

[return to home page](#)

This Present Century:
The Secret Economy's Outlook
by Lyndon H. LaRouche, Jr.

June 4, 2010—What I had named ``The Secret Economy" has four crucial elements:

- a.) An urgently needed, revolutionary re-definition of an implicitly, dynamically orderable series of universal economic principles of infrastructure;
- b.) A fresh definition of universal physical space-time, restating the intention of the Mendeleyev periodic table in terms of a universal system of cosmic radiation;
- c.) A new, scientific definition of the noetic quality of physical-economic function of ``basic economic infrastructure" consistent with the enhanced view of the ontological characteristic of physical space-time; and
- d.) A needed redefinition of the term ``economy" by a relevant, universal physical principle, done through a reform which identifies the human personal identity in terms of the creative potential of the specifically human mind, rather than as being regarded elementarily by a notion identified in terms of mere sense-perception.

Now, once each of those four categories had been considered, the next step would be a series of publications which introduce the reader to what must become adopted as the underlying principles of a science of physical economy. What will be presented in this fashion, will represent the needed programmatic political outcome for rescuing the planet from the present immediate threat of a global ``dark age" now descending rapidly on our planet as a whole.

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This Week's Cover

- **This Present Century:**
The Secret Economy's Outlook
by Lyndon H. LaRouche, Jr.

LaRouche promises that this piece is to be 'the first in a series of reports intended to set forth, step by step, the new principles of world economy required for overcoming the epochal disaster represented by the onrushing collapse of the present world system.' Here, he takes up the question of the nature of the individual member of mankind, and proposes that we adopt 'a process of a succession of radical changes in our understanding of the true nature and destiny of our human species and the economy on which it depends, both within the universe, and, therefore, ourselves.' This requires a rejection of the reliance on 'sense-certainty,' as treated by Plato in, for example, his Parmenides, in favor of the approach, described by Leibniz, as dynamics.

- **The Basement Team**
- **Krafft Ehricke's Vision**

Strategic Studies

- **LaRouche Announces the Role He Will Play Once Obama Goes**

Lyndon LaRouche kicked off the July 6 edition of the LaRouche PAC Weekly Report with an announcement that is bound to send shockwaves through the political landscape in the United States. Referring to the dialogue he held with leading U.S. economists, and representatives of China, Russia, and India on April 29, LaRouche declared that what he outlined in that event formed the basis of a program, which would kick in immediately upon the Constitutional removal of President Obama from office. Once that is accomplished, LaRouche stated, 'I would play a key role in a post-Obama government, not as a member of the government, but as an advisor with many connections, pulling many strings together, to advise on how we bring the world out of the present mess.'

LaRouche Webcast

- **Change Is a 'Comin'**

In his June 26 webcast, LaRouche laid out the necessary steps required to address the worst crisis in 7,000 years, starting with the urgent reinstatement of the GlassSteagall principle, and the elimination of the insane belief that money has any intrinsic value, whatsoever, a belief that prevents us from taking the measures needed immediately to avert a new dark age. LaRouche's keynote address was followed by nearly three hours of dialogue with interlocutors from institutions around the world, and from the Stanford Group of LaRouche's collaborators among academia and the national political scene.

Culture

- **200 Year News Flash!**

Schumann Sighted at His Own Birthday Fest in Virginia!

The LaRouche Youth Movement's Aaron Halevy reports on the joyous celebration of Robert Schumann's 200th birthday. 'In parallel to the scientific work being spearheaded by the 'Basement,' the international LaRouche Youth Movement has been working on the crucial developments of the cultural history of the Classical arts.'

- **LaRouche on Immortality:**

Mozart's Motet 'Ave Verum Corpus'

- **LaRouche Youth in Berlin:**

Beethoven's Ninth Performed at C=256

Sergei Strid of the LaRouche Youth Movement in Berlin, Germany describes the breakthrough performance of the choral finale of Beethoven's great work, as the culmination of two decades of organizing by the Schiller Institute, for a return to the Classical 'Verdi tuning.'

Editorial

- **Glass-Steagall, or Disintegration**

This Week's News

U.S. Economic/Financial News

State Budget Deficits in 2011 Will Soar to \$180 Billion; in Reality Much Higher

Education Slammed: 200,000 Teachers May Be Laid Off

Obama Is Killing Off U.S. Manufacturing

State Budget Deficits in 2011 Will Soar to \$180 Billion; in Reality Much Higher

July 4 (EIRNS)—The combined budget deficits of the nation's 50 states will soar to \$180 billion this fiscal year (2011), reported the Washington, D.C.-based Center on Budget and Policy Priorities (CBPP), not the \$90 billion wishfully reported recently by the National Conference of State Legislatures. The CBPP says that \$34 billion of the \$180 in deficits would be "covered" by left-over Obama "stimulus money."

But all of this is wild-eyed speculation based on linear projections; as the full force of the collapse hits, the deficits could reach half a trillion dollars, and more.

Here is a sampling of the explosions:

* In Chicago, advocates for mental-health care protested against Illinois Gov. Pat Quinn's reduction or elimination of mental-health and developmental disability programs *not* tied to Medicaid. The protesters said that as many as 60,000 people will lose mental-health treatment because of the cuts.

* In Missouri, state budget officials said that revenues for the fiscal year 2010 budget fell by \$700 million, or 9.1%, from the year before, led by a collapse in the state income tax, due to widespread unemployment. Gov. Jay Nixon, raised the level of cuts for the *new* 2011 fiscal budget to \$950 million, and the number of layoffs of state workers to 1,250. This will hit transportation, as the state Department of Transportation will only have \$500 million available to spend for construction, less than half the level of the year before.

* In Philadelphia, on July 1, hundreds of protesters formed a ring around City Hall, to protest the budget passed by the Pennsylvania legislature and signed by Gov. Edward Rendell. While the legislators and governor use smoke and mirrors to claim "only" \$120 million in cuts, the reality is different: The budget would sharply reduce the Department of Agriculture by 11.7%; the Department of Labor and Industry by 10%; and the Center for Literacy, and various welfare and education programs.

Education Slammed: 200,000 Teachers May Be Laid Off

July 4 (EIRNS)—Nationwide, between 100,000 and 200,000 teachers may be laid off due to the budget crisis, during fiscal year 2011, according to the National Education Association (NEA). But that could be just the start: As 2011 fiscal year begins, the U.S. is confronted with the dissolution of its entire educational system. The typical response of budget cuts and stealing funds from other programs will not work; removing Obama from office, and implementing Glass-Steagall, will work.

The following represent the tip of the iceberg:

* The California Teachers Association reports that 20,000 teachers may be laid off this year, on top of the 15,000 already fired; that would add up to nearly 10% of California's teachers. Statewide, of 1,077 school districts, 14 are classified as in

especially dire condition, and, according to the June 30 *Los Angeles Times* "are unlikely to avoid bankruptcy." Moreover, an additional 160 district school systems are reported as "at risk," having a "qualified outlook," which means that they may go bankrupt within the next three years. But with the increasing pace of the financial collapse, that could happen within weeks or months. Thus, 16% of California school districts could face insolvency in the near term.

* In North Carolina, the General Assembly has already pencilled in an additional \$305 million cut for local school districts for the 2010-11 academic year. This cut will translate into more than 6,000 education jobs lost this coming year.

* In Indiana, Gov. Mitch Daniels is cutting \$300 million from the current school year budget, which will translate into 5,000 teacher layoffs.

