against the royals with a May Day protest against big business.

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

### **Putin: More Investment Needed for Far East Infrastructure**

### **Four Nation Anti-Drug Cooperation Reached**

### **Gorbachov Attacks Putin, Threatens Russia with Instability**

#### **Putin: More Investment Needed for Far East Infrastructure**

Dec. 6 (EIRNS)—Russian Prime Minister Vladimir Putin today described the Russian "Far Eastern region's tremendous transit potential," in his address to the United Russia Party conference in Khabarovsk, the largest city of the Far Eastern Federal District. Putin spoke on what must be done in the next two years, to make it possible to realize the government's "Strategy of Socio-Economic Development of the Far East Until 2020."

This region, which borders China and the Korean Peninsula, would have to become a key base for development of the Bering Strait Tunnel project. However, regional population density is less than 2 per sq. km, far too small to support such a project, and population has contracted sharply in the past two decades, due to collapsing investment and infrastructure. Putin described the infestation of the area's two big industries, fishing and forestry, by "criminal groups," which has finally been overcome.

"We are gradually integrating the Far East into our country's common economic space, removing obstacles that impede the region's normal development and laying a stable base for future growth.... First of all, we must create a transport infrastructure that will be comfortable and affordable for the public and efficient for business and operation," Putin said. This includes more airports, roads, such as the just-opened 2,000-km Chita-Khabarovsk highway, and especially railroads.

Russia "should learn to exploit" this transport potential, Putin said. "The quality of logistics services needs to be improved drastically in order to facilitate freight transshipments via Russia," Putin said. "I am confident that we will be able to establish a competitive Europe-Asia transport corridor with cooperative efforts. Russia's Far Eastern regions will profit most of all from this project. To be honest, this is a chance to create another powerful and successful sector of the regional economy."

To counter regional cynicism about Moscow's commitment, Putin said, "I would like to stress that the Far East will always receive our close attention because of its location, its geopolitical role and, above all, the interests of the people in the Far East."

But while federal support for Far East development has grown sevenfold since 2000, it remains at only some 150 billion rubles (about \$5 billion) a year—far too little for what is needed.

Putin said that while the Far Eastern seaports are "receiving a new lease on life," with annual transshipment capacity up 67% since the world crash began, "the pace of construction could be higher, if the expansion of the port infrastructure was not hindered by rail limitations." These limitations have led to huge jams of thousands of freight cars on the Far Eastern rail lines, due to insufficient infrastructure and labor.

"Consequently," Putin said, "the Trans-Siberian Railway will have to be modernized and the Baikal-Amur Mainline's (BAM) capacity increased in the next few years. Just recently, they told me that the completed BAM [which runs north of the Trans-Siberian] was not in high demand." Now, however, "freight volume has increased to such an extent that the BAM can no longer handle the potential traffic. This is an important indicator of economic development." One urgent project is the new Kuznetsovsky Pass Tunnel, to replace the dilapidated tunnel built in 1945.

New railroads are needed, which could "drastically change the entire region," Putin said. One from Tynda to the Lena River could help development of mineral-rich South Yakutia, and additional railways over the Amur River would "make it possible to establish a modern ore-mining/iron and steel center in the Amur and Jewish Autonomous Regions."

Most urgently needed is investment. Moscow involves "banks with government participation" in the Far East, with Vnesheconombank, VTB, and Sberbank already putting in over 270 billion rubles (\$9 billion). But more "special tools are needed to attract additional investment," Putin said. Now, a 80-90 billion ruble Direct Investment Foundation will be set up by Vnesheconombank for the region.

## **Four Nation Anti-Drug Cooperation Reached**

Dec. 8 (EIRNS)—The leading drug-control officials of Russia, Pakistan, Afghanistan, and Tajikistan agreed during a meeting today in Moscow, to cooperate in operations to eradicate opium and destroy drug-producing labs, Itar-Tass reported. Director of Russia's Federal Drug Control Agency (FSKN) Viktor Ivanov met with Afghan Minister Zarar Ahmad Moqbel Osmani, Pakistani Narcotics Control Minister Arbab Muhammad Zahir, and Tajik anti-narcotics agency director Rustam Nazarov.

In August, Russian President Dmitri Medvedev had launched this four-nation initiative against the Afghan narco-trade, after Afghan President Hamid Karzai had asked for Russian help against the drug mafia.