* In Illinois, the layoff of teachers and school personnel could top 20,000.

* In New Jersey, 93% of the state's school boards are considering, or proposing layoffs, which would mean a minimum of 5,000 teacher layoffs.

* In South Carolina, the school superintendent says he expects nearly 4,000 education workers to lose their jobs, including 2,500 teachers.

* In Michigan, on April 20, 2,000 Detroit school teachers received layoff notices, with more expected. In Ypsilanti, 19 teachers were laid off; in East Jackson, 15 teachers; in Gibraltar up to 50 teachers will be laid off.

Obama Is Killing Off U.S. Manufacturing

July 4 (EIRNS)—President Obama has eliminated nearly 1 million manufacturing jobs since taking office. In June 2010, as the "not in the labor force" category grew by a whopping 842,000 American workers, another related reality emerged from the depths of the Bureau of Labor Statistics' June "employment/unemployment" report: Obama's progress in wiping out America's manufacturing base and workforce.

When Nerobama took office in January 2009, the United States had 12.54 million manufacturing workers. His policies have reduced that to 11.67 million, a fall of 870,000, or 7%. Lyndon LaRouche has repeatedly stressed that the issue is not "job creation" per se, but the creation of productive, blue-collar jobs, which technologically transform the economy, led by manufacturing and infrastructure, a process that Obama has contributed to killing.

Since Obama took office, the layoff of the manufacturing workforce has been greatest in America's industrial states: California has wiped out 120,000 manufacturing worker jobs, 9% of its manufacturing workforce; in Ohio 46,000 manufacturing jobs have been cut, or 7%; in Pennsylvania, 51,000 have been cut, or 8%; in Illinois, 59,000 have been eliminated, or 10%; in Michigan, 28,000 have been eliminated, or 6%; and in New York, 43,000 have been cut, or 8%.

Global Economic News

British Empire: We Have Fascist Austerity for the British People, Too

Wasting Food on Ethanol Is Threat to China's Food Security

British Empire: We Have Fascist Austerity for the British People, Too

July 4 (EIRNS)—Danny Alexander, chief secretary to the British Treasury, this weekend delivered an "eye-watering demand" to all Cabinet ministers, ordering them to plan for cuts of up to 40% in their budgets, says the July 3 *Guardian*. To prove their serious commitment to austerity, the new government's plan will produce staggering results, such as:

- * Home Office cuts of 25% could mean a reduction in the number of police officers of almost 20,000.

- * Cuts in housing benefits of 10% could increase the number of homeless by 200,000—from 140,000 today, to 340,000—an increase of nearly 150%. "Cutting housing benefits could have a catastrophic impact on the lives of thousands of people who—despite their best efforts—have failed to find work for 12 months," said National Housing Federation head David Orr. "The proposals are disturbing and unfair."

- * The government this week is expected to announce a halt to rebuilding some 700 schools, in order to save £1 billion a year.

- * About 600,000 public service jobs are expected to be lost overall and, adding insult to injury, the government is now planning to sharply reduce their severance pay.

Wasting Food on Ethanol Is Threat to China's Food Security

July 9 (EIRNS)—China should stop using vital food supplies to produce ethanol, an official of the China General Chamber of Commerce said yesterday, as drought and flooding hamper food production. Since June, especially severe floods have hit southeastern China during this year's monsoon, following the worst drought there in memory. Now, the Yangtse valley in central China is being flooded. Hundreds of people have died, and over 20 million hectares of land have been affected, with 3 million hectares of crops destroyed outright. China has been self-sufficient in food production for many years, but, with its huge population and limited arable land and water resources, maintaining food security is a great national challenge, and one taken very seriously.

It is becoming clear to some that it is high time to put an end to the ethanol insanity. On July 7, the *Shanghai Securities News* reported that the price of corn, used to produce fuel ethanol, has increased 20% year-on-year. China is self-sufficient in corn production, but demand is rising for livestock consumption. The current weather disasters have reduced corn output, but the other factor sending prices skyward is ethanol.

"Producing fuel ethanol has not only cost plenty of food but also doesn't help much in ensuring China's energy security," *China Daily* quoted Zhao Youshan, head of the petroleum distribution committee of the China General Chamber of Commerce on July 8. "Relevant programs should be stopped, and subsidies [to ethanol producing companies] should be canceled, too," Zhao said. Subsidies and tax exemptions were started in 2004 to promote ethanol production, and many farmers abandoned other crops to plant more corn. China was the third-biggest ethanol producer in 2006, until the government took steps to curb the trend.

To prevent too much crop diversion, the government halted all new ethanol projects by 2007, but did not cut the subsidies. "This year's situation is dangerous," Zhao said. "On the one hand, northern and southern parts of China were alternatively swept by severe drought and flooding this year, making it certain some areas will face food reduction."

"On the other hand, some areas' fuel ethanol firms rush to purchase food, some furtively. China's food security will be under a great threat if the situation continues."

Zhao said he handed in a report to the State Council last month to suggest an end to the pilot program and a cancellation of the subsidies to fuel ethanol production.

IMF 'World Economic Outlook': Nazi Austerity and Hyperinflation

July 9 (EIRNS)—The British Empire's economic gestapo, which sometimes goes by the name International Monetary Fund (IMF), yesterday released its semi-annual "World Economic Outlook" report, which makes the double Nazi policy proposal of demanding of *all* countries deadly austerity and cuts in living standards, along with an unlimited hyperinflationary bailout of the banks. Or, as the British Empire is fond of stating, simply: "We live, you die."

The central challenge," the IMF states, "is to develop a credible fiscal strategy to ensure that public debt is put—and is seen to be put—on a sustainable path."

The IMF nervously warns that, without fascism, there could be "renewed financial turbulence," and that what is required is therefore:

* Europe has to pump trillions into the banks, by "making the new European Stabilization Mechanism fully operational."

* All nations should make sure that the hyperinflationary spigots are wide open, guaranteeing that "monetary conditions remain highly accomodative for the foreseeable future," and that central banks should "rely more strongly on using their balance sheets to further ease monetary conditions"—i.e., let money supply just rip.

* Budgets have to be cut, especially health care, social security, pensions and other entitlements: "Of utmost importance are firm commitment to ambitious and credible strategies to lower fiscal deficits ... reform pension entitlements and public health care systems."

Such "politically difficult" measures not only have to be implemented, the gestapo ordered, but they have to be "frontloaded" in order to save their disintegrating system.

United States News Digest

Galbraith Calls for Pecora-Type Prosecutions, Other Reforms

Senators Reject Obama's Shutdown of Manned Space Program

Obama Gives Sir Donald Berwick a Recess Appointment

Florida Budget Cutters Let Food-Borne Bacteria Run Free

Galbraith Calls for Pecora-Type Prosecutions, Other Reforms

July 9 (EIRNS)—Reflecting the political environment created by Lyndon LaRouche's ideas, economist James Galbraith published a piece in the July 9 *New Republic* which contains key elements of LaRouche's most important domestic economic proposals, including the Homeowners and Bank Protection Act (HBPA), Glass-Steagall, and the "LaRouche Plan" for long-term, low-interest rate credits for infrastructure and economic reconstruction.

"The financial crisis in America isn't over," Galbraith's article begins—which is far more feisty than his earlier writings. "It's ongoing, it remains unresolved, and it stands in the way of full economic recovery."

The legal framework for the breakdown "was laid with the repeal of Glass-Steagall in 1999 and the Commodities Futures Modernization Act of 2000," Galbraith writes, adding in the Basel II process relaxing international bank supervision. He says "the response to desupervision was a criminal takeover of the home mortgage industry," citing subprime mortgages written with inflated values, the issuing of "teaser" or counterfeit mortgages, the laundering of these by the rating agencies to make them look real, and taking the laundered goods to market by packaging them as bonds with AAA ratings.

"Upon taking office, President Obama had a chance to change course and didn't take it," Galbraith continues. And now, with Obama's inaction, "the financial sector remains a fatal drag on the capacity for growth," and it will remain so until the frauds and balance sheets are cleaned up, which requires a rigorous audit of the banks and the Fed, and criminal investigations—with "indictments, prosecutions, convictions, and imprisonments."

"The first step toward health is realism. We must first stop pretending that bad assets can be made good, that bad loans will someday be repaid, and that bad people can run good banks. Debt crises are resolved when debts are written down and gotten rid of, when the institutions that peddled bad debts are restructured and reformed, and when the people who ran the great scams have been removed."

But, Galbraith warns, "there will not be another bank-sponsored private credit boom." Instead, "we need to create new, policy-focused financial institutions like the [FDR-era] Reconstruction Finance Corporation to take over the role that the banks and capital markets have abandoned," and he also calls for "a national infrastructure bank, an energy-and-environment bank, a new Home Owners Loan Corporation, and a Gulf Coast Reconstruction Authority modeled on the Tennessee Valley Authority." And echoing LaRouche's HBPA, he calls for "refinancing of mortgages or conversion to rentals with right-to-rent provisions so that people can stay in their homes at reasonable rates."

This reconstruction of the nation, he says, should be financed by "loans made at low interest rates and for long terms," to deal with the neglect of the past 30 years.

Senators Reject Obama's Shutdown of Manned Space Program

July 9 (EIRNS)—The bipartisan leadership of the Senate Committee on Commerce, Science and Transportation has reportedly agreed upon a bill to authorize NASA's FY2011 budget, which reverses almost all of the cuts the Obama Administration tried to make to the nation's space program. According to today's *New York Times*, the bill was the result of negotiations among Committee chair Jay Rockefeller (D-W.Va.), ranking member Kay Bailey Hutchison (R-Tex.), subcommittee chair Bill Nelson (D-Fla.), and ranking member David Vitter (R-La.).

The Senate bill proposes to: 1) add a Space Shuttle flight, using the Shuttle *Atlantis*, which is being prepared as a launch-on-need rescue vehicle, for the last scheduled mission in February; 2) continue development of the full (Moon-capable) *Orion* crewed vehicle, not the trimmed-down rescue vehicle proposed by Obama; 3) speed up development of a heavy-lift vehicle (Saturn V-class), not wait five years as Obama proposed; 4) slow down funding for a commercial crew vehicle, making it milestone-based, in which companies have to demonstrate capability before they get huge infusions of

government monies.

The Senate Committee is scheduled to discuss and mark up the bill on July 15. The House Science and Technology Committee has not yet drafted an authorization bill.

Obama Gives Sir Donald Berwick a Recess Appointment

July 7 (EIRNS)—President Obama took the pretext of the ten-day Congressional recess to bypass the Senate confirmation process, and appointed a Knight of the British Empire, Donald Berwick, as head of the Center for Medicare and Medicaid Services (CMS). As director of the CMS, Berwick will play a major role in the implementation of the Obamacare system.

Republicans were looking forward to a confirmation hearing at which they could expose Sir Donald's pro-rationing views, but Max Baucus (D-Mont.), chairman of the Senate Finance Committee, refused to schedule a hearing for Berwick, who had been nominated by Obama in April. The White House today blamed Republicans for delaying Berwick's confirmation.

Sen. John Barrasso (R-Wyo.) said he had been calling on Obama to nominate someone to head CMS. "He waited until after the bill was signed into law to nominate someone," Barrasso said, "and then he puts someone in, who has been knighted by the Queen in England because of what his thoughts are toward the British health care system."

Recess appointments are good until the end of the next session of Congress, or late 2011.

Florida Budget Cutters Let Food-Borne Bacteria Run Free

July 6 (EIRNS)—Florida will no longer carry out food safety inspections in hospitals, nursing homes, or daycare centers, following passage of new legislation on July 1. This, in a tropical state which has seen 15 separate outbreaks of food-borne illnesses at just these institutions since 1995. Three state agencies—the Departments of Agriculture and Consumer Services, Business and Professional Regulation, and Health—which formerly had authority to enter properties for inspection, will no longer be authorized to do so.

According to Sarah Klein of the Center for Science in the Public Interest (who broke the story), "Florida politicians were clearly not thinking about their young children or their aging parents when they passed this bill. These consumers—and anyone who is immuno-compromised—are already at greater risk of being hospitalized from food-borne illness. Florida consumers deserve more from their legislature than budget cuts to critical public health services." Klein warned, "A budget savings on the front end, by eliminating inspections, can lead to huge costs later—when people get sick from foodborne illness. And if it's your child, or parent, or sick loved one, you can bet those savings weren't worth it."

Ibero-American News Digest

Haiti Condemned to Die, Six Months After the Earthquake

Great Water Management Projects Key to Mexican Survival

U.S.-Ecuador Cooperation Against Drugs Yields Results

Haiti Condemned to Die, Six Months After the Earthquake

July 12 (EIRNS)—On the six-month anniversary of Haiti's Jan. 12, 2010 earthquake, which killed an estimated 300,000 people, this nation and its people have been condemned to death. While a crisis-ridden "international community" has produced only a tiny fraction of the \$5.3 billion pledged on May 31, to aid in Haiti's reconstruction, it is especially U.S. President Barack "Nerobama" who has Haitian blood on his hands.

Thanks to him, nothing that Lyndon LaRouche proposed in the immediate aftermath of the deadly quake—emergency relocation of 2 million people to higher ground; deployment of the U.S. Army Corps of Engineers; and creation of a Civilian Conservation Corps (CCC) to assist in the rebuilding—has been done. And, absent LaRouche's proposal that the U.S. sign a 25-year agreement with the Haitian government, to be its primary partner in reconstruction, while fully respecting its sovereignty, Democrat Sen. John Kerry's (Mass.) Foreign Relations Committee has taken to railing against President René Préval for a "failure of leadership," "corruption," and "undemocratic" actions in planning for upcoming Presidential elections.

Meanwhile, on the ground:

- * There is no centralized national program to remove 25 million cubic yards of debris—enough to fill five Louisiana Superdomes—filling every street in the capital (and every other affected city), making it impossible to start rebuilding. The U.S. Army Corps of Engineers devised and began to implement an aggressive debris-management program right after the quake, but it was later halted. Now, thousands of impoverished Haitians equipped only with pails and shovels in "cash for work" programs, are deployed to remove rubble at a rate that could take 20 years.

- * The debris is a huge health hazard. Haitian-American engineer Reginald DesRoches points out that daily downpours in the rainy season leach toxic chemicals and carcinogens into the storm water system and ultimately into the drinking water. Debris dumped into the sea has turned the blue water brown.