"We are neighbors linked by the same piece of land, and we have the potential to strengthen our work in fighting a global menace," Ivanov said at the meeting. Afghan heroin is smuggled into Russia via Tajikistan, and then Kyrgyzstan and Kazakhstan, he said. Heroin smuggled through Pakistan goes into India, on to China, and other Asian countries. "NATO has not found a way to get to the root of the problem, which is Afghanistan's drug production," Ivanov said at the four nations' press conference today. He praised the joint Russian-U.S. anti-drug-lab operation in October. "We really want to see more such operations. And hopefully very soon," Ivanov said.

## **Gorbachov Attacks Putin, Threatens Russia with Instability**

Dec. 12 (EIRNS)—The last leader of the Soviet Union, Mikhail Gorbachov, attacked Russian Prime Minister Vladimir Putin, in a two-page article published on Dec. 10 in the newspaper *Novaya Gazeta*, which he co-owns with Nat Rothschild intimate Alexander Lebedev.

Gorbachov, whom Lyndon LaRouche has exposed as serving British imperial interests, claimed that the "undemocratic political landscape" introduced in 2005-06, when Putin was President, is threatening Russia's stability. "If we fail to overcome undemocratic trends, all our achievements of the previous years will come under threat," he said. "Not only the democratic process, but stability as well."

Gorbachov has often been critical of Putin's policies, but the Dec. 10 criticism was sharper than his previous statements, undoubtedly reflecting the concern of his British masters.

"Starting from 2005-2006, the government has made decisions that weren't creating conditions for moving forward, but made it more difficult, practically impossible, even to raise acute issues," Gorbachov said. "In the eyes of the people, the government authority has increasingly become a tool for dividing spoils and putting pressure on people."

## Southwest Asia News Digest

### Primakov: Bring in Quartet, India, China To Resolve Middle East

### Five-plus-One Meeting with Iran Positive; Follow-Up Scheduled

### Will Foreign Ministry Shake-Up End Iran Talks?

### Iran's Press TV Quotes *EIR* on British Imperialism

#### **Primakov: Bring in Quartet, India, China To Resolve Middle East**

Dec. 9 (EIRNS)—Former Russian Prime Minister Yevgeny Primakov called today for bringing China and India into the group of international mediators trying to resolve the crisis in the Middle East. Primakov, who has decades of experience in the region, speaks Arabic, and was formerly head of the Russian Oriental Institute, had called for creating the Strategic Triangle for cooperation among Russia, China, and India, in December 1998, when he was prime minister.

"It is necessary to activate the Quartet [the U.S.A., UN, EU, and Russia] and to expand the mediator mission on its base," Primakov said in a speech to the annual conference of the Valdai Group, held this year in Malta. According to Novosti, he "poured cold water" on the Quartet's defunct 2003 "road map," noting that Israel is to blame for the failure of talks about freezing settlement construction in occupied Palestinian territory. Talks had finally resumed in September 2010 after 20 months, but the Israeli side continued construction in the West Bank, and the talks collapsed.

#### **Five-plus-One Meeting with Iran Positive; Follow-Up Scheduled**

Dec. 8 (EIRNS)—According to a senior U.S. intelligence source, the Dec. 5-8 talks in Geneva between Iran and the P5+1—the five permanent UN Security Council members plus Germany—were serious and substantive. Of special importance, said the source, is that a detailed proposal was put on the table by the P5+1, and that the Iranian negotiator will take the proposal back to Tehran for review. The announced follow-up meeting in Turkey in January will be crucial,

because Iran will come back with proposed modifications, and the door is not closed on an agreement. The source added that, after the first day of comprehensive talks, there were bilateral meetings of great significance between the Iranian delegation and Russian and Chinese participants.

Countering the U.S. media's lying coverage that the two days of talks were "inconclusive," the source emphasized that no one expected a definitive answer from the Iranian delegation at this first meeting. The fact that they committed to a follow-up meeting in a month's time is an indication that there is serious deliberation underway. "The Iranians clearly want the talks to continue," the source reported.

What remains to be seen, is how President Obama reacts. Sources report that Obama is now very open to the idea of an Israeli preemptive strike against Iran's nuclear facilities, perhaps as early as the middle of next year. In his increasing desperation about his 2012 reelection campaign, Obama has capitulated to Israel's fascist Prime Minister, Benjamin Netanyahu, abandoning the demand for a settlement freeze. An Israeli attack on Iran would be sure to trigger yet another American engagement in a land war in Asia.