- * At least 1.5 million people remain homeless, distributed among 1,300 "temporary" and very precarious camps. Only 28,000 have been moved into new homes. A few camps have been provided with latrines and improved health-care options, but the vast majority are turning into permanent slums, and will become death camps once the rainy season begins in earnest. In a report issued this month, Doctors Without Borders (Medecins sans Frontieres/MSF) warns that the *one* waste dump in the city is overflowing, and that latrines that should be emptied daily are not; torrential rains will wash sewage through the camps, auguring a health catastrophe. "No alternative" for the one waste dump has been decided on, MSF reports.

- * MSF also reports that while there has been improvement in the provision of health care, due largely to international efforts, its sustainability care is questionable. *Everything* "is dependent on external funding and the reconstruction of lasting facilities," MSF states. As a result of the quake, 60% of Haiti's health facilities were destroyed, and 10% of its medical staff killed.

- * In agriculture, rather than focus on helping Haiti achieve food self-sufficiency—food sovereignty—USAID is promoting programs whose focus is "industrial farming," a policy favored by the Monsanto food cartel. While the Préval government had begged for agricultural equipment, fertilizer, and seeds to increase food production and employ more people, some genocidalists in Washington want Haiti to produce cash crops for export or engage in such projects as growing the jatropha plant, that can be used in biofuel production.

Great Water Management Projects Key to Mexican Survival

July 12 (EIRNS)—The continuing devastation in the northern Mexican states of Coahuila, Nuevo Leon, and Tamaulipas, more than 10 days after Hurricane Alex hit that region—of a piece with flood damage on the U.S. side of the border—highlights the deadly results of the failure to build the long-planned, large-scale water management projects required for Mexico's survival.

Returning from his visit to Coahuila in November 2002, Lyndon LaRouche commissioned a study of a program for joint U.S.-Mexico development of the Great American Desert, in which these three states are located. The study, published by *EIR* in its May 9, 2003 issue, under the title, "Vernadsky and the Biogeochemical Development of North America's Desert," establishes the crucial strategic shift in Mexico's economy as a whole, which would be effected by the construction of three water management plans, the tri-national North American Water and Power Alliance (NAWAPA), and the Northwest and Northern Gulf Hydraulic Plans in Mexico along (respectively known as the PLHINO and the PLHIGON).

Alex, a Category 2 hurricane, was only the first of the Atlantic Ocean 2010 season, which is forecast to be one of the heaviest in the last 10 years. Yet, due to Mexico's lack of water management and other infrastructure, 21 people were killed, electricity and water knocked out for days, and the homes of more than 100,000 people wiped out. Authorities warn of possible epidemic outbreaks, such as dengue, in shelters where people are still piled up. Outlying rural areas are still cut off from aid, and a state of emergency is in effect in nearly 90 cities and towns, including in Monterrey, Nuevo Leon, *the* industrial city of Mexico, where damage included the collapse of its two expressways.

Nine other Mexican states are on alert for flooding from heavy rainfall, leading the Mexican government to request extra helicopters from the United States, as it is already struggling to ferry food and water to those affected by Hurricane Alex.

U.S.-Ecuador Cooperation Against Drugs Yields Results

July 7 (EIRNS)—Ecuadorian and U.S. officials announced the seizure of "narco-submarine" on a river tributary close to the Colombian-Ecuador border. The submarine, capable of carrying 12 tons of cocaine and a six-man crew, was much bigger and more sophisticated than anything previously seen. It was about 100 feet long, with a navigation and air-conditioning system making it capable of trans-oceanic drug trafficking, its eventual destination believed to be Mexico.

This was the second "narcosub" seized in Ecuador, one capable of carrying four tons of cocaine having been captured last May.

This latest seizure was the result of cooperation between the U.S. Drug Enforcement Administration and Ecuadorian police. In announcing the seizure from his end, DEA Andean regional director Jay Bergman stated: "Traffickers historically employed slow moving fishing boats, sailboats, pleasure craft, and subsequently, go-fasts. Eventually, when speed no longer won the day, traffickers, to avoid detection, turned to parasitic devices on the bottom of ship hulls, towed array devices and ultimately low profile vessels and semi-submersible boats. The advent of the narco-submarine presents new detection challenges for maritime interdiction forces. The submarines nautical range, payload capacity and quantum leap in stealth have raised the stakes for the counter-drug forces and the national security community alike."

Western European News Digest

German Anti-Euro Plaintiffs: The People Are the Sovereign

'Euro Bailout Resembles Versailles Reparations'

Revelations Open Full Regime Crisis in France

Former PM Rocard Calls for Glass-Steagall

Strike Wave Continues Across Europe

Italian Farmers Protest Counterfeit Products

U.K. Austerity Inflames Unions

Trichet Against German Insolvency Law

Swedish EAP on the Official Political Map Again

German Anti-Euro Plaintiffs: The People Are the Sovereign

BERLIN, July 7 (EIRNS)—Four German professors have filed suit before the country's Constitutional Court against the bailout of the euro—Wilhelm Hankel, Karl Albrecht Schachtschneider, Wilhelm Nölling, and Joachim Starbatty. In a press conference today in Berlin, Schachtschneider was asked by *EIR*'s Stefan Ossenkopp about the emergence of a patriotic impulse in Germany, similar to the mass strike ferment in the United States. "In the last instance, the people are the sovereign, it is the citizen that has to decide '*Wir sind das Volk!*'" Schachtschneider said. Whatever ruling may come out of the Constitutional Court, "that is not the end of history," and political changes will occur which have to come from the citizens themselves.

'Euro Bailout Resembles Versailles Reparations'

July 9 (EIRNS)— Prof. Wilhelm Hankel—one of the four German experts challenging the legality of the bailout of the euro—said that the creation of the euro was the worst economic mistake since the end of World War II. In an interview with *Stern* magazine's Shortnews.de column, published in a summarized form today, he said that it forces Germany to shoulder a burden today, which is comparable to the post-1919 Versailles reparations. Hankel charged that German politicians have not grasped this, nor do Germany's EU partners take it into account.

Revelations Open Full Regime Crisis in France

PARIS, July 6 (EIRNS)—France has entered a regime crisis, and it is not clear even whether President Nicolas Sarkozy himself can survive, let alone his Minister of Labor, Eric Woerth. While Sarkozy had announced a government reshuffle for October, voices within his own party are calling for one now.

Former PM Rocard Calls for Glass-Steagall

PARIS, July 10 (EIRNS)— In a full-page interview published in *Le Figaro* today, former French Prime Minister Michel Rocard (1988-91) called for bringing back the U.S. Glass-Steagall Act of 1933.

To a question from journalists as to how a consensus around a policy for coming out of the crisis can be built, Rocard said:

"The ways to an exit are of a financial order. First we must re-adopt the Glass-Steagall Act everywhere, the American law of 1933, repealed in 1999, which forbade banks from making investments with the money from their deposits.... Then, prohibiting all derivatives products detached from contracts connected to the real economy. Furthermore, the fiscal paradises [offshore tax havens—ed.] must be eradicated, since they harbor half the immense liquidity which is circulating in the world. Finally, returning purchasing power to wage-earners, in order to favor growth."

Strike Wave Continues Across Europe

July 8 (EIRNS)—Greece was hit by its sixth general strike against the unbearable austerity that its government is attempting to impose, as ordered by London. An estimated 12,000 people took to the streets of Athens with banners attacking the International Monetary Fund (IMF), the European Union, and Prime Minister George Papandreou; 5,000 marched in the northern city of Thessaloniki. All modes of public transportation, public offices, and hospitals were hit by the strike.