### **Will Foreign Ministry Shake-Up End Iran Talks?**

Dec. 13 (EIRNS)—Dr. Ali Akbar Salehi, head of Iran's Atomic Energy Agency, and Ambassador to the International Atomic Energy Agency (IAEA) was named as the Acting Foreign Minister of Iran, according to a decree by Iranian President Mahmoud Ahmadinejad today. In this unexpected move, Ahmadinejad essentially fired Foreign Minister Manouchehr Mottaki. Ahmadinejad had wanted his own man as foreign minister, but was overruled. In the 2005 election, Mottaki had backed Ali Larijani, who is now Speaker of the Parliament (Majlis), and who is critical of Ahmadinejad's power-grab, beyond Constitutional authority.

Whether the ouster of Mottaki is specifically a move by the Conservative bloc against Ahmadinejad, including an unsuccessful effort to impeach him in October, is not known at this time. But the timing of the change is noteworthy, coming a week after the conclusion of the promising P5+1 talks with Iran (see above).

While Western war-monger circles are playing this up as an Ahmadinejad coup, U.S. Secretary of State Hillary Clinton commented that, "Whether one person or another is foreign minister is not as important as ... what the policy of the Iranian government is in dealing with the international community on this very important matter."

The replacement of Mottaki also comes at the point that the Iranian Foreign Ministry has called in the British ambassador for a dressing down after the Brit attacked Iran for human rights violations.

### **Iran's Press TV Quotes *EIR* on British Imperialism**

Dec. 8 (EIRNS)—Under the headline, "Middle East Crises in U.K.'s Interest," the website of Iran's Press TV broadcast a live five-minute interview with *EIR* Ibero-American specialist Gretchen Small, who is quoted as saying: "The British imperial interests are determined to provoke [tension] in the [Middle East] region." The following is the transcript of Press TV's entire interview with Small, and the video is posted at <http://www.presstv.ir/detail/154327.html>.

The interview began after Press TV reported that Israel has condemned the move by Argentina, Brazil, and Uruguay recognizing a sovereign Palestinian State within the 1967 borders of Israel and Palestine. The three Latin American countries sent a formal letter of recognition to Palestinian National Authority President Mahmoud Abbas on Dec. 6.

**Press TV:** What do you think of the move by these Latin American countries? Does it help or hurt the peace process?

**Small:** There is no peace process as it stands now. So, this is a helpful move, because it is a mechanism of justice. It is a simple matter of morality and justice, so that the Palestinian state be recognized. It is useful for putting Europe and the United States on the spot, because they have been letting [Israeli Prime Minister Benjamin] Netanyahu's government simply trample on even any pre-chances of negotiating.

So, that stance is very good. It is part of a greater move to get international recognition, perhaps, of Palestine as a state in the United Nations next year. But it is not sufficient to stop the war, which British imperial interests are determined to provoke in your region. Because they think the way to get ... out of the collapse of their financial system right now is by blowing up the world.

**Press TV:** More than 100 countries, including two permanent UN Security Council members, China and Russia, have already recognized Palestine as a state. Why is it that still no independent Palestinian state exists? Kosovo did it just recently and it seems to be working.

**Small:** That is because of who has blocked it all along. That is the British empire and British imperial interests, who want this crisis to continue. That is how they control nations and the world.

One thing very interesting on the Latin American side is Argentina's type of move. I think it is quite interesting. I would look and expect more interesting moves from Argentina vis-à-vis the Middle East—even Brazil, which has a relatively decent policy. Brazil still wants to play the game. Argentine President [Cristina Fernández de Kirchner] last March began mobilizing her country directly against British colonial interests. So, they are thinking outside the box and that is what the people around the world have to look at: Who are the invisible puppeteers controlling the strings?

**Press TV:** What do you mean by Brazil wants to play the game?

**Small:** Brazilians are pragmatists. They want to be permanently part of the UN Security Council and they [will] sell out anything that comes, to get there. So they want to be a big player, but they want to be a big player in the world that exists.

There are talks of disintegration of the world's financial system. We are talking about nations that are going to have to choose which side they are going to be [on]: for sovereign nation-states and a return to credit systems and end all this speculative stuff that is going on, or are they going to play deals and appeasements. The Brazilians always want to be at the table, but they do not want to overturn the chessboard.