Unions also held demonstrations against austerity in Portugal today.

European Central Bank President Jean-Claude Trichet, nonetheless, blindly insisted, in a press conference today, that governments that hesitate to apply brutal budget cuts are being "too pessimistic on the capacity of their citizens to take those measures."

Italian Farmers Protest Counterfeit Products

July 6 (EIRNS)—Thousands of Italian farmers, under the leadership of the Coldiretti union, are blocking the Brenner Pass through the Alps, and checking every truck coming from Austria and Germany. The reason for the protests are counterfeit products that are imported and sold as original Italian ones, such as mozzarella and parmesan cheese. The protest was triggered by a recent case of a mozzarella cheese produced in Germany, and labelled with Italian names, which took on a strange blue color once opened.

Italian farmers have been in a protest mood for some time, because they have been hit by low-cost agricultural products imported by new EU member-countries, and, at the same time, squeezed by the insane EU quota system. For instance, under the quota system, Italy is not allowed to produce more than 50% of the milk it needs, both for direct consumption and for food processing.

U.K. Austerity Inflames Unions

July 5 (EIRNS)—The Cameron government's announcement that all U.K. ministries must cut 40% from their budgets, could mean 600,000 public sector jobs lost. The six main unions representing government workers today accused the government of declaring war on trade unions, following reports that the Cabinet Office Minister Francis Maude intends to introduce emergency legislation to make changes in labor laws, placing more legal restraints on strikes and lowering compensation for laid-off workers.

Paul Kenny, the general secretary of the GMB union, said: "It is a testament to the priorities of this government, led by two public schoolboys [what are called private schoolboys in the U.S.—ed.], that they should consider attacking the rights of ordinary workers rather than the bankers who caused the recession. More and more we are seeing the well-to-do upper class targeting the lower class and making them pay for the recession. It is unfair and unacceptable." Bob Crow, the general secretary of the Rail Maritime and Transport (RMT) union, accused ministers of "declaring war" on unions, and of seeking to prevent workers from fighting back against cuts in jobs and public spending.

The Communication Workers Union, representing half of British Telecom's 100,000 workforce, today postponed a strike vote over threats of legal action. This follows similar actions at the unions for British Airways and the railway unions.

Trichet Against German Insolvency Law

July 8 (EIRNS)—At the monthly press conference of the European Central Bank today in Frankfurt, ECB President Jean-Claude Trichet attacked the German proposal for an orderly insolvency law. Trichet was asked by the correspondent of the *Irish Times* whether his position on the new law is "in favor, against, or open to persuasion," and Trichet answered bluntly that the ECB considers it "not opportune."

Swedish EAP on the Official Political Map Again

July 6 (EIRNS)—Today's Swedish daily *Svenska Dagbladet* published an attack on the Swedish LaRouche movement, the European Labor Party (EAP), in an op-ed on slanders in the current election campaign. This follows a distribution of the EAP's new Swedish election pamphlet and the party's new documentary, "The Truth About the LaRouche Movement in Sweden-EAP." The party has been subjected to a decades-long slander campaign, notably for its stand in support of nuclear power since the 1970s. Last year, Sweden reversed its 1980 decision to stop construction of all nuclear power plants and phase out all nuclear power by 2010. The country is 45% reliant on nuclear. The intervening governments should have listened to the EAP.

Russia and the CIS News Digest

Panarin: Gorbachov, Khrushchov Were Steered by British Intelligence

Putin and Bill Clinton Meet

Phony Spy Ring Scandal 'Aimed at Sabotaging Clinton-Putin Meeting'

Russian Physicist Calls for Use of PNEs To Stop Gulf Oil Leak

Panarin: Gorbachov, Khrushchov Were Steered by British Intelligence

July 3 (EIRNS)—In a June 27 Izvestia TV interview titled "Who Collapsed the USSR?", Prof. Igor Panarin dropped his latest bombshell, charging that Soviet leaders Nikita Khrushchov (in power 1953-64) and Mikhail Gorbachov (1985-91) were steered to power by British Intelligence. Panarin has been broadcasting a series of commentaries on the historical and current status of the British Empire as the primary adversary of Russia. In this interview, Panarin said that Gorbachov "should be publicly condemned, but it should be done by a public tribunal, in order to understand how this person could conduct such an anti-state policy, harming his native country, in which he had been born and grew up."

In a discussion with associates today, Lyndon LaRouche said that Panarin's statement could "shake the pillars of British control" over key aspects of Russian policy today, especially if Russian institutions proceed with such a tribunal. Panarin is a professor at the Diplomatic Academy of the Russian Ministry of Foreign Affairs, and academician of the Academy of Military Sciences. In the recent interviews, he has identified British operations against Russia since the 1500s, while calling for a public investigation of the British Empire's role in launching World Wars I and II.

LaRouche, in statements and articles widely circulated in Russian translation, has identified the British subversion of both Russia and the United States since the death of Franklin Roosevelt in 1945, and currently. In his April 24 statement, "Free Russia from the Pirates of the Caribbean: the Case of Arkadi V. Dvorkovich" (*EIR*, April 30, 2010), LaRouche demonstrated that the clique around Anatoli Chubais, in Russia today, came out of what was done in the 1980s by Gorbachov, whom LaRouche called "essentially a traitor to the Soviet Union, as well as a British agent."

Panarin reported that his charges are documented in his just-published book, titled *The First World Informational War: the Collapse of the USSR*. In the book, he said, he identifies as a key turning point the moment in 1953 when, "Instead of [Byelorussian leader Panteleimon] Ponomarenko, who was supposed to succeed Stalin, Khrushchov and a group of globalists came to power." (For nearly three decades, LaRouche has been emphasizing Khrushchov's special relationship with Bertrand Russell and the latter's World Association of Parliamentarians for World Government.) Panarin charges that Gorbachov's ascent, 32 years later, likewise "occurred with support from the [New York] Council on Foreign Relations and, above all, British Intelligence—MI6."

Panarin reiterated his belief that many U.S. intelligence agencies are "subsidiaries of British Intelligence." The professor is best known for his forecasts of a coming disintegration of the U.S.A., a scheme he also attributes to London-centered interests.

"In the six years of his running the Soviet Union," Panarin said about Gorbachov, "the USSR's foreign debt increased by a factor of five and a half, while the gold reserves shrank by a factor of 11. These were merely the most visible results of the anti-state activity of Gorbachov. In my opinion, that man needs to be publicly condemned, but it should be done by a public tribunal, in order to understand how this person could conduct such an anti-state policy, harming his native country, in which he had been born and grew up."

Panarin also spoke once again about British backing for a Nazi attack on the Soviet Union, which finally took place in 1941. Noting that the majority of the millions of Soviet victims of World War II were young people, he said, "I believe that was one of the main goals of the British Empire: to destroy the flower of the nation in the Soviet Union, the young generation, in order to destroy the basis of Russia's statehood. This is, of course, a truly blasphemous goal, and the British Empire and the ideological authors of these thievish actions should, of course, be held accountable, because they are the ones who brought Hitler to power. They financed his ascent to power, and aimed him against the Soviet Union."

While the new, specific charges made by Panarin require study and cross-checking, the political message is clear. In his book, Panarin noted, he concludes that the same techniques as were used against the Soviet Union, continue to be deployed against today's Russia.

Putin and Bill Clinton Meet

June 29 (EIRNS)—Former President Bill Clinton, in Moscow to speak at a conference on investment, took the opportunity to call on Prime Minister Vladimir Putin at the latter's suburban Moscow residence June 28. In remarks made public by RIA Novosti, Putin said to Clinton (using the familiar form of the pronoun "you"), "I am glad to see you in Moscow; we have known each other for a long time, and keep up our relations.... You follow the situation closely, and analyze it, and I think we will have an interesting meeting and conversation. And I hope to see you more often. You have come at a most important time."

The last time the two met, during the Davos Conference in January 2009, their one-on-one discussion lasted nearly three hours. This time, Putin invited Clinton for supper, and to spend the evening.

Little was released on the substance of their discussion, but Putin did comment on the arrests by the FBI of 11 people in the U.S.A. and Cyprus yesterday, as alleged Russian agents. "Your police have gone wild," said the Russian prime minister, "throwing people in prison." He said he hoped the events would not damage Russian-American relations. As it happens, the (Hillary) Clinton-(Sergei) Lavrov U.S.-Russian Commission on June 24 issued recommendations for a further upgrade of those relations, including formation of a working group on intelligence matters.

Phony Spy Ring Scandal 'Aimed at Sabotaging Clinton-Putin Meeting'

July 9 (EIRNS)—A senior U.S. intelligence source has told *EIR* that the arrest of 11 alleged longtime Russian "sleeper" spies at the end of June, was timed to wreck the scheduled meeting in Russia between former President Bill Clinton and Russian Prime Minister Vladimir Putin. According to the source, there was no other explanation for the timing of the spy arrests, nor the hype that surrounded those arrests. The network had been compromised for some time, either through a Russian-based informant, or through one of the members of the spy team itself. Under such circumstances, the standard procedure would have been to monitor the network, but not move in to shut it down. Gaining knowledge of the ring's "shopping list" is always a top priority for counterintelligence, once the operatives are identified and under constant surveillance.

Furthermore, according to the source, far more serious espionage rings, including Chinese rings, had been shut down, quietly, with no public disclosures or fanfare, in recent years.

So far, there is no evidence that any actual espionage occurred, as the FBI complaint itself indicates. The ring members are charged with such crimes as failure to register as agents of a foreign government. During their meeting today, the two former Presidents, Clinton and Putin, clearly aimed to minimize the damage to U.S.-Russian relations as the result of the spy flap.

(The matter was closed by the first week in July, with the exchange of the ten individuals detained in the United States, for four people who had been held in Russian prisons as spies on behalf of the U.S.A. or the U.K.)

Russian Physicist Calls for Use of PNEs To Stop Gulf Oil Leak

July 2 (EIRNS)—A veteran in the use of PNEs to seal gas wells during the Soviet days, former Russian Minister of Nuclear Energy and physicist, Victor Mikhailov, says he knows just how to fix BP's oil leak in the Gulf of Mexico. "A nuclear explosion over the leak... I don't know what BP is waiting for; they are wasting their time. Only about 10 kilotons of nuclear explosion capacity and the problem is solved," said Mikhailov, according to a Reuters report. The wire story also pointed out that Milo Nordyke, one of the masterminds behind U.S. research into PNEs in the 1960s and '70s, also says a nuclear explosion is a logical last-resort solution for BP and the government. Reuters also cited Matthew Simmons, a former energy advisor to President George W. Bush, calling for use of the nuclear option.

Southwest Asia News Digest

[British Pushing Israeli Attack on Iran with Saudi Complicity](#)

[U.A.E. Ambassador Shows His British Colors](#)

[U.S. Charities Finance Israeli Terrorists in the Settlements](#)

British Empire Calls on Arab Gulf States to Bail Out BP

British Pushing Israeli Attack on Iran with Saudi Complicity

July 5 (EIRNS)—A senior U.S. intelligence source confirmed reports in the Israeli press, that several Israeli Defense Forces planes without IDF markings have landed in Saudi Arabia in recent weeks, suggesting that there is a common view among some Persian Gulf Sunni states and Israel, that a near-term attack on Iran's purported nuclear weapons program may be necessary. According to the source, the United States and Saudi Arabia reached a secret agreement, at the outset of the Obama Presidency, allowing U.S. warplanes to have basing and overflight privileges in both Saudi Arabia and Kuwait. It was understood that under certain circumstances, Israeli jets, bearing either U.S. markings, or no markings at all, could have access to Saudi space, under the deal.

According to the source, this understanding is a reflection of the fact that Saudi King Abdullah and Foreign Minister Prince Saud bin-Faisal are part of the faction in Saudi Arabia that is most fanatically anti-Iran. This goes back to the reign of King Faisal in the 1970s, when there was a heated conflict with Iran, then still under the Shah.

The prospect of Israeli use of Saudi air space, in an attack against Iran's nuclear program, may not mean a great deal, however, the source cautioned. Israel really needs to overfly Iraq, and all Shi'a factions in Iraq are adamantly opposed to an Israeli attack on Iran. This includes Ayatollah Sistani, the crucial Shi'a cleric.

But, the source added, the common view of the threat from Iran, shared by Saudi Arabia, Kuwait, and Israel, means that the danger of an Israeli preventive strike against Iran is real. Nobody, the source cautioned, believes that Iran currently has a nuclear weapon, or is close to having one. But at least one radical faction in Israel believes that Iran's nuclear energy program has already crossed the "red line," and that a military action is appropriate. The IDF, and the Mossad and Shin Bet intelligence services do not share this assessment, and are arguing for restraint. The United States opposes any attack against Iran at this time, the source elaborated, and that view will prevail through 2010, at least.

Lyndon LaRouche commented on this report, noting that any attack on Iran, in the context of the BP oil spill, would have profound consequences, globally, because of Iran's strategic location on the Persian Gulf. He added that Iran must go with the original Russian offer to provide enriched uranium for Iran's legitimate nuclear power program.

The complication, LaRouche added, is the British, who continue to control the environment in the region, through their manipulation of both Israel and Saudi Arabia. You don't need British agents inside the Iranian leadership; they will react, according to profile, to the provocations against them. This is all a British imperial game.

U.A.E. Ambassador Shows His British Colors

July 6 (EIRNS)—U.A.E. Ambassador to the United States Youssef al-Otaida, in the presence of such Iran-haters as former U.S. representative to the UN John Bolton, joined the "bomb Iran" campaign, the *Washington Times* reported on July 6. His comments were in response to a question after a public interview session with the *Atlantic* magazine in Aspen, Colo.

Al-Otaiba endorsed the military option for countering Iran's nuclear program, if sanctions fail to stop the country's quest for nuclear weapons. "A military attack on Iran would be a disaster," he said, but "Iran with a nuclear weapon would be a bigger disaster." "If you are asking me, am I willing to live with that versus living with a nuclear Iran?, my answer is still the same: We cannot live with a nuclear Iran. I am willing to absorb what takes place at the expense of the security of the U.A.E." Subsequently, a senior U.A.E. official said his country rejects the use of force against Iran over its nuclear program.

Al-Otaiba, a representative of a group of "Desert Arabs" who have been owned lock, stock, and barrel by London for decades, said: "I think it's a cost-benefit analysis. I think despite the large amount of trade we do with Iran, which is close to \$12 billion, there will be consequences, there will be a backlash and there will be problems, with people protesting and rioting and very unhappy that there is an outside force attacking a Muslim country; that is going to happen no matter what."