**Press TV:** What do you think is going to happen to the rift between the two major Palestinian groups, the Fatah and Hamas? If countries around the world continue to recognize an independent Palestinian state, it is going to have to include Hamas as well, as Hamas has been limited to Gaza.

**Small:** The Palestinian people have the right to decide among themselves about the nature of that state. It is certainly up to the Palestinian people as a whole to determine who are going to be their representatives and how that state should be made up.

## Asia News Digest

### Pacific Nuclear Drive Sweeps into the Philippines



## **Nobel Peace Prize Farce Gets a Kick in the Teeth**

## **Laos Moves Towards Development with Massive Dam, High-Speed Rail**

## **China Working with U.S., France, and Canada To Build Railways**

### **Pacific Nuclear Drive Sweeps into the Philippines**

Dec. 10 (EIRNS)—A conference promoting nuclear power development was held in Manila today, with international input from the global nuclear industry, and from political advocates promoting a nuclear-driven future in the face of the global financial breakdown. The head of the Philippines LaRouche Society and Atoms for Peace Philippines, Antonio Valdes, was one of the invited panelists, along with experts from Korea, France, the United States, Japan, and other nations.

While the Philippines was the first Southeast Asian nation to build a nuclear plant, the completed facility was never turned on, as the nationalist leader Ferdinand Marcos was overthrown by George Shultz and his cohorts in 1986, in order to make a "horrible example" of the Philippines to other developing nations which might dare to "go nuclear." Now, with all of Asia rejecting the lunacy of the West's anti-nuclear policies, the Philippines is ready to restore the Bataan nuclear plant, and building others—if the political will can be established within the country to join its neighbors in the nuclear renaissance.

South Korea is playing a critical role in promoting and (potentially) building nuclear power plants in the Philippines, as it is already across Asia and Africa. At the Manila forum, when a representative of the Philippine National Power Company gave a pessimistic projection, arguing that the mothballed 620 megawatt nuclear plant at Bataan is too large for the Philippines, since there is not enough demand, the Korean spokesman from the World Association of Nuclear Operators countered that when South Korea began its nuclear program, it was one of the poorest nations on Earth, but that before the first plant was even finished, foreign and domestic investors were moving in, certain of plentiful and cheap energy, but also of a national commitment to progress.

Other developments demonstrate the optimism and aggressive outlook in Asia. Cambodian Prime Minister Hun Sen this week opened the first nuclear science department at a Cambodian University, with a leading Korean nuclear scientist leading the program. Also, South Korean President Lee Myung-Bak visited Malaysia today, where he told 300 business leaders of the two nations that "South Korea's experience in the construction and operation of nuclear power plants will be able to give substantial help to Malaysia's future energy plan."

India, meanwhile, announced that the state-run Nuclear Power Corporation has initiated talks with Indian companies and financial institutions to form a consortium for exporting pressurized heavy-water reactors to emerging economies. The consortium will facilitate export of these reactors to less-developed countries including Myanmar, Cambodia, Kazakhstan, Africa, Indonesia, and Malaysia.

### **Nobel Peace Prize Farce Gets a Kick in the Teeth**

Dec. 11 (EIRNS)—While the Western press glorified the award of the Nobel Peace Prize to an empty chair on Dec. 10, moving George Soros's human rights mafia and the European royals to tears, the Chinese, together with much of Asia and the developing world, are pointing to the farce of the Nobel Committee claiming to represent "universal values." Of the 65 countries invited to the ceremony, 18 boycotted the event, and many sent low-level representatives rather than the usual high-level officials.

The question on the minds of several ambassadors in Washington who spoke to *EIR* was: "We may not approve of him

being jailed for opposing the government, but I still can't figure out what it is that Liu Xiaobo was supposed to have done for peace."

The political dissident, who is in jail for his anti-government activities, is particularly despised in China for his support for the colonization of China by the British Empire, which is remembered in China for its Opium Wars, and for his attacks on everything related to Chinese culture. He is famous for his statement that "It took 100 years of colonial rule for Hong Kong to become what it is today. And it will surely take 300 years of colonial rule for China, which is so big, to be like today's Hong Kong. I even doubt whether 300 years would be enough."