The statement is significant in light of the June 5 meeting between Israeli Prime Minister Benjamin Netanyahu and President Obama, where the American President assured the Israelis that he would provide Israel all the rope it wants.

Al-Otaiba is close to the power centers at home. He was a senior counsellor to HH Gen. Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the U.A.E. Armed Forces.

U.S. Charities Finance Israeli Terrorists in the Settlements

July 6 (EIRNS)—U.S. charities that funnel money to Jewish settlers to expand the occupation of Palestinian lands in the West Bank have received more than \$200 million in tax breaks in the last decade, according to a high-level State Department source who was the basis for a July 5 story in the *New York Times*. On the eve of Israeli Prime Minister Netanyahu's kiss-and-make-up meeting with Obama, the *Times* ran a story on how U.S. charities, including one linked to the banned terrorist group Kahane Chai, have been funding the settlements that have been illegal since the Oslo Accords signed by Yitzak Rabin and Yasser Arafat, at the Clinton White House in 1993.

According to the *Times* investigation of records of some 40 foundation and charitable organization, the donations to West Bank Jewish settlements total more than \$200 million over the last decade, and go, not only to schools and synagogues, but to security guards, security training, sniper equipment, purchase of weapons for security, night vision goggles, and guard dogs. The article exposes the fact that there have been many incidents of violence associated with these charitable operations—e.g., the Tennessee-based Christian charity HaYovel, which sends volunteers to work in vineyards belonging to Jewish settlers on the West Bank. In one case, a Jewish security guard shot a Palestinian farmer in the leg, while the American Christian volunteers were there, after the Palestinian was complaining that the vines were being deliberately planted to grow onto Palestinian lands.

Among the charities that have gotten these massive breaks was the Capital Athletic Foundation, run by convicted swindler Jack Abramoff. According to a Senate investigation of former lobbyist Abramoff, a West Bank settlement study group was used as a cover for money to finance a paramilitary operation in the Beitar Illit settlement. Abramoff's accountant told the Israeli settlers to claim that the grants were going to a study group, because money for sniper equipment and a jeep doesn't look good, in terms of complying with the foundation's tax-exempt status.

This report is long overdue, and should be the basis for further criminal prosecutions of the so-called charities. *EIR* has investigated the tax fraud committed by U.S. funders of the settler terrorists for more than two decades. The 1986 *EIR* Report, "Moscow's Secret Weapon: Ariel Sharon and the Israeli Mafia," was the first major publication to document the financing of Jewish terrorist hit teams. In the 1995 assassination of Israeli Prime Minister Yitzak Rabin, by settlement terrorist Yigal Amir, *EIR* reported on the conspiracy that supported Amir, which included a former Moscow-based and then U.S.-based Kahane terrorist, Avigdor Eskin.

British Empire Calls on Arab Gulf States to Bail Out BP

July 5 (EIRNS)—The Empire is calling on its Arab oil state friends to bail out BP, by buying up stock. "What a bargain!"

the proposal goes. Officials in the Gulf told the *Financial Times* that "BP had already been reaching out to investment entities in the region, particularly those with which it already had relations. The message, the official said, was: Our stock is cheap, why not buy some?"

Shokri Ghanem, chairman of Libya's national oil company, said that the country's sovereign wealth fund would take up the offer. "BP is interesting now with the price lower by half, and I still have trust in BP."

Also being approached is the U.A.E., whose International Petroleum Investment Company was used to pump \$3.5 billion into Barclays, and whose Abu Dhabi Investment Authority invested \$7.5 billion in Citigroup in November 2007. The Qatar Investment Authority has been one of the more active state investment vehicles in recent months, with a series of high-profile investments in U.K. property.

Asia News Digest

Part of the Truth About Britain's Alliance with Terrorists

China, India Propose Joint Infrastructure Projects in Afghanistan

Blackwill: Split Afghanistan To Keep U.S. Fighting Long War

New Opposition Group in Myanmar Has Sense of Actual Democracy

Part of the Truth About Britain's Alliance with Terrorists

July 6 (EIRNS)—On July 5, Mark Curtis of the London *Guardian* wrote an article which talked about a web of British covert operations with militant Islamist groups stretching back decades. Curtis admitted that, while terrorism is held up as the country's biggest security challenge, Whitehall's collusion with radical Islam is continuing. He said: Two of the four London bombers were trained in Pakistani camps run by the Harkat ul-Mujahideen (HuM) terrorist group, which has long been sponsored by Pakistan to fight Indian forces in Kashmir. Britain not only arms and trains Pakistan, but in the past provided covert aid benefitting the HuM. There are credible suggestions that Britain facilitated the dispatch of HuM volunteers to fight in Yugoslavia and Kosovo in the 1990s. Earlier, British intelligence MI6's covert war in Afghanistan involved the military training of various Islamist groups to counter the Soviet occupation of the country. Many HuM militants were instructed by an insurgent faction that Britain was covertly training and arming with anti-aircraft missiles.

What Curtis did not say, was that Britain harbors, nurtures, and uses two major, Britain-based terrorist groups, Tablighi Jamaat and Hizb ut-Tahrir, which function on behalf of the British empire under the garb of fundamentalist Muslims. They are deployed against Russia, China, and India, and whomever else stands in London's way.

What Curtis also did not say, is how the British, after being deployed in Afghanistan's Helmand Province, in five of the six most important opium bazaars, used the drug traffickers' cohorts—identified by the *Guardian* as the "moderate Taliban"—to move the product to Dubai and elsewhere to keep the City of London's coffers jingling.

That is the truth, but Curtis cannot say that. If he did, the old hag in Buckingham Palace would keel over and die.

China, India Propose Joint Infrastructure Projects in Afghanistan

July 6 (EIRNS)—China and India are discussing joint projects in other countries, including desperately needed infrastructure in Afghanistan. Indian National Security Advisor Shiv Shankar Menon, who is in Beijing July 4-7 as the representative of Prime Minister Manmohan Singh, has met with Prime Minister Wen Jiabao and Foreign Minister Yang Jiechi, to discuss expanding economic relations by going into new areas of international cooperation, specifically infrastructure projects in Afghanistan and developing Afghan mineral resources, *The Hindu* reported yesterday.

The discussions with Menon are being greeted as very positive by his Chinese hosts. He will also discuss the Chinese-Indian border issues, and Indian reservations about China's proposal to provide two nuclear reactors to Pakistan. Pakistani President Asif Ali Zardari will arrive in Beijing on July 6, an indication of easing relations concerning Pakistan between China and India.

Yang Jiechi told Indian journalists that the two sides "even talked about the possibility of cooperating in certain subjects in other countries, whether three-party or four-party collaborative projects, in the economic field as well." China already has a \$3.5 billion contract to develop the Aynak copper mine in eastern Afghanistan, and is ready to invest in road and rail projects, including a line which would link Turkmenistan with Pakistan's Gwadar port. India has also already invested over \$1.3 billion in developing infrastructure in Afghanistan, including a key road linking Afghanistan to Iran.

Blackwill: Split Afghanistan To Keep U.S. Fighting Long War

July 9 (EIRNS)—Robert Blackwill, George W. Bush's ambassador to India, called for splitting Afghanistan into a Taliban-controlled Pushtun South, and a separate North and West, as the way to ensure long-term U.S. military involvement in the region. In a commentary published in *Politico* July 7, Blackwill proclaimed that "de facto partition" of Afghanistan is the "best policy option available to the United States and its allies."