As the head of a Nietzsche cult in China, Liu writes regularly against the Confucian tradition, diatribes which could well be lifted from Bertrand Russell's anti-Christian and anti-Confucian tracts on behalf of the British Empire.

Xinhua reported it this way: "What must also come as a surprise to [the Nobel Committee] is that despite the claim that this year's decision to give the prize to Liu Xiaobo was made on the basis of their standard of 'universal values,' those so-called 'universal values' they preach are in fact not universally recognized," pointing to both the countries that boycotted the event, and to the fact that "over 100 media organizations from more than 50 countries, including some from Norway, have published articles to express different opinions."

Liu now joins such Nobel laureates as President Barack Obama, who got last year's Peace Prize while waging war in Afghanistan in defense of the new British Opium War, and former Vice President Al Gore, who won the prize for promoting the hoax known as Global Warming, to justify forced backwardness and colonial depopulation.

The Chinese also countered with the establishment of a "Confucius Peace Prize," granting the first award to Lien Chan, the Taiwan leader who has done much to bring Taiwan and the Chinese mainland together, truly bringing peace where once war appeared imminent.

## **Laos Moves Towards Development with Massive Dam, High-Speed Rail**

Dec. 9 (EIRNS)—Lao President Choumaly Sayasone, Thai Prime Minister Abhisit Vejjajiva, and senior officials of the World Bank and the Asian Development Bank celebrated the inauguration of the 920-MW Nam Theun 2 Dam today, a massive achievement for this poor, landlocked country. Since the early 1990s, the dam, located in Khammouane province in central Laos, was the target of multiple environmental and "community" NGOs which, steered from London, tried to "protect" the locals by denying them progress.

Much of the electricity generated by the dam will initially be sold to Thailand.

Also, Laotian Deputy Prime Minister Somsavat Lengsavad, speaking Dec. 7 at the Beijing High-Speed Rail Conference, announced that China and Laos will begin construction early next year of the first high-speed rail line between the two countries. The bullet-train rail line will be completed around 2014, and will eventually connect the southwest Chinese city of Kunming with Singapore, passing through Laos, Thailand, and Malaysia.

## **China Working with U.S., France, and Canada To Build Railways**

Dec. 8 (EIRNS)—China has signed strategic agreements with leading enterprises in the United States, France, Germany, and Canada, for cooperation in developing both high-speed and conventional rail systems, in China and in other nations, *China Daily* reported. One agreement, with General Electric, will make it possible, for the first time, to manufacture high-speed rail equipment in the United States.

China has built, and operates, the world's longest high-speed rail network—7,500 km. It will double that network by 2012. Moreover, China has gone beyond the technologies developed in Europe and Japan, to build the world's fastest trains, which run over unprecedentedly long stretches among its cities. It has also developed technologies which will help in construction of rail lines in extreme conditions, as exemplified by the railway to Tibet, which runs at the highest altitude in the world, over permafrost. China is now beginning to construct high-speed rail in mountainous areas, which has never been done before. These developments will contribute to building transport infrastructure in any terrain, from the Arctic to the world's mountain ranges.

At the ongoing International Congress on High-Speed Rail, sponsored by the International Unions of Railways (UIC), and China's Rail Ministry, General Electric vice chairman John Rice announced yesterday the agreement with CSR Co. Ltd., the biggest high-speed train manufacturer in China. "The joint venture, with an investment of \$50 million in the first stage, will be the first US manufacturer to supply high-speed rail passenger trains for the two proposed [high-speed rail] corridors in Florida and California," Rice said. The agreement could lead to U.S.-Chinese cooperation in other nations. "We will also be interested in building high-speed railway lines beyond the US when it makes sense," he said.

Alstom SA, the French rail manufacturer, signed a long-term cooperation agreement with the Chinese Ministry of Railways to jointly develop rail markets in China and abroad. Canada's Bombardier, the world's largest train-builder, also signed an agreement with the Chinese Rail Ministry to expand existing joint ventures to build rail equipment. Now, the two sides will cooperate in developing high-speed and very-high-speed trains. The Chinese side has also signed agreements with both Deutsche Bahn and Russian Railways, to expand rail freight transport.

And finally, China has signed agreements with Laos, Thailand, Bulgaria, and Turkey, for high-speed rail projects which will link China with Southeast Asia, and Europe and Asia.

All rights reserved © 2010 EIRNS

[top of page](#)

[home page](#)