The current U.S. policy in the Afghan War is clearly failing, and only such a withdrawal from direct combat with the Taliban forces in southern Afghanistan would prevent "strategic defeat," Blackwill wrote. U.S. and NATO air power and special forces would enforce partition of the country over several months, he proposed; but at the same time, the U.S. must announce "we will retain an active combat role in Afghanistan for years to come." Continued targetting of al-Qaeda bases in Afghanistan and efforts to contain the Taliban in their part of the country, "might mean a longtime residual U.S. military force in Afghanistan of about 40,000 to 50,000 troops"—supposedly to be supported by the Tajik, Uzbek, Hazara, and other Afghans, as well as NATO partners.

Such an operation would reduce U.S. casualties, thus easing domestic opposition and the cost of the war, Blackwill claimed. Then Washington could fixate on other "problems"—China, Iran, and Iraq. But getting this "strategy" through will be difficult, he admits. Afghanistan's Karzai government and Pakistan would both resist creation of such a Pushtunistan. And, Blackwill had to acknowledge, it would be a "daunting challenge" to get any regional nations to go along with this insanity.

New Opposition Group in Myanmar Has Sense of Actual Democracy

July 10 (EIRNS)—The National League for Democracy (NLD), the "democratic" opposition to the Myanmar (Burma) government, gathered around Aung San Suu Kyi, split earlier this year over the issue of participating in the upcoming national election. Sui Kyi and her loyalists remained with the NLD, while others felt that there was much to be gained from being involved in the election, and formed a new party, which they named the National Democratic Force (NDF).

Myanmar's military government opened the door yesterday for the NDF to enter the poll, when it granted the group formal permission to register as a party.

Dr. Than Nyein, chairman of the NDF, urged citizens to vote in the first election Myanmar will have had in two decades. "People should assume that this election could possibly bring change," he said in an interview with AFP. "They should vote at this election to do their duty by choosing the party or the person who can really work for the people and the country."

"We formed our party with the aim to continue the democracy struggle under the law," he said. "Meantime, we are also trying to solve the social and economic problems that are happening at the moment in the country."

Africa News Digest

Korean Leaders Push African Development, Glass-Steagall

Ethiopia Budget Favors Infrastructure; Defense

China-Ethiopia Cooperation To Include Military

South Africa Hit Hard by Global Economic Collapse

Korean Leaders Push African Development, Glass-Steagall

July 2 (EIRNS)—A conference on "Recasting the Korean Model of Development: Issues, Debates, and Lessons," was held June 30-July 1 in Washington, D.C. The focus was how South Korea was transformed from a basket-case economy after the 1950-53 Korean War (and 50 years of Japanese colonial control) into one of the leading agro-industrial and nuclear powers in the world, and how this model could be applied to developing nations today—especially in Africa.

The conference presentations, many by influential Korean scholars and economists, demonstrated that Korea succeeded only by rejecting the IMF/World Bank proposals that it use its Adam Smith-style "comparative advantage" by remaining an agrarian nation, while depending on export substitution. South Korea instead chose industrialization, quality exports, the transformation of the rural sector through infrastructure and jobs programs, and R&D. These efforts were carried out by both the government and government-supported private sector "Chaebols."

Speakers from Congo and Nigeria contrasted this model to the imperial looting of Africa, which grabbed resources and kept the population alive only as needed for near-slave labor.

Two of the speakers, both leading Korean scholars and economists with prominent roles in government, told *EIR* in private discussion, that they, and other leading Koreans, were watching the fight over Glass-Steagall in Washington very closely. Although they mistakenly believed that President Obama was supporting Glass-Steagall, they were anxious to understand the actual fight, and quickly grasped the difference between the Obama/British policies and those of Lyndon LaRouche, and the potential for the latter to be implemented if Obama can be removed.

One of the economists, upon seeing LaRouche's "Global Glass-Steagall" proposal, exclaimed: "Glass-Steagall! That's it! It's either Glass-Steagall, or there will be no hope for world capitalism. We have something like that in Korea, and China, also, but the U.S. and the world must do it or it will be crash after crash, decay upon decay."

Ethiopia Budget Favors Infrastructure; Defense

July 2 (EIRNS)—Ethiopia announced a record \$5.76 billion budget yesterday, emphasizing infrastructure development to drive growth in an extremely poor country that is, however, one of Africa's fastest growing. Ethiopia is the second most populous country in Africa, after Nigeria.

Of the total budget, \$2.6 billion will go for development, a 23.4% increase, mostly for roads and electrification. Ethiopia, the source of the Blue Nile which provides at least 85% of the water in the Nile River, is building several hydroelectric dams. Prime Minister Meles Zenawi said the government is working hard to electrify rural towns, and a large amount will go to roads. The country is still mainly reliant on agricultural exports, primarily coffee and sesame seeds.

China is building several of these hydroelectric dam projects.

The worsening situation in one of Ethiopia's neighbors, Somalia, is not allowing the government to focus only on development, however. As a result, Ethiopian defense spending is slated to increase 10%. Somalia does not have a functioning government, and is being used by British-controlled interests from outside Africa, as a staging ground for terrorist capabilities. All of Somalia's neighbors are concerned about the implications of this situation.

Kenyan Foreign Minister Moses M. Wetangula today called the situation in Somalia "very, very dire." He said that terrorists have relocated to Somalia, which is on Kenya's northern border, because of the safe haven provided there resulting from the absence of any functioning government. In an interview with AP, Wetangula said "There have been Afghans, there have been Pakistanis, there have been certain Middle Eastern nationalities, quite a number. Intelligence reports indicate that there's quite a cocktail of them." He added: "We can't quite quantify them. It's simply not possible in a situation such as that, but there are sufficient numbers to worry us and worry the international community."

China-Ethiopia Cooperation To Include Military

June 30 (EIRNS)—Ethiopia Foreign Affairs Minister Seyoum Mesfin held talks with Chinese Foreign Minister Yang Jiechi today in Beijing. Yang said China hopes to boost cooperation with Ethiopia in social and economic development. 2010 marks the 40th anniversary of the establishment of diplomatic ties between the two nations.

On June 28, senior Chinese and Ethiopia military officials pledged to set up closer ties, in a meeting in Beijing between Chen Bingde, Chief of the General Staff of the People's Liberation Army, and Samora Yenus, Chief of Staff of the Armed Forces of Ethiopia. Chen said, "The Chinese armed forces attaches great importance to relations with the Ethiopian armed forces."

South Africa Hit Hard by Global Economic Collapse

July 2 (EIRNS)—South Africa has the highest unemployment rate in Africa, according to the 2010 report of the United Association of South Africa (UASA) trade union, which was released yesterday. South Africa also has the largest industrial production in African (roughly equivalent to the rest of Africa). Yet almost 60% of the population are unemployed. Currently, more people are receiving money from welfare than from employment, with 12.8 million working, and 13.8 million receiving welfare payments from the proceeds of 5 million people working. The union spokesman said that the only countries doing worse than South Africa are countries of Iraq, Gaza, and Afghanistan. The report showed that fewer people are working now in South Africa, than before 1994, i.e., before the end of the pro-apartheid government.

[top of page](#)

[home page](#)